

Gay and Lesbian Victory Institute, Inc.

Financial Statements
and Independent Auditors' Report

December 31, 2013 and 2012

Gay and Lesbian Victory Institute, Inc.

Financial Statements
December 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gay and Lesbian Victory Institute, Inc.

We have audited the accompanying financial statements of the Gay and Lesbian Victory Institute, Inc. ("the Institute"), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia
April 5, 2014

Gay and Lesbian Victory Institute, Inc.

Statements of Financial Position
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and cash equivalents	\$ 209,609	\$ 384,492
Contributions receivable, net	476,134	633,052
Deposit	-	17,050
Property and equipment, net	<u>25,464</u>	<u>29,339</u>
Total assets	<u>\$ 711,207</u>	<u>\$ 1,063,933</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 298,613	\$ 250,172
Due to GLVF	-	3,123
Deferred revenue	<u>-</u>	<u>79,975</u>
Total liabilities	<u>298,613</u>	<u>333,270</u>
Net Assets		
Unrestricted	(133,908)	8,741
Temporarily restricted	<u>546,502</u>	<u>721,922</u>
Total net assets	<u>412,594</u>	<u>730,663</u>
Total liabilities and net assets	<u>\$ 711,207</u>	<u>\$ 1,063,933</u>

See accompanying notes.

Gay and Lesbian Victory Institute, Inc.

Statement of Activities
For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Appeals	\$ 1,177,956	\$ -	\$ 1,177,956
Grants and contributions	529,507	426,531	956,038
Training and conferences	106,037	-	106,037
Interest income	330	-	330
In-kind contributions	20,600	-	20,600
Other income	5,283	-	5,283
Released from restrictions	601,951	(601,951)	-
	<u>2,441,664</u>	<u>(175,420)</u>	<u>2,266,244</u>
Expenses			
Program services:			
Leadership development	1,454,646	-	1,454,646
Training	463,109	-	463,109
Research and communications	299,587	-	299,587
	<u>2,217,342</u>	<u>-</u>	<u>2,217,342</u>
Total program services	<u>2,217,342</u>	<u>-</u>	<u>2,217,342</u>
Supporting services:			
Fundraising	223,220	-	223,220
General and administrative	143,751	-	143,751
	<u>366,971</u>	<u>-</u>	<u>366,971</u>
Total supporting services	<u>366,971</u>	<u>-</u>	<u>366,971</u>
Total expenses	<u>2,584,313</u>	<u>-</u>	<u>2,584,313</u>
Change in Net Assets	(142,649)	(175,420)	(318,069)
Net Assets, beginning of year	<u>8,741</u>	<u>721,922</u>	<u>730,663</u>
Net Assets, end of year	<u>\$ (133,908)</u>	<u>\$ 546,502</u>	<u>\$ 412,594</u>

See accompanying notes.

Gay and Lesbian Victory Institute, Inc.

Statement of Activities
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Appeals	\$ 857,063	\$ -	\$ 857,063
Grants and contributions	1,041,494	1,001,027	2,042,521
Training and conferences	99,446	-	99,446
Interest income	495	-	495
In-kind contributions	46,011	-	46,011
Other income	5,550	-	5,550
Released from restrictions	351,696	(351,696)	-
Total revenue and support	2,401,755	649,331	3,051,086
Expenses			
Program services:			
Leadership development	1,465,544	-	1,465,544
Training	502,110	-	502,110
Research and communications	323,768	-	323,768
Total program services	2,291,422	-	2,291,422
Supporting services:			
Fundraising	263,661	-	263,661
General and administrative	6,462	-	6,462
Total supporting services	270,123	-	270,123
Total expenses	2,561,545	-	2,561,545
Change in Net Assets	(159,790)	649,331	489,541
Net Assets, beginning of year	168,531	72,591	241,122
Net Assets, end of year	\$ 8,741	\$ 721,922	\$ 730,663

See accompanying notes.

Gay and Lesbian Victory Institute, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (318,069)	\$ 489,541
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	3,875	3,875
Change in discount on contributions receivable	(3,082)	6,948
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	160,000	(640,000)
Deposit	17,050	(17,050)
Increase (decrease) in:		
Accounts payable and accrued expenses	48,441	88,604
Due to GLVF	(3,123)	3,123
Deferred revenue	(79,975)	79,975
	<u>(174,883)</u>	<u>15,016</u>
Net cash (used in) provided by operating activities		
Cash Flows from Investing Activities		
Purchases of property and equipment	<u>-</u>	<u>(33,214)</u>
Net cash used in investing activities	<u>-</u>	<u>(33,214)</u>
Net Decrease in Cash and Cash Equivalents	(174,883)	(18,198)
Cash and Cash Equivalents, beginning of year	<u>384,492</u>	<u>402,690</u>
Cash and Cash Equivalents, end of year	<u>\$ 209,609</u>	<u>\$ 384,492</u>

See accompanying notes.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
December 31, 2013 and 2012

1. Nature of Operations

The Gay and Lesbian Victory Institute, Inc. (“the Institute”), is a non-partisan, nonprofit educational organization incorporated in the District of Columbia on March 3, 1993 under Section 501(c)(3) of the Internal Revenue Code (IRC). The Institute was previously known as the Gay and Lesbian Leadership Institute before changing its name in January 2012. The Institute works to ensure that LGBT leaders have the training and resources they need to take on important posts in public, private, and community organizations. The Institute provides comprehensive training and education programs focused on connecting and inspiring lesbian, gay, bisexual, and transgender leaders.

The Institute’s key programs include:

Leadership Development

International Gay & Lesbian Leadership Conference – The annual conference for LGBT leaders provides a collegial, informative, and friendly environment for networking, leadership development, and discussion for openly LGBT public leaders in government, advocacy, politics, and business. Local, state, federal, and international officials gather to exchange ideas and best practices for serving their communities and advancing equality.

The David Bohnett LGBT Leaders Fellowship – The David Bohnett Foundation has teamed with the Institute to help it sponsor lesbian, gay, bisexual, and transgender public officials in attending one of the nation’s most prestigious mid-career executive development programs—the Senior Executives in State and Local Government program at Harvard University’s Kennedy School of Government.

Appointments Program – The Appointments Program has helped hundreds of LGBT leaders get appointed to posts in the Obama Administration – in fact, more than in every other presidential administration combined.

Victory Congressional Internship – The Victory Congressional Internship program is a semester internship that matches 16–20 college students annually with members of the Congressional LGBT Equality Caucus, whose 100+ members are committed to achieving full human rights for LGBT people. The Congressional interns will have the rare opportunity to work directly with elected leaders and participate at the highest levels of the government. The Institute’s goal is to expose the interns to the best, most inclusive leaders in public service.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
December 31, 2013 and 2012

1. Nature of Operations (continued)

Training

Candidate & Campaign Training – The Institute’s renowned Candidate & Campaign Training provides individuals with the practical and technical skills they need to plan and prepare for candidacy, on a non-partisan basis.

Research and Communications

Gay Politics Report – A free, twice-weekly summary of important LGBT-related news and opinions. More than 25,000 of the most engaged LGBT leaders in media, government, politics, and advocacy look to the Gay Politics Report to keep them informed and knowledgeable.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Institute’s financial statements are prepared on the accrual basis of accounting and are in accordance with generally accepted accounting principles for not-for-profit organizations. Net assets are reported based on the presence or absence of donor-imposed restrictions.

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Institute’s operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Institute or the passage of time. Temporarily restricted net assets were \$546,502 and \$721,922 at December 31, 2013 and 2012, respectively.

Cash Equivalents

For the purpose of the statements of cash flows, the Institute considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
December 31, 2013 and 2012

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Contributions receivable represent unconditional promises to give and are recorded at net realizable value. The discount on contributions receivable was \$3,866 and \$6,948 at December 31, 2013 and 2012, respectively.

Contributions receivable are evaluated periodically for collectability based upon evaluation of past loss experience, known or inherent risks, and other factors that could affect collectability. No allowance for doubtful account has been recorded as management believes that all remaining accounts are deemed to be fully collectible.

Property and Equipment

Property and equipment purchased at a cost of \$5,000 or more are capitalized and recorded at acquisition cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to ten years. Expenditures for repairs and maintenance are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the accounts and the resulting gain or loss is included in revenue and support or expenses.

Revenue Recognition

Contributions and appeals are recorded as revenue when received, and as grant revenue when awarded. The Institute reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received.

Revenues from trainings and conferences are recognized at the time the events are held, with any amounts received in advance are deferred until that time. At December 31, 2013 and 2012, meeting income received in advance totaled \$0 and \$79,975, respectively, and is included as deferred revenue in the accompanying statements of financial position.

Revenue from all other sources is recognized when earned.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
December 31, 2013 and 2012

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of the Institute's programs and administration have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

The Institute follows the guidance of FASB Accounting Standards Codification (ASC) 855, *Subsequent Events*, which establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before the financial statements are issued. FASB ASC 855 also requires disclosure of the date through which an entity has evaluated subsequent events. In preparing these financial statements, the Institute has evaluated and concluded there were no events or transactions for potential recognition or disclosure through April 5, 2014, the date the financial statements were available to be issued.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Institute to significant concentrations of credit risk consist of cash and cash equivalents. The Institute maintains cash deposit and transaction accounts with various financial institutions that, from time to time, may exceed insurable limits under the Federal Depository Insurance Corporation (FDIC). The Institute has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
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4. Contributions Receivable

Contributions receivable are due as follows at December 31:

	<u>2013</u>	<u>2012</u>
Less than one year	\$ 160,000	\$ 160,000
One to five years	<u>320,000</u>	<u>480,000</u>
Total	480,000	640,000
Less: discount to net present value	<u>(3,866)</u>	<u>(6,948)</u>
Contributions receivable, net	<u><u>\$ 476,134</u></u>	<u><u>\$ 633,052</u></u>

The discount rate used on the long-term contributions receivable was approximately 0.5% for both the years ended December 31, 2013 and 2012.

5. Property and Equipment

The Institute held the following property and equipment at December 31:

	<u>2013</u>	<u>2012</u>
Furniture and equipment	<u>\$ 46,089</u>	<u>\$ 46,089</u>
Total property and equipment	46,089	46,089
Less: accumulated depreciation	<u>(20,625)</u>	<u>(16,750)</u>
Property and equipment, net	<u><u>\$ 25,464</u></u>	<u><u>\$ 29,339</u></u>

Depreciation expense was \$3,875 for both the years ended December 31, 2013 and 2012.

6. In-Kind Contributions

The Institute receives contributions in the form of donated items, which are reflected in the accompanying statements of activities. These items are primarily used for conference materials. During the years ended December 31, 2013 and 2012, the Institute received donated items valued at \$20,600 and \$46,011, respectively.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
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7. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31:

	2013	2012
David Bohnett Foundation	\$ 476,134	\$ 660,569
Movement leadership project	50,000	50,000
Allen Thornell Scholarship Fund	20,000	10,985
The Tides Center	368	368
Total temporarily restricted net assets	<u>\$ 546,502</u>	<u>\$ 721,922</u>

8. Related Party Transactions

The Gay and Lesbian Victory Fund, Inc. (“the Fund”), a political action committee under the Federal Elections Act of 1971 (PUB L-92-225), has an agreement with the Institute whereby the Fund provides management services and the use of facilities, and invoices the Institute monthly, based on cost allocations and direct costs incurred. Total amounts invoiced from the Fund to the Institute for the years ended December 31, 2013 and 2012 were \$1,263,900 and \$1,274,123, respectively. At December 31, 2013 and 2012, the Institute had a balance due to the Fund totaling \$0 and \$3,123, respectively, which is included in the accompanying statements of financial position. The Institute’s president also serves as president and CEO of the Fund. The Institute neither controls nor has an economic interest in the Fund for consolidation reporting purposes.

9. Income Taxes

The Institute is recognized as a tax-exempt organization under IRC Section 501(c)(3), and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements, as there was no unrelated business taxable income. Contributions to the Institute are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated the Institute’s tax positions, and concluded that the Institute’s financial statements do not include any uncertain tax positions.