NAACP LEGAL DEFENSE AND EDUCATIONAL FUND, INC. AND AFFILIATE

Consolidated Financial Statements and Supplementary Information
For the Year Ended June 30, 2018
(With Summarized Financial Information for 2017)
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, 2018
(With Summarized Financial Information for 2017)

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MITCHELL TITUS

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, which comprise the consolidated statements of financial position as of June 30, 2018, 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 financial position of the NAACP Legal Defense and Educational Fund, Inc. and Affiliate as of June 30, 2018, and the changes in their net assets and their 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 NAACP Legal Defense and Educational Fund, Inc. and Affiliate's consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 8, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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 supplemental consolidating information and consolidated schedule of functional expenses are presented for purposes of additional analysis and are 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 20, 2018

NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE
Consolidated Statements of Financial Position
As of June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 18,022,723	$ 17,726,355
Accounts receivable	50,494	45,557
Contributions and court fees receivable, net	10,116,913	7,890,500
Amounts held in escrow	3,425	125,481
Investments	26,830,437	27,890,435
Other assets	359,866	373,470
Property and equipment, net	14,387,239	14,965,539
Assets held in trust by others	1,617,233	1,566,008
Total assets	$ 71,388,330	$ 70,583,345
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,811,474	$ 1,918,494
Mortgage payable	2,428,058	3,496,515
Accrued pension liability	461,037	3,500,061
Court awards and fees pending distribution	3,425	125,481
Total liabilities	4,703,994	9,040,551
Net assets		
Unrestricted		
Available for operations	5,363,222	1,618,735
Invested in property and equipment	11,959,181	11,469,024
Total unrestricted	17,322,403	13,087,759
Temporarily restricted	30,857,948	30,002,275
Permanently restricted	18,503,985	18,452,760
Total net assets	66,684,336	61,542,794
Total liabilities and net assets	$ 71,388,330	$ 70,583,345

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, 2018
(With Summarized Financial Information for 2017)

	2018				2017
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**Total**
REVENUE, GAINS, RECLASSIFICATIONS AND OTHER SUPPORT					
Contributions	$ 10,888,518	$ 7,351,483	$ -	$ 18,240,001	$ 28,223,458
Combined Federal campaign	675,634	1,044	-	676,678	525,670
Bequests	-	1,194,522	-	1,194,522	1,106,856
Special events, net of direct benefits to donor of $344,094 and $301,873, respectively	2,345,337	100,000	-	2,445,337	2,592,274
Court costs and attorney fees awarded	153,302	-	-	153,302	125,735
Other income	-	-	-	-	233,638
Investment income, net of fees of $149,294 and $119,191, respectively	-	654,689	-	654,689	499,364
Net appreciation on investments and assets held in trust by other	821	807,115	51,225	859,161	1,895,126
Net assets released from restrictions	9,253,180	(9,253,180)	-	-	-
Total revenue, gains, reclassifications, and other support	23,316,792	855,673	51,225	24,223,690	35,202,121
EXPENSES					
Program services					
Legal	9,958,095	-	-	9,958,095	10,424,925
Thurgood Marshall Institute	3,913,644	-	-	3,913,644	3,097,221
Herbert Lehman Education	394,540	-	-	394,540	390,473
Earl Warren Legal Training	50,700	-	-	50,700	60,370
Total program services	14,316,979	-	-	14,316,979	13,972,989
Supporting services					
Fundraising	3,732,622	-	-	3,732,622	2,969,605
Management and general	1,985,277	-	-	1,985,277	1,498,655
Total supporting services	5,717,899	-	-	5,717,899	4,468,260
Total expenses	20,034,878	-	-	20,034,878	18,441,249
Changes in net assets before other credit	3,281,914	855,673	51,225	4,188,812	16,760,872
OTHER CREDIT					
Credit for pension benefit other than net periodic pension cost	952,730	-	-	952,730	1,455,194
Changes in net assets	4,234,644	855,673	51,225	5,141,542	18,216,066
Net assets, beginning of year	13,087,759	30,002,275	18,452,760	61,542,794	43,326,728
Net assets, end of year	$ 17,322,403	$ 30,857,948	$ 18,503,985	$ 66,684,336	$ 61,542,794

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, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 5,141,542	$ 18,216,066
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	813,603	778,804
Donated securities	(491,517)	(233,699)
Bad debt expense	31,578	-
Net appreciation on investments and assets held by others in trust	(859,161)	(1,895,126)
Increase in accounts receivable	(4,937)	(4,506)
Increase in contributions and court fees receivable	(2,257,991)	(4,758,480)
(Decrease) increase in other assets	13,604	(59,259)
Decrease in accrued pension liability	(3,039,024)	(941,381)
(Decrease) increase in accounts payable and accrued expenses	(107,020)	393,240
Net cash (used in) provided by operating activities	(759,323)	11,495,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments and assets held by others in trust	9,402,768	13,816,877
Purchases of investments and assets held in trust	(7,043,317)	(16,335,652)
Purchases of property and equipment	(235,303)	(434,690)
Net cash provided by (used in) investing activities	2,124,148	(2,953,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgage issuance	2,448,713	-
Repayment of mortgage	(3,517,170)	(116,634)
Net cash used in financing activities	(1,068,457)	(116,634)
Net increase in cash and cash equivalents	296,368	8,425,560
Cash and cash equivalents, beginning of year	17,726,355	9,300,795
Cash and cash equivalents, end of year	$ 18,022,723	$ 17,726,355
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$ 98,889	$ 121,284

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

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, and administration of criminal justice, and to increase educational opportunities through scholarships. Primary revenue sources include fundraising 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

<u>Basis of Accounting</u>

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.

<u>Use of Estimates</u>

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.

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 receivable 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.

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.

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

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, 2018 and 2017, no allowance for doubtful accounts was deemed required.

In-kind Contributions

In-kind contributions represent 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.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 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.

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

Investments *(continued)*

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 – 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 – Determined using the Net Asset Value ("NAV") as a practical expedient. The NAV is determined 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, 2018.

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

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 appreciation includes the Fund's gains and losses on investments bought, sold, and held during the year.

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

Investment Income and Investment Management Fees

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 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 in the fair value of investments is reflected in changes to unrestricted, temporarily restricted and permanently restricted net assets. Investment management fees of $149,294 and $119,191 have been incurred for the years ended June 30, 2018 and 2017, 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.

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 difference between cost and cash flows. Management determined that no long-lived assets were impaired at June 30, 2018 and 2017.

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 trusts are recorded as investment income and changes to the perpetual trusts' values are reported in the permanently restricted net asset class.

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

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 $57,465 and $59,347 at June 30, 2018 and 2017, respectively. Annual adjustments to fair value amounts are recognized as net appreciation in permanently restricted net assets class 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. As discussed in Note 10 the pension plan was frozen, effective July 1, 2009.

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.

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

Income Tax Status *(continued)*

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, 2018, 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 2015.

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.

Summarized Financial Information

The amounts shown for the year ended June 30, 2017, in the accompanying consolidated financial statements were derived from the June 30, 2017 audited consolidated financial statements and are summarized totals that were included to provide a basis for comparison with 2018. Accordingly, the 2017 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.

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

<u>Recent Accounting Pronouncements</u>

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides clarifying guidance on accounting for the grants and contracts of nonprofit organizations as they relate to the new revenue standard (ASU 2014-09 Revenue from Contracts with Customers). The ASU also aims to minimize diversity in the classification of grants and contracts that exists under current guidance with regards to exchange transactions and unconditional and conditional contributions. The ASU is to be applied on a modified prospective basis and is effective for contributions received for annual periods beginning after December 15, 2018. The ASU is effective for contributions made for annual periods beginning after December 15, 2019. LDF is currently evaluating the impact of the adoption of this ASU on its financial statements and accompanying notes.

In August 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-14, *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 the 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 2017, the FASB issued ASU No. 2017-02, *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. 2017-02, 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. 2017-02 is effective for annual periods beginning after December 15, 2019 with early adoption permitted. LDF is currently evaluating the impact of adopting ASU No. 2017-02.

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

Recent Accounting Pronouncements *(continued)*

In May 2015, the 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 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, 2016, with retrospective application to all periods presented. LDF adopted ASU 2015-07 for its fiscal year ended June 30, 2018, and has applied the amendment to all periods presented.

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, 2018 and 2017, approximately 97% of the Fund's cash and cash equivalents were held by two financial institutions.

NOTE 4 CONTRIBUTIONS AND COURT COST RECEIVABLE, NET

Contributions and court cost receivable, net as of June 30, 2018 and 2017, were due as follows:

	2018	2017
Less than one year	$ 6,396,301	$ 3,040,122
One to five years	3,850,000	5,006,864
More than five years	-	37,386
	10,246,301	8,084,372
Fair value adjustment	(129,388)	(193,872)
	$ 10,116,913	$ 7,890,500

Those receivables that are due in more than one year are recorded at their fair value, using discount rates ranging from 2.5% to 12% per year for the years ending June 30, 2018 and 2017, respectively.

NOTE 5 INVESTMENTS

Investments as of June 30, 2018 and 2017, were as follows:

	2018		2017	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Interest-bearing cash and cash equivalents	$ 937,646	$ 937,646	$ 1,342,862	$ 1,342,862
U.S. Government and agency obligations	1,844,685	1,950,651	1,847,937	1,905,137
Common stocks	5,295,723	4,457,124	5,131,452	3,845,647
Corporate bonds	2,478,837	2,505,448	3,319,691	3,317,482
Exchange-traded funds	15,268,626	14,429,682	15,267,806	15,063,769
Mutual funds	1,004,920	881,479	980,687	846,520
	$ 26,830,437	$ 25,162,030	$ 27,890,435	$ 26,321,417

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:

	Total	Level 1	Level 2	Level 3
As of June 30, 2018				
Interest-bearing cash and cash equivalents	$ 13,428,416	$ 13,428,416	$ -	$ -
Investments				
Interest-bearing cash and cash equivalents	937,646	937,646	-	-
U.S. Government and agency obligations	1,844,685	-	1,844,685	-
Common stocks	5,295,723	5,295,723	-	-
Corporate bonds	2,478,837	-	2,478,837	-
Mutual funds - equities	1,004,920	1,004,920	-	-
Exchange-traded funds				
Equities	7,904,219	7,904,219	-	-
Fixed income	4,508,697	4,508,697	-	-
Real estate	810,239	810,239	-	-
Hedge funds	1,532,508	1,532,508	-	-
Commodities	512,963	512,963	-	-
Subtotal	26,830,437	22,506,915	4,323,522	-
Assets held in trust by others				
Cash and cash equivalents	35,263	35,263	-	-
Mutual funds–equities	550,024	550,024	-	-
Mutual funds–fixed income	35,233	35,233	-	-
Mutual funds–hedge funds	225,275	225,275	-	-
Mutual funds–commodities	81,682	81,682	-	-
Subtotal	927,477	927,477	-	-
		$ 36,862,808	$ 4,323,522	$ -
Investments measured at NAV as a practical expedient				
Common/collective trust funds	689,756			
Total	$ 41,876,086			

NOTE 6 FAIR VALUE MEASUREMENTS *(continued)*

	Total	Level 1	Level 2	Level 3
As of June 30, 2017				
Interest-bearing cash and cash equivalents	$ 9,431,851	$ 9,431,851	$ -	$ -
Investments				
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 - equities	980,687	980,687	-	-
Exchange-traded funds				
Equities	7,883,825	7,883,825	-	-
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	27,890,435	22,722,807	5,167,628	-
Assets held in trust by others				
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	-	-
Subtotal	913,651	913,651	-	-
		$ 33,068,309	$ 5,167,628	$ -
Investments measured at NAV as a practical expedient				
Common/collective trust funds	652,357			
Total	$ 38,888,294			

The leveling for U.S. Government and agency obligations was changed from Level 1 to Level 2 based on new information received by management.

NOTE 7 PROPERTY AND EQUIPMENT, NET

The composition of property and equipment at June 30, 2018 and 2017, was as follows:

	2018	2017
Condominium interest	$ 16,141,320	$ 16,141,320
Furniture and equipment	1,101,065	1,086,969
Computer equipment	631,683	532,848
Telephone	140,588	140,588
Website	171,986	95,150
Leasehold improvements	14,563	14,563
	18,201,205	18,011,438
Less: Accumulated depreciation and amortization	(3,813,966)	(3,045,899)
	$14,387,239	$ 14,965,539

Depreciation and amortization expenses were $813,603 and $778,804 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
Unappropriated income of endowment assets:		
General fund	$ 4,410,187	$ 4,239,199
Herbert Lehman Education	908,824	955,629
Earl Warren Legal Training	250,088	247,470
	5,569,099	5,442,298
Restricted as to the passage of time or purpose:		
Restricted for periods after June 30, 2018	14,811,792	13,747,772
Herbert Lehman Education	203,709	111,756
Thurgood Marshall Institute	1,237,447	3,388,326
Legal programs	9,035,901	7,312,123
	$ 30,857,948	$ 30,002,275

NOTE 8 TEMPORARILY RESTRICTED AND PERMANENTLY RESTRICTED NET ASSETS *(continued)*

Net assets were released from donor restrictions in 2018 and 2017 by incurring expenses satisfying the restricted purposes or by the passage of time as follows:

	2018	2017
Released from temporarily restricted net assets due to appropriation of income from endowment assets		
General and legal programs	$ 969,767	$ 1,570
Herbert Lehman scholarship program	171,713	200,693
Earl Warren scholarship program	28,900	28,000
	1,170,380	230,263
Purpose restrictions met		
Legal programs	1,585,323	1,660,761
Thurgood Marshall Institute	2,594,326	1,073,459
Herbert Lehman education (including fundraising expenses of $66,301 and $45,261, respectively)	289,129	228,975
Earl Warren legal training (including fundraising expenses of $567 and $125, respectively)	22,367	32,567
Passage of time	3,591,655	600,267
	$ 9,253,180	$ 3,826,292

Permanently restricted net assets (including perpetual trusts held by outside trustees) totaled $18,503,985 and $18,452,760 at June 30, 2018 and 2017, 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:

	2018	2017
Funds for general operations	$ 14,307,167	$ 14,307,167
Funds for legal programs	2,124,160	2,124,160
Funds for scholarships	455,425	455,425
Perpetual trusts		
Scholarships	1,559,951	1,506,661
Unrestricted	57,282	59,347
	$ 18,503,985	$ 18,452,760

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.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Lease Agreement *(continued)*

In January 2018, LDF opted to terminate the lease as of July 2018.

Total rent expense, including escalations, for the years ended June 30, 2018 and 2017 were $330,383 and $301,505, respectively.

NOTE 10 PENSION PLAN

LDF sponsors a contributory, defined contribution plan for all full-time employees. Employer contributions were $343,401 and $129,524 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
Reconciliation of projected benefit obligation		
Obligation, beginning of year	$ 9,076,123	$ 9,908,743
Service cost	142,450	152,438
Interest cost	306,708	310,638
Actuarial gain	(669,029)	(552,022)
Benefit payments	(943,409)	(743,674)
Obligation, end of year	$ 7,912,843	$ 9,076,123

	2018	2017
Reconciliation of fair value of Plan assets		
Fair value of Plan assets, beginning of year	$ 5,576,062	$ 5,467,301
Actual return on Plan assets	220,312	684,921
Employer contributions	2,592,000	162,616
Benefit payments	(936,569)	(738,776)
Fair value of Plan assets, end of year	$ 7,451,805	$ 5,576,062
Funded status		
Funded status, end of year	$ (461,037)	$(3,500,061)

NOTE 10 PENSION PLAN *(continued)*

At June 30, 2018 and 2017, the funded status of the Plan is reported in the consolidated statements of financial position as follows:

	2018	2017
Accrued pension liability	$ 461,037	$ 3,500,061

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

	2018	2017
Discount rate	4.00%	3.50%

Amounts recognized in net unrestricted assets consisted of the following:

	2018	2017
Cumulative loss at measurement date	$ 2,804,950	$ 3,757,680

Other credit in plan assets and benefit obligations recognized in unrestricted net assets in 2018 and 2017 consisted of the following:

	2018	2017
Net loss	$ 568,394	$ 917,936
Amortization of net loss	384,336	537,258
Total credit	$ 952,730	$ 1,455,194

The estimated net gain (loss) 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 $384,336.

Net Periodic Benefit Cost

The following table provides the components of net periodic benefit cost for the Plan for 2018 and 2017:

	2018	2017
Service cost	$ 142,450	$ 152,438
Interest cost	306,708	310,638
Expected return on plan assets	(327,788)	(323,905)
Amortization of net loss	384,336	537,258
Net periodic benefit cost	$ 505,706	$ 676,429

NOTE 10 PENSION PLAN *(continued)*

Net Periodic Benefit Cost *(continued)*

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:

	2018	2017
Weighted-average assumptions, as of June 30		
Discount rate	4.00%	3.50%
Expected return on plan assets	6.00%	6.00%

As of June 30, 2017, the Mortality Table and Projection Scale was changed from Society of Actuaries RP-2014 tables with projection scale MP-2016 to Society of Actuaries RP-2014 adjusted from 2006 tables with projection scale MP-2017.

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.

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. LDF has currently implemented a liability driven investment for the Plan. The Plan's investment strategies are to invest prudently for the sole purpose of providing benefits to participants. The target is to create an investment portfolio which will mirror the increases and decreases in the Plan's liabilities, and 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.

NOTE 10 PENSION PLAN *(continued)*

Plan Assets *(continued)*

The target allocation of Plan assets and actual allocation at the end of 2018 and 2017, by asset category based on asset fair values, are as follows:

Asset Category	2018 Target Allocation	2018 Actual Allocation	2017 Actual Allocation
Cash and cash equivalents	4%	3.3%	16.7%
Equities	-	-	39.7%
Fixed income/debt securities	-	-	32.2%
Exchange-traded funds			
Real estate	-	-	3.8%
Hedge funds	-	-	5.7%
Commodities	-	-	1.9%
Fixed income	71%	71.0%	-
Mutual funds	25%	25.7%	-
	100.0%	100.0%	100.0%

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

	2018	2017
Investments		
Cash equivalents	$ 248,990	$ 927,039
U.S. Government and agency obligations	-	534,474
Corporate bonds	-	269,410
Exchange-traded funds		
Equities	-	2,204,552
Fixed income	7,232,952	989,199
Real estate	-	211,994
Hedge funds	-	319,157
Commodities	-	106,634
Total investments	7,481,942	5,562,459
Accrued interest on investments	-	3,754
Prepaid expenses	-	17,500
Accrued expenses	(30,137)	(31,705)
Notes receivable from loan participants	-	24,053
Total Plan net assets	$ 7,451,805	$ 5,576,061

The Plan's investments as of June 30, 2018 and 2017, are carried at fair value based on quoted market prices in active markets and on national security exchanges, when available, or using valuation models which incorporate certain observable inputs including recent trading activity for comparable securities and brokers quoted prices. The Plan's investments are all classified as Level 1 and Level 2 in accordance with the fair value hierarchy described in Note 6.

NOTE 10 PENSION PLAN *(continued)*

Plan Assets *(continued)*

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 level of contributions necessary to provide for benefits under the Plan is determined in accordance with generally accepted actuarial principles. LDF's policy is to make contributions to the Plan to satisfy ERISA's minimum funding requirements. However, during 2018, LDF made a significant contribution to the Plan in order to improve its funded status. The minimum required contributions for the Plan years beginning July 1, 2017, and July 1, 2016, were $0 and $388,863, respectively. Cash contributions in the amount of $2,508,033 were made during 2018. The July 1, 2016 minimum required contribution was satisfied through $162,616 in cash contributions made during 2017, prefunding balance elections of $159,052 during 2017 and an additional cash contribution of $83,967 during fiscal 2018.

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:

Year	Amount
2019	$ 369,832
2020	460,377
2021	455,589
2022	459,469
2023	460,253
2024-2028	2,559,814

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, 2018 and 2017, LDF held in escrow $3,425 and $125,481, respectively, for members of the class and participating attorneys. The escrow amounts are invested in interest bearing cash accounts.

NOTE 12 IN-KIND CONTRIBUTIONS

In fiscal years ended June 30, 2018 and 2017, 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:

	2018	2017
Legal services	$ 1,356,478	$ 1,157,874
Goods	-	17,809
Total in-kind contributions	$ 1,356,478	$ 1,175,684

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.

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 there characterized as "permanently restricted" or "temporarily restricted," except where inconsistent with the intent of the donor expressed in the gift instrument.

NOTE 13 ENDOWMENTS *(continued)*

Interpretation of Relevant Law *(continued)*

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.

The changes in endowment net assets for the years ended June 30, 2018 and 2017, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Year ended June 30, 2018				
Endowment net assets, beginning of year	$ -	$ 5,442,298	$ 16,886,752	$ 22,329,050
Investment return				
Investment income	-	521,568	-	521,568
Net realized/unrealized appreciation in value of investments	-	700,100	-	700,100
Contributions				
Appropriation for expenditures	1,094,867	(1,094,867)	-	-
Expenditures	(1,094,867)	-	-	(1,094,867)
Endowment net assets, end of year	$ -	$ 5,569,099	$ 16,886,752	$ 22,455,851

NOTE 13 ENDOWMENTS *(continued)*

Interpretation of Relevant Law *(continued)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Year ended June 30, 2017				
Endowment net assets, beginning of year	$ -	$ 3,476,659	$ 16,833,752	$ 20,310,411
Investment return				
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	$ -	$ 5,442,298	$ 16,886,752	$ 22,329,050

At June 30, 2018 and 2017, the endowment fund compositions by net asset classification are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted fund	$ -	$ 5,569,099	$ 16,886,752	$ 22,455,851
Endowment net assets, June 30, 2018	$ -	$ 5,569,099	$ 16,886,752	$22,455,851

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted fund	$ -	$ 5,442,298	$ 16,886,752	$ 22,329,050
Endowment net assets, June 30, 2017	$ -	$ 5,442,298	$ 16,886,752	$ 22,329,050

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, 2018 and 2017.

NOTE 13 ENDOWMENTS *(continued)*

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 2018 and 2017, respectively. Actual returns in any given year may vary from this amount.

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% 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 mortgage loan agreement with a face value of $4,000,000. The mortgage bore interest at 3.36% for five years and was secured by LDF's property at 40 Rector Street. Thereafter, the interest rate was adjusted and fixed for an additional five years at a rate per year equal to the United States Treasury Securities Rate plus 2.90%

NOTE 14 MORTGAGE NOTE PAYABLE *(continued)*

On May 10, 2018, LDF entered into a new mortgage loan agreement with a face value of $2,448,713. The mortgage bears interest at 3.97% for ten years and is secured by LDF's property at 40 Rector Street. The mortgage note provides for monthly payments of principal and interest to Bank of America, the loan holder, through May 10, 2028, at which time the remaining principal balance plus any accrued and unpaid interest becomes due.

Future minimum principal payments as of June 30, 2018, are as follows:

Year	Amount
2019	$ 82,284
2020	85,402
2021	89,159
2022	92,815
2023	96,620
Thereafter	1,981,778
	$ 2,428,058

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, 2018, the Fund met this requirement.

NOTE 15 RELATED PARTIES

During the 2018 fiscal year, members of LDF's Board of Directors made donations totaling over $3.7 million to LDF. LDF has accounted for their contributions 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, 2018, through November 20, 2018, the date the consolidated financial statements were available to be issued, and determined that there were no subsequent events that required recognition or disclosure.

LDF entered into a sub-lease agreement for office space in Washington, DC on July 23, 2018. The term of the lease is October 1, 2018 until October 30, 2028.

SUPPLEMENTARY INFORMATION

NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE
Consolidating Statement of Financial Position
June 30, 2018
(With Summarized Financial Information for 2017)

	NAACP Legal Defense and Educational Fund, Inc.	Earl Warren Legal Training Program, Inc.	2018 Total	2017 Total
ASSETS				
Cash and cash equivalents	$ 18,016,308	$ 6,415	$ 18,022,723	$ 17,726,355
Accounts receivable	50,494	-	50,494	45,557
Contributions and court fees receivable	10,116,913	-	10,116,913	7,890,500
Amounts held in escrow	3,425	-	3,425	125,481
Investments	26,123,172	707,265	26,830,437	27,890,435
Other assets	359,866	-	359,866	373,470
Intercompany receivable (payable)	8,167	(8,167)	-	-
Property and equipment, net	14,387,239	-	14,387,239	14,965,539
Assets held in trust by others	1,617,233	-	1,617,233	1,566,008
Total assets	$ 70,682,817	$ 705,513	$ 71,388,330	$ 70,583,345
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	$ 1,811,474	$ -	$ 1,811,474	$ 1,918,494
Mortgage payable	2,428,058	-	2,428,058	3,496,515
Accrued pension liability	461,037	-	461,037	3,500,061
Court awards and fees pending distribution	3,425	-	3,425	125,481
Total liabilities	4,703,994	-	4,703,994	9,040,551
Net assets				
Unrestricted				
Available for operations	5,363,222	-	5,363,222	1,618,735
Invested in property and equipment	11,959,181	-	11,959,181	11,469,024
Total unrestricted	17,322,403	-	17,322,403	13,087,759
Temporarily restricted	30,607,860	250,088	30,857,948	30,002,275
Permanently restricted	18,048,560	455,425	18,503,985	18,452,760
Total net assets	65,978,823	705,513	66,684,336	61,542,794
Total liabilities and net assets	$ 70,682,817	$ 705,513	$ 71,388,330	$ 70,583,345

NAACP LEGAL DEFENSE AND EDUCATIONAL FUND, INC. AND AFFILIATE
Consolidating Statement of Activities
For the Year Ended June 30, 2018
(With Summarized Financial Information for 2017)

	NAACP Legal Defense and Educational Fund, Inc.	Earl Warren Legal Training Program, Inc.	2018 Total	2017 Total
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions	$ 18,220,001	$ 20,000	$ 18,240,001	$ 28,223,458
Combined Federal campaign	675,634	1,044	676,678	525,670
Bequests	1,194,522	-	1,194,522	1,106,856
Special events, net of direct benefits to donor cost of $344,094 and $301,873, respectively	2,445,337	-	2,445,337	2,592,274
Court costs and attorney fees awarded	153,302	-	153,302	125,735
Other income	-	-	-	233,638
Investment income, net of fees of $149,294 and $119,191, respectively	637,458	17,231	654,689	499,364
Net appreciation on investments and assets held in trust by others	843,551	15,610	859,161	1,895,126
Total revenue, gains, and other support	24,169,805	53,885	24,223,690	35,202,121
EXPENSES				
Program services				
Legal	9,958,095	-	9,958,095	10,424,925
Thurgood Marshall Institute	3,913,644	-	3,913,644	3,097,221
Herbert Lehman education	394,540	-	394,540	390,473
Earl Warren legal training	-	50,700	50,700	60,370
Total program services	14,266,279	50,700	14,316,979	13,972,989
Supporting services				
Fundraising	3,732,055	567	3,732,622	2,969,605
Management and general	1,985,277	-	1,985,277	1,498,655
Total supporting services	5,717,332	567	5,717,899	4,468,260
Total expense	19,983,611	51,267	20,034,878	18,441,249
Changes in net assets before other credit	4,186,194	2,618	4,188,812	16,760,872
OTHER CREDIT				
Credit to pension benefit other than net periodic pension cost	952,730	-	952,730	1,455,194
Changes in net assets	5,138,924	2,618	5,141,542	18,216,066
Net assets, beginning of year	60,839,899	702,895	61,542,794	43,326,728
Net assets, end of year	$ 65,978,823	$ 705,513	$ 66,684,336	$ 61,542,794

NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE
Consolidated Schedule of Functional Expenses
For the Year Ended June 30, 2018
(With Summarized Financial Information for 2017)

	Program Services					Supporting Services				
Description	**Legal Programs**	**Thurgood Marshall Institute**	**Herbert Lehman Education**	**Earl Warren Legal Training**	**Subtotal**	**Fundraising**	**Mgmt. and General**	**Subtotal**	**2018 Total Expenses**	**2017 Total Expenses**
Personnel costs										
Payroll	$ 3,952,788	$ 1,886,978	$ 52,107	$ 12,000	$ 5,903,873	$ 858,922	$ 763,440	$ 1,622,362	$ 7,526,235	$ 5,964,022
Benefits	1,404,391	670,427	18,868	3,000	2,096,686	305,167	271,244	576,411	2,673,097	2,335,201
Temporary help	195,001	60,151	-	-	255,152	126,162	17,153	143,315	398,467	402,435
Total personnel costs	5,552,180	2,617,556	70,975	15,000	8,255,711	1,290,251	1,051,837	2,342,088	10,597,799	8,701,658
Legal programs										
Lobbying professionals	-	-	-	-	-	-	-	-	-	67,477
Court costs	26,191	-	-	-	26,191	-	-	-	26,191	60,297
Expert witness	103,063	-	-	-	103,063	-	-	-	103,063	381,657
Legal printing	31,231	-	-	-	31,231	-	-	-	31,231	1,167
Attorney conferences	256,396	8,655	-	-	265,051	-	-	-	265,051	240,260
Special research	217,895	85	-	-	217,980	-	-	-	217,980	158,753
Library	22,840	2,963	-	-	25,803	-	-	-	25,803	35,787
Bar association dues	24,032	650	-	-	24,682	-	-	-	24,682	21,791
Total legal programs	681,648	12,353	-	-	694,001	-	-	-	694,001	967,189
Other programs										
Scholarships/grants	25,700	1,618	300,000	30,000	357,318	-	-	-	357,318	1,298,124
Other expenses										
Photos/press release	27,450	25,050	-	-	52,500	279,251	1,329	280,580	333,080	111,466
List rental	-	-	-	-	-	82,773	-	82,773	82,773	67,480
Mail handling	-	-	-	-	-	5,148	-	5,148	5,148	5,090
Fundraising professionals	-	-	-	-	-	832,785	-	832,785	832,785	459,501
Insurance	88,433	29,106	1,441	-	118,980	23,305	19,893	43,198	162,178	124,266
Telephone	101,662	42,762	1,504	1,200	147,128	28,598	23,039	51,637	198,765	175,222
Occupancy expense	456,282	217,226	3,491	2,400	679,399	65,284	48,200	113,484	792,883	550,690
Bank charges	310	43	-	-	353	134,405	30	134,435	134,788	153,440
Storage	2,033	97,693	37	-	99,763	590	506	1,096	100,859	91,674
Mailing	33,630	6,076	722	-	40,428	161,104	2,080	163,184	203,612	196,733
Office supplies	51,813	18,911	-	-	70,724	11,669	14,765	26,434	97,158	113,560
Bad debt expense	-	-	-	-	-	-	31,578	31,578	31,578	-
Messenger services	1,755	1,390	-	-	3,145	2,605	298	2,903	6,048	6,147
Equipment repairs and maintenance	125,861	80,747	1,386	-	207,994	92,111	21,988	114,099	322,093	421,632
Utilities	29,520	11,321	562	300	41,703	10,444	7,759	18,203	59,906	56,243
Catering costs	142,630	72,232	101	-	214,963	35,270	8,951	44,221	259,184	236,618
Interest expense	50,153	19,234	955	-	70,342	15,365	13,182	28,547	98,889	121,284
Miscellaneous	48,715	18,693	542	-	67,950	86,516	17,154	103,670	171,620	128,292
Photocopying	45,816	13,552	494	300	60,162	9,659	6,828	16,487	76,649	75,542
Meetings and travel	633,861	247,379	1,158	-	882,398	102,048	19,598	121,646	1,004,044	914,600
Service bureau	2,413	925	46	-	3,384	739	8,689	9,428	12,812	10,677
IT professionals	92,414	41,405	1,725	-	135,544	30,709	23,817	54,526	190,070	353,143
Professional fees	1,284,784	166,133	1,561	1,500	1,453,978	47,716	553,782	601,498	2,055,476	2,084,275
Printing	65,687	14,274	-	-	79,961	258,086	1,712	259,798	339,759	237,899
Amortization	168,047	63,890	3,171	-	235,108	51,039	43,787	94,826	329,934	303,359
Depreciation	245,298	94,075	4,669	-	344,042	75,152	64,475	139,627	483,669	475,445
Total other expenses	3,698,567	1,282,117	23,565	5,700	5,009,949	2,442,371	933,440	3,375,811	8,385,760	7,474,278
Total expenses	$ 9,958,095	$ 3,913,644	$ 394,540	$ 50,700	$14,316,979	$ 3,732,622	$ 1,985,277	$ 5,717,899	$20,034,878	$18,441,249