NATIONAL WOMEN'S LAW CENTER
EXPANDING THE POSSIBILITIES

Financial Statements

For the Year Ended June 30, 2010
(With Summarized Financial Information for the Year Ended June 30, 2009)

and
Report Thereon

RAFFA

CONSULTING
ACCOUNTING
TECHNOLOGY

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
National Women's Law Center

We have audited the accompanying statement of financial position of the National Women's Law Center (the Center) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Center's 2009 financial statements and, in our report dated March 2, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Center as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Raffa, P.C.

RAFFA, P.C.

Washington, DC
January 28, 2011

NATIONAL WOMEN'S LAW CENTER

STATEMENT OF FINANCIAL POSITION

June 30, 2010

(With Summarized Financial Information as of June 30, 2009)

	2010	2009
ASSETS		
Cash and cash equivalents	$ 5,920,995	$ 5,299,461
Investments	18,478,892	14,956,890
Accounts receivable	15,245	4,056
Grants and contributions receivable, net	1,673,674	2,501,739
Legal fees settlement receivable, net	-	626,208
Prepaid expenses	207,117	167,347
Property and equipment, net	652,100	824,903
Security deposits	25,386	25,386
	$ 26,973,409	$ 24,405,990
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 336,697	$ 342,906
Deferred compensation	329,426	296,290
Sub-tenant security deposit	10,719	10,719
Deferred rent and incentive allowance	537,302	554,689
TOTAL LIABILITIES	1,214,144	1,204,604
Net Assets		
Unrestricted	5,568,523	3,390,035
Temporarily restricted	6,005,595	5,640,739
Permanently restricted	14,185,147	14,170,612
TOTAL NET ASSETS	25,759,265	23,201,386
TOTAL LIABILITIES AND NET ASSETS	$ 26,973,409	$ 24,405,990

The accompanying notes are an integral part of these financial statements.

NATIONAL WOMEN'S LAW CENTER

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010

(With Summarized Financial Information for the Year Ended June 30, 2009)

	Unrestricted						
	Operating	Reserves	Total	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
REVENUE AND SUPPORT							
Grants	$ 1,630,463	$ -	$ 1,630,463	$ 5,945,036	$ 7,901	$ 7,583,400	$ 6,976,582
Investment income (loss)	28,024	555,632	583,656	1,331,980	-	1,915,636	(2,805,519)
Contributions	1,046,199	-	1,046,199	90,000	6,634	1,142,833	1,251,391
Donated goods and services	943,078	-	943,078	-	-	943,078	553,909
Rental income	131,532	-	131,532	-	-	131,532	128,630
Other	75,761	-	75,761	-	-	75,761	77,115
Legal fees	-	20,470	20,470	-	-	20,470	1,112,580
Net assets released from restrictions:							
Appropriation of endowment income	-	466,681	466,681	(466,681)	-	-	-
Satisfaction of time restrictions	2,201,459	-	2,201,459	(2,201,459)	-	-	-
Satisfaction of program restrictions	3,221,440	1,112,580	4,334,020	(4,334,020)	-	-	-
TOTAL REVENUE AND SUPPORT	9,277,956	2,155,363	11,433,319	364,856	14,535	11,812,710	7,294,688
EXPENSES							
Program Services							
Health and Reproductive Rights	3,283,004	-	3,283,004	-	-	3,283,004	3,276,297
Family Economic Security	1,996,411	-	1,996,411	-	-	1,996,411	1,771,088
Women's Legal Rights	1,546,490	-	1,546,490	-	-	1,546,490	1,187,358
Education and Employment	945,681	-	945,681	-	-	945,681	1,146,695
Total Program Services	7,771,586	-	7,771,586	-	-	7,771,586	7,381,438
Supporting Services							
Administration	814,405	-	814,405	-	-	814,405	820,422
Development	668,840	-	668,840	-	-	668,840	601,248
Total Supporting Services	1,483,245	-	1,483,245	-	-	1,483,245	1,421,670
TOTAL EXPENSES	9,254,831	-	9,254,831	-	-	9,254,831	8,803,108
CHANGE IN NET ASSETS	23,125	2,155,363	2,178,488	364,856	14,535	2,557,879	(1,508,420)
NET ASSETS, BEGINNING OF YEAR	1,648,146	1,741,889	3,390,035	5,640,739	14,170,612	23,201,386	24,709,806
NET ASSETS, END OF YEAR	$ 1,671,271	$ 3,897,252	$ 5,568,523	$ 6,005,595	$ 14,185,147	$ 25,759,265	$ 23,201,386

The accompanying notes are an integral part of these financial statements.

NATIONAL WOMEN'S LAW CENTER

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2010

(With Summarized Financial Information for the Year Ended June 30, 2009)

Increase (Decrease) in Cash and Cash Equivalents

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,557,879	$ (1,508,420)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	185,048	173,285
Amortization of deferred incentive allowance	(51,423)	(45,368)
Unrealized (gains) losses on investments	(1,547,706)	2,444,964
Realized (gains) losses on investments	(16,090)	754,883
Grants, contributions and investment income restricted for long-term purposes	14,535	(129,289)
Donated stock	(1,993,389)	(1,589,635)
Changes in assets and liabilities:		
Accounts receivable	(11,189)	2,486
Grants and contributions receivable	828,065	965,970
Legal fees settlement receivable	626,208	(626,208)
Prepaid expenses	(39,770)	21,324
Inventory	-	20,516
Accounts payable and accrued expenses	(6,209)	9,955
Deferred compensation	33,136	53,457
Deferred rent	34,036	231,569
NET CASH PROVIDED BY OPERATING ACTIVITIES	613,131	779,489
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(12,245)	(444,629)
Purchases of investments	(5,163,108)	(9,781,737)
Proceeds from sales of investments	5,198,291	10,480,053
NET CASH PROVIDED BY INVESTING ACTIVITIES	22,938	253,687
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants, contributions and investment income restricted for long-term purposes	(14,535)	129,289
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(14,535)	129,289
NET INCREASE IN CASH AND CASH EQUIVALENTS	621,534	1,162,465
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,299,461	4,136,996
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,920,995	$ 5,299,461
NONCASH INVESTING ACTIVITIES		
Donated stock	$ 1,993,389	$ 1,589,635

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

The National Women's Law Center (the Center) is a District of Columbia non-profit corporation. The primary purpose of the Center is to advance and protect women's legal rights in areas such as employment, health and reproductive rights, family economic security, and education. The Center's activities are primarily funded through grants and contributions from private foundations, corporations and individuals.

Cash Equivalents

The Center considers money market funds to be cash equivalents except for money market accounts held for long-term purposes. During the year ended June 30, 2010, a designated money market account which had previously been classified as part of the Center's long term investment portfolio was reclassified to cash and cash equivalents. As of June 30, 2009, the amount reclassified from investments to cash and cash equivalents was $4.7 million.

Investments

Investments are held in a series of pooled funds. The securities in the pooled funds include common stock, corporate bonds and notes, U.S. government obligations, international equities, and interests in privately held funds and limited liability corporations. The pooled funds are considered alternative investments as there is no readily determinable market price for the funds, although the majority of the underlying securities in the pooled funds are publicly traded and are valued using readily determinable market prices. The remaining securities in the pooled funds are not publicly traded.

All pooled funds are carried at fair value as provided by the investment managers. Management reviews the valuation provided by the investment managers of both the publicly traded and non-publicly traded investments and agrees with the valuation methods and assumptions used by the investment managers in determining the fair value of all the funds, which may be based on historical cost, appraisals, obtainable prices for similar assets, or other assets and estimates. The Center has adopted the provisions of the Financial Accounting Standards Board's (FASB's) Accounting Standards Update No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which permits, as a practical expedient, the fair value of certain alternative investments within its scope to be estimated using net asset value or its equivalent as reported by the investee. Because of the inherent uncertainty of valuation of these funds and of certain of the underlying investments held by these funds, their values may differ significantly from values that would have been used had a ready market for the investments existed.

Interest, dividends and realized gains or losses are recorded when earned. Fluctuations in the market value of the portfolio are recorded as unrealized gains or losses.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment and Related Depreciation and Amortization

Property and equipment are stated at cost. Expenditures for major additions, renewals and improvements are capitalized; expenditures for repairs and maintenance are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation and amortization are eliminated from the accounts and the resulting gain or loss is expensed. Depreciation of furniture and equipment is computed using the straight-line method over the estimated useful service lives of the assets of three to ten years. Amortization of leasehold improvements is computed using the straight-line method over the useful life or the remaining term of the lease, whichever is less.

Classification of Net Assets

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Center's general operations, including amounts designated by the Board as reserve funds.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various programs or for specific future time periods.
- Permanently restricted net assets represent the endowment funds of the Center, which are generally required to be held in perpetuity.

Revenue Recognition

The Center reports unconditional gifts and grants of cash and other assets as unrestricted and available for general operations unless specifically restricted by the donor. If gifts and grants are received with donor stipulations that limit the use of the donated funds or assets to a particular purpose or to specific time periods, the Center reports them as temporarily restricted. When a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

Unconditional gifts and grants that are expected to be collected within one year are recorded at net realizable value. Unconditional gifts and grants that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The portions of unconditional gifts and grants that were discounted in prior fiscal years but collected in the current year are recorded as revenue in the current year.

1. Organization and Summary of Significant Accounting Policies (continued)

Donated Goods and Services

The Center receives donations of both external and in-house services of attorneys, legal fellows, law students and other professionals. The Center also receives donations of other goods and services. The value of these goods and services is recorded based on the estimated fair market value of the goods and services provided and is shown as donated goods and services in the accompanying statement of activities. Such donated goods and services are recorded among the Center's various programs and supporting services based upon the program or supporting service directly benefited.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the accompanying statement of activities on a functional basis. Costs which cannot be specifically identified with a particular function and which benefit more than one functional category are allocated based on legal and program salaries.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Investments

At June 30, 2010, the Center's investments consisted of various pooled investment funds summarized as follows:

Equity fund	$ 11,511,966
Bond fund	6,966,926
Total Investments	$ 18,478,892

Investment returns for the year ended June 30, 2010 consisted of the following:

Unrealized gains	$ 1,547,706
Interest and dividends	405,952
Realized gains	16,090
Investment management fees	(54,112)
Total Net Investment Income	$ 1,915,636

Continued

2. Investments (continued)

For the year ended June 30, 2010, interest earned on cash and cash equivalents totaled $28,024 and is included in interest and investment income in the statement of activities.

The Center's investments consist of the Center's ownership interest in externally managed pooled funds which are considered to be alternative investments as these funds are not publicly traded. The majority of the Center's interest of $18,478,892 in the pooled funds consists of underlying securities that are publicly traded. Approximately $870,000 of the Center's interest in these funds as of June 30, 2010, consists of underlying securities that are not publicly traded.

All of the Center's investments are managed by Commonfund Securities, Inc. In accordance with the fair value measurements and disclosures topic of the FASB's Accounting Standards Codification (ASC), the Center has categorized its applicable financial instruments into a required fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input, both individually and in the aggregate, that is significant to the fair value measurement. Observable inputs include market data which are readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The three levels of the fair value hierarchy and associated investment types are described as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Center has the ability to access. This classification is applied to any investment of the Center that has a readily available quoted market price from an active market where there is significant transparency in the executed/quoted market price.

Level 2 - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability, such as quoted prices for similarly structured securities in active markets. This classification is applied to investments of the Center that have evaluated prices received from fixed income vendors where the data inputs to these valuations do not represent quoted prices from an active market but do represent quoted prices of similarly structured securities.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions by management of the Center about the assumptions a market participant would use in pricing the asset or liability. This classification is applied to investments of the Center for which there is no established trading market.

Continued

2. Investments (continued)

Where significant observable inputs are not available for the Center's investments, the Commonfund investment managers determine fair value based on one or more factors including original transaction price, comparable market transactions, pricing of similar instruments, sub-advisor recommendations, values reported by the advisor/administrator and pricing expectations based on Commonfund internal modeling, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

Certain funds have investments in hedge funds and private partnerships ("portfolio funds") that are valued at fair value, which is generally the least net asset value made available by the fund manager or administrator prior to the valuation date.

The following is a schedule of the Center's investments detailing the three levels of the fair value hierarchy as of June 30, 2010:

	Fair Value	Quoted Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity fund	$ 11,511,966	$ -	$ -	$ 11,511,966
Bond fund	6,966,926	-	-	6,966,926
Total	$ 18,478,892	$ -	$ -	$ 18,478,892

Fair value measurements as of June 30, 2010, using unobservable inputs (Level 3) were as follows:

Balance at June 30, 2009	$ 12,776,559
Purchases	3,814,808
Dividends and interest	391,745
Investment fees	(51,926)
Unrealized gains	1,547,706
Balance at June 30, 2010	$ 18,478,892

The total unrealized gain of $1,547,706 for the year ended June 30, 2010 was from the Center's two alternative investment funds. Both of these funds were held by the Center as of June 30, 2010. All unrealized gains are included in investment income in the accompanying statement of activities for the year ended June 30, 2010.

Continued

2. Investments (continued)

Redemption of the Center's interests in both alternative investment funds is generally permissible monthly, with a five day notice. The Center had no unfunded commitments to either fund as of June 30, 2010.

3. Grants and Contributions Receivable

Grants and contributions receivable include unconditional promises to give from private foundations and individual donors, which are due as follows:

Less than one year	$ 1,404,389
One to five years	291,033
Total	1,695,422
Less: Discount to net present value	(21,748)
Net Present Value	$ 1,673,674

All grants receivable are deemed fully collectible. The discount rate used on the long-term grants and contributions receivable was approximately 3.4%.

4. Property and Equipment and Accumulated Depreciation and Amortization

The Center held the following property and equipment as of June 30, 2010:

Furniture and equipment	$ 840,835
Leasehold improvements	811,596
Total Property and Equipment	1,652,431
Less: Accumulated depreciation and amortization	(1,000,331)
Net Property and Equipment	$ 652,100

Depreciation and amortization expense for the year ended June 30, 2010 was $185,048.

Continued

5. Commitments and Contingencies

The Center has entered into a 10-year, non-cancelable operating lease for office space which expires on June 30, 2015. In December 2005 and March 2008, the Center entered into lease amendments for additional office space through June 30, 2015.

The lease and lease amendments for additional space provide for annual rent escalations of 2.25%, except in the 6th year (as determined by the principal lease), when the escalation is $2.25, plus the Center's proportionate share of the increase in operating expenses and real estate taxes. The leases also provided for a total rental abatement of $85,528 and lease incentives for build out of the space totaling $448,538. Under GAAP all rental payments, including fixed rent increases, less any rental abatements, are recognized on a straight-line basis over the term of the lease. Lease incentives are amortized over the life of the lease on a straight-line basis as an offset to rent expense. The difference between GAAP rent expense and the actual lease payments is reflected as deferred rent and incentive allowance in the accompanying statement of financial position. Rent expense for the year ended June 30, 2010 was $978,024.

Future minimum lease rental payments under these lease agreements are as follows:

For the Year Ending June 30,	
2011	$ 943,321
2012	964,571
2013	986,301
2014	1,008,515
2015	1,031,220
Total	$ 4,933,928

An irrevocable letter of credit of $21,966 was accepted as a security deposit by the landlord. The bank required the Center to purchase a certificate of deposit for the same amount to collateralize the letter of credit. This amount is included in security deposits in the accompanying statement of financial position.

The Center's cash and cash equivalents are comprised of amounts in accounts at various financial institutions. While the amounts at times exceed the amount guaranteed by federal agencies and, therefore, bear some risk, the Center has not experienced, nor does it anticipate, any loss of funds. As of June 30, 2010, the Federal Deposit Insurance Corporation (FDIC) insured balances of a depositor, per financial institution, up to $250,000, and the Securities Investor Protection Corporation (SIPC) insured balances of a depositor, per financial institution, up to $500,000. As of June 30, 2010, the Center's cash balance in excess of the amount guaranteed by the FDIC or the SIPC, as applicable, was approximately $4,371,000.

Continued

6. Net Assets

Unrestricted Net Assets Including Board Designated Funds

The unrestricted net assets are made up of an operating fund and a Board-designated Long-Term Reserve Fund. The Long-Term Reserve Fund, which includes the Margaret Fund reserve account, is intended to provide emergency funds to cover at least six months of the Center's annual expenses. The Margaret Fund was established to support the Center's work, including its work on Title IX, to educate a large number of attorneys, policy makers, administrators and other interested persons to effect change and ensure equity for girls and women. As of June 30, 2010, the unrestricted operating fund balance was $1,671,271. The Long-Term Reserve Fund balance was $3,897,252, of which the Margaret Fund reserve account balance was $1,311,948.

Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2010, are available for the following purposes and time periods:

Purpose restricted:	
Health and Reproductive Rights	$ 1,987,846
Family Economic Security	1,167,235
Endowment Income not yet appropriated	865,299
Women's Legal Rights	539,798
Education and Employment	130,000
Total purpose restricted	4,690,178
Time restricted:	
Restricted for fiscal year 2011	1,315,417
Total Temporarily Restricted Net Assets	$ 6,005,595

Permanently Restricted Net Assets

During the years ended June 30, 2005 through 2007, the Center received three conditional matching grants from the Ford Foundation totaling $10,000,000 to start its endowment fund. Under the terms of the grants, the Center had three years from May 1, 2005, to raise $5,000,000 of matching funds from outside contributors, which it did by April 30, 2008. Donors who pledged contributions during the three-year campaign have five years during which to pay their pledges.

During the three years of the campaign, the Foundation allowed the Center to use a portion of each payment for expenses related to the campaign.

Continued

6. Net Assets (continued)

The Center had the following endowment related activities for the year ended June 30, 2010:

	Permanently Restricted	Temporarily Restricted
Endowment net assets at June 30, 2009	$ 14,170,612	$ -
Investment returns:		
Interest and dividends	-	243,446
Net appreciation (realized and unrealized)	-	1,088,534
Total investment return	-	1,331,980
Contributions	14,535	-
Amounts appropriated for expenditure	-	(466,681)
Endowment net assets at June 30, 2010	$ 14,185,147	$ 865,299

Interpretation of Relevant Law

At the time of the endowment grants from Ford Foundation, the management and investment of endowment funds in the District of Columbia were governed by the Uniform Management of Institutional Funds Act (UMIFA), which generally provided that, in the absence of overriding donor stipulation, spending from an endowment fund was limited to the fund's "historic dollar value," defined as the value of contributions made to the fund, without increases or decreases because of investment results, inflation, or anything else. Under the terms of the Ford grant agreements to the Center, its endowment funds were required "to be maintained on a permanent basis." In addition, under the agreements, 100 percent of the income and net appreciation may be spent each year but the principal is not to be spent except in an emergency and with the permission of the Center's Board of Directors. The Center's Board of Directors interpreted the terms of the Ford endowment grants as consistent with UMIFA by requiring the preservation of the historic dollar value of the endowment funds.

In January, 2008, the District of Columbia replaced UMIFA with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA prescribes new guidelines for expenditure of an endowment fund in the absence of overriding donor stipulation. The Center's Board of Directors continues to regard the Ford Foundation agreements issued in connection with the Foundation's grants to the Center's endowment funds as providing such a donor stipulation. In accordance with those agreements, the Center classifies as permanently restricted net assets (a) the original value of the grants to the permanent endowment from the Ford Foundation; and (b) the original value of gifts to the permanent endowment from other donors.

Continued

6. Net Assets (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires an organization to retain as a fund of perpetual duration. Deficiencies of this nature which declined since June 30, 2009, but total $1,785,185 since the inception of the Center's endowment funds and are the result of unfavorable market fluctuations, have been reported in unrestricted net assets as required by GAAP.

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for its endowment funds that attempt to provide a predictable stream of funding to the Center and to maintain the purchasing power of the endowment fund. Given the relationship between risk and return, a fundamental step in determining the investment policy for the endowment funds is the determination of an appropriate risk tolerance. After taking into consideration such facts as the Center's financial stability, uncertainty of cash flows in and out of the endowment funds over the long term, and capital market volatility, the Board believes a moderate risk strategy is prudent. Under this policy, as approved by the Board of Directors, the long-term goal is to equal or exceed an average total annual return of 5% plus inflation while preserving the principal. The relative objective of the portfolio should show favorable, relative performance characteristics that should equal or exceed the average return of appropriate capital market indices weighted by the asset allocation target percentages. The comparative objective of the portfolio should equal or exceed the average return of a universe of similarly managed funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Continued

6. Net Assets (continued)

Spending Policy

Under the terms of the Ford Foundation endowment grants, the Center's spending policy is to be designed to maintain the purchasing power of the endowment fund over time. Consistent with this directive, the policy approved by the Center's Board of Directors permits the Center to spend from its endowment funds up to 5% of the funds' three-year rolling average, so long as spending does not reduce the fund below its historic dollar value. Accordingly, over the long term, the Center expects the current spending policy to allow its endowment to grow annually. This is consistent with the Center's objective to maintain the purchasing power of the endowment funds held in perpetuity as well as to provide additional real growth through new gifts and investment return.

7. Pension Benefits

Tax Deferred Annuity

The Center participates in a contributory tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code covering substantially all employees. Voluntary employee contributions are made on a monthly basis subject to legal limits. The Center contributes to the plan according to a graduated percentage based on each employee's years of service, which is 3% after two years of service, increasing by 1% per year of service up to 6% after five or more years of service. The Center's annuity contribution expense for the year ended June 30, 2010 was $158,439.

Deferred Compensation

On June 28, 2001, the Center's compensation committee resolved to establish a deferred compensation plan (the Plan) on behalf of certain key executives of the Center, effective July 1, 2000. Organized under Section 457(b) of the Internal Revenue Code, the Plan is unfunded and any distributions under the Plan are to be made out of the general assets of the Center. Participants in the Plan are immediately 100% vested in the employer contributions made. The Center's contribution expense for the year ended June 30, 2010 was $33,000.

Continued

8. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Center is exempt from the payment of taxes on income other than net unrelated business income. As of June 30, 2010, no provision for income taxes was made as the Center had no net unrelated business income.

The Center reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertain tax positions. For the year ended June 30, 2010, management did not identify any uncertain tax positions requiring recognition or disclosure in these financial statements. Tax years reasonably considered open and subject to examination include returns for the years ended June 30, 2007 through 2009.

9. Prior Period Adjustment

During the year ended June 30, 2010, the Center recorded donated goods and services totaling $339,083 which had not been identified for the year ended June 30, 2009. As a result, a prior period adjustment was recorded to increase donated goods and services revenue and expenses for the year ended June 30, 2009 in the amount of $339,083. There was no effect on the change in net assets for the year ended June 30, 2009 or on ending net assets as of June 30, 2009, as previously reported.

10. Reclassifications

Certain 2009 amounts have been reclassified to conform with the 2010 financial statement presentation.

11. Prior Year Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Continued

12. Subsequent Events

The Center's management has evaluated subsequent events through January 28, 2011, the date the financial statements were available to be issued. There were no subsequent events identified through January 28, 2011 required to be disclosed in these financial statements.