

National Women's Law Center and National Women's Law Center Action Fund

Consolidated Financial Statements
and Independent Auditors' Report

For the Year Ended June 30, 2013

(with Summarized Financial Information for the Year Ended June 30, 2012)

National Women’s Law Center and National Women’s Law Center Action Fund

Consolidated Financial Statements
For the Year Ended June 30, 2013
(with Summarized Financial Information for the Year Ended June 30, 2012)

Contents

Independent Auditors’ Report.....	1-2
<i>Consolidated Audited Financial Statements</i>	
Consolidated Statements of Financial Position.....	3
Consolidated Statement of Activities.....	4
Consolidated Statements of Cash Flows.....	5
Notes to Consolidated Financial Statements.....	6-22

INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of
National Women's Law Center and National Women's Law Center Action Fund

We have audited the accompanying consolidated financial statements of the National Women's Law Center and National Women's Law Center Action Fund (collectively, "the Organization"), which comprise the consolidated statement of financial position as of June 30, 2013, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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 the consolidated 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 consolidated financial statements based on our audit. 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 an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

Auditor's Responsibility (continued)

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font. The word "Rogers" is written in a larger, more prominent script, followed by a plus sign and the words "Company PLLC".

Vienna, Virginia
November 1, 2013

National Women's Law Center and National Women's Law Center Action Fund

Consolidated Statements of Financial Position
June 30, 2013 and 2012

	2013	2012
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 6,037,613	\$ 6,427,985
Investments	25,142,215	23,357,755
Accounts receivable	39,530	14,843
Grants and contributions receivable, net	10,799,115	832,084
Prepaid expenses	244,655	69,139
Property, equipment, and intangible assets, net	572,944	503,948
Security deposits	26,546	26,546
	<u> </u>	<u> </u>
Total assets	<u>\$ 42,862,618</u>	<u>\$ 31,232,300</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 778,822	\$ 481,346
Deferred compensation	382,736	347,728
Sub-tenant security deposit	10,719	10,719
Deferred rent and incentive allowance	281,084	388,060
	<u> </u>	<u> </u>
Total liabilities	<u>1,453,361</u>	<u>1,227,853</u>
 Net Assets		
Unrestricted	10,346,969	9,368,795
Temporarily restricted	11,855,393	6,435,565
Permanently restricted	19,206,895	14,200,087
	<u> </u>	<u> </u>
Total net assets	<u>41,409,257</u>	<u>30,004,447</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 42,862,618</u>	<u>\$ 31,232,300</u>

See accompanying notes.

National Women's Law Center and National Women's Law Center Action Fund

Consolidated Statement of Activities
For the Year Ended June 30, 2013
(with Summarized Financial Information for the Year Ended June 30, 2012)

	Unrestricted			Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
	Operating	Reserves	Total				
Revenue and Support							
Grants	\$ 210,500	\$ -	\$ 210,500	\$ 12,951,781	\$ 5,000,000	\$ 18,162,281	\$ 6,267,685
Investment income	-	1,364,781	1,364,781	2,025,286	-	3,390,067	161,980
Income from cash equivalents	7,360	-	7,360	-	-	7,360	9,284
Contributions	1,761,997	-	1,761,997	168,407	6,808	1,937,212	1,743,338
Donated goods and services	1,794,447	-	1,794,447	-	-	1,794,447	1,196,978
Rental income	128,000	-	128,000	-	-	128,000	137,518
Other	95,171	-	95,171	-	-	95,171	83,320
Legal fees	111,187	-	111,187	-	-	111,187	-
Net assets released from restrictions and transfers:							
Appropriation of endowment income	708,293	-	708,293	(708,293)	-	-	-
Transfer from Reserves	191,707	(191,707)	-	-	-	-	-
Satisfaction of time and program restrictions	9,017,353	-	9,017,353	(9,017,353)	-	-	-
Total revenue and support	14,026,015	1,173,074	15,199,089	5,419,828	5,006,808	25,625,725	9,600,103
Expenses							
Program services:							
Health and Reproductive Rights	6,731,345	-	6,731,345	-	-	6,731,345	3,782,574
Family Economic Security	1,984,277	-	1,984,277	-	-	1,984,277	1,955,359
Women's Legal Rights	1,134,722	-	1,134,722	-	-	1,134,722	1,786,433
Education and Employment	2,183,179	-	2,183,179	-	-	2,183,179	1,673,718
Total program services	12,033,523	-	12,033,523	-	-	12,033,523	9,198,084
Supporting services:							
Administration	1,660,541	-	1,660,541	-	-	1,660,541	1,083,448
Development	526,851	-	526,851	-	-	526,851	627,423
Total supporting services	2,187,392	-	2,187,392	-	-	2,187,392	1,710,871
Total expenses	14,220,915	-	14,220,915	-	-	14,220,915	10,908,955
Change in Net Assets	(194,900)	1,173,074	978,174	5,419,828	5,006,808	11,404,810	(1,308,852)
Net Assets, beginning of year	1,335,865	8,032,930	9,368,795	6,435,565	14,200,087	30,004,447	31,313,299
Net Assets, end of year	\$ 1,140,965	\$ 9,206,004	\$ 10,346,969	\$ 11,855,393	\$ 19,206,895	\$ 41,409,257	\$ 30,004,447

See accompanying notes.

National Women's Law Center and National Women's Law Center Action Fund

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 11,404,810	\$ (1,308,852)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	303,427	168,563
Loss on disposal of property and equipment	9	1,631
Amortization of deferred incentive allowance	(51,423)	(51,423)
Unrealized (gains) losses on investments	(2,946,224)	287,334
Realized gains from donated stock	-	(8,879)
Change in discount	6,423	3,265
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(24,687)	(6,964)
Grants and contributions receivable	(9,973,454)	2,559,770
Prepaid expenses	(175,516)	33,084
Security deposits	-	(1,160)
Increase (decrease) in:		
Accounts payable and accrued expenses	297,476	67,015
Deferred compensation	35,008	(14,730)
Deferred rent	(55,553)	(33,824)
Deferred revenue	-	(736)
Net cash (used in) provided by operating activities	<u>(1,179,704)</u>	<u>1,694,094</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(372,432)	(158,082)
Net proceeds (sales) of investments	<u>1,161,764</u>	<u>(656,540)</u>
Net cash provided by (used in) investing activities	<u>789,332</u>	<u>(814,622)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(390,372)	879,472
Cash and Cash Equivalents, beginning of year	<u>6,427,985</u>	<u>5,548,513</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 6,037,613</u></u>	<u><u>\$ 6,427,985</u></u>

See accompanying notes.

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

1. Organization and Summary of Significant Accounting Policies

Organizations

The National Women's Law Center ("NWLC") is organized and operated for charitable and educational purposes under Section 501(c)(3) of the Internal Revenue Code, and was incorporated in the District of Columbia in 1981. NWLC is the sole member of the National Women's Law Center Action Fund (the "Action Fund"). The Action Fund is organized and operated for social welfare purposes under Section 501(c)(4) of the Internal Revenue Code, and was incorporated in the District of Columbia in 2012. The primary purpose of each of the organizations is to advance and protect women's legal rights in areas such as employment, health and reproductive rights, family economic security, and education. The entities' activities are funded primarily through grants and contributions from private foundations, corporations, and individuals.

Principles of Consolidation

Consolidated financial statements are presented due to NWLC's controlling financial interest in the Action Fund. NWLC and the Action Fund share certain personnel and overhead costs, with shared costs allocated between NWLC and the Action Fund based on usage, at cost or fair market value based on a cost-sharing agreement between the two entities. All intercompany balances and significant transactions have been eliminated in consolidation. Except when referred to separately, both entities are collectively referred to as "the Organization" throughout the accompanying consolidated financial statements and related notes.

Cash Equivalents

The Organization considers money market funds to be cash equivalents except for money market accounts held for long-term purposes.

Investments

All investments are owned by NWLC and consist solely of an ownership interest in externally managed 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.

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

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

Investments (continued)

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. 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.

Property, Equipment, and Intangible Assets 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 ranging from 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.

Intangible assets consist of email lists and are stated at cost. Amortization of the cost of these email lists is computed using the straight-line method over the weighted average useful life of the email lists.

All property, equipment, and intangible assets as of June 30, 2013 were owned by NWLC. Depreciation and amortization costs are allocated to NWLC and the Action Fund based on a cost-sharing agreement.

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

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

Classification of Net Assets

- *Unrestricted net assets* represent the total portion of expendable funds that are available for support of NWLC's and the Action Fund's general operations. See Note 7 for the amount of unrestricted net assets for NWLC and the Action Fund, respectively.
- *Temporarily restricted net assets* represent the total amounts that are specifically restricted by donors or grantors, or applicable accounting standards, for various programs or for specific future time periods for NWLC and the Action Fund, respectively. See Note 7 for the amount of temporarily restricted net assets for NWLC and the Action Fund, respectively.
- *Permanently restricted net assets* represent the portions of the endowment pledges and funds of NWLC, which are required to be held in perpetuity. The Action Fund has no permanently restricted net assets.

Revenue Recognition

The Organization 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 Organization 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 beyond one year 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 and collected in the current year are recorded as revenue in the current year. Gifts and grants are recorded among NWLC's or the Action Fund's various programs and supporting services, as appropriate, based upon the program or supporting services directly benefited. See Note 4.

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

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

Donated Goods and Services

The Organization receives donations of both external and in-house services of attorneys, legal fellows, law students and other professionals. The Organization 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 are shown as donated goods and services in the accompanying statement of activities. Such donated goods and services are recorded among NWLC's or the Action Fund's various programs and supporting services, as appropriate, based upon the program or supporting services directly benefited. See Note 4.

Functional Expenses

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 that cannot be specifically identified with a particular function have been allocated on a proportionate basis to the functions that benefitted. In the case of joint costs that encompass both program and fund-raising activities, such costs are allocated based on the directly identifiable costs of program and fund-raising activities associated with the activity for which the joint costs were incurred. Joint costs that encompassed both program and fund-raising activities, all of which were NWLC costs, totaled \$309,997 for the year ended June 30, 2013; \$187,667 was allocated to Program Services and \$122,330 was allocated to Development (fund-raising).

Estimates

The preparation of the consolidated 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.

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

2. Investments and Fair Value Measurements

Only NWLC, not the Action Fund, has investments. All of NWLC's investments are in pooled funds managed by Commonfund Securities and are not publicly traded. NWLC's investments in pooled funds at June 30, 2013 are summarized below.

Equity fund	\$ 17,044,017
Bond fund	<u>8,098,198</u>
Total investments	<u>\$ 25,142,215</u>

NWLC's investment returns consisted of the following for the year ended June 30, 2013:

Unrealized gains	\$ 2,946,224
Interest and dividends	513,529
Investment management fees	<u>(69,686)</u>
Total net investment income	<u>\$ 3,390,067</u>

The pooled funds are considered to be alternative investments as these funds are not publicly traded. For the year ended June 30, 2013, the majority of NWLC's interest of \$25,142,215 in the pooled funds consists of underlying securities that are publicly traded. Only \$737,150 of NWLC's interest in these funds as of June 30, 2013 consists of underlying securities that are not publicly traded. The total unrealized gain of \$2,946,224 is included in investment income in the accompanying statement of activities for the year ended June 30, 2013. NWLC had no unfunded commitments to either fund as of June 30, 2013.

In accordance with the fair value measurements and disclosures topic of the FASB's Accounting Standards Codification (ASC), NWLC 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 that 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.

National Women’s Law Center and National Women’s Law Center Action Fund

Notes to Consolidated Financial Statements
June 30, 2013

2. Investments and Fair Value Measurements (continued)

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

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that NWLC has the ability to access at the measurement date. Market price data are generally obtained from relative exchange or dealer markets.

Level 2 – Inputs are those other than quoted prices included within Level 1 that are observable, either directly or indirectly, in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers, and brokers.

Level 3 – Inputs are those that are unobservable; for example, because there is little or no market activity at the measurement date.

When the classification within the fair value hierarchy of a fair value measurement of an investment is measured at net asset value per share and if a reporting entity has the ability to redeem its investment with the investee within 90 days at the net asset value per share at the measurement date, the fair value measurement of the asset shall be categorized as a Level 2 fair value measurement. NWLC’s investments in Commonfund meet these criteria, because NWLC can redeem its investment in any month on the last business day of the month (with 5 business days’ notice) at the net asset value per share in effect on the last business day of the month. Redemption proceeds are generally paid on the first business day of the following month, except in the case of 100% redemption, when 90% is generally paid on the first business day of the following month, with the remaining 10% paid within 30 days.

The following is a schedule of NWLC’s investments in pooled funds detailing the three levels of the fair value hierarchy as of June 30, 2013:

	Total fair value	Level 1	Level 2	Level 3
Equity fund	\$ 17,044,017	\$ -	\$ 17,044,017	\$ -
Bond fund	8,098,198	-	8,098,198	-
Total	\$ 25,142,215	\$ -	\$ 25,142,215	\$ -

National Women’s Law Center and National Women’s Law Center Action Fund

Notes to Consolidated Financial Statements
June 30, 2013

3. Grants and Contributions Receivable

Grants and contributions receivable, all of which are attributable to NWLC, include unconditional promises to give from private foundations and individual donors, which are due as follows at June 30, 2013:

Less than one year	\$	8,599,500
Greater than one year		<u>2,200,000</u>
 Total		 10,799,500
Less: Discount to net present value		<u>(385)</u>
 Net present value		 <u><u>\$ 10,799,115</u></u>

All grants receivable are deemed fully collectible. Grants to be collected after one year have been discounted at a rate of approximately 2 basis points.

4. Summary Financial Information for NWLC and Action Fund

NWLC and the Action Fund have determined that it is in their mutual best interests to minimize duplicative expenses to carry out their complementary purposes in an economical and efficient manner by sharing employees, office space, and equipment. Shared costs are allocated between NWLC and the Action Fund, based on usage, at cost or fair market value as set forth in a cost-sharing agreement between the two entities.

The following table provides summary revenue and expense information for NWLC and the Action Fund, respectively, as of June 30, 2013:

	<u>NWLC</u>	<u>Action Fund</u>	<u>Total</u>
Revenue and Support			
Grants and contributions	\$ 19,984,493	\$ 115,000	\$ 20,099,493
Investment income	3,390,067	-	3,390,067
Donated goods and services	1,791,847	2,600	1,794,447
Other	<u>341,671</u>	<u>47</u>	<u>341,718</u>
 Total revenue and support	 25,508,078	 117,647	 25,625,725
 Expenses	 <u>14,214,421</u>	 <u>6,494</u>	 <u>14,220,915</u>
 Change in net assets	 <u><u>\$ 11,293,657</u></u>	 <u><u>\$ 111,153</u></u>	 <u><u>\$ 11,404,810</u></u>

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

5. Property, Equipment, and Intangible Assets and Accumulated Depreciation and Amortization

NWLC held the following property and equipment as of June 30, 2013:

Furniture and equipment	\$	899,859
Leasehold improvements		819,037
Intangible assets		<u>337,690</u>
Total property, equipment, and intangible assets		2,056,586
Less: accumulated depreciation and amortization		<u>(1,483,642)</u>
Property, equipment, and intangible assets, net	\$	<u><u>572,944</u></u>

Depreciation and amortization expense of \$303,427 for the year ended June 30, 2013 was allocated to NWLC and the Action Fund based on the cost-sharing agreement described in Note 4.

6. Commitments and Contingencies

Concentration

The Organization'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 Organization has not experienced, nor does it anticipate, any loss of funds.

As of June 30, 2013, 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.

Operating Lease

NWLC 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, NWLC 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 per square foot, plus NWLC's proportionate share of the increase in operating expenses and real estate taxes.

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

6. Commitments and Contingencies (continued)

The leases also provide 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 statements of financial position. Rent expense of \$988,535 for the year ended June 30, 2013 was allocated to NWLC and the Action Fund based on the cost sharing agreement described in Note 4.

Future minimum lease rental payments under these lease agreements are as follows for the years ending June 30:

2014	\$	1,008,515
2015		<u>1,031,220</u>
Total	\$	<u>2,039,735</u>

An irrevocable letter of credit of \$23,129 was accepted as a security deposit by the landlord. The bank required NWLC 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 statements of financial position.

7. Net Assets

Unrestricted Net Assets Including Board-Designated Funds

The unrestricted net assets of NWLC consist of an operating fund and an NWLC 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 NWLC's core annual expenses. The Margaret Fund was established to support NWLC'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.

The unrestricted net assets of the Action Fund consist solely of an operating fund.

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements
June 30, 2013

7. Net Assets (continued)

The following table provides information pertaining to the unrestricted operating fund balances of NWLC and the Action Fund, respectively, at June 30, 2013.

	NWLC	Action Fund	Total
Operating fund balance	\$ 1,125,918	\$ 15,047	\$ 1,140,965
Long-Term Reserve Fund:			
Long-Term Reserve Fund, excluding Margaret Fund	7,633,558	-	7,633,558
Margaret Fund	1,572,446	-	1,572,446
	9,206,004	-	9,206,004
Total Long-Term Reserve Fund			
	9,206,004	-	9,206,004
Total unrestricted operating fund balance	\$ 10,331,922	\$ 15,047	\$ 10,346,969

Temporarily Restricted Net Assets

Temporarily restricted net assets for NWLC and the Action Fund are available for the following purposes and time periods as of June 30, 2013:

	NWLC	Action Fund	Total
Purpose restricted:			
Nokomis Foundation pledge	\$ 1,000,000	\$ -	\$ 1,000,000
Health and reproductive rights	1,617,466	96,106	1,713,572
Family economic security	610,000	-	610,000
Education and employment	240,001	-	240,001
	3,467,467	96,106	3,563,573
Total purpose restricted			
	3,467,467	96,106	3,563,573
Time restricted:			
Unappropriated Ford Endowment earnings	1,510,438	-	1,510,438
Restricted for fiscal year 2014 and beyond	6,781,382	-	6,781,382
	8,291,820	-	8,291,820
Total time restricted			
	8,291,820	-	8,291,820
Total temporarily restricted net assets	\$ 11,759,287	\$ 96,106	\$ 11,855,393

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements
June 30, 2013

7. Net Assets (continued)

Permanently Restricted Net Assets

The Action Fund had no permanently restricted net assets at June 30, 2013. NWLC's permanently restricted net assets consist of permanently restricted endowment funds and pledged contributions to these funds. At June 30, 2013, NWLC's permanently restricted net assets consisted of the Ford Foundation Endowment, pledges for matching contributions for the Ford Foundation Endowment, and a pledge for the Nokomis Foundation Endowment.

Permanently restricted net assets were as follows at June 30, 2013:

	<u>Ford</u>	<u>Nokomis</u>	<u>Total</u>
Endowment fund	\$ 14,182,895	\$ -	\$ 14,182,895
Endowment pledges	<u>24,000</u>	<u>5,000,000</u>	<u>5,024,000</u>
Total permanently restricted net assets	<u>\$ 14,206,895</u>	<u>\$ 5,000,000</u>	<u>\$ 19,206,895</u>

8. NWLC Endowment and Endowment Pledges

Ford Foundation Endowment

Description of Ford Endowment

During the years ended June 30, 2005 through 2007, NWLC received three conditional matching grants from the Ford Foundation ("the Foundation"), totaling \$10,000,000, to start its Ford Endowment. Under the terms of the grants, NWLC had three years from May 1, 2005, to raise \$5,000,000 of matching funds from outside contributors, including pledges, which it did by April 30, 2008. Donors who pledged contributions during the three-year campaign had five years during which to pay their pledges, with extensions for payment provided to a limited number of donors. During the three years of the campaign, the Foundation allowed NWLC to use a portion of each of the Foundation's endowment grants for expenses related to the campaign. NWLC classifies (a) the original value of the grants to the permanent endowment from the Foundation and (b) the original value of gifts to the permanent endowment from other donors to match the Foundation's grants as permanently restricted net assets (collectively, "Ford Endowment").

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

8. NWLC Endowment and Endowment Pledges (continued)

Ford Foundation Endowment (continued)

Interpretation of Relevant Law

At the time of the endowment grants from the 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 Foundation's grant agreements to NWLC, the Ford Endowment was 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 NWLC's Board of Directors. NWLC's Board of Directors interpreted the terms of the Foundation's endowment grants as consistent with UMIFA by requiring the preservation of the historic dollar value of the Ford Endowment. 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. NWLC's Board of Directors continues to regard the agreements issued in connection with the Foundation's grants as providing such a donor stipulation for the Ford Endowment.

Return Objectives, Risk Parameters, Strategies, and Spending Policy for Ford Endowment

Return Objectives and Risk Parameters. NWLC has adopted investment and spending policies for its Ford Endowment that attempt to provide a predictable stream of funding to NWLC and to maintain the purchasing power of the funds. 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 NWLC's financial stability, uncertainty of cash flows in and out of the endowment funds over the long term, and capital market volatility, the NWLC Board believes a moderate risk strategy is prudent. Under this policy, as approved by the NWLC Board of Directors, the long-term goal for the Ford Endowment is to equal or exceed an average total annual return of 4% plus inflation. 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.

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

8. NWLC Endowment and Endowment Pledges (continued)

Ford Foundation Endowment (continued)

Return Objectives, Risk Parameters, Strategies, and Spending Policy for Ford Endowment (continued)

Strategies Employed for Achieving Objectives. To satisfy its long-term rate-of-return objectives for the Ford Endowment, NWLC 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). NWLC 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.

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

Fund Deficiency

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor requires an organization to retain as a fund of perpetual duration. There were no deficiencies in the Ford Endowment at June 30, 2013.

National Women’s Law Center and National Women’s Law Center Action Fund

Notes to Consolidated Financial Statements
June 30, 2013

8. NWLC Endowment and Endowment Pledges (continued)

Ford Foundation Endowment (continued)

Composition of Endowment and Changes in Endowment Net Assets

The income and appreciation of the Ford Endowment are classified as temporarily restricted until appropriated for expenditure. Changes in the net assets of the Ford Endowment for the year ended June 30, 2013, including their net asset composition, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Ford Endowment fund, beginning	\$ -	\$ 193,445	\$ 14,088,505	\$ 14,281,950
Investment return:				
Investment income	-	310,937	-	310,937
Net appreciation	-	1,714,349	-	1,714,349
Total investment return	-	2,025,286	-	2,025,286
Contributions	-	-	94,390	94,390
Appropriation of assets	-	(708,293)	-	(708,293)
Ford Endowment fund, ending	\$ -	\$ 1,510,438	\$ 14,182,895	\$ 15,693,333

Nokomis Foundation Endowment Pledge

Description of Nokomis Foundation Endowment Pledge

In 2013, the Nokomis Foundation approved a legacy grant to NWLC in the amount of \$6,000,000 to be held as an endowment to provide unrestricted general support for NWLC. None of the grant funds had been paid as of June 30, 2013, and the \$6,000,000 is included in grants and contributions receivable, net in the consolidated statements of financial position. Under the terms of the Nokomis Foundation grant, the funds will be paid in full to NWLC no later than June 30, 2014.

National Women’s Law Center and National Women’s Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

8. NWLC Endowment and Endowment Pledges (continued)

Nokomis Foundation Endowment Pledge (continued)

Interpretation of Relevant Law

Under the terms of the Nokomis Foundation’s grant to NWLC, the Nokomis Endowment will be governed by the laws of the District of Columbia, currently the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides that, subject to the intent of the donor specified in the gift instrument, an institution may appropriate for expenditure, or accumulate as much of an endowment fund that the institution determines is prudent for the use, benefits, purposes, and duration for which the endowment fund is established. For accounting purposes, GAAP requires the governing body of an institution to establish the amount of an endowment grant to be recorded as permanently restricted and the amount to be recorded as temporarily restricted net assets. NWLC’s Board of Directors determined, using UPMIFA’s prudence standards, to record \$5,000,000 of the Nokomis grant as permanently restricted net assets and \$1,000,000 as temporarily restricted net assets.

Return Objectives, Risk Parameters, Strategies, and Spending Policy for Nokomis Foundation Endowment

NWLC’s Board of Directors will develop return objectives, risk parameters, strategies to be employed for achieving objectives, and a spending policy prior to receiving the proceeds of the Nokomis Foundation Endowment grant in 2014.

Summary of NWLC Endowment and Endowment Pledges

The following table provides information pertaining to NWLC endowment and endowment pledges as of June 30, 2013.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Ford Endowment	\$ -	\$ 1,510,438	\$ 14,182,895	\$ 15,693,333
Endowment pledges receivable:				
Ford	-	-	24,000	24,000
Nokomis	-	1,000,000	5,000,000	6,000,000
Subtotal	-	1,000,000	5,024,000	6,024,000
Total temporarily and permanently endowed net assets	\$ -	\$ 2,510,438	\$ 19,206,895	\$ 21,717,333

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

9. Pension Benefits

Tax Deferred Annuity

NWLC participates in a contributory tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code (IRC) covering substantially all employees. Voluntary employee contributions are made on a monthly basis subject to legal limits. NWLC 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 total annuity contribution expense of \$200,403 for the year ended June 30, 2013 was allocated to NWLC and the Action Fund based on the cost-sharing agreement described in Note 4.

Deferred Compensation

On June 28, 2001, NWLC's compensation committee resolved to establish a deferred compensation plan ("the Plan") on behalf of certain key executives of NWLC, effective July 1, 2000. Organized under Section 457(b) of the IRC, the Plan is unfunded and any distributions under the Plan are to be made out of the general assets of NWLC. Participants in the Plan are immediately 100% vested in the employer contributions made. Total contribution expense of \$35,000 for the year ended June 30, 2013 was allocated to NWLC and the Action Fund based on the cost-sharing agreement described in Note 4.

10. Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class for the statement of activities. 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 NWLC's financial statements for the year ended June 30, 2012, from which the summarized information was derived. The Action Fund was not in existence during the prior year.

11. Income Taxes

NWLC is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the IRC. As of June 30, 2013, no provision for income taxes was made as NWLC had no net unrelated business income. Contributions to NWLC are tax-deductible by donors, as provided in IRC Section 170(b)(1)(A)(vi).

National Women's Law Center and National Women's Law Center Action Fund

Notes to Consolidated Financial Statements

June 30, 2013

11. Income Taxes (continued)

The Action Fund has an application pending to be exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(4) of the IRC. At June 30, 2013, no provision for income taxes was made, as the Action Fund had no unrelated business income. Contributions to the Action Fund are not tax-deductible by donors.

12. Uncertain Tax Positions

Pursuant to FASB ASC 740-10, the Organization 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. At June 30, 2013, 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 NWLC for the years ended June 30, 2010 through 2012. The Action Fund was not in existence before the year ended June 30, 2013.

13. Subsequent Events

The Organization follows the guidance of FASB ASC 855, *Subsequent Events*, which establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before the financial statements are issued. FASB ASC 855 also requires disclosure of the date through which an entity has evaluated subsequent events. In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 1, 2013, the date the financial statements were issued.