

**GAY AND LESBIAN
LEADERSHIP INSTITUTE, INC.**

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Financial Statements

December 31, 2009 and 2008

Gay and Lesbian Leadership Institute, Inc.

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Independent Auditors' Report

The Board of Directors
Gay and Lesbian Leadership Institute, Inc.
Washington, D.C.

We have audited the accompanying Statement of Financial Position of **Gay and Lesbian Leadership Institute, Inc. (GLLI)** as of December 31, 2009 and the related Statement of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of **GLLI's** management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from **GLLI's** 2008 financial statements, and in our report dated April 23, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Gay and Lesbian Leadership Institute, Inc.** as of December 31, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Berry Group, CPA's

Alexandria, Virginia
March 22, 2010

Gay and Lesbian Leadership Institute, Inc.

Statements of Financial Position

December 31,	Unrestricted	Temporarily restricted	2009	Unrestricted	Temporarily restricted	2008
Assets						
Current assets						
Cash and cash equivalents	\$ 257,960	\$ 157,269	\$ 415,229	\$ 245,566	\$ 251,089	\$ 496,655
Grants receivable	-	-	-	-	250,000	250,000
Total current assets	257,960	157,269	415,229	245,566	501,089	746,655
Other assets						
Certificates of deposit	11,482	300,000	311,482	150,000	-	150,000
Total other assets	11,482	300,000	311,482	150,000	-	150,000
Property and equipment						
Furniture and fixtures	12,875	-	12,875	12,875	-	12,875
Less: Accumulated depreciation	(10,650)	-	(10,650)	(9,167)	-	(9,167)
Net property and equipment	2,225	-	2,225	3,708	-	3,708
Total assets	\$ 271,667	\$ 457,269	\$ 728,936	\$ 399,274	\$ 501,089	\$ 900,363
Liabilities and Net Assets						
Current liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 17,260	\$ -	\$ 17,260
Total current liabilities	-	-	-	17,260	-	17,260
Net assets						
Unrestricted	271,667	-	271,667	382,014	-	382,014
Temporarily restricted	-	457,269	457,269	-	501,089	501,089
Total net assets	271,667	457,269	728,936	382,014	501,089	883,103
Total liabilities and net assets	\$ 271,667	\$ 457,269	\$ 728,936	\$ 399,274	\$ 501,089	\$ 900,363

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Gay and Lesbian Leadership Institute, Inc.

Statements of Activities and Changes in Net Assets

<i>Year Ended December 31,</i>	2009	2008
Unrestricted support and revenue		
Grants and other	\$ 234,000	\$ 433,200
Appeals	680,639	801,664
Trainings and conferences	136,187	90,410
Events	12,075	21,150
Interest income	12,745	6,988
Net assets released from restrictions	313,820	283,911
Total unrestricted support and revenue	1,389,466	1,637,323
Expenses		
Program Services		
Leadership development	709,361	778,635
Training	468,660	480,880
Research and polling	200,689	302,657
Total program services	1,378,710	1,562,172
Supporting services		
Fundraising	118,879	122,470
General and administrative	2,224	16,959
Total supporting services	121,103	139,429
Total expenses	1,499,813	1,701,601
Change in unrestricted net assets	(110,347)	(64,278)
Temporarily restricted net assets		
Grants and other	270,000	760,000
Net assets released from restrictions	(313,820)	(283,911)
Change in temporarily restricted net assets	(43,820)	476,089
Changes in net assets	(154,167)	411,811
Net assets, beginning of year	883,103	471,292
Net assets, end of year	\$ 728,936	\$ 883,103

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Gay and Lesbian Leadership Institute, Inc.

Statement of Functional Expenses

Year Ended December 31, 2008 (with summarized comparative information for 2007)

Description	2009						2008 Total
	Program Services			Supporting Services			
	Leadership Development	Training	Research and Polling	Total Program Services	General and Administrative	Fundraising	
Grants to other organizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and wages	230,820	213,033	94,183	538,036	14,197	78,766	630,999
Legal	1,386	1,109	277	2,772	-	4,153	6,925
Accounting	-	-	-	-	5,931	-	5,931
Fee for services - other	45,323	61,331	-	106,654	-	-	106,654
Advertising and promotion	9,788	870	-	10,658	-	-	10,658
Office expenses	59,254	54,941	23,465	137,660	4,123	17,837	159,620
Travel	50,621	15,790	1,808	68,219	875	6,677	75,771
Conferences, conventions, meetings	202,835	-	-	202,835	-	-	202,835
Depreciation	-	-	-	-	1,483	-	1,483
Insurance	-	-	-	-	875	-	875
Other expenses	3,194	1,354	132	4,680	-	1,980	6,660
Candidate and campaign training	-	110,227	-	110,227	-	-	110,227
Outreach	14,974	59	11,871	26,904	-	-	26,904
Meals and entertainment	373	182	285	840	276	135	1,251
Fellowship training and tuition	81,200	-	-	81,200	-	-	81,200
State initiative training	-	-	-	-	-	-	-
SmartBrief	-	-	65,000	65,000	-	-	65,000
Harvard online licensing	-	-	-	-	-	-	-
Bank and credit card fees	1,366	1,093	273	2,732	6	4,082	6,820
Expense allocation	8,227	8,671	3,395	20,293	(25,542)	5,249	(20,293)
Total expenses	\$ 709,361	\$ 468,660	\$ 200,689	\$ 1,378,710	\$ 2,224	\$ 118,879	\$ 1,499,813
						\$ 121,103	\$ 1,701,601

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Gay and Lesbian Leadership Institute, Inc.

Statements of Cash Flows

<i>Year Ended December 31,</i>	2009	2008
Cash flows from operating activities		
Changes in net assets	\$ (154,167)	\$ 411,811
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,483	2,472
(Increase) decrease in:		
Grants receivable	250,000	(250,000)
Increase (decrease) in:		
Accounts payable and accrued expenses	(17,260)	11,976
Net cash provided by operating activities	80,056	176,259
Cash flows from investing activities		
Purchase of certificates of deposit	(161,482)	(150,000)
Net cash (used in) investing activities	(161,482)	(150,000)
Net increase (decrease) in cash and cash equivalents	(81,426)	26,259
Cash and cash equivalents, beginning of year	496,655	470,396
Cash and cash equivalents, end of year	\$ 415,229	\$ 496,655

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Gay and Lesbian Leadership Institute, Inc.

Notes to Financial Statements

1. Organization and nature of activities

The **Gay & Lesbian Leadership Institute, Inc. (GLLI)** is a non-partisan, nonprofit educational organization exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code. It was incorporated in the District of Columbia on March 3, 1993. The organization works to ensure that LGBT Americans have the training and resources they need to take on important leadership posts in public, private and community organizations. **GLLI** provides comprehensive training and education programs, focused on educating, connecting and inspiring lesbian, gay, bisexual and transgender leaders.

Key programs of the Gay & Lesbian Leadership Institute include:

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

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

GLLI Harvard Fellows—The David Bohnett Foundation has teamed with GLLI to help the organization 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.

Gay & Lesbian Leadership SmartBrief—A free, twice-weekly summary of important LGBT-related news and opinion. More than 19,000 of the most engaged LGBT leaders in media, government, politics and advocacy look to SmartBrief to keep them informed and knowledgeable.

2. Summary of significant accounting policies

Basis of accounting and presentation: The financial statements of **GLLI** are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Nonprofit Organizations*. Under SFAS No. 117, **GLLI** is required to present net assets and revenues, expenses, gains, and losses classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of **GLLI** and changes therein are classified and reported as follows:

Gay and Lesbian Leadership Institute, Inc.

Notes to Financial Statements

2. Summary of significant accounting policies (continued)

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that will be met either by actions of GLLI and/or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that are to be maintained permanently by GLLI.

GLLI recognizes contributions revenue when received and grant revenue when awarded. When a donor restriction expires (i.e., 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 statement of activities as net assets released from restriction. Donor contributions that are temporarily restricted are reported as unrestricted support if the restrictions are met in the same accounting period in which the contribution was originally pledged.

Cash and cash equivalents: For purposes of the statements of cash flows, GLLI considers all unrestricted highly liquid investments with an initial maturity of six months or less to be cash equivalents.

Grants receivable: Grants receivable represents foundation grants awarded but not yet received.

Certificates of deposits: Certificates of deposits are recorded at their estimated market value and have maturity dates longer than a year.

Property and equipment: Property and equipment are recorded at cost if purchased and at fair value if donated. GLLI follows the practice of capitalizing expenditures for fixed assets in excess of \$5,000. Depreciation is computed using the straight-line method over periods of three to ten years.

Functional expenses allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes: GLLI has obtained exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. Certain other revenues may be subject to taxation as unrelated business income. Management is not aware of any course of action that has occurred that may adversely affect this exemption.

Gay and Lesbian Leadership Institute, Inc.

Notes to Financial Statements

2. Summary of significant accounting policies (continued) **Prior year summarized information:** The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with **GLLI's** financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Reclassification: Certain amounts from the prior year have been reclassified to conform to the current year financial statement presentation.

3. Concentration of credit risk **GLLI** maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. **GLLI** has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related to cash. In January 2009, **GLLI** amended its cash policy which requires that all cash funds are maintained in checking accounts and investment instruments that are within the FDIC limits.

4. Temporarily restricted net assets Net assets were temporarily restricted as of December 31 as follows:

	12/31/08	Additions	Deletions	12/31/09
David Bohnett Foundation	\$ 400,000	\$ -	\$ 100,000	\$ 300,000
Donald Burns Foundation	-	250,000	92,731	157,269
Hollyfield Foundation	-	5,000	5,000	-
Gill Foundation	-	15,000	15,000	-
Arcus Foundation	76,089	-	76,089	-
Howard Gilman Foundation	25,000	-	25,000	-
Total	\$ 501,089	\$ 270,000	\$ 313,820	\$ 457,269

Gay and Lesbian Leadership Institute, Inc.

Notes to Financial Statements

5. Related transactions party

The Gay and Lesbian Victory Fund, Inc. (Victory Fund), a political action committee within the meaning of the Federal Elections Act of 1971 (PUB L-92-225), has an agreement with **GLLI** whereby Victory Fund provides management services and use of the facilities and invoices **GLLI** monthly based on cost allocations and direct costs incurred. Victory Fund's president also serves as president for **GLLI**.

Total amounts invoiced to **GLLI** for the year ended December 31, 2009 and 2008 were \$790,000 and \$716,000, respectively. At December 31, 2009 and 2008, **GLLI** had no balance due to Victory Fund.