

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

**INDEPENDENT AUDITORS' REPORT
ON
FINANCIAL STATEMENTS**

AS OF JUNE 30, 2015

AND

**FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.

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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, 2015, 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 from 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, 2015 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying pages 19 to 21 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Winnie Lam & Co., P.C." The signature is written in black ink and is positioned to the right of the main body of text.

New York, New York
February 16, 2016

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>2015</u>	<u>2014</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,909,286	\$ 994,904		\$ 2,904,190	\$ 3,134,595
Investments - Notes 2 and 3	2,096,031			2,096,031	1,727,085
Accounts receivable	13,253	4,506		17,759	25,890
Pledges, grants and contributions receivable - Notes 2 and 5	174,830	2,329,247		2,504,077	3,006,756
Prepaid expenses	<u>71,727</u>			<u>71,727</u>	<u>44,287</u>
Total Current Assets	4,265,127	3,328,657		7,593,784	7,938,613
Non-Current Assets					
Investments restricted for endowment - Notes 2 and 3			\$ 3,461,717	3,461,717	3,453,099
Pledges, grants and contributions receivable - Notes 2 and 5		1,697,378		1,697,378	1,097,333
Fixed assets, at cost, net of accumulated depreciation of \$11,071 and \$7,423 in 2015 and 2014, respectively - Notes 2 and 4	3,605			3,605	7,253
Security deposits	<u>14,768</u>			<u>14,768</u>	<u>13,868</u>
Total Assets	<u>\$ 4,283,500</u>	<u>\$ 5,026,035</u>	<u>\$ 3,461,717</u>	<u>\$ 12,771,252</u>	<u>\$ 12,510,166</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current Liabilities					
Accounts and accrued expenses payable	\$ 300,205			\$ 300,205	\$ 388,464
Grants payable - Notes 2 and 7	2,552,780			2,552,780	2,192,063
Deferred rental income				-	3,827
Deferred rent payable - Note 15	8,697			8,697	-
Agency funds payable - Note 6	<u>510,159</u>			<u>510,159</u>	<u>600,008</u>
Total Current Liabilities	3,371,841			3,371,841	3,184,362
Non-Current Liabilities					
Grants payable - Notes 2 and 7	183,385			183,385	208,227
Security deposits payable	<u>200</u>			<u>200</u>	<u>4,027</u>
Total Liabilities	<u>3,555,426</u>			<u>3,555,426</u>	<u>3,396,616</u>
NET ASSETS					
Unrestricted - Operating	728,074			728,074	648,271
Temporarily restricted - Note 10		\$ 5,026,035		5,026,035	5,506,964
Permanently restricted - Note 11			<u>\$ 3,461,717</u>	<u>3,461,717</u>	<u>2,958,315</u>
Total Net Assets	<u>728,074</u>	<u>5,026,035</u>	<u>3,461,717</u>	<u>9,215,826</u>	<u>9,113,550</u>
Total Liabilities and Net Assets	<u>\$ 4,283,500</u>	<u>\$ 5,026,035</u>	<u>\$ 3,461,717</u>	<u>\$ 12,771,252</u>	<u>\$ 12,510,166</u>

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>2015</u>	<u>2014</u>
<u>SUPPORT AND REVENUE</u>					
Grants and contributions -					
Notes 2 and 8	\$ 884,850	\$ 5,589,574	\$ 503,402	\$ 6,977,826	\$ 5,236,857
In-kind contributions - Notes 2 and 12	696	293,353		294,049	230,061
Administrative fees - Note 6	50,627			50,627	61,090
Rental income	6,477			6,477	50,426
Special events income, net of direct event expenses of \$150,853	269,500			269,500	-
Net investment (loss)/income - Notes 2 and 3	(13,577)	(177,631)		(191,208)	591,106
Foreign currency translation (loss)/gains - Note 5		(227,176)		(227,176)	74,831
Miscellaneous income	<u>62,551</u>			<u>62,551</u>	<u>5,422</u>
Total Support and Revenue	1,261,124	5,478,120	503,402	7,242,646	6,249,793
Net Assets released from restrictions - Note 9	<u>5,959,049</u>	<u>(5,959,049)</u>		<u>-</u>	<u>-</u>
Total Support and Revenue	<u>7,220,173</u>	<u>(480,929)</u>	<u>503,402</u>	<u>7,242,646</u>	<u>6,249,793</u>
<u>EXPENSES</u>					
Program Services	<u>6,219,664</u>			<u>6,219,664</u>	<u>5,415,236</u>
Supporting Services					
Administrative and general	386,817			386,817	277,071
Fund raising	<u>533,889</u>			<u>533,889</u>	<u>477,943</u>
Total Supporting Services	<u>920,706</u>			<u>920,706</u>	<u>755,014</u>
Total Expenses	<u>7,140,370</u>			<u>7,140,370</u>	<u>6,170,250</u>
Changes in Net Assets	79,803	(480,929)	503,402	102,276	79,543
Net Assets at beginning of year	<u>648,271</u>	<u>5,506,964</u>	<u>\$ 2,958,315</u>	<u>9,113,550</u>	<u>9,034,007</u>
Net Assets at end of year	<u>\$ 728,074</u>	<u>\$ 5,026,035</u>	<u>\$ 3,461,717</u>	<u>\$ 9,215,826</u>	<u>\$ 9,113,550</u>

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	Program Services	Supporting Services		Total Program and Supporting Services
		Administrative and General	Fund Raising	
Salaries	\$ 718,729	\$ 151,906	\$ 219,783	\$ 1,090,418
Payroll taxes and employee benefits	206,586	23,177	33,533	263,296
Total Payroll and related expenses	925,315	175,083	253,316	1,353,714
Grants	3,680,030			3,680,030
Event expenses (including in-kind contribution of \$588 in 2015)	11,074		76,993	88,067
Mailing	1,914		1,914	3,828
Printing and copying	25,696	207	5,849	31,752
Travel and meetings (including in-kind contribution of \$108 in 2015)	268,712	25,985	36,352	331,049
Professional and consulting fees	757,251	108,636	102,164	968,051
Office supplies and expenses	20,105	2,617	7,012	29,734
Equipment rental and maintenance	26,091	1,506	7,460	35,057
Dues, fees and subscriptions	2,026	2,346	236	4,608
Insurance	6,055	3,971	564	10,590
Telephone and telecommunications	13,950	13,342	175	27,467
Postage and delivery	581	2,309	1,088	3,978
Occupancy	157,394	23,121	24,080	204,595
Repairs and maintenance	19,653	1,956	2,830	24,439
Community relations	473		1,000	1,473
Staff development and recruitment	2,322	1,301	3,487	7,110
Collection loss		2,000		2,000
Bank and credit card charges	1,006	10,934	7,389	19,329
In-kind program costs - Note 12	293,353			293,353
Miscellaneous	4,258	10,995	1,245	16,498
Total Expenses before depreciation	6,217,259	386,309	533,154	7,136,722
Depreciation	2,405	508	735	3,648
Total Expenses 2015	\$ 6,219,664	\$ 386,817	\$ 533,889	\$ 7,140,370

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	2015	2014
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 102,276	\$ 79,543
Adjustments to reconcile changes in Net Assets to net cash provided by operating activities:		
Depreciation	3,648	4,261
Net realized gains on investment transactions	(429,835)	(175,100)
Net unrealized loss/(gains) on investments	740,575	(300,301)
Changes in assets and liabilities:		
Decrease/(increase) in accounts receivable	8,131	(21,143)
Increase in pledges, grants and contributions receivable	(97,366)	(558,220)
(Increase)/decrease in prepaid expenses	(27,440)	51,254
Increase in security deposits	(900)	(1,350)
(Decrease)/increase in accounts and accrued expenses payable	(88,259)	124,446
Increase in grants payable	335,875	1,230,045
Decrease in security deposits payable	(3,827)	(211)
(Decrease)/increase in deferred rental income	(3,827)	3,177
Increase in deferred rent payable	8,697	-
(Decrease)/increase in agency funds payable	(89,849)	84,898
Net Cash Provided by Operating Activities	457,899	521,299
<u>Cash Flows from Investing Activities</u>		
Acquisition of fixed assets	-	(7,210)
Purchase of investments	(6,189,782)	(3,106,941)
Proceeds from sale of investments	5,501,478	3,074,226
Net Cash Used in Investing Activities	(688,304)	(39,925)
Net (Decrease)/Increase in Cash and cash equivalents	(230,405)	481,374
Cash and cash equivalents at beginning of year	3,134,595	2,653,221
Cash and cash equivalents at end of year	\$ 2,904,190	\$ 3,134,595
<u>Supplemental disclosures of cash flow information:</u>		
Gifts of securities	\$ 1,321,976	\$ 1,165,885

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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 high quality financial institutions which, at times, may exceed federal insured limits. Astraea has not experienced any losses in such accounts.

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.

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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, 2015 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. Astraea is no longer subject to federal or state and local income tax examinations by tax authorities for the year ended June 30, 2011 and prior years.

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, 2014 from which the summarized information was derived.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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	\$ 2,703,800	\$ 2,683,849	(\$ 19,951)
Certificates of deposit	100,000	100,000	-
Mutual funds	1,716,513	1,677,441	(39,072)
Government and corporate bonds	1,022,390	1,027,967	5,577
Other	<u>74,018</u>	<u>68,491</u>	<u>(5,527)</u>
Total	<u>\$ 5,616,721</u>	\$ 5,557,748	<u>(\$ 58,973)</u>
Investments restricted for endowment		<u>3,461,717</u>	
Investments		<u>\$ 2,096,031</u>	

The investment returns consist of the following:

Interests and dividends	\$ 166,685
Net realized gains on investment transactions	429,835
Net unrealized loss on investments	(740,575)
Investment fees	<u>(47,153)</u>
Net investment loss	<u>(\$ 191,208)</u>

NOTE 4 FIXED ASSETS

As of June 30, 2015, the costs and accumulated depreciation were as follows:

Computer equipment and software	\$ 14,676
Less: accumulated depreciation	<u>(11,071)</u>
Net	<u>\$ 3,605</u>

Fully depreciated fixed assets of \$3,427 have been disposed of during the year.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 PROMISES TO GIVE

Unconditional promises to give as of June 30, 2015 are as follows:

Receivable in less than one year	\$ 2,504,077
Receivable in one to five years	<u>1,743,683</u>
Total unconditional promises to give	4,247,760
Less: net present value discount	(<u>46,305</u>)
Net unconditional promises to give	<u>\$ 4,201,455</u>
Current	\$ 2,504,077
Non-current	<u>1,697,378</u>
Net unconditional promises to give	<u>\$ 4,201,455</u>

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 1.63%.

Pledges, grants and contributions receivable include foreign pledges receivable of \$800,000 Euros, which was translated at the exchange rate in effect as of June 30, 2015. Loss of \$227,176 from foreign currency translation for the year was included in the statement of activities.

NOTE 6 AGENCY FUNDS

Astraea is the fiscal sponsor of The Pipeline Project, Global Action for Transgender Equality (“GATE”) and UHAI: East African Sexual Health and Rights Initiative. Astraea charges an administrative fee of up to 15%. The net assets for these sponsored projects as of June 30, 2015 are reflected in the accompanying financial statements as agency funds payable. For the year ended June 30, 2015, total fees paid to Astraea was \$50,627.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 GRANTS PAYABLE

The liability for grants as of June 30, 2015 is payable as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ 2,552,780
2017	<u>185,000</u>
Total grants payable	2,737,780
Less: net present value discount	(<u>1,615</u>)
Net grants payable	<u>\$ 2,736,165</u>
Current	\$ 2,552,780
Non-current	<u>183,385</u>
Net grants payable	<u>\$ 2,736,165</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 0.64% as of June 30, 2015.

NOTE 8 GRANTS AND CONTRIBUTIONS

In September 2012, Astraea was awarded by the U.S. Agency for International Development ("USAID") a \$3.5 million grant to support a three-year program entitled Global LGBTI Human Rights Partnership (the "Partnership Program"). The funding amount from USAID was later increased to \$4.9 million in August 2015. The grant from USAID was originally for the period from September 11, 2012 to September 10, 2015 and later was extended to September 10, 2018. Astraea, with its partners, will leverage new funds to match the USAID funding for the Partnership program. The goal of the Partnership Program is to increase human rights, accountability and protection to LGBTI individuals worldwide.

The Partnership Program will fund three critical and 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) expanding 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, 2015, program costs totaling \$968,339 was funded by USAID and was included in grants and contributions.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from donor restrictions during the year ended June 30, 2015 are as follows:

Satisfaction of purpose restrictions:	
Communication	\$ 87,354
Donor Advised funds	405,400
Global Art Fund	38,816
Global LGBTI Human Rights Partnership	1,261,692
Global Philanthropy Project	269,685
Grants and Grantmaking expenses	910,468
International Fund for Sexual Minorities	547,115
International Human Rights	117,500
Intersex Fund	198,750
Philanthropic Advocacy	250,000
Racial Justice Collaborative Fund	1,045,068
Social Change Opportunity Fund	437,508
Travel	34,116
UHAI: East African Sexual Health & Rights Initiative	181,700
West Africa Activist Fund	44,460
Appropriated endowment earnings	<u>97,386</u>
	5,927,018
Satisfaction of time restrictions:	
General support designated for 2015	<u>32,031</u>
Total	<u>\$ 5,959,049</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2015 are available for the following:

Communication	\$ 62,646
Donor Advised funds	286,987
Endowment Campaign operations	9,765
Global Art Fund	904
Global Philanthropy Project	225,642
Grants and Grantmaking expenses	514,744
International Fund for Sexual Minorities	1,116,200
International Human Rights	7,500
Intersex Fund	275,750
Philanthropic Advocacy	250,000
Racial Justice Collaborative Fund	471,834

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS - (Continued)

Social Change Opportunity Fund	\$ 1,321,071
South Africa Donor Tour	5,000
West Africa Activist Fund	55,540
General support designated for future periods	143,086
Unappropriated endowment earnings	<u>279,366</u>
Total	<u>\$ 5,026,035</u>

NOTE 11 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, 2015 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets as of June 30, 2014	\$ 494,784	\$ 2,958,315	\$ 3,453,099
Contributions		503,402	503,402
Net investment loss	(118,032)		(118,032)
Appropriated earnings	(<u>97,386</u>)		(<u>97,386</u>)
Endowment Net Assets as of June 30, 2015	<u>\$ 279,366</u>	<u>\$ 3,461,717</u>	<u>\$ 3,741,083</u>

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 IN-KIND CONTRIBUTIONS

In-kind contributions received during the year represents donated program costs of \$293,353 for the Global LGBTI Human Rights Partnership, donated food for house parties of \$588 and travel expenses of \$108.

NOTE 13 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. For the year ended June 30, 2015, the amount of pension expenses was \$25,410.

NOTE 14 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 15 COMMITMENTS

a) Lease agreement

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>	
2016	\$ 180,016
2017	185,416
2018	190,979
2019	196,708
2020	200,603
Subsequent to 2020	<u>1,030,113</u>
Total	<u>\$ 1,983,835</u>

For financial statement purposes, total rent expenses are 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, 2015, the amount of deferred rent was \$8,697.

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15 COMMITMENTS - (Continued)

b) Sublease agreements

Astraea sublets subdivided space under various operating leases expiring on January 31, 2017. Minimum future rentals to be received on the subleases are as follows:

<u>Year Ending June 30</u>		
2016	\$	2,400
2017		<u>1,400</u>
Total	\$	<u>3,800</u>

NOTE 16 FAIR VALUE MEASUREMENTS

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.

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 FAIR VALUE MEASUREMENTS - (Continued)

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.
- 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, 2015.

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

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:		
Cash and cash equivalents	\$ 2,904,190	\$ 2,904,190
Investments	2,096,031	2,096,031
Investments restricted for endowment	3,461,717	3,461,717
Pledges, grants and contributions receivable - Unconditional promises to give	4,201,455	4,201,455
Financial Liabilities:		
Grants payable - Unconditional promises to give	2,736,165	2,736,165

<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>
Equity securities	\$ 2,683,849	\$ 2,683,849	
Certificates of deposit	100,000		\$ 100,000
Mutual funds	1,677,441	1,677,441	
Government and corporate bonds	1,027,967	1,027,967	
Other	68,491	68,491	
Total Investments	<u>\$ 5,557,748</u>	<u>\$ 5,457,748</u>	<u>\$ 100,000</u>

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17 CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject Astraea to concentrations of credit risk, consist of cash, money market accounts and investment securities.

Astraea maintains its cash with creditworthy, high-quality financial institutions which, at times, may exceed federally insured limits. Astraea has not experienced any losses in such accounts.

Astraea has significant investments in stocks, bonds, and mutual funds, and therefore, is subject to concentrations of credit risk. Investments are made by investment managers engaged by Astraea, and the investments are monitored for Astraea by an investment advisor. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of Astraea.

NOTE 18 SUBSEQUENT EVENTS

Astraea evaluated subsequent events through February 16, 2016, 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.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF ACTIVITIES OF AFFILIATE PROJECT
THE PIPELINE PROJECT
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	<u>2015</u>	<u>2014</u>
Support and Revenue		
Foundation grants	\$ 210,000	\$ 326,182
Total Support and Revenue	<u>210,000</u>	<u>326,182</u>
Expenses		
Salaries	120,444	120,000
Payroll taxes and fringe benefits	21,522	19,660
Grants	10,800	41,858
Professional and consultant fees	9,996	129,152
Travel	3,171	47,385
Meetings and conferences	-	67,867
Administrative fees - Note 6	16,616	42,592
Miscellaneous expense	<u>228</u>	<u>-</u>
Total Expenses	<u>182,777</u>	<u>468,514</u>
Change in Net Assets	27,223	(142,332)
Net Assets at beginning of year	<u>210,308</u>	<u>352,640</u>
Net Assets at end of year	<u>\$ 237,531</u>	<u>\$ 210,308</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, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	<u>2015</u>	<u>2014</u>
Support and Revenue		
Grants and contributions	\$ 140,512	\$ 450,040
Net realized loss on investments	(512)	
Other income	<u>300</u>	<u>-</u>
Total Support and Revenue	<u>140,300</u>	<u>450,040</u>
Expenses		
Salaries	134,156	109,727
Payroll taxes and fringe benefits	24,336	20,333
Grants	137,000	27,621
Occupancy	15,931	15,434
Office supplies and expenses	270	62
Postage	-	368
Printing	69	-
Professional and consulting fees	14,726	12,269
Travel	14,977	13,758
Meetings and conferences	3,651	2,315
Telephone and communications	2,210	1,028
Staff development	6,166	574
Administrative fees - Note 6	26,009	18,498
Membership dues	210	-
Bank charges	30	90
Miscellaneous expense	<u>2,256</u>	<u>734</u>
Total Expenses	<u>381,997</u>	<u>222,811</u>
Change in Net Assets	(241,697)	227,229
Net Assets at beginning of year	<u>389,699</u>	<u>162,470</u>
Net Assets at end of year	<u>\$ 148,002</u>	<u>\$ 389,699</u>

See notes in the preceding section of this schedule.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF ACTIVITIES OF AFFILIATE PROJECT
UHAI: EAST AFRICAN SEXUAL HEALTH AND RIGHTS INITIATIVE
FOR THE YEAR ENDED JUNE 30, 2015

Support and Revenue	
Grants and contributions	\$ <u>202,333</u>
Total Support and Revenue	<u>202,333</u>
Expenses	
Professional and consulting fees	42,917
Travel	4,046
Meetings and conferences	228
Staff development	22,514
Administrative fees - Note 6	<u>8,002</u>
Total Expenses	<u>77,707</u>
Change in Net Assets representing Net Assets as of June 30, 2015	<u>\$ 124,626</u>

See notes in the preceding section of this schedule.