

National Center for Lesbian Rights

Financial Statements &
Independent Auditor's Report
for the Year Ended
June 30, 2019

COOK &
COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

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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, 2019, 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, 2019, 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, 2018, financial statements of National Center for Lesbian Rights and our report dated May 6, 2019, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Cook & Company".

A Professional Accountancy Corporation
San Francisco, California
May 4, 2020

National Center for Lesbian Rights

Statement of Financial Position June 30, 2019 with Comparative Totals for June 30, 2018

ASSETS	6/30/19	6/30/18 (Note 2)
Current Assets:		
Cash & equivalents	\$ 189,907	\$ 322,932
Investments (Note 3)	412,993	200,120
Pledges & grants receivable, current (Note 4)	915,234	733,439
Other receivables	39,768	46,925
Prepaid expenses & other current assets	92,856	39,530
Total current assets	1,650,758	1,342,946
Pledges & grants receivable, non-current (Note 4)	232,110	94,305
Deposits	37,211	31,428
Property & equipment, net (Note 5)	12,463	21,284
TOTAL ASSETS	\$ 1,932,542	\$ 1,489,963
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 251,752	\$ 124,612
Grants payable	100,000	-
Accrued payroll liabilities	182,955	300,202
Deferred rent (Note 2)	9,835	1,149
Deferred revenue	-	1,872
Line of credit (Note 6)	249,503	-
Total current liabilities	794,045	427,835
Deferred rent, long-term (Note 2)	43,741	53,576
TOTAL LIABILITIES	837,786	481,411
Net Assets		
Without donor restrictions	166,367	(85,447)
With donor restrictions (Note 7)	928,389	1,093,999
TOTAL NET ASSETS	1,094,756	1,008,552
TOTAL LIABILITIES & NET ASSETS	\$ 1,932,542	\$ 1,489,963

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, 2019 with Comparative Totals for the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total (Note 2)
Support & Revenue:				
Contributions & grants	\$ 3,061,845	\$ 2,088,466	\$ 5,150,311	\$ 4,795,395
Net assets released from restriction:				
Satisfaction of donor requirements	2,313,051	(2,313,051)	-	-
Special events	605,208	-	605,208	841,655
Less: Direct event expenses	(291,317)	-	(291,317)	(328,824)
Contributed goods	4,494		4,494	1,790
Case fees	-		-	187,653
Program revenue	162,044		162,044	105,588
Investment income (Note 3)	32,658		32,658	10,163
Other income	15,201	58,975	74,176	4,452
Total support & revenue before contributed services	5,903,184	(165,610)	5,737,574	5,617,872
Contributed services (Notes 2, 8)	1,096,697		1,096,697	1,565,420
Total support & revenue	6,999,881	(165,610)	6,834,271	7,183,292
Expenses:				
Program services	3,856,905		3,856,905	4,100,747
Management & general	656,089		656,089	270,085
Fundraising	1,138,376		1,138,376	1,293,658
Total expenses before contributed services	5,651,370	-	5,651,370	5,664,490
Contributed services (Notes 2, 8)	1,096,697		1,096,697	1,565,420
Total expenses	6,748,067	-	6,748,067	7,229,910
CHANGE IN NET ASSETS	251,814	(165,610)	86,204	(46,618)
NET ASSETS, July 1	(85,447)	1,093,999	1,008,552	1,055,170
NET ASSETS, June 30	\$ 166,367	\$ 928,389	\$ 1,094,756	\$ 1,008,552

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, 2019 with Comparative Totals for the Year Ended June 30, 2018

	Program Services	Management & General	Development	2019 Total	2018 Total (Note 2)
Salaries	\$ 2,072,200	\$ 207,749	\$ 294,515	\$ 2,574,464	\$ 2,583,150
Payroll taxes	154,140	15,694	21,908	191,742	187,562
Benefits	396,504	39,752	56,355	492,611	508,701
Contract services	133,034	243,821	173,608	550,463	572,520
Grants awarded	121,000	-	-	121,000	-
Case expenses	38,909	-	-	38,909	47,979
Advertising & public relations	4,986	-	18,245	23,231	49,855
Occupancy	263,125	23,661	33,541	320,327	359,746
Books, dues & publications	105,742	1,564	1,388	108,694	71,569
Telephone & Internet	29,611	8,356	5,052	43,019	63,779
Information technology	82,330	9,385	85,237	176,952	195,182
Postage	7,841	4,407	2,564	14,812	18,969
Printing	1,501	286	793	2,580	1,481
Direct mail expenses	-	-	224,004	224,004	220,034
Supplies & equipment	40,535	8,467	15,913	64,915	73,570
Staff development	16,132	5,220	1,212	22,564	32,107
Travel	220,368	4,007	33,787	258,162	296,738
Conferences & meetings	38,759	693	15,966	55,418	39,354
Gala event production	-	-	332,948	332,948	498,715
Other event production	8	597	69,475	70,080	50,774
Insurance	46,796	4,842	6,992	58,630	28,552
Taxes & licenses	917	5,900	130	6,947	14,559
Bank fees & merchant charges	3,263	31,206	28,432	62,901	40,917
Depreciation & amortization	9,593	962	1,363	11,918	25,856
Miscellaneous expenses	69,611	39,520	6,265	115,396	11,645
Total expenses by function	3,856,905	656,089	1,429,693	5,942,687	5,993,314
Less expenses included with revenues on the statement of activities					
Direct expenses of fundraising events			(291,317)	(291,317)	(328,824)
Total expenses before contributed services	3,856,905	656,089	1,138,376	5,651,370	5,664,490
Contributed services (Notes 2, 8)	1,096,697			1,096,697	1,565,420
Total Expenses	\$ 4,953,602	\$ 656,089	\$ 1,138,376	\$ 6,748,067	\$ 7,229,910

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, 2019 with Comparative Totals for the Year Ended June 30, 2018

	6/30/19	6/30/18 (Note 2)
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 86,204	\$ (46,618)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation & amortization expense	11,918	25,856
Change in fair value of marketable securities	(27,598)	(6,491)
Other non-cash item	-	(166)
Changes in assets and liabilities:		
(Increase) decrease in grants & pledges receivable	(319,600)	17,121
(Increase) decrease in other receivables	7,157	(35,277)
(Increase) decrease in prepaid expenses & deposits	(59,109)	15,975
Increase (decrease) in accounts payable & accrued expenses	9,893	14,104
Increase (decrease) in grants payable	100,000	-
Increase (decrease) in deferred rent & revenue	(3,021)	23,693
Cash provided (used) by operating activities:	(194,156)	8,197
<i>Cash flows from investing activities:</i>		
Sales (purchase) of marketable securities	(185,275)	(4,795)
Acquisition of property & equipment	(3,097)	(16,458)
Cash provided (used) by investing activities:	(188,372)	(21,253)
<i>Cash flows from financing activities:</i>		
Cash drawn from line of credit	249,503	-
Cash provided (used) by financing activities:	249,503	-
 Cash provided (used) during year	 (133,025)	 (13,056)
 Cash and cash equivalents:		
 Beginning of year, July 1	 322,932	 335,988
 End of year, June 30	 \$ 189,907	 \$ 322,932

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

National Center for Lesbian Rights

Notes to Financial Statements

June 30, 2019

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.

Basis of Presentation

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.

Revenue and support are reported as increases in *net assets without donor restrictions* unless use of the contributed assets is limited by donor-imposed stipulations. All expenses, including those funded by restricted contributions, are reported as decreases in *net assets without donor restrictions*. 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.

National Center for Lesbian Rights

Notes to Financial Statements

June 30, 2019

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, 2019. 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).

Pledges & Grants Receivable

Pledges and grants 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 increased 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.

National Center for Lesbian Rights

Notes to Financial Statements

June 30, 2019

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.

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, 2019, 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.

When accruing expenses during the fiscal year, transactions that pertain to a single function are charged directly to the respective cost center / class in the Organization's accounting system. Expenses that pertain to more than one function are accumulated in a "shared costs" class. These shared costs primarily include salaries / wages, employee benefits, payroll taxes, rent, office expenses, information technology, and travel.

At year-end, management prepares a staff time analysis / spreadsheet which is used to allocate the expenses from the shared cost pool to the major functions (i.e. *program services, management & general, and fundraising*) using a journal entry. The analysis lists each employee, their annual salary, and an estimate of the proportions of time that the individual spent on each of the major functions (based on job titles and major responsibilities). These estimates are used to allocate each employee's salary to the major functions. Of the Organization's 30 employees, 2 were expensed entirely to management & general (operations manager and administrative assistant), 18 were expensed entirely to program services, and 10 were allocated to more than one function. For the fiscal year ended June 30, 2019, this methodology resulted in the following salaries expense allocation: approximately 81% to program services, 11% to management & general, and 8% to fundraising. These percentages were used to allocate the other shared costs (identified in the previous paragraph) to the major functions.

National Center for Lesbian Rights

Notes to Financial Statements

June 30, 2019

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 2016 through 2019 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 2015 through 2019 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.

New Accounting Pronouncement

These financial statements reflect the provisions of Accounting Standards Update No. 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14), which was issued by the Financial Accounting Standards Board (FASB) in August 2016 and effective for calendar years ending in 2018 and beyond.

This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return amongst not-for-profit entities. A key change required by ASU 2016-14 is the net asset class captions displayed in not-for-profit financial statements. Amounts previously reported as *unrestricted net assets* are now reported as *net assets without donor restrictions*, and amounts previously reported as *temporarily restricted net assets* and *permanently restricted net assets* are now reported as *net assets with donor restrictions*. A footnote on liquidity has also been added (Note 14).

Comparative Data

The financial statement information for the year ended June 30, 2018, 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 2018 financial statements have been reclassified to conform to the current year presentation.

National Center for Lesbian Rights

Notes to Financial Statements June 30, 2019

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, 2019, consists of various categories of securities held with investment brokerage firms:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Blended debt and equity mutual fund	\$229,965	\$229,965		
Equity mutual funds	150,702	150,702		
Bond mutual funds	11,914	11,914		
Equity exchange traded funds	10,229	10,229		
Common stocks	7,519	7,519		
Other	<u>2,664</u>	<u>2,664</u>		
Total	\$412,993	\$412,993		

Components of investment income are as follows:

Dividends & interest	\$5,060
Unrealized gains & losses	29,270
Realized gains & losses	<u>(1,672)</u>
Total	\$32,658

National Center for Lesbian Rights

Notes to Financial Statements June 30, 2019

4. Pledges & Grants Receivable

Due within one year	\$915,234
Due in one to five years	
At face value	246,137
Less: present value discount (at 4%)	<u>(14,027)</u>
Net	\$232,110
Total	\$1,147,344

5. Property & Equipment

Computers & software	\$70,788
Website	55,378
Leasehold improvements	25,497
Furniture & equipment	18,945
Trademarks	<u>825</u>
Total cost	\$171,433
Less: accumulated depreciation and amortization	<u>(158,970)</u>
Net book value	\$12,463

6. Line of Credit

NCLR holds a \$250,000 bank line of credit, of which \$249,503 was drawn down as of June 30, 2019. Interest accrues at the Prime Rate, as published by the Wall Street Journal, plus 1%. The interest rate in effect as of fiscal year-end was 6.25%.

7. Net Assets with Donor Restrictions

As of June 30, 2019, the balance of net assets with donor restrictions consisted of contributions designated by donors for the following:

General support for future periods	\$602,791
Legal advocacy	195,833
Reproductive justice work	75,000
Other projects	<u>54,765</u>
Total	\$928,389

8. Contributed Services

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

Pro bono contributed services reported	\$918,481
Estimate of additional contributed services (see Note 2)	<u>178,216</u>
Total	\$1,096,697

National Center for Lesbian Rights

Notes to Financial Statements June 30, 2019

9. Leases

NCLR rents its San Francisco office under a 5-year operating lease that extends through May 2022. Monthly rent was \$24,806 as of June 30, 2019, and is scheduled to increase by approximately 3% annually.

Future minimum lease payments are as follows:

2019-2020	\$298,416
2020-2021	307,367
2021-2022	<u>289,487</u>
Total future minimum lease payments	\$895,270

10. 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, 2019, the Organization did not make any employer contributions.

11. Contingencies

Investment Risk

NCLR has invested \$412,993 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.

Beneficial Interest in Estate

During the year ended June 30, 2019, NCLR received notification of its irrevocable interest in a donor's trust. The trust was valued at approximately \$3.3 million and NCLR is entitled to 1/3 of this amount after trustee fees, taxes, and other ongoing expenses. In July 2019, NCLR received an initial distribution of \$750,000, which is reflected in the balance of pledges and grants receivable on the accompanying statement of financial position. The remaining balance of the trust has been set aside by the trustee to cover expenses. Since the value of NCLR's remaining beneficial interest cannot be reasonably estimated at this time, it has not been recognized in the accompanying financial statements.

National Center for Lesbian Rights

Notes to Financial Statements June 30, 2019

12. 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, 2019, 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	\$189,907
Marketable securities	412,993
Grants & pledges receivable	915,234
Other receivables	39,768
Less: purpose-restricted net assets	<u>(325,598)</u>
Total	\$1,232,304

13. Subsequent Events

In preparing these financial statements, management has evaluated subsequent events for potential recognition or disclosure through [DATE TBD], the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, financial markets exhibited unusual levels of volatility and losses in the first quarter of 2020. In addition, economic uncertainties have arisen which are likely to negatively impact the Organization's ability to hold fundraising events or raise other forms of contributions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration.

NCLR has applied for and received approximately \$468,000 from the federal government's Payroll Protection Program (PPP) to partially offset the financial impact of this crisis, which cannot be reasonably estimated at this time.