EISNERAMPER
ACCOUNTANTS & ADVISORS

LEGAL MOMENTUM

FINANCIAL STATEMENTS

JUNE 30, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Legal Momentum
New York, New York

We have audited the accompanying statements of financial position of Legal Momentum (the "Organization") as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements enumerated above present fairly, in all material respects, the financial position of Legal Momentum as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

New York, New York
November 28, 2012

LEGAL MOMENTUM

Statements of Financial Position

	June 30, 2012	June 30, 2011
ASSETS		
Cash and cash equivalents	**$ 1,454,975**	$ 1,906,884
Grants receivable	**2,248,384**	1,100,201
Investments	**810,974**	741,073
Accounts receivable	**47,107**	120,893
Prepaid expenses and other assets	**63,886**	73,425
Property and equipment, net	**148,369**	227,022
	$ 4,773,695	$ 4,169,498
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 364,471**	$ 367,953
Deferred rent	**217,792**	302,116
	582,263	670,069
Commitments and contingency (Note G)		
Net assets:		
Unrestricted	**2,089,734**	2,194,828
Temporarily restricted	**1,901,698**	1,104,601
Permanently restricted	**200,000**	200,000
	4,191,432	3,499,429
	$ 4,773,695	$ 4,169,498

LEGAL MOMENTUM

Statements of Activities

	Year Ended June 30, 2012				Year Ended June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:								
Individual donations	**$ 375,239**			**$ 375,239**	$ 443,609	$ 5,000		$ 448,609
Corporations and foundations	**11,350**	**$ 633,000**		**644,350**	218,590	950,000		1,168,590
Government grants		**1,337,000**		**1,337,000**		78,987		78,987
Direct mail income	**100,034**			**100,034**	97,360			97,360
Bequests	**56,695**			**56,695**	1,332,604			1,332,604
Special events (net of direct benefits to donors of $192,072 and $264,893 for 2012 and 2011, respectively)	**1,002,198**			**1,002,198**	1,262,122			1,262,122
Net investment income	**11,320**			**11,320**	75,101			75,101
Rental income	**277,199**			**277,199**	230,266			230,266
Other income	**89,860**			**89,860**	72,833			72,833
Donated services	**317,056**			**317,056**	738,061			738,061
Total public support and revenue before net assets released from restriction	**2,240,951**	**1,970,000**		**4,210,951**	4,470,546	1,033,987		5,504,533
Net assets released from restriction:								
Satisfaction of program restrictions	**1,172,903**	**(1,172,903)**		**0**	1,782,559	(1,782,559)		0
Total public support and revenue	**3,413,854**	**797,097**		**4,210,951**	6,253,105	(748,572)		5,504,533
Expenses:								
Program services:								
Gender equity	**918,780**			**918,780**	1,309,525			1,309,525
Violence against women	**918,780**			**918,780**	1,283,216			1,283,216
Job and workplace	**574,999**			**574,999**	714,781			714,781
Women and poverty	**480,044**			**480,044**	583,404			583,404
Total program services	**2,892,603**			**2,892,603**	3,890,926			3,890,926
Supporting services:								
Management and general	**268,869**			**268,869**	360,750			360,750
Development	**357,476**			**357,476**	406,716			406,716
Total supporting services	**626,345**			**626,345**	767,466			767,466
Total expenses	**3,518,948**			**3,518,948**	4,658,392			4,658,392
Change in net assets	**(105,094)**	**797,097**		**692,003**	1,594,713	(748,572)		846,141
Net assets - beginning of year	**2,194,828**	**1,104,601**	**$ 200,000**	**3,499,429**	600,115	1,853,173	$ 200,000	2,653,288
Net assets - end of year	**$ 2,089,734**	**$ 1,901,698**	**$ 200,000**	**$ 4,191,432**	$ 2,194,828	$ 1,104,601	$ 200,000	$ 3,499,429

See notes to financial statements

LEGAL MOMENTUM

Statement of Functional Expenses
Year Ended June 30, 2012

	Program Services					Supporting Services			
	Gender Equity	Violence Against Women	Job and Workplace	Women and Poverty	Total	Management and General	Development	Total	Total Expenses
Personnel:									
Salaries	$ 245,753	$ 245,753	$ 247,522	$ 212,187	$ 951,215	$ 121,714	$ 145,281	$ 266,995	$ 1,218,210
Payroll taxes	21,688	21,688	19,381	16,762	79,519	9,801	11,722	21,523	101,042
Employee benefits	38,303	38,303	55,221	21,743	153,570	19,152	28,359	47,511	201,081
	305,744	305,744	322,124	250,692	1,184,304	150,667	185,362	336,029	1,520,333
Donated services	131,856	131,856	26,609	21,367	311,688	2,447	2,921	5,368	317,056
Occupancy	184,779	184,779	151,695	141,793	663,046	54,510	54,473	108,983	772,029
Conferences, meetings and travel	13,696	13,696	5,197	2,035	34,624	598	1,312	1,910	36,534
Insurance	3,530	3,530	3,530	3,199	13,789	1,823	1,823	3,646	17,435
Consultants and subcontractors	217,838	217,838	14,643	14,245	464,564	40,406	67,867	108,273	572,837
Accountants and professional fees	8,000	8,000	8,000	7,200	31,200	4,400	4,400	8,800	40,000
Publications, subscriptions, memberships	4,327	4,327	851	986	10,491	159	8,031	8,190	18,681
Office supplies and equipment	21,001	21,001	16,804	14,697	73,503	2,511	7,966	10,477	83,980
Telephone and mail	6,950	6,950	4,600	4,651	23,151	1,674	9,236	10,910	34,061
Bank charges and interest expense	2,483	2,483	2,510	2,211	9,687	1,359	1,351	2,710	12,397
Miscellaneous expenses	1,775	1,775	1,635	1,512	6,697	918	5,337	6,255	12,952
Depreciation and amortization	16,801	16,801	16,801	15,456	65,859	7,397	7,397	14,794	80,653
	613,036	613,036	252,875	229,352	1,708,299	118,202	172,114	290,316	1,998,615
Total expenses	$ 918,780	$ 918,780	$ 574,999	$ 480,044	$ 2,892,603	$ 268,869	$ 357,476	$ 626,345	$ 3,518,948

LEGAL MOMENTUM

Statement of Functional Expenses
Year Ended June 30, 2011

	Program Services					Supporting Services			
	Gender Equity	Violence Against Women	Job and Workplace	Women and Poverty	Total	Management and General	Development	Total	Total Expenses
Personnel:									
Salaries	$ 327,039	$ 327,969	$ 298,949	$ 150,325	$ 1,104,282	$ 132,470	$ 154,732	$ 287,202	$ 1,391,484
Payroll taxes	31,147	31,208	25,888	13,806	102,049	10,904	14,407	25,311	127,360
Employee benefits	72,258	70,525	66,567	26,205	235,555	31,172	32,839	64,011	299,566
	430,444	429,702	391,404	190,336	1,441,886	174,546	201,978	376,524	1,818,410
Donated services	221,799	221,799	53,626	199,983	697,207	20,427	20,427	40,854	738,061
Occupancy	222,830	222,830	135,991	85,862	667,513	50,129	50,129	100,258	767,771
Conferences, meetings and travel	38,935	38,903	2,229	2,261	82,328	272	698	970	83,298
Insurance	4,594	4,594	4,020	2,107	15,315	1,914	1,914	3,828	19,143
Consultants and subcontractors	268,436	268,436	57,132	54,700	648,704	79,199	57,455	136,654	785,358
Accountants and professional fees	9,600	9,600	8,400	4,400	32,000	4,373	4,000	8,373	40,373
Publications, subscriptions, memberships	3,835	3,835	2,974	942	11,586	447	532	979	12,565
Office supplies and equipment	44,397	18,862	10,952	7,827	82,038	4,070	7,643	11,713	93,751
Telephone and mail	14,668	14,668	6,506	5,062	40,904	1,895	5,332	7,227	48,131
Printing and reproduction	8,046	8,046	4,466	4,466	25,024		32,131	32,131	57,155
Special event expense	279	279	279	279	1,116	464	3,705	4,169	5,285
Bank charges and interest expense	2,802	2,802	2,452	1,284	9,340	1,168	1,168	2,336	11,676
Miscellaneous expenses	18,942	18,942	16,444	12,695	67,023	15,139	12,894	28,033	95,056
Depreciation and amortization	19,918	19,918	17,906	11,200	68,942	6,707	6,710	13,417	82,359
	879,081	853,514	323,377	393,068	2,449,040	186,204	204,738	390,942	2,839,982
Total expenses	$ 1,309,525	$ 1,283,216	$ 714,781	$ 583,404	$ 3,890,926	$ 360,750	$ 406,716	$ 767,466	$ 4,658,392

See notes to financial statements

LEGAL MOMENTUM

Statements of Cash Flows

	Year Ended June 30, 2012	Year Ended June 30, 2011
Cash flows from operating activities:		
Change in net assets	**$ 692,003**	$ 846,141
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**80,653**	82,359
Donated investments	**(10,110)**	(40,010)
Net realized and unrealized losses (gains) on investments	**22,842**	(55,722)
Changes in:		
Grants receivable	**(1,148,183)**	818,851
Accounts receivable	**73,786**	(118,417)
Prepaid expenses and other assets	**9,539**	37,570
Accounts payable and accrued expenses	**(3,482)**	(126,541)
Deferred rent	**(84,324)**	(66,623)
Net cash (used in) provided by operating activities	**(367,276)**	1,377,608
Cash flows from investing activities:		
Proceeds from sales of investments	**20,208**	327,386
Purchases of investments	**(102,841)**	(279,864)
Purchase of property and equipment	**(2,000)**	
Net cash (used in) provided by investing activities	**(84,633)**	47,522
Cash flows from financing activities:		
Repayments of borrowings		(177,759)
Net change in cash and cash equivalents	**(451,909)**	1,247,371
Cash and cash equivalents - beginning of year	**1,906,884**	659,513
Cash and cash equivalents - end of year	**$ 1,454,975**	$ 1,906,884
Supplemental disclosures of cash flow information:		
Non-cash donation of services	**$ 317,056**	$ 738,061
Cash paid for interest		$ 1,131

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 and from state and local taxes under comparable laws. The Organization filed an election with the Internal Revenue Service to make expenditures to influence legislation.

[2] Financial reporting:

(a) 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.

(b) 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. Accordingly, certain costs have been allocated among the programs and supporting services using reasonable ratios determined by management.

(c) 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 and the disclosure of contingencies. Actual results may differ from those estimates.

(d) Cash and cash equivalents:

The Organization considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased. Deposits have been pledged as collateral for a letter of credit (see Note G).

(e) Net assets:

The net assets of the Organization and the changes therein are classified and reported as follows:

(i) Unrestricted:

Unrestricted net assets represent those resources for which there are no donor restrictions as to their use.

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

[2] Financial reporting: (continued)

(e) Net assets: (continued)

(ii) Temporarily restricted:

Temporarily restricted net assets represent those resources subject to donor-imposed requirements that will be fulfilled either by actions of the Organization or the passage of time. Net assets released from restrictions reflect the fulfillment of the restricted purposes specified by the donors.

(iii) Permanently restricted:

Permanently restricted net assets represent those resources the use of which has been permanently restricted by donors.

[3] Investments and investment income:

Investments in marketable securities are reported at their fair values at fiscal year-end. Donated securities are initially recorded at their fair values on the dates of the gifts. Net investment income and realized and unrealized gains and losses on investments are reported in the accompanying statements of activities.

[4] Property and equipment:

Property and equipment are stated at their costs at the dates of acquisition or at their fair values at the dates of donation. Depreciation of furniture and equipment is provided using the straight-line method, over an estimated useful life of five years. Leasehold improvements are amortized using the straight-line method, over the term of the underlying leases.

[5] Fair-value measurement:

The Organization reports a fair-value measurement of all applicable financial assets and liabilities, including investments, grants receivable, accounts receivable and short-term payables (see Note B).

[6] Revenue recognition:

Contributions to the Organization are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use unless specifically restricted by the donors. The Organization records bequest income at the time it has an established right to a bequest and the expected proceeds are measurable.

Government and foundation grants are recorded as restricted support when received and released from restrictions as the funds are spent and the restrictions are satisfied.

Rental income is recorded in accordance with the terms of underlying leases.

[7] 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 as a deferred rent liability in the accompanying statements of financial position.

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

[8] Accrued vacation:

Based on their tenure, the Organization's employees are entitled to be paid for unused vacation time if they leave the Organization. Accordingly, at each fiscal year-end, the Organization must recognize a liability for the amount that would be incurred if employees with such unused vacation time were to leave. At June 30, 2012 and 2011, this accrued vacation obligation was $82,485 and $92,428, respectively, and was reported as part of accounts payable and accrued expenses in the accompanying statements of financial position.

[9] Endowment fund:

The Organization reports all applicable disclosures to its funds treated as endowment. The Board of Directors has not designated any unrestricted funds to function as endowment (see Note J).

[10] Income tax:

The Organization has adopted the provisions of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 740-10-05 relating to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, the adoption of ASC Topic 740-10-05 has not had, and is not expected to have, a material impact on the Organization's financial statements.

[11] Subsequent events:

The Organization considers 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 the date of the independent auditors' report.

NOTE B - INVESTMENTS

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

	June 30,			
	2012		2011	
	Cost	Fair Value	Cost	Fair Value
U.S. government obligations	**$ 29,683**	**$ 24,832**	$ 74,456	$ 72,283
Bond funds	**413,148**	**430,736**	272,782	292,215
Equity funds	**328,667**	**355,406**	322,349	376,575
	$ 771,498	**$ 810,974**	$ 669,587	$ 741,073

NOTE B - INVESTMENTS (CONTINUED)

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

	Year Ended June 30, 2012	2011
Interest and dividends	**$ 34,162**	$ 19,379
Net realized gains	**8,871**	65,525
Net unrealized gains (losses)	**(31,713)**	(9,803)
	$ 11,320	$ 75,101

Fair-value measurement as defined in ASC Topic 820-10-05 prescribes three levels of fair-value measurement as follows:

- 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 assets or liabilities in active markets, or (ii) quoted prices for identical or similar assets or liabilities 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 2 assets include those securities that are redeemable at or near the balance sheet date and for which a model was derived for valuation.
- Level 3: Fair value is determined based on pricing inputs that are unobservable and includes situations where (i) there is little, if any, market activity for the asset or liability, or (ii) the underlying investments of which cannot be independently valued, or (iii) they cannot be immediately redeemed at or near the fiscal year-end.

The classification of investments within the fair-value hierarchy is not an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment. The following summarizes the fair values of the Organization's assets at each fiscal year-end, in accordance with the ASC Topic 820-10-05 valuation levels:

	June 30, 2012		
	Level 1	**Level 2**	**Total**
U.S. government obligations		**$ 24,832**	**$ 24,832**
Bond funds		**430,736**	**430,736**
Equity funds	**$ 355,406**		**355,406**
Total	**$ 355,406**	**$ 455,568**	**$ 810,974**

	June 30, 2011		
	Level 1	**Level 2**	**Total**
U.S. government obligations		$ 72,283	$ 72,283
Bond funds		292,215	292,215
Equity funds	$ 376,575		376,575
Total	$ 376,575	$ 364,498	$ 741,073

There are no Level 3 investments.

NOTE C - GRANTS RECEIVABLE

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

	June 30, 2012	June 30, 2011
U.S. Department of Justice	**$ 1,690,774**	$ 1,022,500
State Justice Institute	**20,110**	27,701
NY Community Trust	**37,500**	
Ford Capacity Grant	**500,000**	50,000
	$ 2,248,384	$ 1,100,201

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:

	June 30, 2012	June 30, 2011
Furniture and fixtures	**$ 286,005**	$ 286,005
Telephone system	**110,776**	108,776
Computers	**364,898**	364,898
Leasehold improvements	**994,054**	994,054
	1,755,733	1,753,733
Less accumulated depreciation and amortization	**(1,607,364)**	(1,526,711)
	$ 148,369	$ 227,022

NOTE E - RETIREMENT BENEFITS

The Organization has a defined-contribution pension plan, qualified 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.

Under article 24(c), the Organization's obligation to contribute to the bargaining unit staff was suspended for the period of October 1, 2010 through September 11, 2011. As a result of new collective bargaining agreement signed in November 2012, the Organization will re-instate pension plan contributions as of July 2012, to each staff member who meets the length-of-service requirements at the rate of 9% on up to $55,000 of each employee's base salary.

Contributions for fiscal-years 2012 and 2011 were $0 and $70,270, respectively.

In addition, the Organization has a 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 - DONATED SERVICES

A substantial number of volunteers have donated significant amounts of their time to the Organization. These contributed services have been valued at the standard market rates that would have been incurred by the Organization to obtain them, and, because they meet the following criteria prescribed by generally accepted accounting principles, they have been reported as both revenue and expense in the accompanying statements of activities:

- the services received either create or enhance nonfinancial assets, or
- the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

During fiscal-years 2012 and 2011, the Organization received donated services for its programs, consisting primarily of legal services, in the amounts of $317,056 and $738,061, respectively.

NOTE G - COMMITMENTS AND CONTINGENCY

[1] Operating leases:

The Organization rents office space in Washington, D.C., under a lease which expires in May 2017. It also rents office space in New York City, under a lease which expires in December 2013. Rent expense was $741,829 and $739,549 for fiscal-years 2012 and 2011, respectively. Minimum future rental payments are as follows:

Year Ending June 30,	Amount
2013	$ 749,669
2014	522,159
2015	289,652
2016	296,894
2017	239,676
	$ 2,098,050

[2] Letter of credit:

Under the lease agreement for the New York office space, the Organization is obligated under a $70,780 unused bank letter of credit, which is required in lieu of a security deposit. The letter of credit is collateralized by a time deposit that the Organization must maintain with the bank. The time deposit had a balance of $83,000 as of both June 30, 2012 and 2011.

[3] Government contracts:

The Organization's government-funded activities are subject to audit by the applicable granting agencies. At June 30, 2012, 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.

NOTE H - CONCENTRATION OF CREDIT RISK

The Organization maintains cash deposits in a major bank, and the account balances at times may exceed federally insured limits. Management believes that the Organization is not exposed to any significant risk of loss due to the failure of the bank.

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

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

	June 30,	
	2012	**2011**
Gender equity	**$ 786,987**	$ 144,259
Violence against women	**786,987**	556,187
Job and workplace	**131,394**	32,226
Women and poverty	**97,537**	340,969
Management and general	**48,197**	14,280
Development	**50,598**	16,680
	$ 1,901,698	$ 1,104,601

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

	Year Ended June 30,	
	2012	**2011**
Gender equity	**$ 348,186**	$ 574,703
Violence against women	**348,286**	744,124
Job and workplace	**75,833**	281,973
Women and poverty	**358,432**	120,518
Management and general	**21,083**	28,247
Development	**21,083**	32,994
	$ 1,172,903	$ 1,782,559

NOTE J - ENDOWMENT

[1] The endowment:

The Organization's endowment consists solely of a donor-restricted fund and is reported as permanently restricted.

[2] Interpretation of relevant law:

The Board of Directors has interpreted the Delaware Uniform Prudent Management of Institutional Funds Act as requiring the consideration of the preservation of the historic dollar value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary.

NOTE J - ENDOWMENT (CONTINUED)

[3] Endowment objectives:

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