

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Astraea Lesbian Foundation for Justice, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Lotz + Carr, LLP*

New York, New York  
December 18, 2018

## THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents (Notes 2b and 4a)	\$ 1,960,026	\$ -	\$ -	\$ 1,960,026
Accounts receivable	50,127	-	-	50,127
Contributions receivable (Notes 2c, 4b and 5)	734,271	3,032,769	-	3,767,040
Prepaid expenses	240,387	-	-	240,387
Investments (Notes 2d, 2e, 4a and 6)	1,657,170	6,905,547	3,461,717	12,024,434
Fixed assets, at cost, net of accumulated depreciation and amortization (Notes 2f and 8)	352,176	-	-	352,176
Security deposits	12,518	-	-	12,518
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b><u>\$ 5,006,675</u></b>	<b><u>\$ 9,938,316</u></b>	<b><u>\$ 3,461,717</u></b>	<b><u>\$18,406,708</u></b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 437,040	\$ -	\$ -	\$ 437,040
Grants payable (Notes 2g and 9)	2,655,944	-	-	2,655,944
Note payable (Note 10)	325,626	-	-	325,626
Deferred rent (Note 2h)	65,260	-	-	65,260
Total Liabilities	<u>3,483,870</u>	<u>-</u>	<u>-</u>	<u>3,483,870</u>
Commitments and Contingency (Notes 13 and 14)				
<b>Net Assets</b>				
Unrestricted	1,522,805	-	-	1,522,805
Temporarily restricted (Note 3a)	-	9,938,316	-	9,938,316
Permanently restricted (Notes 3b and 7)	-	-	3,461,717	3,461,717
Total Net Assets	<u>1,522,805</u>	<u>9,938,316</u>	<u>3,461,717</u>	<u>14,922,838</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 5,006,675</u></b>	<b><u>\$ 9,938,316</u></b>	<b><u>\$ 3,461,717</u></b>	<b><u>\$18,406,708</u></b>

See notes to financial statements.

## THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Changes in Unrestricted Net Assets</b>				
Support and Revenue				
Grants and contributions (Notes 4b and 12)				
Programs and operations	\$ 880,454	\$10,759,562	\$ -	\$11,640,016
Sponsored projects	-	1,849,643	-	1,849,643
In-kind contributions (Note 12)	-	282,850	-	282,850
Gross benefit event income	248,052	27,918	-	275,970
Less: Direct expenses	(143,862)	-	-	(143,862)
Program fees	40,151	-	-	40,151
Net investment income (Note 6)	39,920	381,030	-	420,950
Foreign currency translation gain (Note 5)	-	21,779	-	21,779
Reimbursed expenses	89,963	-	-	89,963
Other income	15,496	-	-	15,496
	<u>1,170,174</u>	<u>13,322,782</u>	<u>-</u>	<u>14,492,956</u>
Net assets released from restrictions (Note 3a)				
Core programs and operations	8,909,684	(8,909,684)	-	-
Sponsored projects	1,446,160	(1,446,160)	-	-
	<u>11,526,018</u>	<u>2,966,938</u>	<u>-</u>	<u>14,492,956</u>
Expenses				
Program Services				
Sponsored projects	1,295,052	-	-	1,295,052
Core programs	8,466,488	-	-	8,466,488
Total Program Services	<u>9,761,540</u>	<u>-</u>	<u>-</u>	<u>9,761,540</u>
Supporting Services				
Administrative and general	833,079	-	-	833,079
Fundraising	1,335,273	-	-	1,335,273
Total Supporting Services	<u>2,168,352</u>	<u>-</u>	<u>-</u>	<u>2,168,352</u>
	<u>11,929,892</u>	<u>-</u>	<u>-</u>	<u>11,929,892</u>
Increase (decrease) in net assets	<u>(403,874)</u>	<u>2,966,938</u>	<u>-</u>	<u>2,563,064</u>
Net assets, beginning of year	2,078,195	6,025,492	3,461,717	11,565,404
Prior period adjustment (Note 15)	(151,516)	945,886	-	794,370
Net assets, beginning of year as restated	<u>1,926,679</u>	<u>6,971,378</u>	<u>3,461,717</u>	<u>12,359,774</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,522,805</u>	<u>\$ 9,938,316</u>	<u>\$ 3,461,717</u>	<u>\$14,922,838</u>

See notes to financial statements.

## THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services			Supporting Services		Total Expenses
	Core Programs	Sponsored Projects	Total	Administrative and General	Fundraising	
Salaries	\$ 977,986	\$ 224,146	\$1,202,132	\$ 465,284	\$ 676,533	\$ 2,343,949
Payroll taxes and fringe benefits	217,021	42,431	259,452	118,080	125,799	503,331
Total Payroll and Related Expenses	1,195,007	266,577	1,461,584	583,364	802,332	2,847,280
Grants	4,889,930	548,663	5,438,593	-	-	5,438,593
Professional and consulting fees	1,269,075	254,559	1,523,634	41,684	140,953	1,706,271
In-kind program costs (Note 12)	282,850	-	282,850	-	-	282,850
Travel	302,389	17,531	319,920	24,762	66,118	410,800
Meetings and conferences	147,522	114,348	261,870	11,122	14,967	287,959
Publicity and promotions	42,590	-	42,590	-	11,648	54,238
Event expenses	-	-	-	-	86,557	86,557
Occupancy	128,498	72,110	200,608	50,391	73,067	324,066
Repairs and maintenance	14,367	-	14,367	5,634	23,857	43,858
Printing and copying	78,034	5,096	83,130	827	42,512	126,469
Equipment and software	51,178	1,376	52,554	8,844	15,449	76,847
Office supplies and expenses	2,590	-	2,590	9,920	433	12,943
Telephone and communications	1,417	3,819	5,236	12,535	442	18,213
Website expenses	3,883	-	3,883	2,008	11	5,902
Insurance	2,436	-	2,436	8,556	-	10,992
Postage and delivery	134	-	134,000	2,598	1,449	4,181
Staff development and recruitment	7,003	1,778	8,781	13,881	22,995	45,657
Bank and credit card charges	9,421	7,177	16,598	6,613	9,568	32,779
Dues, fees and subscriptions	6,806	-	6,806	1,130	5,765	13,701
Interest expense	-	-	-	20,378	-	20,378
Bad debt expense	-	-	-	14,159	-	14,159
Miscellaneous	1,301	2,018	3,319	2,886	59	6,264
Total expenses before depreciation and amortization	8,436,431	1,295,052	9,731,483	821,292	1,318,182	11,870,957
Depreciation and amortization	30,057	-	30,057	11,787	17,091	58,935
Total Expenses	<u>\$8,466,488</u>	<u>\$1,295,052</u>	<u>\$9,761,540</u>	<u>\$ 833,079</u>	<u>\$ 1,335,273</u>	<u>\$11,929,892</u>

See independent auditors' report.

## THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

**Cash Flows From Operating Activities**

Increase in net assets	\$2,563,064
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	58,935
Net realized gain on investments	(95,587)
Net unrealized gain on investments	(228,259)
Bad debt expense	14,159
(Increase) decrease in:	
Accounts receivable	(38,981)
Contributions receivable	(987,600)
Prepaid expenses	39,533
Increase (decrease) in:	
Accounts payable and accrued expenses	(36,767)
Grants payable	731,920
Deferred rent	13,346
Net Cash Provided By Operating Activities	<u>2,033,763</u>

**Cash Flows from Investing Activities**

Acquisition of fixed assets	(1,000)
Purchase of investments	(2,068,610)
Proceeds from sale of investments	201,078
Net Cash Used By Investing Activities	<u>(1,868,532)</u>

**Cash Flows from Financing Activities**

Principal payments on note payable	<u>(53,289)</u>
Net increase in cash and cash equivalents	111,942
Cash and cash equivalents, beginning of year	<u>1,848,084</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$1,960,026</u></u>

**Supplemental Disclosures of Cash Flow Information**

Cash paid during the year for interest	<u>\$ 20,972</u>
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See notes to financial statements.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018****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; expands 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****a - Basis of Accounting**

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

**b - Cash and Cash Equivalents**

For purposes of the statement of cash flows, Astraea considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for those short-term investments managed by Astraea's investment managers as part of their long-term investment strategies.

**c - Contributions**

Contributions are recognized when the donor makes a promise to give to Astraea, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Astraea uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.



**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018****Note 2 - Summary of Significant Accounting Policies (continued)****d - Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of Astraea. Unobservable inputs reflect Astraea's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances.

Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that Astraea has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**e - Investments**

Investments are measured at fair value on a recurring basis. Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**f - Fixed Assets**

Astraea capitalizes expenditures for furniture and equipment and leasehold improvements in excess of \$1,500. Fixed assets are recorded at cost and are being depreciated using the straight-line method over the estimated useful life of the related asset.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018****Note 2 - Summary of Significant Accounting Policies (continued)**g - Grant Expenses

Unconditional grants made are recognized at the time authorized.

h - Deferred Rent

Rent expense is recognized on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as deferred rent in the accompanying financial statements.

i - Financial Statement Presentation

Astraea reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

j - Program Fees

Program fees are recognized as income when the respective program takes place.

k - In-Kind 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.

l - 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.

m - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

n - Tax Status

Astraea is a not-for-profit organization, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been designated as an organization which is not a private foundation.

## THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

**Note 2 - Summary of Significant Accounting Policies (continued)**o - Subsequent Events

Astraea has evaluated subsequent events through December 18, 2018, the date that the financial statements are considered available to be issued.

p - New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities"*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two net asset classes now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Astraea is currently evaluating the impact of ASU 2016-14 on its fiscal year 2019 financial statements.

In February 2016, the FASB issued ASU 2016-02, *"Leases (Topic 842)"*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. Astraea is currently evaluating the impact of ASU 2016-02 on its financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Note 3 - Restricted Net Assets**

a - Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2018 are available for future programs and operations as follows:

International Fund	\$3,187,248
International Trans Fund	1,419,899
US Fund	1,107,052
LGBTQ Racial Justice Fund	728,911
Grantmaking and other programmatic expenses	690,137
Global Philanthropy Project	492,514
Intersex Fund	358,944
LGBTQ Poverty Initiative	175,000
LGBTI Global Development Partnership	142,876
Philanthropic Advocacy	79,513
Comms Labs	50,000
The Pipeline Project	25,368
Communication	23,750
Global Arts Fund	20,223
Lesbians Who Tech	5,041
East African Sexual Health and Rights Initiative	708
General support designated for future periods	892,889
Unappropriated general endowment earnings	<u>538,243</u>
	<u><u>\$9,938,316</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Note 3 - Restricted Net Assets (continued)**

a - Temporarily Restricted Net Assets (continued)

Net assets were released from donor restrictions during the year ended June 30, 2018 by incurring expenses satisfying restrictions or by the occurrence of other events specified by donors as follows:

Satisfaction of Purpose Restrictions:	
International Fund	\$ 2,456,842
LGBTI Global Development Partnership	1,610,734
US Fund	1,580,708
International Trans Fund	1,116,725
LGBTQ Racial Justice Fund	939,966
Intersex Fund	637,928
Global Philanthropy Project	618,336
Grantmaking and programmatic expenses	370,020
The Pipeline Project	274,855
Digital Security	76,750
Global Arts Fund	65,000
Philanthropic Advocacy	62,377
Lesbians Who Tech	54,580
Endowment appropriation - general operating	93,982
Satisfaction of Time Restrictions:	
General operating support designated for 2018	<u>397,041</u>
Total	<u>\$10,355,844</u>

b - Permanently Restricted Net Assets

Permanently restricted net assets are those restricted to be maintained in perpetuity, the investment income from which is expendable to support Astraea's programs and operations. Permanently restricted net assets as of June 30, 2018 are for the following purposes:

General operating support	\$1,909,978
International Fund	542,317
Out Fund	503,401
Skip Fund for Lesbian Writers and Lesbian Visual Arts	262,686
Visual Arts Fund	211,000
Margot Karle Scholarship Fund	14,500
Lynn Campbell Memorial Grant Fund	10,390
Lesbian Writers Fund	<u>7,445</u>
	<u>\$3,461,717</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Note 4 - Concentrations**

- a - Astraea's cash and cash equivalents and investments are insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation, up to certain limits. Balances at times exceed these limits.
- b - Approximately 50% of contribution revenue for the year ended June 30, 2018 was from three foundations. Approximately 59% of contributions receivable at June 30, 2018 is due from three donors.

**Note 5 - Contributions Receivable**

Contributions receivable as of June 30, 2018 are due as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Due in less than one year	\$734,271	\$2,299,369	\$3,033,640
Due in one to five years	-	<u>770,829</u>	<u>770,829</u>
	<u>734,271</u>	3,070,198	3,804,469
Less: Discount to present value	-	<u>(37,429)</u>	<u>(37,429)</u>
	<u>\$734,271</u>	<u>\$3,032,769</u>	<u>\$3,767,040</u>

Long-term contributions receivable are discounted to present value using a discount rate of 2.52%.

Contributions receivable include foreign contributions receivable of 200,000 Euros, which was translated at the exchange rate in effect as of June 30, 2018. Gains from foreign currency translation for the year ended June 30, 2018 totaled \$21,779.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Note 6 - Investments**

Investments consist of the following as of June 30, 2018:

	<u>Cost</u>	<u>Fair Value</u>		
		<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 3,932,572	\$ 3,932,572	\$3,932,572	\$ -
Certificate of deposit	100,000	100,000	100,000	-
Equities				
Domestic	1,467,821	1,933,680	1,933,680	-
International	754,431	859,960	859,960	-
Mutual Funds				
Domestic	852,260	823,548	823,548	-
International	407,832	491,378	491,378	-
Fixed income - international	18,952	15,122	15,122	-
Corporate Bonds				
Domestic	2,872,967	2,873,421	-	2,873,421
International	8,369	9,410	-	9,410
U.S. Government and state obligations	<u>1,004,041</u>	<u>985,343</u>	<u>985,343</u>	<u>-</u>
<b>Total</b>	<b><u>\$11,419,245</u></b>	<b><u>\$12,024,434</u></b>	<b><u>\$9,141,603</u></b>	<b><u>\$2,882,831</u></b>

Net investment income for the year ended June 30, 2018 consists of the following:

Interest and dividends	\$152,768
Net realized gain on sale of investments	95,587
Net unrealized gain	228,259
Investment fees	<u>(55,664)</u>
<b>Net Investment Income</b>	<b><u>\$420,950</u></b>

**Note 7 - Endowment Funds**

Astraea's endowment consists of several individual funds established for the support of its programs and operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Note 7 - Endowment Funds (continued)**

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), Astraea classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. 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 expenditure.

In accordance with NYPMIFA, Astraea considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of Astraea and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of Astraea;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on Astraea; and
- (viii) the investment policy of Astraea

Astraea's endowment funds as of June 30, 2018 are summarized by type of fund and net asset classification as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$1,002,712</u>	<u>\$3,461,717</u>	<u>\$4,464,429</u>

Changes in Astraea's endowment funds for the year ended June 30, 2018 are summarized as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ 716,264	\$3,461,717	\$4,177,981
Net investment income	380,430	-	380,430
Appropriation of endowment assets for expenditure	<u>(93,982)</u>	<u>-</u>	<u>(93,982)</u>
Endowment Funds, End of Year	<u>\$1,002,712</u>	<u>\$3,461,717</u>	<u>\$4,464,429</u>



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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Note 7 - Endowment Funds (continued)**

Astraea's endowment assets are invested in accordance with investment practices that emphasize long-term investment fundamentals. The primary investment objective is growth of principal sufficient to meet the funding and administrative responsibilities to support future programs and activities. Over the long term, the objective is that the total return on investment assets should equal the rate of inflation, plus an amount to support programs and operations (the payout), plus an amount reinvested to provide for growth of principal. In addition to achieving solid returns through prudent management, Astraea invests its assets in a manner that is socially responsible. For the general operating endowment, annual appropriations for spending on operations are made in an amount up to 4% of the 3-year rolling average of the fund as of the most recently completed fiscal year. For program specific endowment funds, annual appropriations for spending in accordance with each fund's programmatic restrictions are made in an amount up to 4% of the 3-year rolling average for each fund (unless otherwise specified by the terms of the fund) as of the most recently completed fiscal quarter.

**Note 8 - Fixed Assets**

Fixed assets consist of the following at June 30, 2018:

	<u>Life</u>	<u>Amount</u>
Leasehold improvements	Term of lease	\$404,316
Furniture and office equipment	5 years	41,002
Computer equipment and software	3 years	<u>8,446</u>
		453,764
Less: Accumulated depreciation and amortization		<u>(101,588)</u>
		<u><u>\$352,176</u></u>

**Note 9 - Grants Payable**

Grants payable as of June 30, 2018 are due as follows:

Within one year	\$2,495,000
In one to five years	<u>165,000</u>
	2,660,000
Less: Discount to present value	<u>(4,056)</u>
	<u><u>\$2,655,944</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Note 9 - Grants Payable (continued)**

Long-term grants payable are discounted to present value using a discount rate of 2.52%.

**Note 10 - Note Payable**

On July 8, 2016, Astraea entered into an agreement with a financial institution that provided for borrowings up to \$500,000 for the renovation and reconfiguration of its office facility. Borrowings totaled \$400,000. Borrowings bear interest at an annual interest rate equal to the 7-year Treasury Constant Maturity rate plus 3.52%. Commencing February 8, 2017, pursuant to the terms of the related promissory note, monthly payments of interest and principal commenced. The balance of outstanding principal is due July 8, 2023. The loan is collateralized by all the assets of Astraea.

Principal payments are due as follows:

<u>Year Ending June 30,</u>	
2019	\$ 56,525
2020	59,921
2021	63,598
2022	67,460
2023	71,558
Thereafter, through July 8, 2023	<u>6,564</u>
Total	<u>\$325,626</u>

**Note 11 - Fiscal Sponsorship**

Astraea is the fiscal sponsor of International Trans Fund, Lesbians Who Tech, The Pipeline Project, UHAI: East African Sexual Health and Rights Initiative, and Vaid Group LGBTQ Poverty Initiative. Astraea retains a portion of funds raised towards these sponsored projects to cover its administrative costs. The net assets for these sponsored projects as of June 30, 2018 are reflected in the accompanying financial statements as temporarily restricted net assets.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018****Note 12 - Government Grants**

In September 2012, Astraea was awarded by the U.S. Agency for International Development ("USAID") a \$3.5 million grant to support its LGBTI Global Human Rights Partnership program (the "Partnership Program"). Through subsequent amendments, most recently in September 2018, the total funding has been increased to \$7.4 million, and the grant period has been extended to December 10, 2019.

The goal of the Partnership Program is to increase human rights, accountability and protection to LGBTI individuals worldwide through interconnected strategies to create change in six key regions. The purpose is to: 1) build a global LGBTI movement by funding powerful grassroots organizations and activists working in some of the most challenging environments in the world, 2) expand philanthropic resources available to LGBTI organizations internationally, and 3) shift discriminatory attitudes and behaviors through media and communications work.

For the year ended June 30, 2018, program costs totaling \$1,023,737 were funded by USAID. In-kind contributions were received during the year ended June 30, 2018 totaling \$282,850, representing donated program costs by implementing partners in connection with the Partnership Program.

During 2018, other government grants were received from the U.S. Department of State, and Public Health Solutions funded by the Center for Disease Control and Prevention, in the amounts of \$109,687 and \$257,916, respectively.

**Note 13 - Pension Plan**

Astraea maintains a 401(k) plan covering full time employees who are 21 years of age. Employees may make voluntary contributions subject to statutory limits. Astraea's contributions to the plan are made at the discretion of management. For the year ended June 30, 2018, the amount of pension expense was \$34,476.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Note 14 - Commitment and Contingency**

- a - Astraea leases its office space under an operating lease expiring on February 28, 2025. The future minimum lease payments, exclusive of certain escalation costs, are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 196,708
2020	202,609
2021	208,688
2022	214,948
2023	221,397
Thereafter	<u>383,074</u>
Total	<u>\$1,427,424</u>

For financial statement purposes, total rent expense is accounted for on a straight-line basis. Accordingly, the accompanying statement of financial position reflects liability for deferred rent for the excess of the rent expense charged under generally accepted accounting principles over the rent paid pursuant to the lease terms. As of June 30, 2018, the amount of deferred rent was \$65,260.

- b - Government supported projects and programs are subject to audit by the applicable granting agency.

**Note 15 - Prior Period Adjustment**

Net assets as of July 1, 2017 have been restated for the following prior period adjustments:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
To reclassify fiscal sponsorship funds previously reported as a liability	\$ -	\$1,694,370	\$1,694,370
To reverse contributions receivable that were not unconditional promises to give	<u>(151,516)</u>	<u>(748,484)</u>	<u>(900,000)</u>
	<u>\$(151,516)</u>	<u>\$ 945,886</u>	<u>\$ 794,370</u>