

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

**INDEPENDENT AUDITORS' REPORT
ON
FINANCIAL STATEMENTS**

AS OF JUNE 30, 2016

AND

**FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

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, 2016, 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, 2016 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, 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 22 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 black ink that reads "Winnie Lam & Co., P.C." with a stylized flourish at the end.

New York, New York
January 30, 2017

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>2016</u>	<u>2015</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,180,505	\$ 1,169,319		\$ 2,349,824	\$ 2,904,190
Investments - Notes 2 and 3	2,067,103	225,622		2,292,725	2,096,031
Accounts receivable	7,143	5,231		12,374	17,759
Pledges, grants and contributions receivable - Notes 2 and 5	52,792	3,239,883		3,292,675	2,504,077
Prepaid expenses	<u>199,065</u>			<u>199,065</u>	<u>71,727</u>
Total Current Assets	3,506,608	4,640,055		8,146,663	7,593,784
Non-Current Assets					
Investments restricted for endowment - Notes 2 and 3			\$ 3,461,717	3,461,717	3,461,717
Pledges, grants and contributions receivable - Notes 2 and 5		1,424,694		1,424,694	1,697,378
Fixed assets, at cost, net of accumulated depreciation of \$6,611 and \$3,605 in 2016 and 2015, respectively - Notes 2 and 4	28,665			28,665	3,605
Security deposits	<u>12,518</u>			<u>12,518</u>	<u>14,768</u>
Total Assets	<u>\$ 3,547,791</u>	<u>\$ 6,064,749</u>	<u>\$ 3,461,717</u>	<u>\$ 13,074,257</u>	<u>\$ 12,771,252</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current Liabilities					
Accounts and accrued expenses payable	\$ 325,063			\$ 325,063	\$ 300,205
Grants payable - Notes 2 and 7	2,306,510			2,306,510	2,552,780
Deferred rent payable - Note 15	33,006			33,006	8,697
Agency funds payable - Note 6	<u>222,921</u>			<u>222,921</u>	<u>510,159</u>
Total Current Liabilities	2,887,500			2,887,500	3,371,841
Non-Current Liabilities					
Grants payable - Notes 2 and 7	9,942			9,942	183,385
Security deposits payable	<u>700</u>			<u>700</u>	<u>200</u>
Total Liabilities	<u>2,898,142</u>			<u>2,898,142</u>	<u>3,555,426</u>
NET ASSETS					
Unrestricted - Operating	649,649			649,649	728,074
Temporarily restricted - Note 10		\$ 6,064,749		6,064,749	5,026,035
Permanently restricted - Note 11			<u>\$ 3,461,717</u>	<u>3,461,717</u>	<u>3,461,717</u>
Total Net Assets	<u>649,649</u>	<u>6,064,749</u>	<u>3,461,717</u>	<u>10,176,115</u>	<u>9,215,826</u>
Total Liabilities and Net Assets	<u>\$ 3,547,791</u>	<u>\$ 6,064,749</u>	<u>\$ 3,461,717</u>	<u>\$ 13,074,257</u>	<u>\$ 12,771,252</u>

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total All Funds</u>	
				2016	2015
<u>SUPPORT AND REVENUE</u>					**
Grants and contributions -					
Notes 2 and 8	\$ 748,951	\$ 7,287,923		\$ 8,036,874	\$ 6,977,826
In-kind contributions - Notes 2 and 12	605	415,954		416,559	294,049
Program fees	68,195			68,195	59,534
Administrative fees - Note 6	59,830			59,830	50,627
Rental income	4,900			4,900	6,477
Special events income, net of direct event expenses of \$73,441	95,512			95,512	269,500
Net investment income/(loss) - Notes 2 and 3	61,030	(79,137)		(18,107)	(191,208)
Foreign currency translation loss - Note 5		(9,750)		(9,750)	(227,176)
Miscellaneous income	<u>10,595</u>			<u>10,595</u>	<u>3,017</u>
Total Support and Revenue	1,049,618	7,614,990		8,664,608	7,242,646
Net Assets released from restrictions - Note 9	<u>6,576,276</u>	<u>(6,576,276)</u>		<u>-</u>	<u>-</u>
Total Support and Revenue	<u>7,625,894</u>	<u>1,038,714</u>		<u>8,664,608</u>	<u>7,242,646</u>
<u>EXPENSES</u>					
Program Services	<u>6,652,957</u>			<u>6,652,957</u>	<u>6,219,664</u>
Supporting Services					
Administrative and general	406,724			406,724	386,817
Fund raising	<u>644,638</u>			<u>644,638</u>	<u>533,889</u>
Total Supporting Services	<u>1,051,362</u>			<u>1,051,362</u>	<u>920,706</u>
Total Expenses	<u>7,704,319</u>			<u>7,704,319</u>	<u>7,140,370</u>
Changes in Net Assets	(78,425)	1,038,714		960,289	102,276
Net Assets at beginning 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>
Net Assets at end of year	<u>\$ 649,649</u>	<u>\$ 6,064,749</u>	<u>\$ 3,461,717</u>	<u>\$ 10,176,115</u>	<u>\$ 9,215,826</u>

** Reclassified for comparative purposes.

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	Supporting Services			Total Program and Supporting Services	
	Program Services	Administrative and General	Fund Raising	2016	2015
		**			
Salaries	\$ 912,388	\$ 208,732	\$ 318,540	\$ 1,439,660	\$ 1,090,418
Payroll taxes and employee benefits	234,837	33,505	51,131	319,473	263,296
Total Payroll and related expenses	1,147,225	242,237	369,671	1,759,133	1,353,714
Grants	3,380,314			3,380,314	3,680,030
Event expenses (including in-kind contribution of \$588 in 2015)	65,836		29,404	95,240	88,067
Mailing	1,429		1,429	2,858	3,828
Printing and copying	41,433	275	10,147	51,855	31,752
Publicity and advertising	2,459		615	3,074	-
Travel and meetings (including in-kind contribution of \$605 in 2016 and \$108 in 2015)	376,642	1,079	32,320	410,041	331,049
Professional and consulting fees (including in-kind contribution of \$12,905 in 2016)	914,907	76,083	124,273	1,115,263	968,051
Office supplies and expenses	17,828	1,734	4,231	23,793	29,734
Equipment rental and maintenance	20,683	1,374	11,311	33,368	35,057
Dues, fees and subscriptions	1,834	627	1,928	4,389	4,608
Insurance	2,438	5,304		7,742	10,590
Telephone and communications	13,904	9,575	108	23,587	21,147
Website expenses	42,640	2,177	1,216	46,033	6,320
Postage and delivery	818	1,757	952	3,527	3,978
Occupancy	185,121	27,480	34,458	247,059	204,595
Repairs and maintenance	12,981	1,500	2,289	16,770	24,439
Community relations	1,023		950	1,973	1,473
Staff development and recruitment	7,267	13,716	6,672	27,655	7,110
Collection loss				-	2,000
Bank and credit card charges	9,652	3,229	11,130	24,011	19,329
In-kind program costs - Note 12	403,049			403,049	293,353
Miscellaneous	1,569	18,141	869	20,579	16,498
Total Expenses before depreciation	6,651,052	406,288	643,973	7,701,313	7,136,722
Depreciation	1,905	436	665	3,006	3,648
Total Expenses 2016	\$ 6,652,957	\$ 406,724	\$ 644,638	\$ 7,704,319	
Total Expenses 2015	\$ 6,219,664	\$ 386,817	\$ 533,889		\$ 7,140,370

** Reclassified for comparative purposes.

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	2016	2015
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 960,289	\$ 102,276
Adjustments to reconcile changes in Net Assets to net cash (used in)/provided by operating activities:		
Depreciation	3,006	3,648
Net realized loss/(gains) on investment transactions	87,530 (429,835)
Net unrealized loss on investments	55,856	740,575
Changes in assets and liabilities:		
Decrease in accounts receivable	5,385	8,131
Increase in pledges, grants and contributions receivable	(515,914)(97,366)
Increase in prepaid expenses	(127,338)(27,440)
Decrease/(increase) in security deposits	2,250 (900)
Increase/(decrease) in accounts and accrued expenses payable	24,858 (88,259)
(Decrease)/increase in grants payable	(419,713)	335,875
Increase/(decrease) in security deposits payable	500 (3,827)
Decrease in deferred rental income	-	(3,827)
Increase in deferred rent payable	24,309	8,697
Decrease in agency funds payable	(287,238)(89,849)
Net Cash (Used in)/Provided by Operating Activities	(186,220)	457,899
<u>Cash Flows from Investing Activities</u>		
Acquisition of fixed assets	(28,066)	-
Purchase of investments	(3,086,723)(6,189,782)
Proceeds from sale of investments	<u>2,746,643</u>	<u>5,501,478</u>
Net Cash Used in Investing Activities	(368,146)	(688,304)
Net Decrease in Cash and cash equivalents	(554,366)	(230,405)
Cash and cash equivalents at beginning of year	<u>2,904,190</u>	<u>3,134,595</u>
Cash and cash equivalents at end of year	<u>\$ 2,349,824</u>	<u>\$ 2,904,190</u>
<u>Supplemental disclosures of cash flow information:</u>		
Gifts of securities	<u>\$ 1,555,029</u>	<u>\$ 1,321,976</u>

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016

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, 2016

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, 2016 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, 2013 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, 2015 from which the summarized information was derived.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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	\$ 2,753,660	\$ 2,649,368	(\$ 104,292)
Certificates of deposit	100,000	100,000	-
Mutual funds	1,924,107	1,866,446	(57,661)
Government and corporate bonds	1,002,156	1,048,004	45,848
Exchange traded products	3,724	2,404	(1,320)
Other	<u>79,754</u>	<u>88,220</u>	<u>8,466</u>
Total	<u>\$ 5,863,401</u>	<u>\$ 5,754,442</u>	<u>(\$ 108,959)</u>
Investments restricted for endowment		<u>3,461,717</u>	
Investments		<u>\$ 2,292,725</u>	

The investment earnings consist of the following:

Interests and dividends	\$ 179,566
Net realized loss on investment transactions	(87,530)
Net unrealized loss on investments	(55,856)
Investment fees	<u>(54,287)</u>
Net investment loss	<u>(\$ 18,107)</u>

NOTE 4 FIXED ASSETS

As of June 30, 2016, the costs and accumulated depreciation were as follows:

Leasehold improvements	\$ 24,450
Computer equipment and software	<u>10,826</u>
	35,276
Less: accumulated depreciation	<u>(6,611)</u>
Net	<u>\$ 28,665</u>

Fully depreciated computer equipment and software of \$7,466 were disposed of during the year.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 PROMISES TO GIVE

Unconditional promises to give as of June 30, 2016 are as follows:

Receivable in less than one year	\$ 3,292,675
Receivable in one to five years	<u>1,441,300</u>
Total unconditional promises to give	4,733,975
Less: net present value discount	(<u>16,606</u>)
Net unconditional promises to give	<u>\$ 4,717,369</u>
Current	\$ 3,292,675
Non-current	<u>1,424,694</u>
Net unconditional promises to give	<u>\$ 4,717,369</u>

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 1.01%.

Pledges, grants and contributions receivable include foreign pledges receivable of \$600,000 Euros, which was translated at the exchange rate in effect as of June 30, 2016. Loss of \$9,750 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, UHAI: East African Sexual Health and Rights Initiative and Lesbians Who Tech. Astraea charges an administrative fee based on the agreement with individual projects.. The net assets for these sponsored projects as of June 30, 2016 are reflected in the accompanying financial statements as agency funds payable. For the year ended June 30, 2016, total fees paid to Astraea was \$59,830.

Astraea was the fiscal sponsor of Global Action for Transgender Equality (“GATE”). In 2015, GATE applied for tax exempt status and commenced its operations as a separate entity effective January 1, 2016. Of the total remaining net assets of \$24,105, \$23,191 was transferred to the entity as of December 31, 2015.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 GRANTS PAYABLE

The liability for grants as of June 30, 2016 is payable as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 2,306,510
2018	<u>10,000</u>
Total grants payable	2,316,510
Less: net present value discount	(<u>58</u>)
Net grants payable	<u>\$ 2,316,452</u>
Current	\$ 2,306,510
Non-current	<u>9,942</u>
Net grants payable	<u>\$ 2,316,452</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 0.58% as of June 30, 2016.

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, 2016, program costs totaling \$1,037,325 was funded by USAID and was included in grants and contributions.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from donor restrictions during the year ended June 30, 2016 are as follows:

Satisfaction of purpose restrictions:	
Communication	\$ 187,646
Donor Advised funds	589,679
Global LGBTI Human Rights Partnership	1,440,374
Global Philanthropy Project	729,877
Grants and Grantmaking expenses	469,787
International Fund for Sexual Minorities	518,600
International Human Rights	89,742
International Trans Fund	172,879
Intersex Fund	304,292
Philanthropic Advocacy	250,404
Racial Justice Collaborative Fund	1,140,183
Social Change Opportunity Fund	353,811
West Africa Activist Fund	142,200
Appropriated endowment earnings	<u>94,861</u>
	6,484,335
Satisfaction of time restrictions:	
General support designated for 2016	<u>91,941</u>
Total	<u>\$ 6,576,276</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2016 are available for the following:

Communication	\$ 47,500
Donor Advised funds	233,729
Endowment Campaign operations	9,765
Global Art Fund	151,903
Global Philanthropy Project	777,323
Grants and Grantmaking expenses	484,190
International Fund for Sexual Minorities	835,528
International Human Rights	67,758
International Trans Fund	87,329
Intersex Fund	70,406
Racial Justice Collaborative Fund	1,377,152
Social Change Opportunity Fund	991,189
South Africa Donor Tour	5,000

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS - (Continued)

West Africa Activist Fund	\$	93,340
General support designated for future periods		697,834
Unappropriated endowment earnings		<u>134,803</u>
Total		<u>\$ 6,064,749</u>

In 2016, \$5,000 was redesignated from a donor advised fund to the Global Art Fund.

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, 2016 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets as of June 30, 2015	\$ 279,366	\$ 3,461,717	\$ 3,741,083
Net investment loss	(49,702)		(49,702)
Appropriated earnings	(<u>94,861</u>)		(<u>94,861</u>)
Endowment Net Assets as of June 30, 2016	<u>\$ 134,803</u>	<u>\$ 3,461,717</u>	<u>\$ 3,596,520</u>

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 IN-KIND CONTRIBUTIONS

In-kind contributions received during the year represents donated program costs of \$403,049 for the Global LGBTI Human Rights Partnership, donated services of \$12,905, and donated travel expenses of \$605.

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, 2016, the amount of pension expenses was \$28,487.

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>	
2017	\$ 185,416
2018	190,979
2019	196,708
2020	202,609
2021	208,688
Subsequent to 2021	<u>819,419</u>
Total	<u>\$ 1,803,819</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, 2016, the amount of deferred rent payable was \$33,006.

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 is \$1,400.

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, 2016

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, 2016.

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

	Carrying Amount	Fair Value
Financial Assets:		
Cash and cash equivalents	\$ 2,349,824	\$ 2,349,824
Investments	2,292,725	2,292,725
Investments restricted for endowment	3,461,717	3,461,717
Pledges, grants and contributions receivable - Unconditional promises to give	4,717,369	4,717,369
Financial Liabilities:		
Grants payable - Unconditional promises to give	2,316,452	2,316,452

Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)
Equity securities	\$ 2,649,368	\$ 2,649,368	
Certificates of deposit	100,000		\$ 100,000
Mutual funds	1,866,446	1,866,446	
Government and corporate bonds	1,048,004	1,048,004	
Exchange traded products	2,404	2,404	
Other	88,220	88,220	
Total Investments	\$ 5,754,442	\$ 5,654,442	\$ 100,000

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 January 30, 2017, 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, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	<u>2016</u>	<u>2015</u>
Support and Revenue		
Foundation grants	\$ 125,000	\$ 210,000
Total Support and Revenue	<u>125,000</u>	<u>210,000</u>
Expenses		
Salaries	139,807	120,444
Payroll taxes and fringe benefits	33,077	21,522
Grants	-	10,800
Professional and consultant fees	15,952	9,996
Travel	7,139	3,171
Administrative fees - Note 6	19,597	16,616
Miscellaneous expense	<u>-</u>	<u>228</u>
Total Expenses	<u>215,572</u>	<u>182,777</u>
Change in Net Assets	(90,572)	27,223
Net Assets at beginning of year	<u>237,531</u>	<u>210,308</u>
Net Assets at end of year	<u>\$ 146,959</u>	<u>\$ 237,531</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, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	<u>2016</u>	<u>2015</u>
Support and Revenue		
Grants and contributions		\$ 140,512
Net realized loss on investments		(512)
Other income		<u>300</u>
Total Support and Revenue		<u>140,300</u>
Expenses		
Salaries	\$ 74,708	134,156
Payroll taxes and fringe benefits	12,081	24,336
Grants	-	137,000
Professional and consulting fees	10,457	14,726
Occupancy	7,650	15,931
Office supplies and expenses	2,511	270
Postage	14	-
Printing	-	69
Travel	2,995	14,977
Meetings and conferences	-	3,651
Insurance	496	-
Telephone and communications	290	2,210
Staff development	745	6,166
Administrative fees - Note 6	11,263	26,009
Membership dues	-	210
Bank charges	-	30
Miscellaneous expense	<u>687</u>	<u>2,256</u>
Total Expenses	<u>123,897</u>	<u>381,997</u>
Change in Net Assets	(123,897)	(241,697)
Amount paid to GATE - Note 6	(23,191)	-
Net Assets at beginning of year	<u>148,002</u>	<u>389,699</u>
Net Assets at end of year	<u>\$ 914</u>	<u>\$ 148,002</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, 2016**

	<u>2016</u>	<u>2015</u>
Support and Revenue		
Grants and contributions	\$ <u>79,800</u>	\$ <u>202,333</u>
Total Support and Revenue	<u>79,800</u>	<u>202,333</u>
Expenses		
Grants	21,563	-
Professional and consulting fees	68,100	42,917
Office supplies	166	-
Travel	6,448	4,046
Meetings and conferences	8,528	228
Insurance	254	-
Staff development	2,600	22,514
Administrative fees - Note 6	20,719	8,002
Miscellaneous expense	<u>1,000</u>	<u>-</u>
Total Expenses	<u>129,378</u>	<u>77,707</u>
Change in Net Assets	(49,518)	124,626
Net Assets at beginning of year	<u>124,626</u>	<u>-</u>
Net Assets at end of year	<u>\$ 75,048</u>	<u>\$ 124,626</u>

See notes in the preceding section of this schedule.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF ACTIVITIES OF AFFILIATE PROJECT
LESBIANS WHO TECH
FOR THE YEAR ENDED JUNE 30, 2016**

	2016
Support and Revenue	
Foundation grants	\$ <u>165,000</u>
Total Support and Revenue	<u>165,000</u>
Expenses	
Grants	156,750
Administrative fees - Note 6	<u>8,250</u>
Total Expenses	<u>165,000</u>
Change in Net Assets	<u>\$ -</u>

See notes in the preceding section of this schedule.