

EISNERAMPER

LEGAL MOMENTUM

FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

EISNERAMPER
LLP



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 comprise the statements of financial position as of June 30, 2018 and 2017, and 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.

Auditor's 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 auditor's judgment, 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audits 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, 2018 and 2017, 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

EISNERAMPER LLP
New York, New York
November 27, 2018



LEGAL MOMENTUM

Statements of Financial Position

	June 30,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 1,026,765	\$ 731,851
Grants and contributions receivable	279,708	795,976
Investments	932,309	891,689
Prepaid expenses and other assets	19,783	19,959
Property and equipment, net	<u>20,457</u>	<u>29,702</u>
	<u>\$ 2,279,022</u>	<u>\$ 2,469,177</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	\$ 153,591	\$ 127,542
Loan payable		<u>26,234</u>
	<u>153,591</u>	<u>153,776</u>
Commitments and contingencies (see Note M)		
Net assets:		
Unrestricted	1,645,723	1,319,425
Temporarily restricted	279,708	795,976
Permanently restricted	<u>200,000</u>	<u>200,000</u>
	<u>2,125,431</u>	<u>2,315,401</u>
	<u>\$ 2,279,022</u>	<u>\$ 2,469,177</u>

LEGAL MOMENTUM

Statements of Activities

	Year Ended June 30,							
	2018			2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:								
Contributions:								
Individual	\$ 335,954	\$ 225,932		\$ 561,886	\$ 140,037	\$ 240,870		\$ 380,907
Corporations and foundations	8,000	5,000		13,000	5,000	50,000		55,000
Bequests	8,578			8,578	58,166			58,166
Government grants		95,269		95,269		250,090		250,090
Special events (net of direct benefits to donors of \$153,367 and \$168,233 for 2018 and 2017, respectively)	993,146			993,146	1,261,415			1,261,415
Net investment gains	30,008	8,642		38,650	55,914	14,358		70,272
Program income	2,552			2,552	46,234			46,234
Donated goods and services	1,602,704			1,602,704	2,258,875			2,258,875
Other income					4,944			4,944
Total public support and revenue before net assets released from restriction	2,980,942	334,843		3,315,785	3,830,585	555,318		4,385,903
Net assets released from restriction	851,111	(851,111)		0	979,174	(979,174)		0
Total public support and revenue	3,832,053	(516,268)		3,315,785	4,809,759	(423,856)		4,385,903
Expenses:								
Program services:								
National judicial educational program	599,686			599,686	615,476			615,476
Legal programs	2,318,632			2,318,632	3,098,711			3,098,711
Total program services	2,918,318			2,918,318	3,714,187			3,714,187
Supporting services:								
Management and general	193,658			193,658	236,382			236,382
Fund-raising	393,779			393,779	472,791			472,791
Total supporting services	587,437			587,437	709,173			709,173
Total expense	3,505,755			3,505,755	4,423,360			4,423,360
Change in net assets before lease exit activity net losses	326,298	(516,268)		(189,970)	386,399	(423,856)		(37,457)
Lease exit activity net losses					(262,901)			(262,901)
Change in net assets	326,298	(516,268)		(189,970)	123,498	(423,856)		(300,358)
Net assets, beginning of year	1,319,425	795,976	\$ 200,000	2,315,401	1,195,927	1,219,832	\$ 200,000	2,615,759
Net assets, end of year	\$ 1,645,723	\$ 279,708	\$ 200,000	\$ 2,125,431	\$ 1,319,425	\$ 795,976	\$ 200,000	\$ 2,315,401

See notes to financial statements.

LEGAL MOMENTUM

Statement of Functional Expenses Year Ended June 30, 2018

(with summarized financial information for June 30, 2017)

	Program Services			Supporting Services			Total	
	National Judicial Educational Program	Legal Programs	Total	Management and General	Fund-raising	Total	2018	2017
Expenses:								
Personnel:								
Salaries	\$ 328,890	\$ 359,241	\$ 688,131	\$ 39,254	\$ 185,311	\$ 224,565	\$ 912,696	\$ 1,059,260
Payroll taxes	22,580	23,798	46,378	2,912	12,522	15,434	61,812	68,846
Employee benefits	96,342	110,487	206,829	16,542	38,921	55,463	262,292	281,980
	<u>447,812</u>	<u>493,526</u>	<u>941,338</u>	<u>58,708</u>	<u>236,754</u>	<u>295,462</u>	<u>1,236,800</u>	<u>1,410,086</u>
Donated goods and services	1,403	1,583,767	1,585,170	9,400	8,134	17,534	1,602,704	2,232,345
Occupancy	42,929	45,751	88,680	7,034	24,436	31,470	120,150	206,660
Conferences, meetings and travel	5,344	14,187	19,531	11,463	2,549	14,012	33,543	54,842
Insurance	5,896	6,372	12,268	948	3,378	4,326	16,594	18,453
Consultants and subcontractors	36,776	118,937	155,713	19,490	38,186	57,676	213,389	150,286
Accountants and professional fees	5,629	8,444	14,073	75,289	5,629	80,918	94,991	93,029
Publications, subscriptions, and memberships	1,416	1,405	2,821	3,784	8,888	12,672	15,493	8,696
Office supplies and equipment	46,519	39,831	86,350	5,708	25,103	30,811	117,161	94,101
Telephone and mail	3,022	3,279	6,301	1,462	2,435	3,897	10,198	15,182
Bank charges and interest				274	6,948	7,222	7,222	20,811
Miscellaneous								8,309
Depreciation and amortization	2,940	3,133	6,073	98	1,674	1,772	7,845	10,465
Moving expenses								49,105
Special events					29,665	29,665	29,665	50,990
	<u>151,874</u>	<u>1,825,106</u>	<u>1,976,980</u>	<u>134,950</u>	<u>157,025</u>	<u>291,975</u>	<u>2,268,955</u>	<u>3,013,274</u>
Total expenses	<u>\$ 599,686</u>	<u>\$ 2,318,632</u>	<u>\$ 2,918,318</u>	<u>\$ 193,658</u>	<u>\$ 393,779</u>	<u>\$ 587,437</u>	<u>\$ 3,505,755</u>	<u>\$ 4,423,360</u>

See notes to financial statements.

LEGAL MOMENTUM

Statement of Functional Expenses Year Ended June 30, 2017

	Program Services			Supporting Services			Total Expense
	National Judicial Educational Program	Legal Programs	Total	Management and General	Fund-raising	Total	
Expenses:							
Personnel:							
Salaries	\$ 307,935	\$ 482,112	\$ 790,047	\$ 66,766	\$ 202,447	\$ 269,213	\$ 1,059,260
Payroll taxes	20,014	31,335	51,349	4,339	13,158	17,497	68,846
Employee benefits	<u>81,974</u>	<u>128,340</u>	<u>210,314</u>	<u>17,774</u>	<u>53,892</u>	<u>71,666</u>	<u>281,980</u>
	<u>409,923</u>	<u>641,787</u>	<u>1,051,710</u>	<u>88,879</u>	<u>269,497</u>	<u>358,376</u>	<u>1,410,086</u>
Donated goods and services	9,067	2,178,906	2,187,973	19,275	25,097	44,372	2,232,345
Occupancy	60,078	94,059	154,137	13,026	39,497	52,523	206,660
Conferences, meetings and travel	26,544	18,669	45,213	4,104	5,525	9,629	54,842
Insurance	5,364	8,399	13,763	1,163	3,527	4,690	18,453
Consultants and subcontractors	44,842	62,125	106,967	30,283	13,036	43,319	150,286
Accountants and professional fees	9,322	13,987	23,309	60,229	9,491	69,720	93,029
Publications, subscriptions, and memberships	1,904	1,845	3,749	143	4,804	4,947	8,696
Office supplies and equipment	25,719	42,784	68,503	4,452	21,146	25,598	94,101
Telephone and mail	3,163	4,938	8,101	1,011	6,070	7,081	15,182
Bank charges and interest				9,543	11,268	20,811	20,811
Miscellaneous	2,233	4,099	6,332	519	1,458	1,977	8,309
Depreciation and amortization	3,042	4,763	7,805	660	2,000	2,660	10,465
Moving expenses	14,275	22,350	36,625	3,095	9,385	12,480	49,105
Special events					<u>50,990</u>	<u>50,990</u>	<u>50,990</u>
	<u>205,553</u>	<u>2,456,924</u>	<u>2,662,477</u>	<u>147,503</u>	<u>203,294</u>	<u>350,797</u>	<u>3,013,274</u>
Total expenses	<u>\$ 615,476</u>	<u>\$ 3,098,711</u>	<u>\$ 3,714,187</u>	<u>\$ 236,382</u>	<u>\$ 472,791</u>	<u>\$ 709,173</u>	<u>\$ 4,423,360</u>

LEGAL MOMENTUM

Statements of Cash Flows

	Year Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (189,970)	\$ (300,358)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,845	10,465
Property in lieu of monetary compensation	1,400	
Loss on disposition of equipment		40,105
Donated furniture and fixtures capitalized		(26,530)
Donated marketable securities	(63,510)	(56,460)
Proceeds from sales of marketable securities	63,510	56,460
Net realized and unrealized gains on investments	(1,860)	(49,211)
Deferred rent		33,647
Changes in:		
Grants and contributions receivable	516,268	601,424
Prepaid expenses and other assets	176	37,214
Accounts payable and other liabilities	26,049	(136,902)
Net cash provided by operating activities	<u>359,908</u>	<u>209,854</u>
Cash flows from investing activities:		
Proceeds from sales of investments	26,395	696,915
Purchases of investments	(65,155)	(567,035)
Purchases of property and equipment		(1,401)
Net cash (used in) provided by investing activities	<u>(38,760)</u>	<u>128,479</u>
Cash flows from financing activities:		
Proceeds from loan received under line of credit		300,775
Repayments on loan received under line of credit		(300,775)
Proceeds from loan received from Fund for the City of New York		26,234
Repayments on loan received from Fund for the City of New York	(26,234)	
Net cash (used in) provided by financing activities	<u>(26,234)</u>	<u>26,234</u>
Increase in cash and cash equivalents	294,914	364,567
Cash and cash equivalents, beginning of year	<u>731,851</u>	<u>367,284</u>
Cash and cash equivalents, end of year	<u>\$ 1,026,765</u>	<u>\$ 731,851</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest		<u>\$ 9,541</u>
Donated goods and services	<u>\$ 1,602,704</u>	<u>\$ 2,258,875</u>

See notes to financial statements.

LEGAL MOMENTUM

Notes to Financial Statements June 30, 2018 and 2017

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 Code to make expenditures to influence legislation.

[2] Basis of accounting:

The 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 ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could 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 that are part of the Organization's investment portfolio are reported as investments in the financial statements.

[5] Investments:

The Organization's investments in mutual funds and U.S. government obligations are reported at their fair values in the statements of financial position, based on quoted market prices. Cash and cash equivalents held as part of the investment portfolio are also included in the balances reported as investments.

The Organization's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in unrestricted net assets, unless their use is restricted on a temporary or permanent basis through donor stipulation. Realized gains and losses on investments are determined by comparison of the investments' cost at the time of acquisition to the proceeds received at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investments' cost to the fair values at the end of each fiscal year. The earnings from dividends and interest are recognized when earned.

LEGAL MOMENTUM

Notes to Financial Statements June 30, 2018 and 2017

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

[5] Investments: (continued)

Donated securities are recorded at their estimated fair values, as determined on the dates of gifts, with realized gains or losses recorded when the securities are sold. The Organization's general policy is to sell donated securities immediately upon receipt and accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

[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, as an asset, each item of property and equipment that has a cost of \$1,000 or more and a useful life greater than one year. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the respective furniture and equipment, ranging from three to 10 years. Leasehold improvements are amortized over either the useful lives of the assets or the terms 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, 2018 and 2017, 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, 2018 and 2017, the accrued vacation obligation was \$67,121 and \$66,093, respectively, and was reported as part of accounts payable and other liabilities in the accompanying statements of financial position.

[8] 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") as well as those resources for which the use has been restricted by donors 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 statements of activities as "net assets released from restrictions."

LEGAL MOMENTUM

Notes to Financial Statements June 30, 2018 and 2017

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

[8] Net assets: (continued)

(iii) Permanently restricted:

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

[9] 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) 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. Income is recognized when the related services are provided.

(iv) Donated goods and services:

For recognition of donated goods and services in the Organization's financial statements, such goods or services must (i) create or enhance non-financial assets and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing these skills. Donated goods and services are recorded as support at their estimated fair values at the dates of donation and are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Donated services, and those donated goods that do not meet the Organization's capitalization requirements, are reported as both contributions and offsetting expenses in the statements of activities. Donated goods meeting the Organization's capitalization requirements are recorded within the related asset class in the statements of financial position.

LEGAL MOMENTUM

Notes to Financial Statements June 30, 2018 and 2017

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

[9] Revenue recognition (continued)

(v) *Donated goods and services: (continued)*

During fiscal-years 2018 and 2017, the Organization received \$1,602,704 and \$2,232,345 of pro bono legal services, respectively. During fiscal-year 2017, the Organization also received \$26,530 of office donated equipment. There was no donated office equipment during fiscal-year 2018.

A substantial number of unpaid interns (approximately 10 to 20 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 U.S. GAAP and, accordingly, is not included in the financial statements.

[10] 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 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. Indirect costs have been allocated on the basis of payroll.

[11] Income taxes:

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 anticipated to have, a material impact on the Organization's financial statements.

[12] Upcoming accounting change:

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 amends 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 the 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 will adopt the accounting pronouncement for 2018.

[13] Subsequent events:

The Organization evaluated subsequent events through November 27, 2018, the date on which the financial statements were available to be issued.

LEGAL MOMENTUM

Notes to Financial Statements June 30, 2018 and 2017

NOTE B - INVESTMENTS

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

	June 30,			
	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 19,386	\$ 19,386	\$ 121,184	\$ 121,184
Mutual funds:				
Fixed-income funds	249,673	248,393	361,651	356,970
Equity funds	661,033	573,790	406,512	303,843
U.S. government obligations	2,217	442	2,342	463
	<u>\$ 932,309</u>	<u>\$ 842,011</u>	<u>\$ 891,689</u>	<u>\$ 782,460</u>

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

	Year Ended June 30,	
	2018	2017
	Interest and dividends	\$ 36,790
Net realized gains	20,791	24,180
Net unrealized (losses) gains	<u>(18,931)</u>	<u>25,031</u>
	<u>\$ 38,650</u>	<u>\$ 70,272</u>

The FASB's ASC Topic 820, *Fair Value Measurements*, 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 investments 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. However, all of the Organization's investments are in Level 1 of the fair-value hierarchy, and there were no transfers among the fair-value hierarchy levels during fiscal-years 2018 and 2017.

LEGAL MOMENTUM

Notes to Financial Statements June 30, 2018 and 2017

NOTE C - RECEIVABLES

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 totaling \$279,708 and \$795,976 at June 2018 and 2017, 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.

NOTE D - PROPERTY AND EQUIPMENT

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

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Furniture and fixtures	\$ 26,530	\$ 26,530
Telephone system	2,742	2,742
Computers	<u>10,421</u>	<u>11,821</u>
	39,693	41,093
Less: accumulated depreciation and amortization	<u>(19,236)</u>	<u>(11,391)</u>
	<u>\$ 20,457</u>	<u>\$ 29,702</u>

During fiscal-year 2017, the Organization relocated its office space in New York City and disposed of property and equipment of \$177,741, with accumulated depreciation of \$137,636, resulting in a loss on the disposition of \$40,105, which is included in lease exit activity net losses on the accompanying statements of activities.

NOTE E - NOTE PAYABLE

[1] Bridge loan:

In June 2017, the Organization entered into a bridge loan agreement with the Fund for the City of New York (the "Fund") for \$26,234 to cover operating expenses pending receipt of funds from New York City Council-Young Women Initiative-Prevent Sexual Assault Program ("NYCC"). The loan was non-interest bearing and was due in 90 days from the date the Organization signed the loan agreement. During fiscal-year 2018, NYCC repaid this loan in full to the Fund, in lieu of direct payment from the Organization, fully satisfying the loan terms.

[2] Revolving line-of-credit agreement:

The Organization has an available line-of-credit with a bank in the amount of \$200,000. Amounts drawn down under the line-of-credit are subject to interest at 2.5% plus the prime rate of 3.5%. No amounts were drawn down during and at June 30, 2018. During fiscal-year 2017, the Organization cumulatively drew down \$300,775 and repaid the full amount by June 30, 2017. The line of credit automatically renews unless written notice is provided by the Organization and or the lender.

LEGAL MOMENTUM

Notes to Financial Statements June 30, 2018 and 2017

NOTE F - REPORTING EXPENSES ON A FUNCTIONAL BASIS

U.S. GAAP requires the Organization's expenses to be reported on a functional basis. Accordingly, during each fiscal year, total expenses were allocated among program and supporting services as follows:

	Year Ended June 30,	
	2018	2017
Program	\$ 2,918,318	\$ 3,714,187
Management and general	193,658	236,382
Fund-raising	547,146	641,024
	<u>\$ 3,659,122</u>	<u>\$ 4,591,593</u>

The above expenses are inclusive of the direct benefit to donors reported net with revenue in the statements of activities.

NOTE G - EMPLOYEE-BENEFIT PLANS

The Organization has a defined-contribution retirement plan, established under Section 403(b) of the 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 2018 and 2017 was approximately \$47,000 and \$46,000, 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 H - SIGNIFICANT SOURCES OF REVENUE

During fiscal-year 2018 the Organization received contributions from three donors totaling \$244,412, which represented approximately 36% of total public support for 2018. During fiscal-year 2017, the Organization received contributions from two donors totaling \$280,400, which represented approximately 35% of total public support for 2017.

NOTE I - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in financial institutions, the balances of which, from time to time, may exceed federal insurance limits. However, management believes that the Organization does not face a significant risk of loss on these accounts due to failures of those institutions.

LEGAL MOMENTUM

Notes to Financial Statements June 30, 2018 and 2017

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

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

	June 30,	
	2018	2017
National judicial educational program	\$ 63,739	\$ 364,210
Gender justice fellowship program	30,776	146,895
Time-restricted	<u>185,193</u>	<u>284,871</u>
	<u>\$ 279,708</u>	<u>\$ 795,976</u>

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

	Year Ended June 30,	
	2018	2017
National judicial educational program	\$ 364,211	\$ 440,788
Gender justice fellowship program	227,030	117,553
Time-restricted	<u>259,870</u>	<u>420,833</u>
	<u>\$ 851,111</u>	<u>\$ 979,174</u>

NOTE K - PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2018 and 2017, net assets of \$200,000 were permanently restricted, with investment earnings during each fiscal year to be used for legal support.

NOTE L - 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.

[2] Interpretation of relevant law:

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

LEGAL MOMENTUM

**Notes to Financial Statements
June 30, 2018 and 2017**

NOTE L - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[3] Changes in endowment net assets:

During each fiscal year, endowment net assets changed as follows:

	June 30, 2018		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year		\$ 200,000	\$ 200,000
Investment income	\$ 8,642		8,642
Appropriation of endowment assets for expenditures	<u>(8,642)</u>		<u>(8,642)</u>
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
	June 30, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year		\$ 200,000	\$ 200,000
Investment income	\$ 14,358		14,358
Appropriation of endowment assets for expenditures	<u>(14,358)</u>		<u>(14,358)</u>
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

[4] Endowment objectives:

The Organization is in the process of adopting 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.

[5] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original, permanently restricted contribution. Under the terms of NYPMIFA, the Organization has no responsibility to restore such decrease in value. There were no such deficiencies in fiscal years 2018 and 2017.

[6] Spending policy and how the investment objectives relate to the spending policy:

The Organization has a policy to appropriate funding from the earnings of the endowment.

LEGAL MOMENTUM

Notes to Financial Statements June 30, 2018 and 2017

NOTE M - COMMITMENTS AND CONTINGENCIES

[1] Operating leases:

During fiscal-year 2017, the Organization entered into a lease agreement, in New York City that commenced on September 1, 2016 and expires on December 31, 2018. The lease requires a fixed rent of \$10,000 per month through the end of the lease.

Rent expense was approximately \$120,000 and \$207,000 for fiscal-years 2018 and 2017, respectively.

The Organization is also obligated under certain office equipment lease agreements. The obligations are payable in annual installments of approximately \$15,000 expiring through June 2021.

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

<u>Year Ending June 30,</u>	
2019	\$ 75,000
2020	15,000
2021	<u>7,000</u>
	<u>\$ 97,000</u>

[2] Government contracts:

The Organization's government-funded activities are subject to audit by the applicable granting agencies. At June 30, 2018, 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.

[3] Employment agreement:

During fiscal-year 2018, the Organization entered into an employment agreement with its President expiring in June 2019.