National Center for Lesbian Rights

Financial Statements &

Independent Auditor's Report

for the Year Ended

June 30, 2020

COOK & COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

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COOK & COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

Independent Auditor's Report

To the Board of Directors
National Center for Lesbian Rights
San Francisco, California

We have audited the accompanying financial statements of National Center for Lesbian Rights (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. 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 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 an assessment of the risks of the 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Center for Lesbian Rights as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the June 30, 2019, financial statements of National Center for Lesbian Rights and our report dated May 4, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



A Professional Accountancy Corporation
San Francisco, California
April 8, 2021

National Center for Lesbian Rights

Statement of Financial Position
June 30, 2020
with Comparative Totals for June 30, 2019

ASSETS	6/30/20	6/30/19 (Note 2)
Current Assets:		
Cash & equivalents	$ 2,197,387	$ 370,367
Investments (Note 3)	249,184	232,533
Grants & contributions receivable, current (Note 4)	718,733	915,234
Other receivables	-	39,768
Prepaid expenses & other current assets	64,355	92,856
Total current assets	3,229,659	1,650,758
Grants & contributions receivable, non-current (Note 4)	31,212	232,110
Deposits	43,278	37,211
Property & equipment, net (Note 5)	52,590	12,463
TOTAL ASSETS	$ 3,356,739	$ 1,932,542
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	$ 199,894	$ 259,987
Grants payable	-	100,000
Accrued vacation pay	206,934	174,720
Deferred rent (Note 2)	18,786	9,835
Line of credit (Note 6)	-	249,503
Total current liabilities	425,614	794,045
Long-term debt (Note 7)	468,478	-
Deferred rent, long-term (Note 2)	24,955	43,741
TOTAL LIABILITIES	919,047	837,786
Net Assets		
Without donor restrictions		
Undesignated	1,238,604	166,367
Board designated (Note 8)	181,587	-
Total without donor restricions	1,420,191	166,367
With donor restrictions (Note 9)	1,017,501	928,389
TOTAL NET ASSETS	2,437,692	1,094,756
TOTAL LIABILITIES & NET ASSETS	$ 3,356,739	$ 1,932,542

See accompanying notes to financial statements and independent auditor's report.

National Center for Lesbian Rights

Statement of Activities and Changes in Net Assets
for the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total (Note 2)
Support & Revenue:				
Grants & contributions	$ 3,951,466	$ 1,780,805	$ 5,732,271	$ 5,150,311
Net assets released from restriction:				
Satisfaction of donor requirements	1,691,693	(1,691,693)	-	-
Special events - contributions	358,565	-	358,565	355,851
Special events - fair value portion	6,352	-	6,352	249,357
Less: Direct event expenses	-	-	-	(291,317)
Contributed goods	7,360	-	7,360	4,494
Case fees	133,173	-	133,173	-
Program revenue	36,583	-	36,583	162,044
Interest income	8,899	-	8,899	5,060
Change in value of investments	17,409	-	17,409	27,598
Other income	9,682	-	9,682	74,176
Total support & revenue before contributed services	6,221,182	89,112	6,310,294	5,737,574
Contributed services (Notes 2, 10)	5,884,592	-	5,884,592	1,096,697
Total support & revenue	12,105,774	89,112	12,194,886	6,834,271
Expenses:				
Program services	3,423,436	-	3,423,436	3,856,905
Management & general	655,709	-	655,709	656,089
Fundraising	888,213	-	888,213	1,138,376
Total expenses before contributed services	4,967,358	-	4,967,358	5,651,370
Contributed services (Notes 2, 10)	5,884,592	-	5,884,592	1,096,697
Total expenses	10,851,950	-	10,851,950	6,748,067
CHANGE IN NET ASSETS	1,253,824	89,112	1,342,936	86,204
NET ASSETS, July 1	166,367	928,389	1,094,756	1,008,552
NET ASSETS, June 30	$ 1,420,191	$ 1,017,501	$ 2,437,692	$ 1,094,756

See accompanying notes to financial statements and independent auditor's report.

National Center for Lesbian Rights

Statement of Functional Expenses
for the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

	Program Services	Management & General	Fundraising	2020 Total	2019 Total (Note 2)
Salaries	$ 1,896,350	$ 213,976	$ 217,032	$ 2,327,358	$ 2,574,464
Payroll taxes	144,925	16,479	16,520	177,924	191,742
Benefits	323,024	35,407	37,434	395,865	492,611
Accounting	-	126,175	-	126,175	11,193
Communications consultants	133,928	-	-	133,928	27,086
Organizational consultants	14,910	119,515	1,699	136,124	294,030
Other contractors & consultants	78,878	42	211,907	290,827	218,154
Grants awarded	43,159	-	-	43,159	121,000
Case expenses	16,003	190	554	16,747	38,909
Advertising & public relations	12,829	-	-	12,829	23,231
Occupancy	240,852	27,388	27,454	295,694	320,327
Books, dues & publications	95,801	2	6	95,809	108,694
Telephone & Internet	28,350	663	3,385	32,398	43,019
Information technology	111,311	10,780	74,605	196,696	176,952
Postage	12,813	483	97,153	110,449	14,812
Printing	2,809	134	697	3,640	2,580
Direct mail expenses	-	-	121,785	121,785	224,004
Supplies & equipment	25,688	1,158	3,383	30,229	64,915
Staff development	19,081	281	738	20,100	22,564
Travel	160,428	1,960	6,696	169,084	258,162
Conferences & meetings	4,060	109	319	4,488	55,418
Gala event production	3,623	188	9,423	13,234	332,948
Other event production	6,273	29	35,098	41,400	70,080
Insurance	28,717	6,837	4,339	39,893	58,630
Taxes & licenses	5,934	28,011	637	34,582	6,947
Interest expense	-	13,189	-	13,189	12,414
Bank fees & merchant charges	-	11,904	12,275	24,179	50,487
Depreciation & amortization	7,920	411	1,200	9,531	11,918
Miscellaneous expenses	5,770	40,398	3,874	50,042	115,396
Total expenses by function	3,423,436	655,709	888,213	4,967,358	5,942,687
Less expenses included with revenues on the statement of activities					
Direct expenses of fundraising events	-	-	-	-	(291,317)
Total expenses before contributed services	3,423,436	655,709	888,213	4,967,358	5,651,370
Contributed services (Notes 2, 10)	5,884,592	-	-	5,884,592	1,096,697
Total Expenses	$ 9,308,028	$ 655,709	$ 888,213	$ 10,851,950	$ 6,748,067

See accompanying notes to financial statements and independent auditor's report.

National Center for Lesbian Rights

Statement of Cash Flows
for the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

	6/30/20	6/30/19 (Note 2)
Cash flows from operating activities:		
Change in net assets	$ 1,342,936	$ 86,204
Adjustments to reconcile change in net assets		
to net cash provided (used) by operating activities:		
Depreciation & amortization expense	9,531	11,918
Change in fair value of marketable securities	(17,409)	(27,598)
Changes in assets and liabilities:		
(Increase) decrease in grants & contributions receivable	397,399	(319,600)
(Increase) decrease in other receivables	39,768	7,157
(Increase) decrease in prepaid expenses & deposits	22,434	(59,109)
Increase (decrease) in accounts payable & accrued expenses	(27,879)	9,893
Increase (decrease) in grants payable	(100,000)	100,000
Increase (decrease) in deferred rent & revenue	(9,835)	(3,021)
Cash provided (used) by operating activities:	1,656,945	(194,156)
Cash flows from investing activities:		
Sales (purchase) of marketable securities	758	(4,815)
Acquisition of property & equipment	(49,658)	(3,097)
Cash provided (used) by investing activities:	(48,900)	(7,912)
Cash flows from financing activities:		
Cash provided by PPP loan	468,478	-
Cash drawn from (repaid to) line of credit	(249,503)	249,503
Cash provided (used) by financing activities:	218,975	249,503
Cash provided (used) during year	1,827,020	47,435
Cash and cash equivalents:		
Beginning of year, July 1	370,367	322,932
End of year, June 30	$ 2,197,387	$ 370,367
Additional disclosure:		
Interest paid during the year	$ 12,411	$ 12,414

See accompanying notes to financial statements and independent auditor's report.

National Center for Lesbian Rights

Notes to Financial Statements
June 30, 2020

1. The Organization

Nature of Activities
Founded in 1977, the National Center for Lesbian Rights (NCLR or the Organization) is a national nonprofit public interest law firm committed to advancing the civil and human rights of lesbian, gay, bisexual, and transgender people (LGBT) and their families through precedent-setting litigation, legislation, policy, direct services, and public education.

NCLR's programs focus on employment, immigration, youth, elder law, transgender law, sports, marriage, relationship protections, reproductive justice, and family law to create safer homes, communities, and a more just world.

For four decades, NCLR has led historic cases, and it is still blazing trails in pursuit of justice, fairness, and legal protections for all LGBT people.

Major Funding
NCLR receives funding from foundations, corporations and individuals. In addition, a substantial amount of support is received in the form of pro bono legal services from attorneys and law firms around the country.

2. Summary of Significant Accounting Policies

Basis of Accounting
The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Social Justice Fund
The National Center for Lesbian Rights Social Justice Fund (SJF) is a nonprofit organization that was formed to support the activities of NCLR. SJF is exempt from income taxes under Internal Revenue Code 501(c)(4). Although NCLR and SJF are two distinct legal entities, they are governed by one board of directors and operated as a single organization. Generally accepted accounting principles requires that the accompanying financial statements include the accounts of both entities. However, SJF did not have any revenues, expenses, assets or liabilities at any point during the fiscal year ended June 30, 2020. As such, no consolidation has been performed.

Cash & Cash Equivalents
Cash and cash equivalents include deposits held in bank checking accounts, as well as money market funds held with an investment brokerage.

Marketable Securities
Marketable securities, consisting primarily of publicly traded mutual and exchange-traded funds held with investment brokerage firms, are carried on the books at fair value using unadjusted quoted prices for identical assets in active markets that are accessible at the measurement date (level 1 inputs as defined by generally accepted accounting principles).

National Center for Lesbian Rights

Notes to Financial Statements
June 30, 2020

Grants & Contributions Receivable
Grants & contributions receivable are reported at the amount management expects to receive from contributors based on written promises received. As management believes all amounts are fully collectible, no allowance for doubtful accounts has been established. Amounts due within one year are stated at face value. Amounts due beyond one year are discounted to present value using an annual rate of 4%.

Property & Equipment
Property and equipment, stated at cost, consist of leasehold improvements, office equipment and furnishings with an initial cost of $500 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from three to five years.

In addition, NCLR has incurred costs for the design, development and implementation of its organizational website. Costs relating to the development of the site's infrastructure have been capitalized. Other costs pertaining to the website are recorded as expense in the year they are incurred. Amortization is computed using the straight-line method over the estimated useful life of the site in its current form, which is five years.

Deferred Rent
NCLR's San Francisco office lease stipulates a staggered rent schedule, whereby monthly rent is increases by approximately 3% to 5% each year. In addition, the lease provides for a two-month rent abatement during the first year of the lease term. In accordance with generally accounting principles, rent expense is recorded on a straight-line basis so that the cost of each lease is recognized evenly over the term. This has resulted in a deferred rent liability that will be fully amortized when the lease expires in May 2022.

Long-Term Debt
Long-term debt consists of a forgivable loan received from the Paycheck Protection Program (PPP) through the U.S. Small Business Administration. Nonprofit organizations have the option of treating the funding from this program as a conditional government grant in accordance with ASC 958 or as debt in accordance with ASC 470. Because the Organization has elected the latter method, the total amount received is presented as long-term debt on the *statement of financial position*. Any amounts forgiven at a future date will be recognized as revenue on the date when the formal act of forgiveness occurs.

Fair Value of Financial Instruments
The carrying amounts of cash and cash equivalents, receivables, and payables approximate fair value because of the short maturity of these instruments.

Net Assets
Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> **Net assets without donor restrictions**, which includes resources not subject to, or no longer subject to, donor-imposed stipulations.

Net assets with donor restrictions, which includes resources whose use is limited by donor-imposed time and/or purpose restrictions.

Recognition of Contributions

The Organization recognizes contributions when it receives cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest.

Contributions are reported as increases in *net assets without donor restrictions* unless use of the contributed assets is limited by donor-imposed stipulations. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in *net assets without donor restrictions* unless they are encumbered by explicit donor stipulation or by law. Expirations of donor-restrictions (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributed Services

In order to accomplish its mission, NCLR relies heavily on pro bono services provided by attorneys. These attorneys assist NCLR with various civil rights court cases. In accordance with generally accepted accounting principles, the Organization records the estimated fair market value of these services in the *statement of activities and changes in net assets*. Each year, NCLR solicits information from its volunteer attorneys in order to calculate and record the contributions. For the year ended June 30, 2020, approximately one-half of the volunteer attorneys responded to these requests. Based on the responses, median composite valuation rates are developed for the various types of law firm respondents (using firm size and estimated contribution level to categorize each one) and applied to the total population of NCLR's volunteer attorneys in order to determine the total value of contributed services to record in the financial statements. Due to the fact that certain assumptions must be made when calculating and recording estimates, it is at least reasonably possible that the actual value of services received differs from the amount recorded in the financial statements.

Functional Expenses

The Organization presents its expenses by function and natural category. *Program services* include the direct conduct and direct supervision of specific program activities. *Fundraising* includes efforts to solicit monetary and nonmonetary contributions. *Management & general* includes general oversight, recordkeeping, regulatory compliance, governance, financial management, and all other activities that do not constitute the direct conduct or direct supervision of specific program services or fundraising activities.

Each month, the Organization allocates each employee's compensation to the major functions according to management's estimate of that individual's time and effort (based on job titles and major responsibilities). Other shared costs, consisting primarily of occupancy and office expenses, are then allocated according to each major function's proportionate share of salaries expense.

The staff time estimates and respective payroll allocations discussed above are reevaluated at the close of the fiscal year and adjusted as deemed necessary. Of the Organization's 27 employees, 17 were expensed entirely to program services, and 10 were allocated to more than one function. No positions in the Organization were charged entirely to *management & general* or *fundraising*. For the fiscal year ended June 30, 2020, this methodology resulted in the following salaries expense allocation: approximately 82% to program services, 9% to management & general, and 9% to fundraising. Shared costs were reallocated accordingly.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. All advertising costs are expensed as incurred.

Income Taxes

As a public charity organized under Internal Revenue Code Section 501(c)(3), NCLR is exempt from income taxes, except on activities unrelated to its mission.

The Organization's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2017 through 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's *California Exempt Organization Annual Information Return* (Form 199) filings for the tax years ending in 2016 through 2020 are subject to examination by the Internal Revenue Service, generally for four years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Upcoming Accounting Pronouncement

Accounting Standards Update No. 2014-09— *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09) was issued by the Financial Accounting Standards Board (FASB) in May 2014 and is effective for nonpublic entities in calendar years ending in 2020 and beyond.

This update supersedes or replaces nearly all GAAP revenue recognition guidance for reciprocal transactions. These standards establish a new five-step contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

The enactment of this pronouncement will be reflected in the Organization's financial statements for the year ending June 30, 2021.

New Accounting Pronouncement in Effect

These financial statements reflect the provisions Accounting Standards Update No. 2018-08— *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Made and Contributions Received* (ASU 2018-08), which the FASB enacted in June 2018 in response to concerns and questions relating to the applicability of ASU 2014-09 to nonprofit organizations.

This update provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or exchange transactions (reciprocal) and (2) determining whether a contribution is conditional. The update will result in more governmental contracts being accounted for as contributions and may delay recognition for certain grants and contributions that no longer meet the definition of unconditional. This pronouncement is effective for calendar years ending in 2019 and beyond. There is no effect on the Organization's beginning net assets in connection with the enactment of ASU 2018-08.

Comparative Data
The financial statement information for the year ended June 30, 2019, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation, please refer to the financial statements for that fiscal year. Certain amounts in the 2019 financial statements have been reclassified to conform to the current year presentation.

3. Investments – Fair Value Disclosures

The Organization values its investments on a recurring basis in accordance with FASB ASC #820, which establishes a fair value framework in accordance with generally accepted accounting principles. ASC #820 clarifies the definition of fair value, taking the position that fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

There are three defined levels in the fair value hierarchy:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2 – Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable (i.e. supported by little or no market activity).

Fair value of assets measured on a recurring basis at June 30, 2020, consists of various categories of securities held with investment brokerage firms:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Blended debt and equity mutual fund	$249,184	$249,184		
Total	$249,184	$249,184		

National Center for Lesbian Rights

Notes to Financial Statements
June 30, 2020

4. Grants & Contributions Receivable

Due within one year	$718,733
Due in one to five years	
At face value	34,500
Less: present value discount (at 4%)	(3,288)
Net	$31,212
Total	$749,945

5. Property & Equipment

Website	$100,378
Computers & software	68,946
Leasehold improvements	25,497
Furniture & equipment	25,445
Trademarks	825
Total cost	$221,091
Less: accumulated depreciation and amortization	(168,501)
Net book value	$52,590

6. Line of Credit

NCLR holds a $250,000 bank line of credit with an expiration date of January 30, 2021. As of June 30, 2020, the effective interest rate was 4.25% and there was no outstanding balance.

7. Long-Term Debt

Long-term debt consists of a Paycheck Protection Program loan that originated in April 2020. The terms of the loan specify that repayment of principal and interest (accrued at an annual rate of 1%) shall begin approximately 16 months after the loan was funded and must be repaid within two years. (This loan was subsequently forgiven in December 2020.)

8. Board Designated Net Assets

The balance of board designated net assets consists of *net assets without donor restrictions* which the board has elected to set aside for emergencies and unforeseen expenses. The board may undesignate these funds at any time.

National Center for Lesbian Rights

Notes to Financial Statements
June 30, 2020

9. Net Assets with Donor Restrictions

As of June 30, 2020, the balance of net assets with donor restrictions consisted of contributions designated by donors for the following:

The Stuart M. Biegel Trust*	$586,056
Other activities:	
General support for future periods	254,945
Public education on trans military ban and conversion therapy	150,000
Other projects	26,500
Total	$1,017,501

*In the spring of 2020, NCLR was bequeathed $588,800 for the purpose of establishing and maintaining programs in support of three activities:

Clerkship – Each year, NCLR shall select at least one individual to serve in a legal clerkship. Each clerk shall be compensated at least $5,000, but no more than $20,000, (in 2020 dollars) for a clerkship spanning 8 to 14 weeks.

Campaign – Each year, NCLR shall conduct a public education campaign to educate the public at large and/or certain cohorts about issues of highest priority to NCLR.

Internship – Each year, NCLR shall select at least one individual to serve as a public education campaign intern. Each intern shall be compensated at least $5,000, but no more than $20,000, (in 2020 dollars) for an internship spanning 8 to 14 weeks.

The minimum expenditure levels noted above shall be adjusted annually for inflation. In the event that the trust distribution becomes depleted, NCLR will be required to satisfy the minimum annual expenditure requirements through the use of other funds including, but not limited to, the Organization's general operating support. Under the terms of the trust, these activities and the respective spending requirements shall remain in perpetuity.

10. Contributed Services

The Organization recognized the following pro bono legal services for the year:

Pro bono contributed services reported	$4,451,741
Estimate of additional contributed services (see Note 2)	1,432,851
Total	$5,884,592

National Center for Lesbian Rights

Notes to Financial Statements
June 30, 2020

11. Leases

NCLR rents its San Francisco office under a 5-year operating lease that extends through May 2022. Monthly rent was $25,550 as of June 30, 2020, and is scheduled to increase by approximately 3% annually.

Future minimum lease payments are as follows:

2020-2021	$307,367
2021-2022	289,487
Total future minimum lease payments	$596,854

12. Retirement Plan

NCLR maintains a defined contribution 403(b) retirement plan. Contributions to the plan are made at the discretion of the board and management and are allocated to eligible individual employee accounts pro rata based on respective salaries. For the period ended June 30, 2020, the Organization made $7,654 in employer contributions.

13. Contingencies

COVID-19
As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the Organization's ability to conduct program activities or raise contributions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. As such, the financial impact of this situation cannot be reasonably estimated at this time.

Investment Risk
NCLR has invested $249,184 in marketable securities that are subject to fluctuation in fair value. Although this presents the possibility of loss, the Organization believes that its investment fund is adequately diversified to mitigate this risk.

Compliance with Funding Source Restrictions
The Organization receives contributions and grants that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor requirements have been met for grants and contributions that have been released from temporarily restricted net assets.

Cash Deposits in Excess of FDIC Insurance Limits
As of June 30, 2020, the Organization held approximately $2 million in a single financial institution. The Federal Deposit Insurance Corporation limits only insures up to $250,000 of this amount

14. Management's Liquidity Disclosure

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of immediate cash requirements are invested in a money market fund.

The following table reflects the Organization's financial assets as of June 30, 2020, that are available to meet general expenditures within one year of the statement of financial position date. Amounts available to meet general expenditures within one year include net assets with donor restrictions when the time restrictions are expected to be fulfilled within the next year.

To help manage unanticipated liquidity needs, the Organization has a line of credit, which it could utilize.

Financial assets available to meet cash needs for general expenditures within one year are as follows:

Cash & equivalents	$2,197,387
Marketable securities	249,184
Grants & contributions receivable	718,733
Less: purpose-restricted net assets	(762,556)
Total	$2,402,748

15. Subsequent Events

In preparing these financial statements, management has evaluated subsequent events for potential recognition or disclosure through April 8, 2021, the date the financial statements were available to be issued.