

LGBTQ+ Victory Institute, Inc.

Financial Statements
and Independent Auditor's Report

December 31, 2022 and 2021

LGBTQ+ Victory Institute, Inc.

Financial Statements
December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Victory Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Victory Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Victory Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Victory Institute's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Handwritten signature of Rogers & Company PLLC in black ink.

Vienna, Virginia
November 10, 2023

LGBTQ+ Victory Institute, Inc.Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 2,604,432	\$ 2,421,506
Investments	121,208	151,263
Contributions receivable	332,050	317,657
Prepaid expenses	6,618	9,212
Intangible asset, net	14,931	18,264
Total assets	<u>\$ 3,079,239</u>	<u>\$ 2,917,902</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 353,130	\$ 269,085
Due to Victory Fund	708,244	521,273
Forgivable Loan – Paycheck Protection Program	199,944	441,980
Total liabilities	<u>1,261,318</u>	<u>1,232,338</u>
Net Assets		
Without donor restrictions:		
Undesignated	762,542	787,111
Board-designated – strategic growth	723,053	485,874
Total without donor restrictions	1,485,595	1,272,985
With donor restrictions	332,326	412,579
Total net assets	<u>1,817,921</u>	<u>1,685,564</u>
Total liabilities and net assets	<u>\$ 3,079,239</u>	<u>\$ 2,917,902</u>

See accompanying notes.

LGBTQ+ Victory Institute, Inc.

Statement of Activities For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 3,159,548	\$ 695,007	\$ 3,854,555
Training and conferences	170,633	-	170,633
In-kind contributions	3,251	-	3,251
Investment return, net	(31,935)	-	(31,935)
Other income	5,331	-	5,331
Released from restrictions	775,260	(775,260)	-
Total revenue and support	<u>4,082,088</u>	<u>(80,253)</u>	<u>4,001,835</u>
Expenses			
Program services:			
Leadership development	2,673,236	-	2,673,236
Training	255,455	-	255,455
Research and communications	395,067	-	395,067
Total program services	<u>3,323,758</u>	<u>-</u>	<u>3,323,758</u>
Supporting services:			
Fundraising	510,900	-	510,900
Management and general	34,820	-	34,820
Total supporting services	<u>545,720</u>	<u>-</u>	<u>545,720</u>
Total expenses	<u>3,869,478</u>	<u>-</u>	<u>3,869,478</u>
Change in Net Assets	212,610	(80,253)	132,357
Net Assets, beginning of year	<u>1,272,985</u>	<u>412,579</u>	<u>1,685,564</u>
Net Assets, end of year	<u><u>\$ 1,485,595</u></u>	<u><u>\$ 332,326</u></u>	<u><u>\$ 1,817,921</u></u>

See accompanying notes.

LGBTQ+ Victory Institute, Inc.

Statement of Activities For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 2,989,454	\$ 545,000	\$ 3,534,454
Training and conferences	93,283	-	93,283
In-kind contributions	115,000	-	115,000
Investment return, net	2,518	-	2,518
Other income	2,167	-	2,167
Released from restrictions	340,747	(340,747)	-
Total revenue and support	<u>3,543,169</u>	<u>204,253</u>	<u>3,747,422</u>
Expenses			
Program services:			
Leadership development	1,859,386	-	1,859,386
Training	238,780	-	238,780
Research and communications	381,213	-	381,213
Total program services	<u>2,479,379</u>	<u>-</u>	<u>2,479,379</u>
Supporting services:			
Fundraising	317,046	-	317,046
Management and general	56,760	-	56,760
Total supporting services	<u>373,806</u>	<u>-</u>	<u>373,806</u>
Total expenses	<u>2,853,185</u>	<u>-</u>	<u>2,853,185</u>
Change in Net Assets	689,984	204,253	894,237
Net Assets, beginning of year	<u>583,001</u>	<u>208,326</u>	<u>791,327</u>
Net Assets, end of year	<u><u>\$ 1,272,985</u></u>	<u><u>\$ 412,579</u></u>	<u><u>\$ 1,685,564</u></u>

See accompanying notes.

LGBTQ+ Victory Institute, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2022

	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	\$ 856,572	\$ 31,484	\$ 198,694	\$ 1,086,750	\$ 328,224	\$ 304,470	\$ 632,694	\$ 1,719,444	
Accounting and audit fees	-	-	-	-	-	10,955	10,955	10,955	
Professional fees – other	135,728	1,147	88,053	224,928	12,986	28,843	41,829	266,757	
Office expenses	4,328	456	2,299	7,083	3,720	7,696	11,416	18,499	
Travel and meeting	105,288	2,020	661	107,969	55,595	17,959	73,554	181,523	
International partner payments	67,861	-	-	67,861	-	-	-	67,861	
Tuition	103,800	-	-	103,800	-	-	-	103,800	
Program travel	33,406	19,861	-	53,267	-	-	-	53,267	
Space rental/catering	57,879	99,036	-	156,915	-	-	-	156,915	
Other program expenses	264,026	34,765	17,700	316,491	714	-	714	317,205	
Events	634,995	508	-	635,503	29,631	1,409	31,040	666,543	
Occupancy costs	68,554	3,683	19,149	91,386	30,686	24,460	55,146	146,532	
Information technology	5,622	299	7,234	13,155	2,617	64,680	67,297	80,452	
Other expenses	3,258	-	-	3,258	768	75,699	76,467	79,725	
Management and general allocation	331,919	62,196	61,277	455,392	45,959	(501,351)	(455,392)	-	
Total Expenses	\$ 2,673,236	\$ 255,455	\$ 395,067	\$ 3,323,758	\$ 510,900	\$ 34,820	\$ 545,720	\$ 3,869,478	

See accompanying notes.

LGBTQ+ Victory Institute, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2021

	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	\$ 782,548	\$ 40,250	\$ 201,069	\$ 1,023,867	\$ 229,086	\$ 132,136	\$ 361,222	\$ 1,385,089
Accounting and audit fees	-	-	-	-	-	10,663	10,663	10,663
Professional fees – other	4,865	-	26,555	31,420	-	63,955	63,955	95,375
Office expenses	2,353	679	5,415	8,447	3,559	3,923	7,482	15,929
Travel and meeting	26,719	123	213	27,055	3,787	3,642	7,429	34,484
International partner payments	31,800	-	-	31,800	-	-	-	31,800
Program travel	20,789	5,760	-	26,549	-	-	-	26,549
Space rental/catering	42,290	94,731	-	137,021	-	-	-	137,021
Other program expenses	316,422	50,504	79,384	446,310	11,880	100	11,980	458,290
Events	326,095	-	-	326,095	3,135	-	3,135	329,230
Occupancy costs	90,758	4,528	23,109	118,395	27,251	20,920	48,171	166,566
Information technology	4,945	245	1,642	6,832	1,481	76,074	77,555	84,387
Other expenses	-	-	1,866	1,866	7,817	68,119	75,936	77,802
Management and general allocation	209,802	41,960	41,960	293,722	29,050	(322,772)	(293,722)	-
Total Expenses	\$ 1,859,386	\$ 238,780	\$ 381,213	\$ 2,479,379	\$ 317,046	\$ 56,760	\$ 373,806	\$ 2,853,185

See accompanying notes.

LGBTQ+ Victory Institute, Inc.

Statements of Cash Flows For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 132,357	\$ 894,237
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	3,333	1,736
In-kind donation – intangible asset	-	(15,000)
Unrealized and realized losses (gains) on investments	32,181	(3,454)
Forgiveness of Paycheck Protection Program loan	(242,036)	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(14,393)	82,043
Prepaid expenses	2,594	(9,212)
Increase (decrease) in:		
Accounts payable and accrued expenses	84,045	175,372
Due to Victory Fund	186,971	(119,616)
Net cash provided by operating activities	<u>185,052</u>	<u>1,006,106</u>
Cash Flows from Investing Activities		
Purchases of intangible asset	-	(5,000)
Proceeds from sales of investments	16,415	26,060
Purchases of investments	<u>(18,541)</u>	<u>(173,869)</u>
Net cash used in investing activities	<u>(2,126)</u>	<u>(152,809)</u>
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program	<u>-</u>	<u>205,985</u>
Net cash provided by financing activity	<u>-</u>	<u>205,985</u>
Net Increase in Cash	182,926	1,059,282
Cash, beginning of year	<u>2,421,506</u>	<u>1,362,224</u>
Cash, end of year	<u><u>\$ 2,604,432</u></u>	<u><u>\$ 2,421,506</u></u>

See accompanying notes.

LGBTQ+ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

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.

LGBTQ+ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

1. Nature of Operations (continued)

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.

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

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.

LGBTQ+ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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. Included in these net assets are Board-designated amounts earmarked for strategic growth.
- *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.

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are reported as a component of net investment return in the accompanying statements of activities.

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, 2022 and 2021, as management believes that all remaining accounts are deemed to be fully collectible.

LGBTQ+ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Intangible Asset

Intangible asset acquisitions with a cost greater than \$500 and a projected useful life exceeding one year are capitalized and recorded at cost. Victory Institute capitalizes certain costs associated with the development of its website. Amortization is computed using the straight-line method over the estimated useful lives of the assets. Upon disposal of amortizable assets, the cost and related accumulated amortization are eliminated from the accounts and the resulting gain or loss is credited or charged to income. Costs related to the planning stages of development projects, as well as ongoing operating and support costs of the website, are expensed as incurred.

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 \$-0- and \$1,866 during the years ended December 31, 2022 and 2021, respectively.

LGBTQ+ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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 November 10, 2023, 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.

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>2022</u>	<u>2021</u>
Cash	\$ 2,604,432	\$ 2,421,506
Investments	121,208	151,263
Contributions receivable	332,050	317,657
Less: net assets with donor restrictions	<u>(332,326)</u>	<u>(412,579)</u>
Total available for general expenditures	<u>\$ 2,725,364</u>	<u>\$ 2,477,847</u>

4. Concentration of Credit Risk

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

LGBTQ+ Victory Institute, Inc.

Notes to Financial Statements December 31, 2022 and 2021

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, 2022 and 2021, Victory Institute received contributions of services valued at \$3,251 and \$100,000, respectively. In addition, during 2021, Victory Fund gifted Victory Institute a website, which was valued at \$15,000 at the time of donation and is included in the accompanying December 31, 2021 statement of financial position.

6. Investments and Fair Value Measurements

Victory Institute follows Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and requires an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. Victory Institute recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, Victory Institute uses quoted prices in active markets for identical assets to determine fair value. Victory Institute has no assets classified as Level 2 or Level 3 inputs. Level 1 assets include money markets, mutual funds, and exchange-traded funds which are valued using quoted prices for identical securities in active markets.

LGBTQ+ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

6. Investments and Fair Value Measurements (continued)

The following table presents Victory Institute's fair value hierarchy for those investments measured on a recurring basis at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Money markets	\$ 3,587	\$ -	\$ -	\$ 3,587
Mutual funds	103,553	-	-	103,553
Exchange-traded funds	14,068	-	-	14,068
Total	\$ 121,208	\$ -	\$ -	\$ 121,208

The following table presents Victory Institute's fair value hierarchy for those investments measured on a recurring basis at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Money markets	\$ 1,744	\$ -	\$ -	\$ 1,744
Mutual funds	128,075	-	-	128,075
Exchange-traded funds	21,444	-	-	21,444
Total	\$ 151,263	\$ -	\$ -	\$ 151,263

Net investment return is made up of the following components for the years ended December 31:

	2022	2021
Interest income	\$ 1,597	\$ 25
Realized and unrealized (losses) gains	(32,181)	3,454
Less: investment management fees	(1,351)	(961)
Investment return, net	\$ (31,935)	\$ 2,518

LGBTQ+ Victory Institute, Inc.Notes to Financial Statements
December 31, 2022 and 2021**7. Intangible Asset**

Intangible asset consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Website	\$ 20,000	\$ 20,000
Total intangible asset	20,000	20,000
Less: accumulated amortization	<u>(5,069)</u>	<u>(1,736)</u>
Intangible asset, net	<u>\$ 14,931</u>	<u>\$ 18,264</u>

Amortization expense for each year of the estimated remaining life of the website is estimated to be as follows for the years ending December 31:

2023	\$ 3,333
2024	3,333
2025	3,333
2026	3,333
2027	<u>1,599</u>
Total future amortization	<u>\$ 14,931</u>

8. Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Time restricted	\$ 175,000	\$ -
Purpose restricted:		
International program	157,326	148,326
VCF	-	51,633
VCI	<u>-</u>	<u>212,620</u>
Total net assets with donor restrictions	<u>\$ 332,326</u>	<u>\$ 412,579</u>

LGBTQ+ Victory Institute, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

9. 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 first PPP loan was granted to Victory Institute on May 4, 2020 in the amount of \$235,995. The second PPP loan was granted to Victory Institute on March 12, 2021 in the amount of \$205,985. \$242,036 was forgiven by the SBA during 2022 and included in grants and contributions in the accompanying statement of activities for the year ended December 31, 2022. The remaining balance of \$199,944 was forgiven by the SBA in 2023.

10. 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, 2022 and 2021 were \$2,140,362 and \$1,652,512, respectively. At December 31, 2022 and 2021, Victory Institute had a balance due to Victory Fund totaling \$708,244 and \$521,273, 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.

11. 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 and amortization, which are allocated on a square footage basis; as well as salaries and wages, employee 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.

LGBTQ+ Victory Institute, Inc.

Notes to Financial Statements
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12. 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.