

LGBTQ Victory Institute, Inc.

Financial Statements
and Independent Auditors' Report

December 31, 2020 and 2019

LGBTQ Victory Institute, Inc.

Financial Statements
December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
LGBTQ Victory Institute, Inc.

We have audited the accompanying financial statements of LGBTQ Victory Institute, Inc. ("Victory Institute"), which comprise the statements of financial position as of December 31, 2020 and 2019; the related statements of activities, functional expenses, 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 from 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, 2020 and 2019, 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
January 27, 2022

LGBTQ Victory Institute, Inc.

Statements of Financial Position December 31, 2020 and 2019

	2020	2019
Assets		
Cash	\$ 1,362,224	\$ 130,941
Contributions receivable	399,700	236,274
Total assets	<u>\$ 1,761,924</u>	<u>\$ 367,215</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 93,713	\$ 119,437
Due to Victory Fund	640,889	412,748
Forgivable Loan – Paycheck Protection Program	235,995	-
Total liabilities	<u>970,597</u>	<u>532,185</u>
Net Assets (Deficit)		
Without donor restrictions	583,001	(214,970)
With donor restrictions	208,326	50,000
Total net assets (deficit)	<u>791,327</u>	<u>(164,970)</u>
Total liabilities and net assets	<u>\$ 1,761,924</u>	<u>\$ 367,215</u>

See accompanying notes.

LGBTQ Victory Institute, Inc.

Statement of Activities For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 2,419,088	\$ 298,326	\$ 2,717,414
Training and conferences	24,763	-	24,763
In-kind contributions	30,600	-	30,600
Interest income	32	-	32
Other income	1,814	-	1,814
Released from restrictions	140,000	(140,000)	-
Total revenue and support	<u>2,616,297</u>	<u>158,326</u>	<u>2,774,623</u>
Expenses			
Program services:			
Leadership development	1,027,265	-	1,027,265
Training	177,966	-	177,966
Research and communications	277,968	-	277,968
Total program services	<u>1,483,199</u>	<u>-</u>	<u>1,483,199</u>
Supporting services:			
Fundraising	278,248	-	278,248
Management and general	56,879	-	56,879
Total supporting services	<u>335,127</u>	<u>-</u>	<u>335,127</u>
Total expenses	<u>1,818,326</u>	<u>-</u>	<u>1,818,326</u>
Change in Net Assets	797,971	158,326	956,297
Net (Deficit) Assets, beginning of year	<u>(214,970)</u>	<u>50,000</u>	<u>(164,970)</u>
Net Assets, end of year	<u>\$ 583,001</u>	<u>\$ 208,326</u>	<u>\$ 791,327</u>

See accompanying notes.

LGBTQ Victory Institute, Inc.

Statement of Activities For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 2,218,665	\$ 75,000	\$ 2,293,665
Training and conferences	151,562	-	151,562
In-kind contributions	135,630	-	135,630
Interest income	18	-	18
Other income	3,923	-	3,923
Released from restrictions	115,000	(115,000)	-
Total revenue and support	2,624,798	(40,000)	2,584,798
Expenses			
Program services:			
Leadership development	1,788,105	-	1,788,105
Training	465,152	-	465,152
Research and communications	245,941	-	245,941
Total program services	2,499,198	-	2,499,198
Supporting services:			
Fundraising	314,464	-	314,464
Management and general	87,326	-	87,326
Total supporting services	401,790	-	401,790
Total expenses	2,900,988	-	2,900,988
Change in Net Assets	(276,190)	(40,000)	(316,190)
Net Assets, beginning of year	61,220	90,000	151,220
Net (Deficit) Assets, end of year	\$ (214,970)	\$ 50,000	\$ (164,970)

See accompanying notes.

LGBTQ Victory Institute, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services				Supporting Services			
	Leadership Development	Training	Research and Comm- unications	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Salaries and employee benefits	\$ 554,294	\$ 24,800	\$ 149,923	\$ 729,017	\$ 203,900	\$ 174,606	\$ 378,506	\$ 1,107,523
Accounting and audit fees	-	-	-	-	-	29,771	29,771	29,771
Professional fees – other	1,500	7,500	4,210	13,210	-	71,600	71,600	84,810
Office expenses	508	607	6,536	7,651	2,662	976	3,638	11,289
Travel and meeting	4,433	-	172	4,605	2,710	4,660	7,370	11,975
International partner payments	28,500	-	-	28,500	-	-	-	28,500
Program travel	2,602	10,615	-	13,217	87	-	87	13,304
Space rental/catering	-	68,284	-	68,284	-	-	-	68,284
Other program expenses	81,946	20,277	10,050	112,273	-	-	-	112,273
Events	56,107	-	20,000	76,107	1,776	-	1,776	77,883
Occupancy costs	79,764	3,550	22,157	105,471	32,244	21,833	54,077	159,548
Information technology	7,751	431	2,676	10,858	3,042	40,912	43,954	54,812
Other expenses	350	-	20,342	20,692	2,818	34,844	37,662	58,354
Management and general allocation	209,510	41,902	41,902	293,314	29,009	(322,323)	(293,314)	-
Total Expenses	\$ 1,027,265	\$ 177,966	\$ 277,968	\$ 1,483,199	\$ 278,248	\$ 56,879	\$ 335,127	\$ 1,818,326

See accompanying notes.

LGBTQ Victory Institute, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services				Supporting Services			
	Leadership Development	Training	Research and Comm- unications	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Salaries and employee benefits	\$ 609,116	\$ 72,495	\$ 144,162	\$ 825,773	\$ 212,867	\$ 230,969	\$ 443,836	\$ 1,269,609
Accounting and audit fees	-	-	-	-	-	17,552	17,552	17,552
Professional fees – other	18,400	-	13,470	31,870	-	75,601	75,601	107,471
Office expenses	5,170	85	6,898	12,153	2,650	9,430	12,080	24,233
Travel and meeting	62,386	245	5,320	67,951	13,933	19,139	33,072	101,023
International partner payments	33,985	-	-	33,985	-	-	-	33,985
Tuition	95,610	-	-	95,610	-	-	-	95,610
Program travel	69,542	60,166	-	129,708	1,400	-	1,400	131,108
Space rental/catering	41,221	230,907	-	272,128	-	-	-	272,128
Other program expenses	101,527	44,546	2,771	148,844	-	95	95	148,939
Events	437,999	1,076	-	439,075	5,690	72	5,762	444,837
Occupancy costs	71,452	9,023	17,460	97,935	25,916	21,126	47,042	144,977
Information technology	11,557	1,488	3,220	16,265	4,157	46,596	50,753	67,018
Other expenses	25	-	3,007	3,032	8,840	30,626	39,466	42,498
Management and general allocation	230,115	45,121	49,633	324,869	39,011	(363,880)	(324,869)	-
Total Expenses	\$ 1,788,105	\$ 465,152	\$ 245,941	\$ 2,499,198	\$ 314,464	\$ 87,326	\$ 401,790	\$ 2,900,988

See accompanying notes.

LGBTQ Victory Institute, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 956,297	\$ (316,190)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in discount on contributions receivable	-	1,134
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	-	90,000
Contributions receivable	(163,426)	(180,990)
Prepaid expenses	-	36,845
Increase (decrease) in:		
Accounts payable and accrued expenses	(25,724)	(197,661)
Due to Victory Fund	228,141	105,097
	995,288	(461,765)
Net cash provided by (used in) operating activities		
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program	235,995	-
	235,995	-
Net cash provided by financing activity		
Net Increase (Decrease) in Cash	1,231,283	(461,765)
Cash, beginning of year	130,941	592,706
Cash, end of year	\$ 1,362,224	\$ 130,941

See accompanying notes.

LGBTQ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

1. Nature of Operations

LGBTQ Victory Institute, Inc. (“Victory Institute”) (formerly known as the Gay and Lesbian 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 lesbian, gay, bisexual, transgender, and queer (LGBTQ) leaders have the training and resources they need to take on important posts in government and in public, private, and community organizations. Victory Institute provides comprehensive training and education programs focused on connecting and inspiring LGBTQ leaders.

Victory Institute’s key programs include:

International LGBTQ Leaders Conference – The annual conference for LGBTQ leaders provides a collegial, informative, and friendly environment for networking, leadership development, and discussion among out LGBTQ 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.

Candidate & Campaign Training and Leadership Summits – Victory Institute’s renowned Candidate & Campaign Training provides individuals with the practical and technical skills they need to plan and prepare for a candidacy, on a non-partisan basis, while the Leadership Summits offer out leaders from low- and medium-equality states an opportunity to explore public service opportunities in their communities, including public office. Both training programs are tailored to the realities of running for office and serving in office as an out LGBTQ person.

Victory Congressional Internship – The Victory Congressional Internship program is an internship that matches college students with members of the Congressional LGBTQ Equality Caucus, whose members are committed to achieving full human rights for LGBTQ people. The Congressional interns will have the rare opportunity to work directly with elected leaders on Capitol Hill and also receive 40 hours of professional development training from Victory Institute. The program, previously held each summer, now has three classes per year. Victory Institute’s goal is to expose the interns to the best, most inclusive leaders in public service.

Victory Institute Constituent Engagement – Victory Institute supports and connects a network of LGBTQ elected and appointed officials in the United States and abroad to advance equality by maximizing officials’ impact through education, mentoring, leadership development, and sharing best practices. Victory Institute also keeps a record of every out elected leader in the U.S. at www.outforamerica.org.

LGBTQ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

1. Nature of Operations (continued)

Presidential Appointments Initiative – Victory Institute’s Presidential Appointments Initiative works with LGBTQ and other organizational partners to help place qualified LGBTQ leaders into presidential appointment positions. By working with the presidential administration and collecting resumes from interested people, the Initiative is helping build the most LGBTQ-inclusive presidential administration in history.

David Bohnett Leaders Fellowship – Victory Institute, in collaboration with The David Bohnett Foundation, sends outstanding LGBTQ leaders to the Harvard Kennedy School’s Senior Executives in State and Local Government program to help them advance their public service careers.

Victory Empowerment Fellowship – Victory Institute provides a year-long fellowship to LGBTQ leaders of color and/or trans leaders who are interested in running for office or want to be public servants. The fellowship includes mentorship, as well as participation in a Candidate & Campaign Training and attendance at the International LGBTQ Leaders Conference.

Victory International Program – Victory Institute works with local partners around the world to build LGBTQ political participation in countries where LGBTQ elected officials are rare and LGBTQ equality remains elusive. Victory Institute offers trainings and other programs in-country to support out leaders, and every other year holds the Conference of LGBTI Political Leaders of the Americas and Caribbean to bring these leaders together.

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.

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

LGBTQ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

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.

Accounts Receivable

Accounts receivable are carried at original invoice amounts, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. There is no provision for doubtful accounts based on management's evaluation of the collection of receivables at December 31, 2020 and 2019.

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 at December 31, 2020 and 2019, 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.

LGBTQ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions and appeals are recorded as revenue when received, and as grant revenue when awarded. Victory Institute reports contributions as 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Revenues from trainings and conferences are recognized at the time the events are held, while 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 program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$20,342 and \$3,007 during the years ended December 31, 2020 and 2019, respectively.

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 January 27, 2022, the date the financial statements were available to be issued.

LGBTQ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

3. Liquidity and Availability

Victory Institute has a goal to maintain financial assets, which consist of cash, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$450,000.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,362,224	\$ 130,941
Contributions receivable	399,700	236,274
Less: net assets with donor restrictions	<u>(208,326)</u>	<u>(50,000)</u>
Total available for general expenditures	<u>\$ 1,553,598</u>	<u>\$ 317,215</u>

4. Concentration of Credit Risk

Financial instruments that potentially subject Victory Institute to significant concentrations of credit risk consist of cash. Victory Institute maintains cash deposit and transaction accounts with various financial institutions that, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). Victory Institute has not experienced any credit losses on its cash 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.

5. 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, 2020 and 2019, Victory Institute received contributions valued at \$30,600 and \$135,630, respectively.

LGBTQ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

6. Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows at December 31:

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 50,000	\$ 50,000
Purpose restricted:		
David Bohnett Foundation	60,000	-
International program	<u>98,326</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 208,326</u>	<u>\$ 50,000</u>

7. Paycheck Protection Program

Victory Institute applied for a loan under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 pandemic, for which Victory Institute qualified. After the loans are granted, the Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities). The PPP loan was granted to Victory Institute on May 4, 2020 in the amount of \$235,995. Victory Institute expects to use the funds on qualifying expenditures during the covered period. The application for forgiveness was completed in 2021, and at that time, Victory Institute adjusted the liability on its books and will recognize the gain on forgiveness for the year ending December 31, 2021.

8. Related Party Transactions

LGBTQ 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, 2020 and 2019 were \$1,638,720 and \$1,525,033, respectively. At December 31, 2020 and 2019, Victory Institute had a balance due to Victory Fund totaling \$640,889 and \$412,748, respectively, which is included in the accompanying statements of financial position. Victory Institute’s president also serves as president and Chief Executive Officer of Victory Fund. Victory Institute neither controls nor has an economic interest in Victory Fund for consolidation reporting purposes.

LGBTQ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

9. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis; as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

10. 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.