

Gay and Lesbian Victory Institute, Inc.

Financial Statements
and Independent Auditors' Report

December 31, 2015 and 2014

Gay and Lesbian Victory Institute, Inc.

Financial Statements
December 31, 2015 and 2014

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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. ("Victory Institute"), which comprise the statements of financial position as of December 31, 2015 and 2014, 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 Victory Institute as of December 31, 2015 and 2014, 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 "R" is large and stylized, with a loop at the top. The rest of the text is written in a cursive, handwritten style.

Vienna, Virginia
October 25, 2016

Gay and Lesbian Victory Institute, Inc.

Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 289,689	\$ 92,551
Contributions receivable, net	362,500	318,451
Property and equipment, net	8,304	23,981
	<hr/>	<hr/>
Total assets	\$ 660,493	\$ 434,983
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 230,636	\$ 250,609
Due to Victory Fund	193,016	112,500
	<hr/>	<hr/>
Total liabilities	423,652	363,109
	<hr/>	<hr/>
Net Assets (Deficit)		
Unrestricted	(409,961)	(314,598)
Temporarily restricted	646,802	386,472
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Total net assets	236,841	71,874
	<hr/>	<hr/>
Total liabilities and net assets	\$ 660,493	\$ 434,983
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes.

Gay and Lesbian Victory Institute, Inc.

Statement of Activities
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Appeals	\$ 915,365	\$ -	\$ 915,365
Grants and contributions	166,467	966,614	1,133,081
Training and conferences	119,610	-	119,610
In-kind contributions	244,990	-	244,990
Other income	5,037	-	5,037
Released from restrictions	706,284	(706,284)	-
Total revenue and support	<u>2,157,753</u>	<u>260,330</u>	<u>2,418,083</u>
Expenses			
Program services:			
Leadership development	1,603,693	-	1,603,693
Training	188,006	-	188,006
Research and communications	76,449	-	76,449
Total program services	<u>1,868,148</u>	<u>-</u>	<u>1,868,148</u>
Supporting services:			
Fundraising	290,603	-	290,603
General and administrative	94,365	-	94,365
Total supporting services	<u>384,968</u>	<u>-</u>	<u>384,968</u>
Total expenses	<u>2,253,116</u>	<u>-</u>	<u>2,253,116</u>
Change in Net Assets	(95,363)	260,330	164,967
Net (Deficit) Assets, beginning of year	<u>(314,598)</u>	<u>386,472</u>	<u>71,874</u>
Net (Deficit) Assets, end of year	<u>\$ (409,961)</u>	<u>\$ 646,802</u>	<u>\$ 236,841</u>

See accompanying notes.

Gay and Lesbian Victory Institute, Inc.

Statement of Activities
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Appeals	\$ 1,238,777	\$ -	\$ 1,238,777
Grants and contributions	804,456	50,000	854,456
Training and conferences	123,002	-	123,002
In-kind contributions	200,151	-	200,151
Other income	3,627	-	3,627
Released from restrictions	210,030	(210,030)	-
 Total revenue and support	 2,580,043	 (160,030)	 2,420,013
 Expenses			
Program services:			
Leadership development	1,759,078	-	1,759,078
Training	347,672	-	347,672
Research and communications	199,463	-	199,463
 Total program services	 2,306,213	 -	 2,306,213
Supporting services:			
Fundraising	245,023	-	245,023
General and administrative	209,497	-	209,497
 Total supporting services	 454,520	 -	 454,520
 Total expenses	 2,760,733	 -	 2,760,733
 Change in Net Assets	 (180,690)	 (160,030)	 (340,720)
 Net (Deficit) Assets, beginning of year	 (133,908)	 546,502	 412,594
 Net (Deficit) Assets, end of year	 \$ (314,598)	 \$ 386,472	 \$ 71,874

See accompanying notes.

Gay and Lesbian Victory Institute, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 164,967	\$ (340,720)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	15,677	1,483
Change in discount on contributions receivable	(1,549)	(2,317)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(42,500)	160,000
Increase (decrease) in:		
Accounts payable and accrued expenses	(19,973)	(48,004)
Due to Victory Fund	80,516	112,500
Net cash provided by (used in) operating activities	<u>197,138</u>	<u>(117,058)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	197,138	(117,058)
Cash and Cash Equivalents, beginning of year	<u>92,551</u>	<u>209,609</u>
Cash and Cash Equivalents, end of year	<u>\$ 289,689</u>	<u>\$ 92,551</u>

See accompanying notes.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
December 31, 2015 and 2014

1. Nature of Operations

The Gay and Lesbian Victory Institute, Inc. (“Victory 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). Victory 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. Victory Institute provides comprehensive training and education programs focused on connecting and inspiring lesbian, gay, bisexual, and transgender leaders.

Victory Institute’s key programs include:

LGBT Leaders 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 Victory 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.

Presidential Appointments Initiative – The Presidential Appointments Initiative 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. Victory Institute’s goal is to expose the interns to the best, most inclusive leaders in public service.

Candidate & Campaign Training – Victory 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.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
December 31, 2015 and 2014

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Victory Institute's financial statements are prepared on the accrual basis of accounting. 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 Victory Institute's operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of Victory Institute or the passage of time. Temporarily restricted net assets were \$646,802 and \$386,472 at December 31, 2015 and 2014, respectively.

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.

Cash Equivalents

For the purpose of the statements of cash flows, Victory 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.

Contributions Receivable

Contributions receivable represent unconditional promises to give and are recorded at net realizable value. Contributions due in more than one year are discounted to present value.

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 accounts has been recorded as management believes that all remaining accounts are deemed to be fully collectible.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
December 31, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

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. Victory 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.

Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

The costs of Victory 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.

Subsequent Events

In preparing these financial statements, Victory Institute has evaluated and concluded there were no events or transactions for potential recognition or disclosure through October 25, 2016, the date the financial statements were available to be issued.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
December 31, 2015 and 2014

3. Concentration of Credit Risk

Financial instruments that potentially subject Victory Institute to significant concentrations of credit risk consist of cash and cash equivalents. Victory 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). Victory 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.

4. Contributions Receivable

Contributions receivable are due as follows at December 31:

	2015	2014
Less than one year	\$ 362,500	\$ 160,000
One to five years	-	160,000
Total contributions receivable	362,500	320,000
Less: discount to net present value	-	(1,549)
Contributions receivable, net	<u>\$ 362,500</u>	<u>\$ 318,451</u>

The discount rate used on the long-term contributions receivable was approximately 1% for the year ended December 31, 2014.

5. Property and Equipment

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

	2015	2014
Furniture and equipment	\$ 46,089	\$ 46,089
Less: accumulated depreciation	<u>(37,785)</u>	<u>(22,108)</u>
Property and equipment, net	<u>\$ 8,304</u>	<u>\$ 23,981</u>

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
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6. In-Kind Contributions

Victory Institute receives contributions in the form of donated items and services, which are reflected in the accompanying statements of activities. The contributions consist primarily of conference materials and specialized consulting services. During the years ended December 31, 2015 and 2014, Victory Institute received contributions valued at \$244,990 and \$200,151, respectively.

7. Temporarily Restricted Net Assets

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

	<u>2015</u>	<u>2014</u>
Time restricted:		
David Bohnett Foundation	\$ 188,792	\$ 306,104
Inter-American grant	15,442	-
Anonymous	200,860	-
Purpose restricted:		
Leadership development	241,708	-
Movement leadership project	-	60,000
Allen Thornell Scholarship Fund	-	20,000
The Tides Center	-	368
Total temporarily restricted net assets	<u>\$ 646,802</u>	<u>\$ 386,472</u>

8. Related Party Transactions

The Gay and Lesbian Victory Fund, Inc. ("Victory Fund"), a political action committee under the Federal Elections Act of 1971 (PUB L-92-225), has an agreement with Victory Institute whereby Victory Fund provides management services and the use of facilities, and invoices Victory Institute monthly, based on cost allocations and direct costs incurred. Total amounts invoiced from Victory Fund to Victory Institute for the years ended December 31, 2015 and 2014 were \$1,051,000 and \$1,148,000, respectively. At December 31, 2015 and 2014, Victory Institute had a balance due to Victory Fund totaling \$193,016 and \$112,500, respectively, which is included in the accompanying statements of financial position. Victory Institute's president also serves as president and CEO of Victory Fund. Victory Institute neither controls nor has an economic interest in Victory Fund for consolidation reporting purposes.

Gay and Lesbian Victory Institute, Inc.

Notes to Financial Statements
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9. Income Taxes

Victory 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 Victory Institute are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated Victory Institute's tax positions, and concluded that Victory Institute's financial statements do not include any uncertain tax positions.