LEGAL MOMENTUM

FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

EisnerAmper LLP
750 Third Avenue
New York, NY 10017-2703
T 212.949.8700
F 212.891.4100

www.eisneramper.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Legal Momentum
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Legal Momentum (the "Organization"), which are comprised of the statements of financial position as of June 30, 2016 and 2015, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the organization's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Momentum as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

New York, New York
December 27, 2016

LEGAL MOMENTUM

Statements of Financial Position

	June 30, 2016	June 30, 2015
ASSETS		
Cash and cash equivalents	**$ 367,284**	$ 294,823
Investments	**972,358**	981,493
Grants and contributions receivable	**1,397,400**	1,173,765
Other receivables		6,976
Prepaid expenses and other assets	**57,173**	123,109
Deferred rent asset	**33,647**	
Property and equipment, net	**52,341**	82,476
	$ 2,880,203	$ 2,662,642
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	**$ 264,444**	$ 187,453
Commitments and contingencies (Note K)		
Net assets:		
Unrestricted	**1,195,927**	1,282,333
Temporarily restricted	**1,219,832**	992,856
Permanently restricted	**200,000**	200,000
	2,615,759	2,475,189
	$ 2,880,203	$ 2,662,642

See notes to financial statements.

LEGAL MOMENTUM

Statements of Activities

	Year Ended June 30,							
	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:								
Contributions:								
Individual	**$ 413,975**	**$ 4,500**		**$ 418,475**	$ 380,282			$ 380,282
Corporations and foundations		**400,000**		**400,000**	239,167	$ 270,833		510,000
Bequests	**68,899**			**68,899**	250,231			250,231
Government grants		**450,000**		**450,000**		600,000		600,000
Special events (net of direct benefits to donors of $152,775 and $143,934 for 2016 and 2015, respectively)	**1,055,593**			**1,055,593**	998,078			998,078
Net investment loss	**(9,222)**			**(9,222)**	(85)			(85)
Rental income	**185,088**			**185,088**	86,088			86,088
Program income	**143,483**			**143,483**	67,908			67,908
Donated services	**1,025,191**			**1,025,191**	728,225			728,225
Other income	**19,828**			**19,828**	34,681			34,681
Total public support and revenue before net assets released from restriction	**2,902,835**	**854,500**		**3,757,335**	2,784,575	870,833		3,655,408
Net assets released from restriction	**627,524**	**(627,524)**		**0**	226,230	(226,230)		0
Total public support and revenue	**3,530,359**	**226,976**		**3,757,335**	3,010,805	644,603		3,655,408
Expenses:								
Program services:								
National judicial educational program	**642,286**			**642,286**	618,615			618,615
Legal	**1,977,564**			**1,977,564**	1,691,666			1,691,666
Total program services	**2,619,850**			**2,619,850**	2,310,281			2,310,281
Supporting services:								
Management and general	**311,658**			**311,658**	302,972			302,972
Fund-raising	**685,257**			**685,257**	757,825			757,825
Total supporting services	**996,915**			**996,915**	1,060,797			1,060,797
Total expenses	**3,616,765**			**3,616,765**	3,371,078			3,371,078
Change in net assets	**(86,406)**	**226,976**		**140,570**	(360,273)	644,603		284,330
Net assets, beginning of year	**1,282,333**	**992,856**	**$ 200,000**	**2,475,189**	1,642,606	348,253	$ 200,000	2,190,859
Net assets, end of year	**$ 1,195,927**	**$ 1,219,832**	**$ 200,000**	**$ 2,615,759**	$ 1,282,333	$ 992,856	$ 200,000	$ 2,475,189

See notes to financial statements.

LEGAL MOMENTUM

Statements of Functional Expenses
Year Ended June 30, 2016
(with summarized financial information for June 30, 2015)

	Program Services			Supporting Services			Total	
	National Judicial Educational Program	Legal	Total	Management and General	Fund-raising	Total	2016	2015
Expenses:								
Personnel:								
Salaries	$ 243,073	$ 549,695	$ 792,768	$ 129,815	$ 290,973	$ 420,788	$ 1,213,556	$ 1,285,709
Payroll taxes	16,462	37,227	53,689	8,791	19,706	28,497	82,186	99,117
Employee benefits	62,712	141,820	204,532	33,494	75,070	108,564	313,096	299,883
	322,247	728,742	1,050,989	172,100	385,749	557,849	1,608,838	1,684,709
Donated legal services	17,174	930,235	947,409	26,687	51,096	77,783	1,025,192	728,225
Occupancy	97,895	221,383	319,278	52,281	117,186	169,467	488,745	485,367
Conferences, meetings and travel	31,376	11,706	43,082	1,315	6,315	7,630	50,712	32,047
Insurance	2,926	6,584	9,510	1,864	3,450	5,314	14,824	15,602
Consultants and subcontractors	133,358	3,084	136,442	5,175	2,829	8,004	144,446	139,897
Accountants and professional fees	3,220	4,845	8,065	24,010	391	24,401	32,466	47,339
Publications, subscriptions, and Memberships	2,363	603	2,966	99	7,944	8,043	11,009	35,949
Office supplies and equipment	20,341	46,298	66,639	8,644	27,355	35,999	102,638	93,797
Telephone and mail	2,840	5,162	8,002	1,773	8,261	10,034	18,036	21,558
Bank charges and interest				6,238	7,013	13,251	13,251	12,440
Miscellaneous	3,354	7,183	10,537	8,703	2,883	11,586	22,123	8,920
Depreciation and amortization	5,192	11,739	16,931	2,769	6,214	8,983	25,914	26,102
Special events					58,571	58,571	58,571	39,126
	320,039	1,248,822	1,568,861	139,558	299,508	439,066	2,007,927	1,686,369
Total expenses	$ 642,286	$ 1,977,564	$ 2,619,850	$ 311,658	$ 685,257	$ 996,915	$ 3,616,765	$ 3,371,078

LEGAL MOMENTUM

Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services			Supporting Services			
	National Judicial Educational Program	**Domestic and Campus Sexual Violence, * Helpline, and Legal**	**Total**	**Management and General**	**Fund-raising**	**Total**	**Total Expense**
Expenses:							
Personnel:							
Salaries	$ 247,904	$ 597,397	$ 845,301	$ 130,983	$ 309,425	$ 440,408	$ 1,285,709
Payroll taxes	19,205	46,281	65,486	9,660	23,971	33,631	99,117
Employee benefits	57,728	139,114	196,842	30,986	72,055	103,041	299,883
	324,837	782,792	1,107,629	171,629	405,451	577,080	1,684,709
Donated legal services	25,437	590,817	616,254	31,904	80,067	111,971	728,225
Occupancy	93,586	225,523	319,109	49,447	116,811	166,258	485,367
Conferences, meetings and travel	17,316	8,765	26,081	1,091	4,875	5,966	32,047
Insurance	3,008	7,250	10,258	1,589	3,755	5,344	15,602
Consultants and subcontractors	122,739	3,336	126,075	1,075	12,747	13,822	139,897
Accountants and professional fees	3,116	7,510	10,626	31,647	5,066	36,713	47,339
Publications, subscriptions, and memberships	2,792	4,761	7,553	299	28,097	28,396	35,949
Office supplies and equipment	17,460	41,409	58,869	7,046	27,882	34,928	93,797
Telephone and mail	2,738	5,499	8,237	1,438	11,883	13,321	21,558
Bank charges and interest				2,788	9,652	12,440	12,440
Miscellaneous	553	1,876	2,429	360	6,131	6,491	8,920
Depreciation and amortization	5,033	12,128	17,161	2,659	6,282	8,941	26,102
Special events					39,126	39,126	39,126
	293,778	908,874	1,202,652	131,343	352,374	483,717	1,686,369
Total expenses	$ 618,615	$ 1,691,666	$ 2,310,281	$ 302,972	$ 757,825	$ 1,060,797	$ 3,371,078

* Refer to the reclassification footnote (See Note A[16])

LEGAL MOMENTUM

Statements of Cash Flows

	Year Ended June 30, 2016	Year Ended June 30, 2015
Cash flows from operating activities:		
Change in net assets	**$ 140,570**	$ 284,330
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**25,917**	26,102
Losses on disposal of equipment	**6,288**	366
Donated marketable securities	**(53,020)**	(30,113)
Proceeds from sales of marketable securities	**53,020**	30,113
Net realized and unrealized losses on investments	**29,112**	33,739
Deferred rent	**(33,647)**	(31,222)
Changes in:		
Grants and contributions receivable	**(223,635)**	(767,406)
Other receivables	**6,976**	(4,457)
Prepaid expenses and other assets	**65,936**	(67,015)
Accounts payable and other liabilities	**76,991**	(69,886)
Net cash provided by (used in) operating activities	**94,508**	(595,449)
Cash flows from investing activities:		
Proceeds from sales of investments	**169,548**	30,534
Purchases of investments	**(189,525)**	(63,264)
Purchases of property and equipment	**(2,070)**	(3,392)
Net cash used in investing activities	**(22,047)**	(36,122)
Cash flows from financing activities:		
Proceeds from loan under of credit	**200,000**	130,000
Repayments on loan under of credit	**(200,000)**	(130,000)
Net cash provided by financing activities	**0**	0
Change in cash and cash equivalents	**72,461**	(631,571)
Cash and cash equivalents, beginning of year	**294,823**	926,394
Cash and cash equivalents, end of year	**$ 367,284**	$ 294,823
Supplemental disclosures of cash flow information:		
Donated services	**$ 1,025,191**	$ 728,225

See notes to financial statements.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] The Organization:

Legal Momentum (the "Organization"), formerly known as the NOW Legal Defense and Education Fund, was established in 1970 under the not-for-profit laws of the District of Columbia. The Organization pursues equality for women and girls in the workplace, the schools, the family, and the courts, using a variety of strategies, including litigation, policy analysis, administrative advocacy, and public education programs.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws. The Organization has filed an election with the Internal Revenue Service to make expenditures to influence legislation.

[2] Basis of accounting:

The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

[3] 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, liabilities, revenues and expenses, as well as the disclosure of contingencies. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

For financial-reporting purposes, the Organization considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. Cash and cash equivalents considered to be part of the Organization's investment portfolio are reported as investments in the accompanying financial statements.

[5] Investments:

Investments in cash and cash equivalents held in interest-bearing accounts, and debt securities with readily determinable fair values, are reported at their fair values in the accompanying statements of financial position, with realized and unrealized gains and losses included in the accompanying statements of activities. The Organization's mutual funds, consisting of equity and fixed-income funds, are also reported at values determined by the related investment managers or advisors and are reviewed by the Organization's management for reasonableness.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments are determined by comparisons of the average costs of acquisition to the proceeds received at the time of disposition. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their fair values, as determined on the date of gift, with realized gains or losses recorded when the securities are sold. The Organization's general policy is to sell donated securities immediately upon receipt. Accordingly, for purposes of the accompanying statements of cash flows, donated securities received and sold within the same year are reported in operating activities.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Property and equipment:

The Organization's property and equipment are reported at their original costs at the dates of acquisition, or, if contributed, at their fair values at their dates of donation. Minor costs of repairs and maintenance are expensed as incurred. The Organization capitalizes property and equipment that have a cost of $1,000 or more and useful lives greater than one year. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the respective assets, ranging from three to ten years. Leasehold improvements are amortized over either the useful lives of the assets or the term of the leases, whichever are shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2016 and 2015, respectively, and, in the opinion of management, there were no impairments. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Accrued vacation:

Accrued vacation is a liability that represents the Organization's obligation for the cost of unused employee vacation time that would be payable in the event of all employees' departures; the obligation is recalculated every year. At June 30, 2016 and 2015, the accrued vacation obligation was $69,504 and $84,653, respectively, and was reported as part of accounts payable and other liabilities in the accompanying statements of financial position.

[8] Deferred rent:

The difference between rent expense incurred by the Organization on an accrual basis and the lesser amounts paid in cash is attributable to scheduled rent increases and is reported in the accompanying statements of financial position as a deferred rent asset at June 30, 2016, and as part of accounts payable and other liabilities at June 30, 2015.

[9] Net assets:

(i) Unrestricted:

Unrestricted net assets represent those resources that are not subject to donor restrictions and are available for current operations.

(ii) Temporarily restricted:

Temporarily restricted net assets represent those resources that are subject to the requirements of Washington D.C.'s Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and the use of which has been restricted by donors or local law for specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Directors, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statements of activities as "net assets released from restrictions."

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Net assets: (continued)

(iii) Permanently restricted:

Permanently restricted net assets represent those resources the principal of which is originally restricted into perpetuity by donors. The purposes for which the income and net capital appreciation arising from the underlying assets may be used depend on the wishes of those donors. Under the terms of UPMIFA, those earnings are classified as temporarily restricted in the accompanying statements of activities, pending action by the Board of Directors.

[10] Revenue recognition:

(i) Contributions and bequests:

Contributions to the Organization are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are recorded as either temporarily or permanently restricted if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the specified conditions have been met. The Organization records bequest income at the time it has an established right to a bequest and the proceeds are measurable. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

(ii) Governmental grants:

Government grants and contracts are recognized as temporarily restricted support when received and are released from restrictions when related expenditures are incurred.

(iii) Rental income:

The Organization subleases a portion of its District of Columbia's office space to unrelated tenants under month-to-month operating lease agreements, which are cancellable by either the Organization or the tenants with appropriate notification.

(iv) Program income:

The Organization's program income consists of sales of instructional materials, honoraria paid to Legal Momentum staff by other organizations and attorneys' fees, and income is recorded when services are provided.

[11] Donated services:

Donated services are recognized in the financial statements if those services: (i) require specialized skills, (ii) are provided by individuals possessing those skills, and (iii) would typically need to be purchased if not provided by donation. Donated services are recorded as support at their estimated fair values at the dates of donation and are reported as unrestricted support. Donated pro-bono legal services for the Organization for fiscal-years 2016 and 2015 were $1,025,191 and $728,225, respectively.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Functional allocation of expenses:

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services using reasonable and consistent ratios determined by management.

[13] Interns:

A substantial number of unpaid interns (approximately 20 to 25 per year) have made significant contributions of their time to the Organization. The value of this contributed time does not meet the criteria for recognition of contributed services required under generally accepted accounting principles and, accordingly, is not included in the accompanying financial statements.

[14] Income tax uncertainties:

The Organization is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's financial statements.

[15] New accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities.* ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard will be effective for annual reporting periods beginning after December 15, 2017. The Organization has elected not to early adopt the new reporting standard.

[16] Reclassification:

Certain amounts included in the prior fiscal-year's financial statements have been reclassified to conform to the current fiscal-year's presentation. These reclassifications had no effect on the previously reported change in net assets.

[17] Subsequent events:

The Organization considers all of the accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after the fiscal year-end through December 27, 2016, the date on which the financial statements were available to be issued.

NOTE B - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30,			
	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	**$ 264,172**	**$ 264,172**	$ 184,857	$ 184,857
Mutual funds:				
Fixed-income funds	**312,086**	**312,748**	307,389	305,448
Equity funds	**391,360**	**310,320**	481,615	387,935
U.S. government obligations	**4,740**	**920**	7,632	14,339
	$ 972,358	**$ 888,160**	$ 981,493	$ 892,579

During each fiscal year, net investment (losses) income consisted of the following:

	Year Ended June 30,	
	2016	2015
Interest and dividends	**$ 19,890**	$ 33,654
Net realized (losses) gains	**(24,396)**	421
Net unrealized losses	**(4,716)**	(34,160)
	$ (9,222)	$ (85)

The FASB's ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for the same or identical assets and liabilities at the reporting date.

Level 2: Valuations are based on (i) quoted prices for similar investments in active markets, or (ii) quoted prices for those investments, or similar investments in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the investments, or the investments cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfers of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. There were no transfers between the fair-value hierarchy levels between during fiscal-years 2016 and 2015.

All of the Organization's investments are in Level 1 of the fair-value hierarchy.

NOTE C - RECEIVABLES

[1] Grants and contributions receivable:

Grants and pledges of future contributions made to the Organization as of each fiscal year-end, but not yet collected as of that date, were reported as grants and contributions receivable of $1,397,400 and $1,165,405 at June 2016 and 2015, respectively, and were estimated to be collected within one year. Based on prior experience, management expects to collect the receivables in full, and, accordingly, has not established an allowance for uncollectible accounts.

[2] Other receivables:

At each fiscal year-end, other receivables consisted of amounts due to the Organization for exchange-type transactions. All amounts are due within one year. Based on management's past experience, all receivables in this category are expected to be fully collected.

NOTE D - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	June 30, 2016	June 30, 2015
Furniture and fixtures	**$ 87,851**	$ 87,851
Telephone system	**2,742**	2,742
Computers	**10,420**	8,350
Leasehold improvements	**89,890**	177,855
	190,903	276,798
Less accumulated depreciation and amortization	**(138,562)**	(194,322)
	$ 52,341	$ 82,476

During fiscal-year 2016, the Organization wrote off property and equipment of $87,965, with accumulated depreciation of $81,677, resulting in loss on the disposition of $6,288. During fiscal-year 2015, the Organization wrote off property and equipment of $2,205, with accumulated depreciation of $1,839, resulting in loss on the disposition of $366.

NOTE E - EMPLOYEE-BENEFIT PLANS

The Organization has a defined-contribution retirement plan, established under Section 403(b) of the Internal Revenue Code. The plan covers all employees who meet the Organization's length-of-service requirements. Contributions by the Organization are discretionary and can be made only with the Board of Directors' approval. The Organization's contribution for fiscal-years 2016 and 2015 was approximately $55,000 and $52,000, respectively.

In addition, the Organization has a section 403(b) tax-sheltered annuity retirement plan, which is available to all employees. Contributions are made by employees and are not matched by the Organization.

NOTE F - SIGNIFICANT SOURCES OF REVENUE

The Organization received grants from the U.S. Department of Justice Office on Violence Against Women in the amounts of $450,000 and $600,000 for fiscal-years 2016 and 2015, respectively. Such grants represented 34% of total public support for both fiscal years. Also during fiscal-years 2016 and 2015, the Organization received a contribution from a donor in the amount of $400,000 and $600,000, respectively. Such contributions represented 30% and 29% of total public support during fiscal-years 2016 and 2015, respectively.

NOTE G - CONCENTRATION OF CREDIT RISK

The Organization deposits its cash with major banking institutions in amounts which may, at times, be in excess of federal insurance limits. Management believes that the Organization has no significant risk of loss on these accounts due to the failure of the institutions, but, if appropriate, the Organization could purchase additional insurance coverage.

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

At each fiscal year-end, temporarily restricted net assets consisted of the following:

	June 30, 2016	June 30, 2015
National judicial educational program	**$ 798,999**	$ 722,023
Time restricted	**420,833**	270,833
	$ 1,219,832	$ 992,856

During each fiscal year, net assets released from restrictions consisted of the following:

	Year Ended June 30, 2016	Year Ended June 30, 2015
National judicial educational program	**$ 377,524**	$ 226,230
Time restricted	**250,000**	
	$ 627,524	$ 226,230

NOTE I - PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2016 and 2015, net assets of $200,000 were permanently restricted, with investment earnings during each fiscal year to be used for legal support.

NOTE J - ACCOUNTING AND REPORTING FOR ENDOWMENTS

[1] The endowment:

The Organization's endowment consists of a single donor-restricted fund, which is reported as permanently restricted.

NOTE J - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[2] Interpretation of relevant law:

UPMIFA is applicable to all of the Organization's institutional funds, including its donor-restricted endowment funds. The Board of Directors adheres to UPMIFA's requirements.

[3] Endowment objectives:

The Organization has adopted investment and spending policies for its endowment assets that are intended to provide a predictable stream of funding to the programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets.

NOTE K - COMMITMENTS AND CONTINGENCIES

[1] Operating leases:

The Organization rented office space in Washington, D.C. under a lease that was set to expire in May 2017. The Organization also entered into a sublease agreement for a portion of the Washington D.C. office space under a cancelable operating lease. Pursuant to a provision within the lease agreement, this tenant exercised the option to terminate the lease, effective January 31, 2015. In addition, during fiscal-year 2015, the Organization entered into a separate sublease agreement for an additional portion of its Washington D.C.'s office space. In May 2016, the Organization terminated the Washington, D.C. office lease and notified the sublease tenant of the lease termination.

During fiscal-years 2016 and 2015, rental income generated from the above-referenced sublease agreements amounted to approximately $185,000 and $74,000, respectively.

The Organization subleased office space in New York City, which was set to expire in February 2019. During fiscal-year 2016, the Organization was notified that the leaseholder ceased operations, filed bankruptcy protection, and stopped remitting cash payments for the rent made by the Organization and due to the primary lease holder. The Organization continued to accrue for the monthly rental expense, which is included in accounts payable and other liabilities at June 30, 2016. In June 2016, the Organization terminated the New York City office lease with the sublessor and has entered into a new lease agreement in a new location in New York City. The new lease commenced on September 1, 2016 and expires on December 31, 2018. The new lease is a fixed rent of $10,000 per month until the end of the lease.

Rent expense was approximately $489,000 and $476,000 for fiscal-years 2016 and 2015, respectively.

The Organization is also obligated under certain office equipment lease agreements. The obligations are payable in annual installments of approximately $12,000 through June 2017.

The minimum annual future rental commitments under the lease agreements are approximately as follows:

Year Ending June 30,	
2017	$ 155,000
2018	120,000
2019	60,000
	$ 335,000

NOTE K - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[2] Revolving line-of-credit agreement:

During fiscal-year 2015, the Organization had an available revolving line-of-credit with a bank in the amount of $500,000. Amounts drawn down under the line-of-credit were subject to interest at 2.50% plus the prime rate of 3.5%. During fiscal-year 2016, the Organization drew down $200,000 and repaid the full amount by June 30, 2016. The line of credit automatically renews unless written notice is provided by the Organization and or the lender. Subsequent to June 30, 2016 the line of credit has automatically renewed.

[3] Government contracts:

The Organization's government-funded activities are subject to audit by the applicable granting agencies. At June 30, 2016, there were no material obligations outstanding as a result of such audits, and the Organization's management believes that unaudited projects will not result in any material obligations.

[4] Employment agreement:

The Organization has an employment agreement with its President.