

**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, 2015

(with Summarized Financial Information for the Year Ended June 30, 2014)

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

Consolidated Financial Statements  
For the Year Ended June 30, 2015  
(with Summarized Financial Information for the Year Ended June 30, 2014)

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## **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, 2015, 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 consolidated 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, 2015, 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.

***Report on Summarized Comparative Information***

We previously audited the Organization's June 30, 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 21, 2014. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 23-24 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with a large, looped initial 'R' and a plus sign between the words.

Vienna, Virginia  
October 27, 2015

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

Consolidated Statements of Financial Position  
June 30, 2015 and 2014

	2015	2014
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,538,532	\$ 5,229,640
Investments	34,352,699	34,486,392
Accounts receivable	411,680	58,017
Grants and contributions receivable	457,113	3,839,983
Prepaid expenses	168,845	152,904
Property, equipment, and intangible assets, net	436,038	282,401
Security deposits	23,136	26,552
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 41,388,043</u>	<u>\$ 44,075,889</u>
 <b>Liabilities and Net Assets</b>		
 <b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 592,627	\$ 895,821
Deferred compensation	645,354	512,746
Sub-tenant security deposit	10,719	10,719
Deferred rent and incentive allowance	1,240,760	-
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>2,489,460</u>	<u>1,419,286</u>
 <b>Net Assets</b>		
Unrestricted	10,967,076	11,150,988
Temporarily restricted	8,748,612	12,322,720
Permanently restricted	19,182,895	19,182,895
	<u>                    </u>	<u>                    </u>
Total net assets	<u>38,898,583</u>	<u>42,656,603</u>
 Total liabilities and net assets	<u>\$ 41,388,043</u>	<u>\$ 44,075,889</u>

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

Consolidated Statement of Activities  
For the Year Ended June 30, 2015  
(with Summarized Financial Information for the Year Ended June 30, 2014)

	Unrestricted			Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
	Operating	Reserves	Total				
<b>Revenue and Support</b>							
Grants	\$ 31,800	\$ -	\$ 31,800	\$ 3,204,210	\$ -	\$ 3,236,010	\$ 6,067,989
Net investment income	-	471,182	471,182	933,996	-	1,405,178	4,544,176
Income from cash equivalents	5,374	-	5,374	-	-	5,374	403
Contributions, net of bad debt	1,705,472	-	1,705,472	113,018	-	1,818,490	1,352,456
Donated goods and services	1,503,264	-	1,503,264	-	-	1,503,264	950,259
Rental income	128,000	-	128,000	-	-	128,000	128,000
Other	73,042	-	73,042	-	-	73,042	113,407
Legal fees	109,625	-	109,625	-	-	109,625	14,400
Net assets released from restrictions and transfers:							
Appropriation of endowment income	784,268	-	784,268	(784,268)	-	-	-
Transfer from Reserves	511,726	(511,726)	-	-	-	-	-
Satisfaction of time and program restrictions	7,041,064	-	7,041,064	(7,041,064)	-	-	-
<b>Total revenue and support</b>	<b>11,893,635</b>	<b>(40,544)</b>	<b>11,853,091</b>	<b>(3,574,108)</b>	<b>-</b>	<b>8,278,983</b>	<b>13,171,090</b>
<b>Expenses</b>							
Program services:							
Health and Reproductive Rights	4,047,890	-	4,047,890	-	-	4,047,890	4,756,095
Family Economic Security	2,136,970	-	2,136,970	-	-	2,136,970	2,082,949
Education and Employment	1,634,533	-	1,634,533	-	-	1,634,533	1,203,012
Women's Legal Rights	1,929,465	-	1,929,465	-	-	1,929,465	1,592,117
<b>Total program services</b>	<b>9,748,858</b>	<b>-</b>	<b>9,748,858</b>	<b>-</b>	<b>-</b>	<b>9,748,858</b>	<b>9,634,173</b>
Supporting services:							
Administration	1,532,427	-	1,532,427	-	-	1,532,427	1,578,851
Development	755,718	-	755,718	-	-	755,718	710,720
<b>Total supporting services</b>	<b>2,288,145</b>	<b>-</b>	<b>2,288,145</b>	<b>-</b>	<b>-</b>	<b>2,288,145</b>	<b>2,289,571</b>
<b>Total expenses</b>	<b>12,037,003</b>	<b>-</b>	<b>12,037,003</b>	<b>-</b>	<b>-</b>	<b>12,037,003</b>	<b>11,923,744</b>
<b>Change in Net Assets</b>	<b>(143,368)</b>	<b>(40,544)</b>	<b>(183,912)</b>	<b>(3,574,108)</b>	<b>-</b>	<b>(3,758,020)</b>	<b>1,247,346</b>
<b>Net Assets, beginning of year</b>	<b>601,625</b>	<b>10,549,363</b>	<b>11,150,988</b>	<b>12,322,720</b>	<b>19,182,895</b>	<b>42,656,603</b>	<b>41,409,257</b>
<b>Net Assets, end of year</b>	<b>\$ 458,257</b>	<b>\$ 10,508,819</b>	<b>\$ 10,967,076</b>	<b>\$ 8,748,612</b>	<b>\$ 19,182,895</b>	<b>\$ 38,898,583</b>	<b>\$ 42,656,603</b>

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, 2015 and 2014

	2015	2014
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (3,758,020)	\$ 1,247,346
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	210,387	269,257
Loss on disposal of property and equipment	-	51,423
Amortization of deferred incentive allowance	-	(102,845)
Unrealized gains on investments	(880,231)	(4,086,629)
Change in discount	-	(385)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(353,663)	(18,487)
Grants and contributions receivable	3,382,870	6,959,517
Prepaid expenses	(15,941)	91,751
Security deposits	3,416	(6)
Increase (decrease) in:		
Accounts payable and accrued expenses	(303,194)	116,999
Deferred compensation	132,608	130,010
Deferred rent	1,240,760	(178,239)
	(341,008)	4,479,712
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(364,024)	(30,137)
Net proceeds from sales (purchases) of investments	1,013,924	(5,257,548)
	649,900	(5,287,685)
Net cash provided by (used in) investing activities	649,900	(5,287,685)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	308,892	(807,973)
<b>Cash and Cash Equivalents, beginning of year</b>	5,229,640	6,037,613
<b>Cash and Cash Equivalents, end of year</b>	\$ 5,538,532	\$ 5,229,640

See accompanying notes.

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

Notes to Consolidated Financial Statements

June 30, 2015

## 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 (IRC), 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 IRC Section 501(c)(4) 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 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 inter-entity 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 most 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, 2015

## 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.

### Receivables

*Accounts receivable* consist of sublease rents, employee advances, court-approved attorneys' fees, reimbursements from NWLC's landlord for tenant improvements, and other trade-related receivables. These amounts are stated at net realizable value. *Grants and contributions receivable* consist of unconditional promises from private foundations and individual donors to donate funds. These amounts are stated at net realizable value, with multi-year grants stated at net present value.

### 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* are stated at cost. Expenditures to third-parties for major acquisitions of intangible assets such as email lists, videos, etc. with a life of greater than one year are capitalized and amortized on a straight-line basis over the useful or contractual life of such asset, whichever is shorter. Other costs, including internal costs related to the creation of an intangible asset, are expensed as incurred.

All property, equipment, and intangible assets as of June 30, 2015, 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, 2015

## 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 funds of NWLC that are designated 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, 2015

### 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 is 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 not associated with the creation or use of intangible assets that encompass both program and fundraising activities, such costs are allocated based on the directly identifiable costs of program and fundraising activities associated with the activity for which the joint costs were incurred. In the case of joint costs associated with the creation or use of an intangible asset that encompasses both program and fundraising activities, such costs are allocated based on the time in which the intangible asset was used for program or fundraising periods, respectively.

#### 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.

#### Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 27, 2015, the date the consolidated financial statements were available to be issued.

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

### Notes to Consolidated Financial Statements

June 30, 2015

#### 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, 2015 are summarized below.

Equity fund	\$ 24,646,274
Bond fund	9,706,425
	<hr/>
Total investments	\$ 34,352,699
	<hr/> <hr/>

NWLC's investment returns consisted of the following for the year ended June 30, 2015:

Unrealized gains	\$ 880,231
Interest and dividends	614,434
Investment management fees	(89,487)
	<hr/>
Total net investment income	\$ 1,405,178
	<hr/> <hr/>

The pooled funds are considered to be alternative investments as these funds are not publicly traded. For the year ended June 30, 2015, most of NWLC's interest of \$34,352,699 in the pooled funds consists of underlying securities that are publicly traded. The total unrealized gain of \$880,231 is included in net investment income in the accompanying statement of activities for the year ended June 30, 2015. NWLC had no unfunded commitments to either Commonfund's Multi-Strategy Equity Fund (MSEF) or Commonfund's Multi-Strategy Bond Fund (MSBF) as of June 30, 2015.

At June 30, 2015, NWLC had an outstanding commitment to invest \$1.6 million in Commonfund Capital Partner's VI (CCPVI) Fund, which consists of private capital securities. NWLC will meet this commitment by selling a portion of its investment in the MSEF or MSBF. While a capital call schedule does not currently exist, NWLC anticipates that the first capital call will occur in the second half of 2015, with additional capital calls continuing for several years.

In accordance with the fair value measurements and disclosures topic of the Financial Accounting Standard's (FASB) 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, 2015

### 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 is categorized as a Level 2 fair value measurement. NWLC’s investments in Commonfund at June 30, 2015, 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, 2015:

	Total fair value	Level 1	Level 2	Level 3
Equity fund	\$ 24,646,274	-	\$ 24,646,274	-
Bond fund	9,706,425	-	9,706,425	-
Total	\$ 34,352,699	-	\$ 34,352,699	-

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

Notes to Consolidated Financial Statements  
June 30, 2015

### 3. Receivables

*Accounts receivable* at June 30, 2015, all of which are attributable to NWLC, total \$411,680. Included in this amount are \$109,625 of court-approved attorneys' fees and \$293,894 of reimbursements due from NWLC's landlord for tenant improvements. See Note 6. All accounts receivables are due within one year and are fully collectible.

*Grants and contributions receivable* at June 30, 2015, all of which are attributable to NWLC, are all due within one year and total \$457,113. All grants and contributions receivable are deemed fully collectible.

### 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, 2015:

	NWLC	Action Fund	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 5,039,500	\$ 15,000	\$ 5,054,500
Net investment income	1,405,178	-	1,405,178
Donated goods and services	1,503,264	-	1,503,264
Other	315,964	77	316,041
Total revenue and support	8,263,906	15,077	8,278,983
<b>Expenses</b>	12,019,742	17,261	12,037,003
<b>Change in Net Assets</b>	(3,755,836)	(2,184)	(3,758,020)
<b>Net Assets, beginning of year</b>	42,515,233	141,370	42,656,603
<b>Net Assets, end of year</b>	\$ 38,759,397	\$ 139,186	\$ 38,898,583

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

### Notes to Consolidated Financial Statements

June 30, 2015

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

NWLC held the following property, equipment, and intangible assets as of June 30, 2015:

Furniture and equipment	\$	928,962
Leasehold improvements		694,969
Intangible assets		<u>50,000</u>
Total property, equipment, and intangible assets		1,673,931
Less: accumulated depreciation and amortization		<u>(1,237,893)</u>
Property, equipment, and intangible assets, net	\$	<u><u>436,038</u></u>

Depreciation and amortization expense of \$210,387 for the year ended June 30, 2015, 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, 2015, 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.

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

### Notes to Consolidated Financial Statements

June 30, 2015

#### 6. Commitments and Contingencies (continued)

##### Operating Lease

Effective July 1, 2014, NWLC entered into a 104-month, non-cancellable operating lease for office space that terminates on February 28, 2023. The lease requires NWLC to pay annual rent escalations of 2.5% commencing on July 1, 2015, as well as to pay its proportionate share of any increase in operating expenses and real estate taxes, commencing on January 1, 2016.

The lease also provides for a total rental abatement of \$715,180, and lease incentives for build-out of the space totaling \$1,292,670, with the ability for NWLC to use up to \$243,900 as additional rental abatement. As of June 30, 2015, NWLC had utilized \$959,080 of rental abatements and \$302,849 of the remaining lease incentives for build-out, leaving \$745,921 of build-out incentives available for future use. The lease also provides an additional incentive of \$39,390 to be used for limited refurbishment purposes; none of which had been used at June 30, 2015. 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 \$1,049,864 for the year ended June 30, 2015, was allocated to NWLC and the Action Fund based on the cost-sharing agreement described in Note 4.

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

2016	\$	1,074,989
2017		1,101,864
2018		1,129,411
2019		1,157,646
2020		1,186,587
Thereafter		<u>3,314,793</u>
Total	\$	<u>8,965,290</u>

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

Notes to Consolidated Financial Statements  
June 30, 2015

### 6. Commitments and Contingencies (continued)

#### Operating Lease (continued)

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 and to generate income for NWLC’s operations. The Margaret Fund (approximately 20% of the Long-Term Reserve Fund at June 30, 2015) is intended 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.

Unrestricted net assets of NWLC and the Action Fund were as follows at June 30, 2015:

	<u>NWLC</u>	<u>Action Fund</u>	<u>Total</u>
Operating fund	\$ 413,007	\$ 45,250	\$ 458,257
Long-Term Reserve Fund	<u>10,508,819</u>	<u>-</u>	<u>10,508,819</u>
Total unrestricted net assets	<u>\$ 10,921,826</u>	<u>\$ 45,250</u>	<u>\$ 10,967,076</u>

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

Notes to Consolidated Financial Statements  
June 30, 2015

### 7. Net Assets (continued)

#### 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, 2015:

	NWLC	Action Fund	Total
Purpose restricted:			
Nokomis Endowment	\$ 1,000,000	\$ -	\$ 1,000,000
Health and Reproductive Rights	773,125	93,936	867,061
Family Economic Security	518,717	-	518,717
Women's Legal Rights	539,902	-	539,902
Education and Employment	195,283	-	195,283
	<u>3,027,027</u>	<u>93,936</u>	<u>3,120,963</u>
Total purpose restricted			
Time restricted:			
Unappropriated Ford			
Endowment earnings	3,415,419	-	3,415,419
Unappropriated Nokomis			
Endowment earnings	245,566	-	245,566
Restricted for fiscal year			
2016 and beyond	1,966,664	-	1,966,664
	<u>5,627,649</u>	<u>-</u>	<u>5,627,649</u>
Total time restricted			
Total temporarily restricted net assets	<u>\$ 8,654,676</u>	<u>\$ 93,936</u>	<u>\$ 8,748,612</u>

#### Permanently Restricted Net Assets

The Action Fund had no permanently restricted net assets at June 30, 2015. NWLC’s permanently restricted net assets consist of permanently restricted endowment funds. At June 30, 2015, NWLC’s permanently restricted net assets consisted of portions of the Ford Endowment and the Nokomis Endowment.

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

Notes to Consolidated Financial Statements

June 30, 2015

### 7. Net Assets (continued)

#### Permanently Restricted Net Assets (continued)

Permanently restricted net assets were as follows at June 30, 2015:

Ford Endowment	\$ 14,182,895
Nokomis Endowment	<u>5,000,000</u>
Total permanently restricted net assets	<u>\$ 19,182,895</u>

### 8. NWLC Endowments

#### Description of NWLC Endowments and Associated Interpretation of Law

##### ***Ford Endowment***

During the three years ending June 30, 2007, NWLC received three conditional grants from the Ford Foundation (“the Foundation”), totaling \$10,000,000, to start its Ford Endowment and pay the operating expenses of the endowment campaign. NWLC met the conditions of these grants, which included raising additional monies from outside contributors. NWLC classifies the original value of monies received from these Foundation grants and from other contributors to meet the Foundation’s grant conditions, net of allowable campaign expenses, as permanently restricted net assets (collectively, “Ford Endowment”).

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% 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, subject to the intent of the donor specified in the gift instrument. NWLC’s Board of Directors continues to regard the agreements issued in connection with the Foundation’s grants as providing such a donor specification for the Ford Endowment.

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

Notes to Consolidated Financial Statements

June 30, 2015

### 8. NWLC Endowments (continued)

#### *Nokomis Endowment*

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. Under the terms of the grant, the funds were to be paid by June 30, 2014; NWLC received the funds on May 30, 2014.

Under the terms of the grant, the Nokomis Endowment is governed by the laws of the District of Columbia, currently 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 the remaining \$1,000,000 and 100% of the income and net appreciation as temporarily restricted net assets.

#### Return Objectives, Risk Parameters, and Strategies, for NWLC Endowments

##### *Return Objectives and Risk Parameters*

NWLC has adopted investment and spending policies for both the Ford and Nokomis Endowments, respectively, 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, NWLC's Board of Directors believes a moderate risk strategy is prudent. Under this policy, as approved by NWLC's Board of Directors, the long-term goal for the Ford and Nokomis Endowments 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, 2015

### 8. NWLC Endowments (continued)

#### *Strategies Employed for Achieving Objectives.*

To satisfy its long-term rate-of-return objectives for the Endowments, 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 Policies for NWLC Endowments

The spending policies for NWLC's Endowments are designed to be consistent with the terms of the endowment grants and NWLC's strategies for achieving its endowment objectives. The spending policy approved by NWLC's Board of Directors for the Ford Endowment permits NWLC to spend up to 5% of the Endowment fund's three-year rolling average, so long as spending from the Ford Endowment does not reduce the fund below its historic dollar value, except spending may reduce the fund below its historic dollar value in emergency circumstances with the prior approval of NWLC's Board of Directors. The spending policy approved by NWLC's Board of Directors for the Nokomis Endowment permits NWLC to spend up to 5% of the Endowment fund's three-year rolling average, so long as spending from the Nokomis Endowment is consistent with the prudence standards of UPMIFA as enacted by the District of Columbia. Accordingly, over the long term, NWLC expects its spending policies to allow both the Ford and the Nokomis Endowments to grow. The spending policies are consistent with NWLC's objectives to provide a predictable stream of funding to NWLC and to maintain the purchasing power of the Endowments, as well as to provide additional real growth through new gifts and investment return.

#### Fund Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the permanently restricted amounts of each of the funds, respectively. There were no deficiencies in either the Ford or the Nokomis Endowments at June 30, 2015.

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

### Notes to Consolidated Financial Statements June 30, 2015

#### 8. NWLC Endowments (continued)

##### Composition of and Changes in NWLC Endowments

The following table shows the changes for the two Endowments that comprise NWLC’s total endowment funds for the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning balance				
Ford	\$ -	\$ 3,510,105	\$ 14,182,895	\$ 17,693,000
Nokomis	-	1,001,150	5,000,000	6,001,150
Total beginning balance	-	4,511,255	19,182,895	23,694,150
Investment return				
Investment income:				
Ford	-	247,561	-	247,561
Nokomis	-	100,634	-	100,634
Total investment income	-	348,195	-	348,195
Net appreciation:				
Ford	-	442,021	-	442,021
Nokomis	-	143,781	-	143,781
Total net appreciation	-	585,802	-	585,802
Total investment return	-	933,997	-	933,997
Appropriation of assets				
Ford	-	(784,268)	-	(784,268)
Nokomis	-	-	-	-
Total appropriation of assets	-	(784,268)	-	(784,268)
Contributions				
Ford	-	-	-	-
Nokomis	-	-	-	-
Total contributions	-	-	-	-
Ending balance				
Ford	-	3,415,419	14,182,895	17,598,314
Nokomis	-	1,245,565	5,000,000	6,245,565
Total ending balance	\$ -	\$ 4,660,984	\$ 19,182,895	\$ 23,843,879

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

Notes to Consolidated Financial Statements  
June 30, 2015

### 9. Pension Benefits

#### Tax Deferred Annuity

NWLC participates in a contributory tax-deferred annuity plan under IRC Section 403(b) 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 \$260,248 for the year ended June 30, 2015, was allocated to NWLC and the Action Fund based on the cost-sharing agreement described in Note 4.

#### Deferred Compensation

Effective July 1, 2000, NWLC's Compensation Committee established a tax-qualified deferred compensation plan ("the Tax-Qualified Plan") on behalf of certain key executives of NWLC. Organized under IRC Section 457(b), the Tax-Qualified Plan is unfunded and any distributions under the Tax-Qualified Plan are to be made out of the general assets of NWLC. Participants in the Tax-Qualified Plan are immediately 100% vested in the employer contributions made. Total contribution expense of \$36,000 for the year ended June 30, 2015, was allocated to NWLC and the Action Fund based on the cost-sharing agreement described in Note 4.

Effective June 30, 2014, NWLC's Compensation Committee established a non-tax qualified deferred compensation plan ("the Non-Tax-Qualified Plan") on behalf of certain key executives of NWLC. Organized under IRC Section 457(f), the Non-Tax-Qualified Plan is unfunded and any distributions under the Non-Tax-Qualified Plan are to be made out of the general assets of NWLC. Participants in the Non-Tax-Qualified Plan will vest in the employer contributions when they have performed the future employment services required of them over a multi-year period. Total contribution expense of \$94,000 for the year ended June 30, 2015, was allocated to NWLC and the Action Fund based on the cost-sharing agreement described in Note 4.

### 10. Joint Costs

Joint costs that encompassed both program and fundraising activities, all of which were NWLC costs, totaled \$310,517 for the year ended June 30, 2015; \$205,520 was allocated to Program Services and \$104,997 was allocated to Development (fundraising).

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

Notes to Consolidated Financial Statements  
June 30, 2015

### 11. Prior Year Information

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class, for the consolidated statement of activities. The summary information for the year ended June 30, 2014, was obtained from the Organization's consolidated audited financial statements for the year ended June 30, 2014. Because the prior year statement of activities is provided as summary information, it does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2014.

### 12. Income Taxes

NWLC is exempt from the payment of taxes on income other than net unrelated business income under IRC Section 501(c)(3). As of June 30, 2015, 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).

The Action Fund is exempt from the payment of taxes on income other than net unrelated business income under IRC Section 501(c)(4). At June 30, 2015, 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.

### 13. 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, 2015, 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 for NWLC are the years ended June 30, 2012 through June 30, 2014. Because the Action Fund was not in existence before the year ended June 30, 2013, only the tax years ended June 30, 2013, and June 30, 2014, can be reasonably considered open and subject to examination.

## **SUPPLEMENTARY INFORMATION**

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The following pages present the unconsolidated Statements of Activities for the National Women's Law Center and the National Women's Law Center Action Fund, respectively. This supplementary information provides additional information about the respective entities and is not a required part of the consolidated financial statements.

**National Women's Law Center**

Statement of Activity  
For the Year Ended June 30, 2015

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	Operating	Reserves	Total			
<b>Revenue and Support</b>						
Grants	\$ 31,800	\$ -	\$ 31,800	\$ 3,204,210	\$ -	\$ 3,236,010
Net investment income	-	471,182	471,182	933,996	-	1,405,178
Income from cash equivalents	5,297	-	5,297	-	-	5,297
Contributions, net of bad debt	1,690,472	-	1,690,472	113,018	-	1,803,490
Donated goods and services	1,503,264	-	1,503,264	-	-	1,503,264
Rental income	128,000	-	128,000	-	-	128,000
Other	73,042	-	73,042	-	-	73,042
Legal fees	109,625	-	109,625	-	-	109,625
Net assets released from restrictions and transfers:						
Appropriation of endowment income	784,268	-	784,268	(784,268)	-	-
Transfer from Reserves	511,726	(511,726)	-	-	-	-
Satisfaction of time and program restrictions	7,023,803	-	7,023,803	(7,023,803)	-	-
<b>Total revenue and support</b>	<b>11,861,297</b>	<b>(40,544)</b>	<b>11,820,753</b>	<b>(3,556,847)</b>	<b>-</b>	<b>8,263,906</b>
<b>Expenses</b>						
Program services:						
Health and Reproductive Rights	4,037,030	-	4,037,030	-	-	4,037,030
Family Economic Security	2,136,970	-	2,136,970	-	-	2,136,970
Education and Employment	1,634,533	-	1,634,533	-	-	1,634,533
Women's Legal Rights	1,929,465	-	1,929,465	-	-	1,929,465
<b>Total program services</b>	<b>9,737,998</b>	<b>-</b>	<b>9,737,998</b>	<b>-</b>	<b>-</b>	<b>9,737,998</b>
Supporting services:						
Administration	1,526,327	-	1,526,327	-	-	1,526,327
Development	755,417	-	755,417	-	-	755,417
<b>Total supporting services</b>	<b>2,281,744</b>	<b>-</b>	<b>2,281,744</b>	<b>-</b>	<b>-</b>	<b>2,281,744</b>
<b>Total expenses</b>	<b>12,019,742</b>	<b>-</b>	<b>12,019,742</b>	<b>-</b>	<b>-</b>	<b>12,019,742</b>
<b>Change in Net Assets</b>	<b>(158,445)</b>	<b>(40,544)</b>	<b>(198,989)</b>	<b>(3,556,847)</b>	<b>-</b>	<b>(3,755,836)</b>
<b>Net Assets, beginning of year</b>	<b>571,452</b>	<b>10,549,363</b>	<b>11,120,815</b>	<b>12,211,523</b>	<b>19,182,895</b>	<b>42,515,233</b>
<b>Net Assets, end of year</b>	<b>\$ 413,007</b>	<b>\$ 10,508,819</b>	<b>\$ 10,921,826</b>	<b>\$ 8,654,676</b>	<b>\$ 19,182,895</b>	<b>\$ 38,759,397</b>

## National Women's Law Center Action Fund

Statement of Activity  
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support</b>				
Income from cash equivalents	\$ 77	\$ -	\$ -	\$ 77
Contributions	15,000	-	-	15,000
Net assets released from restrictions:				
Satisfaction of time and program restrictions	17,261	(17,261)	-	-
<b>Total revenue and support</b>	<u>32,338</u>	<u>(17,261)</u>	<u>-</u>	<u>15,077</u>
<b>Expenses</b>				
Program services:				
Health and Reproductive Rights	10,860	-	-	10,860
<b>Total program services</b>	<u>10,860</u>	<u>-</u>	<u>-</u>	<u>10,860</u>
Supporting services:				
Administration	6,100	-	-	6,100
Development	301	-	-	301
<b>Total supporting services</b>	<u>6,401</u>	<u>-</u>	<u>-</u>	<u>6,401</u>
<b>Total expenses</b>	<u>17,261</u>	<u>-</u>	<u>-</u>	<u>17,261</u>
<b>Change in Net Assets</b>	15,077	(17,261)	-	(2,184)
<b>Net Assets, beginning of year</b>	<u>30,173</u>	<u>111,197</u>	<u>-</u>	<u>141,370</u>
<b>Net Assets, end of year</b>	<u>\$ 45,250</u>	<u>\$ 93,936</u>	<u>\$ -</u>	<u>\$ 139,186</u>