

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

**INDEPENDENT AUDITORS' REPORT
ON
FINANCIAL STATEMENTS**

AS OF JUNE 30, 2012

AND

**FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

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 statement of financial position of The Astraea Lesbian Foundation for Justice, Inc. as of June 30, 2012 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of The Astraea Lesbian Foundation for Justice, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 and the changes in its net assets and its cash flows for the year then ended, in conformity with the accounting principles generally accepted in the United States of America.

Winnie Tam & Co., P.C.

New York, New York
February 13, 2013

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>2012</u>	<u>2011</u>
<u>ASSETS</u>					
Current Assets					
Cash and cash equivalents	\$ 1,852,842	\$ 859,164		\$ 2,712,006	\$ 1,721,438
Investments - Notes 2 and 3	331,011	803,785		1,134,796	929,970
Accounts receivable	3,415	3,296		6,711	4,612
Pledges, grants and contributions receivable - Notes 2 and 4	288,821	912,650		1,201,471	521,690
Prepaid expenses	<u>40,866</u>			<u>40,866</u>	<u>39,071</u>
Total Current Assets	2,516,955	2,578,895		5,095,850	3,216,781
Non-Current Assets					
Investments restricted for endowment - Notes 2 and 3		80,139	\$ 2,958,315	3,038,454	3,153,876
Pledges, grants and contributions receivable - Notes 2 and 4		2,019,659		2,019,659	1,903,044
Fixed assets, at cost, net of accumulated depreciation of \$11,153 and \$6,610 in 2012 and 2011, respectively - Notes 2 and 5	8,724			8,724	5,801
Security deposits	<u>12,518</u>			<u>12,518</u>	<u>12,518</u>
Total Assets	<u>\$ 2,538,197</u>	<u>\$ 4,678,693</u>	<u>\$ 2,958,315</u>	<u>\$ 10,175,205</u>	<u>\$ 8,292,020</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>LIABILITIES</u>					
Current Liabilities					
Accounts and accrued expenses payable	\$ 175,171			\$ 175,171	\$ 125,423
Grants payable - Notes 2 and 6	902,300			902,300	716,502
Deferred revenue	3,500			3,500	3,500
Agency funds payable - Note 7	<u>859,912</u>			<u>859,912</u>	<u>374,490</u>
Total Current Liabilities	1,940,883			1,940,883	1,219,915
Non-Current Liabilities					
Grants payable - Notes 2 and 6	145,616			145,616	613,350
Security deposits payable	<u>4,462</u>			<u>4,462</u>	<u>5,362</u>
Total Liabilities	<u>2,090,961</u>			<u>2,090,961</u>	<u>1,838,627</u>
<u>NET ASSETS</u>					
Unrestricted - Operating	447,236			447,236	305,780
Temporarily restricted - Note 10		\$ 4,678,693		4,678,693	3,189,298
Permanently restricted - Note 11			\$ 2,958,315	<u>2,958,315</u>	<u>2,958,315</u>
Total Net Assets	<u>447,236</u>	<u>4,678,693</u>	<u>2,958,315</u>	<u>8,084,244</u>	<u>6,453,393</u>
Total Liabilities and Net Assets	<u>\$ 2,538,197</u>	<u>\$ 4,678,693</u>	<u>\$ 2,958,315</u>	<u>\$ 10,175,205</u>	<u>\$ 8,292,020</u>

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>2012</u>	<u>2011</u>
<u>SUPPORT AND REVENUE</u>					
Grants and contributions - Note 2	\$ 1,086,889	\$ 3,709,704		\$ 4,796,593	\$ 2,447,725
Administrative fees - Note 7	63,764			63,764	145,557
Rental income	64,491			64,491	13,059
Net investment income/(loss) - Note 3	5,054	(16,416)		(11,362)	621,915
Foreign currency translation (loss)/ gains - Note 4		(267,260)		(267,260)	374,570
Miscellaneous income	<u>21,227</u>			<u>21,227</u>	<u>4,184</u>
Total Support and Revenue	1,241,425	3,426,028		4,667,453	3,607,010
Net Assets released from restrictions - Note 9	<u>1,936,633</u>	<u>(1,936,633)</u>		<u>-</u>	<u>-</u>
Total Support and Revenue	<u>3,178,058</u>	<u>1,489,395</u>		<u>4,667,453</u>	<u>3,607,010</u>
<u>EXPENSES</u>					
Program Services	<u>2,301,731</u>			<u>2,301,731</u>	<u>2,920,242</u>
Supporting Services					
Administrative and general	435,072			435,072	342,562
Fund raising	<u>299,799</u>			<u>299,799</u>	<u>368,568</u>
Total Supporting Services	<u>734,871</u>			<u>734,871</u>	<u>711,130</u>
Total Expenses	<u>3,036,602</u>			<u>3,036,602</u>	<u>3,631,372</u>
Changes in Net Assets	141,456	1,489,395		1,630,851	(24,362)
Net Assets at beginning of year	<u>305,780</u>	<u>3,189,298</u>	<u>\$ 2,958,315</u>	<u>6,453,393</u>	<u>6,477,755</u>
Net Assets at end of year	<u>\$ 447,236</u>	<u>\$ 4,678,693</u>	<u>\$ 2,958,315</u>	<u>\$ 8,084,244</u>	<u>\$ 6,453,393</u>

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	Program Services	Supporting Services		Total Program and Supporting Services	
		Administrative and General	Fund Raising	2012	2011
Salaries	\$ 460,307	\$ 141,974	\$ 130,893	\$ 733,174	\$ 1,021,863
Payroll taxes and employee benefits	130,694	40,311	37,164	208,169	245,415
Total Payroll and related expenses	591,001	182,285	168,057	941,343	1,267,278
Grants	1,317,639			1,317,639	1,555,844
Event expenses	543		6,971	7,514	12,418
Mailing	2,924		2,924	5,848	9,692
Printing and copying	18,360	595	4,656	23,611	31,049
Publicity and advertising	1,721		430	2,151	1,769
Travel and meetings	63,313	5,637	9,743	78,693	56,896
Professional and consulting fees	128,926	132,170	44,166	305,262	349,821
Office supplies and expenses	11,219	3,177	3,016	17,412	17,003
Equipment rental and maintenance	24,000	4,608	9,193	37,801	36,400
Dues, fees and subscriptions	677	209	192	1,078	2,196
Insurance	4,717	1,209	1,256	7,182	5,308
Telephone and telecommunications	12,879	2,707	2,495	18,081	15,190
Postage and delivery	1,423	217	741	2,381	6,448
Occupancy	65,951	84,832	18,754	169,537	165,001
Repairs and maintenance	16,790	5,179	4,774	26,743	32,895
Community relations	250		1,085	1,335	-
Staff recruitment and training	607	364	170	1,141	8,984
Collection loss	27,962	8,625	7,951	44,538	28,483
Bank and credit card charges	2,538	782	10,513	13,833	17,394
Miscellaneous	5,439	1,596	1,901	8,936	5,659
Total Expenses before depreciation	2,298,879	434,192	298,988	3,032,059	3,625,728
Depreciation	2,852	880	811	4,543	5,644
Total Expenses 2012	\$ 2,301,731	\$ 435,072	\$ 299,799	\$ 3,036,602	
Total Expenses 2011	\$ 2,920,242	\$ 342,562	\$ 368,568		\$ 3,631,372

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	2012	2011
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 1,630,851	(\$ 24,362)
Adjustments to reconcile changes in Net Assets to net cash provided by/(used in) operating activities:		
Depreciation	4,543	5,644
Net realized gains on investment transactions	(71,204)	(23,646)
Net unrealized loss/(gains) on investments	212,487	(494,495)
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable	(2,099)	30,423
(Increase)/decrease in pledges, grants and contributions receivable	(796,396)	222,552
(Increase)/decrease in prepaid expenses	(1,795)	21,557
Decrease in security deposits	-	31,900
Increase/(decrease) in accounts and accrued expenses payable	49,748	(96,592)
Decrease in grants payable	(281,936)	(575,511)
(Decrease)/increase in security deposits payable	(900)	4,447
Increase in deferred revenue	-	3,500
Increase/(decrease) in agency funds payable	485,422	(1,332,792)
Net Cash Provided by/(Used in) Operating Activities	1,228,721	(2,227,375)
<u>Cash Flows from Investing Activities</u>		
Acquisition of fixed assets	(7,466)	(3,426)
Purchase of investments	(2,762,165)	(2,187,856)
Proceeds from sale of investments	2,531,478	1,745,050
Net Cash Used in Investing Activities	(238,153)	(446,232)
Net Increase/(Decrease) in Cash and cash equivalents	990,568	(2,673,607)
Cash and cash equivalents at beginning of year	1,721,438	4,395,045
Cash and cash equivalents at end of year	\$ 2,712,006	\$ 1,721,438

Supplemental disclosures of cash flow information:

Gifts of securities	\$ 442,798	\$ 957,706
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See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 ORGANIZATION

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Support

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

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

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

Allowance for Doubtful Accounts

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

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cash and Cash Equivalents

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

Investments

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

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

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

Fixed Assets

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

Financial Statement Presentation

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

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

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

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Program Revenue

Program revenue is recognized as income when earned.

Non-Cash Contributions

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

Grant Expenses

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at June 30, 2012 and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from these estimates.

Income Taxes

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

Accounting for Uncertainty in Income Taxes

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

Comparative Financial Information

These financial statements include certain prior year summarized information presented for comparative purposes and is not intended to be a complete financial statement presentation. Accordingly, such information should be read in conjunction with Astraea's financial statements for the year ended June 30, 2011 from which the summarized information was derived.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 1,809,646	\$ 2,154,134	\$ 344,488
Certificates of deposit	100,000	100,000	-
Mutual funds	1,617,992	1,589,417	(28,575)
Government and corporate bonds	262,060	279,359	17,299
Real estate investment trust	<u>49,379</u>	<u>50,340</u>	<u>961</u>
Total	<u>\$ 3,839,077</u>	<u>\$ 4,173,250</u>	<u>\$ 334,173</u>
Investments restricted for endowment		<u>3,038,454</u>	
Investments		<u>\$ 1,134,796</u>	

The investment returns consist of the following:

Interests and dividends	\$ 161,122
Net realized gains on investment transactions	71,204
Net unrealized loss on investments	(212,487)
Investment expenses	<u>(31,201)</u>
Net investment loss	<u>(\$ 11,362)</u>

NOTE 4 PROMISES TO GIVE

Unconditional promises to give as of June 30, 2012 are as follows:

Receivable in less than one year	\$ 1,201,471
Receivable in one to five years	1,830,600
Receivable in six to ten years	<u>253,520</u>
Total unconditional promises to give	3,285,591
Less: net present value discount	<u>64,461</u>
Net unconditional promises to give	<u>\$ 3,221,130</u>

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 1.11%.

Pledges, grants and contributions receivable include foreign pledges receivable of 1.4 million Euros, which was translated at the exchange rate in effect as of June 30, 2012. Loss of \$267,260 from foreign currency translation for the year was included in the statement of activities.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 FIXED ASSETS

As of June 30, 2012, the costs and accumulated depreciation were as follows:

Computer equipment and software	\$	17,947
Furniture and fixtures		<u>1,930</u>
		19,877
Less: accumulated depreciation		<u>11,153</u>
Net		<u>\$ 8,724</u>

Fully depreciated assets of \$87,134 have been disposed of during the year.

NOTE 6 GRANTS PAYABLE

The liability for grants as of June 30, 2012 is payable as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 902,300
2014	100,000
2015	<u>47,000</u>
Total grants payable	1,049,300
Less: net present value discount	<u>1,384</u>
Net grants payable	<u>\$ 1,047,916</u>

Long-term promises to give are recognized at fair value, using present value techniques and are discounted using the five year U.S. Treasury Note's rate of 0.72% as of June 30, 2012.

NOTE 7 AGENCY FUNDS

Astraea is the fiscal sponsor of The Pipeline Project and Global Action for Transgender Equality ("GATE"). Astraea charges an administrative fee of 10% of the sponsored project's annual operating expenses and 5% for grant expenses. The net assets for these sponsored projects as of June 30, 2012 are reflected in the accompanying financial statements as agency funds payable.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 PENSION PLAN

Astraea maintains a 401(k) plan covering full time employees who are 21 years of age. Employees may contribute to the plan an amount ranging from 0% - 96% of their compensation. Astraea's contributions to the plan are at the discretion of Astraea's management. Astraea did not make any contributions for the year ended June 30, 2012.

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from donor restrictions during the year ended June 30, 2012 are as follows:

Satisfaction of purpose restrictions:	
Grants and Grantmaking expenses	\$ 767,952
International Fund for Sexual Minorities	484,208
Social Change Opportunity Fund	292,100
Review of social change opportunity fund grantmaking	30,000
Donor Advised funds	128,772
Emergency Fund and Operations	60,000
Global Philanthropy Project	33,976
Appropriated endowment earnings	<u>101,312</u>
	1,898,320
Satisfaction of time restrictions:	
General support designated for 2012	<u>38,313</u>
Total	<u>\$ 1,936,633</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2012 are available for the following:

Grants and Grantmaking expenses	\$ 396,403
International Fund for Sexual Minorities	1,796,282
Social Change Opportunity Fund	1,299,511
U.S. LGBTQ Community of Color	450,000
Donor Advised funds	128,857
Endowment Campaign operations	9,765
General support designated for future periods	354,964
Global Philanthropy Project	162,772
Unappropriated endowment earnings	<u>80,139</u>
Total	<u>\$ 4,678,693</u>

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets as of June 30, 2011	\$ 196,561	\$ 2,958,315	\$ 3,154,876
Net investment loss	(15,110)		(15,110)
Appropriated earnings	(<u>101,312</u>)		(<u>101,312</u>)
Endowment Net Assets as of June 30, 2012	<u>\$ 80,139</u>	<u>\$ 2,958,315</u>	<u>\$ 3,038,454</u>

NOTE 12 COMMITMENTS

a) Lease agreement

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

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 137,837
2014	141,283
2015	<u>95,745</u>
Total	<u>\$ 374,865</u>

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12 COMMITMENTS - (Continued)

b) Sublease agreements

Astraea sublets subdivided space under various operating leases expiring on June 30, 2013. Minimum future rentals to be received on the subleases is \$51,922.

NOTE 13 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

The three levels of fair value hierarchy are as follows:

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

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

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

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 13 FAIR VALUE OF FINANCIAL INSTRUMENTS - (Continued)

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

- Investments: The fair values of investments are based on quoted market prices for those or similar investments.
- Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting expected future cash flows using various discount rates as of June 30, 2012.

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

	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	\$ 2,712,006	\$ 2,712,006
Investments	1,134,796	1,134,796
Investments restricted for endowment	3,038,454	3,038,454
Pledges, grants and contributions receivable - Unconditional promises to give	3,221,130	3,221,130
Financial liabilities:		
Grants payable - Unconditional promises to give	\$ 1,047,916	\$ 1,047,916

Fair Value Measurements at Reporting Date Using

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)
Investments	\$ 1,134,796	\$ 1,034,796	\$ 100,000
Investments restricted for permanent endowment	3,038,454	3,038,454	-

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 SUBSEQUENT EVENTS

Astraea evaluated subsequent events through February 13, 2013, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

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

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

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

The financial statements of The Astraea Lesbian Foundation for Justice, Inc., namely, the statement of financial position as of June 30, 2012, and the related statements of activities and changes in net assets and cash flows and functional expenses for the year then ended and our Independent Auditor's Report thereon, are included in the preceding section of this report.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying pages 17 and 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



New York, New York
February 13, 2013

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF ACTIVITIES OF AFFILIATE PROJECT
THE PIPELINE PROJECT
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	<u>2012</u>	<u>2011</u>
Support and Revenue		
Foundation grants	\$ 610,000	\$ 490,000
Total Support and Revenue	<u>610,000</u>	<u>490,000</u>
Expenses		
Salaries	158,245	139,226
Payroll taxes and fringe benefits	31,386	29,742
Grants	51,908	-
Professional and consultant fees	97,120	50,651
Travel	22,229	23,980
Meetings and conferences	61,004	21,905
Telephone and communications	264	-
Videography	2,171	-
Website expenses	-	2,171
Administrative fees	42,433	26,767
Miscellaneous expense	<u>-</u>	<u>12</u>
Total Expenses	<u>466,760</u>	<u>294,454</u>
Change in Net Assets	143,240	195,546
Net Assets at beginning of year	<u>338,778</u>	<u>143,232</u>
Net Assets at end of year	<u>\$ 482,018</u>	<u>\$ 338,778</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, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

	<u>2012</u>	<u>2011</u>
Support and Revenue		
Grants and contributions	\$ 576,860	\$ 37,500
Total Support and Revenue	<u>576,860</u>	<u>37,500</u>
Expenses		
Salaries	50,484	-
Payroll taxes and fringe benefits	5,016	-
Publicity and advertising	61	-
Occupancy	14,400	900
Office supplies and expenses	6,960	96
Membership dues	357	-
Printing and copying	304	4
Postage	488	7
Travel	49,020	622
Meetings and conferences	7,817	-
Professional and consulting fees	70,572	-
Telephone and communications	3,665	-
Repairs and maintenance	267	-
Staff development	1,517	-
Administrative fees	21,331	165
Bank charges	475	-
Miscellaneous expense	1,913	25
Total Expenses	<u>234,647</u>	<u>1,819</u>
Change in Net Assets	342,213	35,681
Net Assets at beginning of year	<u>35,681</u>	<u>-</u>
Net Assets at end of year	<u>\$ 377,894</u>	<u>\$ 35,681</u>

See notes in the preceding section of this schedule.