

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

**INDEPENDENT AUDITORS' REPORT  
ON  
FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2017**

**AND**

**FOR THE YEAR THEN ENDED  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

**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, 2017, 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, 2017 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, 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 23 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Weimer Tom & Co., P.C." with a small flourish above the "o" in "Tom".

New York, New York  
January 29, 2018

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2,264,619	\$ 2,664,661		\$ 4,929,280	\$ 2,349,824
Investments - Notes 2 and 3	2,898,285	391,858		3,290,143	2,292,725
Accounts receivable	2,497	8,649		11,146	12,374
Pledges, grants and contributions receivable - Notes 2 and 5	733,275	2,736,374		3,469,649	3,292,675
Prepaid expenses	<u>279,920</u>			<u>279,920</u>	<u>199,065</u>
<b>Total Current Assets</b>	<b>6,178,596</b>	<b>5,801,542</b>		<b>11,980,138</b>	<b>8,146,663</b>
<b>Non-Current Assets</b>					
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		223,953		223,953	1,424,694
Fixed assets, at cost, net of accumulated depreciation and amortization of \$42,653 and \$6,611 in 2017 and 2016, respectively - Notes 2 and 4	410,111			410,111	28,665
Security deposits	<u>12,518</u>			<u>12,518</u>	<u>12,518</u>
<b>Total Assets</b>	<b><u>\$ 6,601,225</u></b>	<b><u>\$ 6,025,495</u></b>	<b><u>\$ 3,461,717</u></b>	<b><u>\$ 16,088,437</u></b>	<b><u>\$ 13,074,257</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b><u>LIABILITIES</u></b>					
<b>Current Liabilities</b>					
Loan payable - Note 7	\$ 53,288			\$ 53,288	
Accounts and accrued expenses payable	473,807			473,807	\$ 325,063
Grants payable - Notes 2 and 8	1,781,229			1,781,229	2,306,510
Deferred rent payable - Note 16	51,914			51,914	33,006
Agency funds payable - Note 6	<u>1,694,370</u>			<u>1,694,370</u>	<u>222,921</u>
<b>Total Current Liabilities</b>	<b>4,054,608</b>			<b>4,054,608</b>	<b>2,887,500</b>
<b>Non-Current Liabilities</b>					
Loan payable - Note 7	325,627			325,627	-
Grants payable - Notes 2 and 8	142,795			142,795	9,942
Security deposit payable				-	700
<b>Total Liabilities</b>	<b><u>4,523,030</u></b>			<b><u>4,523,030</u></b>	<b><u>2,898,142</u></b>
<b>NET ASSETS</b>					
Unrestricted - Operating	2,078,195			2,078,195	649,649
Temporarily restricted - Note 11		\$ 6,025,495		6,025,495	6,064,749
Permanently restricted - Note 12			\$ 3,461,717	<u>3,461,717</u>	<u>3,461,717</u>
<b>Total Net Assets</b>	<b><u>2,078,195</u></b>	<b><u>6,025,495</u></b>	<b><u>3,461,717</u></b>	<b><u>11,565,407</u></b>	<b><u>10,176,115</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,601,225</u></b>	<b><u>\$ 6,025,495</u></b>	<b><u>\$ 3,461,717</u></b>	<b><u>\$ 16,088,437</u></b>	<b><u>\$ 13,074,257</u></b>

See accompanying notes to financial statements.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total All Funds</u>	
				<u>2017</u>	<u>2016</u>
<b><u>SUPPORT AND REVENUE</u></b>					
Grants and contributions -					
Notes 2 and 9	\$ 3,044,052	\$ 6,887,661		\$ 9,931,713	\$ 8,036,874
In-kind contributions - Notes 2 and 13	17,538	495,530		513,068	416,559
Program fees	69,950			69,950	68,195
Administrative fees - Note 6	124,881			124,881	59,830
Rental income	2,300			2,300	4,900
Special events income, net of direct event expenses of \$65,027 and \$73,441 in 2017 and 2016, respectively - Note 13	79,814			79,814	95,512
Net investment income/(loss) - Notes 2 and 3	1,558	578,802		580,360 (	18,107)
Foreign currency translation gain/(loss) - Note 5		3,996		3,996 (	9,750)
Miscellaneous income	<u>6,057</u>			<u>6,057</u>	<u>10,595</u>
<b>Total Support and Revenue</b>	<b>3,346,150</b>	<b>7,965,989</b>		<b>11,312,139</b>	<b>8,664,608</b>
Net Assets released from restrictions - Note 10	<u>8,005,243</u> (	<u>8,005,243)</u>		<u>-</u>	<u>-</u>
<b>Total Support and Revenue</b>	<b><u>11,351,393</u></b> (	<b><u>39,254)</u></b>		<b><u>11,312,139</u></b>	<b><u>8,664,608</u></b>
<b><u>EXPENSES</u></b>					
<b>Program Services</b>	<u>8,517,281</u>			<u>8,517,281</u>	<u>6,652,957</u>
<b>Supporting Services</b>					
Administrative and general	438,765			438,765	406,724
Fund raising	<u>966,801</u>			<u>966,801</u>	<u>644,638</u>
<b>Total Supporting Services</b>	<u>1,405,566</u>			<u>1,405,566</u>	<u>1,051,362</u>
<b>Total Expenses</b>	<u>9,922,847</u>			<u>9,922,847</u>	<u>7,704,319</u>
<b>Changes in Net Assets</b>	1,428,546 (	39,254)		1,389,292	960,289
Net Assets at beginning 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>
Net Assets at end of year	<u>\$ 2,078,195</u>	<u>\$ 6,025,495</u>	<u>\$ 3,461,717</u>	<u>\$ 11,565,407</u>	<u>\$ 10,176,115</u>

See accompanying notes to financial statements.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

	Program Services	Supporting Services		Total Program and Supporting Services	
		Administrative and General	Fund Raising	2017	2016
Salaries	\$ 1,106,334	\$ 196,450	\$ 400,247	\$ 1,703,031	\$ 1,439,660
Payroll taxes and fringe benefits	284,171	30,122	61,370	375,663	319,473
<b>Total Payroll and related expenses</b>	<b>1,390,505</b>	<b>226,572</b>	<b>461,617</b>	<b>2,078,694</b>	<b>1,759,133</b>
Grants	4,662,356			4,662,356	3,380,314
Event expenses	40,549		81,883	122,432	95,240
Mailing			3,229	3,229	2,858
Printing and copying	32,963	1,230	11,521	45,714	51,855
Publicity and advertising	3,070		768	3,838	3,074
Professional and consulting fees (including donated services of \$12,905 in 2016)	1,003,770	77,741	247,030	1,328,541	1,115,263
Travel (including in-kind contributions of \$5,367 in 2017 and \$605 in 2016)	381,359	774	43,325	425,458	280,836
Meetings and conferences (including in-kind contributions of \$12,171 in 2017)	125,839	277	6,963	133,079	129,205
Office supplies and expenses	34,139	2,758	8,641	45,538	23,793
Equipment rental and maintenance	30,004	1,579	13,639	45,222	33,368
Dues, fees and subscriptions	1,000	2,455	2,916	6,371	4,389
Insurance	2,654	6,522		9,176	7,742
Telephone and communications	11,238	9,443		20,681	23,587
Website expenses	4,034	1,538	24	5,596	46,033
Postage and delivery	865	1,071	3,644	5,580	3,527
Occupancy	187,957	22,894	41,957	252,808	247,059
Repairs and maintenance	12,402	1,303	2,656	16,361	16,770
Community relations	9,763	500	663	10,926	1,973
Staff development and recruitment	41,072	11,641	17,831	70,544	27,655
Collection loss		16,000		16,000	-
Bank and credit card charges	10,316	9,269	7,042	26,627	24,011
Interest expense		15,719		15,719	-
In-kind program costs - Note 13	495,530			495,530	403,049
Miscellaneous	7,798	24,490	1,287	33,575	20,579
<b>Total Expenses before depreciation and amortization</b>	<b>8,489,183</b>	<b>433,776</b>	<b>956,636</b>	<b>9,879,595</b>	<b>7,701,313</b>
Depreciation and amortization	28,098	4,989	10,165	43,252	3,006
<b>Total Expenses 2017</b>	<b>\$ 8,517,281</b>	<b>\$ 438,765</b>	<b>\$ 966,801</b>	<b>\$ 9,922,847</b>	
<b>Total Expenses 2016</b>	<b>\$ 6,652,957</b>	<b>\$ 406,724</b>	<b>\$ 644,638</b>		<b>\$ 7,704,319</b>

See accompanying notes to financial statements.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Changes in Net Assets	\$ 1,389,292	\$ 960,289
Adjustments to reconcile changes in Net Assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	43,252	3,006
Net realized loss on investment transactions	45,148	87,530
Net unrealized (gain)/loss on investments	( 485,889)	55,856
Changes in assets and liabilities:		
Decrease in accounts receivable	1,228	5,385
Decrease/(increase) in pledges, grants and contributions receivable	1,023,767 (	515,914)
Increase in prepaid expenses	( 80,855)(	127,338)
Decrease in security deposits	-	2,250
Increase in accounts and accrued expenses payable	148,744	24,858
Decrease in grants payable	( 392,428)(	419,713)
(Decrease)/increase in security deposits payable	( 700)	500
Increase in deferred rent payable	18,908	24,309
Increase/(decrease) in agency funds payable	<u>1,471,449</u> (	<u>287,238)</u>
<b>Net Cash Provided by/(Used in) Operating Activities</b>	<u>3,181,916</u> (	<u>186,220)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Acquisition of fixed assets and increase in leasehold improvements	( 424,698)(	28,066)
Purchase of investments	( 6,701,389)(	3,086,723)
Proceeds from sale of investments	<u>6,144,712</u>	<u>2,746,643</u>
<b>Net Cash Used in Investing Activities</b>	<u>( 981,375)</u> (	<u>368,146)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Proceeds from loans	400,000	
Loan payments	<u>( 21,085)</u>	
<b>Net Cash Provided by Financing Activities</b>	<u>378,915</u>	
<b>Net Increase/(Decrease) in Cash and cash equivalents</b>	2,579,456 (	554,366)
Cash and cash equivalents at beginning of year	<u>2,349,824</u>	<u>2,904,190</u>
Cash and cash equivalents at end of year	<u>\$ 4,929,280</u>	<u>\$ 2,349,824</u>
<b><u>Supplemental disclosures of cash flow information:</u></b>		
Gifts of securities	<u>\$ 2,074,591</u>	<u>\$ 1,555,029</u>
Cash paid during the year for interest	<u>\$ 13,879</u>	

See accompanying notes to financial statements.



**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017**

**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 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 and leasehold improvements. 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. Leasehold improvements are amortized over their estimated lives or the remaining term of the lease, whichever is shorter.

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, 2017**

**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, 2017 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, 2016 from which the summarized information was derived.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consist of the following as of June 30, 2017:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation/ (Depreciation)</u>
Equity securities	\$ 2,606,271	\$ 2,968,438	\$ 362,167
Certificates of deposit	1,300,000	1,300,017	17
Mutual funds -			
Fixed income	836,320	820,955	( 15,365)
Mutual funds -			
International equity	18,728	14,331	( 4,397)
Corporate bonds	1,142,826	1,161,951	19,125
U.S. Government obligations	423,971	430,990	7,019
Other	<u>46,815</u>	<u>55,178</u>	<u>8,363</u>
Total	<u>\$ 6,374,931</u>	<u>\$ 6,751,860</u>	<u>\$ 376,929</u>
Investments restricted for endowment		<u>3,461,717</u>	
Investments		<u>\$ 3,290,143</u>	

Total investment earnings consist of the following:

Interests and dividends	\$ 161,738
Net realized loss on investment transactions	( 45,148)
Net unrealized gains on investments	485,889
Investment fees	<u>( 22,119)</u>
Net investment income	<u>\$ 580,360</u>

Investments are measured at fair value. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs used to measure fair value.

The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted market prices in active markets for identical assets and liabilities.
- Level 2: Significant observable inputs, other than those included in Level 1, such as unadjusted quoted market prices for similar assets or liabilities in active markets, unadjusted quoted prices for identical or similar assets and liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Significant 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, 2017**

**NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS - (Continued)**

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following table sets forth by level, within the fair value hierarchy, Astraea's financial instruments at fair value as of June 30, 2017:

	<u>Fair Value Measurements at Reporting Date Using</u>		
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>
Equity securities	\$ 2,968,438	\$ 2,968,438	
Certificates of deposit	1,300,017		\$ 1,300,017
Mutual funds -			
Fixed income	820,955		820,955
Mutual funds -			
International equity	14,331	14,331	
Corporate bonds	1,161,951		1,161,951
U.S. Government			
obligations	430,990		430,990
Other	<u>55,178</u>	<u>55,178</u>	
<b>Total Investments</b>	<b><u>\$ 6,751,860</u></b>	<b><u>\$ 3,037,947</u></b>	<b><u>\$ 3,713,913</u></b>

**NOTE 4 FIXED ASSETS**

As of June 30, 2017, the costs and accumulated depreciation and amortization were as follows:

Leasehold improvements	\$ 403,316
Furniture and office equipment	41,002
Computer equipment and software	<u>8,446</u>
	452,764
Less: accumulated depreciation and amortization	( <u>42,653</u> )
Net	<u>\$ 410,111</u>

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 5 PROMISES TO GIVE**

Unconditional promises to give as of June 30, 2017 are as follows:

Receivable in less than one year	\$ 3,469,649
Receivable in one to five years	<u>228,186</u>
Total unconditional promises to give	3,697,835
Less: net present value discount	( <u>4,233</u> )
Net unconditional promises to give	<u>\$ 3,693,602</u>
Current	\$ 3,469,649
Non-current	<u>223,953</u>
Net unconditional promises to give	<u>\$ 3,693,602</u>

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 1.89%.

Pledges, grants and contributions receivable include foreign pledges receivable of \$400,000 Euros, which was translated at the exchange rate in effect as of June 30, 2017. Loss of \$3,996 from foreign currency translation for the year was included in the statement of activities.

**NOTE 6 AGENCY FUNDS**

Astraea is the fiscal sponsor of International Trans Fund, Lesbians Who Tech, The Pipeline Project, UHAI: East African Sexual Health and Rights Initiative, and Vaid Group LGBTQ Poverty Initiative. Astraea charges an administrative fee based on the agreement with individual projects.. The net assets for these sponsored projects as of June 30, 2017 are reflected in the accompanying financial statements as agency funds payable. For the year ended June 30, 2017, total fees paid to Astraea was \$124,881.

**NOTE 7 LOAN PAYABLE**

On July 8, 2016, Astraea obtained a non-revolving line of credit with a financial institution for \$500,000 for the renovation and reconfiguration of its office facility. Astraea's line of credit bears an annual interest rate equal to the one month LIBOR rate plus 5.536% during the drawdown period from July 8, 2016 to January 8, 2017. The actual amount drawn from this line of credit was \$400,000.

(Continue)

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7 LOAN PAYABLE** - (Continued)

The agreement also provides for, among other matters, an annual interest rate equal to the 7-year Treasury Constant Maturity rate plus 3.52% payable in monthly payments for interest and principal over seventy eight (78) months beginning on February 8, 2017 with the balance of principal due on July 8, 2023. The loan is collateralized by all the assets of Astraea. As of June 30, 2017, the outstanding balance was \$378,915.

The balance of this loan as of June 30, 2017 is payable as follows:

<u>Year ending June 30</u>	
2018	\$ 53,288
2019	56,525
2020	59,921
2021	63,598
2022	67,460
Subsequent to 2022	<u>78,123</u>
Total	378,915
Current portion	<u>53,288</u>
Non-current portion	<u>\$ 325,627</u>

**NOTE 8 GRANTS PAYABLE**

The liability for grants as of June 30, 2017 is payable as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 1,781,229
2019	<u>146,750</u>
Total grants payable	1,927,979
Less: net present value discount	( <u>3,955</u> )
Net grants payable	<u>\$ 1,924,024</u>
Current	\$ 1,781,229
Non-current	<u>142,795</u>
Net grants payable	<u>\$ 1,924,024</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 1.38% as of June 30, 2017.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 GRANTS AND CONTRIBUTIONS**

Grants and contributions for the year consist of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Temporarily Total</u>
Governmental agencies		\$ 1,609,749	\$ 1,609,749
Foundations and trusts	\$ 61,154	3,762,390	3,823,544
Bequests	1,928,609	1,232,500	3,161,109
Individuals, corporations and others	<u>1,054,289</u>	<u>283,022</u>	<u>1,337,311</u>
Total	<u>\$ 3,044,052</u>	<u>\$ 6,887,661</u>	<u>\$ 9,931,713</u>

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 \$6 million in September 2016. 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, 2017, program costs totaling \$1,491,378 was funded by USAID.

Other government grant of \$118,371 represents program costs supported by the Global Equality Fund, a multi-lateral funding vehicle housed at the U.S. Department of State.



**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS**

The amounts released from donor restrictions during the year ended June 30, 2017 are as follows:

Satisfaction of purpose restrictions:	
Communication	\$ 25,000
Donor Advised funds	336,857
Global Arts Fund	77,000
Global Equality Fund for Democracy, Human Rights and Labor	118,371
Global LGBTI Human Rights Partnership	1,986,908
Global Philanthropy Project	353,798
Grants and Grantmaking expenses	811,436
International Fund for Sexual Minorities	441,624
International Human Rights	1,119,885
International Trans Fund	87,329
Intersex Fund	386,682
Racial Justice Fund	1,116,185
Social Change Opportunity Fund	564,974
South Africa Donor Tour	4,100
West Africa Activist Fund	93,340
Appropriated endowment earnings	<u>93,391</u>
	7,616,880
Satisfaction of time restrictions:	
General support designated for 2017	<u>388,363</u>
Total	<u>\$ 8,005,243</u>

**NOTE 11 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of June 30, 2017 are available for the following:

Communication	\$ 23,750
Digital Security	40,000
Donor Advised funds	171,547
Endowment Campaign operations	9,765
Global Arts Fund	81,778
Global Philanthropy Project	348,094
Grants and Grantmaking expenses	2,064,746
International Fund for Sexual Minorities	817,776
International Human Rights	226,080
Intersex Fund	334,332

(Continue)

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11 TEMPORARILY RESTRICTED NET ASSETS - (Continued)**

Racial Justice Fund	\$	771,020
Social Change Opportunity Fund		426,215
South Africa Donor Tour		900
General support designated for future periods		317,634
Unappropriated endowment earnings		<u>391,858</u>
Total		<u>\$ 6,025,495</u>

**NOTE 12 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, 2017 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets as of June 30, 2016	\$ 134,803	\$ 3,461,717	\$ 3,596,520
Net investment income	350,446		350,446
Appropriated earnings	( 93,391)		( 93,391)
Endowment Net Assets as of June 30, 2017	<u>\$ 391,858</u>	<u>\$ 3,461,717</u>	<u>\$ 3,853,575</u>

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 13 NON-CASH CONTRIBUTIONS**

In-kind contributions received during the year represents donated program costs for the Global LGBTI Human Rights Partnership of \$495,530 and Global Philanthropy Project of \$17,538.

Astraea also received donated auction items of \$1,512 for their gala. This amount was recorded as special event income and expenses.

**NOTE 14 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, 2017, the amount of pension expenses was \$34,966.

**NOTE 15 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 16 COMMITMENT**

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>	
2018	\$ 190,979
2019	196,708
2020	202,609
2021	208,688
2022	214,948
Subsequent to 2022	<u>604,471</u>
Total	<u>\$ 1,618,403</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, 2017, the amount of deferred rent payable was \$51,914.

**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 29, 2018, 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  
INTERNATIONAL TRANS FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	2017
<b>Support and Revenue</b>	
Foundation grants	<u>\$ 1,729,500</u>
<b>Total Support and Revenue</b>	<u>1,729,500</u>
<b>Expenses</b>	
Salaries	12,795
Payroll taxes and fringe benefits	1,870
Professional and consulting fees	91,362
Travel	12,695
Meetings and conferences	33,348
Office supplies and expenses	1,214
Telephone and communications	2,508
Staff development and recruitment	90
Bank charges	1,401
Administrative fees - Note 7	<u>74,562</u>
<b>Total Expenses</b>	<u>231,845</u>
Change in Net Assets representing Net Assets at end of year	<u>\$ 1,497,655</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, 2017  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>Support and Revenue</b>		
Foundation grants	\$ <u>153,500</u>	\$ <u>165,000</u>
<b>Total Support and Revenue</b>	<u>153,500</u>	<u>165,000</u>
<b>Expenses</b>		
Grants	145,200	156,750
Administrative fees - Note 7	<u>7,850</u>	<u>8,250</u>
<b>Total Expenses</b>	<u>153,050</u>	<u>165,000</u>
Change in Net Assets representing Net Assets at end of year	<u>\$ 450</u>	<u>\$ -</u>

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

	<u>2017</u>	<u>2016</u>
<b>Support and Revenue</b>		
Foundation grants	\$ 50,000	\$ 125,000
Program fees	<u>21,875</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>71,875</u>	<u>125,000</u>
<b>Expenses</b>		
Salaries	135,783	139,807
Payroll taxes and fringe benefits	30,734	33,077
Professional and consulting fees	3,858	15,952
Travel	8,747	7,139
Website expenses	302	-
Administrative fees - Note 7	<u>18,853</u>	<u>19,597</u>
<b>Total Expenses</b>	<u>198,277</u>	<u>215,572</u>
Change in Net Assets	( 126,402)	( 90,572)
Net Assets at beginning of year	<u>146,959</u>	<u>237,531</u>
Net Assets at end of year	<u>\$ 20,557</u>	<u>\$ 146,959</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, 2017  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>Support and Revenue</b>		
Grants and contributions	\$ <u>75</u>	\$ <u>79,800</u>
<b>Total Support and Revenue</b>	<u>75</u>	<u>79,800</u>
<b>Expenses</b>		
Grants		21,563
Professional and consulting fees	70,524	68,100
Travel		6,448
Meetings and conferences	430	8,528
Office supplies and expenses		166
Insurance		254
Staff development and recruitment	400	2,600
Administrative fees - Note 7	2,616	20,719
Miscellaneous expense	<u>445</u>	<u>1,000</u>
<b>Total Expenses</b>	<u>74,415</u>	<u>129,378</u>
Change in Net Assets	( 74,340)	( 49,578)
Net Assets at beginning of year	<u>75,048</u>	<u>124,626</u>
Net Assets at end of year	<u>\$ 708</u>	<u>\$ 75,048</u>

See notes in the preceding section of this schedule.



**THE ASTRAEA LESBIAN FOUNDATION FOR JUSTICE, INC.  
STATEMENT OF ACTIVITIES OF AFFILIATE PROJECT  
VAID GROUP LGBTQ POVERTY INITIATIVE  
FOR THE YEAR ENDED JUNE 30, 2017**

	2017
<b>Support and Revenue</b>	
Foundation grants	\$ <u>350,000</u>
<b>Total Support and Revenue</b>	<u>350,000</u>
<b>Expenses</b>	
Grants	154,000
Administrative fees - Note 7	<u>21,000</u>
<b>Total Expenses</b>	<u>175,000</u>
Change in Net Assets representing Net Assets at end of year	<u>\$ 175,000</u>

See notes in the preceding section of this schedule.