

# LEGAL MOMENTUM

FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

# LEGAL MOMENTUM

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Legal Momentum

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Legal Momentum (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets and its cash flows for each of 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"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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***

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit 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 auditors' 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 an audit conducted in accordance with GAAS 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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*EisnerAmper LLP*

EISNERAMPER LLP  
New York, New York  
December 15, 2023



## LEGAL MOMENTUM

### Statements of Financial Position

	June 30,	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 71,116	\$ 426,166
Grants and contributions receivable, net	636,363	208,672
Investments	1,039,491	971,739
Prepaid expenses and other assets	51,069	73,758
Right-of-use asset - operating lease	784,068	-
Property and equipment, net	3,722	8,188
	<u>\$ 2,585,829</u>	<u>\$ 1,688,523</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and other liabilities	\$ 113,956	\$ 84,948
Operating lease liability	855,473	-
Deferred rent	-	70,532
Total liabilities	<u>969,429</u>	<u>155,480</u>
Commitments and contingency (See Note L)		
Net assets:		
Without donor restrictions:		
Operating net assets	<u>1,091,064</u>	<u>1,333,043</u>
Total net assets without donor restrictions	<u>1,091,064</u>	<u>1,333,043</u>
With donor restrictions:		
Time restrictions	325,336	-
Perpetual in nature	<u>200,000</u>	<u>200,000</u>
Total net assets with donor restrictions	<u>525,336</u>	<u>200,000</u>
Total net assets	<u>1,616,400</u>	<u>1,533,043</u>
	<u>\$ 2,585,829</u>	<u>\$ 1,688,523</u>

See notes to financial statements.

## LEGAL MOMENTUM

### Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue:</b>						
Contributions:						
Individual	\$ 334,451	\$ 325,336	\$ 659,787	\$ 312,052	\$ -	\$ 312,052
Corporations and foundations	104,950	-	104,950	100,081	-	100,081
Bequests	-	-	-	100,000	-	100,000
Government grants	-	222,388	222,388	-	183,672	183,672
Special events (net of direct benefits to donors of \$27,005 and \$1,262 for fiscal years 2023 and 2022, respectively)	878,905	-	878,905	1,027,946	-	1,027,946
Gain on Paycheck Protection Program loan forgiveness	-	-	-	254,232	-	254,232
Net investment gains (losses)	65,489	2,159	67,648	(119,393)	2,926	(116,467)
Other income	8,097	-	8,097	-	-	-
Donated services	2,880,192	-	2,880,192	1,623,889	-	1,623,889
Total public support and revenue before net asset releases of restriction	4,272,084	549,883	4,821,967	3,298,807	186,598	3,485,405
Net assets released from restriction	224,547	(224,547)	-	186,598	(186,598)	-
Total public support and revenue	4,496,631	325,336	4,821,967	3,485,405	-	3,485,405
<b>Expenses:</b>						
Program services:						
National Judicial Educational Program	321,696	-	321,696	260,472	-	260,472
Legal programs	3,882,810	-	3,882,810	2,698,984	-	2,698,984
Total program services	4,204,506	-	4,204,506	2,959,456	-	2,959,456
Supporting services:						
Management and general	340,822	-	340,822	215,398	-	215,398
Fund-raising	193,282	-	193,282	269,667	-	269,667
Total support services	534,104	-	534,104	485,065	-	485,065
Total expenses	4,738,610	-	4,738,610	3,444,521	-	3,444,521
<b>Change in net assets</b>	(241,979)	325,336	83,357	40,884	-	40,884
Net assets, beginning of year	1,333,043	200,000	1,533,043	1,292,159	200,000	1,492,159
<b>Net assets, end of year</b>	<b>\$ 1,091,064</b>	<b>\$ 525,336</b>	<b>\$ 1,616,400</b>	<b>\$ 1,333,043</b>	<b>\$ 200,000</b>	<b>\$ 1,533,043</b>

See notes to financial statements.

## LEGAL MOMENTUM

### Statement of Functional Expenses Year Ended June 30, 2023

(with summarized financial information for June 30, 2022)

	Program Services			Supporting Services			Total	
	National Judicial Educational Program	Legal Programs	Total	Management and General	Fund- Raising	Total	2023	2022
<b>Expenses:</b>								
Personnel:								
Salaries	\$ 215,671	\$ 646,471	\$ 862,142	\$ 96,190	\$ 126,535	\$ 222,725	\$ 1,084,867	\$ 1,039,084
Payroll taxes	15,324	46,419	61,743	6,913	9,314	16,227	77,970	74,190
Employee benefits	43,097	121,413	164,510	10,179	16,590	26,769	191,279	206,495
	<u>274,092</u>	<u>814,303</u>	<u>1,088,395</u>	<u>113,282</u>	<u>152,439</u>	<u>265,721</u>	<u>1,354,116</u>	<u>1,319,769</u>
Legal services (in-kind)	-	2,880,192	2,880,192	-	-	-	2,880,192	1,623,889
Occupancy	29,395	88,552	117,947	13,969	16,927	30,896	148,843	140,693
Conference, meetings, and travel	-	9,067	9,067	18	10,993	11,011	20,078	12,650
Insurance	1,701	11,807	13,508	759	980	1,739	15,247	17,406
Consultants and subcontractors	27	14,834	14,861	60,346	23	60,369	75,230	160,617
Accountants and professional fees	905	2,813	3,718	33,798	-	33,798	37,516	33,636
Professional fees - capital campaign	-	-	-	75,000	-	75,000	75,000	-
Publication, subscription, and membership	93	4,576	4,669	11,516	477	11,993	16,662	18,133
Office supplies and equipment	13,071	49,365	62,436	20,906	9,730	30,636	93,072	70,936
Telephone and mail	1,525	4,629	6,154	1,752	869	2,621	8,775	9,930
Bank charges and interest	-	-	-	9,080	250	9,330	9,330	16,397
Miscellaneous expense	-	-	-	-	83	83	83	500
Depreciation	887	2,672	3,559	396	511	907	4,466	4,466
Special events - venue cost	-	-	-	-	27,005	27,005	27,005	-
Gifts - special events	-	-	-	-	-	-	-	1,262
Bad debt	-	-	-	-	-	-	-	15,499
	<u>47,604</u>	<u>3,068,507</u>	<u>3,116,111</u>	<u>227,540</u>	<u>67,848</u>	<u>295,388</u>	<u>3,411,499</u>	<u>2,126,014</u>
Total non-personnel expenses								
Less direct benefits to donors	-	-	-	-	(27,005)	(27,005)	(27,005)	(1,262)
Total expenses per statements of activities	<u>\$ 321,696</u>	<u>\$ 3,882,810</u>	<u>\$ 4,204,506</u>	<u>\$ 340,822</u>	<u>\$ 193,282</u>	<u>\$ 534,104</u>	<u>\$ 4,738,610</u>	<u>\$ 3,444,521</u>

See notes to financial statements.

## LEGAL MOMENTUM

### Statement of Functional Expenses Year Ended June 30, 2022

	Program Services			Supporting Services			Total Expenses
	National Judicial Educational Program	Legal Programs	Total	Management and General	Fund-Raising	Total	
<b>Expenses:</b>							
Personnel:							
Salaries	\$ 172,002	\$ 679,338	\$ 851,340	\$ 105,274	\$ 82,470	\$ 187,744	\$ 1,039,084
Payroll taxes	12,178	47,708	59,886	8,492	5,812	14,304	74,190
Employee benefits	39,612	132,468	172,080	12,165	22,250	34,415	206,495
	<u>223,792</u>	<u>859,514</u>	<u>1,083,306</u>	<u>125,931</u>	<u>110,532</u>	<u>236,463</u>	<u>1,319,769</u>
Legal services (in-kind)	-	1,623,889	1,623,889	-	-	-	1,623,889
Occupancy	22,476	86,275	108,751	20,008	11,934	31,942	140,693
Conference, meetings, and travel	18	4,796	4,814	82	7,754	7,836	12,650
Insurance	1,790	13,345	15,135	1,276	995	2,271	17,406
Consultants and subcontractors	1,234	53,418	54,652	802	105,163	105,965	160,617
Accountants and professional fees	-	2,201	2,201	31,435	-	31,435	33,636
Publication, subscription, and membership	13	3,638	3,651	4,656	9,826	14,482	18,133
Office supplies and equipment	9,007	43,517	52,524	6,384	12,028	18,412	70,936
Telephone and mail	1,412	5,579	6,991	1,018	1,921	2,939	9,930
Bank charges and interest	-	-	-	7,287	9,110	16,397	16,397
Miscellaneous expense	-	-	-	500	-	500	500
Depreciation	730	2,812	3,542	520	404	924	4,466
Gifts - special events	-	-	-	-	1,262	1,262	1,262
Bad debt	-	-	-	15,499	-	15,499	15,499
	<u>36,680</u>	<u>1,839,470</u>	<u>1,876,150</u>	<u>89,467</u>	<u>160,397</u>	<u>249,864</u>	<u>2,126,014</u>
Total non-personnel expenses							
Less direct benefits to donors	-	-	-	-	(1,262)	(1,262)	(1,262)
	<u>\$ 260,472</u>	<u>\$ 2,698,984</u>	<u>\$ 2,959,456</u>	<u>\$ 215,398</u>	<u>\$ 269,667</u>	<u>\$ 485,065</u>	<u>\$ 3,444,521</u>
Total expenses per statements of activities							

See notes to financial statements.



## LEGAL MOMENTUM

### Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 83,357	\$ 40,884
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	4,466	4,466
Donated marketable securities	(59,314)	(42,921)
Proceeds from sales of donated marketable securities	59,314	42,921
Bad debt	-	15,499
Net realized and unrealized (gains) losses on investments	(32,785)	142,276
Gain on Paycheck Protection Program loan forgiveness	-	(254,232)
Noncash lease amortization	113,726	-
Changes in:		
Grants and contributions receivable, net	(427,691)	(20,002)
Prepaid expenses and other assets	22,689	(23,418)
Accounts payable and other liabilities	29,008	(23,146)
Deferred rent	-	4,868
Operating lease liability	(112,853)	-
Net cash used in operating activities	<u>(320,083)</u>	<u>(112,805)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	758,296	263,685
Purchases of investments	<u>(793,263)</u>	<u>(289,558)</u>
Net cash used in investing activities	<u>(34,967)</u>	<u>(25,873)</u>
<b>Cash flows from financing activities:</b>		
Repayment of line of credit	-	(99,896)
Net cash used in financing activities	<u>-</u>	<u>(99,896)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(355,050)</b>	<b>(238,574)</b>
Cash and cash equivalents, beginning of year	<u>426,166</u>	<u>664,740</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 71,116</b>	<b>\$ 426,166</b>
<b>Supplemental disclosure of cash flows information:</b>		
Donated services	<u>\$ 2,880,192</u>	<u>\$ 1,623,889</u>
Interest paid	<u>\$ -</u>	<u>\$ 7,117</u>
Noncash lease liability arising from obtaining right-of-use asset	<u>\$ 968,326</u>	<u>\$ -</u>

See notes to financial statements.

## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

#### 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. Treasury bills 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 net assets without donor restrictions, unless their use is restricted 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. Investment fees are embedded in mutual fund transactions.

## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

#### 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 the gifts. 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 cost at the dates of acquisition, or, if contributed, at fair value at their dates of donation, less accumulated depreciation. 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, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the respective furniture and equipment, ranging from three to ten years.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value. There were no triggering events during fiscal years 2023 or 2022 requiring management to test for impairment that would require any adjustments to property and equipment. 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. At June 30, 2023 and 2022, the accrued vacation obligation was \$64,006 and \$61,071, respectively, and was reported as part of accounts payable and other liabilities in the accompanying statements of financial position.

##### [8] Lease:

The Organization determines if an arrangement is a lease at inception. For the Organization's operating lease, a right-of-use ("ROU") asset represents the Organization's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Organization's lease agreement does not provide an implicit interest rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as common area charges, are expensed as incurred. For the fiscal year ended June 30, 2022, the Organization accounted for leases under Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 840. Operating leases were recorded on a straight-line basis over the term of the lease.

## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

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

##### [9] Net assets:

(i) *Net assets without donor restrictions:*

Net assets without donor restrictions represent those resources that are not subject to donor restrictions and are available for current operations.

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specific period of time. Also included in net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of Washington D.C.'s Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in the satisfaction of the wishes of those donors. When a donor restriction expires, that is, when: (i) a stipulated time restriction ends; (ii) a purpose restriction is accomplished; or (iii) the funds are appropriated through an action of the Board of Directors, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions."

##### [10] Revenue recognition:

(i) *Contributions, bequest, and governmental grants:*

Contributions to the Organization, including certain government grants, are recognized as revenue upon the receipt of cash, other assets, or of unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions, such as those typical of the Organization's governmental grants, are recorded when the specified conditions, such as incurring costs or the provision of services by the Organization, have been met. As of June 30, 2023, contributions of \$166,643 remained conditional. As of June 30, 2022, there were no conditional contributions. 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) *Special events:*

Gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue, as well as the payment of the direct costs of the benefit received by the attendee at the event. Special event income is reported net of the direct benefits to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year a special event takes place.

(iii) *Donated services:*

For recognition within the Organization's financial statements, donated services must: (i) create or enhance non-financial assets; and (ii) typically need to be acquired if not provided by donation. Additionally, such services must: (i) require a specialized skill; and (ii) be provided by individuals possessing these skills. Donated services are recorded as support at their estimated fair values at the dates of donation and are reported as support without donor restrictions. Donated services are reported as both contributions and offsetting expenses in the statements of activities.

## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

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

##### [10] Revenue recognition: (continued)

###### (iii) Donated services: (continued)

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.

###### (iv) Gain on forgiveness of Paycheck Protection Program Loan:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provided businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak.

There were two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities could have elected to treat the funds as a loan, or as a conditional contribution. The Organization had elected to record the PPP funds as a loan under the FASB's ASC 470, *Debt*. During fiscal year 2022, the Organization applied for and received full forgiveness of the Second Draw PPP loan from the bank and SBA.

##### [11] 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. The statements of functional expenses present expenses by natural classification and function. Accordingly, direct costs have been functionalized within the program and supporting services based on the nature of the expense. Indirect costs have been allocated on the basis of time and effort. Costs that have been allocated include salaries and related expenses, occupancy, insurance, office supplies and equipment, telephone and mail, and depreciation.

##### [12] Income taxes:

The Organization is subject to the provisions of the FASB's ASC Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Due to 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.

##### [13] Adoption of accounting principle:

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*, to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months on the statements of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization elected to adopt ASU 2016-02 as of July 1, 2022, on a prospective basis.

The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the operating leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

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

##### [13] Adoption of accounting principle: (continued)

The new lease standard also provides practical expedients for an entity's ongoing accounting. The Organization elected the short-term lease recognition exemption, under which the Organization will not recognize right-of-use assets or lease liabilities on new or existing short-term leases. Short-term leases are defined as those with a term of 12 months or less. The Organization also elected the practical expedient to not separate lease and non-lease components for certain classes of assets.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 (a) a lease liability of \$968,326, which represented the present value of the remaining lease payments of \$1,074,197, discounted using the Organization's incremental borrowing rate of 2.91%, and (b) a right-of-use asset of \$897,794. This standard did not have a material impact on the Organization's statements of financial position or cash flows from operations and had no impact on the Organization's statements of activities. The most significant impact was the recognition of a ROU asset and lease obligation for an operating lease for fiscal year-end 2023.

##### [14] Subsequent events:

The Organization evaluated subsequent events through December 15, 2023, the date on which the financial statements were available to be issued.

#### NOTE B - GRANTS AND CONTRIBUTIONS RECEIVABLE

At each fiscal year-end, the Organization's grants and contributions receivable were estimated to be due as follows:

	June 30,	
	2023	2022
Less than one year	\$ 395,857	\$ 224,171
One to five years	287,500	-
	683,357	224,171
Present value discount of 5.25%	(46,994)	-
	636,363	224,171
Less: estimated allowance for uncollectible amounts	-	(15,499)
	<u>\$ 636,363</u>	<u>\$ 208,672</u>

## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

#### NOTE C - INVESTMENTS

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

	June 30,			
	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 5,232	\$ 5,232	\$ 7,394	\$ 7,394
Mutual funds:				
Fixed-income funds	369,482	380,395	559,866	607,905
Equity funds	472,611	361,798	404,479	342,429
U.S. Treasury bills	192,166	192,239	-	-
	<u>\$ 1,039,491</u>	<u>\$ 939,664</u>	<u>\$ 971,739</u>	<u>\$ 957,728</u>

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

	Year Ended June 30,	
	2023	2022
Interest and dividends	\$ 34,863	\$ 25,809
Net realized (losses) gains	(53,031)	14,624
Net unrealized gains (losses)	85,816	(156,900)
	<u>\$ 67,648</u>	<u>\$ (116,467)</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. In such instances, the transfer would be reported at the beginning of the reporting period.

The Organization's investments were valued entirely as Level 1 of the fair value hierarchy as of June 30, 2023 and 2022.

**LEGAL MOMENTUM**

**Notes to Financial Statements  
June 30, 2023 and 2022**

**NOTE C - INVESTMENTS (CONTINUED)**

At June 30, 2023 and 2022, the Organization's investments in two fixed-income mutual funds of approximately \$247,000 and \$276,000, represented 24% and 28% of total investments, respectively.

**NOTE D - PROPERTY AND EQUIPMENT**

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

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 22,332	\$ 22,332
Telephone system	2,742	2,742
Computers	<u>10,421</u>	<u>10,421</u>
	<b>35,495</b>	35,495
Less: accumulated depreciation	<u>(31,773)</u>	<u>(27,307)</u>
	<u><b>\$ 3,722</b></u>	<u>\$ 8,188</u>

**NOTE E - LINE OF CREDIT**

The Organization has an available line-of-credit with a bank in the amount of \$200,000. The line of credit is secured by the deposits with the bank and the Organization's other property. Amounts drawn down under the line-of-credit are subject to interest at 2.5%, plus the prime rate of 3.25%. There were no draws on the line of credit during fiscal years 2023 and 2022.

**NOTE F - DONATED SERVICES**

**Year Ended June 30, 2023**

	<b>Revenue Recognized</b>	<b>Utilization in Programs/Activities</b>	<b>Donor Restrictions</b>	<b>Valuation Techniques and Inputs</b>
Legal services	\$ 2,880,192	Utilized in programmatic activities	N/A	Standard industry pricing for similar services based on market rates for services performed in the New York marketplace



## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

#### NOTE F - DONATED SERVICES (CONTINUED)

##### Year Ended June 30, 2022

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Legal services	\$ 1,623,889	Utilized in programmatic activities	N/A	Standard industry pricing for similar services based on market rates for services performed in the New York marketplace

#### 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 contributions to the plan for fiscal-years 2023 and 2022 were approximately \$34,000 and \$36,000, 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 - 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, based on the current Federal Deposit Insurance Coverage, management monitors the risk associated with concentrations on an ongoing basis and believes that the Organization does not face a significant risk of loss on these accounts that might result from the failure of the financial institutions.

#### NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions consisted of the following:

	June 30,	
	2023	2022
Restricted for future periods	\$ 325,336	\$ -
Perpetual in nature:		
Programmatic and operating needs	200,000	200,000
Total net assets with donor restrictions	\$ 525,336	\$ 200,000

## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

#### NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	June 30,	
	2023	2022
Purpose - restriction satisfied:		
Prevent Sexual Assault Initiative	\$ 214,031	\$ 183,672
Women's Economic Empowerment	8,357	-
Appropriation of endowment assets for expenditure - programmatic and operation needs	2,159	2,926
Total net assets with donor restrictions	<u>\$ 224,547</u>	<u>\$ 186,598</u>

#### 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 with donor restrictions.

##### [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.

##### [3] Changes in endowment net assets:

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

	Year Ended June 30, 2023		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ -	\$ 200,000	\$ 200,000
Net investment income	2,159	-	2,159
Appropriation of endowment assets for expenditures	(2,159)	-	(2,159)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

#### NOTE J - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

##### [3] Changes in endowment net assets: (continued)

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

	Year Ended June 30, 2022		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ -	\$ 200,000	\$ 200,000
Net investment income	2,926	-	2,926
Appropriation of endowment assets for expenditures	(2,926)	-	(2,926)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

##### [4] Endowment objectives:

The Organization's endowment assets are invested in a manner intended to produce a stable and enduring return on those assets, while minimizing the year-to-year volatility of the amount available for spending.

##### [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 restricted contribution, or the amount required to be maintained under state law, referred to as underwater endowment. Under the terms of UPMIFA, the Organization has no responsibility to restore such decrease in value. At June 30, 2023 and 2022, there were no deficiencies of this nature.

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

Funds available for distribution include returns derived from dividends and interest, as well as realized capital gains and losses. Commencing in 2019, the funds available for distribution during any one year will be limited to a 4.5% of the market value of the corpus that is based on a 3-year rolling average, with measures taken at the end of each of the preceding 12 quarters. The Board of Directors appropriated amounts up to current earnings, but less than the allowable draw, to limit the creation of a fund with a deficiency. During fiscal-years 2023 and 2022, the spend rate was 1% and 1.4%, respectively.

## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

#### NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

At each year-end, the Organization's financial assets reduced by amounts not available within one year of the statements of financial position dates for general expenditures due to donor imposed restrictions are as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash, and cash equivalents	\$ 71,116	\$ 426,166
Grants and contributions receivable, net	636,363	208,672
Investments	<u>1,039,491</u>	<u>971,739</u>
Total financial assets available within one year	<u>1,746,970</u>	<u>1,606,577</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with:		
Time restrictions	(325,336)	-
Perpetuity	<u>(200,000)</u>	<u>(200,000)</u>
Total amounts unavailable for general expenditure within one year	<u>(525,336)</u>	<u>(200,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,221,634</u>	<u>\$ 1,406,577</u>

#### Liquidity policy:

The Organization maintains a sufficient level of operating cash and investments to be available as its general expenditures, liabilities, and other obligations that come due. In addition, the Organization has access to a bank line of credit, as discussed in Note E, which is available for short-term liquidity needs.

## LEGAL MOMENTUM

### Notes to Financial Statements June 30, 2023 and 2022

#### NOTE L - COMMITMENTS AND CONTINGENCY

##### [1] Operating lease:

In December 2018, the Organization entered into a lease agreement in New York City that commenced on April 23, 2019, and expires on August 1, 2029.

Information relating to the "lease costs", which includes all costs during the period associated with an operating lease, as well as the costs related to variable lease components:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Operating lease costs	\$ 140,046	\$ 140,046
Variable lease costs	<u>8,797</u>	<u>647</u>
Total lease cost	<u>\$ 148,843</u>	<u>\$ 140,693</u>

Future annual minimum rental commitments, for the fiscal years ending subsequent to June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 142,653
2025	146,219
2026	149,874
2027	153,621
2028	157,462
Thereafter	<u>185,195</u>
Total minimum lease payments	935,024
Less: amount representing interest	<u>(79,551)</u>
Amount reported on statements of financial position	<u>\$ 855,473</u>

The table below presents additional information related to the Organization's lease for the fiscal year ended June 30, 2023:

<b>Weighted average remaining lease term:</b>	
Operating lease	6.17 years
<b>Weighted average discount rate:</b>	
Operating lease	2.91%

**LEGAL MOMENTUM**

**Notes to Financial Statements  
June 30, 2023 and 2022**

**NOTE L - COMMITMENTS AND CONTINGENCY (CONTINUED)**

**[1] Operating lease: (continued)**

Future annual minimum rental commitments, for the fiscal years ending subsequent to June 30, 2022, are approximately as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 139,000
2024	143,000
2025	146,000
2026	150,000
2027	154,000
Thereafter	<u>343,000</u>
	<u><u>\$ 1,075,000</u></u>

**[2] Government contracts:**

The Organization's government-funded activities are subject to audit by the applicable granting agencies. At June 30, 2023, 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:**

In June 2023, the Organization amended the employment agreement with its President commencing July 1, 2023 through June 30, 2024.