

**THE ASTRAEA LESBIAN FOUNDATION  
FOR JUSTICE, INC.**

**INDEPENDENT AUDITORS' REPORT  
ON  
FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2013**

**AND**

**FOR THE YEAR THEN ENDED  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**

**- CONTENTS -**

	<u>Page</u>
Independent Auditors' Report	1-2
Statement of Financial Position as of June 30, 2013 (with comparative totals for June 30, 2012)	3
Statement of Activities for the year ended June 30, 2013 (with comparative totals for June 30, 2012)	4
Statement of Functional Expenses for the year ended June 30, 2013 (with comparative totals for June 30, 2012)	5
Statements of Cash Flows for the year ended June 30, 2013 (with comparative totals for June 30, 2012)	6
Notes to Financial Statements	7-16
Independent Auditors' Report on Supplemental Information	17
Statement of Activities of Affiliate Project - The Pipeline Project for the year ended June 30, 2013 (with comparative totals for June 30, 2012).	18
Statement of Activities of Affiliate Project - Global Action for Transgender Equality ("GATE") for the year ended June 30, 2013 (with comparative totals for June 30, 2012)	19

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MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The Astraea Lesbian Foundation for Justice, Inc.  
New York, New York

We have audited the accompanying financial statements of The Astraea Lesbian Foundation for Justice, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 audit. We conducted our audit in accordance with the 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 involves performing procedures to obtain audit 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Astraea Lesbian Foundation for Justice, Inc. as of June 30, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited The Astraea Lesbian Foundation for Justice, Inc.'s 2012 financial statements, and our report dated February 13, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Winnie Lam & Co., P.C.*

New York, New York  
December 10, 2013

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 1,198,227	\$ 1,454,994		\$ 2,653,221	\$ 2,712,006
Investments - Notes 2 and 3	1,183,275	326,940		1,510,215	1,134,796
Accounts receivable	2,047	2,700		4,747	6,711
Pledges, grants and contributions receivable - Notes 2 and 4	15,924	1,738,063		1,753,987	1,201,471
Prepaid expenses	<u>95,541</u>			<u>95,541</u>	<u>40,866</u>
<b>Total Current Assets</b>	<b>2,495,014</b>	<b>3,522,697</b>		<b>6,017,711</b>	<b>5,095,850</b>
<b>Non-Current Assets</b>					
Investments restricted for endowment - Notes 2 and 3		203,538	\$ 2,958,315	3,161,853	3,038,454
Pledges, grants and contributions receivable - Notes 2 and 4		1,791,882		1,791,882	2,019,659
Fixed assets, at cost, net of accumulated depreciation of \$12,090 and \$7,670 in 2013 and 2012, respectively - Notes 2 and 5	4,304			4,304	8,724
Security deposits	<u>12,518</u>			<u>12,518</u>	<u>12,518</u>
<b>Total Assets</b>	<b><u>\$ 2,511,836</u></b>	<b><u>\$ 5,518,117</u></b>	<b><u>\$ 2,958,315</u></b>	<b><u>\$ 10,988,268</u></b>	<b><u>\$ 10,175,205</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b><u>LIABILITIES</u></b>					
<b>Current Liabilities</b>					
Accounts and accrued expenses payable	\$ 264,018			\$ 264,018	\$ 175,171
Grants payable - Notes 2 and 6	1,064,100			1,064,100	902,300
Deferred rental income	650			650	3,500
Agency funds payable - Note 7	<u>515,110</u>			<u>515,110</u>	<u>859,912</u>
<b>Total Current Liabilities</b>	<b>1,843,878</b>			<b>1,843,878</b>	<b>1,940,883</b>
<b>Non-Current Liabilities</b>					
Grants payable - Notes 2 and 6	106,145			106,145	145,616
Security deposits payable	<u>4,238</u>			<u>4,238</u>	<u>4,462</u>
<b>Total Liabilities</b>	<b><u>1,954,261</u></b>			<b><u>1,954,261</u></b>	<b><u>2,090,961</u></b>
<b>NET ASSETS</b>					
Unrestricted - Operating	557,575			557,575	447,236
Temporarily restricted - Note 11		\$ 5,518,117		5,518,117	4,678,693
Permanently restricted - Note 12			\$ 2,958,315	<u>2,958,315</u>	<u>2,958,315</u>
<b>Total Net Assets</b>	<b><u>557,575</u></b>	<b><u>5,518,117</u></b>	<b><u>2,958,315</u></b>	<b><u>9,034,007</u></b>	<b><u>8,084,244</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,511,836</u></b>	<b><u>\$ 5,518,117</u></b>	<b><u>\$ 2,958,315</u></b>	<b><u>\$ 10,988,268</u></b>	<b><u>\$ 10,175,205</u></b>

See accompanying notes to financial statements.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>2013</u>	<u>2012</u>
<b><u>SUPPORT AND REVENUE</u></b>					
Grants and contributions - Note 2	\$ 572,395	\$ 3,576,193		\$ 4,148,588	\$ 4,796,593
Administrative fees - Note 7	79,266			79,266	63,764
Rental income	52,777			52,777	64,491
Net investment income/(loss) - Note 3	21,701	334,433		356,134	( 11,362)
Foreign currency translation gains/ (loss) - Note 4		55,726		55,726	( 267,260)
In-kind contributions - Notes 2 and 9		170,926		170,926	-
Miscellaneous income	<u>10,117</u>			<u>10,117</u>	<u>21,227</u>
<b>Total Support and Revenue</b>	<b>736,256</b>	<b>4,137,278</b>		<b>4,873,534</b>	<b>4,667,453</b>
Net Assets released from restrictions - Note 10	<u>3,297,854</u>	<u>( 3,297,854)</u>		<u>-</u>	<u>-</u>
<b>Total Support and Revenue</b>	<b><u>4,034,110</u></b>	<b><u>839,424</u></b>		<b><u>4,873,534</u></b>	<b><u>4,667,453</u></b>
<b><u>EXPENSES</u></b>					
<b>Program Services</b>	<u>3,094,615</u>			<u>3,094,615</u>	<u>2,301,731</u>
<b>Supporting Services</b>					
Administrative and general	431,125			431,125	435,072
Fund raising	<u>398,031</u>			<u>398,031</u>	<u>299,799</u>
<b>Total Supporting Services</b>	<u>829,156</u>			<u>829,156</u>	<u>734,871</u>
<b>Total Expenses</b>	<u>3,923,771</u>			<u>3,923,771</u>	<u>3,036,602</u>
<b>Changes in Net Assets</b>	110,339	839,424		949,763	1,630,851
Net Assets at beginning of year	<u>447,236</u>	<u>4,678,693</u>	<u>\$ 2,958,315</u>	<u>8,084,244</u>	<u>6,453,393</u>
Net Assets at end of year	<u>\$ 557,575</u>	<u>\$ 5,518,117</u>	<u>\$ 2,958,315</u>	<u>\$ 9,034,007</u>	<u>\$ 8,084,244</u>

See accompanying notes to financial statements.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	Program Services	Supporting Services		Total Program and Supporting Services	
		Administrative and General	Fund Raising	2013	2012
Salaries	\$ 631,881	\$ 155,816	\$ 205,841	\$ 993,538	\$ 733,174
Payroll taxes and employee benefits	134,520	33,172	43,821	211,513	208,169
<b>Total Payroll and related expenses</b>	<b>766,401</b>	<b>188,988</b>	<b>249,662</b>	<b>1,205,051</b>	<b>941,343</b>
Grants	1,600,389			1,600,389	1,317,639
Event expenses	12,596		13,595	26,191	7,514
Mailing	1,843		1,843	3,686	5,848
Printing and copying	25,163	543	6,315	32,021	23,611
Publicity and advertising	683		171	854	2,151
Travel and meetings	119,459	17,060	26,391	162,910	78,693
Professional and consulting fees	206,109	105,956	35,163	347,228	305,262
Office supplies and expenses	19,500	2,680	4,830	27,010	17,412
Equipment rental and maintenance	26,108	4,288	9,952	40,348	37,801
Dues, fees and subscriptions	1,534	82	109	1,725	1,078
Insurance	5,351	1,114	1,619	8,084	7,182
Telephone and telecommunications	15,822	2,316	3,060	21,198	18,081
Postage and delivery	2,841	619	1,891	5,351	2,381
Occupancy	78,012	72,014	25,413	175,439	169,537
Repairs and maintenance	18,044	4,450	5,878	28,372	26,743
Community relations	1,155		1,806	2,961	1,335
Staff recruitment and training	379	20,163	123	20,665	1,141
Collection loss	12,720	3,137	4,143	20,000	44,538
Bank and credit card charges	2,803	2,989	3,387	9,179	13,833
In-kind program costs - Note 9	170,926			170,926	-
Miscellaneous	3,966	4,033	1,764	9,763	8,936
<b>Total Expenses before depreciation</b>	<b>3,091,804</b>	<b>430,432</b>	<b>397,115</b>	<b>3,919,351</b>	<b>3,032,059</b>
Depreciation	2,811	693	916	4,420	4,543
<b>Total Expenses 2013</b>	<b>\$ 3,094,615</b>	<b>\$ 431,125</b>	<b>\$ 398,031</b>	<b>\$ 3,923,771</b>	
<b>Total Expenses 2012</b>	<b>\$ 2,301,731</b>	<b>\$ 435,072</b>	<b>\$ 299,799</b>		<b>\$ 3,036,602</b>

See accompanying notes to financial statements.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	2013	2012
<b>Cash Flows from Operating Activities</b>		
Changes in Net Assets	\$ 949,763	\$ 1,630,851
Adjustments to reconcile changes in Net Assets to net cash provided by operating activities:		
Depreciation	4,420	4,543
Net realized gains on investment transactions	( 185,609)	( 71,204)
Net unrealized (gains)/loss on investments	( 52,997)	212,487
Changes in assets and liabilities:		
Decrease/(increase) in accounts receivable	1,964	( 2,099)
Increase in pledges, grants and contributions receivable	( 324,739)	( 796,396)
Increase in prepaid expenses	( 54,675)	( 1,795)
Increase in accounts and accrued expenses payable	88,847	49,748
Increase/(decrease) in grants payable	122,329	( 281,936)
Decrease in security deposits payable	( 224)	( 900)
Decrease in deferred rental income	( 2,850)	-
(Decrease)/increase in agency funds payable	( 344,802)	485,422
<b>Net Cash Provided by Operating Activities</b>	<b>201,427</b>	<b>1,228,721</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of fixed assets	-	( 7,466)
Purchase of investments	( 1,959,953)	( 2,762,165)
Proceeds from sale of investments	1,699,741	2,531,478
<b>Net Cash Used in Investing Activities</b>	<b>( 260,212)</b>	<b>( 238,153)</b>
<b>Net (Decrease)/Increase in Cash and cash equivalents</b>	<b>( 58,785)</b>	<b>990,568</b>
Cash and cash equivalents at beginning of year	2,712,006	1,721,438
Cash and cash equivalents at end of year	<b>\$ 2,653,221</b>	<b>\$ 2,712,006</b>
 <b>Supplemental disclosures of cash flow information:</b>		
Gifts of securities	\$ 1,093,939	\$ 442,798

See accompanying notes to financial statements.



**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 ORGANIZATION**

The Astraea Lesbian Foundation for Justice, Inc. (“Astraea”) works for social, racial and economic justice in the U.S. and internationally by funding LGBTQI organizations and engaging in philanthropic advocacy. Astraea’s work helps lesbians and allied communities challenge oppression and claim their human rights.

In pursuing its mission, Astraea raises and disburses funds to programs and initiatives that directly benefit or serve diverse constituencies; expand the community of individuals and institutions that support lesbian and trans issues; promotes community-building, capacity building, and movement-building; and educates individuals about money, philanthropic giving and the role of grantmaking in achieving common goals.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of Astraea have been prepared on the accrual basis of accounting.

**Support**

Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are received to discount the amounts.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by donor. Unappropriated investment earnings available for operations are recorded in temporarily restricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

**Allowance for Doubtful Accounts**

Astraea provides an allowance for doubtful accounts for accounts which are specifically identified by management as to their uncertainty in regards to collectibility.

(Continue)

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with original maturities of less than 90 days. Astraea's cash balances were deposited in several financial institutions. Management believes that Astraea is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. The basis of determining the fair value of investments is the readily determinable sales price of the investments based on prices or quotations from over-the-counter markets.

Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities. Realized and unrealized gains and losses allocated to the unrestricted, temporarily and permanently restricted net assets are recognized as incurred. They are recorded in the Statement of Activities as income or loss in accordance with donors restrictions.

Endowment investments are classified as non-current regardless of maturity date due to restrictions limiting Astraea's ability to use these investments.

Fixed Assets

Astraea capitalizes all significant expenditures for furniture and equipment. These assets are recorded at cost. Depreciation of furniture and equipment are provided for on a straight-line basis over the estimated useful lives of the assets.

Financial Statement Presentation

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. The classes of net assets are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by Astraea is limited by donor-imposed stipulations that can only be removed by actions of Astraea's governing body in accordance with the New York Prudent Management of Institutional Funds Act.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by Astraea is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Astraea pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

(Continue)

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Program Revenue

Program revenue is recognized as income when earned.

Non-Cash Contributions

Contributed securities are recorded at market value at the date of receipt. Donated services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Grant Expenses

Contributions made and unconditional promises to give are recognized as expenses in the period made at their fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at June 30, 2013 and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from these estimates.

Income Taxes

Astraea is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code and similar provisions of the State Code.

Accounting for Uncertainty in Income Taxes

Astraea adopted *Financial Accounting Standards Board* ("FASB") guidance on uncertain income tax positions in its financial statements. Astraea recognizes the effect of tax positions only when they are more likely than not of being sustained. Management is not aware of any violation of its tax status as an organization exempt from income taxes.

Comparative Financial Information

These financial statements include certain prior year summarized information presented for comparative purposes and is not intended to be a complete financial statement presentation. Accordingly, such information should be read in conjunction with Astraea's financial statements for the year ended June 30, 2012 from which the summarized information was derived.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 INVESTMENTS**

Investments are stated at fair value and consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation/ (Depreciation)</u>
Equity securities	\$ 2,138,042	\$ 2,458,130	\$ 320,088
Certificates of deposit	100,000	100,000	-
Mutual funds	1,768,915	1,832,282	63,367
Government and corporate bonds	228,507	243,891	15,384
Real estate investment trust	49,379	37,710	( 11,669)
Other	<u>55</u>	<u>55</u>	<u>-</u>
Total	<u>\$ 4,284,898</u>	<u>\$ 4,672,068</u>	<u>\$ 387,170</u>
Investments restricted for endowment		<u>3,161,853</u>	
Investments		<u>\$ 1,510,215</u>	

The investment returns consist of the following:

Interests and dividends	\$ 150,643
Net realized gains on investment transactions	185,609
Net unrealized gains on investments	52,997
Investment expenses	<u>( 33,115)</u>
Net investment gain	<u>\$ 356,134</u>

**NOTE 4 PROMISES TO GIVE**

Unconditional promises to give as of June 30, 2013 are as follows:

Receivable in less than one year	\$ 1,753,987
Receivable in one to five years	1,852,300
Receivable in six to ten years	<u>2,000</u>
Total unconditional promises to give	3,608,287
Less: net present value discount	<u>62,418</u>
Net unconditional promises to give	<u>\$ 3,545,869</u>

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 1.41%.

Pledges, grants and contributions receivable include foreign pledges receivable of 1.2 million Euros, which was translated at the exchange rate in effect as of June 30, 2013. Gains of \$55,726 from foreign currency translation for the year was included in the statement of activities.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 5 FIXED ASSETS**

As of June 30, 2013, the costs and accumulated depreciation were as follows:

Computer equipment and software	\$	14,464
Furniture and fixtures		<u>1,930</u>
		16,394
Less: accumulated depreciation		<u>12,090</u>
Net	\$	<u>4,304</u>

Fully depreciated assets of \$3,483 have been disposed of during the year.

**NOTE 6 GRANTS PAYABLE**

The liability for grants as of June 30, 2013 is payable as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2014	\$ 1,064,100
2015	<u>107,000</u>
Total grants payable	1,171,100
Less: net present value discount	<u>855</u>
Net grants payable	<u>\$ 1,170,245</u>

Long-term promises to give are recognized at fair value, using present value techniques and are discounted using the two year U.S. Treasury Note's rate of 0.36% as of June 30, 2013.

**NOTE 7 AGENCY FUNDS**

Astraea is the fiscal sponsor of The Pipeline Project and Global Action for Transgender Equality ("GATE"). Astraea charges an administrative fee of 10% of the sponsored project's annual operating expenses and 5% for grant expenses. The net assets for these sponsored projects as of June 30, 2013 are reflected in the accompanying financial statements as agency funds payable. For the year ended June 30, 2013, total fees paid to Astraea was \$79,266.

**NOTE 8 PENSION PLAN**

Astraea maintains a 401(k) plan covering full time employees who are 21 years of age. Employees may contribute to the plan an amount ranging from 0% - 96% of their compensation. Astraea's contributions to the plan are at the discretion of Astraea's management. Astraea did not make any contributions for the year ended June 30, 2013.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 9 IN-KIND CONTRIBUTIONS**

In-kind contributions received during the year represents donated program costs of \$170,926 for the Global LGBTI Human Rights Partnership.

**NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS**

The amounts released from donor restrictions during the year ended June 30, 2013 are as follows:

Satisfaction of purpose restrictions:	
Grants and Grantmaking expenses	\$ 403,342
International Fund for Sexual Minorities	560,324
Social Change Opportunity Fund	114,100
Racial Justice Collaborative Fund	554,375
U.S. LGBTQ Community of Color	450,000
Donor Advised funds	59,232
Emergency Fund and Operations	20,000
Global Philanthropy Project	120,235
Global LGBTI Human Rights Partnership	656,440
South Africa Donor Tour	9,000
Appropriated endowment earnings	<u>103,806</u>
	3,050,854
Satisfaction of time restrictions:	
General support designated for 2013	<u>247,000</u>
Total	<u>\$ 3,297,854</u>

**NOTE 11 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of June 30, 2013 are available for the following:

Grants and Grantmaking expenses	\$ 797,160
International Fund for Sexual Minorities	1,585,761
Social Change Opportunity Fund	1,183,948
Racial Justice Collaborative Fund	995,614
International Human Rights	50,000
Donor Advised funds	126,731
Endowment Campaign operations	9,765
Global Philanthropy Project	327,352
South Africa Donor Tour	133,680
General support designated for future periods	104,568
Unappropriated endowment earnings	<u>203,538</u>
Total	<u>\$ 5,518,117</u>

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 12 ENDOWMENT NET ASSETS**

Astraea's endowment consist of several individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of Astraea may appropriate for expenditures or accumulate so much of an endowment fund as Astraea determines as prudent for the uses, benefits, purposes and duration for which the fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditures by the board of directors. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures in a manner consistent with the standard of prudence prescribed by the New York Prudent Management of Institutional Funds Act (NYPMIFA).

Changes in endowment net assets for the fiscal year ended June 30, 2013 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets as of June 30, 2012	\$ 80,139	\$ 2,958,315	\$ 3,038,454
Net investment gains	227,205		227,205
Appropriated earnings	(103,806)		(103,806)
Endowment Net Assets as of June 30, 2013	<u>\$ 203,538</u>	<u>\$ 2,958,315</u>	<u>\$ 3,161,853</u>

**NOTE 13 COMMITMENTS**

a) Lease agreement

Astraea leases its office space under an operating lease expiring on February 28, 2015. The future minimum lease payments, exclusive of certain escalation costs, are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2014	\$ 141,283
2015	<u>95,745</u>
Total	<u>\$ 237,028</u>

(Continue)

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 13 COMMITMENTS** - (Continued)

b) Sublease agreements

Astraea sublets subdivided space under various operating leases expiring on June 30, 2014. Minimum future rentals to be received on the subleases is \$48,026.

**NOTE 14 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Astraea follows FASB guidance on *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. As defined in FASB *Accounting Standards Codification* ("ASC") 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

Astraea utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. Astraea's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels.

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

The three levels of fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets or quoted market prices for identical assets and liabilities in inactive markets.
- Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The following methods and assumptions were used by Astraea in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents and short-term unconditional promises to give: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

(Continue)



**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 14 FAIR VALUE OF FINANCIAL INSTRUMENTS - (Continued)**

The following methods and assumptions were used by Astraea in estimating its fair value disclosures for financial instruments:

- Investments: The fair values of investments are based on quoted market prices for those or similar investments.
- Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting expected future cash flows using various discount rates as of June 30, 2013.

The estimated fair values of Astraea's financial instruments are as follows:

	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	\$ 2,653,221	\$ 2,653,221
Investments	1,510,215	1,510,215
Investments restricted for endowment	3,161,853	3,161,853
Pledges, grants and contributions receivable - Unconditional promises to give	3,545,869	3,545,869
Financial liabilities:		
Grants payable - Unconditional promises to give	\$ 1,170,245	\$ 1,170,245

Fair Value Measurements at Reporting Date Using

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)
Investments	\$ 1,510,215	\$ 1,410,215	\$ 100,000
Investments restricted for permanent endowment	3,161,853	3,161,853	-

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 15 FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing Astraea's services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**NOTE 16 SUBSEQUENT EVENTS**

Astraea evaluated subsequent events through December 10, 2013, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

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MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**  
**ON SUPPLEMENTARY INFORMATION**

To the Board of Directors  
The Astraea Lesbian Foundation for Justice, Inc.  
New York, New York

The financial statements of The Astraea Lesbian Foundation for Justice, Inc., namely, the statement of financial position as of June 30, 2013, and the related statements of activities and changes in net assets and cash flows and functional expenses for the year then ended and our Independent Auditor's Report thereon, are included in the preceding section of this report.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Winnie Tam & Co., P.C.*

New York, New York  
December 10, 2013

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**STATEMENT OF ACTIVITIES OF AFFILIATE PROJECT**  
**THE PIPELINE PROJECT**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	<u>2013</u>	<u>2012</u>
<b>Support and Revenue</b>		
Foundation grants	\$ 389,806	\$ 610,000
<b>Total Support and Revenue</b>	<u>389,806</u>	<u>610,000</u>
<b>Expenses</b>		
Salaries	108,739	158,245
Payroll taxes and fringe benefits	17,028	31,386
Grants	-	51,908
Professional and consultant fees	228,442	97,120
Travel and meetings	114,777	22,229
Meetings and conferences	330	61,004
Telephone and communications	-	264
Videography	368	2,171
Website expenses	2,201	-
Administrative fees - Note 7	47,199	42,433
Bank charges	<u>100</u>	<u>-</u>
<b>Total Expenses</b>	<u>519,184</u>	<u>466,760</u>
Change in Net Assets	( 129,378)	143,240
Net Assets at beginning of year	<u>482,018</u>	<u>338,778</u>
Net Assets at end of year	<u>\$ 352,640</u>	<u>\$ 482,018</u>

See notes in the preceding section of this schedule.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.  
STATEMENT OF ACTIVITIES OF AFFILIATE PROJECT  
GLOBAL ACTION FOR TRANSGENDER EQUALITY ("GATE")  
FOR THE YEAR ENDED JUNE 30, 2013  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	<u>2013</u>	<u>2012</u>
<b>Support and Revenue</b>		
Grants and contributions	\$ <u>137,320</u>	\$ <u>576,860</u>
<b>Total Support and Revenue</b>	<u>137,320</u>	<u>576,860</u>
<b>Expenses</b>		
Salaries	104,324	50,484
Payroll taxes and fringe benefits	13,630	5,016
Publicity and advertising	211	61
Occupancy	11,648	14,400
Office supplies and expenses	4,839	6,960
Membership dues	180	357
Printing and copying	79	304
Postage	471	488
Travel	106,060	49,020
Meetings and conferences	8,676	7,817
Professional and consulting fees	62,987	70,572
Telephone and communications	3,142	3,665
Repairs and maintenance	-	267
Staff development	2,550	1,517
Administrative fees	32,067	21,331
Bank charges	1,699	475
Miscellaneous expense	<u>181</u>	<u>1,913</u>
<b>Total Expenses</b>	<u>352,744</u>	<u>234,647</u>
Change in Net Assets	( 215,424)	342,213
Net Assets at beginning of year	<u>377,894</u>	<u>35,681</u>
Net Assets at end of year	<u>\$ 162,470</u>	<u>\$ 377,894</u>

See notes in the preceding section of this schedule.