

HER JUSTICE INC.

**Financial Statements
for years ended
June 30, 2023
and
June 30, 2022**

Independent Auditor's Report

To the Board of Directors
Her Justice Inc.

Opinion

We have audited the accompanying financial statements of Her Justice Inc. (the "Organization") which comprise the statement of financial position as of June 30, 2023 and June 30, 2022 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and June 30, 2022 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization has changed its method of accounting for operating leases as of July 1, 2022 due to the adoption of ASU 2016-02, Leases ("Topic 842"). Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Condon O'Meara McEnty & Donnelly LLP

January 31, 2024

HER JUSTICE INC.

Statement of Financial Position

Assets

	June 30	
	2023	2022
Current assets		
Cash and money market funds	\$ 5,718,289	\$3,984,762
Investments, at fair value	2,651,391	2,430,121
Accounts and other receivables	786,219	1,260,503
Prepaid expenses	17,902	2,336
Total current assets	9,173,801	7,677,722
Leasehold improvements, office furniture and equipment, net of accumulated depreciation and amortization of \$448,485 and \$425,522 in 2023 and 2022, respectively	196,338	43,193
Right-of-use asset – operating lease, net	6,668,181	-
Security and other deposits	488,399	480,150
Total assets	\$ 16,526,719	\$8,201,065

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 284,705	\$ 167,134
Current portion of operating lease liability	784,330	-
Total current liabilities	1,069,035	167,134
Long-term portion of operating lease liability	6,703,452	-
Total liabilities	7,772,487	167,134
Net assets		
Without donor restrictions		
Operating fund	5,442,835	4,996,304
Sustainability fund	2,651,391	2,430,121
Bequest fund	207,506	207,506
Total net assets without donor restrictions	8,301,732	7,633,931
With donor restrictions	452,500	400,000
Total net assets	8,754,232	8,033,931
Total liabilities and net assets	\$ 16,526,719	\$8,201,065

See notes to financial statements.

Statement of Activities

	Year Ended June 30									
	2023			2022						
	Without Donor Restrictions			Without Donor Restrictions						
	Operating	Sustainability Fund	Bequest Fund	Total	Operating	Sustainability Fund	Bequest Fund	Total	With Donor Restrictions	Total All Funds
Operating revenue										
Contributions	\$ 1,702,777	\$ -	\$ -	\$ 1,702,777	\$ 2,216,720	\$ -	\$ -	\$ 2,216,720	\$ 300,000	\$ 2,516,720
Government grant – PPP loan	-	-	-	-	613,265	-	-	613,265	-	613,265
Contract services	1,563,580	-	-	1,563,580	1,448,783	-	-	1,448,783	-	1,448,783
Benefit auction – net	3,035,986	-	-	3,035,986	3,026,098	-	-	3,026,098	-	3,026,098
Fall fundraiser	306,326	-	-	306,326	-	-	-	-	-	-
Investment return, net	96,432	221,270	-	317,702	199	(294,637)	-	(294,438)	-	(294,438)
Other	-	-	-	-	6,076	-	-	6,076	-	6,076
Net assets released from restrictions										
Total operating revenue	200,000	-	-	200,000	130,000	-	-	130,000	(130,000)	-
Contributions of nonfinancial assets										
Total revenue	6,905,101	221,270	-	7,126,371	7,441,141	(294,637)	-	7,146,504	170,000	7,316,504
Operating expenses										
Program services	3,952,342	-	-	3,952,342	3,865,271	-	-	3,865,271	-	3,865,271
Fundraising	1,108,871	-	-	1,108,871	752,397	-	-	752,397	-	752,397
Management and general	1,397,357	-	-	1,397,357	1,103,825	-	-	1,103,825	-	1,103,825
Total operating expenses	6,458,570	-	-	6,458,570	5,721,493	-	-	5,721,493	-	5,721,493
Contributions of nonfinancial assets - donated legal services and materials										
Total expenses	43,591,354	-	-	43,591,354	35,958,719	-	-	35,958,719	-	35,958,719
	50,049,924	-	-	50,049,924	41,680,212	-	-	41,680,212	-	41,680,212
Increase (decrease) in net assets	446,531	221,270	-	667,801	1,719,648	(294,637)	-	1,425,011	170,000	1,595,011
Net assets, beginning of year	4,996,304	2,430,121	207,506	7,633,931	3,276,656	2,724,758	207,506	6,208,920	230,000	6,438,920
Net assets, end of year	\$ 5,442,835	\$ 2,651,391	\$ 207,506	\$ 8,301,732	\$ 4,996,304	\$ 2,430,121	\$ 207,506	\$ 7,633,931	\$ 400,000	\$ 8,033,931

See notes to financial statements.

HER JUSTICE INC.

Statement of Functional Expenses

	Year Ended June 30				
	2023		2022		
	Supporting Activities		Supporting Activities		
	Program	Management	Program	Management	
	Services	and General	Services	and General	Total
		Fundraising		Fundraising	
Salaries	\$ 2,238,488	\$ 565,247	\$ 2,379,576	\$ 402,846	\$ 3,321,239
Payroll taxes and employee benefits	531,055	126,390	789,003	94,022	775,156
Total salaries and related	2,769,543	691,637	4,168,579	496,868	4,096,395
Occupancy	617,437	124,270	880,655	80,205	661,245
Professional fees	88,926	13,104	567,951	4,535	278,084
Legal resources and training	115,768	1,479	118,848	374	76,029
Information technologies	149,964	37,583	213,511	32,266	167,101
Marketing	-	6,114	6,114	3,711	3,711
Insurance	47,754	6,634	61,806	5,192	42,810
Depreciation and amortization	16,100	3,240	22,963	3,129	25,793
Administrative	129,837	60,741	220,048	21,201	184,543
Sub-total	1,165,786	253,165	2,091,896	150,613	1,439,316
Total operating expenses	3,935,329	944,802	6,260,475	647,481	5,535,711
Contributions of nonfinancial assets – donated legal services and materials	43,591,354	-	43,591,354	-	35,958,719
Benefit auction	17,013	341,303	375,329	40,433	404,328
Fall benefit	-	93,876	93,876	-	-
Total expenses	47,543,696	1,379,981	50,321,034	970,943	41,898,758
Less: expenses deducted directly on the statement of activities	-	(271,110)	(271,110)	(218,546)	(218,546)
Total expenses reported by function on the statement of activities	\$47,543,696	\$ 1,108,871	\$50,049,924	\$ 752,397	\$41,680,212
		\$ 1,397,357	\$39,823,990	\$1,103,825	

See notes to financial statements.

HER JUSTICE INC.

Statement of Cash Flows

	Year Ended June 30	
	2023	2022
Cash flows from operating activities		
Increase in net assets	\$ 720,301	\$1,595,011
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	22,963	25,793
Net ROU	819,601	-
Realized (gain) on investments	(85,865)	(63,283)
Unrealized loss on investments	(184,906)	409,012
Non-cash contributions	29,828	67,081
Proceeds from non-cash contributions	(29,828)	(67,081)
PPP loan forgiveness	-	(613,265)
(Increase) decrease in accounts receivables	474,284	(156,060)
Increase in prepaid expenses	(15,566)	-
(Increase) in security and other deposits	(8,249)	(323,145)
Increase (decrease) in accounts payable and accrued expenses	<u>117,571</u>	<u>(40,602)</u>
Net cash provided by operating activities	<u>1,860,134</u>	<u>833,461</u>
Cash flows from investing activities		
Purchase of leasehold improvements, office furniture and equipment	(176,108)	(36,688)
Proceeds from sale of investments	273,457	535,448
Purchases of investments	<u>(223,956)</u>	<u>(586,540)</u>
Net cash (used in) investing activities	<u>(126,607)</u>	<u>(87,780)</u>
Net increase in cash and money market funds	1,733,527	745,681
Cash and money market funds, beginning of year	<u>3,984,762</u>	<u>3,239,081</u>
Cash and money market funds, end of year	<u>\$5,718,289</u>	<u>\$3,984,762</u>

See notes to financial statements.

HER JUSTICE INC.**Notes to Financial Statements
June 30, 2023 and 2022****Note 1 – The Organization**

Her Justice (the “Organization”) was organized as a nonprofit corporation under the laws of the State of New York on October 9, 1992. The Organization stands with women living in poverty in New York City by recruiting and mentoring volunteer lawyers to provide free legal help, and by addressing individual and systemic legal barriers.

Note 2 – Summary of significant accounting policies**Net assets**

The Organization recognizes all unconditional grants and contributions as support on the statement of activities. Any grants or contributions that are without donor restrictions are recognized as such. Any grants or contributions that are restricted or pertain to future periods are reflected as net assets with donor restrictions. The following is a summary of the net assets:

Without donor restrictions**Operating**

Operating net assets are used to account for the general activities.

Sustainability fund

During the 2013 fiscal year, the Board of Directors authorized the establishment of a sustainability fund. The fund is to be used to ensure long-term sustainability.

Bequest fund

During the 2009 fiscal year, the Board of Directors authorized the establishment of a bequest fund. The fund is to be used to support development and marketing initiatives.

With donor restrictions

Net assets with donor restrictions (temporary donor restrictions) consist of expendable grants and contributions which are restricted by the donor or pertain to future periods. When the time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Contributions

A majority of revenues are from contributions of nonfinancial assets (legal services) and from contributions. Contributions are recognized as revenue in the period contributed. Contributions other than cash are recorded at their fair value on the date they are received.

The Organization’s policy is to record, as support without donor restrictions, contributions with donor-imposed restrictions when these restrictions are met in the same year that these contributions are received. Contributions with donor restrictions are recorded as support with donor restrictions.

HER JUSTICE INC.**Notes to Financial Statements (continued)**
June 30, 2023 and 2022**Note 2 – Summary of significant accounting policies (continued)****Contributions of nonfinancial assets**

The Organization engages the vast talent and resources of New York City's law firms, bringing together committed lawyers and determined women to secure life changing results. The Organization values and reports those contributions of nonfinancial assets composed of legal fees totaling \$43,591,354 for the 2023 fiscal year and \$35,958,719 for the 2022 fiscal year, which require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if they had not been provided by donation, at the estimated fair value of these services.

Cash equivalents

Highly liquid assets with a maturity of ninety days or less are considered to be cash equivalents.

Investments

Investments are recorded at fair value based on publicly quoted prices. Realized and unrealized gains and losses on the investments are recognized as revenue in the statement of activities in the sustainability fund.

Allowance for doubtful accounts

The Organization has determined that an allowance for doubtful accounts is not required for any accounts receivable or unconditional promises to give that may not be collectible. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and the current economic conditions.

Leasehold improvements, office furniture, equipment and depreciation

Office furniture and equipment are recorded at cost and are being depreciated on the straight-line method over their estimated useful lives. Leasehold improvements are being amortized over the term of the lease. During the 2022 fiscal year \$12,188 of fully depreciated assets were written off the books of the Organization.

Deferred rent

The Organization leases office space under an operating lease agreement. Landlord incentives and rent escalation clauses which provide for scheduled rent increases during the lease term are recorded on a straight-line basis over the lease term. The difference between the rent due under the stated periods compared to the straight-line basis are recorded net with the right-of-use asset at June 30, 2023.

Expense allocation

Expenses are charged to program services and fundraising on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Her Justice.

HER JUSTICE INC.

Notes to Financial Statements (continued) June 30, 2023 and 2022

Note 2 – Summary of significant accounting policies (continued)

Concentrations of credit risk

Financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and money market funds, investment and receivables. The Organization places its cash and money market funds with what it believes to be quality financial institutions. At times during the year, cash balances exceeded the FDIC insurance limit. The Organization has not experienced any losses in such accounts to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. The Organization routinely assesses the financial strength of its holdings in its investment portfolio. The Organization monitors its receivables on an ongoing basis and believes they are fully collectible. The Organization believes no significant concentrations of credit risk exist with respect to its cash and money market funds, investment and receivables.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from these estimates.

New accounting pronouncement

Effective July 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (“ROU”) model that requires a lessee to record a ROU asset, which represents the right to use a respective asset for the lease term, and an operating lease payable on the statement of financial position at the present value of the remaining future payments due under the lease. The Organization has elected to use a risk-free rate to discount its office lease to its net present value. The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through January 31, 2024, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

The following is a summary of the Organization’s financial assets as of the statement of financial position date that are available for general use within one year of the statement of financial position date:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,718,289	\$ 3,984,762
Investments, at fair value	2,651,391	2,430,121
Accounts receivables, net	<u>819,219</u>	<u>1,260,503</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,188,899</u>	<u>\$ 7,675,386</u>

HER JUSTICE INC.

Notes to Financial Statements (continued)
June 30, 2023 and 2022**Note 4 – Investments**

At June 30, 2023 and June 30, 2022, investments consist of the following:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Money market	\$ 10,473	\$ 10,473	\$ 37,920	\$ 37,920
Mutual funds				
Equity				
Domestic	561,713	864,809	486,831	703,511
International	281,253	309,941	281,253	275,776
Fixed Income – Bonds	1,533,723	1,466,168	1,544,794	1,412,914
Total	<u>\$2,387,162</u>	<u>\$2,651,391</u>	<u>\$2,350,798</u>	<u>\$2,430,121</u>

The following is a summary of investment income:

	2023	2022
Interest and dividend income	\$ 46,931	\$ 51,291
Realized gain on disposition of investments	85,865	63,283
Unrealized gain (loss) due to change in fair value of investments	<u>184,906</u>	<u>(409,012)</u>
Total investment return, net	<u>\$ 317,702</u>	<u>\$ (294,438)</u>

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Observable inputs other than Level 1 prices such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less active markets).
- Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of the assets.

All investments are considered to be Level 1.

Note 5 – Loan payable

On May 4, 2020, the Organization received \$613,265 under the Paycheck Protection Program (“PPP”). The Organization recorded the proceeds as a liability until the loan was forgiven and the Organization was legally released. The Organization spent all of the proceeds in accordance with the terms of the PPP loan program and the PPP loan was forgiven in its entirety during July 2021. The PPP loan is recorded as a government grant in the 2022 fiscal year statement of activities

HER JUSTICE INC.

Notes to Financial Statements (continued)
June 30, 2023 and 2022**Note 6 – Net assets with donor restrictions**

The transactions and components of net assets with temporary donor restrictions for the year ended June 30, 2023 and June 30, 2022 are as follows:

<u>Purpose</u>	<u>Balance at June 30, 2022</u>	<u>Support and Other</u>	<u>Released from Restrictions</u>	<u>Balance at June 30, 2023</u>
Multi-year pledges	\$ 400,000	\$ 252,500	\$ (200,000)	\$ 452,500

<u>Purpose</u>	<u>Balance at June 30, 2021</u>	<u>Support and Other</u>	<u>Released from Restrictions</u>	<u>Balance at June 30, 2022</u>
Multi-year pledges	\$ 230,000	\$ 300,000	\$ (130,000)	\$ 400,000

Note 7 – Retirement plan

Effective January 1, 2009, the Organization sponsors a flexible 401(k) profit sharing plan whereby eligible employees may authorize payroll deductions of a percentage of their salary not to exceed IRS limits. Each participant invests these amounts in various self-directed investment contracts, and the Plan is administered by an independent contractor. During fiscal 2023 and 2022, the Organization's contributions to the plan totaling to \$83,489 and \$99,078, respectively.

Note 8 – Lease agreements

During June 2011, the Organization entered into a lease agreement which expired on June 30, 2022. Monthly payments of \$46,560 began seven months after the commencement date for the first 5 years and \$52,380 for the remainder of the lease. During October 2021, the Organization entered into a first amendment to the lease extending the lease term for an additional ten years to June 30, 2032 with monthly payments of \$80,025 during the period from July 1, 2022 through June 30, 2027 and \$87,300 for the remainder of the lease. The Organization received a rent abatement in connection with the first amendment to the lease as described in the agreement. In connection with the lease, at June 30, 2023, the Organization has a letter of credit for \$488,399.

The following is a summary of operating lease information for the year ended June 30, 2023:

Operating lease cost for the 2023 fiscal year	\$ 671,455
ROU assets recorded in connection with the new lease accounting standard	\$ 7,339,636

HER JUSTICE INC.**Notes to Financial Statements (continued)**
June 30, 2023 and 2022**Note 9 – Tax status**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, it has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation under the meaning of Section 509(a)(1) of the Code. Her Justice qualifies for maximum charitable contribution deductions for donors.