
National Conference of State Legislatures

**Financial Report
with Supplemental Information
June 30, 2022**

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Independent Auditor's Report

To the Executive Committee
National Conference of State Legislatures

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of National Conference of State Legislatures (the "Conference") as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Conference's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Conference as of June 30, 2022 and 2021 and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Conference and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 3 to the financial statements, the Conference adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, on a retrospective basis. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conference's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

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

To the Executive Committee
National Conference of State Legislatures

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Conference's basic financial statements. The other supplemental information, which includes the schedule of appropriations by entity, as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Executive Committee
National Conference of State Legislatures

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2023 on our consideration of the Conference's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conference's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conference's internal control over financial reporting and compliance.

Plante & Moran, PLLC

January 14, 2023

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Executive Committee
National Conference of State Legislatures

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Conference of State Legislatures (the "Conference") as of and for the year ended June 30, 2022 and related notes to the financial statements, which collectively comprise the Conference's basic financial statements, and have issued our report thereon dated January 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Conference's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conference's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conference's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Conference's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conference's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the basic financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Executive Committee
National Conference of State Legislatures

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conference's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conference's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

January 14, 2023

Overview

This discussion and analysis of the financial performance of the National Conference of State Legislatures (the "Conference" or "NCSL") offers readers an overall review and analysis of the financial activities as of and for the fiscal year ended June 30, 2022. NCSL is a bipartisan organization that serves legislators and legislative staff of all 50 U.S. states, as well as the District of Columbia, U.S. territories and the Canadian Province of Quebec. The legislative bodies are members of NCSL. The Conference fundamentally operates at a break-even level; that is, revenue received from its members is to be utilized for the benefit of its members. The Conference's financial performance is focused on providing the best possible service to its members and preserving its assets and capital. There is no focus on maximizing either revenue or operating income.

Financial Information and Analysis (Amounts Rounded to the Nearest '000)

Financial Highlights

- NCSL completed the year ended June 30, 2022 with an increase in net position of \$4,648,000 on total operating revenue of \$31,369,000. Operating revenue increased \$7,101,000 or 29% from the prior year. Contributors to the change in operating revenue include increases in state appropriations, grant and contracts revenue, meeting registration fees, and private contributions. Operating expense increased by \$6,433,000 or 28% primarily due to the return of in-person meetings.
- State appropriations revenue increased by \$488,000 from the prior year and reflects a collection rate of 94.0%, compared to the 91.1% collection rate in fiscal year 2021 and 89.6% in fiscal year 2020.
- Total grant and contract revenue increased by \$3,147,000 in fiscal year 2022 compared to 2021, driven by the return of in-person meetings. Activity for federal grants and contracts increased by 15.7% while private foundation revenue increased by 35.2%.
- The annual Legislative Summit held in Tampa in November 2021 was very successful and attracted 2,900 attendees, exceeding expectations for both participation and revenue after cancellation of the previous Legislative Summit in August 2020.
- In April 2020, the Conference received a loan of \$3,145,000 under the Paycheck Protection Program (PPP) with the intention of mitigating known losses in revenue in order to maintain its current workforce amid the ongoing economic uncertainty related to the COVID-19 pandemic. In August 2021, the Conference received notification from the SBA and their bank that the balance of the loan had been forgiven in its entirety. The amount of the loan is recorded as cancellation of debt income as a component of nonoperating revenue for the year ended June 30, 2022.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to NCSL's financial statements, which are comprised of two components: 1) the financial statements and 2) notes to the financial statements that provide enhanced disclosure of some of the information in the financial statements.

The statement of financial position presents information on all NCSL assets and liabilities, with the difference between the two reported as net position. This statement provides information about the nature and the amounts of investments in resources (assets) and the obligations to NCSL's creditors (liabilities). It provides one way to measure the financial health of NCSL by providing the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of NCSL. This information should be considered along with other non-financial factors such as the change in economic conditions, particularly in state governments; the change in demand for public policy research; and new or modified government legislation.

All of the current year's revenue and expense are accounted for in the statement of revenue, expenses, and changes in net position. This statement measures operations over the year and can help determine whether NCSL has recovered all of its costs through its various revenue sources.

The statement of cash flows reports cash receipts, cash disbursements, and net changes in cash resulting from operating, investing, and capital and non-capital activities. This statement provides answers to such questions as where cash came from, how cash was used, and how the cash balance changed during the period.

Financial Analysis of the Conference

Statement of Net Position Overview

As previously noted, net position may serve over time as a useful indicator of an entity's financial position. In the case of NCSL, assets and deferred outflows of resources exceeded liabilities by \$9,970,000, \$5,322,000, and \$4,516,000 (previously reported as \$4,213,000), on June 30, 2022, 2021, and 2020, respectively.

As noted in Exhibit 1, NCSL's total assets were \$27,872,000, \$25,166,000 and \$18,344,000 on June 30, 2022, 2021, and 2020. The largest portion of NCSL's total assets was its investment in capital assets (net of accumulated depreciation and amortization), of \$10,889,000, \$11,888,000, and \$8,234,000 on June 30, 2022, 2021, and 2020, respectively. NCSL's capital assets primarily consist of its headquarters building and related land which had an original cost basis of \$10,123,000 and \$1,405,000, and a net book value of \$7,430,000, \$7,632,000, and \$7,834,000 on June 30, 2022, 2021 and 2020, respectively.

During 2022, NCSL adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which was effective July 1, 2020 and applied using a retrospective approach. This resulted in an addition of capital assets with a cost basis of \$4,662,000 for the Conference's office space in Washington, D.C. As of June 30, 2022 and 2021, this property had a net book value of \$3,227,000 and \$3,944,000, respectively. As a result of the adoption of this statement, the Conference's 2021 financial statements were restated, with an impact on the net position as of July 1, 2020 of \$303,000.

Exhibit 1: Condensed Summary of Assets, Liabilities, and Net Position

	2022	June 30, 2021	2020	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Current assets	\$ 16,983,000	\$ 13,278,000	\$ 10,110,000	\$ 3,705,000	27.9%
Capital assets - Net	10,889,000	11,888,000	8,234,000	(999,000)	-8.4%
Total assets	27,872,000	25,166,000	18,344,000	2,706,000	10.8%
Current liabilities - Net of lease liabilities	14,494,000	12,646,000	10,986,000	1,848,000	14.6%
Long-term debt outstanding - Net	-	3,145,000	3,145,000	(3,145,000)	-100.0%
Lease liabilities	3,408,000	4,053,000	-	(645,000)	-15.9%
Total liabilities	17,902,000	19,844,000	14,131,000	(1,942,000)	-9.8%
Net investment in capital assets	7,481,000	7,835,000	8,234,000	(354,000)	-4.5%
Unrestricted	2,489,000	(2,513,000)	(4,021,000)	5,002,000	-199.0%
Total net position	<u>\$ 9,970,000</u>	<u>\$ 5,322,000</u>	<u>\$ 4,213,000</u>	<u>4,648,000</u>	87.3%

2022 Summary

During the year ended June 30, 2022, total current assets increased by \$3,705,000 due to the return of in-person meetings, which generate significant cash and accounts receivables, and prepaid balances. Major contributors to this change include an increase in cash and short-term investments of \$1,879,000, receivables from grants and contracts of \$1,223,000, and prepaid expenses of \$369,000.

The Conference is affiliated with the NCSL Foundation for State Legislatures (the "Foundation") and provides certain management and administrative services to the Foundation, which includes holding cash on the Foundation's behalf. As a result of this relationship, the Conference had an amount of \$72,000 due from the Foundation as of June 30, 2022.

Changes in non-current assets other than capital assets were minimal.

Current liabilities increased by \$1,848,000 compared to the previous year, primarily driven by revenue collected in advance for the Denver Legislative Summit held in August 2022.

In April 2020, the Conference received \$3,145,200 in funding under the PPP. Under the provisions of the PPP, this loan was eligible for forgiveness, for which the Conference received notification of in August 2021, resulting in a reduction to long-term debt.

The Conference's lease liabilities decreased by \$645,000 compared to the prior year, due to continued rent payments for the Washington, D.C. office space.

2021 Summary

During the year ended June 30, 2021 total current assets increased by \$3,168,000. Major contributors to this change include an increase in cash and short-term investments of \$3,120,000, and prepaid expenses of \$152,000 offset by a decrease in receivables of \$234,000. Cash and short-term investments increased primarily due to reduced payments to suppliers and constituents related to the impact of COVID-19, which saw the cancellation of many in-person meetings and events that require capital outlays. The Conference additionally received less funding from grants and contracts, and private contributions, primarily those with in-person meetings and event objectives.

The Conference had an amount of approximately \$104,000 due from the Foundation as of June 30, 2021.

Changes in non-current assets other than capital assets were minimal.

Current liabilities increased by approximately \$1,660,000 compared to the previous year. Of this amount, \$1,610,000 was due to an increase in revenue collected in advance, which included no cost extensions for certain private grants and contracts (\$1,342,000) along with increases due to the return of the Legislative Summit and other meeting events that had been postponed to future years (\$237,000), along with other miscellaneous increases. Other significant changes from the previous year included increases in accrued liabilities of approximately \$283,000, as a hiring freeze in relation to the COVID-19 pandemic has been relaxed.

At June 30, 2021, the Conference had a note payable of \$3,145,000 outstanding under the PPP. The proceeds of this loan were used to help sustain the normal course of business operations as allowable under the terms of the program. Under the provisions of the PPP, this loan was eligible for forgiveness up to the full principal amount. The Conference applied for and received forgiveness of the full amount of the loan subsequent to June 30, 2021 as described above.

The Conference's capital assets and lease liabilities increase by \$3,655,000 and \$4,053,000, respectively compared to the prior year, due to the implementation of GASB statement No. 87, resulting in the addition of balances related to the Washington, D.C. office space.

2020 Summary

During the year ended June 30, 2020 total current assets increased by \$342,000. Major contributors to this change include an increase in cash, cash equivalents, and short-term investments of \$2,767,600, offset by a decrease in accounts receivable \$1,029,000, prepaid expenses \$1,058,000, and deposits of \$338,000. Cash, cash equivalents, and short-term investments increased due to larger appropriations receipts for fiscal year 2020 (an increase of \$276,000 compared to 2019), improved collections on receivables, and decreases in prepaid expenses and deposits due to cancellation of the 2020 Legislative Summit. Proceeds from long-term debt under the PPP were offset by payments on bonds payable coming due. Offsetting these items was lower revenue collected in advance due to the cancellation of the August 2020 Indianapolis Legislative Summit.

Changes in non-current assets other than capital assets were minimal.

During the year ended June 30, 2020, there was a write-off of deferred outflows related to the amortization on bond refundings due to bond defeasance transaction, as discussed further below.

Current liabilities decreased by \$148,000 compared to the previous year, and while the overall change is minimal, there were significant changes in the individual components of this category. Accounts payable decreased by \$1,828,000 due to the cancellation of all in person invitational meetings between April and June due to the COVID-19 pandemic. NCSL normally holds between 15 and 20 meetings in the fourth quarter of any given fiscal year, giving rise to more significant accounts payable balances as of June 30. Additionally, as previously discussed above, a significant portion of revenue collected in advance as of June 30 is typically related to the annual Legislative Summit held in August of each year, which was cancelled for August 2020 due to impacts of the pandemic.

The final component of significance in the current liability category is a reduction due to the defeasance of the existing bonds payable, as further described below, included in short-term debt in the prior year.

Long-term debt was reduced due to the defeasance of existing bonds payable during June 2020. Additional changes in long-term liabilities were due to that, in April 2020, the Conference received \$3,145,200 in funding under the PPP, and the full amount of these proceeds is included in current liabilities as of June 30. The proceeds of this loan were used to help sustain the normal course of business operations as allowable under the terms of the program. Under the provisions of the PPP, this loan was eligible for forgiveness up to the full principal amount, which was received subsequent to the end of this fiscal year as described above.

Capital Assets

NCSL had \$10,889,000, \$11,888,000 (as restated), and \$8,234,000 of capital assets, net of accumulated depreciation and amortization, invested in capital assets as detailed below on June 30, 2022, 2021 and 2020. Of that amount, the most significant capital assets are the headquarters building in Denver, Colorado, and office space in Washington, D.C. The detail of capital assets is included in Exhibit 2 below.

Exhibit 2: Capital Assets

Capital assets, net of related accumulated depreciation and amortization as of June 30, 2022 was:

	<u>Cost</u>	<u>Accumulated Depr. and Amort.</u>	<u>Net Book Value</u>
Building	\$ 10,123,000	\$ (4,098,000)	\$ 6,025,000
Computers, software, and equipment	2,790,000	(2,782,000)	8,000
Office furniture and fixtures	1,692,000	(1,547,000)	145,000
Land	1,405,000	-	1,405,000
Other	1,094,000	(1,036,000)	58,000
Right to use asset - Building	4,662,000	(1,435,000)	3,227,000
Leasehold improvements	169,000	(148,000)	21,000
Total Capital Assets	<u>\$ 21,935,000</u>	<u>\$ (11,046,000)</u>	<u>\$ 10,889,000</u>

Capital assets, net of related accumulated depreciation as of June 30, 2021 (as restated) was:

	<u>Cost</u>	<u>Accumulated Depr. and Amort.</u>	<u>Net Book Value</u>
Building	\$ 10,123,000	\$ (3,896,000)	\$ 6,227,000
Computers, software, and equipment	2,774,000	(2,774,000)	-
Office furniture and fixtures	1,692,000	(1,499,000)	193,000
Land	1,405,000	-	1,405,000
Other	1,094,000	(1,001,000)	93,000
Right to use asset - Building	4,662,000	(717,000)	3,945,000
Leasehold improvements	169,000	(144,000)	25,000
Total Capital Assets	<u>\$ 21,919,000</u>	<u>\$ (10,031,000)</u>	<u>\$ 11,888,000</u>

Capital assets, net of related accumulated depreciation as of June 30, 2020 was:

	Cost	Accumulated Depr. and Amort.	Net Book Value
Building	\$ 10,123,000	\$ (3,694,000)	\$ 6,429,000
Computers, software, and equipment	3,871,000	(3,863,000)	8,000
Office furniture and fixtures	1,692,000	(1,452,000)	240,000
Land	1,405,000	-	1,405,000
Other	1,082,000	(959,000)	123,000
Leasehold improvements	569,000	(540,000)	29,000
Total Capital Assets	\$ 18,742,000	\$ (10,508,000)	\$ 8,234,000

There were no major purchases or disposals of capital equipment, or new leased assets for the year ended June 30, 2022.

NCSL's customized association management software which was placed in service in 2005 was replaced by a more robust cloud-based system in November 2019. The previous software was fully depreciated but still active until it was retired in December 2020. The Conference additionally retired certain assets related to leasehold improvements in its Washington, D.C. office. There were no other major purchases or disposals of capital equipment for the year ended June 30, 2021.

Purchases of computer hardware and software during fiscal year 2020 included audio visual and related telecommunications equipment for the headquarters building's main conference room, and software associated with the transition of payroll software and services to a new third-party service provider. Fully depreciated hardware was retired in the amount of \$115,000. Additionally, lighting in the headquarters building was upgraded to more efficient fixtures and the overall costs were offset by rebates from the local utility.

Note Payable

The PPP was established by Congress as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), under which the Small Business Administration (SBA) was authorized to fund loans to qualifying entities to be used for coronavirus relief. The SBA will forgive up to the full amount of the loans issued if it deems certain employee retention and salary level criteria are met, and the funds are used for eligible expenses. In April 2020, the Conference utilized this loan program and received \$3,145,200 in funding. The Conference recognized significant uncertainty at the time of the receipt of these funds, including, but not limited to known cancellation of the August 2020 Legislative Summit, expected cancellations of future 2020 and 2021 meetings, uncertainty surrounding the liquidity of the Conference's state and local government member base, and expected decreases in grant and contract funding.

Under the provisions of the PPP, this loan was eligible for forgiveness up to the full principal amount. The Conference utilized the funds received in accordance with all available provisions of the PPP and applied for and received forgiveness of the full amount of the loan during the year ended June 30, 2022.

Lease Liability

NCSL has recorded as lease liability as of June 30, 2022 and 2021 of \$3,408,000 and \$4,053,000 related to its Washington, D.C. office space. The lease liability is representative of the present value of the future lease payments due through 2026. The liability is expected to decrease through the conclusion of the lease agreement. As described above, no lease liability was recorded at June 30, 2020 as this was related to the adoption of a new accounting pronouncement.

Statement of Revenue, Expenses, and Changes in Net Position Overview

As previously noted, the statement of revenue, expenses, and changes in net position measures operations over the year and can help determine whether NCSL has recovered all of its costs through its various revenue sources. NCSL does not endeavor to meet any specific targets in relation to its change in net position, rather focuses its effort on providing services to its members at a cost-efficient and fiscally responsible manner. For the years ended June 30, 2022, 2021, and 2020, the Conference had a change in net position of \$4,648,000, \$806,000, and \$949,000, respectively.

Exhibit 3: Summary of Revenue, Expenses, and Changes in Net Position

	For the Years Ended June 30,					
	2022		2021		2020	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Operating Revenue						
State appropriations	\$ 11,295,000	36.0%	\$ 10,807,000	44.5%	\$ 10,601,000	30.2%
Grants and contracts	14,905,000	47.5%	11,758,000	48.5%	16,416,000	46.7%
Meetings and conferences	1,786,000	5.7%	397,000	1.6%	3,627,000	10.3%
Private contributions	2,582,000	8.2%	821,000	3.4%	3,374,000	9.6%
Other	801,000	2.6%	485,000	2.0%	1,107,000	3.2%
	<u>31,369,000</u>	<u>100.0%</u>	<u>24,268,000</u>	<u>100.0%</u>	<u>35,125,000</u>	<u>100.0%</u>
Operating Expenses						
Salaries and benefits	18,820,000	60.0%	18,472,000	76.1%	18,967,000	54.0%
Travel and conferences	3,961,000	12.6%	465,000	1.9%	6,220,000	17.7%
Consultants and contract services	3,624,000	11.6%	1,389,000	5.7%	5,436,000	15.5%
Occupancy	571,000	1.8%	533,000	2.2%	1,367,000	3.9%
Office expenses	314,000	1.0%	274,000	1.1%	551,000	1.6%
Other	2,469,000	7.9%	2,192,000	9.0%	1,502,000	4.3%
	<u>29,759,000</u>	<u>94.9%</u>	<u>23,325,000</u>	<u>99.9%</u>	<u>34,043,000</u>	<u>96.9%</u>
Operating Income	1,610,000		943,000		1,082,000	
Nonoperating Income (Expense)	3,038,000		(137,000)		(133,000)	
Change in Net Position	4,648,000		806,000		949,000	
Net Position - Beginning of year, as restated	5,322,000		4,516,000		3,264,000	
Net Position - End of year	<u>\$ 9,970,000</u>		<u>\$ 5,322,000</u>		<u>\$ 4,213,000</u>	

Operating Revenues

State Appropriations

The largest source of General Fund revenue and the second largest source of total revenue is appropriations (dues) from member entities, which accounted for 36.0% of NCSL's total revenue for the fiscal year ended June 30, 2022, 44.5% for the year ended June 30, 2021, and 30.2% for the year ended June 30, 2020. Dues amounts for each member are calculated using a formula that includes a flat base amount plus a variable amount based on the population of the member. This formula is reviewed and updated periodically by NCSL's Budget, Finance and Rules Committee. Based on the formula, scheduled dues were \$11,927,000 for the year ended June 30, 2022. As mentioned previously, due to the pandemic, NCSL's Executive Committee directed staff to hold fiscal year 2021 dues at the fiscal year 2020 level and not implement a previously approved 3% increase to both factors of the appropriations formula. With this decision, scheduled dues were \$11,830,000 for the years ended June 30, 2021 and 2020. Actual dues revenue for the year ended June 30, 2022 reflects a 94.0% collection rate, compared to 91.1% for the year ended June 30, 2021, and 89.6% for the year ended June 30, 2020.

Grants and Contracts

Total grant and contract revenue increased by \$3,147,000 or 27%, in fiscal year 2022 compared to the prior year. During the years ended June 30, 2021 and 2020, grants and contract revenue decreased by \$4,658,000, and increased by \$122,000, respectively. Grant and contract revenue comprised 47.5% of NCSL's operating revenue in fiscal year 2022 compared to 48.5% in fiscal year 2021 and 46.7% in fiscal year 2020. Grants and contracts typically require NCSL to perform research related to matters of public policy and implementation of state and federal laws. They also often require NCSL to host meetings of groups of legislators and legislative staff; and therefore, overall NCSL revenues and expenses associated with meetings, conferences, and travel tend to move with the level of grant and contract activity. This relationship is the primary factor in the Conference's overall increase in total operating revenues and expenses in the current year.

Revenues from federal grant programs increased by approximately \$794,000, decreased by \$2,347,000, and increased \$254,000 during the years ended June 30, 2022, 2021, and 2020, respectively, compared to the previous year. During the 2022 and 2021 fiscal years, the Department of Energy awards and cooperative agreements provided the largest revenue in the federal grants and contracts category with \$1,521,000 or 10.2% and \$1,586,000 or 13.5%, respectively, of such revenue. During the 2020 fiscal year, the Department of Labor and the Centers for Disease Control awards provided the largest revenue in the federal grants and contracts category with \$2,572,000 and \$2,128,000 or 15.6% and 13.0%, respectively.

Revenue from private foundations for the year ended June 30, 2022 increased \$2,353,000 compared to the year ended June 30, 2021. The NCSL Foundation for State Legislatures was the largest funder in fiscal years 2022, 2021, and 2020, followed by The Pew Charitable Trust in these years.

Revenue from private foundations for the year ended June 30, 2021 decreased \$2,311,000 compared to the year ended June 30, 2020 primarily because of the pandemic and timing of contributions.

Revenue from private foundations decreased by \$132,000 during the year ended June 30, 2020. Notable increases in revenue include additions from NCSL Foundation for State Legislatures and the Tennessee Department of Economic & Community Development whose funding was directed to the Nashville Legislative Summit. Decreases in revenue occurred across several sponsors, including the W.K. Kellogg Foundation, The Pew Charitable Trust, and The MacArthur Foundation.

NCSL's grant and contract revenue sources for the years ended June 30, 2022, 2021, and 2020 are detailed in Exhibit 4.

Meetings and Conferences

NCSL conducts meetings and conferences to educate and inform its members and other parties interested in public policy issues. Revenues from these meetings accounted for 5.7% of NCSL's revenues in the year ended June 30, 2022, compared to 1.6% in 2021 and 10.3% in 2020. The Legislative Summit held in Tampa in November 2021 generated \$2,274,000 of revenue and had 2,900 attendees. As previously mentioned, NCSL's annual Legislative Summit, scheduled to be held in August 2020 was cancelled and no revenues were recorded for that event. The Legislative Summit held in Nashville in August 2019 generated revenue of \$3,400,000 and had the second largest attendance in the history of the Conference with 6,500 attendees.

In addition, the Conference cancelled numerous meetings and conferences extending into 2021, as well as transitioning certain events to a virtual environment.

Publications and Exhibits

NCSL produces various publications about public policy both in written and electronic form. It publishes a periodic magazine that focuses on state legislatures and public policy. NCSL also generates revenues from exhibitors at the annual Legislative Summit. Revenues for the year ending June 30, 2022 were \$47,000 higher than the prior year due to exhibitor revenue from the November 2021 Legislative Summit. Revenues for the year ending June 30, 2021 were \$370,000 lower than the prior year due to the cancellation of the Legislative Summit in August 2020. Revenues for the year ending June 30, 2020 were \$26,000 lower than the prior year due to decreases in advertising revenues, primarily attributed to the cancellation of the August 2020 Legislative Summit.

Publications revenue for the year ended June 30, 2021 included \$244,000 from the update of Mason's Manual of Legislative Procedure, the premier parliamentary authority for state legislatures. The original Mason's Manual of Legislative Procedure was authored by Paul Mason in 1935, and he subsequently updated it six times. Now, the National Conference of State Legislatures holds the book's copyright. NCSL follows Paul Mason's tradition of updating and reprinting the book approximately every 10 years. The American Society of Legislative Clerks and Secretaries assists NCSL with its revisions.

Operating Budgets

NCSL's activities are traditionally split between the General Fund and the Restricted Fund. The Restricted Fund is a composite of all individual grants and contracts. Each award is given a budget that reflects the agreement between NCSL and the funding source. Budget performance is monitored at the award level. At award end and as allowed by grantor agreements, any overage or shortage is transferred to the corresponding general fund program.

Expenses

Salaries and Benefits

As a professional services organization, NCSL's primary resource is its employees. Salaries and benefits account for 63.2% of total operating costs in the year ended June 30, 2022, 79.1% in the year ended June 30, 2021, and 55.7% in the year ended June 30, 2020. The significant increase in the percent of total operating costs in fiscal year 2021 is due to the reduction in travel and conferences and consultants and contract services because of the cancellation of in person meetings for the year. The increase in salaries and benefits for the years ended June 30, 2022 and 2020 is primarily due to staff salary increases that are effective as of October 1. Salaries and benefits for the years ended June 30, 2022 and 2021 for both grant and general fund staff increased by 2% versus the prior year. For 2020, this category increased by approximately 6% annually. The lower rate of increase in 2022 is due to a reduction in the cost of benefits. The lower rate of increase for 2021 is due to position and salary freezes put in place due to the pandemic.

Travel and Conferences

NCSL incurs meeting-related expenses (food services, audio and visual, and other) as well as travel for NCSL staff. These costs account for 13.3% of operating expenses this year compared to 2.0% in 2021 and 18.3% in 2020. During the year ended June 30, 2022, total travel and conference expenses increased \$3,496,000 compared to the prior year due to cancellations of meetings and conferences in fiscal year 2021 related to the COVID-19 pandemic.

Consultants and Contractual Services

NCSL routinely performs work where a component of the work is performed by outside parties. In other instances, NCSL operates in partnership with other organizations to accomplish a common goal. These costs constitute approximately 12.2% of operating expenses in the year ended June 30, 2022, an increase from 6.0% in 2021 and a decrease from 16.0% in 2020. Consultant and contract service costs increased compared to the prior year due to the return of in-person meetings.

Occupancy Cost - Repairs and Property Maintenance

NCSL owns its headquarters in Denver, Colorado. Occupancy cost at this facility consists of utilities, management expense, landscaping, property insurance, repairs, and maintenance. Costs increased by \$38,000 in the year ended June 30, 2022 compared to 2021. The 2021 reduction of \$834,000 reflects changes in classification of rent and lease expense due to the adoption of GASB Statement No. 87, which was included as a component of depreciation and amortization and interest expense during 2022 and 2021. In addition, the Conference leases space in Washington DC. In the year ended June 30, 2022 occupancy represents 1.9% of total expenses while 2021 was 2.3% and 2020 was 4.0%.

Office Expense

NCSL maintains offices in Washington, D.C., and Denver, Colorado. Costs of operating these offices was 1.1%, 1.2%, and 1.6% of operating expenses on June 30, 2022, 2021 and 2020 and include items such as office equipment, supplies, postage & freight, maintenance of office equipment, and communications. Costs increased by \$40,000 in the year ended June 30, 2022 compared to 2021 as offices more fully re-opened from pandemic closures. The 2021 reduction of \$277,000 reflects the impact of changes to the way work was completed during the pandemic where emphasis on printing, copying and other typical office expenses was significantly decreased.

Statement of Cash Flows Overview

As previously noted, the statement of cash flows reports cash receipts, cash disbursements, and net changes in cash resulting from operating, investing, and capital and non-capital activities. As of June 30, 2022, 2021, and 2020, the Conference held cash in the amount of \$1,288,000, \$1,070,000, and \$882,000, respectively.

Exhibit 5: Summary of Cash Flows

	For the Years Ended June 30,		
	2022	2021	2020
Net cash provided by operating activities	\$ 2,648,000	\$ 3,878,000	\$ 1,739,000
Net cash used in capital and related financing activities	(784,000)	(763,000)	(191,000)
Net cash used by investing activities	<u>(1,646,000)</u>	<u>(2,927,000)</u>	<u>(2,685,000)</u>
	218,000	188,000	(1,137,000)
Cash - Beginning of year	<u>1,070,000</u>	<u>882,000</u>	<u>2,019,000</u>
Cash - End of year	<u>\$ 1,288,000</u>	<u>\$ 1,070,000</u>	<u>\$ 882,000</u>

Net cash provided by operating activities during the years ended June 30, 2022, 2021, and 2020 totaled approximately \$2,648,000, \$3,878,000, \$1,739,000, respectively. The decrease in cash provided by operations in fiscal year 2022 was primarily a result of additional payments to suppliers and a return to in-person meetings. The additional costs incurred in the 2022 were primarily offset by increases in cash received from contributions, commissions, honorariums, and customers, which increased by \$4,707,000 compared to 2021. The increase in cash provided by operations during fiscal year 2021 was primarily due to reduced payments for employees and suppliers due to the cancellation of in person meetings in the fourth quarter of the year due to the impacts of COVID-19, and deposits not made due to the cancellation of the August 2020 Indianapolis Legislative Summit. Dues collections in fiscal year 2021 were modestly higher than the prior year, but receipts for private contributions were significantly lower than the previous year. Components of the decrease in cash provided by operating activities during 2020 was primarily due to reduced payments for employees and suppliers due to the cancellation of in person meetings in the fourth quarter of the year due to the impacts of COVID-19, and deposits not made due to the cancellation of the August 2020 Indianapolis Legislative Summit. Dues collections in fiscal year 2020 were higher than the prior year, but receipts for private contributions were lower than the previous year.

During the years ended June 30, 2022, 2021, and 2020, NCSL purchased and replaced capital assets through purchases in the amounts of \$16,000, \$12,000, and \$263,000. NCSL additionally made payments composed of principal and interest on lease obligations in the amount of \$768,000 and \$751,000 for the years ended June 30, 2022 and 2021, respectively. Payments on lease obligations are included as part of operating activities for the year ended June 30, 2020. During the year ended June 30, 2020 the Conference received funds from the PPP as described above in the amount of \$3,145,200. Cash used in capital and related financing activities consists of bond principal and interest payments of \$3,074,000 in the year ended June 30, 2020.

Cash was used by investing activities in the amount of \$1,661,000, offset by the receipt of interest income in the amount of \$15,000 during the year ended June 30, 2022. During the year ended June 30, 2021 cash was used by investing activities in the amount of \$2,933,000 offset by the receipt of interest income in the amount of \$5,000. During the year ended June 30, 2020 cash was used by investing activities in the amount of \$2,775,000 offset by the receipt of interest income in the amount of \$92,000. The Conference's investing activity relates exclusively to its short-term investment portfolio.

In summary, the Conference's cash and cash equivalents increased by \$219,000 for the year ended June 30, 2022, increased by \$187,000 for the year ended June 30, 2021 and decreased by \$1,137,000 for the year ended June 30, 2020.

Economic Factors

The Conference traditionally divides its operations into two budgetary units: the General Fund, which is funded by dues from the states, meeting registration fees, sales of publications, investment income, and other sources; and the Restricted Fund, which is comprised of grant and contract revenue that funds work performed for various federal agencies and foundations.

The Conference is the only national organization whose purpose is to provide non-partisan public policy research and technical assistance directed specifically to the 50 state legislatures. Since it is governed by representatives of those legislatures, it is likely that its focus will remain on service to the legislatures. The management of the Conference believe that its diverse and stable revenue sources, along with the Conference's work in the grant and contract area, enable NCSL to continue its mission throughout all economic cycles.

NCSL management monitors the collections of membership dues, which are potentially affected by changes in state tax revenues influenced by economic conditions at the individual state member level. The Conference periodically makes necessary adjustments in expenditures to balance any decrease in dues revenues.

The Conference relies on a significant portion of federal grants and contracts in order to support its members and carry out its objectives. With continuing pressure on the federal budget that could adversely affect future grant revenues from this source, management continues to diversify its sources of grant funding, from both federal and private sources, to mitigate any changes in the grant revenue mix.

Requests for Information

This financial report was designed to provide a general overview of NCSL's finances for those with an interest in NCSL. Questions concerning any of the information provided in this report or request for additional information should be addressed to:

Alex Alavi, Chief Financial Officer
National Conference of State Legislatures
7700 East First Place
Denver, Colorado 80230
Telephone: 303-856-1454

National Conference of State Legislatures

Statement of Net Position

June 30, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 1,288,227	\$ 1,069,724
Short-term investments	12,321,357	10,660,922
Receivables:		
Receivables from grants and contracts - Net of allowance of \$97,539 (2022 and 2021)	1,765,491	542,773
Appropriations receivable	133,745	235,212
Trade receivables - Net of allowance of \$16,561 and \$5,000 (2022 and 2021)	50,828	31,697
Other receivables	280,918	7,163
Due from NCSL Foundation for State Legislatures	71,673	104,130
Prepaid expenses	900,230	530,777
Deposits	170,371	95,799
Total current assets	16,982,840	13,278,197
Noncurrent assets - Capital assets - Net	10,889,090	11,887,745
Total assets	27,871,930	25,165,942
Liabilities		
Current liabilities:		
Accounts payable	1,540,990	308,270
Accrued liabilities	1,826,934	2,333,155
Revenue collected in advance	11,054,431	9,907,198
Other current liabilities	71,510	96,983
Current portion of lease liability	684,360	645,531
Total current liabilities	15,178,225	13,291,137
Noncurrent liabilities:		
Lease liability - Net of current portion	2,723,419	3,407,779
Note payable	-	3,145,200
Total noncurrent liabilities	2,723,419	6,552,979
Total liabilities	17,901,644	19,844,116
Net Position		
Net investment in capital assets	7,481,311	7,834,435
Unrestricted	2,488,975	(2,512,609)
Total net position	\$ 9,970,286	\$ 5,321,826

National Conference of State Legislatures

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2022 and 2021

	2022	2021
Operating Revenue		
State appropriations	\$ 11,294,960	\$ 10,807,150
Grants and contracts	14,904,668	11,758,076
Annual meeting, seminar, and committee registration	1,785,723	396,612
Private contributions	2,582,359	821,328
Sales of publication and exhibits	426,445	378,951
Data processing services	84,012	84,109
Other	290,581	21,776
	<u>31,368,748</u>	<u>24,268,002</u>
Total operating revenue	31,368,748	24,268,002
Operating Expenses		
Salaries	14,411,039	14,051,354
Travel and conferences	3,960,558	464,608
Consultants and contract services	3,623,905	1,389,000
Employee benefits	4,408,659	4,420,298
Rent and property maintenance	571,365	533,202
Office expenses	314,101	274,157
Printing and publications	472,449	354,415
Information technology services	806,414	742,961
Depreciation and amortization	1,014,593	1,019,386
Other	175,044	75,251
	<u>29,758,127</u>	<u>23,324,632</u>
Total operating expenses	29,758,127	23,324,632
Operating Income	1,610,621	943,370
Nonoperating Revenue (Expense)		
Cancellation of debt income	3,145,200	-
Interest and dividend revenue	14,882	5,441
Interest expense	(122,243)	(142,562)
	<u>3,037,839</u>	<u>(137,121)</u>
Total nonoperating revenue (expense)	3,037,839	(137,121)
Change in Net Position	4,648,460	806,249
Net Position - Beginning of year, as previously reported	5,321,826	4,212,701
Cumulative Effect of Adoption of New Accounting Pronouncement (Note 3)	-	302,876
	<u>5,321,826</u>	<u>4,515,577</u>
Net Position - Beginning of year, as restated	5,321,826	4,515,577
Net Position - End of year	<u><u>\$ 9,970,286</u></u>	<u><u>\$ 5,321,826</u></u>

National Conference of State Legislatures

Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Cash received from appropriations	\$ 11,440,236	\$ 10,717,730
Cash received from grants and contracts	9,836,148	10,510,517
Cash received from NCSL Foundation for State Legislatures	4,292,900	3,300,592
Cash received from contributions, commissions, honorariums, and customers	6,659,742	1,952,793
Payments to and for employees	(19,281,137)	(18,182,303)
Payments to suppliers	(10,268,878)	(4,420,978)
Other payments	(31,243)	(587)
Net cash provided by operating activities	2,647,768	3,877,764
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(15,938)	(12,051)
Principal payments under lease obligations	(645,531)	(608,317)
Payments of interest under lease obligations	(122,243)	(142,562)
Net cash used in capital and related financing activities	(783,712)	(762,930)
Cash Flows from Investing Activities		
Purchases of investments	(25,300,816)	(33,516,770)
Sales of investments	23,640,381	30,583,930
Interest and dividend income	14,882	5,441
Net cash used in investing activities	(1,645,553)	(2,927,399)
Net Increase in Cash	218,503	187,435
Cash - Beginning of year	1,069,724	882,289
Cash - End of year	\$ 1,288,227	\$ 1,069,724
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 1,610,621	\$ 943,370
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation and amortization expense	1,014,593	1,019,386
Changes in assets and liabilities:		
Receivables from grants and contracts	(1,222,718)	292,792
Trade receivables	(19,131)	65,600
Appropriations receivable	101,467	(148,030)
Other receivables	(273,755)	23,812
Prepaid expenses	(369,453)	(152,145)
Deposits	(74,572)	(25,502)
Due to NCSL Foundation for State Legislatures	32,457	(162,833)
Accounts payable	1,232,720	68,753
Accrued liabilities	(506,221)	282,507
Revenue collected in advance	1,147,233	1,609,996
Other current liabilities	(25,473)	60,058
Total adjustments	1,037,147	2,934,394
Net cash provided by operating activities	\$ 2,647,768	\$ 3,877,764

June 30, 2022 and 2021

Note 1 - Nature of Organization

National Conference of State Legislatures (the "Conference" or NCSL) was established in 1975 as an instrumentality of the 50 states and territories to provide research, technical assistance, and a forum for members of state legislatures and their staff to exchange information on state policy issues.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The Conference follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). In accordance with the GASB, the Conference is a business-type activity for financial reporting purposes. The following is a summary of the significant accounting policies used by the Conference:

Basis of Accounting

The Conference uses the economic resources measurement focus and the full accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Conference considers all investments with an original maturity of three months or less when purchased to be cash equivalents. As of June 30, 2022 and 2021, the Conference did not hold any cash equivalents outside of the short-term investment portfolio. As of June 30, 2022, and periodically throughout the year, the Conference's cash balances exceeded FDIC limits.

Short-term Investments

The Conference adheres to an investment policy of purchasing federally secured or guaranteed obligations, including money market mutual funds that invest solely in federally secured or guaranteed obligations, that are rated in the top two grades of commercial paper by national rating services and are limited to maturities of no more than 270 days. Any other type of investment shall require the specific approval of the executive committee.

Short-term investments consisted of money market funds, commercial paper, and U.S. government bonds at June 30, 2022 and 2021, which are recorded at cost and approximate fair value due to their short-term maturities.

Receivables

Accounts receivable represent amounts due from grants and contracts and trade receivables from registrations and exhibits. Appropriations receivable represent annual dues expected to be collected from member legislatures. The allowance for uncollectible accounts is management's best estimate of uncollectible amounts and is based on past experience and current economic conditions.

Prepaid Expenses

Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid expenses.

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Capital Assets

Property and equipment are recorded at cost. The Conference capitalizes all property and equipment with a cost of \$5,000 or greater. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives. The cost of leasehold improvements is depreciated over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

The estimated useful lives of capital assets range from 3 to 12 years for furniture, machines, computer equipment, and leasehold improvements. The Conference's building is depreciated over its estimated useful life of 50 years.

Compensated Absences

Conference employees earn paid vacation each month based upon their years of service. Vacation time accrues and vests proportionately during the fiscal year. Earned vacation in any fiscal year is available to be taken prior to vesting; however, if an employee leaves the Conference during the year, any vacation taken in advance of vesting will be recaptured from his or her final paycheck. Employees can carry a maximum of 50 days to the next calendar year. An accrual has been made for earned vacation time.

The Conference has a sick leave plan covering substantially all employees. The Conference provides employees one day of paid sick leave per month. Accumulated unused sick leave is carried over to the next year and is cumulative to a maximum of 130 days. Unused sick pay is forfeited by employees when they cease to be employed by the Conference. Therefore, it is recorded as an expense only when utilized by an employee.

Net Position

The Conference's net position is classified as follows:

Net investment in capital assets consists of capital assets net of accumulated depreciation.

Unrestricted net position consists of the remaining net position that is available for unrestricted use.

Net Position Flow Assumption

The Conference will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Conference's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Revenue and Expenses

The Conference's statement of revenue, expenses, and changes in net position distinguishes between operating and nonoperating income and expenses. Operating revenue results from exchange transactions associated with performing research and providing technical assistance and includes annual dues (appropriations) from member legislatures, grants and contracts revenue, revenue from the annual meeting and other seminars, sales of publications and subscriptions, and other related services. Nonexchange income includes interest and dividend revenue and cancellation of debt income and is reported as nonoperating. Operating expenses are all expenses incurred to provide research and technical assistance. Nonoperating expenses include interest expense.

Revenue Recognition

Appropriations consist of annual dues from member legislatures and are recognized as revenue in the period earned rather than when assessed. Appropriations received prior to being earned are reported in the accompanying financial statements as revenue collected in advance.

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Grants and contracts revenue, deemed to be exchange transactions, are recognized when services have been provided in accordance with the agreement. Amounts received before being earned are reported in the accompanying financial statements as revenue collected in advance.

Revenue from the annual meeting, seminars, and committees is recognized in the period in which the event takes place. Amounts received in advance of the event are reported in the accompanying financial statements as revenue collected in advance.

Leases

The Conference is a lessee for noncancelable leases of office space and equipment. The Conference recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statements.

At the commencement of a lease, the Conference initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Conference determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments.

- The Conference uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Conference generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Conference is reasonably certain to exercise.

The Conference monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Income Taxes

As an instrumentality of the various states, the income generated by the Conference in the exercise of its essential governmental functions is excluded from federal income taxes under Section 115 of the Internal Revenue Code. Contributions to the Conference are deductible by donors, as provided under Section 170 of the Internal Revenue Code. The Conference had no unrelated business income tax liability recorded as of June 30, 2022 and 2021. The Conference has evaluated tax positions taken, and none are considered to be uncertain; therefore, no amounts have been recognized.

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Conference's financial statements for the year ending June 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Conference is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Conference's financial statements for the year ending June 30, 2023.

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements, the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The Conference does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the Conference's financial statements for the year ending June 30, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Conference's financial statements for the year ending June 30, 2025.

June 30, 2022 and 2021

Note 3 - Adoption of New Accounting Pronouncements

In 2017, the GASB issued Statement No. 87, *Leases*, which improves the accounting and financial reporting for leases by governments for the financial statement users. GASB Statement No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Conference adopted this statement effective July 1, 2020. The adoption of this statement increased the July 1, 2020 net position by \$302,876.

The following table shows the impact of the adoption of the statement to the line items on the previously reported statement of net position as of June 30, 2021.

	Previously Reported	Restated	Change
Noncurrent assets - Capital assets - Net	\$ 7,943,291	\$ 11,887,745	\$ 3,944,454
Total assets	21,221,488	25,165,942	3,944,454
Other current liabilities	400,956	96,983	(303,973)
Current portion of lease liability	-	645,531	645,531
Total current liabilities	12,949,579	13,291,137	341,558
Lease liability - Net of current portion	-	3,407,779	3,407,779
Total noncurrent liabilities	3,145,200	6,552,979	3,407,779
Total liabilities	16,094,779	19,844,116	3,749,337
Net investment in capital assets	7,943,291	7,834,435	(108,856)
Unrestricted	(2,816,582)	(2,512,609)	303,973
Total net position	5,126,709	5,321,826	195,117

June 30, 2022 and 2021

Note 3 - Adoption of New Accounting Pronouncements (Continued)

The following table shows the impact of the adoption of the statement to the line items on the previously reported statement of revenue, expenses, and changes in net position for the year ended June 30, 2021.

	Previously Reported	Restated	Change
Rent and property maintenance	\$ 1,285,178	\$ 533,202	\$ (751,976)
Depreciation and amortization	302,213	1,019,386	717,173
Total operating expenses	23,359,435	23,324,632	(34,803)
Operating income	908,567	943,370	34,803
Interest expense	-	(142,562)	(142,562)
Total nonoperating revenue (expense)	5,441	(137,121)	(142,562)
Change in net position	914,008	806,249	(107,759)
Net position - Beginning of year	4,212,701	4,515,577	302,876
Net position - End of year	5,126,709	5,321,826	195,117

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The provisions of this statement were originally effective for the Conference's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*. The adoption did not have a significant impact on the Conference's financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 plan should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Conference is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans were effective for the Conference for the year ended June 30, 2022 and did not have a significant impact on the Conference's financial statements.

Note 4 - Deposits and Investments

The Conference follows a defined investment policy. Accordingly, all cash deposits at June 30, 2022 and 2021 were insured or collateralized with securities held by either the Conference or its agent in its name, with the exception of certain cash held in excess of FDIC limits that had not yet been transferred to the short-term investment portfolio. The uninsured bank balance of deposits in excess of FDIC limits was \$1,048,792 and \$958,012 at June 30, 2022 and 2021, respectively.

	2022		
	Deposits	Investments	Total
Cash	\$ 1,288,227	\$ -	\$ 1,288,227
Short-term investments	12,321,357	-	12,321,357
Total	<u>\$ 13,609,584</u>	<u>\$ -</u>	<u>\$ 13,609,584</u>

June 30, 2022 and 2021

Note 4 - Deposits and Investments (Continued)

	2021		
	Deposits	Investments	Total
Cash	\$ 1,069,724	\$ -	\$ 1,069,724
Short-term investments	8,650,450	2,010,472	10,660,922
Total	\$ 9,720,174	\$ 2,010,472	\$ 11,730,646

Short-term investments are classified into the following investment categories:

Investment	2022			2021		
	Carrying Value	Rating	Rating Organization	Carrying Value	Rating	Rating Organization
Money market funds	\$ 1,456,673	Not Rated	Not Rated	\$ 1,154,676	Not Rated	Not Rated
Commercial paper	10,864,684	A1, A1+	S&P	7,495,774	A1	S&P
U.S. government bonds	-	n/a	n/a	2,010,472	AA+	S&P
Total	\$ 12,321,357			\$ 10,660,922		

The weighted-average maturity of the short-term investment portfolio, excluding money market funds, is 0.26 and 0.30 years as of June 30, 2022 and 2021, respectively.

Note 5 - Fair Value Measurements

The Conference categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Conference’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Conference did not hold any assets subject to fair value disclosures as of June 30, 2022. The Conference had the following recurring fair value measurements as of June 30, 2021:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
U.S. government bonds	\$ -	\$ 2,010,472	\$ -	\$ 2,010,472

U.S. government bonds are valued using broker quotes that utilize observable market inputs and are, therefore, included as a Level 2 measurement above.

Money market funds and commercial paper are considered cash equivalents, which are held at cost and are not subject to fair value disclosures and, therefore, are not included in the table above.

June 30, 2022 and 2021

Note 6 - Grants and Contracts

The Conference has entered into agreements with various agencies of the U.S. government and other organizations to perform research and related projects or to assist in defraying expenses for projects undertaken by the Conference. The grants and contracts are subject to various expenditure restrictions, and some require matching or in-kind contributions. The grants and contracts are also subject to audit to determine compliance with the agreements. Should any expenditures, including required matching or in-kind contributions, be disallowed, the Conference could be required to refund disallowed amounts. The Conference maintains an allowance for unrecoverable costs, excess cost recoveries, and disallowances, which totaled \$97,539 at June 30, 2022 and 2021. Management of the Conference believes that the allowance is adequate to provide for any over-recovered or disallowed amounts.

Certain grants contain provisions that require the Conference to contribute matching funds to the grant-sponsored project. These amounts were not significant in the years ended June 30, 2022 and 2021.

Note 7 - Capital Assets

Capital asset activity of the Conference was as follows:

	Balance July 1, 2021 (As Restated)	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated - Land	\$ 1,404,920	\$ -	\$ -	\$ 1,404,920
Capital assets being depreciated and amortized:				
Building	10,123,111	-	-	10,123,111
Office furniture and fixtures	1,691,618	-	-	1,691,618
Computers, software, and equipment	2,773,661	15,938	-	2,789,599
Leasehold improvements	168,585	-	-	168,585
Other	1,094,116	-	-	1,094,116
Right-to-use asset - Building	4,661,627	-	-	4,661,627
Subtotal	20,512,718	15,938	-	20,528,656
Accumulated depreciation and amortization:				
Building	3,895,986	202,098	-	4,098,084
Office furniture and fixtures	1,499,208	47,316	-	1,546,524
Computers, software, and equipment	2,773,661	7,907	-	2,781,568
Leasehold improvements	143,751	4,509	-	148,260
Other	1,000,114	35,590	-	1,035,704
Right-to-use asset - Building	717,173	717,173	-	1,434,346
Subtotal	10,029,893	1,014,593	-	11,044,486
Net capital assets being depreciated and amortized	10,482,825	(998,655)	-	9,484,170
Net capital assets	\$ 11,887,745	\$ (998,655)	\$ -	\$ 10,889,090

June 30, 2022 and 2021

Note 7 - Capital Assets (Continued)

	Balance July 1, 2020 (As Restated)	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated - Land	\$ 1,404,920	\$ -	\$ -	\$ 1,404,920
Capital assets being depreciated and amortized:				
Building	10,123,111	-	-	10,123,111
Office furniture and fixtures	1,691,618	-	-	1,691,618
Computers, software, and equipment	3,870,355	-	(1,096,694)	2,773,661
Leasehold improvements	569,495	-	(400,910)	168,585
Other	1,082,065	12,051	-	1,094,116
Right-to-use asset - Building	-	4,661,627	-	4,661,627
Subtotal	17,336,644	4,673,678	(1,497,604)	20,512,718
Accumulated depreciation and amortization:				
Leasehold improvements	3,693,888	202,098	-	3,895,986
Office furniture and fixtures	1,451,892	47,316	-	1,499,208
Computers, software, and equipment	3,863,304	7,051	(1,096,694)	2,773,661
Leasehold improvements	540,152	4,509	(400,910)	143,751
Other	958,875	41,239	-	1,000,114
Right-to-use asset - Building	-	717,173	-	717,173
Subtotal	10,508,111	1,019,386	(1,497,604)	10,029,893
Net capital assets being depreciated and amortized	6,828,533	3,654,292	-	10,482,825
Net capital assets	\$ 8,233,453	\$ 3,654,292	\$ -	\$ 11,887,745

Note 8 - Line of Credit

Under a line of credit agreement with a bank, the Conference has available borrowings of approximately \$1,500,000. The credit agreement, as originally entered into on March 9, 2016, was amended to mature on March 31, 2023. No draws were made during the year, and no borrowings were outstanding at June 30, 2022 and 2021. Any borrowings under the agreement will bear interest at the Adjusted Daily Simple Secured Overnight Financing Rate (SOFR) plus an applicable margin, subject to a floor of 0 percent (3.04 percent at June 30, 2022). Borrowings under the agreement made as of June 30, 2021 were subject to interest at the lending bank's prime rate (3.25 percent at June 30, 2021).

June 30, 2022 and 2021

Note 9 - Revenue Collected in Advance

Revenue collected in advance consists of the following:

	2022	2021
Private grants paid in advance	\$ 6,960,600	\$ 6,073,436
Passed-through grants	1,416,504	2,728,142
State appropriations paid in advance	671,717	627,908
Advance registration fees	1,450,809	236,532
Advance exhibit fees	476,600	231,200
Other	78,201	9,980
Total	<u>\$ 11,054,431</u>	<u>\$ 9,907,198</u>

Note 10 - Note Payable

Paycheck Protection Program

During the year ended June 30, 2020, the Conference received a Paycheck Protection Program (PPP) loan in the amount of \$3,145,200. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Conference used the funds on qualifying expenses over a covered period of 24 weeks.

The Conference applied for forgiveness during the year ended June 30, 2021 and, during the fiscal year 2022, received notification of forgiveness of the entire loan balance from the SBA. The amount of the loan forgiven was recorded as cancellation of debt income as a component of nonoperating revenue during the year ended June 30, 2022.

Although management considers it probable that the Conference was initially eligible for the loan and subsequent forgiveness, the SBA has the ability to review the Conference’s loan file for a period subsequent to the date the loan was forgiven and could request additional documentation to support the Conference’s initial eligibility and need for the loan and request for loan forgiveness. In the event the SBA subsequently determines the Conference did not meet the initial eligibility requirements for the PPP loan, did not show sufficient need, or did not qualify for loan forgiveness, the SBA may pursue legal remedies at its discretion.

At June 30, 2022, there was no outstanding balance on the PPP loan. At June 30, 2021, the outstanding balance of the PPP loan was \$3,145,200, which is classified as debt on the statement of net position.

Note 11 - Leases

The Conference leases office space in Washington, D.C. under a noncancelable operating lease with the State Services Organization (SSO) (see Note 14). The lease expires in December 2026. Total lease expense, which includes interest and amortization, totaled \$839,416 and \$856,736 for the years ended June 30, 2022 and 2021, respectively. The discount rate applicable to this leasing arrangement is 3.25 percent.

The Conference has additionally entered into a sublease agreement on November 1, 2021 with a third party for a portion of this office space. The noncancelable terms of these leasing arrangements mature in August 2022. Payments are generally fixed annually at \$9,100.

During 2020, the Conference entered into a lease agreement for office equipment. The lease requires monthly payments of \$1,461 and expires in June 2023. Rent expense totaled \$17,532 for the years ended June 30, 2022 and 2021. The right-to-use asset and related lease liability for this agreement have not been recorded by the Conference due to the insignificance of this agreement.

June 30, 2022 and 2021

Note 11 - Leases (Continued)

Future minimum lease payments under the noncancelable Washington, D.C. operating lease, excluding separate annual charges, and the office equipment lease are as follows:

Years Ending June 30	Principal	Interest	Total
2023	\$ 701,892	\$ 100,689	\$ 802,581
2024	724,863	77,849	802,712
2025	767,106	53,667	820,773
2026	811,155	28,086	839,241
2027	420,296	3,993	424,289
Total	<u>\$ 3,425,312</u>	<u>\$ 264,284</u>	<u>\$ 3,689,596</u>

Lease liability activity for the Conference is as follows:

	2022	2021
Beginning of year	\$ 4,053,310	\$ 4,661,627
Additions	-	-
Reductions	(645,531)	(608,317)
End of year	<u>\$ 3,407,779</u>	<u>\$ 4,053,310</u>

For the years ended June 30, 2022 and 2021, there was interest expense of \$122,243 and \$142,562, respectively, related to the lease liabilities described above.

Note 12 - Retirement Plan

The Conference maintains a qualified defined contribution pension plan (the "Pension Plan") in which substantially all employees are eligible to participate. Contributions of the Conference and those of participating employees are made to the Teachers Insurance and Annuity Association and College Retirement Equities Fund, which administers the individual contracts for each employee. Participating employees contribute 5 percent of their gross salaries, and the Conference contributes 10 percent of each participating employee's salary to the Pension Plan. Contributions made by the Conference during the years ended June 30, 2022 and 2021 were \$1,328,424 and \$1,403,373, respectively.

Note 13 - Affiliation with the NCSL Foundation for State Legislatures

The Conference is affiliated with the NCSL Foundation for State Legislatures (the "Foundation") and provides certain management and administrative services to the Foundation. The Conference received administrative fees from the Foundation in the amount of \$26,500 during the years ended June 30, 2022 and 2021 for these management and administrative services. In addition, the Conference was reimbursed by the Foundation for personnel, office space, and facilities costs totaling \$812,614 and \$554,450 during the years ended June 30, 2022 and 2021, respectively. Such costs include salaries, employee benefits, office expenses, rent, and property maintenance.

The Foundation awarded contributions to the Conference in the amount of \$2,321,200 and \$2,440,449 and subcontracts in the amount of \$1,115,129 and \$454,526 during the years ended June 30, 2022 and 2021, respectively. Of these amounts, \$1,416,504 and \$2,728,142 has been reflected as revenue collected in advance at June 30, 2022 and 2021, respectively. In addition, as of June 30, 2022 and 2021, the Conference had a balance from the Foundation of \$71,673 and \$104,130, respectively, representing the amount of cash invested on the Foundation's behalf via the Conference's investment pool in excess of expenses paid on behalf of the Foundation by the Conference.

June 30, 2022 and 2021

Note 14 - Jointly Governed Organizations

Pursuant to a 1983 operating agreement, the Conference and the National Governors Association (NGA) established the Federal Funds Information for States (FFIS) system for the purpose of providing states with federal budget and appropriation information. FFIS is governed by a board of directors, and board membership is controlled equally by the Conference and NGA. As FFIS is a jointly governed organization, the Conference does not have an equity interest in FFIS. Accordingly, FFIS' results of operations are not included in the accompanying financial statements.

Pursuant to its bylaws, the State and Local Legal Center (SLLC) was established to file amicus curiae briefs in support of states and local governments in the U.S. Supreme Court, conduct moot courts for attorneys arguing before the Supreme Court, and be a resource to states and local governments on the Supreme Court. SLLC is governed by a board of directors, and board membership is controlled equally by seven national organizations that represent state and local elected and appointed officials, including the Conference. As SLLC is a jointly governed organization, the Conference does not have an equity interest in SLLC. Accordingly, SLLC's results of operations are not included in the accompanying financial statements. The Conference paid a management fee of \$10,000 to SLLC during the years ended June 30, 2022 and 2021.

Pursuant to an agreement, the Conference, NGA, and the Council of State Governments (CSG) established SSO for the purpose of providing services to and office space for the Conference, NGA, CSG, state governments, and associations. SSO is governed by a board of directors, and board membership is controlled equally by the Conference, NGA, and CSG. As SSO is a jointly governed organization, the Conference does not have an equity interest in SSO. Accordingly, SSO's results of operations are not included in the accompanying financial statements of the Conference.

During the years ended June 30, 2022 and 2021, rent and fees charged by SSO to the Conference were \$858,760 and \$827,125, respectively.

Note 15 - Contingencies

The Conference is subject to various legal proceedings and claims that arise in the ordinary course of its business. The Conference believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

Other Supplemental Information

National Conference of State Legislatures

Schedule of Appropriations by Entity

Year Ended June 30, 2022

Fiscal year 2022 appropriations received and receivable:

Alabama	\$	203,486
Alaska		129,381
American Samoa		22,617
Arizona		240,219
Arkansas		168,722
California		525,000
Colorado		213,575
Commonwealth of the Northern Marianas		22,534
Connecticut		178,980
Delaware		133,802
District of Columbia		128,621
Georgia		301,701
Guam		24,345
Hawaii		141,850
Idaho		148,481
Illinois		337,985
Indiana		233,028
Iowa		85,907
Kansas		167,444
Kentucky		194,523
Louisiana		197,148
Maine		140,243
Maryland		223,399
Massachusetts		238,113
Michigan		290,752
Minnesota		215,265
Mississippi		167,858
Missouri		223,002
Montana		135,445
Nebraska		150,588
Nevada		170,328
New Hampshire		140,503
New Jersey		277,126
New Mexico		153,283
New York		465,593
North Carolina		297,004
North Dakota		130,175
Ohio		318,102
Oklahoma		184,620
Oregon		189,895
Pennsylvania		341,267

(Continued on the following page)

National Conference of State Legislatures

Schedule of Appropriations by Entity - Continued

Year Ended June 30, 2022

Puerto Rico	173,454
Quebec, Canada	37,892
Rhode Island	135,667
South Carolina	205,110
South Dakota	132,023
Tennessee	236,058
Texas	620,056
Utah	173,212
Vermont	127,827
Virgin Islands	118,818
Virginia	265,779
Washington	249,787
West Virginia	147,687
Wisconsin	218,494
Wyoming	114,003
	<u>11,207,777</u>
Total fiscal year 2021 appropriations received in fiscal year 2022	
Puerto Rico	<u>87,183</u>
Total fiscal year 2022 appropriations	<u><u>\$11,294,960</u></u>

National Conference of State Legislatures

Schedule of Appropriations by Entity

Year Ended June 30, 2021

Fiscal year 2021 appropriations received:

Alabama	\$200,924
Alaska	129,500
Arizona	237,914
Arkansas	168,615
California	525,000
Colorado	213,575
Connecticut	178,701
Delaware	133,337
District of Columbia	128,709
Georgia	296,869
Guam	24,345
Hawaii	141,380
Idaho	146,379
Illinois	337,852
Indiana	231,878
Kansas	167,040
Kentucky	193,659
Louisiana	197,635
Maine	121,751
Maryland	221,262
Massachusetts	235,212
Michigan	288,802
Minnesota	213,047
Mississippi	168,266
Missouri	222,321
Montana	134,867
Nebraska	149,887
Nevada	168,507
New Hampshire	139,916
New Jersey	244,000
New Mexico	152,789
New York	459,582
North Carolina	294,175
North Dakota	129,770
Ohio	318,102
Oklahoma	184,620
Oregon	188,280
Pennsylvania	337,913

(Continued on the following page)

National Conference of State Legislatures

Schedule of Appropriations by Entity - Continued

Year Ended June 30, 2021

Quebec, Canada	37,892
Rhode Island	135,025
South Carolina	203,508
South Dakota	131,743
Tennessee	232,728
Texas	605,630
Utah	170,300
Vermont	127,494
Virgin Islands	118,534
Virginia	263,025
Washington	244,642
West Virginia	148,087
Wisconsin	216,828
Wyoming	117,477
	<u>10,779,294</u>
Total fiscal year 2020 appropriations received in fiscal year 2021	
Virgin Islands	<u>27,856</u>
Total fiscal year 2021 appropriations	<u><u>\$10,807,150</u></u>