

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**

**Consolidated Financial Statements and
Supplementary Information
For the Year Ended June 30, 2017
(With Summarized Financial Information for 2016)
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
For the Year Ended June 30, 2017
(With Summarized Financial Information for 2016)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
NAACP Legal Defense and Educational Fund, Inc. and Affiliate

We have audited the accompanying consolidated financial statements of the NAACP Legal Defense and Educational Fund, Inc. and Affiliate (the Fund), which comprise the consolidated statements of financial position as of June 30, 2017, and 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 Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity 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 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 the 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.

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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 consolidated financial position of the NAACP Legal Defense and Educational Fund, Inc. and Affiliate as of June 30, 2017, and the consolidated changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Fund's consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 10, 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 accompanying consolidating statement of financial position, consolidating statement of activities and consolidated schedule of functional expenses are 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.

Mitchell Titus, LLP

November 8, 2017

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Consolidated Statements of Financial Position
As of June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 17,726,355 | \$ 9,300,795 |
| Accounts receivable | 45,557 | 41,051 |
| Contributions and court fees receivable | 7,890,500 | 3,132,020 |
| Amounts held in escrow | 125,481 | 3,423 |
| Investments | 27,890,435 | 23,335,889 |
| Other assets | 373,470 | 314,211 |
| Property and equipment, net | 14,965,539 | 15,309,654 |
| Assets held in trust by others | 1,566,008 | 1,472,953 |
| Total assets | <u>\$ 70,583,345</u> | <u>\$ 52,909,996</u> |
| LIABILITIES AND NET ASSETS | | |
| <i>Liabilities</i> | | |
| Accounts payable and accrued expenses | \$ 1,918,494 | \$ 1,525,254 |
| Mortgage payable | 3,496,515 | 3,613,149 |
| Accrued pension liability | 3,500,061 | 4,441,442 |
| Court awards and fees pending distribution | 125,481 | 3,423 |
| Total liabilities | <u>9,040,551</u> | <u>9,583,268</u> |
| <i>Net assets</i> | | |
| <i>Unrestricted</i> | | |
| Available for operations | 1,618,735 | 81,150 |
| Invested in property and equipment | 11,469,024 | 11,696,505 |
| Total unrestricted | <u>13,087,759</u> | <u>11,777,655</u> |
| Temporarily restricted | 30,002,275 | 13,242,368 |
| Permanently restricted | 18,452,760 | 18,306,705 |
| Total net assets | <u>61,542,794</u> | <u>43,326,728</u> |
| Total liabilities and net assets | <u>\$ 70,583,345</u> | <u>\$ 52,909,996</u> |

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

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Consolidated Statement of Activities
For the Year Ended June 30, 2017
(With Summarized Financial Information for 2016)

| | 2017 | | | 2016 Total | |
|--|----------------------|---------------------------|---------------------------|----------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | | |
| REVENUE, GAINS, RECLASSIFICATIONS AND OTHER SUPPORT | | | | | |
| Contributions | \$ 10,996,313 | \$ 17,174,145 | \$ 53,000 | \$ 28,223,458 | \$ 9,388,029 |
| Combined Federal campaign | 525,670 | - | - | 525,670 | 203,459 |
| Bequests | - | 1,106,856 | - | 1,106,856 | 424,171 |
| Special events, net of direct donor benefits of \$301,873 and \$258,401, respectively | 2,592,274 | - | - | 2,592,274 | 2,091,218 |
| Court costs and attorney fees awarded | 125,735 | - | - | 125,735 | 100,000 |
| Other Income | 233,638 | - | - | 233,638 | - |
| Investment income, net of fees of \$119,191 and \$100,598, respectively | - | 499,364 | - | 499,364 | 594,028 |
| Net depreciation on investments | (3,763) | 1,805,834 | 93,055 | 1,895,126 | (430,471) |
| Net assets released from restrictions | 3,826,292 | (3,826,292) | - | - | - |
| Total revenue, gains, reclassifications and other support | <u>18,296,159</u> | <u>16,759,907</u> | <u>146,055</u> | <u>35,202,121</u> | <u>12,370,434</u> |
| EXPENSES | | | | | |
| <i>Program services</i> | | | | | |
| Legal | 10,424,925 | - | - | 10,424,925 | 8,377,315 |
| Thurgood Marshall Institute | 3,097,221 | - | - | 3,097,221 | 2,954,387 |
| Herbert Lehman education | 390,473 | - | - | 390,473 | 365,966 |
| Earl Warren legal training | 60,370 | - | - | 60,370 | 68,040 |
| Total program services | <u>13,972,989</u> | <u>-</u> | <u>-</u> | <u>13,972,989</u> | <u>11,765,708</u> |
| <i>Supporting services</i> | | | | | |
| Fundraising | 2,969,605 | - | - | 2,969,605 | 2,447,250 |
| Management and general | 1,498,655 | - | - | 1,498,655 | 1,483,968 |
| Total supporting services | <u>4,468,260</u> | <u>-</u> | <u>-</u> | <u>4,468,260</u> | <u>3,931,218</u> |
| Total expenses | <u>18,441,249</u> | <u>-</u> | <u>-</u> | <u>18,441,249</u> | <u>15,696,926</u> |
| Change in net assets before other credit (charge) | (145,090) | 16,759,907 | 146,055 | 16,760,872 | (3,326,492) |
| OTHER CREDIT (CHARGE) | | | | | |
| Charge for pension benefit other than net periodic pension cost | 1,455,194 | - | - | 1,455,194 | (1,010,039) |
| Changes in net assets | 1,310,104 | 16,759,907 | 146,055 | 18,216,066 | (4,336,531) |
| Net assets, beginning of year | 11,777,655 | 13,242,368 | 18,306,705 | 43,326,728 | 47,663,259 |
| Net assets, end of year | <u>\$ 13,087,759</u> | <u>\$ 30,002,275</u> | <u>\$ 18,452,760</u> | <u>\$ 61,542,794</u> | <u>\$ 43,326,728</u> |

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

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

| | <u>2017</u> | <u>2016</u> |
|--|----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ 18,216,066 | \$ (4,336,531) |
| <i>Adjustments to reconcile changes in net assets to net cash provided by operating activities</i> | | |
| Depreciation and amortization | 778,804 | 749,661 |
| Donated securities | (233,699) | (127,618) |
| Net (depreciation) appreciation on investments and assets held in trust | (1,895,126) | 430,471 |
| (Increase) decrease in accounts receivable | (4,506) | 45,261 |
| (Increase) decrease in contributions receivable | (4,758,480) | 2,824,511 |
| Increase in other assets | (59,259) | (28,455) |
| (Decrease) increase in accrued pension liability | (941,381) | 2,069,757 |
| Increase in accounts payable and accrued expenses | 393,240 | 313,833 |
| Net cash provided by operating activities | <u>11,495,659</u> | <u>1,940,890</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments and assets held in trust | 13,816,877 | 11,531,596 |
| Purchases of investments and assets held in trust | (16,335,652) | (10,784,625) |
| Purchases of property and equipment | (434,690) | (474,872) |
| Net cash (used in) provided by investing activities | <u>(2,953,465)</u> | <u>272,099</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of mortgage, representing | | |
| Net cash used in financing activities | <u>(116,634)</u> | <u>(112,400)</u> |
| Net increase in cash and cash equivalents | 8,425,560 | 2,100,589 |
| Cash and cash equivalents, beginning of year | 9,300,795 | 7,200,206 |
| Cash and cash equivalents, end of year | <u>\$ 17,726,355</u> | <u>\$ 9,300,795</u> |
| SUPPLEMENTAL DISCLOSURE | | |
| Cash paid for interest | <u>\$ 121,284</u> | <u>\$ 125,517</u> |

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

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 1 ORGANIZATION AND OPERATIONS

The accompanying consolidated financial statements include the financial position, changes in net assets and cash flows of the NAACP Legal Defense and Educational Fund, Inc. (LDF) and Earl Warren Legal Training Program, Inc. (EWLTP), which are collectively referred to as the "Fund." The individual organizations have interrelated boards of directors and share common facilities and personnel. All material intercompany transactions and balances were eliminated in consolidation.

LDF's primary purpose is supporting litigation in the areas of poverty and justice, education, voting rights, fair employment, capital punishment, administration of criminal justice, and to increase educational opportunities through scholarships. Primary revenue sources include fund-raising from the general public, corporations, and foundations; reimbursement of court costs and fees; and investment income. LDF maintains offices in New York and Washington, DC. EWLTP provides scholarship aid to minority law students. Its goal is to increase African-American representation in the legal profession and meet the dire need of minority clients for skilled and knowledgeable attorneys.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

The consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the Fund is required to report information regarding its consolidated financial position and activities according to three net asset classes: unrestricted, temporarily restricted, and permanently restricted.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amount of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Asset Classification

The Fund's net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Fund's net assets and the changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may be met by actions of the Fund pursuant to those stipulations and/or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that allow for the principal to be maintained permanently by the Fund. Generally, the donors of these assets permit the Fund to use all or part of the income earned on related investments for general or specific purposes.

Cash Equivalents

The Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions and Revenue Recognition

Contributions, which include unconditional promises to give, are recognized as revenue in the period received at fair value. The fair value of long-term contributions receivables is measured based on the present value of future cash flows, with consideration given for the donor's credit risk and expectation about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants.

Contribution revenue is reported as increases in unrestricted net assets unless its use is limited by donor-imposed restrictions. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose was fulfilled and/or the stipulated time period elapsed) are reported as net assets released from restrictions. Donor-restricted contributions received during the year whose restrictions have been met within the year are recorded as unrestricted contributions.

Legacies and bequests are recognized when an unassailable right to the gift has been established and the proceeds are measurable.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributions and Revenue Recognition *(continued)*

In fiscal year 2015, the Fund received a \$5 million contribution that included a donor matching condition of \$2 million. The unconditional contribution amount of \$3 million was recognized by the Fund as of June 30, 2015. As of June 30, 2016, the Fund met \$1 million of the donor matching portion and; therefore, recognized \$1 million as contribution revenue. As of June 30, 2017, the Fund met the final \$1 million of the donor matching portion and; therefore, recognized \$1 million as contribution revenue.

Allowance for Doubtful Accounts

The Fund provides an allowance for doubtful accounts for losses that may result from the inability of the debtor or donor to make payment on amounts owed or pledged to the Fund. Such allowance is based on several factors, including, but not limited to, the age of the receivables and the Fund's historical collection experience. Receivables that are determined to be uncollectible are charged against the allowance. As of June 30, 2017 and 2016, no allowance for doubtful accounts was deemed required.

In-kind Contributions

In-kind contributions represent donated securities and legal services reflected in the consolidated financial statements at their estimated fair values at the date of donation.

Investments

Investments are carried at their fair value based on quoted market prices. For purposes of determining the gain or loss on a sale, the cost of securities sold is based on the average cost of each security held at the date of sale. Purchases and sales of securities are recorded on a trade-date basis. See Note 6 for further discussion and disclosures related to fair value measurements.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments *(continued)*

In accordance with Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, assets and liabilities measured at fair value are categorized into the following fair value hierarchy:

- Level 1:* Quoted prices for identical assets or liabilities in an active market that the Fund has the ability to access at the measurement date.
- Level 2:* Quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurements and unobservable. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the investment and are based on the best available information, some of which may be internally developed.

The following valuation methodologies were used for assets measured at fair value:

U.S. Government and agency obligations, mutual funds, common stock and exchange-traded funds - are reported at fair value based on quoted market prices representing the interest/shares held.

Corporate bonds – valued based on quoted market prices on national security exchanges, when available, or using valuation models which incorporate certain other observable inputs including recent trading activity for comparable securities and broker quoted prices.

Common collective trust - are determined using the Net Asset Value ("NAV") as a practical expedient. The NAV is determined by four times a month (valuation dates) based upon the fair value of the underlying assets owned, less liabilities, divided by the number of outstanding units. Redemptions of the common collective trust units' are made on the valuation dates. Complete liquidation requires twelve months' notice. The common collective trust has no unfunded commitments at June 30, 2017.

Changes in valuation techniques may result in transfers in or out of an assigned level within the hierarchy.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments *(continued)*

The methods described above may produce a fair value calculation that may not indicate net realizable value or reflect future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the Fund's gains and losses on investments bought, sold, and held during the year.

Investment Income and Investment Management Fees

Realized gains and losses are calculated based on the difference between the cost of the investments and the proceeds received from the sale of the respective investments. Realized and unrealized gains and losses are included in the consolidated statement of activities as increases or decreases in unrestricted net assets, unless donor or relevant laws place temporary or permanent restrictions on these gains and losses. Changes in net unrealized (depreciation) appreciation are calculated based on the change in the difference between the cost and the fair values of investments at June 30 of the current year compared to the cost and the fair values of investments at June 30 of the prior year. Net appreciation (depreciation) in the fair value of investments is reflected in changes in unrestricted, temporarily and permanently restricted net assets. No investment income pertains to unrestricted investments. Investment management fees of \$119,191 and \$100,598 have been incurred for the years ended June 30, 2017 and 2016, respectively.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at date of gift, if donated. Property and equipment additions of \$1,000 or more are capitalized. Depreciation of the condominium interest, furniture, equipment, and website is provided on a straight-line basis over their estimated useful lives of 40 years for the condominium interest, 20 years for building improvements, three to 15 years for the furniture and equipment, and three years for website. Depreciation is recorded on a half-year convention in both the year of asset acquisition and disposal. Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful lives or the term of the lease, including extensions expected to be exercised.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and Equipment *(continued)*

The Fund evaluates long-lived assets, which are held for use, for impairment whenever events or circumstances indicate that impairment may exist. An impairment loss is recorded if the net carrying value of the asset exceeds the undiscounted future net operating cash flows attributable to the asset. The impairment loss recognized equals the excess of net carrying value over the related fair value of the asset. Management determined that no long-lived assets were impaired at June 30, 2017 and 2016.

Assets Held in Trust by Others

Perpetual trusts held by outside trustees, through whom the Fund has an irrevocable right to receive the income earned on trust assets, are recognized in the accompanying consolidated statements of financial position as assets held in trust by others at the fair value of the Fund's share of the trust assets. Distributions from the trust are recorded as investment income and changes to the perpetual trusts' values are reported in the permanently restricted net asset class.

Split-interest Agreements

The Fund's interest in charitable remainder annuity trusts held by outside trustees is recognized in the accompanying consolidated statements of financial position as assets held in trust by others at the estimated fair value of amounts to be received upon termination of the trusts of \$59,347 and \$58,405 at June 30, 2017 and 2016, respectively. Annual adjustments to fair value amounts are recognized as net (depreciation) appreciation in the permanently restricted net asset on the consolidated statement of activities.

Court Costs and Attorney Fees Awarded

In connection with certain cases decided or settled in LDF's favor, attorney fees may be awarded. Revenue is recognized when notification is received from the courts.

Defined Benefit Pension Plan

LDF's defined-benefit pension plan is presented on a funded-status basis. In the consolidated statement of activities, the net gain or loss and net prior service cost or credit for the year are recognized, in addition to the net transition asset or obligation recognized as a component of net periodic benefit cost for the year. Any amounts not yet recognized as components of net periodic benefit cost are presented in the consolidated statements of financial position. As discussed in Note 10, the pension plan was frozen, effective July 1, 2009.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Defined Contribution Plan

LDF has a voluntary defined-contribution plan where employees of the Fund make tax-deferred contributions through payroll deductions. Starting on January 1, 2017, LDF began matching up to 4% of qualified employees' salary and making quarterly contributions to this plan.

Income Tax Status

LDF and EWLTP both qualify as charitable organizations, as defined by Internal Revenue Code (IRC) Section 501(c)(3) and, accordingly, are exempt from Federal income tax under IRC Section 501(a). Additionally, since both are publicly supported, contributions to them qualify for the maximum charitable contribution deduction under the IRC. LDF and EWLTP are also exempt from state and local income taxes.

U.S. GAAP requires management to evaluate uncertain tax positions taken by the Fund. The consolidated financial statement effects of a tax position are recognized when the position is more-likely-than-not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Fund and has concluded that as of June 30, 2017, there were no uncertain tax positions taken or expected to be taken. The Fund has recognized no interest or penalties related to uncertain tax positions. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2014.

New York State Nonprofit Revitalization Act

On December 18, 2013, the Governor of New York State signed into law the New York Non-Profit Revitalization Act of 2013 (the Act), of which most provisions took effect July 1, 2014. The primary reforms of the Act stipulates that non-profit corporations and charitable trusts with 20 or more employees and annual revenue of over \$1 million must adopt whistle-blower and conflict of interest policies; ensure the board chair has not been an employee of the non-profit during the last three years; specify steps to review and declare any related-party transactions; designate an Audit Committee to provide oversight of the audit function; and allow communications during meetings by using modern technology. The Fund has evaluated the effect of the Act and has updated its Conflict of Interest and Whistle-blower policies to comply with the requirements of the Act.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Summarized Financial Information

The amounts shown for the year ended June 30, 2016 in the accompanying consolidated financial statements are summarized totals that were included to provide a basis for comparison with 2017. Accordingly, the 2016 totals are not intended to present all information necessary for a fair presentation in conformity with U.S. GAAP.

Functional Allocation of Expenses

The costs associated with providing the Fund's programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities, which includes all expenses incurred during the year. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. The ASU requires an amended presentation and disclosures to help not-for-profit organizations provide more relevant information about their resources and changes in those resources. The amendments are effective for the Fund's fiscal year ending June 30, 2019, with early adoption permitted. This ASU will impact the presentation of the Fund's financial statements and related disclosures when it is adopted.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which provides guidance that will increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under ASU No. 2016-02, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The adoption of ASU No. 2016-02 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. LDF is currently evaluating the impact of adopting ASU No. 2016-02.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recent Accounting Pronouncements *(continued)*

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2015-07). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value (NAV) practical expedient provided by Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. Disclosures about investments in certain entities that calculate NAV per share are limited under ASU 2015-07 to those investments for which the entity has elected to estimate the fair value using the NAV practical expedient. ASU 2015-07 is effective for entities (other than public business entities) for fiscal years beginning after December 15, 2015, with retrospective application to all periods presented. Adoption of ASU 2015-07 is not expected to have a material impact on LDF's financial statements.

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* (ASU 2014-15). ASU 2014-15 defines management's responsibility to evaluate whether there is a substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. In connection with preparing financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the organization's ability to continue as a going concern within one year after the date that the financial statements are issued. ASU 2014-15 is effective for fiscal years ending after December 15, 2016. LDF adopted ASU 2014-15 and implementation did not have a material effect on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The Fund maintains its cash and cash equivalents in a number of bank accounts held by certain financial institutions. The cash in these accounts occasionally exceeds the amount insured by the Federal Deposit Insurance Corporation, subjecting the Fund to concentration of risk. However, the Fund regularly monitors this risk.

At June 30, 2017 and 2016, approximately 97% of the Fund's cash and cash equivalents were held by two financial institutions.

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NOTE 4 CONTRIBUTIONS AND COURT COST RECEIVABLE

Contributions and court cost receivable as of June 30, 2017 and 2016 were due as follows:

| | <u>2017</u> | <u>2016</u> |
|-----------------------|---------------------|---------------------|
| Less than one year | \$ 3,040,122 | \$ 3,117,390 |
| One to five years | 5,006,864 | 6,864 |
| More than five years | <u>37,386</u> | <u>37,386</u> |
| | 8,084,372 | 3,161,640 |
| Fair value adjustment | <u>(193,872)</u> | <u>(29,620)</u> |
| | <u>\$ 7,890,500</u> | <u>\$ 3,132,020</u> |

Those receivables that are due in more than one year are recorded at their fair value, using discount rates ranging from 4% to 12% per year for the years ending June 30, 2017 and 2016, respectively.

NOTE 5 INVESTMENTS

Investments as of June 30, 2017 and 2016 were as follows:

| | <u>2017</u> | | <u>2016</u> | |
|---|----------------------|----------------------|----------------------|----------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Cash equivalents | \$ 1,342,862 | \$ 1,342,862 | \$ 603,026 | \$ 603,026 |
| U.S. Government and agency obligations | 1,847,937 | 1,905,137 | 2,186,037 | 2,187,650 |
| Common stocks | 5,131,452 | 3,845,647 | 1,891,921 | 1,897,499 |
| Corporate bonds | 3,319,691 | 3,317,482 | 854,855 | 816,942 |
| Exchange-traded funds | 15,267,806 | 15,063,769 | 16,891,248 | 14,827,114 |
| Mutual funds | <u>980,687</u> | <u>846,520</u> | <u>908,802</u> | <u>814,727</u> |
| | <u>\$ 27,890,435</u> | <u>\$ 26,321,417</u> | <u>\$ 23,335,889</u> | <u>\$ 21,146,958</u> |

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NOTE 6 FAIR VALUE MEASUREMENTS

The following tables set forth by level, within the fair value hierarchy described in Note 2, the Fund's investments at fair value:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------------|---------------------|----------------|----------------------|
| As of June 30, 2017 | | | | |
| Interest-bearing cash equivalents | \$ 9,431,851 | \$ - | \$ - | \$ 9,431,851 |
| <i>Investments</i> | | | | |
| Interest-bearing cash and cash equivalents | 1,342,862 | - | - | 1,342,862 |
| U.S. Government and agency obligations | 1,847,937 | - | - | 1,847,937 |
| Common stocks | 5,131,452 | - | - | 5,131,452 |
| Corporate bonds | - | 3,319,691 | - | 3,319,691 |
| Mutual funds | 980,687 | - | - | 980,687 |
| <i>Exchange-traded funds</i> | | | | |
| Equities | 7,883,825 | - | - | 9,128,421 |
| Fixed income | 5,012,448 | - | - | 5,012,448 |
| Real estate | 405,906 | - | - | 405,906 |
| Hedge funds | 1,483,086 | - | - | 1,483,086 |
| Commodities | 482,541 | - | - | 482,541 |
| Subtotal | <u>24,570,744</u> | <u>3,319,691</u> | <u>-</u> | <u>27,890,435</u> |
| <i>Assets held in trust by others</i> | | | | |
| Cash and cash equivalents | 9,751 | - | - | 9,751 |
| Mutual funds—equities | 654,429 | - | - | 654,429 |
| Mutual funds—fixed income | 70,437 | - | - | 70,437 |
| Mutual funds—hedge funds | 165,538 | - | - | 165,538 |
| Mutual funds—commodities | 13,496 | - | - | 13,496 |
| <i>Common/collective trust funds</i> | | | | |
| Equities | - | 511,912 | - | 511,912 |
| Fixed income | - | 140,445 | - | 140,445 |
| Subtotal | <u>913,651</u> | <u>652,357</u> | <u>-</u> | <u>1,566,008</u> |
| Total | <u>\$ 34,916,246</u> | <u>\$ 3,972,048</u> | <u>\$ -</u> | <u>\$ 38,888,294</u> |

**NAACP LEGAL DEFENSE AND
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Notes to Consolidated Financial Statements
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NOTE 6 FAIR VALUE MEASUREMENTS (continued)

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------------|---------------------|----------------|----------------------|
| As of June 30, 2016 | | | | |
| Interest-bearing cash equivalents | \$ 8,391,492 | \$ - | \$ - | \$ 8,391,492 |
| <i>Investments</i> | | | | |
| Interest-bearing cash and cash equivalents | 603,026 | - | - | 603,026 |
| U.S. Government and agency obligations | 2,186,037 | - | - | 2,186,037 |
| Common stocks | 1,891,921 | - | - | 1,891,921 |
| Corporate bonds | - | 854,855 | - | 854,855 |
| Mutual funds | 908,802 | - | - | 908,802 |
| <i>Exchange-traded funds</i> | | | | |
| Equities | 9,128,421 | - | - | 9,128,421 |
| Fixed income | 5,122,581 | - | - | 5,122,581 |
| Real estate | 1,190,658 | - | - | 1,190,658 |
| Hedge funds | 1,050,031 | - | - | 1,050,031 |
| Commodities | 399,557 | - | - | 399,557 |
| Subtotal | <u>22,481,034</u> | <u>854,855</u> | <u>-</u> | <u>23,335,889</u> |
| <i>Assets held in trust by others</i> | | | | |
| Cash and cash equivalents | 3,736 | - | - | 3,736 |
| Mutual funds—equities | 357,768 | - | - | 402,087 |
| Mutual funds—fixed income | 97,078 | - | - | 97,078 |
| Mutual funds—hedge funds | 142,104 | - | - | 142,104 |
| Mutual funds—commodities | 44,530 | - | - | 44,530 |
| Real estate investment trusts | 92,837 | - | - | 92,837 |
| <i>Common/collective trust funds</i> | | | | |
| Equities | - | 619,312 | - | 619,312 |
| Fixed income | - | 115,588 | - | 115,588 |
| Subtotal | <u>738,053</u> | <u>734,900</u> | <u>-</u> | <u>1,472,953</u> |
| Total | <u>\$ 31,610,579</u> | <u>\$ 1,589,755</u> | <u>\$ -</u> | <u>\$ 33,200,334</u> |

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Notes to Consolidated Financial Statements
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NOTE 7 PROPERTY AND EQUIPMENT

The composition of property and equipment at June 30, 2017 and 2016 was as follows:

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|
| Condominium interest | \$ 16,141,320 | \$ 16,031,320 |
| Furniture and equipment | 1,086,969 | 1,075,211 |
| Computer equipment | 532,848 | 558,902 |
| Telephone | 140,588 | 140,588 |
| Website | 95,150 | 30,000 |
| Leasehold improvements | <u>14,563</u> | <u>11,389</u> |
| | 18,011,438 | 17,847,410 |
| Less: Accumulated depreciation and amortization | <u>(3,045,899)</u> | <u>(2,537,756)</u> |
| | <u>\$ 14,965,539</u> | <u>\$ 15,309,654</u> |

Depreciation and amortization expenses were \$778,804 and \$749,661 for the years ended June 30, 2017 and 2016, respectively.

**NOTE 8 TEMPORARILY RESTRICTED AND PERMANENTLY RESTRICTED NET
ASSETS**

Temporarily restricted net assets were available for the following purposes or periods at June 30, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|
| Unappropriated income of endowment assets: | | |
| General fund | \$ 4,239,199 | \$ 2,255,200 |
| Herbert Lehman education | 955,629 | 1,005,090 |
| Earl Warren legal training | <u>247,470</u> | <u>216,369</u> |
| | 5,442,298 | 3,476,659 |
| <i>Restricted as to the passage of time or purpose:</i> | | |
| Restricted for periods after June 30, 2017 | 13,747,772 | 2,774,574 |
| Herbert Lehman education | 111,756 | 49,793 |
| Earl Warren legal training | - | 21,218 |
| Thurgood Marshall Institute | 3,388,326 | 4,476,314 |
| Legal program | <u>7,312,123</u> | <u>2,444,810</u> |
| | <u>\$ 30,002,275</u> | <u>\$ 13,242,368</u> |

**NAACP LEGAL DEFENSE AND
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Notes to Consolidated Financial Statements
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**NOTE 8 TEMPORARILY RESTRICTED AND PERMANENTLY RESTRICTED NET
ASSETS (continued)**

Net assets were released from donor restrictions in 2017 and 2016 by incurring expenses satisfying the restricted purposes or by the passage of time as follows:

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Released from temporarily restricted net assets due to appropriation of income from endowment assets | | |
| General and legal programs | \$ 1,570 | \$ 1,021,800 |
| Herbert Lehman scholarship program | 200,693 | 223,375 |
| Earl Warren scholarship program | <u>28,000</u> | <u>28,000</u> |
| | 230,263 | 1,273,175 |
| <i>Purpose restrictions met</i> | | |
| Legal program | 1,660,761 | 1,780,354 |
| Thurgood Marshall Institute | 1,073,459 | 2,024,094 |
| Herbert Lehman education (including fundraising expenses of \$45,261 and \$34,925, respectively) | 228,975 | 177,517 |
| Earl Warren legal training (including fundraising expenses of \$125 and \$125, respectively) | 32,567 | 40,165 |
| Passage of time | <u>600,267</u> | <u>415,315</u> |
| | <u>\$ 3,826,292</u> | <u>\$ 5,710,620</u> |

Permanently restricted net assets (including perpetual trusts held by outside trustees) totaled \$18,452,760 and \$18,306,705 at June 30, 2017 and 2016, respectively. These are categorized as follows based on the purposes for which the related investment income may be used pursuant to the respective donors' stipulations:

| | <u>2017</u> | <u>2016</u> |
|------------------------------|----------------------|----------------------|
| Funds for general operations | \$ 14,307,167 | \$ 14,307,167 |
| Funds for legal program | 2,124,160 | 2,124,160 |
| Funds for scholarships | 455,425 | 402,425 |
| <i>Perpetual trusts</i> | | |
| Scholarships | 1,506,661 | 1,414,548 |
| Unrestricted | <u>59,347</u> | <u>58,405</u> |
| | <u>\$ 18,452,760</u> | <u>\$ 18,306,705</u> |

NOTE 9 COMMITMENTS AND CONTINGENCIES

Lease Agreement

LDF leases office space in Washington, DC under a non-cancelable operating lease that expired in July 2011 but was extended for 10 years through July 2021.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Lease Agreement *(continued)*

Future minimum annual lease payments under this lease are as follows:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|---------------------|
| 2018 | \$ 295,722 |
| 2019 | 303,115 |
| 2020 | 310,692 |
| 2021 | 318,460 |
| 2022 | <u>26,592</u> |
| | <u>\$ 1,254,581</u> |

Total rent expenses, including escalations, for the years ended June 30, 2017 and 2016, were \$301,505 and \$295,115, respectively.

NOTE 10 PENSION PLAN

LDF sponsors a contributory, defined contribution plan for all full time employees. Employer contributions were \$129,524 and \$0 for the years ended June 30, 2017 and 2016, respectively. These costs are included in the personnel costs.

LDF also sponsors a non-contributory, defined-benefit pension plan (the Plan) for all full-time employees. The Plan was frozen as of July 1, 2009.

The following tables provide information about the Plan as of and for the years ended June 30, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|---|----------------------------|----------------------------|
| <i>Reconciliation of accumulated benefit obligation</i> | | |
| Obligation, beginning of year | \$ 9,908,743 | \$ 9,178,625 |
| Service cost | 152,438 | 142,975 |
| Interest cost | 310,638 | 404,978 |
| Actuarial loss | (552,022) | 1,772,086 |
| Benefit payments | (743,674) | (438,106) |
| Settlements | <u>-</u> | <u>(1,151,815)</u> |
| Obligation, end of year | <u>\$ 9,076,123</u> | <u>\$ 9,908,743</u> |

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
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For the Year Ended June 30, 2017

NOTE 10 PENSION PLAN *(continued)*

| | <u>2017</u> | <u>2016</u> |
|--|-----------------------------|-----------------------------|
| <i>Reconciliation of fair value of plan assets</i> | | |
| Fair value of plan assets, beginning of year | \$ 5,467,301 | \$ 6,806,940 |
| Actual return on plan assets | 684,921 | 70,282 |
| Employer contributions | 162,616 | 180,000 |
| Settlements | - | (1,151,815) |
| Benefit payments | <u>(738,776)</u> | <u>(438,106)</u> |
| Fair value of plan assets, end of year | <u>\$ 5,576,062</u> | <u>\$ 5,467,301</u> |
| <i>Funded status</i> | | |
| Funded status, end of year | <u>\$(3,500,061)</u> | <u>\$(4,441,442)</u> |

At June 30, 2017 and 2016, the funded status of the Plan is reported in the consolidated statement of financial position as follows:

| | <u>2017</u> | <u>2016</u> |
|---------------------------|----------------------------|----------------------------|
| Accrued pension liability | <u>\$ 3,500,061</u> | <u>\$ 4,441,442</u> |

The assumptions used in the measurement of the Plan's benefit obligation are shown in the following table:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|----------------|----------------|
| Discount rate | 3.50% | 3.25% |
| Rate of compensation increase | Not applicable | Not applicable |

Amounts recognized in net unrestricted assets consisted of the following:

| | <u>2017</u> | <u>2016</u> |
|----------|----------------------------|----------------------------|
| Net loss | <u>\$ 5,757,680</u> | <u>\$ 5,212,874</u> |

Other (credit) charge in plan assets and benefit obligations recognized in unrestricted net assets in 2017 and 2016 consisted of the following:

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|----------------------------|------------------------------|
| Net loss | \$ 917,936 | \$ (2,100,598) |
| Recognized loss due to Settlement | - | 605,956 |
| Amortization of net loss | <u>537,258</u> | <u>484,603</u> |
| Total charge | <u>\$ 1,455,194</u> | <u>\$ (1,010,039)</u> |

**NAACP LEGAL DEFENSE AND
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NOTE 10 PENSION PLAN *(continued)*

The estimated net gain (loss), transition asset (obligation), and prior service credit (cost) for the Plan that will be amortized from accumulated change in unrestricted net assets into net periodic pension cost over the next fiscal year amount to \$369,180, \$0 and \$0, respectively.

Net Periodic Benefit Cost

The following table provides the components of net periodic benefit cost for the Plan for 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|----------------------------------|--------------------------|--------------------------|
| Service cost | \$ 152,438 | \$ 142,975 |
| Interest cost | 310,638 | 404,978 |
| Expected return on plan assets | (323,905) | (398,794) |
| Amortization of net loss | <u>537,258</u> | <u>484,603</u> |
| Net periodic benefit cost | <u>\$ 676,429</u> | <u>\$ 633,762</u> |

The prior service costs have been fully recognized as a result of the Plan being frozen, effective July 1, 2009.

The assumptions used in the measurement of the net periodic benefit cost are shown in the following table:

| | <u>2017</u> | <u>2016</u> |
|--|----------------|----------------|
| Weighted-average assumptions, as of June 30 | | |
| Discount rate | 3.50% | 3.25% |
| Expected return on plan assets | 6.00% | 6.00% |
| Rate of compensation increase | Not applicable | Not applicable |

As of June 30, 2016 the Mortality Table and Projection Scale was changed from Society of Actuaries RP-2014 tables with projection scale MP-2015 to Society of Actuaries RP-2014 adjusted from 2006 tables with projection scale MP-2016.

Plan Assets

The Plan determines its assumptions for the expected rate of return on plan assets based on the ranges of anticipated rates of return for each asset class. The Plan considers the expected rate of return to be a longer-term assessment of return expectations and does not anticipate changing this assumption annually, unless there are significant changes in economic conditions.

Previous market performance covering a wide range of economic conditions is evaluated to determine whether there are sound reasons for projecting forward any past trends.

**NAACP LEGAL DEFENSE AND
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NOTE 10 PENSION PLAN (continued)

Plan Assets (continued)

LDF's Investment Committee monitors the asset allocation of the Plan's assets. Assets are rebalanced, as LDF deems appropriate. The Plan's investment strategy, with respect to its pension assets, is to maintain the principal of the assets. To develop the expected long-term rate of return on assets assumption, the Fund considered the historical returns and the expectations for future returns. The Plan's investment strategies are to invest prudently for the sole purpose of providing benefits to participants. The target is to produce a total return that, when combined with LDF's contributions to the Plan, will maintain the Plan's ability to meet all required benefit obligations. Risk is controlled through an investment in conservative fixed-income securities and cash. The guidelines allow the managers to maintain up to \$1.2 million in cash and cash equivalents.

The target allocation of plan assets and actual allocation at the end of 2017 and 2016, by asset category based on asset fair values, are as follows:

| Asset Category | 2017 Target Allocation | 2017 Actual Allocation | 2016 Actual Allocation |
|------------------------------|------------------------|------------------------|------------------------|
| Cash and cash equivalents | 2.0% | 16.7% | 2.9% |
| Equities | 45.0% | 39.7% | 44.9% |
| Fixed income/debt securities | 38.0% | 32.2% | 39.6% |
| <i>Exchange-traded funds</i> | | | |
| Real estate | 3.0% | 3.8% | 4.3% |
| Hedge funds | 9.0% | 5.7% | 6.1% |
| Commodities | 3.0% | 1.9% | 2.2% |
| | 100.0% | 100.0% | 100.0% |

At June 30, the Plan's assets consisted of the following:

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Investments | | |
| Cash equivalents | \$ 927,039 | \$ 158,455 |
| U.S. Government and agency obligations | 534,474 | 612,735 |
| Corporate bonds | 269,410 | 280,271 |
| <i>Exchange-traded funds</i> | | |
| Equities | 2,204,552 | 2,454,514 |
| Fixed income | 989,199 | 1,226,259 |
| Real estate | 211,994 | 240,579 |
| Hedge funds | 319,157 | 329,508 |
| Commodities | 106,634 | 122,212 |
| Total investments | 5,562,459 | 5,424,533 |
| Accrued interest on investments | 3,754 | 3,999 |
| Prepaid expenses | 17,500 | 17,917 |
| Accrued expenses | (31,705) | (26,529) |
| Notes receivable from loan participants | 24,053 | 47,381 |
| Total plan assets | \$ 5,576,062 | \$ 5,467,301 |

**NAACP LEGAL DEFENSE AND
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Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 10 PENSION PLAN (continued)

Plan Assets (continued)

The Plan's investments as of June 30, 2017 and 2016 are carried at fair value based on quoted market prices in active markets and are all classified as Level 1 in accordance with the fair value hierarchy described in Note 2.

Notes receivables from participants represent participant loans that are carried at their principal balance plus any accrued but unpaid interest, which are considered to approximate fair value. Participant loans have a maximum term of five years from inception and bear annual interest computed at 2% over the prime rate during the calendar quarter immediately preceding the date of the loan application.

Contributions

The minimum required contributions for the Plan years beginning July 1, 2016 and July 1, 2015 were \$388,863 and \$318,225, respectively. Cash contributions in the amount of \$162,616 were made during 2017, an additional contribution of \$83,967 was made by March 15, 2017 and LDF has utilized a Prefunding Balance Elective of \$159,052 to meet the minimum required contribution for the Plan year beginning July 1, 2016. The July 1, 2015 minimum required contribution was satisfied through \$142,218 in cash contributions made during 2016, prefunding balance elections of \$25,893 during 2016 and an additional cash contribution of \$163,187 during 2017.

Expected Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the fiscal years ending June 30:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2018 | \$ 356,260 |
| 2019 | 382,374 |
| 2020 | 378,578 |
| 2021 | 467,848 |
| 2022 | 463,425 |
| 2023-2027 | 2,423,427 |

**NAACP LEGAL DEFENSE AND
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Notes to Consolidated Financial Statements
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**NOTE 11 AMOUNTS HELD IN ESCROW/COURT AWARDS AND FEES PENDING
DISTRIBUTION**

Upon the successful completion of cases, the court may make awards to members of the class action litigation or to participating attorneys. As of June 30, 2017 and 2016, LDF held in escrow \$125,481 and \$3,423, respectively, for members of the class and participating attorneys. The escrow amounts are invested in interest bearing accounts.

NOTE 12 IN-KIND CONTRIBUTIONS

In fiscal years ended June 30, 2017 and 2016, the Fund received the following in-kind contributions, which were recognized as contributions in the accompanying consolidated statement of activities at fair value on the date of receipt:

| | <u>2017</u> | <u>2016</u> |
|---|----------------------------|--------------------------|
| Legal services | \$ 1,157,874 | \$ - |
| Marketable securities (recorded as investments) | 233,699 | 127,618 |
| Goods | <u>17,809</u> | <u>2,000</u> |
| Total in-kind contributions | <u>\$ 1,409,382</u> | <u>\$ 129,618</u> |

NOTE 13 ENDOWMENTS

LDF's endowment consists of funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on donor-imposed restrictions or as designated by the Board of Directors.

**NAACP LEGAL DEFENSE AND
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Notes to Consolidated Financial Statements
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NOTE 13 **ENDOWMENTS** *(continued)*

Interpretation of Relevant Law

On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), a modified version of the Uniform Prudent Management of Institutional Funds Act, which superseded the New York Uniform Management of Institutional Funds Act. The Fund's Board of Directors follows the requirements of NYPMIFA, which allows an institution to appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent, but subject, however, to the intent of the donor expressed in the gift instrument. NYPMIFA provides that unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until so appropriated for expenditure by the institution. For purposes of financial statement presentation, LDF classifies permanently restricted net assets as: (1) the original value of gifts donated to the permanent endowment; (2) the original value of subsequent gifts to the permanent endowment; and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is characterized as temporarily restricted. It should be noted, however, that under NYPMIFA, the Fund is entitled to appropriate for expenditure endowment funds, whether here characterized as "permanently restricted" or "temporarily restricted," except where inconsistent with the intent of the donor expressed in the gift instrument.

In accordance with state law, the Fund considers the following factors in making a determination to appropriate or calculate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund;
2. The purposes of the Fund and the endowment fund;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and appreciation of investments;
6. Other resources of the Fund;
7. The investment policies of the Fund; and
8. Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Fund.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
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NOTE 13 ENDOWMENTS *(continued)*

Interpretation of Relevant Law *(continued)*

The changes in endowment net assets for the years ended June 30, 2017 and 2016 are as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|----------------------|
| <u>Year ended June 30, 2017</u> | | | | |
| Endowment net assets, beginning of year | \$ - | \$ 3,476,659 | \$ 16,833,752 | \$ 20,310,411 |
| <i>Investment return</i> | | | | |
| Investment income | - | 491,696 | - | 491,696 |
| Net realized/unrealized appreciation in value of investments | - | 1,651,943 | - | 1,651,943 |
| Contributions | - | - | 53,000 | 53,000 |
| Appropriation for expenditures | 178,000 | (178,000) | - | - |
| Expenditures | (178,000) | - | - | (178,000) |
| Endowment net assets, end of year | \$ - | \$ 5,501,645 | \$ 16,886,752 | \$ 22,329,050 |
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
| <u>Year ended June 30, 2016</u> | | | | |
| Endowment net assets, beginning of year | \$ - | \$ 4,488,725 | \$ 16,833,752 | \$ 21,322,477 |
| <i>Investment return</i> | | | | |
| Investment income | - | 594,108 | - | 594,108 |
| Net realized/unrealized depreciation in value of investments | - | (332,999) | - | (332,999) |
| Contributions | - | - | - | - |
| Appropriation for expenditures | 1,273,175 | (1,273,175) | - | - |
| Expenditures | (1,273,175) | - | - | (1,273,175) |
| Endowment net assets, end of year | \$ - | \$ 3,476,659 | \$ 16,833,752 | \$ 20,310,411 |

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 13 ENDOWMENTS *(continued)*

Interpretation of Relevant Law *(continued)*

At June 30, 2017 and 2016, the endowment fund compositions by net asset classification are as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|----------------------|
| Donor-restricted fund | \$ - | \$ 5,442,298 | \$ 16,886,752 | \$ 22,329,050 |
| Board-designated fund | - | - | - | - |
| Endowment net assets, June 30, 2017 | \$ - | \$ 5,442,298 | \$ 16,886,752 | \$ 22,329,050 |
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
| Donor-restricted fund | \$ - | \$ 3,476,659 | \$ 16,833,752 | \$ 20,310,411 |
| Board-designated fund | - | - | - | - |
| Endowment net assets, June 30, 2016 | \$ - | \$ 3,476,659 | \$ 16,833,752 | \$ 20,310,411 |

The disclosure for the 2016 endowment funds have been adjusted to eliminate the inclusion of the beneficial interest of the perpetual trust.

Funds with Deficiencies

Occasionally, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Fund to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2017 and 2016.

Return Objectives and Risk Parameters

LDF adopted investment and spending policies for endowment assets, which attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor-restricted funds that LDF must hold in perpetuity or for donor-specified periods or purposes and related unappropriated investment income. Under this policy, as approved by the Board of Directors' Investment Committee, endowment assets are invested with the intent of preserving the assets of donor-restricted funds that LDF must hold in perpetuity, while assuming a low level of investment risk. Over time, LDF expects its endowment funds to provide an average rate of return of approximately 6.5% for both 2017 and 2016, respectively. Actual returns in any given year may vary from this amount.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 13 **ENDOWMENTS** *(continued)*

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowments are to be considered a permanent fund. As such, the investment objectives require disciplined and consistent management philosophies that accommodate all relevant, reasonable, and probable events. Therefore, a periodic review of total rate-of-return and spending rate objectives is required. Extreme positions or variations in management style are not consistent with these objectives. LDF's spending policy allows up to 4.5% of the fair value of the portfolio if funds are available, subject to donor-stipulated restrictions.

Strategies Employed for Achieving Objectives

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

NOTE 14 **MORTGAGE NOTE PAYABLE**

On November 15, 2012, LDF entered into a new mortgage loan agreement with a face value of \$4,000,000. The mortgage bears interest at 3.36% for five years and is secured by LDF's property at 40 Rector Street. Thereafter, the interest rate shall be adjusted and fixed for an additional five years at a rate per year equal to the United States Treasury Securities Rate plus 2.90%. LDF does have the right to prepay the mortgage on November 17, 2017 with no prepayment penalty. The mortgage note provides for monthly payments of principal and interest to Bank of America, the loan holder, through November 15, 2022, at which time the remaining principal balance plus any accrued and unpaid interest becomes due.

Future minimum principal payments as of June 30, 2017 are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2018 | \$ 39,661 |
| Thereafter | <u>3,456,854</u> |
| | <u>\$ 3,496,515</u> |

The mortgage loan agreement contains a financial covenant wherein LDF agreed, until the mortgage has been repaid, to maintain, on a consolidated basis, a maximum leverage ratio not to exceed 1.0. As of June 30, 2017 and 2016, the Fund met this requirement.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2017

NOTE 15 RELATED PARTIES

During the 2017 fiscal year, members of LDF's Board of Directors made donations totaling over \$2 million to LDF. LDF has accounted for this contribution within its financial statements. LDF's policy is to require directors to disclose affiliations and to review and authorize such transactions, as appropriate.

NOTE 16 SUBSEQUENT EVENTS

The Fund evaluated events subsequent to June 30, 2017, through November 8, 2017, the date the consolidated financial statements were available to be issued, and determined that there were no subsequent events that required disclosure.

SUPPLEMENTARY INFORMATION

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**

Consolidating Statement of Financial Position

For the Year Ended June 30, 2017

(With Summarized Financial Information for 2016)

| | NAACP Legal Defense and Educational Fund, Inc. | Earl Warren Legal Training Program, Inc. | 2017 Total | 2016 Total |
|---|---|---|-----------------------|-----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 17,719,884 | \$ 6,471 | \$ 17,726,355 | \$ 9,300,795 |
| Accounts receivable | 45,557 | - | 45,557 | 41,051 |
| Contributions receivable | 7,890,500 | - | 7,890,500 | 3,132,020 |
| Amounts held in escrow | 125,481 | - | 125,481 | 3,423 |
| Investments | 27,187,111 | 703,324 | 27,890,435 | 23,335,889 |
| Other assets | 373,470 | - | 373,470 | 314,211 |
| Intercompany receivable (payable) | 6,900 | (6,900) | - | - |
| Property and equipment, net | 14,965,539 | - | 14,965,539 | 15,309,654 |
| Assets held in trust by others | 1,566,008 | - | 1,566,008 | 1,472,953 |
| Total assets | \$ 69,880,450 | \$ 702,895 | \$ 70,583,345 | \$ 52,909,996 |
| LIABILITIES AND NET ASSETS | | | | |
| <i>Liabilities</i> | | | | |
| Accounts payable and accrued expenses | \$ 1,918,494 | \$ - | \$ 1,918,494 | \$ 1,525,254 |
| Mortgage payable | 3,496,515 | - | 3,496,515 | 3,613,149 |
| Accrued pension liability | 3,500,061 | - | 3,500,061 | 4,441,442 |
| Court awards and fees pending distribution | 125,481 | - | 125,481 | 3,423 |
| Total liabilities | 9,040,551 | - | 9,040,551 | 9,583,268 |
| <i>Net assets</i> | | | | |
| <i>Unrestricted</i> | | | | |
| Available for operations | 1,618,735 | - | 1,618,735 | 81,150 |
| Invested in property and equipment | 11,469,024 | - | 11,469,024 | 11,696,505 |
| Total unrestricted | 13,087,759 | - | 13,087,759 | 11,777,655 |
| Temporarily restricted | 29,754,805 | 247,470 | 30,002,275 | 13,242,368 |
| Permanently restricted | 17,997,335 | 455,425 | 18,452,760 | 18,306,705 |
| Total net assets | 60,839,899 | 702,895 | 61,542,794 | 43,326,728 |
| Total liabilities and net assets | \$ 69,880,450 | \$ 702,895 | \$ 70,583,345 | \$ 52,909,996 |

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**

Consolidating Statement of Activities

For the Year Ended June 30, 2017

(With Summarized Financial Information for 2016)

| | NAACP Legal Defense and Educational Fund, Inc. | Earl Warren Legal Training Program, Inc. | 2017 Total | 2016 Total |
|--|---|---|-----------------------------|-----------------------------|
| REVENUE, GAINS, AND OTHER SUPPORT | | | | |
| Contributions | \$ 28,163,208 | \$ 60,250 | \$ 28,223,458 | \$ 9,388,029 |
| Combined Federal campaign | 525,670 | - | 525,670 | 203,459 |
| Bequests | 1,106,856 | - | 1,106,856 | 424,171 |
| Special events, net of direct donor benefits of \$301,873 and \$258,401, respectively | 2,592,274 | - | 2,592,274 | 2,091,218 |
| Court costs and attorney fees awarded | 125,735 | - | 125,735 | 100,000 |
| Other income | 233,638 | - | 233,638 | - |
| Investment income, net of fees of \$119,191 and \$100,598, respectively | 483,419 | 15,945 | 499,364 | 594,028 |
| Net depreciation on investments | 1,851,541 | 43,585 | 1,895,126 | (430,471) |
| Total revenue, gains, and other support | <u>35,082,341</u> | <u>119,780</u> | <u>35,202,121</u> | <u>12,370,434</u> |
| EXPENSES | | | | |
| <i>Program services</i> | | | | |
| Legal | 10,424,925 | - | 10,424,925 | 8,377,315 |
| Thurgood Marshall Institute | 3,097,221 | - | 3,097,221 | 2,954,387 |
| Herbert Lehman education | 390,473 | - | 390,473 | 365,966 |
| Earl Warren legal training | - | 60,370 | 60,370 | 68,040 |
| Total program services | <u>13,912,619</u> | <u>60,370</u> | <u>13,972,989</u> | <u>11,765,708</u> |
| <i>Supporting services</i> | | | | |
| Fundraising | 2,969,480 | 125 | 2,969,605 | 2,447,250 |
| Management and general | 1,498,583 | 72 | 1,498,655 | 1,483,968 |
| Total supporting services | <u>4,468,063</u> | <u>197</u> | <u>4,468,260</u> | <u>3,931,218</u> |
| Total expense | <u>18,380,682</u> | <u>60,567</u> | <u>18,441,249</u> | <u>15,696,926</u> |
| Change in net assets before other charges | 16,701,659 | 59,213 | 16,760,872 | (3,326,492) |
| OTHER CREDIT (CHARGE) | | | | |
| Charge to pension benefit other than net periodic pension cost | 1,455,194 | - | 1,455,194 | (1,010,039) |
| Change in net assets | 18,156,853 | 59,213 | 18,216,066 | (4,336,531) |
| Net assets, beginning of year | 42,683,046 | 643,682 | 43,326,728 | 47,663,259 |
| Net assets, end of year | <u><u>\$ 60,839,899</u></u> | <u><u>\$ 702,895</u></u> | <u><u>\$ 61,542,794</u></u> | <u><u>\$ 43,326,728</u></u> |

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Consolidated Schedule of Functional Expenses
For the Year Ended June 30, 2017
(With Summarized Financial Information for 2016)

| Description | Program Services | | | | | Supporting Services | | | 2017 Total Expenses | 2016 Total Expenses |
|-----------------------------------|----------------------|-----------------------------------|--------------------------------|-------------------------------------|----------------------|---------------------|----------------------|---------------------|---------------------------|---------------------------|
| | Legal Programs | Thurgood Marshall Institute | Herbert Lehman Education | Earl Warren Legal Training | Subtotal | Fundraising | Mgmt. and General | Subtotal | | |
| <i>Personnel costs</i> | | | | | | | | | | |
| Payroll | \$ 3,189,656 | \$ 1,259,256 | \$ 61,331 | \$ 12,000 | \$ 4,522,243 | \$ 730,601 | \$ 711,178 | \$ 1,441,779 | \$ 5,964,022 | \$ 5,326,508 |
| Benefits | 1,252,324 | 494,410 | 19,395 | 3,000 | 1,769,129 | 286,849 | 279,223 | 566,072 | 2,335,201 | 2,380,363 |
| Temporary help | 134,327 | 87,504 | - | - | 221,831 | 166,506 | 14,098 | 180,604 | 402,435 | 350,954 |
| Total personnel costs | <u>4,576,307</u> | <u>1,841,170</u> | <u>80,726</u> | <u>15,000</u> | <u>6,513,203</u> | <u>1,183,956</u> | <u>1,004,499</u> | <u>2,188,455</u> | <u>8,701,658</u> | <u>8,057,825</u> |
| <i>Legal programs</i> | | | | | | | | | | |
| Lobbying professionals | 67,477 | - | - | - | 67,477 | - | - | - | 67,477 | - |
| Court costs | 60,297 | - | - | - | 60,297 | - | - | - | 60,297 | 29,713 |
| Expert witness | 381,657 | - | - | - | 381,657 | - | - | - | 381,657 | 186,372 |
| Legal printing | 1,167 | - | - | - | 1,167 | - | - | - | 1,167 | 6,666 |
| Attorney conferences | 240,260 | - | - | - | 240,260 | - | - | - | 240,260 | 228,970 |
| Special research | 158,753 | - | - | - | 158,753 | - | - | - | 158,753 | 185,337 |
| Library | 35,787 | - | - | - | 35,787 | - | - | - | 35,787 | 18,040 |
| Bar association dues | 21,791 | - | - | - | 21,791 | - | - | - | 21,791 | 19,881 |
| Total legal programs | <u>967,189</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>967,189</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>967,189</u> | <u>674,979</u> |
| <i>Other programs</i> | | | | | | | | | | |
| Scholarships/grants | 992,124 | - | 270,000 | 36,000 | 1,298,124 | - | - | - | 1,298,124 | 1,621,600 |
| <i>Other expenses</i> | | | | | | | | | | |
| Photos/press release | 44,060 | 2,628 | - | - | 46,688 | 64,778 | - | 64,778 | 111,466 | 30,284 |
| List rental | - | - | 100 | - | 100 | 67,380 | - | 67,380 | 67,480 | 50,380 |
| Mail handling | - | - | - | - | - | 5,090 | - | 5,090 | 5,090 | 7,521 |
| Fundraising professionals | - | - | - | - | - | 459,501 | - | 459,501 | 459,501 | 704,538 |
| Insurance | 69,079 | 20,013 | 1,499 | - | 90,591 | 17,690 | 15,985 | 33,675 | 124,266 | 109,999 |
| Telephone | 94,073 | 31,631 | 1,922 | 1,200 | 128,826 | 24,612 | 21,784 | 46,396 | 175,222 | 165,868 |
| Occupancy expense | 271,503 | 198,806 | 3,273 | 2,400 | 475,982 | 39,815 | 34,893 | 74,708 | 550,690 | 552,406 |
| Bank charges | 10,997 | 3,545 | 3,364 | - | 17,906 | 132,703 | 2,831 | 135,534 | 153,440 | 67,509 |
| Storage | 14,344 | 76,258 | 46 | - | 90,648 | 539 | 487 | 1,026 | 91,674 | 75,668 |
| Mailing | 29,896 | 4,904 | 570 | - | 35,370 | 159,876 | 1,487 | 161,363 | 196,733 | 143,058 |
| Office supplies | 68,200 | 16,053 | 437 | - | 84,690 | 14,414 | 14,456 | 28,870 | 113,560 | 100,403 |
| Messenger services | 1,866 | 696 | - | - | 2,562 | 3,148 | 437 | 3,585 | 6,147 | 3,665 |
| Equipment repairs and maintenance | 171,220 | 48,827 | 3,305 | - | 223,352 | 160,320 | 37,960 | 198,280 | 421,632 | 238,755 |
| Utilities | 29,658 | 9,532 | 714 | 300 | 40,204 | 8,426 | 7,613 | 16,039 | 56,243 | 75,672 |
| Catering costs | 151,874 | 52,137 | 202 | - | 204,213 | 23,995 | 8,410 | 32,405 | 236,618 | 173,042 |
| Interest expense | 60,781 | 21,941 | 1,644 | - | 84,366 | 19,394 | 17,524 | 36,918 | 121,284 | 125,517 |
| Miscellaneous | 51,795 | 15,215 | 984 | - | 67,994 | 49,437 | 10,861 | 60,298 | 128,292 | 119,565 |
| Photocopying | 44,163 | 11,268 | 840 | 300 | 56,571 | 10,020 | 8,951 | 18,971 | 75,542 | 64,695 |
| Meetings and travel | 651,745 | 167,701 | 928 | - | 820,374 | 69,758 | 24,468 | 94,226 | 914,600 | 675,406 |
| Service bureau | 2,446 | 883 | 66 | - | 3,395 | 780 | 6,502 | 7,282 | 10,677 | 9,271 |
| IT professionals | 233,391 | 65,617 | 2,308 | - | 301,316 | 27,226 | 24,601 | 51,827 | 353,143 | 322,335 |
| Professional fees | 1,457,745 | 357,525 | 7,057 | 1,500 | 1,823,827 | 117,585 | 142,863 | 260,448 | 2,084,275 | 587,271 |
| Printing | 41,365 | 10,881 | - | - | 52,246 | 185,422 | 231 | 185,653 | 237,899 | 190,033 |
| Amortization | 152,675 | 54,644 | 4,094 | - | 211,413 | 48,301 | 43,645 | 91,946 | 303,359 | 277,532 |
| Depreciation | 236,429 | 85,346 | 6,394 | 3,670 | 331,839 | 75,439 | 68,167 | 143,606 | 475,445 | 472,129 |
| Total other expenses | <u>3,889,305</u> | <u>1,256,051</u> | <u>39,747</u> | <u>9,370</u> | <u>5,194,473</u> | <u>1,785,649</u> | <u>494,156</u> | <u>2,279,805</u> | <u>7,474,278</u> | <u>5,342,522</u> |
| Total expenses | <u>\$ 10,424,925</u> | <u>\$ 3,097,221</u> | <u>\$ 390,473</u> | <u>\$ 60,370</u> | <u>\$ 13,972,989</u> | <u>\$ 2,969,605</u> | <u>\$ 1,498,655</u> | <u>\$ 4,468,260</u> | <u>\$ 18,441,249</u> | <u>\$ 15,696,926</u> |

