

**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, 2017

(with Summarized Financial Information for the Year Ended June 30, 2016)

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

Consolidated Financial Statements  
For the Year Ended June 30, 2017  
(with Summarized Financial Information for the Year Ended June 30, 2016)

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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, 2017, 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 from 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, 2017, 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, 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 24, 2016. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited 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 25-26 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.



Vienna, Virginia  
November 7, 2017

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

Consolidated Statements of Financial Position  
June 30, 2017 and 2016

	2017	2016
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and cash equivalents	\$ 7,257,258	\$ 6,153,124
Investments	35,172,179	32,349,228
Accounts receivable	41,407	123,959
Grants and contributions receivable, net	4,030,278	2,182,075
Prepaid expenses and security deposits	334,347	313,353
Property and equipment, net	774,961	929,135
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 47,610,430</u>	<u>\$ 42,050,874</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 704,302	\$ 555,552
Deferred compensation	928,117	782,561
Sub-tenant security deposit	10,719	10,719
Deferred rent and incentive allowance	1,570,758	1,741,418
Deferred revenue	29,759	115,873
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>3,243,655</u>	<u>3,206,123</u>
 <b>Net Assets</b>		
Unrestricted	12,336,153	11,158,424
Temporarily restricted	12,847,727	8,503,432
Permanently restricted	19,182,895	19,182,895
	<u>                    </u>	<u>                    </u>
Total net assets	<u>44,366,775</u>	<u>38,844,751</u>
 Total liabilities and net assets	<u>\$ 47,610,430</u>	<u>\$ 42,050,874</u>

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

Consolidated Statements of Activities  
For the Year Ended June 30, 2017  
(with Summarized Financial Information for the Year Ended June 30, 2016)

	Unrestricted			Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
	Operating	Reserves	Total				
<b>Revenue and Support</b>							
Grants	\$ 30,000	\$ -	\$ 30,000	\$ 8,808,774	\$ -	\$ 8,838,774	\$ 7,293,854
Net investment income (loss)	-	1,337,839	1,337,839	3,076,113	-	4,413,952	(208,738)
Income from cash equivalents	17,553	-	17,553	-	-	17,553	10,507
Contributions, net of bad debt	2,328,604	-	2,328,604	471,227	-	2,799,831	2,218,092
Donated goods and services	2,504,232	-	2,504,232	-	-	2,504,232	1,640,502
Rental income	162,268	-	162,268	-	-	162,268	162,269
Other	88,691	-	88,691	-	-	88,691	105,183
Legal fees	-	-	-	-	-	-	70,000
Net assets released from restrictions and transfers:							
Appropriation of endowment income	1,055,259	-	1,055,259	(1,055,259)	-	-	-
Transfer from Reserves	535,743	(535,743)	-	-	-	-	-
Satisfaction of time and program restrictions	6,956,560	-	6,956,560	(6,956,560)	-	-	-
<b>Total revenue and support</b>	<b>13,678,910</b>	<b>802,096</b>	<b>14,481,006</b>	<b>4,344,295</b>	<b>-</b>	<b>18,825,301</b>	<b>11,291,669</b>
<b>Expenses</b>							
Program services:							
Reproductive Rights and Health	2,564,099	-	2,564,099	-	-	2,564,099	3,453,968
Income Security and Education	4,685,315	-	4,685,315	-	-	4,685,315	2,997,989
Workplace Justice	1,712,685	-	1,712,685	-	-	1,712,685	1,379,831
Women's Legal Rights	2,189,709	-	2,189,709	-	-	2,189,709	1,353,768
<b>Total program services</b>	<b>11,151,808</b>	<b>-</b>	<b>11,151,808</b>	<b>-</b>	<b>-</b>	<b>11,151,808</b>	<b>9,185,556</b>
Supporting services:							
Administration	1,373,622	-	1,373,622	-	-	1,373,622	1,434,315
Development	777,847	-	777,847	-	-	777,847	725,630
<b>Total supporting services</b>	<b>2,151,469</b>	<b>-</b>	<b>2,151,469</b>	<b>-</b>	<b>-</b>	<b>2,151,469</b>	<b>2,159,945</b>
<b>Total expenses</b>	<b>13,303,277</b>	<b>-</b>	<b>13,303,277</b>	<b>-</b>	<b>-</b>	<b>13,303,277</b>	<b>11,345,501</b>
<b>Change in Net Assets</b>	<b>375,633</b>	<b>802,096</b>	<b>1,177,729</b>	<b>4,344,295</b>	<b>-</b>	<b>5,522,024</b>	<b>(53,832)</b>
<b>Net Assets, beginning of year</b>	<b>1,560,103</b>	<b>9,598,321</b>	<b>11,158,424</b>	<b>8,503,432</b>	<b>19,182,895</b>	<b>38,844,751</b>	<b>38,898,583</b>
<b>Net Assets, end of year</b>	<b>\$ 1,935,736</b>	<b>\$ 10,400,417</b>	<b>\$ 12,336,153</b>	<b>\$ 12,847,727</b>	<b>\$ 19,182,895</b>	<b>\$ 44,366,775</b>	<b>\$ 38,844,751</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, 2017 and 2016

	2017	2016
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 5,522,024	\$ (53,832)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	168,912	197,945
Amortization of deferred incentive allowance	(126,136)	(96,646)
Net unrealized and realized (gain) loss	(3,976,212)	733,462
Change in discount on grants and contributions receivable	11,505	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	82,552	287,721
Grants and contributions receivable	(1,859,708)	(1,724,962)
Prepaid expenses and security deposits	(20,994)	(121,372)
Increase (decrease) in:		
Accounts payable and accrued expenses	148,750	(37,075)
Deferred compensation	145,556	137,207
Deferred rent	(44,524)	597,304
Deferred revenue	(86,114)	115,873
Net cash (used in) provided by operating activities	(34,389)	35,625
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(14,738)	(691,042)
Net proceeds from sales of investments	1,153,261	1,270,009
Net cash provided by investing activities	1,138,523	578,967
<b>Net Increase in Cash and Cash Equivalents</b>	1,104,134	614,592
<b>Cash and Cash Equivalents, beginning of year</b>	6,153,124	5,538,532
<b>Cash and Cash Equivalents, end of year</b>	\$ 7,257,258	\$ 6,153,124

See accompanying notes.

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

Notes to Consolidated Financial Statements

June 30, 2017

## 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 Section 501(c)(4) of the IRC 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 primarily 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, 2017

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

### Investments (continued)

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.

From time-to-time, a small portion of NWLC's investments may be invested in FDIC-insured money market funds and cash.

### 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 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.

All property and equipment as of June 30, 2017, 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, 2017

## 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.

Revenue is recorded in the period in which it is earned. Deferred revenue consists of the fair market value of tickets for attendance at NWLC's annual dinner received in a year prior to the annual dinner, which is recognized as revenue when the dinner occurs.

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

Notes to Consolidated Financial Statements

June 30, 2017

## 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.

### 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 November 7, 2017, 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, 2017

#### 2. Investments and Fair Value Measurements

Only NWLC, not the Action Fund, has investments. NWLC's investments totaled \$35,172,179 at June 30, 2017, and consisted of \$1,269,794 in FDIC-insured money market funds and cash, and \$33,902,385 in pooled funds managed by Commonfund Securities. NWLC's investments in pooled funds at June 30, 2017 are summarized below.

CFI Multi-Strategy Equity Fund (MSEF)	\$ 24,073,785
CFI Multi-Strategy Bond Fund, LLC (MSBF)	9,326,187
Capital Partners VI, LP (CPVI)	<u>502,413</u>
Total investments in pooled funds	33,902,385
FDIC-insured money market funds and cash	<u>1,269,794</u>
Total investments	<u>\$ 35,172,179</u>

The pooled funds are considered to be alternative investments as these funds are not publicly traded. For the year ended June 30, 2017, most of NWLC's interest in the Commonfund's Multi-Strategy Equity Fund (MSEF) (equity investments) and the Commonfund's Multi-Strategy Bond Fund (MSBF) (fixed income investments) consisted of underlying securities that are publicly traded. NWLC's interest in the Commonfund's Capital Partners VI Fund (CPVI) consisted of private capital securities that are not publicly traded.

NWLC had no unfunded commitments to either the MSEF or MSBF as of June 30, 2017. However, at June 30, 2017, NWLC had an outstanding commitment to invest \$1.225 million in CPVI Fund. NWLC will meet this commitment by using a portion of its other investments. As of June 30, 2017, a capital call schedule did not exist, but NWLC anticipates that the capital calls will continue for several years.

NWLC's investment returns consisted of the following for the year ended June 30, 2017:

Unrealized gains	\$ 3,990,157
Interest and dividends	524,204
CPVI realized gains and other	(13,945)
Investment management fees	<u>(86,464)</u>
Total net investment income	<u>\$ 4,413,952</u>

The total unrealized gain of \$3,990,157 is included in net investment gain in the accompanying statement of activities for the year ended June 30, 2017.

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

Notes to Consolidated Financial Statements

June 30, 2017

### 2. Investments and Fair Value Measurements (continued)

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.

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.

NWLC has investments in each of these three categories, with the preponderance of its investments in Level 2 investments.

NWLC's investments in FDIC-insured money market funds and cash, representing 3.61% of NWLC's investments at June 30, 2017, are categorized as Level 1 investments. The money market funds, included in this amount, can be sold on a daily basis in an active market, meeting the definition of a Level 1 investment.

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

Notes to Consolidated Financial Statements  
June 30, 2017

### 2. Investments and Fair Value Measurements (continued)

NWLC’s investments in the MSEF and MSBF, representing 94.96% of NWLC’s investments at June 30, 2017, are categorized as Level 2 investments. 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 the MSEF and MSBF meet these criteria, because NWLC can redeem its investments in the MSEF and MSBF 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.

NWLC’s investment in the CPVI, representing 1.43% of NWLC’s investments at June 30, 2017, is categorized as a Level 3 investment as the investment is a limited partnership with no redemption rights or market activity at the measurement date. The termination date for the limited partnership is scheduled to be January 20, 2027, subject to a potential extension of up to three years at the discretion of the general partner.

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, 2017:

	Level 1	Level 2	Level 3	Total fair value
FDIC-insured money				
market funds and cash \$	1,269,794	\$ -	\$ -	\$ 1,269,794
MSEF	-	24,073,785	-	24,073,785
MSBF	-	9,326,187	-	9,326,187
CPVI	-	-	502,413	502,413
Total	\$ 1,269,794	\$ 33,399,972	\$ 502,413	\$ 35,172,179

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

Notes to Consolidated Financial Statements  
June 30, 2017

### 2. Investments and Fair Value Measurements (continued)

Fair value measurements using unobservable inputs (Level 3) were as follows:

Balance at June 30, 2016	\$	74,274
Transfers into Level 3		367,125
CPVI realized gains and other		(13,945)
Unrealized gains		<u>74,959</u>
Balance at June 30, 2017	\$	<u><u>502,413</u></u>

### 3. Receivables

*Accounts receivable* at June 30, 2017, all of which are attributable to NWLC, total \$41,407. Included in this amount are \$6,199 of reimbursements due from NWLC's landlord for tenant improvements. See Note 6. All accounts receivable are due within one year and are fully collectible.

*Grants and contributions receivable* at June 30, 2017, all of which are attributable to NWLC, include unconditional promises to give from private foundation and individual donors, are due, as follows, at June 30, 2017:

Less than one year	\$	2,716,783
One to three years		<u>1,325,000</u>
Total		4,041,783
Less: Discount to net present value using 0.6%		<u>(11,505)</u>
Grants and contributions receivable, net	\$	<u><u>4,030,278</u></u>

All grants and contributions receivable are stated at net present value and 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.

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

Notes to Consolidated Financial Statements  
June 30, 2017

### 4. Summary Financial Information for NWLC and Action Fund (continued)

The following table provides summary revenue and expense information for NWLC and the Action Fund, respectively, as of June 30, 2017:

	NWLC	Action Fund	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 11,623,605	\$ 15,000	\$ 11,638,605
Net investment income	4,413,952	-	4,413,952
Donated goods and services	2,504,232	-	2,504,232
Other	268,431	81	268,512
	18,810,220	15,081	18,825,301
<b>Expenses</b>	13,298,936	4,341	13,303,277
<b>Change in Net Assets</b>	5,511,284	10,740	5,522,024
<b>Net Assets, beginning of year</b>	38,694,342	150,409	38,844,751
<b>Net Assets, end of year</b>	\$ 44,205,626	\$ 161,149	\$ 44,366,775

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

NWLC held the following property and equipment as of June 30, 2017:

Furniture, software, and equipment	\$ 543,830
Leasehold improvements	1,332,699
Intangible assets	57,500
	1,934,029
Total property and equipment	1,934,029
Less: accumulated depreciation and amortization	(1,159,068)
	774,961
Property and equipment, net	\$ 774,961

Property and equipment purchased with NWLC’s tenant improvement allowance described in Note 6 is recorded as a leasehold improvement for financial statement purposes. Depreciation and amortization expense of \$168,912 for the year ended June 30, 2017, was allocated to NWLC and the Action Fund based on the cost-sharing agreement described in Note 4.



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

### Notes to Consolidated Financial Statements

June 30, 2017

#### 6. Commitments and Contingencies

##### Concentration

The Organization's cash and cash equivalents are comprised of amounts in accounts at various financial institutions; most of these amounts are insured by either the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC).

##### 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, which commenced on January 1, 2016.

The lease also provides rental abatements and a tenant improvement allowance for leasehold improvements, furniture and equipment. As of June 30, 2017, NWLC had utilized total rental abatements of \$959,080 and expended \$961,587 of its tenant improvement allowance. NWLC has an additional \$126,573 of its tenant improvement allowance available to expend in future years. 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 \$1,084,441 for the year ended June 30, 2017, 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:

2018	\$	1,129,411
2019		1,157,646
2020		1,186,587
2021		1,216,252
2022		1,246,658
Thereafter		<u>851,883</u>
Total	\$	<u><u>6,788,437</u></u>

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

Notes to Consolidated Financial Statements  
June 30, 2017

### 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 19% of the Long-Term Reserve Fund at June 30, 2017) 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, 2017:

	<u>NWLC</u>	<u>Action Fund</u>	<u>Total</u>
Operating fund	\$ 1,860,330	\$ 75,406	\$ 1,935,736
Long-Term Reserve Fund	<u>10,400,417</u>	<u>-</u>	<u>10,400,417</u>
Total unrestricted net assets	<u>\$ 12,260,747</u>	<u>\$ 75,406</u>	<u>\$ 12,336,153</u>

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

Notes to Consolidated Financial Statements  
June 30, 2017

### 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, 2017:

	NWLC	Action Fund	Total
Purpose restricted:			
Nokomis Endowment	\$ 1,000,000	\$ -	\$ 1,000,000
Reproductive Rights and Health	1,037,923	85,743	1,123,666
Income Security and Education	3,479,745	-	3,479,745
Workplace Justice	96,250	-	96,250
Women's Legal Rights	128,128	-	128,128
Named Funds:			
Joan and James Bernstein Fund	50,000	-	50,000
Total purpose restricted	5,792,046	85,743	5,877,789
Time restricted:			
Unappropriated Ford			
Endowment earnings	3,865,163	-	3,865,163
Unappropriated Nokomis			
Endowment earnings	723,701	-	723,701
Restricted for fiscal year			
2018 and beyond	2,381,074	-	2,381,074
Total time restricted	6,969,938	-	6,969,938
Total temporarily restricted net assets	\$ 12,761,984	\$ 85,743	\$ 12,847,727

#### Permanently Restricted Net Assets

The Action Fund had no permanently restricted net assets at June 30, 2017. NWLC’s permanently restricted net assets consist of permanently restricted endowment funds. At June 30, 2017, 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, 2017

#### 7. Net Assets (continued)

##### Permanently Restricted Net Assets (continued)

Permanently restricted net assets were as follows at June 30, 2017:

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, 2017

### 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, 2017

### 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, 2017.

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

### Notes to Consolidated Financial Statements June 30, 2017

#### 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, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning balance				
Ford	\$ -	\$ 2,465,574	\$ 14,182,895	\$ 16,648,469
Nokomis	-	1,102,436	5,000,000	6,102,436
Total beginning balance	-	3,568,010	19,182,895	22,750,905
Investment income				
Investment income:				
Ford	-	209,115	-	209,115
Nokomis	-	79,776	-	79,776
Total investment income	-	288,891	-	288,891
Net appreciation:				
Ford	-	2,040,763	-	2,040,763
Nokomis	-	746,459	-	746,459
Total net appreciation	-	2,787,222	-	2,787,222
Total investment return	-	3,076,113	-	3,076,113
Appropriation of assets				
Ford	-	(850,289)	-	(850,289)
Nokomis	-	(204,970)	-	(204,970)
Total appropriation of assets	-	(1,055,259)	-	(1,055,259)
Contributions				
Ford	-	-	-	-
Nokomis	-	-	-	-
Total contributions	-	-	-	-
Ending balance				
Ford	-	3,865,163	14,182,895	18,048,058
Nokomis	-	1,723,701	5,000,000	6,723,701
Total ending balance	\$ -	\$ 5,588,864	\$ 19,182,895	\$ 24,771,759

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

Notes to Consolidated Financial Statements

June 30, 2017

### 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 \$235,589 for the year ended June 30, 2017, 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, 2017, 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. Notwithstanding the foregoing, on June 30, 2017, the parties to the plan agreed to terminate the plan in 2018 conditioned on certain requirements being met by both NWLC and the participants. Total contribution expense of \$94,000 for the year ended June 30, 2017, was allocated to NWLC and the Action Fund based on the cost-sharing agreement described in Note 4.



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

### Notes to Consolidated Financial Statements

June 30, 2017

#### **10. Joint Costs**

Joint costs that encompassed both program and fundraising activities, all of which were NWLC costs, totaled \$316,336 for the year ended June 30, 2017; \$248,918 was allocated to Program Services and \$67,418 was allocated to Development (fundraising).

#### **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, 2016, was obtained from the Organization's consolidated audited financial statements for the year ended June 30, 2016. 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, 2016.

#### **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, 2017, no provision for income taxes was made as NWLC believes that the income tax, if any, on any net unrelated business income from its private capital investments will be immaterial. 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, 2017, 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, 2017, 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 the Organization are the years ended June 30, 2014, through June 30, 2016.

## **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 Activities  
For the Year Ended June 30, 2017

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	Operating	Reserves	Total			
<b>Revenue and Support</b>						
Grants	\$ 30,000	\$ -	\$ 30,000	\$ 8,808,774	\$ -	\$ 8,838,774
Net investment income	-	1,337,839	1,337,839	3,076,113	-	4,413,952
Income from cash equivalents	17,472	-	17,472	-	-	17,472
Contributions, net of bad debt	2,313,604	-	2,313,604	471,227	-	2,784,831
Donated goods and services	2,504,232	-	2,504,232	-	-	2,504,232
Rental income	162,268	-	162,268	-	-	162,268
Other	88,691	-	88,691	-	-	88,691
Net assets released from restrictions and transfers:						
Appropriation of endowment income	1,055,259	-	1,055,259	(1,055,259)	-	-
Transfer from Reserves	535,743	(535,743)	-	-	-	-
Satisfaction of time and program restrictions	6,952,219	-	6,952,219	(6,952,219)	-	-
<b>Total revenue and support</b>	<b>13,659,488</b>	<b>802,096</b>	<b>14,461,584</b>	<b>4,348,636</b>	<b>-</b>	<b>18,810,220</b>
<b>Expenses</b>						
Program services:						
Reproductive Rights and Health	2,564,099	-	2,564,099	-	-	2,564,099
Income Security and Education	4,685,315	-	4,685,315	-	-	4,685,315
Workplace Justice	1,712,685	-	1,712,685	-	-	1,712,685
Women's Legal Rights	2,189,709	-	2,189,709	-	-	2,189,709
<b>Total program services</b>	<b>11,151,808</b>	<b>-</b>	<b>11,151,808</b>	<b>-</b>	<b>-</b>	<b>11,151,808</b>
Supporting services:						
Administration	1,369,411	-	1,369,411	-	-	1,369,411
Development	777,717	-	777,717	-	-	777,717
<b>Total supporting services</b>	<b>2,147,128</b>	<b>-</b>	<b>2,147,128</b>	<b>-</b>	<b>-</b>	<b>2,147,128</b>
<b>Total expenses</b>	<b>13,298,936</b>	<b>-</b>	<b>13,298,936</b>	<b>-</b>	<b>-</b>	<b>13,298,936</b>
<b>Change in Net Assets</b>	<b>360,552</b>	<b>802,096</b>	<b>1,162,648</b>	<b>4,348,636</b>	<b>-</b>	<b>5,511,284</b>
<b>Net Assets, beginning of year</b>	<b>1,499,778</b>	<b>9,598,321</b>	<b>11,098,099</b>	<b>8,413,348</b>	<b>19,182,895</b>	<b>38,694,342</b>
<b>Net Assets, end of year</b>	<b>\$ 1,860,330</b>	<b>\$ 10,400,417</b>	<b>\$ 12,260,747</b>	<b>\$ 12,761,984</b>	<b>\$ 19,182,895</b>	<b>\$ 44,205,626</b>

## National Women's Law Center Action Fund

Statement of Activities  
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support</b>				
Income from cash equivalents	\$ 81	\$ -	\$ -	\$ 81
Contributions	15,000	-	-	15,000
Net assets released from restrictions:				
Satisfaction of time and program restrictions	4,341	(4,341)	-	-
<b>Total revenue and support</b>	19,422	(4,341)	-	15,081
<b>Expenses</b>				
Program services:				
Reproductive Rights and Health	-	-	-	-
<b>Total program services</b>	-	-	-	-
Supporting services:				
Administration	4,211	-	-	4,211
Development	130	-	-	130
<b>Total supporting services</b>	4,341	-	-	4,341
<b>Total expenses</b>	4,341	-	-	4,341
<b>Change in Net Assets</b>	15,081	(4,341)	-	10,740
<b>Net Assets, beginning of year</b>	60,325	90,084	-	150,409
<b>Net Assets, end of year</b>	\$ 75,406	\$ 85,743	\$ -	\$ 161,149