

**LGBTQ Victory Institute, Inc.**

Financial Statements  
and Independent Auditors' Report

December 31, 2019 and 2018

**LGBTQ Victory Institute, Inc.**

Financial Statements  
December 31, 2019 and 2018

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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, 2019 and 2018; 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*

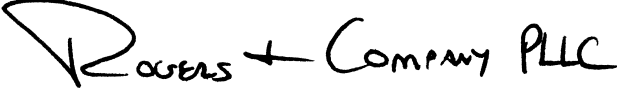
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2019 and 2018, 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  
August 11, 2021

## LGBTQ Victory Institute, Inc.

### Statements of Financial Position December 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
Cash	\$ 130,941	\$ 592,706
Accounts receivable	-	90,000
Contributions receivable	236,274	56,418
Prepaid expenses	-	36,845
	<hr/>	<hr/>
Total assets	<u>\$ 367,215</u>	<u>\$ 775,969</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 119,437	\$ 317,098
Due to Victory Fund	412,748	307,651
	<hr/>	<hr/>
Total liabilities	<u>532,185</u>	<u>624,749</u>
<b>Net Assets (Deficit)</b>		
Without donor restrictions	(214,970)	61,220
With donor restrictions	50,000	90,000
	<hr/>	<hr/>
Total net (deficit) assets	<u>(164,970)</u>	<u>151,220</u>
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Total liabilities and net assets	<u>\$ 367,215</u>	<u>\$ 775,969</u>

## LGBTQ Victory Institute, Inc.

### Statement of Activities For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
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)	-
<b>Total revenue and support</b>	<b>2,624,798</b>	<b>(40,000)</b>	<b>2,584,798</b>
<b>Expenses</b>			
Program services:			
Leadership development	1,788,105	-	1,788,105
Training	465,152	-	465,152
Research and communications	245,941	-	245,941
<b>Total program services</b>	<b>2,499,198</b>	<b>-</b>	<b>2,499,198</b>
Supporting services:			
Fundraising	314,464	-	314,464
Management and general	87,326	-	87,326
<b>Total supporting services</b>	<b>401,790</b>	<b>-</b>	<b>401,790</b>
<b>Total expenses</b>	<b>2,900,988</b>	<b>-</b>	<b>2,900,988</b>
<b>Change in Net Assets</b>	<b>(276,190)</b>	<b>(40,000)</b>	<b>(316,190)</b>
<b>Net Assets, beginning of year</b>	<b>61,220</b>	<b>90,000</b>	<b>151,220</b>
<b>Net (Deficit) Assets, end of year</b>	<b>\$ (214,970)</b>	<b>\$ 50,000</b>	<b>\$ (164,970)</b>

See accompanying notes.

## LGBTQ Victory Institute, Inc.

### Statement of Activities For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 1,828,679	\$ 524,592	\$ 2,353,271
Training and conferences	96,345	-	96,345
In-kind contributions	69,600	-	69,600
Interest income	7	-	7
Other income	4,670	-	4,670
Released from restrictions	782,892	(782,892)	-
<b>Total revenue and support</b>	<b>2,782,193</b>	<b>(258,300)</b>	<b>2,523,893</b>
<b>Expenses</b>			
Program services:			
Leadership development	1,655,821	-	1,655,821
Training	329,534	-	329,534
Research and communications	216,676	-	216,676
<b>Total program services</b>	<b>2,202,031</b>	<b>-</b>	<b>2,202,031</b>
Supporting services:			
Fundraising	389,862	-	389,862
Management and general	67,114	-	67,114
<b>Total supporting services</b>	<b>456,976</b>	<b>-</b>	<b>456,976</b>
<b>Total expenses</b>	<b>2,659,007</b>	<b>-</b>	<b>2,659,007</b>
<b>Change in Net Assets</b>	<b>123,186</b>	<b>(258,300)</b>	<b>(135,114)</b>
<b>Net (Deficit) Assets,</b> beginning of year	<b>(61,966)</b>	<b>348,300</b>	<b>286,334</b>
<b>Net Assets, end of year</b>	<b>\$ 61,220</b>	<b>\$ 90,000</b>	<b>\$ 151,220</b>

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
Salaries and employee benefits	\$ 609,116	\$ 72,495	\$ 144,162	\$ 825,773	\$ 212,867	\$ 230,969	\$ 1,269,609
Accounting and audit fees	-	-	-	-	-	17,552	17,552
Professional fees – other	18,400	-	13,470	31,870	-	75,601	107,471
Office expenses	5,170	85	6,898	12,153	2,650	9,430	24,233
Travel and meeting	62,386	245	5,320	67,951	13,933	19,139	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	-	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	148,939
Events	437,999	1,076	-	439,075	5,690	72	444,837
Occupancy costs	71,452	9,023	17,460	97,935	25,916	21,126	144,977
Information technology	11,557	1,488	3,220	16,265	4,157	46,596	67,018
Other expenses	25	-	3,007	3,032	8,840	30,626	42,498
Management and general allocation	230,115	45,121	49,633	324,869	39,011	(363,880)	-
<b>Total Expenses</b>	<b>\$ 1,788,105</b>	<b>\$ 465,152</b>	<b>\$ 245,941</b>	<b>\$ 2,499,198</b>	<b>\$ 314,464</b>	<b>\$ 87,326</b>	<b>\$ 2,900,988</b>

*See accompanying notes.*



**LGBTQ Victory Institute, Inc.**

Statement of Functional Expenses  
For the Year Ended December 31, 2018

	Program Services			Supporting Services			
	Leadership Development	Training	Research and Comm- unications	Total Program Services	Fundraising	Management and General	Total
Salaries and employee benefits	\$ 635,293	\$ 57,792	\$ 141,253	\$ 834,338	\$ 197,898	\$ 182,870	\$ 1,215,106
Professional fees – other	4,380	-	870	5,250	52,000	59,666	116,916
Office expenses	2,388	313	6,268	8,969	4,271	10,534	23,774
Travel and meeting	18,939	1,693	1,758	22,390	23,638	30,635	76,663
Tuition	96,600	-	-	96,600	-	-	96,600
Program travel	32,326	63,108	-	95,434	400	-	95,834
Space rental/catering	34,707	151,895	-	186,602	3,375	-	189,977
Other program expenses	60,482	27,412	1,398	89,292	-	-	89,292
Events	437,754	-	-	437,754	-	-	437,754
Occupancy costs	77,630	7,421	17,616	102,667	23,877	22,422	148,966
Information technology	12,483	1,182	3,490	17,155	3,917	51,720	72,792
Other expenses	1,894	78	1,381	3,353	20,669	5,354	29,376
Management and general allocation	188,382	18,640	42,642	249,664	59,817	(309,481)	-
<b>Total Expenses</b>	<b>\$ 1,655,821</b>	<b>\$ 329,534</b>	<b>\$ 216,676</b>	<b>\$ 2,202,031</b>	<b>\$ 389,862</b>	<b>\$ 67,114</b>	<b>\$ 2,659,007</b>

*See accompanying notes.*

## LGBTQ Victory Institute, Inc.

### Statements of Cash Flows For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (316,190)	\$ (135,114)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in discount on contributions receivable	1,134	-
Change in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	90,000	7,500
Contributions receivable	(180,990)	277,917
Prepaid expenses	36,845	(36,845)
(Decrease) increase in:		
Accounts payable and accrued expenses	(197,661)	166,378
Due to Victory Fund	105,097	159,408
Net cash (used in) provided by operating activities	<u>(461,765)</u>	<u>439,244</u>
<b>Net (Decrease) Increase in Cash</b>	(461,765)	439,244
<b>Cash, beginning of year</b>	<u>592,706</u>	<u>153,462</u>
<b>Cash, end of year</b>	<u><u>\$ 130,941</u></u>	<u><u>\$ 592,706</u></u>

## LGBTQ Victory Institute, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 1. Nature of Operations

LGBTQ Victory Institute, Inc. (“Victory Institute”) (formerly known as the Gay and Lesbian Victory Institute), is a nonpartisan, 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 LGBTQ 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:

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

Victory Congressional Internship – The Victory Congressional Internship program is a summer internship that matches 12 college students annually with members of the Congressional LGBTQ Equality Caucus, whose 100+ 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 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 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 candidacy, on a nonpartisan 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.

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](http://www.outforamerica.org).

## LGBTQ Victory Institute, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 1. Nature of Operations (continued)

The David Bohnett Leaders Fellowship – The David Bohnett Foundation has teamed with Victory Institute to help it sponsor lesbian, gay, bisexual, and transgender LGBTQ 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 the Harvard University’s Kennedy School of Government.

### 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.

#### 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.

## **LGBTQ Victory Institute, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **2. Summary of Significant Accounting Policies (continued)**

#### Accounts Receivable (continued)

There is no provision for doubtful accounts based on management's evaluation of the collection of receivables at December 31, 2019 and 2018.

#### 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, 2019 and 2018, 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. 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.

## **LGBTQ Victory Institute, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **2. Summary of Significant Accounting Policies (continued)**

#### Revenue Recognition (continued)

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 \$3,007 and \$1,131 during the years ended December 31, 2019 and 2018, 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 August 11, 2021, the date the financial statements were available to be issued.

### **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.

## LGBTQ Victory Institute, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 3. Liquidity and Availability (continued)

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

	<u>2019</u>	<u>2018</u>
Cash	\$ 130,941	\$ 592,706
Accounts receivable	-	90,000
Contributions receivable	236,274	56,418
Less: net assets with donor restrictions	<u>(50,000)</u>	<u>(90,000)</u>
Total available for general expenditures	<u>\$ 317,215</u>	<u>\$ 649,124</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, 2019 and 2018, Victory Institute received contributions valued at \$135,630 and \$69,600, respectively.

### 6. Net Assets With Donor Restrictions

Net assets with donor restrictions were all time restricted at December 31, 2019 and 2018 and totaled \$50,000 and \$90,000, respectively.

## **LGBTQ Victory Institute, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **7. 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, 2019 and 2018 were \$1,525,033 and \$1,570,429, respectively. At December 31, 2019 and 2018, Victory Institute had a balance due to Victory Fund totaling \$412,748 and \$307,651, 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.

### **8. 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.

### **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.