

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

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Financial Statements

December 31, 2010 and 2009

# 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, 2010 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** 2009 financial statements, and in our report dated March 22, 2010, 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, 2010 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.

  
Alexandria, Virginia  
March 31, 2011

# Gay and Lesbian Leadership Institute, Inc.

## Statements of Financial Position

<i>December 31,</i>	Statements of Financial Position			
<b>Assets</b>	2010	2009	2010	2009
Unrestricted	Temporarily restricted	Unrestricted	Temporarily restricted	2009
<b>Current assets</b>				
Cash and cash equivalents	\$ 207,830	\$ 79,725	\$ 287,555	\$ 157,269
<b>Total current assets</b>	<b>207,830</b>	<b>79,725</b>	<b>287,555</b>	<b>157,269</b>
<b>Other assets</b>				
Prepaid expense	8,000	-	8,000	-
Certificates of deposit	15,488	200,000	215,488	11,482
<b>Total other assets</b>	<b>23,488</b>	<b>200,000</b>	<b>223,488</b>	<b>300,000</b>
<b>Property and equipment</b>				
Furnitures and fixtures	12,875	-	12,875	12,875
Less: Accumulated depreciation	(12,133)	-	(12,133)	(10,650)
<b>Net property and equipment</b>	<b>742</b>	<b>-</b>	<b>742</b>	<b>2,225</b>
<b>Total assets</b>	<b>\$ 232,060</b>	<b>\$ 279,725</b>	<b>\$ 511,785</b>	<b>\$ 457,269</b>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 15,307	-	\$ 15,307	-
<b>Total current liabilities</b>	<b>15,307</b>	<b>-</b>	<b>15,307</b>	<b>-</b>
<b>Net assets</b>				
Unrestricted	216,753	-	216,753	271,667
Temporarily restricted	-	279,725	279,725	457,269
<b>Total net assets</b>	<b>216,753</b>	<b>279,725</b>	<b>496,478</b>	<b>728,936</b>
<b>Total liabilities and net assets</b>	<b>\$ 232,060</b>	<b>\$ 279,725</b>	<b>\$ 511,785</b>	<b>\$ 457,269</b>

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>	<b>2010</b>	<b>2009</b>
<b>Unrestricted support and revenue</b>		
Grants and other	\$ 71,953	\$ 234,000
Appeals	953,373	680,639
Trainings and conferences	118,647	136,187
Events	10,867	12,075
Interest income	18,040	12,745
Net assets released from restrictions	502,247	313,820
<b>Total unrestricted support and revenue</b>	<b>1,675,127</b>	<b>1,389,466</b>
<b>Expenses</b>		
Program Services		
Leadership development	816,784	709,361
Training	503,392	468,660
Research and polling	265,581	200,689
<b>Total program services</b>	<b>1,585,757</b>	<b>1,378,710</b>
Supporting services		
Fundraising	142,040	118,879
General and administrative	2,244	2,224
<b>Total supporting services</b>	<b>144,284</b>	<b>121,103</b>
<b>Total expenses</b>	<b>1,730,041</b>	<b>1,499,813</b>
<b>Change in unrestricted net assets</b>	<b>(54,914)</b>	<b>(110,347)</b>
<b>Temporarily restricted net assets</b>		
Grants and other	324,703	270,000
Net assets released from restrictions	(502,247)	(313,820)
<b>Change in temporarily restricted net assets</b>	<b>(177,544)</b>	<b>(43,820)</b>
<b>Changes in net assets</b>	<b>(232,458)</b>	<b>(154,167)</b>
<b>Net assets, beginning of year</b>	<b>728,936</b>	<b>883,103</b>
<b>Net assets, end of year</b>	<b>\$ 496,478</b>	<b>\$ 728,936</b>

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, 2010 (with summarized comparative information for 2009)

Description	2010							
	Program Services		Supporting Services					
	Leadership Development	Training	Research and Polling	Total Program Services				
	\$ 329,741	\$ 248,857	\$ 143,234	\$ 721,832				
Salaries and wages	298	-	60	358				
Legal	-	-	-	-				
Accounting	38,540	39,021	3,566	81,127				
Fee for services - other	49,145	15,818	33,380	98,343				
Advertising and promotion	75,306	53,618	30,337	159,261				
Office expenses	42,919	13,429	8,452	64,800				
Travel	166,620	-	32	166,652				
Conferences, conventions, meetings	-	-	-	-				
Depreciation	-	-	-	-				
Insurance	3,614	1,157	91	4,862				
Other expenses	-	92,445	-	92,445				
Candidate and campaign training	158	22,050	1,963	24,171				
Outreach	2,095	409	312	2,816				
Meals and entertainment	81,253	-	-	81,253				
Fellowship training and tuition	-	-	34,653	34,653				
SmartBrief	2,942	1,597	399	4,938				
Bank and credit card fees	24,153	14,991	9,102	48,246				
Expense allocation	\$ 816,784	\$ 503,392	\$ 265,581	\$ 1,585,757				
<b>Total expenses</b>	<b>\$ 816,784</b>	<b>\$ 503,392</b>	<b>\$ 265,581</b>	<b>\$ 1,585,757</b>				
			General and Administrative	Fundraising	Total Supporting Services	2010	Total	2009
			\$ 16,200	\$ 92,942	\$ 109,142	\$ 830,974	\$ 630,999	
			-	894	894	1,252	6,925	
			7,805	-	7,805	7,805	5,931	
			950	1,441	2,391	83,518	106,654	
			-	1,496	1,496	99,839	10,658	
			31,383	14,024	45,407	204,668	159,620	
			1,836	11,142	12,978	77,778	75,771	
			93	473	566	167,218	202,835	
			1,483	-	1,483	1,483	1,483	
			455	-	455	455	875	
			15	1,694	1,709	6,571	6,660	
			-	-	-	92,445	110,227	
			-	-	-	24,171	26,904	
			675	1,534	2,209	5,025	1,251	
			-	-	-	81,253	81,200	
			-	-	-	34,653	65,000	
			5	5,990	5,995	10,933	6,820	
			(58,656)	10,410	(48,246)	-	-	
			\$ 2,244	\$ 142,040	\$ 144,284	\$ 1,730,041	\$ 1,499,813	

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>	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ (232,458)	\$ (154,167)
<b>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</b>		
Depreciation	1,483	1,483
(Increase) decrease in:		
Grants receivable	(8,000)	250,000
Increase (decrease) in:		
Accounts payable and accrued expenses	15,307	(17,260)
<b>Net cash (used in) provided by operating activities</b>	<b>(223,668)</b>	<b>80,056</b>
<b>Cash flows from investing activities</b>		
Purchase of certificates of deposit	95,994	(161,482)
<b>Net cash provided by (used in) investing activities</b>	<b>95,994</b>	<b>(161,482)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(127,674)</b>	<b>(81,426)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>415,229</b>	<b>496,655</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 287,555</b>	<b>\$ 415,229</b>

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

# Gay and Lesbian Leadership Institute, Inc.

## Notes to Financial Statements

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- 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.

**Presidential Appointments Project**—The Presidential Appointments Project helps openly LGBT professionals get appointed to full-time positions as well as to boards, commissions and advisory committees throughout the executive branch of the federal government.

**Gay & Lesbian Leadership Gay Politics Report**—A free, twice-weekly summary of important LGBT-related news and opinion. More than 20,000 of the most engaged LGBT leaders in media, government, politics and advocacy look to Gay Politics Report to keep them informed and knowledgeable.

# Gay and Lesbian Leadership Institute, Inc.

## Notes to Financial Statements

### 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: 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.

## Gay and Lesbian Leadership Institute, Inc.

### Notes to Financial Statements

- 2. Summary of significant accounting policies (continued)**      **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.

**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, 2009, 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:

	12/31/09	Additions	Deletions	12/31/10
David Bohnett Foundation	\$ 300,000	\$ -	\$ 92,346	\$ 207,654
Allen Thornell Scholarship Fund	-	10,735	-	10,735
Donald Burns Foundation	157,269	-	155,907	1,362
Public Interest Project & GILL (PAP)	-	215,000	155,374	59,626
Arcus Foundation	-	95,468	95,468	-
The Tides Center	-	3,500	3,152	348
<b>Total</b>	<b>\$ 457,269</b>	<b>\$ 324,703</b>	<b>\$ 502,247</b>	<b>\$ 279,725</b>

# Gay and Lesbian Leadership Institute, Inc.

## Notes to Financial Statements

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- 5. Related party transactions** 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, 2010 and 2009 were \$996,500 and \$790,000, respectively. At December 31, 2010, **GLLI** had a balance due to Victory Fund totaling \$12,983.