
National Conference of State Legislatures

**Financial Report
with Supplementary Information
June 30, 2024**

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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 (NCSL) as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise NCSL'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 NCSL as of June 30, 2024 and 2023 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 NCSL 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.

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 NCSL'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 NCSL'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 NCSL'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 Supplementary 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 supplementary 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise NCSL's basic financial statements. The supplementary 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 supplementary 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 17, 2025 on our consideration of NCSL'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 NCSL'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 NCSL's internal control over financial reporting and compliance.

Plante & Moran, PLLC

January 17, 2025

Overview

This discussion and analysis of the financial performance of the National Conference of State Legislatures ("NCSL") offers readers an overall review and analysis of the financial activities as of and for the fiscal year ended June 30, 2024. NCSL is a bipartisan organization that serves legislators and legislative staff of all 50 U.S. states, commonwealths, territories and the District of Columbia. The legislative bodies are members of NCSL. NCSL fundamentally operates at a break-even level; that is, revenue received from its members is to be utilized for the benefit of its members. NCSL'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, 2024 with an increase in net position of \$2,750,000 on total operating revenue of \$41,245,000. Operating revenue increased \$2,519,000 or 6.5% from the prior year. Contributors to the change in operating revenue include increases in state appropriations, grant and contracts revenue, meeting registrations, and private contributions. Operating expense increased by \$2,823,000 or 7.7% primarily due to increased grant activity and meetings.
- State appropriations revenue increased by \$725,000 from the prior year and reflects a collection rate of 95.9% compared to the 94.0% collection rate in fiscal years 2023 and 2022.
- Total grant and contract revenue increased by \$735,000 in fiscal year 2024 compared to 2023. Activity for federal grants and contracts increased by 8.0% while private foundation revenue increased by 1.6%.
- The annual Legislative Summit held in Indianapolis in August 2023 was very successful and attracted 5,100 attendees, exceeding expectations for both participation and revenue. Annual meeting, seminar, and committee registration increased by \$534,000 or 18.2%.
- Interest and dividend revenue increased by \$493,000 from the prior year due to high interest rates.

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 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 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 NCSL

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 \$15,933,000, \$13,183,000, and \$9,970,000, on June 30, 2024, 2023, and 2022, respectively.

As noted in Exhibit 1, NCSL's total assets were \$38,357,000, \$33,826,000, and \$27,872,000 on June 30, 2024, 2023, and 2022. The largest portion of NCSL's total assets was its investment in capital assets (net of accumulated depreciation and amortization), of \$9,038,000, \$10,040,000, and \$10,889,000 on June 30, 2024, 2023, and 2022, 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 \$7,026,000, \$7,228,000, and \$7,430,000 on June 30, 2024, 2023, and 2022, respectively.

During 2023, the Executive Committee approved the creation of an operating reserve fund to support NCSL's day-to-day operations in the event of unforeseen shortfalls. The target minimum funding is equal to three months of average recurring operations costs. The balance of the operating reserve as of June 30, 2024 and 2023 was \$6,172,000 and \$4,716,000, respectively, and is included as a component of the unrestricted net position on the statement of net position.

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 NCSL's office space in Washington, D.C. As of June 30, 2024, 2023, and 2022, this property had a net book value of \$1,793,000, \$2,510,000, and \$3,227,000, respectively.

National Conference of State Legislatures

Management's Discussion and Analysis (Continued)

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

	June 30,			Increase/ (Decrease)	Percentage Increase/ (Decrease)
	2024	2023	2022		
Current assets	\$ 29,319,000	\$ 23,786,000	\$ 16,983,000	\$ 5,533,000	23.3%
Capital assets - Net	9,038,000	10,040,000	10,889,000	(1,002,000)	-10.0%
Total assets	<u>38,357,000</u>	<u>33,826,000</u>	<u>27,872,000</u>	<u>4,531,000</u>	13.4%
Current liabilities - Net of lease liabilities	20,425,000	17,920,000	14,494,000	2,505,000	14.0%
Lease liabilities	1,999,000	2,723,000	3,408,000	(724,000)	-26.6%
Total liabilities	<u>22,424,000</u>	<u>20,643,000</u>	<u>17,902,000</u>	<u>1,781,000</u>	8.6%
Net investment in capital assets	7,039,000	7,316,000	7,481,000	(277,000)	-3.8%
Unrestricted	<u>8,894,000</u>	<u>5,867,000</u>	<u>2,489,000</u>	<u>3,027,000</u>	51.6%
Total net position	<u>\$ 15,933,000</u>	<u>\$ 13,183,000</u>	<u>\$ 9,970,000</u>	<u>\$ 2,750,000</u>	20.9%

2024 Summary

During the year ended June 30, 2024, total current assets increased by \$5,533,000 due to state appropriations collections, grants and contracts, meeting registrations, and private contributions, which generate significant cash and accounts receivables. Major contributors to this change include an increase in cash and short-term investments of \$5,529,000, grants and contracts of \$172,000, and appropriations receivable of \$110,000 offset by miscellaneous decreases.

NCSL 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, NCSL had an amount of \$242,000 due from the Foundation as of June 30, 2024.

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

Current liabilities increased by \$2,505,000 compared to the previous year, primarily driven by revenue collected in advance of \$1,448,000 for 2025 state appropriations, \$710,000 for accrued payroll and benefits, and \$336,000 for the Louisville Legislative Summit held in August 2024.

NCSL's lease liabilities decreased by \$725,000 compared to the prior year, due to continued rent payments for the Washington, D.C. office space.

2023 Summary

During the year ended June 30, 2023, total current assets increased by \$6,803,000 due to more 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 \$6,220,000, prepaid expenses of \$235,000, deposits of \$198,000, and appropriations receivable of \$163,000 offset by miscellaneous decreases.

NCSL 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, NCSL had an amount of \$475,000 due from the Foundation as of June 30, 2023.

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

Current liabilities increased by \$3,544,000 compared to the previous year, primarily driven by revenue collected in advance of \$2,677,000 for grants and contracts, \$348,000 for the Indianapolis Legislative Summit held in August 2023, and \$271,000 for 2024 state appropriations.

NCSL's lease liabilities decreased by \$685,000 compared to the prior year, due to continued rent payments for the Washington, D.C. office space.

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.

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

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

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Management's Discussion and Analysis (Continued)

Capital Assets

NCSL had \$9,038,000, \$10,040,000, and \$10,889,000 of capital assets, net of accumulated depreciation and amortization, invested in capital assets as detailed below on June 30, 2024, 2023, and 2022. 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, 2024 was:

	Cost	Accumulated Depreciation	Net Book Value
Building	\$ 10,123,000	\$ (4,502,000)	\$ 5,621,000
Computers, software, and equipment	2,876,000	(2,830,000)	46,000
Office furniture and fixtures	1,637,000	(1,615,000)	22,000
Land	1,405,000	-	1,405,000
Other	1,129,000	(1,081,000)	48,000
Right to use asset - Building	4,662,000	(2,869,000)	1,793,000
Leasehold improvements	285,000	(182,000)	103,000
Total Capital Assets	<u>\$ 22,117,000</u>	<u>\$ (13,079,000)</u>	<u>\$ 9,038,000</u>

Capital assets, net of related accumulated depreciation and amortization as of June 30, 2023 was:

	Cost	Accumulated Depreciation	Net Book Value
Building	\$ 10,123,000	\$ (4,300,000)	\$ 5,823,000
Computers, software, and equipment	2,866,000	(2,777,000)	89,000
Office furniture and fixtures	1,638,000	(1,609,000)	29,000
Land	1,405,000	-	1,405,000
Other	1,122,000	(1,062,000)	60,000
Right to use asset - Building	4,662,000	(2,152,000)	2,510,000
Leasehold improvements	285,000	(161,000)	124,000
Total Capital Assets	<u>\$ 22,101,000</u>	<u>\$ (12,061,000)</u>	<u>\$ 10,040,000</u>

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

	Cost	Accumulated Depreciation	Net Book Value
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	\$ 21,935,000	\$ (11,046,000)	\$ 10,889,000

There were no major purchases or disposals of capital equipment, or new leased assets for the years ended June 30, 2024.

Capital purchases during fiscal year 2023 included the construction of two conference rooms in the headquarters building, security equipment, and contract management software. There were no disposals of capital equipment for the year ended June 30, 2023.

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

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, NCSL utilized this loan program and received \$3,145,200 in funding. NCSL 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 NCSL'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. NCSL 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 a lease liability as of June 30, 2024, 2023, and 2022 of \$1,999,000, \$2,723,000, and \$3,408,000, respectively, 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.

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 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, 2024, 2023, and 2022, NCSL had a change in net position of \$2,750,000, \$3,213,000, and \$4,648,000, respectively.

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

	For the Years Ended June 30,					
	2024		2023		2022	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Operating Revenue						
State appropriations	\$ 12,380,000	30.0%	\$ 11,655,000	30.1%	\$ 11,295,000	36.0%
Grants and contracts	20,057,000	48.6%	19,322,000	49.9%	14,905,000	47.5%
Meetings and conferences	3,470,000	8.4%	2,936,000	7.6%	1,786,000	5.7%
Private contributions	3,979,000	9.6%	3,371,000	8.7%	2,582,000	8.2%
Other	1,359,000	3.3%	1,442,000	3.7%	801,000	2.6%
	<u>41,245,000</u>	<u>100.0%</u>	<u>38,726,000</u>	<u>100.0%</u>	<u>31,369,000</u>	<u>100.0%</u>
Operating Expenses						
Salaries and benefits	23,055,000	58.3%	21,127,000	57.5%	18,820,000	63.2%
Travel and conferences	7,664,000	19.4%	7,060,000	19.2%	4,006,000	13.5%
Consultants and contract services	5,143,000	13.0%	4,966,000	13.5%	3,624,000	12.2%
Occupancy	478,000	1.2%	593,000	1.6%	526,000	1.8%
Office expenses	508,000	1.3%	278,000	0.8%	314,000	1.1%
Other	2,719,000	6.9%	2,720,000	7.4%	2,469,000	8.3%
	<u>39,567,000</u>	<u>100.0%</u>	<u>36,744,000</u>	<u>100.0%</u>	<u>29,759,000</u>	<u>100.0%</u>
Operating Income	1,678,000		1,982,000		1,610,000	
Nonoperating Income	1,072,000		1,231,000		3,038,000	
Change in Net Position	2,750,000		3,213,000		4,648,000	
Net Position - Beginning of year, as restated	13,183,000		9,970,000		5,322,000	
Net Position - End of year	<u>\$ 15,933,000</u>		<u>\$ 13,183,000</u>		<u>\$ 9,970,000</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 30.0% of NCSL's total revenue for the fiscal year ended June 30, 2024, 30.1% for the year ended June 30, 2023, and 36.0% for the year ended June 30, 2022. 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. Scheduled dues were \$12,785,000, \$12,377,000, and \$11,927,000 for the years ended June 30, 2024, 2023, and 2022, respectively. Actual dues revenue for the year ended June 30, 2024 reflects a 95.9% collection rate compared to 94.0% for the years ended June 30, 2023 and 2022.

Grants and Contracts

Total grant and contract revenue increased by \$735,000 or 3.8%, in fiscal year 2024 compared to the prior year. During the years ended June 30, 2023 and 2022, grants and contract revenue increased by \$4,417,000 and \$3,147,000, respectively. Grant and contract revenue comprised 48.6% of NCSL's operating revenue in fiscal year 2024 compared to 49.9% in fiscal year 2023 and 47.5% in fiscal year 2022. 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 NCSL's overall increase in total operating revenues and expenses in the current year.

Revenue from federal grant programs increased by \$526,000, \$713,000, and \$794,000 during the years ended June 30, 2024, 2023, and 2022, respectively, compared to the previous year. During the 2024, 2023 and 2022 fiscal years, the Department of Energy awards and cooperative agreements provided the largest revenue in the federal grants and contracts category with \$2,309,000 or 11.5%, \$2,207,000 or 11.4%, and \$1,521,000 or 10.2%, respectively, of such revenue.

Revenue from private foundations increased by \$209,000, \$3,704,000, and \$2,353,000 during the years ended June 30, 2024, 2023, and 2022, respectively, compared to the previous year. The NCSL Foundation for State Legislatures was the largest funder in fiscal years 2024, 2023, and 2022, followed by The Pew Charitable Trust in these years.

NCSL's grant and contract revenue sources for the years ended June 30, 2024, 2023, and 2022 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. Revenue from these meetings accounted for 8.4% of NCSL's revenue in the year ended June 30, 2024, compared to 7.6% in 2023 and 5.7% in 2022. The Legislative Summit held in Indianapolis in August 2023 generated \$3,660,000 of revenue through registration fees, exhibit and sponsorships, and private contributions, and had 5,100 attendees. The Legislative Summit held in Denver in August 2022 generated \$4,233,000 of revenue through registration fees, exhibit and sponsorships, and private contributions, and had 5,000 attendees. The Legislative Summit held in Tampa in November 2021 generated \$2,274,000 of revenue and had 2,900 attendees.

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 revenue from exhibitors at the annual Legislative Summit. Revenue for the year ended June 30, 2024 of \$713,000 was consistent with the prior year. Revenue for the year ended June 30, 2023 was \$286,000 higher than the prior year due to a larger Legislative Summit. Revenue for the year ended June 30, 2022 was \$47,000 higher than the prior year due to exhibitor revenue from the November 2021 Legislative Summit.

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 58.3% of total operating costs in the year ended June 30, 2024, 57.5% in the year ended June 30, 2023, and 63.2% in the year ended June 30, 2022. The increase in salaries and benefits for the years ended June 30, 2024 and 2023 of \$1,928,000 or 9.1% and \$2,307,000 or 12.3%, respectively, is primarily due to hiring of positions previously put on hold and salary increases that were effective as of October 1. Salaries and benefits for the year ended June 30, 2022 increased by 1.9% compared to the prior year. The lower rate of increase for 2022 is due to a reduction in the cost of benefits.

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 19.4% of operating expenses for the year ended June 30, 2024 compared to 19.2% in 2023 and 13.5% in 2022. During the year ended June 30, 2023, total travel and conference expenses increased \$3,054,000 compared to the prior year due to a larger Legislative Summit and increase in the number of meetings and conferences held. 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 13.0%, 13.5% and 12.2% of operating expenses in the years ended June 30, 2024, 2023 and 2022, respectively.

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 decreased by \$115,000 in the year ended June 30, 2024 compared to 2023 due to lower repairs and maintenance. Costs increased by \$67,000 in the year ended June 30, 2023 compared to 2022 due to inflation and higher natural gas costs. In addition, NCSL leases space in Washington DC. In the year ended June 30, 2024 occupancy represents 1.2% of total expenses while 2023 was 1.6% and 2022 was 1.8%.

Office Expense

NCSL maintains offices in Washington, D.C., and Denver, Colorado. The cost of operating these offices was 1.3%, 0.8%, and 1.1% of operating expenses for the years ended June 30, 2024, 2023 and 2022, respectively, and include items such as office equipment, supplies, postage and freight, maintenance of office equipment, and communications. Costs increased by \$230,000 in the year ended June 30, 2024 compared to 2023 due to an increase in supplies for meetings. Costs decreased by \$36,000 in the year ended June 30, 2023 compared to 2022 primarily due to lower credit card and banking fees.

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, 2024, 2023, and 2022, NCSL held cash in the amount of \$2,762,000, \$1,809,000, and \$1,288,000, respectively.

Exhibit 5: Summary of Cash Flows

	For the Years Ended June 30,		
	2024	2023	2022
Net cash provided by operating activities	\$ 5,223,000	\$ 5,968,000	\$ 2,648,000
Net cash used in capital and related financing activities	(820,000)	(952,000)	(784,000)
Net cash used in investing activities	(3,450,000)	(4,495,000)	(1,646,000)
	<u>953,000</u>	<u>521,000</u>	<u>218,000</u>
Cash - Beginning of year	<u>1,809,000</u>	<u>1,288,000</u>	<u>1,070,000</u>
Cash - End of year	<u><u>\$ 2,762,000</u></u>	<u><u>\$ 1,809,000</u></u>	<u><u>\$ 1,288,000</u></u>

Net cash provided by operating activities during the years ended June 30, 2024, 2023, and 2022 totaled approximately \$5,223,000, \$5,968,000, and \$2,648,000, respectively. The decrease in cash provided by operations in fiscal year 2024 was due to an increase in payments to employees and suppliers of \$1,200,000 and \$1,300,000, respectively, offset by an increase in cash received from appropriations of \$2,000,000. The increase in cash provided by operations in fiscal year 2023 was driven by cash received from grants and contracts, NCSL Foundation for State Legislatures, and contributions. Payments to suppliers increased by \$5,677,000 for the year ended June 30, 2023 due to an increase in grant activity and meetings. 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 2022 were primarily offset by increases in cash received from contributions, commissions, honorariums, and customers, which increased by \$4,707,000 compared to 2021.

During the years ended June 30, 2024, 2023, and 2022, NCSL purchased and replaced capital assets through purchases in the amounts of \$17,000, \$167,000, and \$16,000. NCSL additionally made payments composed of principal and interest on lease obligations in the amount of \$803,000, \$785,000 and \$768,000 for the years ended June 30, 2024, 2023 and 2022, respectively.

During the years ended June 30, 2024, 2023 and 2022, net cash was used to purchase investments in the amount of \$4,455,000, \$5,699,000 and \$1,661,000, offset by the receipt of interest income in the amount of \$1,005,000, \$409,000 and \$15,000, respectively. Additionally, during the year ended June 30, 2023, NCSL received a payment from The State and Local Legal Center (SLLC) of \$795,000, which represented a portion of the SLLC's net assets distributed upon its dissolution to organizations designated within its charitable mission.

In summary, NCSL's cash and cash equivalents increased by \$953,000 for the year ended June 30, 2024, \$521,000 for the year ended June 30, 2023 and \$218,000 for the year ended June 30, 2022.

Economic Factors

NCSL 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.

NCSL 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 NCSL believe that its diverse and stable revenue sources, along with NCSL'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. NCSL periodically makes necessary adjustments in expenditures to balance any decrease in dues revenues.

NCSL relies on a significant portion of federal grants and contracts 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, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 2,762,617	\$ 1,809,534
Investments	22,595,756	18,020,292
Receivables:		
Receivables from grants and contracts - Net of allowance of \$97,539 (2024 and 2023)	1,640,533	1,468,411
Appropriations receivable	407,325	296,957
Trade receivables - Net of allowance of \$13,113 and \$13,763 (2024 and 2023, respectively)	9,574	17,060
Other receivables	267,027	194,881
Due from NCSL Foundation for State Legislatures	242,180	475,292
Prepaid expenses	1,048,211	1,135,303
Deposits	345,797	368,832
Total current assets	29,319,020	23,786,562
Noncurrent assets - Capital assets - Net	9,038,220	10,039,968
Total assets	38,357,240	33,826,530
Liabilities		
Current liabilities:		
Accounts payable	1,598,915	1,737,496
Accrued liabilities	2,580,744	1,870,770
Revenue collected in advance	16,216,199	14,269,295
Other current liabilities	29,379	42,251
Current portion of lease liability	820,773	802,712
Total current liabilities	21,246,010	18,722,524
Noncurrent liabilities - Lease liability - Net of current portion	1,177,783	1,920,706
Total liabilities	22,423,793	20,643,230
Net Position		
Net investment in capital assets	7,039,664	7,316,550
Unrestricted	8,893,783	5,866,750
Total net position	\$ 15,933,447	\$ 13,183,300

National Conference of State Legislatures

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenue		
State appropriations	\$ 12,379,574	\$ 11,654,909
Grants and contracts	20,057,400	19,322,136
Annual meeting, seminar, and committee registration	3,469,542	2,936,220
Private contributions	3,979,555	3,371,080
Sales of publication and exhibits	712,530	712,664
Data processing services	139,983	109,234
Other	506,795	619,312
Total operating revenue	41,245,379	38,725,555
Operating Expenses		
Salaries	17,692,307	16,198,872
Travel and conferences	7,664,592	7,059,830
Consultants and contract services	5,142,735	4,966,211
Employee benefits	5,362,728	4,927,702
Rent and property maintenance	478,329	592,806
Office expenses	507,576	278,386
Printing and publications	394,613	532,720
Information technology services	1,048,663	878,961
Depreciation and amortization	1,018,814	1,016,027
Other	256,860	292,174
Total operating expenses	39,567,217	36,743,689
Operating Income	1,678,162	1,981,866
Nonoperating Revenue (Expense)		
Investment income	1,149,834	536,500
Interest expense	(77,849)	(100,689)
Other income - Dissolution of the State and Local Legal Center	-	795,337
Total nonoperating revenue	1,071,985	1,231,148
Change in Net Position	2,750,147	3,213,014
Net Position - Beginning of year	13,183,300	9,970,286
Net Position - End of year	\$ 15,933,447	\$ 13,183,300

National Conference of State Legislatures

Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received from appropriations	\$ 13,717,177	\$ 11,762,364
Cash received from grants and contracts	15,827,411	15,251,484
Cash received from NCSL Foundation for State Legislatures	6,170,887	7,796,867
Cash received from contributions, commissions, honorariums, and customers	9,204,399	8,001,736
Payments to and for employees	(22,356,387)	(21,112,910)
Payments to suppliers	(17,291,374)	(15,946,185)
Other (payments) receipts	(48,900)	214,569
Net cash provided by operating activities	5,223,213	5,967,925
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(17,066)	(166,905)
Principal payments under lease obligations	(724,862)	(684,361)
Payments of interest under lease obligations	(77,849)	(100,689)
Net cash used in capital and related financing activities	(819,777)	(951,955)
Cash Flows from Investing Activities		
Purchases of investments	(49,129,124)	(29,523,365)
Sales of investments	44,673,765	23,824,430
Cash received for interest and dividends	1,005,006	408,935
Payment received from dissolution of the State and Local Legal Center	-	795,337
Net cash used in investing activities	(3,450,353)	(4,494,663)
Net Increase in Cash	953,083	521,307
Cash - Beginning of year	1,809,534	1,288,227
Cash - End of year	\$ 2,762,617	\$ 1,809,534
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 1,678,162	\$ 1,981,866
Depreciation and amortization	1,018,814	1,016,027
Changes in assets and liabilities:		
Receivables from grants and contracts	(172,122)	297,080
Trade receivables	7,486	33,768
Appropriations receivable	(110,368)	(163,212)
Other receivables	(47,423)	213,602
Prepaid expenses	87,092	(235,073)
Deposits	23,035	(198,461)
Due from NCSL Foundation for State Legislatures	233,112	(403,619)
Accounts payable	(138,581)	196,506
Accrued liabilities	709,974	43,836
Revenue collected in advance	1,946,904	3,214,864
Other current liabilities	(12,872)	(29,259)
Total adjustments	3,545,051	3,986,059
Net cash provided by operating activities	\$ 5,223,213	\$ 5,967,925

June 30, 2024 and 2023

Note 1 - Nature of Organization

National Conference of State Legislatures (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

NCSL 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, NCSL is a business-type activity for financial reporting purposes. The following is a summary of the significant accounting policies used by NCSL:

Basis of Accounting

NCSL 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

NCSL considers all investments with an original maturity of three months or less when purchased to be cash equivalents. As of June 30, 2024 and 2023, NCSL did not hold any cash equivalents outside of the short-term investment portfolio. As of June 30, 2024, and periodically throughout the year, NCSL's cash balances exceeded the federally insured limit set by the Federal Deposit Insurance Corporation (FDIC). Interest-bearing and non-interest-bearing accounts are guaranteed by the FDIC up to \$250,000.

Investments

NCSL 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.

Investments consisted of mutual funds, money market funds, commercial paper, and U.S. Treasury securities (notes and bills) at June 30, 2024. Mutual funds are carried at fair value based on quoted prices in active markets. Money market funds, commercial paper, and U.S. Treasury securities are recorded at cost and approximate fair value due to their short-term maturities.

Investments consisted of money market funds, commercial paper, and U.S. Treasury securities (notes and bills) at June 30, 2023.

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.

Note 2 - Significant Accounting Policies (Continued)

Prepaid Expenses

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

Capital Assets

Property and equipment are recorded at cost. NCSL 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. NCSL's building is depreciated over its estimated useful life of 50 years.

Compensated Absences

NCSL 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 NCSL during the year, any vacation taken in advance of vesting will be recaptured from their final paycheck. Employees can carry a maximum of 50 days to the next calendar year. An accrual has been made for earned vacation time.

NCSL has a sick leave plan covering substantially all employees. NCSL 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 NCSL. Therefore, it is recorded as an expense only when utilized by an employee.

Net Position

NCSL's net position is classified as follows:

Net investment in capital assets consists of capital assets, which include right-to-use assets, net of accumulated depreciation and related lease liabilities.

Unrestricted net position consists of the remaining net position that is available for unrestricted use. Included in unrestricted net position is a board-designated operating reserve, which was established during the year ended June 30, 2023 and is reviewed annually. As of June 30, 2024 and 2023, NCSL had board-designated operating reserve funds of \$6,172,246 and \$4,716,274, respectively.

Net Position Flow Assumption

NCSL 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 NCSL's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

June 30, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Revenue and Expenses

NCSL'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, cancellation of debt income, and other 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.

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

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

At the commencement of a lease, NCSL 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 NCSL determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments.

- NCSL uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, NCSL 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 NCSL is reasonably certain to exercise.

NCSL 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.

June 30, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Income Taxes

As an instrumentality of the various states, the income generated by NCSL in the exercise of its essential governmental functions is excluded from federal income taxes under Section 115 of the Internal Revenue Code. Contributions to NCSL are deductible by donors, as provided under Section 170 of the Internal Revenue Code. NCSL had no unrelated business income tax liability recorded as of June 30, 2024 and 2023. NCSL has evaluated tax positions taken, and none are considered to be uncertain; therefore, no amounts have been recognized.

Upcoming Accounting Pronouncements

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 NCSL's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for NCSL's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for NCSL's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for NCSL's financial statements for the year ending June 30, 2026.

Note 3 - Adoption of New Accounting Pronouncement

In June 2022, the GASB 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 were adopted by NCSL during the year ended June 30, 2024. There was no significant impact of NCSL's financial statements related to the adoption.

June 30, 2024 and 2023

Note 4 - Deposits and Investments

NCSL follows a defined investment policy. Accordingly, all cash deposits at June 30, 2024 and 2023 were insured or collateralized with securities held by either NCSL 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 investment portfolio. The uninsured bank balance of deposits in excess of FDIC limits was \$2,493,661 and \$1,565,817 at June 30, 2024 and 2023, respectively.

	2024		
	Deposits	Investments	Total
Cash	\$ 2,762,617	\$ -	\$ 2,762,617
Investments	22,595,756	-	22,595,756
Total	<u>\$ 25,358,373</u>	<u>\$ -</u>	<u>\$ 25,358,373</u>
	2023		
	Deposits	Investments	Total
Cash	\$ 1,809,534	\$ -	\$ 1,809,534
Investments	18,020,292	-	18,020,292
Total	<u>\$ 19,829,826</u>	<u>\$ -</u>	<u>\$ 19,829,826</u>

Investments are classified into the following investment categories:

Investment	2024			2023		
	Carrying Value	Rating	Rating Organization	Carrying Value	Rating	Rating Organization
Money market funds	\$ 8,680,944	Not rated	Not rated	\$ 4,452,421	Not rated	Not rated
Commercial paper	-			5,805,000	A1	S&P
U.S. Treasury bills	7,801,504	Not rated	Not rated	2,929,473	Not rated	Not rated
U.S. Treasury notes	-			4,833,398	AAA	Moody's
Mutual funds	6,113,308	Not rated	Not rated	-		
Total	<u>\$ 22,595,756</u>			<u>\$ 18,020,292</u>		

The weighted-average maturity of the investment portfolio, excluding money market funds and mutual funds, is 0.16 and 0.45 years as of June 30, 2024 and 2023, respectively.

Note 5 - Fair Value Measurements

NCSL 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 the 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. NCSL's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

June 30, 2024 and 2023

Note 5 - Fair Value Measurements (Continued)

NCSL has the following recurring fair value measurements as of June 30, 2024:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Investments				
Equity mutual funds	\$ 3,724,982	\$ -	\$ -	\$ 3,724,982
Fixed-income mutual fund	2,388,326	-	-	2,388,326
Total assets	\$ 6,113,308	\$ -	\$ -	\$ 6,113,308

NCSL did not have the recurring fair value measurements as of June 30, 2023.

The fair value of mutual funds classified in Level 1 are determined based on quoted prices in active markets as of June 30, 2024.

Note 6 - Grants and Contracts

NCSL 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 NCSL. 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, NCSL could be required to refund disallowed amounts. NCSL maintains an allowance for unrecoverable costs, excess cost recoveries, and disallowances, which totaled \$97,539 at June 30, 2024 and 2023. Management of NCSL believes that the allowance is adequate to provide for any over-recovered or disallowed amounts.

Certain grants contain provisions that require NCSL to contribute matching funds to the grant-sponsored project. These amounts were not significant in the years ended June 30, 2024 and 2023.

June 30, 2024 and 2023

Note 7 - Capital Assets

Capital asset activity of NCSL was as follows:

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated - Land	\$ 1,404,920	\$ -	\$ -	\$ -	\$ 1,404,920
Capital assets being depreciated:					
Building	10,123,111	-	-	-	10,123,111
Office furniture and fixtures	1,637,502	-	-	-	1,637,502
Computers, software, and equipment	2,866,685	-	10,000	-	2,876,685
Leasehold improvements	284,792	-	-	-	284,792
Other	1,121,846	-	7,066	-	1,128,912
Right-to-use asset - Building	4,661,627	-	-	-	4,661,627
Subtotal	20,695,563	-	17,066	-	20,712,629
Accumulated depreciation and amortization:					
Building	4,300,183	-	202,098	-	4,502,281
Office furniture and fixtures	1,608,771	-	6,077	-	1,614,848
Computers, software, and equipment	2,777,022	-	52,797	-	2,829,819
Leasehold improvements	161,106	-	21,109	-	182,215
Other	1,061,919	-	19,568	-	1,081,487
Right-to-use asset - Building	2,151,514	-	717,165	-	2,868,679
Net capital assets being depreciated and amortized	12,060,515	-	1,018,814	-	13,079,329
Net capital assets being depreciated	8,635,048	-	(1,001,748)	-	7,633,300
Net business-type activity capital assets	\$ 10,039,968	\$ -	\$ (1,001,748)	\$ -	\$ 9,038,220

June 30, 2024 and 2023

Note 7 - Capital Assets (Continued)

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated - Land	\$ 1,404,920	\$ -	\$ -	\$ -	\$ 1,404,920
Capital assets being depreciated:					
Building	10,123,111	-	-	-	10,123,111
Office furniture and fixtures	1,691,618	(54,116)	-	-	1,637,502
Computers, software, and equipment	2,789,599	54,116	22,970	-	2,866,685
Leasehold improvements	168,585	-	116,207	-	284,792
Intangible road rights	-	-	27,730	-	27,730
Other	1,094,116	-	-	-	1,094,116
Right-to-use asset - Building	4,661,627	-	-	-	4,661,627
Subtotal	20,528,656	-	166,907	-	20,695,563
Accumulated depreciation and amortization:					
Building	4,098,084	-	202,099	-	4,300,183
Office furniture and fixtures	1,546,524	-	5,561	-	1,552,085
Computers, software, and equipment	2,781,568	56,686	52,176	-	2,890,430
Leasehold improvements	148,260	-	12,810	-	161,070
Right-to-use asset - Building	1,035,704	(56,722)	26,215	-	1,005,197
A/D - Right-to-use asset - Building	1,434,346	36	717,168	-	2,151,550
Subtotal	11,044,486	-	1,016,029	-	12,060,515
Net capital assets being depreciated and amortized	9,484,170	-	(849,122)	-	8,635,048
Net capital assets	\$ 10,889,090	\$ -	\$ (849,122)	\$ -	\$ 10,039,968

Note 8 - Line of Credit

Under a line of credit agreement with a bank, NCSL had available borrowings of \$1,500,000. The credit agreement, as originally entered into on March 9, 2016, has been amended to mature on March 31, 2024, and was not renewed. There were no borrowings outstanding at June 30, 2024 and 2023.

Note 9 - Revenue Collected in Advance

Revenue collected in advance consists of the following:

	2024	2023
Private grants paid in advance	\$ 9,857,572	\$ 8,767,695
Passed-through grants	1,278,252	2,285,958
State appropriations paid in advance	2,390,358	942,384
Legislative Summit - Advance registration and exhibit fees	2,487,532	2,151,761
Other	202,485	121,497
Total	\$ 16,216,199	\$ 14,269,295

June 30, 2024 and 2023

Note 10 - Leases

NCSL leases office space in Washington, D.C. under a noncancelable operating lease. The lease was with the State Services Organization (SSO) (see Note 13), which was dissolved during the year ended June 30, 2023. Subsequent to the dissolution of SSO, the lease was transferred to an unrelated third party, while all other terms remained the same. The lease expires in December 2026. Total lease expense, which includes interest and amortization, totaled \$804,811 and \$946,289 for the years ended June 30, 2024 and 2023, respectively. Included in lease expense during the year ended June 30, 2023 was \$293,027 paid to SSO. The discount rate applicable to this leasing arrangement is 3.25 percent.

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

Years Ending June 30	Principal	Interest	Total
2025	\$ 767,106	\$ 53,667	\$ 820,773
2026	811,155	28,086	839,241
2027	420,295	3,993	424,288
Total	\$ 1,998,556	\$ 85,746	\$ 2,084,302

Lease liability activity for NCSL is as follows:

	2024	2023
Beginning of year	\$ 2,723,418	\$ 3,407,779
Additions	-	-
Reductions	(724,862)	(684,361)
End of year	\$ 1,998,556	\$ 2,723,418

For the years ended June 30, 2024 and 2023, there was interest expense of \$77,849 and \$100,689, respectively, related to the lease liabilities described above.

Note 11 - Retirement Plan

NCSL maintains a qualified defined contribution pension plan (the "Pension Plan") in which substantially all employees are eligible to participate. Contributions of NCSL 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 NCSL contributes 10 percent of each participating employee's salary to the Pension Plan. Contributions made by NCSL during the years ended June 30, 2024 and 2023 were \$1,655,094 and \$1,511,371, respectively.

Note 12 - Affiliation with the NCSL Foundation for State Legislatures

NCSL is affiliated with the NCSL Foundation for State Legislatures (the "Foundation") and provides certain management and administrative services to the Foundation. NCSL received administrative fees from the Foundation in the amount of \$26,500 during the years ended June 30, 2024 and 2023 for these management and administrative services. In addition, NCSL was reimbursed by the Foundation for personnel, office space, and facilities costs totaling \$1,391,782 and \$1,441,194 during the years ended June 30, 2024 and 2023, respectively. Such costs include salaries, employee benefits, office expenses, rent, and property maintenance.

June 30, 2024 and 2023

Note 12 - Affiliation with the NCSL Foundation for State Legislatures (Continued)

The Foundation awarded contributions to NCSL in the amount of \$4,427,100 and \$4,750,500 and subcontracts in the amount of \$702,938 and \$2,611,281 during the years ended June 30, 2024 and 2023, respectively. Of these amounts, \$1,278,252 and \$2,285,958 has been reflected as revenue collected in advance at June 30, 2024 and 2023, respectively. In addition, as of June 30, 2024 and 2023, NCSL had a balance from the Foundation of \$242,180 and \$475,292, respectively, representing amounts due from the Foundation for expenses paid on its behalf.

Note 13 - Jointly Governed Organizations

Federal Funds Information for States (FFIS)

Pursuant to a 1983 operating agreement, NCSL and the National Governors Association (NGA) established the Federal Funds Information for States 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 NCSL and NGA. As FFIS is a jointly governed organization, NCSL does not have an equity interest in FFIS. Accordingly, FFIS' results of operations are not included in the accompanying financial statements.

State and Local Legal Center (SLLC)

Pursuant to its bylaws, the State and Local Legal Center 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. During the year ended June 30, 2023, SLLC filed for dissolution and liquidated its assets and liabilities. As a result of this dissolution, NCSL received a payment of \$795,337 from SLLC representing a distribution of a portion of its final assets, which has been recorded as a component of nonoperating income (expense) during the year ended June 30, 2023.

SLLC was governed by a board of directors, and board membership was controlled equally by seven national organizations that represent state and local elected and appointed officials, including NCSL. As SLLC is a jointly governed organization, NCSL did not have an equity interest in SLLC. Accordingly, SLLC's results of operations are not included in the accompanying financial statements.

State Services Organization

Pursuant to an agreement, NCSL, NGA, and the Council of State Governments (CSG) established SSO for the purpose of providing services to and office space for NCSL, NGA, CSG, state governments, and associations. During the year ended June 30, 2023, SSO filed for dissolution and liquidated its assets and liabilities. SSO was governed by a board of directors, and board membership was controlled equally by NCSL, NGA, and CSG. As SSO is a jointly governed organization, NCSL did not have an equity interest in SSO. Accordingly, SSO's results of operations are not included in the accompanying financial statements of NCSL.

During the years ended June 30, 2024 and 2023, rent and fees charged by SSO to NCSL were \$0 and \$293,027, respectively.

Note 14 - Contingencies

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

Supplementary Information

National Conference of State Legislatures

Schedule of Appropriations by Entity

Year Ended June 30, 2024

Fiscal year 2024 appropriations received and receivable:

State/Territory		\$
Alabama		220,095
Alaska		139,939
American Samoa		24,463
Arizona		259,828
Arkansas		182,492
California		500,000
Colorado		234,087
Connecticut		193,588
Delaware		144,722
District of Columbia		139,118
Florida		264,289
Georgia		326,328
Guam		26,331
Hawaii		153,426
Idaho		80,300
Illinois		365,575
Indiana		252,991
Iowa		185,836
Kansas		181,110
Kentucky		210,400
Louisiana		213,240
Maine		151,689
Maryland		241,633
Massachusetts		257,549
Michigan		314,485
Minnesota		232,835
Mississippi		181,558
Missouri		241,204
Montana		146,496
Nebraska		162,878
Nevada		184,230
New Hampshire		151,969
New Jersey		299,747
New Mexico		165,793
New York		486,380
North Carolina		321,248

(Continued on the following page)

National Conference of State Legislatures

Schedule of Appropriations by Entity - Continued

Year Ended June 30, 2024

North Dakota	140,799
Northern Marianas	24,372
Ohio	335,000
Oklahoma	200,201
Oregon	205,394
Pennsylvania	369,124
Puerto Rico	187,611
Rhode Island	146,739
South Carolina	221,851
South Dakota	142,797
Tennessee	255,326
Texas	650,000
Utah	187,349
U.S. Virgin Islands	128,526
Vermont	138,258
Virginia	287,474
Washington	270,176
West Virginia	159,740
Wisconsin	236,328
Wyoming	137,007
International Affiliate	
Alberta	26,666
Ghana	50,000
Québec	40,984
Total fiscal year 2024 appropriations	<u>\$ 12,379,574</u>

National Conference of State Legislatures

Schedule of Appropriations by Entity

Year Ended June 30, 2023

Fiscal year 2023 appropriations received and receivable:

State/Territory		
Alabama	\$	211,622
Alaska		134,556
American Samoa		23,522
Arizona		249,823
Arkansas		175,469
California		500,000
Colorado		225,074
Connecticut		186,137
Delaware		139,153
District of Columbia		133,765
Georgia		313,761
Guam		25,319
Hawaii		147,523
Idaho		154,419
Illinois		351,495
Indiana		243,250
Iowa		89,342
Kansas		174,140
Kentucky		202,301
Louisiana		205,031
Maine		145,853
Maryland		232,330
Massachusetts		247,632
Michigan		302,374
Minnesota		223,871
Mississippi		174,571
Missouri		231,917
Montana		140,860
Nebraska		156,611
Nevada		177,139
New Hampshire		146,122
New Jersey		288,203
New Mexico		159,412
New York		484,201
North Carolina		308,875
North Dakota		135,382

(Continued on the following page)

National Conference of State Legislatures

Schedule of Appropriations by Entity - Continued

Year Ended June 30, 2023

Northern Marianas	23,435
Ohio	333,301
Oklahoma	192,495
Oregon	197,488
Pennsylvania	354,907
Puerto Rico	180,390
Rhode Island	141,093
South Carolina	213,310
South Dakota	137,304
Tennessee	245,495
Texas	644,835
Utah	180,138
Vermont	132,939
U.S. Virgin Islands	123,582
Virginia	276,404
Washington	259,773
West Virginia	153,593
Wisconsin	227,229
Wyoming	131,736
International Affiliate	
Ghana	25,000
Québec	39,407
Total fiscal year 2023 appropriations	<u>\$ 11,654,909</u>