

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

**INDEPENDENT AUDITORS' REPORT
ON
FINANCIAL STATEMENTS**

AS OF JUNE 30, 2011

AND

**FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.

- CONTENTS -

	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Position as of June 30, 2011 (with comparative totals for June 30, 2010)	2
Statement of Activities for the year ended June 30, 2011 (with comparative totals for June 30, 2010)	3
Statement of Functional Expenses for the year ended June 30, 2011 (with comparative totals for June 30, 2010)	4
Statements of Cash Flows for the year ended June 30, 2011 (with comparative totals for June 30, 2010)	5
Notes to Financial Statements	6-16
Independent Auditors' Report on Supplemental Information	17
Statement of Activities of Affiliate Project - Freedom to Marry for the year ended June 30, 2011 (with comparative totals for June 30, 2010)	18
Statement of Activities of Affiliate Project - The Pipeline Project for the year ended June 30, 2011 (with comparative totals for June 30, 2010)	19
Statement of Activities of Affiliate Project - Global Action for Transgender Equality ("GATE") for the year ended June 30, 2011	20

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, 2011 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. The financial statements of The Astraea Lesbian Foundation for Justice, Inc. as of June 30, 2010 were audited by other auditors, whose report dated March 24, 2011, expressed an unqualified opinion on those statements.

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, 2011 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
April 16, 2012

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				2011	2010
<u>ASSETS</u>					
Current Assets					
Cash and cash equivalents	\$ 1,693,035	\$ 28,403		\$ 1,721,438	\$ 4,395,045
Investments - Notes 2 and 3	288,608	641,362		929,970	165,584
Accounts receivable	1,316	3,296		4,612	35,035
Pledges, grants and contributions receivable - Notes 2 and 4	104,058	416,632	\$ 1,000	521,690	874,641
Prepaid expenses	39,071			39,071	60,628
Total Current Assets	2,126,088	1,089,693	1,000	3,216,781	5,530,933
Non-Current Assets					
Investments restricted for endowment - Notes 2 and 3		196,561	2,957,315	3,153,876	2,957,315
Pledges, grants and contributions receivable - Notes 2 and 4		1,903,044		1,903,044	1,772,645
Fixed assets, at cost, net of accumulated depreciation of \$93,744 and \$88,100 in 2011 and 2010, respectively - Notes 2 and 5	5,801			5,801	8,019
Security deposits	12,518			12,518	44,418
Total Assets	\$ 2,144,407	\$ 3,189,298	\$ 2,958,315	\$ 8,292,020	\$ 10,313,330
<u>LIABILITIES AND NET ASSETS</u>					
LIABILITIES					
Current Liabilities					
Accounts and accrued expenses payable	\$ 125,423			\$ 125,423	\$ 222,015
Grants payable - Notes 2 and 6	716,502			716,502	1,130,917
Deferred revenue	3,500			3,500	-
Agency funds payable - Note 7	374,490			374,490	1,707,282
Total Current Liabilities	1,219,915			1,219,915	3,060,214
Non-Current Liabilities					
Grants payable - Notes 2 and 6	613,350			613,350	774,446
Security deposits payable	5,362			5,362	915
Total Liabilities	1,838,627			1,838,627	3,835,575
NET ASSETS					
Unrestricted - Operating	305,780			305,780	251,050
Temporarily restricted - Note 10		\$ 3,189,298		3,189,298	3,268,390
Permanently restricted - Note 11			\$ 2,958,315	2,958,315	2,958,315
Total Net Assets	305,780	3,189,298	2,958,315	6,453,393	6,477,755
Total Liabilities and Net Assets	\$ 2,144,407	\$ 3,189,298	\$ 2,958,315	\$ 8,292,020	\$ 10,313,330

**Reclassified for comparative purposes.

See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>2011</u>	<u>2010</u>
					**
<u>SUPPORT AND REVENUE</u>					
Grants and contributions - Note 2	\$ 1,184,653	\$ 1,263,072		\$ 2,447,725	\$ 1,425,588
Special events				-	381,110
Administrative fees - Note 7	145,557			145,557	152,971
Rental income	13,059			13,059	10,987
Net investment income - Note 3	112,966	508,949		621,915	337,638
In-kind contributions - Note 2				-	2,506
Foreign currency translation gains/ loss - Note 4		374,570		374,570 (	196,291)
Miscellaneous income	<u>4,184</u>			<u>4,184</u>	<u>4,327</u>
Total Support and Revenue	1,460,419	2,146,591		3,607,010	2,118,836
Net Assets released from restrictions - Note 9	<u>2,314,083</u> (	<u>2,314,083)</u>		<u>-</u>	<u>-</u>
Total Support and Revenue	<u>3,774,502</u> (	<u>167,492)</u>		<u>3,607,010</u>	<u>2,118,836</u>
<u>EXPENSES</u>					
Program Services	<u>2,920,242</u>			<u>2,920,242</u>	<u>2,695,840</u>
Supporting Services					
Administrative and general	342,562			342,562	534,903
Fund raising	<u>368,568</u>			<u>368,568</u>	<u>403,035</u>
Total Supporting Services	<u>711,130</u>			<u>711,130</u>	<u>937,938</u>
Total Expenses	<u>3,631,372</u>			<u>3,631,372</u>	<u>3,633,778</u>
Changes in Net Assets before					
Other changes in net assets	143,130 (	167,492)		(24,362)(	1,514,942)
Other changes in net assets:					
Reclassification of unappropriated endowment earnings - Note 11	(<u>88,400)</u>	<u>88,400</u>		<u>-</u>	<u>-</u>
Change in Net Assets after					
Other changes in net assets	54,730 (	79,092)		(24,362)(	1,514,942)
Net Assets at beginning of year	<u>251,050</u>	<u>3,268,390</u>	<u>\$ 2,958,315</u>	<u>6,477,755</u>	<u>7,992,697</u>
Net Assets at end 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>

**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, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	Program Services	Supporting Services		Total Program and Supporting Services	
		Administrative and General	Fund Raising	2011	2010
Salaries	\$ 710,809	\$ 129,447	\$ 181,607	\$ 1,021,863	\$ 943,420
Payroll taxes and employee benefits	170,711	31,089	43,615	245,415	211,655
Total Payroll and related expenses	881,520	160,536	225,222	1,267,278	1,155,075
Grants	1,555,844			1,555,844	1,681,909
Event expenses	874		11,544	12,418	13,347
Mailing	4,846		4,846	9,692	4,449
Printing and copying	24,377	561	6,111	31,049	36,674
Publicity and advertising	1,415		354	1,769	2,186
Travel and meetings	36,888	12,205	7,803	56,896	65,572
Professional and consulting fees	195,883	109,401	44,537	349,821	268,281
Office supplies and expenses	12,061	1,884	3,058	17,003	12,299
Equipment rental and maintenance	25,573	3,058	7,769	36,400	29,912
Dues, fees and subscriptions	1,640	392	164	2,196	1,292
Insurance	3,835	555	918	5,308	4,712
Telephone and telecommunications	10,886	1,791	2,513	15,190	28,545
Postage and delivery	3,565	182	2,701	6,448	8,372
Occupancy	105,691	32,306	27,004	165,001	160,321
Repairs and maintenance	22,882	4,167	5,846	32,895	26,337
Staff recruitment and training	97	8,789	98	8,984	11,032
Collection loss	19,813	3,608	5,062	28,483	95,099
Bank and credit card charges	5,417	986	10,991	17,394	14,182
Miscellaneous	3,209	1,426	1,024	5,659	2,928
Total Expenses before depreciation	2,916,316	341,847	367,565	3,625,728	3,622,524
Depreciation	3,926	715	1,003	5,644	11,254
Total Expenses 2011	\$ 2,920,242	\$ 342,562	\$ 368,568	\$ 3,631,372	
Total Expenses 2010	\$ 2,695,840	\$ 534,903	\$ 403,035		\$ 3,633,778

** 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, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	2011	2010
Cash Flows from Operating Activities		
Changes in Net Assets	(\$ 24,362)	(\$ 1,514,942)
Adjustments to reconcile changes in Net Assets to net cash (used in)/provided by operating activities:		
Depreciation	5,644	11,254
Net realized (gains)/loss on investment transactions	(23,646)	219,568
Net unrealized gains on investments	(494,495)	(459,648)
Changes in assets and liabilities:		
Decrease in accounts receivable	30,423	24,592
Decrease in pledges, grants and contributions receivable	222,552	2,673,280
Decrease in prepaid expenses	21,557	62,905
Decrease in security deposits	31,900	-
Decrease in accounts and accrued expenses payable	(96,592)	(454)
Decrease in grants payable	(575,511)	(373,852)
Increase in security deposits payable	4,447	65
Increase in deferred revenue	3,500	-
(Decrease)/increase in agency funds payable	(1,332,792)	187,080
Net Cash (Used in)/Provided by Operating Activities	(2,227,375)	829,848
 <u>Cash Flows from Investing Activities</u>		
Acquisition of fixed assets	(3,426)	(3,572)
Purchase of investments	(2,187,856)	-
Proceeds from sale of investments	<u>1,745,050</u>	<u>1,495,338</u>
Net Cash (Used in)/Provided by Investing Activities	(446,232)	1,491,766
 Net (Decrease)/Increase in Cash and cash equivalents	(2,673,607)	2,321,614
Cash and cash equivalents at beginning of year	<u>4,395,045</u>	<u>2,073,431</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,721,438</u></u>	<u><u>\$ 4,395,045</u></u>

Supplemental disclosures of cash flow information:

Gifts of securities	<u><u>\$ 957,706</u></u>
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See accompanying notes to financial statements.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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.

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, 2011

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, 2011

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, 2011 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, 2010 from which the summarized information was derived.

Reclassifications

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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	\$ 1,708,507	\$ 2,220,875	\$ 512,368
Certificates of deposit	153,428	150,422	(3,006)
Mutual funds	1,391,927	1,402,324	10,397
Government and corporate fixed income	<u>283,324</u>	<u>310,225</u>	<u>26,901</u>
Total	<u>\$ 3,537,186</u>	<u>\$ 4,083,846</u>	<u>\$ 546,660</u>
Investments restricted for endowment		<u>3,153,876</u>	
Investments		<u>\$ 929,970</u>	

The investment returns consist of the following:

Interests and dividends	\$ 136,081
Net realized gains on investment transactions	28,601
Net unrealized gains on investments	489,540
Investment expenses	<u>(32,307)</u>
Net investment income	<u>\$ 621,915</u>

NOTE 4 PROMISES TO GIVE

Unconditional promises to give as of June 30, 2011 are as follows:

Receivable in less than one year	\$ 521,690
Receivable in one to five years	<u>2,096,240</u>
Total unconditional promises to give	2,617,930
Less: net present value discount	<u>193,196</u>
Net unconditional promises to give	<u>\$ 2,424,734</u>

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 2.50%.

Pledges, grants and contributions receivable include foreign pledges receivable of 1.6 million Euros, which was translated at the exchange rate in effect as of June 30, 2011. Gains of \$374,570 from foreign currency translation for the year were included in the statement of activities.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 FIXED ASSETS

As of June 30, 2011, the costs and accumulated depreciation were as follows:

Computer equipment and software	\$	95,827
Furniture and fixtures		<u>3,718</u>
		99,545
Less: accumulated depreciation		<u>93,744</u>
Net		<u>\$ 5,801</u>

NOTE 6 GRANTS PAYABLE

The liability for grants as of June 30, 2011 is payable as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 716,502
2013	531,000
2014	<u>95,000</u>
Total grants payable	1,342,502
Less: net present value discount	<u>12,650</u>
Net grants payable	<u>\$ 1,329,852</u>

Long-term promises to give are recognized at fair value, using present value techniques and are discounted using U.S. Treasury Note's rate of 1.76% as of June 30, 2011.

NOTE 7 AGENCY FUNDS

Astraea is the fiscal sponsor of Freedom to Marry, 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, 2011 are reflected in the accompanying financial statements as agency funds payable.

In 2011, Freedom to Marry received its tax exempt status and commenced its operations as a separate entity effective February 2011. During the year, net assets including rent security deposit totaling \$1,067,529 were transferred to the entity.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011.

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from donor restrictions during the year ended June 30, 2011 are as follows:

Satisfaction of purpose restrictions:	
Grants and Grantmaking expenses	\$ 1,542,025
Donor Advised funds	98,140
Executive Transition	110,000
Palestinian Tour	24,500
Special Project	20,000
Staff Development	5,000
Appropriated endowment earnings	<u>194,614</u>
	1,994,279
Satisfaction of time restrictions:	
General support designated for 2011	<u>319,804</u>
Total	<u>\$ 2,314,083</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2011 are available for the following:

Grants and Grantmaking expenses	\$ 526,047
Endowment Campaign operations	9,765
Donor Advised funds	242,247
General support designated for future periods	2,214,678
Unappropriated endowment earnings	<u>196,561</u>
Total	<u>\$ 3,189,298</u>

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 ENDOWMENT NET ASSETS

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA). Prior to the adoption of NYPMIFA, New York not-for-profit organizations were allowed to spend the income earned by an endowment fund. However, the endowment fund's principal, its historical value, needed to be preserved. NYPMIFA replaces historical dollar value with a requirement for acting prudently when an organization wishes to spend endowment fund assets. An organization may appropriate for expenditures or accumulate so much of an endowment fund, including principal, as the governing board finds 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.

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 has interpreted NYPMIFA as allowing Astraea to 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. As a result of this interpretation, Astraea has not changed the way permanently restricted net assets are classified. 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 NYPMIFA.

In accordance with NYPMIFA, the board of directors considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the endowment fund
- The purposes of Astraea and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of Astraea
- The investment policies of Astraea
- Where appropriate, alternatives to spending from the endowment fund and the possible effects of those alternatives on Astraea.

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 ENDOWMENT NET ASSETS - (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets as of June 30, 2010			\$ 2,958,315	\$ 2,958,315
Investment return prior to enactment of NYPMIFA:				
Net investment income	\$ 88,400			88,400
Net Assets reclassification based on change in law	(88,400)	\$ 88,400		-
Endowment Net Assets after reclassification	-	88,400	2,958,315	3,046,715
Investment return after enactment of NYPMIFA:				
Net investment income		302,775		302,775
Appropriated earnings		(194,614)		(194,614)
Endowment Net Assets as of June 30, 2011	<u>\$ -</u>	<u>\$ 196,561</u>	<u>\$ 2,958,315</u>	<u>\$ 3,154,876</u>

Endowment earnings in previous years have been appropriated for operating expenditures. In fiscal year ended June 30, 2011, Astraea had unappropriated endowment earnings of \$88,400 prior to the enactment of NYPMIFA. This amount has been reclassified from unrestricted to temporarily restricted net assets.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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>
2012	\$ 134,475
2013	137,837
2014	141,283
2015	<u>95,745</u>
Total	<u>\$ 509,340</u>

b) Sublease agreements

Astraea sublets subdivided space under various operating leases expiring on June 30, 2012. Minimum future rentals to be received on the subleases is \$59,655.

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.

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 FAIR VALUE OF FINANCIAL INSTRUMENTS - (Continued)

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.
- 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, 2011.

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	\$ 1,721,438	\$ 1,721,438
Investments	929,970	929,970
Investments restricted for endowment	3,153,876	3,153,876
Pledges, grants and contributions receivable - Unconditional promises to give	2,424,734	2,424,734
Financial liabilities:		
Grants payable - Unconditional promises to give	\$ 1,329,852	\$ 1,329,852

(Continue)

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 FAIR VALUE OF FINANCIAL INSTRUMENTS - (Continued)

Fair Value Measurements at Reporting Date Using

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)
Investments	\$ 929,970	\$ 779,548	\$ 150,422
Investments restricted for permanent endowment	3,153,876	3,153,876	

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 April 16, 2012, 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, 2011, and the related statements of activities and changes in net assets and cash flows and functional expenses for the year then ended and our Independent Auditor's Report thereon, are included in the preceding section of this report.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying pages 18-20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Winnie Tam & Co., P.C.

New York, New York
April 16, 2012

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF ACTIVITIES OF AFFILIATE PROJECT
FREEDOM TO MARRY
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	2011	2010
		**
Support and Revenue		
Grants and contributions	\$ 863,832	\$ 1,978,337
Total Support and Revenue	863,832	1,978,337
Expenses		
Salaries	470,555	552,759
Payroll taxes and fringe benefits	146,551	177,362
Grant expenses - Note 7	1,152,129	388,000
Partner support program	26,774	67,477
Professional and consultant fees	162,532	142,573
Occupancy	155,500	137,540
Repairs and maintenance	12,774	731
Telephone and communications	38,396	84,992
Office supplies and expenses	16,927	12,878
Insurance	867	1,156
Printing and copying	3,947	5,288
Postage and mailing	1,650	1,858
Travel and meetings	63,607	60,137
Special events	2,150	1,612
Publicity and advertising	42,142	17,492
Administrative fees	118,624	143,242
Staff development	1,795	1,109
Dues and subscriptions	990	2,257
Bank and credit card fees	7,292	10,410
Miscellaneous expense	2,649	3,260
Total Expenses	2,427,851	1,812,133
Change in Net Assets	(1,564,019)	166,204
Net Assets at beginning of year	1,564,050	1,397,846
Net Assets at end of year	\$ 31	\$ 1,564,050

**Reclassified for comparative purposes.

See notes in the preceding section of this schedule.

THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.
STATEMENT OF ACTIVITIES OF AFFILIATE PROJECT
THE PIPELINE PROJECT
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<u>2011</u>	<u>2010</u>
Support and Revenue		
Foundation grants	\$ 490,000	\$ 200,000
Total Support and Revenue	<u>490,000</u>	<u>200,000</u>
Expenses		
Salaries	139,226	45,838
Payroll taxes and fringe benefits	29,742	10,295
Professional and consultant fees	50,651	100,211
Travel	23,980	13,051
Meetings and conferences	21,905	-
Administrative fees	26,767	9,729
Website expenses	2,171	-
Miscellaneous expense	<u>12</u>	<u>-</u>
Total Expenses	<u>294,454</u>	<u>179,124</u>
Change in Net Assets	195,546	20,876
Net Assets at beginning of year	<u>143,232</u>	<u>122,356</u>
Net Assets at end of year	<u>\$ 338,778</u>	<u>\$ 143,232</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, 2011**

	2011
Support and Revenue	
Foundation grant	\$ <u>37,500</u>
Total Support and Revenue	<u>37,500</u>
Expenses	
Occupancy	900
Office supplies and expenses	96
Printing and copying	4
Postage	7
Travel	622
Administrative fees	165
Miscellaneous expense	<u>25</u>
Total Expenses	<u>1,819</u>
Change in Net Assets representing Net Assets as of June 30, 2011	<u>\$ 35,681</u>

See notes in the preceding section of this schedule.