

HER JUSTICE INC.

**Financial Statements
for years ended
June 30, 2021
and
June 30, 2020**

Independent Auditor's Report

To the Board of Directors
Her Justice Inc.

We have audited the accompanying financial statements of Her Justice Inc. which comprise the statement of financial position as of June 30, 2021 and June 30, 2020 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements. 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 financial statements referred to above present fairly, in all material respects, the financial position of Her Justice Inc. as of June 30, 2021 and June 30, 2020 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.

Condon O'Meara McGinty & Donnelly LLP

December 22, 2021

HER JUSTICE INC.

Statement of Financial Position

Assets

	June 30	
	2021	2020
Current assets		
Cash and money market funds	\$3,239,081	\$2,298,369
Investments, at fair value	2,724,758	2,326,483
Accounts and other receivables	1,104,443	802,670
Prepaid expenses	<u>2,336</u>	<u>2,336</u>
Total current assets	7,070,618	5,429,858
Leasehold improvements, office furniture and equipment, net of accumulated depreciation and amortization of \$411,917 and \$397,416 in 2021 and 2020, respectively	32,298	44,006
Security and other deposits	<u>157,005</u>	<u>155,529</u>
Total assets	<u>\$7,259,921</u>	<u>\$5,629,393</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 207,736	\$ 172,892
Loan payable	<u>613,265</u>	<u>613,265</u>
Total current liabilities	<u>821,001</u>	<u>786,157</u>
Net assets		
Without donor restrictions		
Operating fund	3,276,656	2,309,247
Sustainability fund	2,724,758	2,326,483
Bequest fund	<u>207,506</u>	<u>207,506</u>
Total net assets without donor restrictions	6,208,920	4,843,236
With donor restrictions	<u>230,000</u>	<u>-</u>
Total net assets	<u>6,438,920</u>	<u>4,843,236</u>
Total liabilities and net assets	<u>\$7,259,921</u>	<u>\$5,629,393</u>

See notes to financial statements.

HER JUSTICE INC.

Statement of Activities

	Year Ended June 30					2020				
	2021									
	Operating	Without Donor Restrictions	With Donor Restrictions	Total	Operating	Without Donor Restrictions	With Donor Restrictions	Total	With Donor Restrictions	Total
		Fund	Bequest Fund			Fund	Bequest Fund			
Operating revenue										
Contributions	\$ 1,565,465	\$ -	\$ -	\$ 1,565,465	\$ 1,962,025	\$ -	\$ -	\$ 1,962,025	\$ -	\$ 1,962,025
Contract services	1,369,412	-	-	1,369,412	1,397,811	-	-	1,397,811	-	1,397,811
Benefit auction	3,059,335	-	-	3,059,335	1,687,024	-	-	1,687,024	-	1,687,024
Fall fundraiser	-	-	-	-	78,295	-	-	78,295	-	78,295
Investment return, net	945	398,275	-	399,220	5,875	82,670	-	88,545	-	88,545
Other	25,450	-	-	25,450	19,349	-	-	19,349	-	19,349
Net assets released from restrictions	35,000	-	-	35,000	90,000	-	-	90,000	(90,000)	-
Total operating revenue	6,055,607	398,275	-	6,453,882	5,240,379	82,670	-	5,323,049	(90,000)	5,233,049
Donated services and materials										
Total revenue	40,686,256	-	-	40,686,256	38,636,825	-	-	38,636,825	-	38,636,825
	46,741,863	398,275	-	47,140,138	43,877,204	82,670	-	43,959,874	(90,000)	43,869,874
Operating expenses										
Program services	4,006,843	-	-	4,006,843	4,030,598	-	-	4,030,598	-	4,030,598
Fundraising	478,508	-	-	478,508	558,852	-	-	558,852	-	558,852
Management and general	602,847	-	-	602,847	554,955	-	-	554,955	-	554,955
Total operating expenses	5,088,198	-	-	5,088,198	5,144,405	-	-	5,144,405	-	5,144,405
Donated services and materials										
Total expenses	40,686,256	-	-	40,686,256	38,636,825	-	-	38,636,825	-	38,636,825
	45,774,454	-	-	45,774,454	43,781,230	-	-	43,781,230	-	43,781,230
Increase (decrease) in net assets										
	967,409	398,275	-	1,365,684	95,974	82,670	-	178,644	(90,000)	88,644
Net assets, beginning of year	2,309,247	2,326,483	207,506	4,843,236	2,213,273	2,243,813	207,506	4,664,592	90,000	4,754,592
Net assets, end of year	\$ 3,276,656	\$ 2,724,758	\$ 207,506	\$ 6,208,920	\$ 2,309,247	\$ 2,326,483	\$ 207,506	\$ 4,843,236	\$ -	\$ 4,843,236

See notes to financial statements.

HER JUSTICE INC.

Statement of Functional Expenses

	Year Ended June 30			
	2021		2020	
	Supporting Activities		Supporting Activities	
	Program	Management and General	Program	Management and General
	Services	Fundraising	Services	Fundraising
	Total		Total	
Salaries	\$ 2,326,723	\$ 268,105	\$ 2,982,738	\$ 197,886
Payroll taxes and employee benefits	500,505	57,672	641,621	40,872
Total salaries and related expenses	<u>2,827,228</u>	<u>325,777</u>	<u>3,624,359</u>	<u>238,758</u>
Occupancy	641,586	35,644	712,874	35,375
Professional fees	121,452	15,063	185,315	65,387
Legal resources and training	47,729	-	53,032	-
Information technologies	136,693	7,594	151,881	5,151
Marketing expenses	6,431	1,608	8,039	59,955
Insurance	37,773	-	41,970	-
Depreciation and amortization	50,318	-	55,909	-
Administrative expenses	124,180	1,118	137,978	-
Sub-total	<u>1,166,162</u>	<u>61,027</u>	<u>1,346,998</u>	<u>165,868</u>
Total operating expenses	<u>3,993,390</u>	<u>386,804</u>	<u>4,971,357</u>	<u>404,626</u>
Donated services and materials	40,686,256	-	40,686,256	-
Benefit auction	10,505	84,039	105,049	84,257
Fall fundraiser	2,948	7,665	11,792	69,969
Total expenses	<u>\$44,693,099</u>	<u>\$ 478,508</u>	<u>\$45,774,454</u>	<u>\$ 558,852</u>
		<u>\$ 602,847</u>	<u>\$42,667,423</u>	<u>\$ 554,955</u>
				<u>\$43,781,230</u>

See notes to financial statements.

HER JUSTICE INC.

Statement of Cash Flows

	Year Ended June 30	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in net assets	\$1,595,684	\$ 88,644
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	55,909	43,389
Realized (gain) loss on investments	(24,024)	742
Unrealized (gain) on investments	(308,381)	(16,824)
Non-cash contributions	91,198	78,825
Proceeds from non-cash contributions	(91,198)	(78,825)
(Increase) in accounts and other receivables	(301,773)	(108,751)
(Increase) in security and other deposits	(1,476)	(2,708)
Increase (decrease) in accounts payable and accrued expenses	<u>34,844</u>	<u>(431,576)</u>
Net cash provided by (used in) operating activities	<u>1,050,783</u>	<u>(427,084)</u>
Cash flows from investing activities		
Purchase of leasehold improvements, office furniture and equipment	(44,201)	(8,491)
Proceeds from sale of investments	149,597	380,252
Purchases of investments	<u>(215,467)</u>	<u>(446,840)</u>
Net cash (used in) investing activities	<u>(110,071)</u>	<u>(75,079)</u>
Cash flows from financing activities		
Proceeds from loan payable	<u>-</u>	<u>613,265</u>
Net increase in cash and money market funds	940,712	111,102
Cash and money market funds, beginning of year	<u>2,298,369</u>	<u>2,187,267</u>
Cash and money market funds, end of year	<u>\$3,239,081</u>	<u>\$2,298,369</u>

See notes to financial statements.

HER JUSTICE INC.**Notes to Financial Statements
June 30, 2021 and 2020****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 donated 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, 2021 and 2020****Note 2 – Summary of significant accounting policies (continued)**Donated services and materials

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 recognizes those and other donated services, 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. The Organization also receives donated materials. The estimated fair value of these services and materials has been reported in the statement of activities.

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 2021 and 2020 fiscal years, \$41,408 and \$13,577, respectively, of fully depreciated assets were written off the books of the Organization.

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, 2021 and 2020

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.

Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from COVID-19. The coronavirus continues to evolve and the effects on the Organization's operations are not readily determinable. Although we have maintained productivity - and, in some aspects, increased productivity - the impact of the pandemic and related travel restrictions has resulted in certain operational changes.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through December 22, 2021, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,239,081	\$ 2,298,369
Investments, at fair value	2,724,758	2,326,483
Accounts and other receivables	<u>1,104,443</u>	<u>802,670</u>
Total	<u>\$ 7,068,282</u>	<u>\$ 5,427,522</u>

HER JUSTICE INC.

Notes to Financial Statements (continued) June 30, 2021 and 2020

Note 4 – Investments

At June 30, 2021 and June 30, 2020, investments consist of the following:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Money market	\$ 29,273	\$ 29,273	\$ 32,463	\$ 32,463
Mutual funds				
Equity				
Domestic	466,957	785,100	419,778	556,848
International	281,253	350,381	281,253	267,369
Fixed Income – Bonds	1,458,940	1,560,004	1,413,035	1,469,803
Total	<u>\$2,236,423</u>	<u>\$2,724,758</u>	<u>\$2,146,529</u>	<u>\$2,326,483</u>

The following is a summary of investment income:

	2021	2020
Interest and dividend income	\$ 66,815	\$ 72,463
Realized gain (loss) on disposition of investments	24,024	(742)
Unrealized gain due to change in fair value of investments	<u>308,381</u>	<u>16,824</u>
Total investment return, net	<u>\$ 399,220</u>	<u>\$ 88,545</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”) which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The Organization recorded the proceeds as a liability until the loan is, in part or wholly, forgiven and the Organization is 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 will be recorded as a government grant in the 2022 fiscal year statement of activities.

HER JUSTICE INC.

Notes to Financial Statements (continued)
June 30, 2021 and 2020**Note 6 – Net assets with donor restrictions**

The transactions and components of net assets with temporary donor restrictions for the year ended June 30, 2021 and June 30, 2020 are as follows:

<u>Purpose</u>	<u>Balance at June 30, 2020</u>	<u>Support and Other</u>	<u>Released from Restrictions</u>	<u>Balance at June 30, 2021</u>
Multi-year pledges	\$ -	\$ 265,000	\$ (35,000)	\$ 230,000

<u>Purpose</u>	<u>Balance at June 30, 2019</u>	<u>Support and Other</u>	<u>Released from Restrictions</u>	<u>Balance at June 30, 2020</u>
Multi-year pledges	\$ 90,000	\$ -	\$ (90,000)	\$ -

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 2021 and 2020, the Organization's contributions to the plan totaling to \$57,954 and \$64,856, respectively.

Note 8 – Lease agreements

During June 2011, the Organization entered into a lease agreement which is set to expire 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. In connection with the lease, the Organization has a letter of credit secured by a certificate of deposit for \$148,410. 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 will receive a rent abatement in connection with the first amendment to the lease as described in the agreement.

During December 2019, the Organization entered into a license agreement for a portion of office space for one year and then to continue on a month-to-month basis, terminable upon ninety-day notice from either party.

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.