NAACP LEGAL DEFENSE AND EDUCATIONAL FUND, INC. AND AFFILIATE

Consolidated Financial Statements and Supplemental Information
For the Year Ended June 30, 2021
(With Summarized Financial Information for 2020)
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, 2021
(With Summarized Financial Information for 2020)

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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, 2021, the related consolidated statements of activities, functional expenses, 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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MITCHELL TITUS

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, 2021, 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 March 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Mitchell Titus, LLP

February 14, 2022

NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE
Consolidated Statements of Financial Position
As of June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 137,235,656	$ 99,568,453
Accounts receivable	203,034	88,926
Contributions and court fees receivable, net	22,307,908	63,156,571
Amounts held in escrow	3,423	3,425
Investments	170,965,581	32,031,876
Other assets	1,574,016	194,632
Property and equipment, net	13,530,949	13,676,616
Prepaid pension assets	-	56,483
Assets held in trust by others	1,995,904	1,593,008
Total assets	$ 347,816,471	$ 210,369,990
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 5,807,897	$ 4,691,932
Mortgage payable	-	2,260,372
Court awards and fees pending distribution	3,423	3,425
Total liabilities	5,811,320	6,955,729
Net assets		
Without donor restrictions		
Available for operations	184,418,535	114,615,079
Board designated	54,665,101	6,481,243
Invested in property and equipment	13,530,949	11,416,244
Total without donor restrictions	252,614,585	132,512,566
Net assets with donor restrictions	89,390,566	70,901,695
Total net assets	342,005,151	203,414,261
Total liabilities and net assets	$ 347,816,471	$ 210,369,990

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, 2021
(With Summarized Financial Information for 2020)

	2021			
	Without Donor Restrictions	With Donor Restrictions	Total	2020 Total
REVENUE, GAINS, RECLASSIFICATIONS AND OTHER SUPPORT				
Contributions	$ 127,694,864	$ 37,286,666	$ 164,981,530	$ 125,775,679
Third-party donor collection funds	12,822,238	272	12,822,510	22,149,434
Bequests	397,289	163,217	560,506	340,660
Special events, net of direct benefits to donor of $0 and $269,196, respectively	-	-	-	2,126,913
Court costs and attorney fees awarded	1,066,591	-	1,066,591	34,356
Other income	8,455	-	8,455	-
Investment income, net of fees of $326,095 and $127,029, respectively	19,725	1,232,279	1,252,004	771,566
Net appreciation (depreciation) on investments and on assets held in trust by others	896,509	7,755,316	8,651,825	(575,426)
Net assets released from restrictions	27,948,879	(27,948,879)	-	-
Total revenue, gains, reclassifications, and other support	170,854,550	18,488,871	189,343,421	150,623,182
EXPENSES				
Program services				
Legal programs	22,008,721	-	22,008,721	12,251,606
Thurgood Marshall Institute	12,179,893	-	12,179,893	4,922,461
Herbert Lehman Education	1,066,173	-	1,066,173	464,880
Earl Warren Legal Training	57,344	-	57,344	55,130
Total program services	35,312,131	-	35,312,131	17,694,077
Supporting services				
Fundraising	11,114,067	-	11,114,067	8,088,485
Management and general	4,326,333	-	4,326,333	2,592,379
Total supporting services	15,440,400	-	15,440,400	10,680,864
Total expenses	50,752,531	-	50,752,531	28,374,941
Changes in net assets before other credits	120,102,019	18,488,871	138,590,890	122,248,241
OTHER CREDITS				
Credits for pension benefits other than net periodic pension cost	-	-	-	(59,939)
Changes in net assets	120,102,019	18,488,871	138,590,890	122,188,302
Net assets, beginning of year	132,512,566	70,901,695	203,414,261	81,225,959
Net assets, end of year	$ 252,614,585	$ 89,390,566	$ 342,005,151	$ 203,414,261

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

NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Summarized Financial Information for 2020)

	Program Services					Supporting Services				
Description	Legal Programs	Thurgood Marshall Institute	Herbert Lehman Education	Earl Warren Legal Training	Subtotal	Fundraising	Management and General	Subtotal	2021 Total Expenses	2020 Total Expenses
Personnel costs										
Payroll	$ 6,866,755	$ 2,749,014	$ 296,221	$ 17,186	$ 9,929,176	$ 2,169,291	$ 1,879,769	$ 4,049,060	$ 13,978,236	$ 10,471,090
Benefits	2,561,894	1,025,613	69,786	4,458	3,661,751	809,042	701,825	1,510,867	5,172,618	3,596,663
Temporary help	85,121	141,242	-	-	226,363	130,185	113,360	243,545	469,908	378,431
Total personnel costs	9,513,770	3,915,869	366,007	21,644	13,817,290	3,108,518	2,694,954	5,803,472	19,620,762	14,446,184
Legal programs										
Court costs	97,648	-	-	-	97,648	-	-	-	97,648	46,546
Expert witness	278,664	-	-	-	278,664	-	-	-	278,664	389,506
Special research	338,795	16,403	-	-	355,198	-	-	-	355,198	248,165
Total legal programs	715,107	16,403	-	-	731,510	-	-	-	731,510	684,217
Other programs										
Scholarships/grants	533,545	-	292,000	30,000	855,545	-	-	-	855,545	334,339
Other expenses										
Photos/ads/press releases	2,360	2,520,407	-	-	2,522,767	1,581,531	1,348	1,582,879	4,105,646	435,677
List rental	-	-	-	-	-	24,162	-	24,162	24,162	39,389
Mail handling	37	10	-	-	47	120,382	382	120,764	120,811	39,175
Fundraising professionals	-	-	-	-	-	3,237,758	-	3,237,758	3,237,758	1,856,437
Insurance	86,212	19,730	1,651	-	107,593	33,335	26,367	59,702	167,295	165,261
Telephone	121,653	43,671	2,315	1,200	168,839	54,237	59,691	113,928	282,767	248,096
Occupancy expense	473,766	140,630	11,748	2,400	628,544	237,153	187,582	424,735	1,053,279	918,135
Bank and service charges	16	95	-	-	111	882,183	25,810	907,993	908,104	2,046,621
Storage	10,034	267,936	249	-	278,219	5,024	3,974	8,998	287,217	107,307
Mailing and messenger services	18,249	1,092,178	57	-	1,110,484	344,775	6,670	351,445	1,461,929	259,756
Office supplies	20,925	927,969	-	-	948,894	8,949	9,800	18,749	967,643	108,692
Library	15,625	12,027	-	-	27,652	4,670	216	4,886	32,538	55,127
Equipment repairs and maintenance	122,257	92,343	2,377	-	216,977	47,980	41,998	89,978	306,955	332,168
Utilities	32,282	9,561	801	300	42,944	16,163	12,785	28,948	71,892	58,345
Catering costs	4,178	4,996	110	-	9,284	562	440	1,002	10,286	186,478
Interest expense	108,723	32,199	2,696	-	143,618	54,435	43,057	97,492	241,110	93,114
Dues and membership fees	34,546	8,408	956	-	43,910	2,360	2,765	5,125	49,035	33,108
Miscellaneous	47,299	21,467	3,846	-	72,612	42,038	35,933	77,971	150,583	130,931
Conferences and meetings	2,706	3,098	300	-	6,104	43	1,620	1,663	7,767	226,687
Meetings and travel	26,354	25,785	2,208	-	54,347	43,762	81,647	125,409	179,756	858,752
Computer services	13,688	4,054	-	-	17,742	6,853	24,574	31,427	49,169	51,286
Accounting professionals	-	-	-	-	-	-	145,300	145,300	145,300	77,460
Legal professionals	8,319,451	-	-	-	8,319,451	45,748	296,635	342,383	8,661,834	1,662,448
IT professionals	209,770	245,533	22,631	-	477,934	104,797	83,156	187,953	665,887	351,371
Professional fees	1,054,652	2,213,726	345,313	1,500	3,615,191	686,427	366,160	1,052,587	4,667,778	1,233,772
Printing/photocopying	39,723	435,622	341	300	475,986	206,912	4,746	211,658	687,644	408,057
Amortization	221,134	48,980	4,102	-	274,216	82,804	65,496	148,300	422,516	388,059
Depreciation	260,659	77,196	6,465	-	344,320	130,506	103,227	233,733	578,053	538,492
Total other expenses	11,246,299	8,247,621	408,166	5,700	19,907,786	8,005,549	1,631,379	9,636,928	29,544,714	12,910,201
Total expenses	$ 22,008,721	$ 12,179,893	$ 1,066,173	$ 57,344	$ 35,312,131	$ 11,114,067	$ 4,326,333	$ 15,440,400	$ 50,752,531	$ 28,374,941

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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 138,590,890	$ 122,188,302
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	1,000,569	926,551
Donated securities	(1,806,249)	(1,373,919)
Net (appreciation) depreciation on investments and assets held in trust by others	(8,651,825)	575,426
Increase in accounts receivable	(114,108)	(16,225)
Decrease (increase) in contributions and court fees receivable	40,848,663	(45,215,096)
(Increase) decrease in other assets	(1,379,384)	374,727
Increase in accrued pension liability and prepaid pension assets	56,483	175,040
Increase in accounts payable and accrued expenses	1,115,965	2,048,834
Net cash provided by operating activities	169,661,004	79,683,640
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	95,950,702	35,531,989
Purchases of investments	(224,829,230)	(37,400,900)
Purchases of property and equipment	(854,901)	(320,937)
Net cash used in investing activities	(129,733,429)	(2,189,848)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage payable	(2,260,372)	(85,403)
Net cash used in financing activities	(2,260,372)	(85,403)
Net increase in cash and cash equivalents	37,667,203	77,408,389
Cash and cash equivalents, beginning of year	99,568,453	22,160,064
Cash and cash equivalents, end of year	$ 137,235,656	$ 99,568,453
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$ 241,110	$ 93,114

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, functional expenses 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 clients for skilled and knowledgeable attorneys.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

The consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the Fund is required to report information regarding its consolidated financial position and activities according to two net asset classes: without donor restrictions and with donor restrictions.

Use of Estimates

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

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

Credit Risk

The Fund invests in a professionally managed portfolio that contains mutual funds, money market funds and other investment funds. Such investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the consolidated financial statements.

In early 2020, an outbreak of the novel strain of coronavirus ("COVID-19") emerged globally, causing widespread economic turmoil. The reduced activity and other impacts of the COVID-19 pandemic may severely affect financial condition thus impacting the ability of donor to contribute to the Fund. The ultimate extent to which the COVID-19 pandemic impacts donors, contributors and the operations of the Fund will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

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:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions: 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.

Net assets subject to donor-imposed stipulations also include amounts 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.

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

Contributions, Third-party Donors and Revenue Recognition

Contributions, which include unconditional promises to give, are recognized as revenue in the period the pledge is made at fair value. Third-party donor collection funds are amounts collected by third-party donor aggregators (Aggregators) on behalf of the Fund. The collections are remitted net of service and merchant fees. The Fund records the donation gross along with the associated expenses. The Fund has established a policy for contributions received from Aggregators. Contributions received more than 90 days after the year end are recorded in the subsequent year.

The fair value of long-term contributions receivable is measured based on the present value of future cash flows, with consideration given to 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 net assets without donor restrictions unless its use is limited by donor-imposed restrictions. Expiration of 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 donor restrictions. Donor-restricted contributions received during the year whose restrictions have been met within the year are recorded as contributions without donor restrictions.

Unexpended contributions with purpose restrictions are credited with investment income.

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

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, 2021 and 2020, 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; see Note 12.

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

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.

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

Mutual funds, common stock and exchange-traded funds – Reported at fair value based on quoted market prices representing the interest/shares held.

U.S. Government and agency obligations and corporate bonds – Valued based on quoted market prices on national security exchanges, when available, or using valuation models that 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 12 months' notice. The common collective trust had no unfunded commitments at June 30, 2021 and 2020.

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

Investments *(continued)*

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.

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 values of investments is reflected in changes to net assets without donor restrictions and net assets with donor restrictions. Investment management fees of $321,692 and $127,029 have been incurred for the years ended June 30, 2021 and 2020, 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, five 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.

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

Property and Equipment *(continued)*

The Fund evaluates long-lived assets, which are held for use, for impairment whenever events or circumstances indicate that impairment may exist. An impairment loss is recorded if the net carrying value of the asset exceeds the undiscounted future net operating cash flows attributable to the asset. The impairment loss recognized equals the difference between cost and cash flows. Management determined that no long-lived assets were impaired at June 30, 2021 and 2020.

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 net assets with donor restrictions class.

Split-Interest Agreements

The Fund's interest in charitable remainder annuity trusts held by outside trustees is recognized in the accompanying consolidated statements of financial position as assets held in trust by others at the estimated fair value of amounts to be received upon termination of the trusts of $66,492 and $56,302 at June 30, 2021 and 2020, respectively. Annual adjustments to fair value amounts are recognized as net appreciation in net assets with donor restrictions 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

The Fund's defined-benefit pension plan is presented on a funded-status basis as of June 30, 2020. 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 terminated, effective April 1, 2021.

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

Defined Contribution Plan

The Fund has a voluntary defined-contribution plan where employees make tax-deferred contributions through payroll deductions. Starting on January 1, 2017, Fund began matching up to 4% of qualified employees' salary and making quarterly contributions to this plan. As of January 1, 2019, the matching contribution was increased to 6%. Additional discretionary contributions of $250 per quarter are made to all eligible employees. All contributions are subject to certain limitations of the Internal Revenue Code (the Code).

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 entities are publicly supported, contributions to them qualify for the maximum charitable contribution deduction under the IRC. LDF and EWLTP are also exempt from state and local income taxes.

U.S. GAAP requires management to evaluate uncertain tax positions taken by the Fund. The consolidated financial statement effects of a tax position are recognized when the position is more-likely-than-not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Fund and has concluded that as of June 30, 2021, 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 2018.

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 stipulate 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 past 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 updated its conflict of interest and whistle-blower policies to comply with the requirements of the Act.

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

Summarized Financial Information

The amounts shown for the year ended June 30, 2020, in the accompanying consolidated financial statements were derived from the June 30, 2020 audited consolidated financial statements and are summarized totals that were included to provide a basis for comparison with 2021. Accordingly, the 2020 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 based on time or function.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which provides guidance that will increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under ASU 2016-02, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The FASB recently approved deferring the adoption date of ASU 2016-02 for non-public entities. The effective date of the ASU was updated by ASU 2020-05 and is now effective for annual periods beginning after December 15, 2021, with early adoption permitted. The Fund is currently evaluating the impact of adopting ASU No. 2016-02 on its consolidated financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

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

At June 30, 2021 and 2020, approximately 97% of the Fund's cash and cash equivalents were held by two financial institutions.

NOTE 4 CONTRIBUTIONS AND COURT FEES RECEIVABLE, NET

Contributions and court fees receivable, net as of June 30, 2021 and 2020, was due as follows:

	2021	2020
Less than one year	$ 13,538,561	$ 51,937,305
One to five years	9,169,349	11,653,189
	22,707,910	63,590,494
Fair value adjustment	(400,002)	(433,923)
	$ 22,307,908	$ 63,156,571

Receivables that are due in more than one year are recorded at their fair value, using discount rates ranging from 2.5% to 3.0% per year for the years ended June 30, 2021 and 2020, respectively.

NOTE 5 INVESTMENTS

Investments as of June 30, 2021 and 2020, were as follows:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Interest-bearing cash and cash equivalents	$ 27,974,773	$ 27,974,773	$ 1,471,856	$ 1,471,856
U.S. Government and agency obligations	13,452,549	13,465,784	1,830,980	1,739,261
Common stocks	21,523,847	19,273,388	3,363,124	3,173,682
Corporate bonds	22,278,286	22,309,443	8,759,633	8,678,771
Exchange-traded funds	85,736,126	80,582,053	15,972,890	16,366,105
Mutual funds	-	-	633,393	535,523
	$ 170,965,581	$ 163,605,441	$ 32,031,876	$ 31,965,198

NOTE 6 FAIR VALUE MEASUREMENTS

The following tables set forth by level, within the fair value hierarchy described in Note 1, the Fund's investments at fair value:

	Total	Level 1	Level 2	Level 3
As of June 30, 2021				
Interest-bearing cash and cash equivalents	$109,119,748	$109,119,748	$ -	$ -
Investments				
Interest-bearing cash and cash equivalents	$ 27,974,773	$ 27,974,773	$ -	$ -
U.S. Government and agency obligations	13,452,549	-	13,452,549	-
Common stocks	21,523,847	21,571,010	-	-
Corporate bonds	22,278,286	-	22,278,286	-
Exchange-traded funds				
Equities	64,130,472	64,130,472	-	-
Fixed income	8,871,086	8,871,086	-	-
Real estate	-	-	-	-
Managed futures	12,734,568	12,734,568	-	-
Commodities	-	-	-	-
Total investments	$170,965,581	$135,281,909	$ 35,730,835	$ -
Assets held in trust by others, valued using net asset value (NAV)	$ 1,995,904			

	Total	Level 1	Level 2	Level 3
As of June 30, 2020				
Interest-bearing cash and cash equivalents	$ 20,691,763	$ 20,691,763	$ -	$ -
Investments				
Interest-bearing cash and cash equivalents	$ 1,471,856	$ 1,471,856	$ -	$ -
U.S. Government and agency obligations	1,830,980	-	1,830,980	-
Common stocks	3,363,124	3,363,124	-	-
Corporate bonds	8,759,633	-	8,759,633	-
Mutual funds – equities	633,393	633,393	-	-
Exchange-traded funds				
Equities	10,033,258	10,033,258	-	-
Fixed income	4,280,401	4,280,401	-	-
Real estate	1,416,212	1,416,212	-	-
Managed futures	210,542	210,542	-	-
Commodities	32,478	32,478	-	-
Total investments	$ 32,031,876	$ 21,441,263	$ 10,590,613	$ -
Assets held in trust by others, valued using net asset value (NAV)	$ 1,593,008			

NOTE 7 PROPERTY AND EQUIPMENT, NET

The composition of property and equipment at June 30, 2021 and 2020, was as follows:

	2021	2020
Condominium interest	$ 16,114,558	$ 16,103,407
Furniture and equipment	1,215,089	1,111,217
Computer equipment	1,178,564	821,480
Telephone	12,150	140,588
Website	346,842	159,718
Leasehold improvements	695,047	682,132
	19,562,250	19,018,542
Less: Accumulated depreciation and amortization	(6,031,301)	(5,341,926)
	$ 13,530,949	$ 13,676,616

Depreciation and amortization expenses were $1,000,569 and $926,551 for the years ended June 30, 2021 and 2020, respectively.

NOTE 8 DONOR-RESTRICTED NET ASSETS

Net assets with donor restrictions (including perpetual trusts held by outside trustees) totaled $89,390,566 and $70,901,695 at June 30, 2021 and 2020, 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:

	2021	2020
Purpose-restricted funds		
Funds to be maintained in perpetuity	$ 14,403,267	$ 14,403,267
Funds for attorney salaries	6,180,356	4,040,345
Funds for legal programs	2,124,160	2,124,160
Funds for scholarships	455,425	455,425
Perpetual trusts		
Scholarships	1,929,412	1,536,706
Other	66,492	56,302
Subtotal	25,159,112	22,616,677
Unappropriated income of endowment assets		
General fund	11,158,372	3,343,398
Herbert Lehman Education	912,331	820,559
Earl Warren Legal Training	303,864	238,837
Subtotal	12,374,567	4,402,794

NOTE 8 DONOR-RESTRICTED NET ASSETS *(continued)*

	2021	2020
Restricted as to the passage of time or purpose		
Restricted for periods after June 30, 2021	$ 16,497,105	$ 17,717,888
Herbert Lehman Education	4,900,855	320,677
Earl Warren Legal Training	155,192	124,230
Thurgood Marshall Institute	1,730,128	888,932
Legal programs	28,573,607	24,830,969
Subtotal	51,856,887	43,882,696
Total	$ 89,390,566	$ 70,901,695

Net assets were released from donor restrictions in 2021 and 2020 by incurring expenses satisfying the restricted purposes or by the passage of time as follows:

	2021	2020
Net assets released from restrictions due to appropriation of income from endowment assets		
General and legal programs	$ -	$ 924,000
Herbert Lehman scholarship program	108,029	182,387
Earl Warren scholarship program	27,700	27,900
	135,729	1,134,287
Purpose restrictions met		
Legal programs	16,018,941	4,405,004
Thurgood Marshall Institute	1,528,833	392,800
Herbert Lehman Education (including fundraising expenses of $68,251 and $35,879, respectively)	1,039,438	318,172
Earl Warren Legal Training (including fundraising expenses of $8,293 and $5,965, respectively)	37,938	33,195
Passage of time	9,188,000	7,116,801
	$ 27,948,879	$ 13,400,259

NOTE 9 COMMITMENTS AND CONTINGENCIES

Lease Agreement

LDF entered a new 10-year lease of office space in Washington, DC under a non-cancelable operating lease on July 23, 2018. The term of the lease is October 1, 2018 to October 30, 2028.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Lease Agreement *(continued)*

Future minimum lease payments as of June 30, 2021, are as follows:

Year	Amount
2022	$ 768,419
2023	799,156
2024	831,122
2025	864,367
2026	898,942
Thereafter	2,235,502
	$ 6,397,508

Total rent expense, including escalations, for the years ended June 30, 2021 and 2020 was $761,385 and $763,787, respectively.

NOTE 10 DEFINED CONTRIBUTION AND DEFINED BENEFIT PENSION PLANS

Defined Contribution Plan

The Fund sponsors a defined contribution plan that has a year end of December 31. The year ended December 31, 2020 was the second audited period for the plan. Net assets available for benefits of the plan were $7,850,829 as of December 31, 2020. Fund's contributions to the plan amounted to $722,648 for the year ended December 31, 2020.

Defined Benefit Plan

The Fund terminated its sponsored defined contribution plan (the Plan) as of April 1, 2021. The Plan's assets were insufficient to fully provide for the accumulated benefits under the Plan. The Fund contributed $1,204,635 to the Plan to meet its obligations of $9,215,904.

I. On December 1, 2020, the Plan received notification of receipt of a favorable determination letter from the IRS regarding the Plan's termination. The notification indicated that Plan's assets must be distributed within a maximum of 120 days after the receipt of the letter from the IRS.

II. In January 2021, the Fund sent all participants an Options Election Form which informed participants they could receive their benefits through a pay-out, rollover, or an annuity. Individuals were given 30 days to complete and return the form.

NOTE 10 DEFINED CONTRIBUTION AND DEFINED BENEFIT PENSION PLANS (*continued*)

Defined Benefit Plan *(continued)*

In March 2021, the Plan satisfied all its obligations to participants through the purchase of irrevocable commitments with Principal Life Insurance Company and/or by paying funds to the participants or their qualified retirement accounts. Final annuity benefit payments were paid on April 1, 2021.

The following tables provide information about the Plan as of and for the years ended June 30, 2021 and 2020:

	2021	2020
Reconciliation of projected benefit obligations		
Obligations, beginning of year	$ 8,667,672	$ 7,722,857
Service cost	-	65,000
Interest cost	-	261,375
Actuarial gain	846,387	902,081
Purchase of annuity contracts	(9,215,904)	-
Benefit payments	(298,155)	(283,641)
Obligations, end of year	$ -	$ 8,667,672

	2021	2020
Reconciliation of fair value of Plan assets		
Fair value of Plan assets, beginning of year	$ 8,724,155	$ 7,954,380
Actual return on Plan assets	(414,731)	1,054,766
Employer contributions	1,204,635	-
Purchase of annuity contracts	(9,215,904)	-
Benefit payments	(298,155)	(284,991)
Fair value of Plan assets, end of year	$ -	$ 8,724,155
Funded status		
Funded status, end of year	$ -	$ 56,483

At June 30, 2021 and 2020, the funded status of the Plan is reported in the consolidated statements of financial position as follows:

	2021	2020
Prepaid pension assets	$ -	$ (56,483)

NOTE 10 DEFINED CONTRIBUTION AND DEFINED BENEFIT PENSION PLANS (*continued*)

Defined Benefit Plan *(continued)*

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

	2021	2020
Discount rate	-%	2.50%

Amounts recognized in net assets without donor restrictions consisted of the following:

	2021	2020
Cumulative loss at measurement date	$ -	$ 1,956,296

Other credit in Plan assets and benefit obligations recognized in net assets without donor restrictions in 2021 and 2020 consisted of the following:

	2021	2020
Net loss	$ -	$ (236,290)
Amortization of net loss	-	176,351
Total credit	$ -	$ (59,939)

Net Periodic Benefit Cost

The following table provides the components of net periodic benefit cost for the Plan for the year ended June 30, 2020:

Service cost	$ 65,000
Interest cost	261,375
Expected return on plan assets	(388,975)
Amortization of net loss	176,351
Net periodic benefit cost	$ 113,751

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

NOTE 10 DEFINED CONTRIBUTION AND DEFINED BENEFIT PENSION PLANS (*continued*)

Defined Benefit Plan *(continued)*

Net Periodic Benefit Cost (continued)

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

	2020
Weighted-average assumptions, as of June 30	
Discount rate	2.50%
Expected return on Plan assets	2.75%

As of June 30, 2020, 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-2020.

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.

The Fund's Investment Committee monitors the asset allocation of the Plan's assets. Assets are rebalanced, as the Fund deems appropriate. The Plan's investment strategy, with respect to its pension assets, is to maintain the principal of the assets. The Fund 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 that 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 DEFINED CONTRIBUTION AND DEFINED BENEFIT PENSION PLANS (*continued*)

Defined Benefit Plan *(continued)*

Plan Assets (continued)

The Plan had no assets at June 30, 2021. The target allocation of Plan assets and actual allocation at the end of 2020, by asset category based on asset fair values, are as follows:

Asset Category	2020 Target Allocation	2020 Actual Allocation
Cash and cash equivalents	2.5%	3.5%
Fixed income	97.5%	96.5%
	100.0%	100.0%

At June 30, 2020, the Plan's assets consisted of the following:

Investments	
Cash and cash equivalents	$ 308,083
Exchange-traded funds	
Fixed income	8,439,922
Total investments	8,748,005
Accrued expenses	(23,850)
Total Plan net assets	$ 8,724,155

The Plan's investments as of June 30, 2020, 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 2.

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, 2021 and 2020, LDF held in escrow $3,423 and $3,425, 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, 2021 and 2020, 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:

	2021	2020
Communications services	$ 27,000	$ -
Legal services	8,507,383	1,599,711
Total in-kind contributions	$ 8,534,383	$ 1,599,711

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 and Board-designated funds are classified and reported as without donor 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 net assets with donor restrictions 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 gifts to the permanent endowment are characterized as net assets with donor restriction. It should be noted, however, that under NYPMIFA, the Fund is entitled to appropriate for expenditure endowment funds, even if they are characterized as donor restricted, and are a part of the endowment's corpus, 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 Board-designated and endowment net assets for the years ended June 30, 2021 and 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Year ended June 30, 2021			
Endowment net assets, beginning of year	$ 6,481,243	$ 25,425,989	$ 31,907,232
Investment return			
Investment income	105,827	931,940	1,037,767
Net realized/unrealized appreciation (depreciation) in value of investments	(79,258)	7,100,735	7,021,477
Contributions	48,157,289	2,140,011	50,297,300
Appropriation for expenditures	60,900	(60,900)	-
Expenditures	(60,900)	-	(60,900)
Endowment net assets, end of year	$ 54,665,101	$ 35,537,775	$ 90,202,876

NOTE 13 ENDOWMENTS (*continued*)

Interpretation of Relevant Law *(continued)*

	Without Donor Restrictions	With Donor Restrictions	Total
Year ended June 30, 2020			
Endowment net assets, beginning of year	$ 4,084,113	$ 26,331,792	$ 30,415,905
Investment return			
Investment income	96,926	552,036	648,962
Net realized/unrealized appreciation (depreciation) in value of investments	143	(619,950)	(619,807)
Contributions	2,300,061	223,560	2,523,621
Appropriation for expenditures	1,061,449	(1,061,449)	-
Expenditures	(1,061,449)	-	(1,061,449)
Endowment net assets, end of year	$ 6,481,243	$ 25,425,989	$ 31,907,232

At June 30, 2021 and 2020, the endowment fund composition by net asset classification is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	$ -	$ 35,537,775	$ 35,537,775
Board-designated	54,665,101	-	54,665,101
Endowment net assets, June 30, 2021	$ 54,665,101	$ 35,537,775	$ 90,202,876

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	$ -	$ 25,425,989	$ 25,425,989
Board-designated	6,481,243	-	6,481,243
Endowment net assets, June 30, 2020	$ 6,481,243	$ 25,425,989	$ 31,907,232

NOTE 13 ENDOWMENTS (*continued*)

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 net assets without donor restrictions. There were no such deficiencies as of June 30, 2021 and 2020.

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. Endowment assets also include Board-designated funds that LDF chooses to retain for future unspecified needs. 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 expected its endowment funds to provide an average rate of return of approximately 6.5% for both fiscal years 2021 and 2020. 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 PAYABLE

On May 10, 2018, LDF entered into a new mortgage loan agreement with a face value of $2,448,713. LDF has satisfied its obligation regarding this mortgage loan agreement and as of June 30, 2021 no longer has a liability.

NOTE 15 RELATED PARTIES

During fiscal years 2021 and 2020, members of LDF's Board of Directors donated approximately $1,381,247 and $1,553,398, respectively, to LDF. LDF has accounted for their contributions within its consolidated financial statements. LDF's policy is to require directors to disclose affiliations and review and authorize such transactions, as appropriate.

NOTE 16 LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise of the following:

	2021
Cash and cash equivalents	$ 137,235,656
Accounts receivable	203,034
Investments	170,965,581
Contributions and court fees receivable	13,538,561
Total financial assets available within one year	321,942,832
Less:	
Board-designated funds	(54,665,101)
Amounts unavailable for general expenditures within one year, due to restrictions by donors with purpose and/or time restrictions	(80,621,219)
Total financial assets available to management for general expenditures within one year	$ 186,656,512

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

NOTE 16 LIQUIDITY AND AVAILABILITY OF RESOURCES *(continued)*

Net Contributions and court fees receivable due in more than one year as noted in Note 4, with donor restrictions are not reflected in available resources above.

Net contributions and court fees receivable of $8,769,347 due more than one year from the financial statement date plus the amount above of $80,621,219 equals the total net assets with donor restrictions of $89,390,566 per the statement of financial position.

The Board-designated reserve fund of $54,665,101 could be made available, if necessary, but LDF does not intend to spend from the reserve fund, and the amount has been deducted to reflect financial assets available to management for general expenditure.

As part of LDF's liquidity management plan, cash not used is invested to offset banking fees and cash in excess of daily requirements is invested in short-term investments, certificates of deposit, and money market funds.

NOTE 17 SUBSEQUENT EVENTS

The Fund evaluated events subsequent to June 30, 2021, through February 14 2022, the date the consolidated financial statements were available to be issued, and determined that there were no subsequent events that required recognition or disclosure except for those noted below.

SUPPLEMENTAL INFORMATION

NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE
Consolidating Statement of Financial Position
June 30, 2021
(With Summarized Financial Information for 2020)

	NAACP Legal Defense and Educational Fund, Inc.	Earl Warren Legal Training Program, Inc.	2021 Total	2020 Total
ASSETS				
Cash and cash equivalents	$ 137,073,498	$ 162,158	$ 137,235,656	$ 99,568,453
Accounts receivable	202,854	180	203,034	88,926
Contributions and court fees receivable	22,307,772	136	22,307,908	63,156,571
Amounts held in escrow	3,423	-	3,423	3,425
Investments	170,206,292	759,289	170,965,581	32,031,876
Other assets	1,574,016	-	1,574,016	194,632
Intercompany receivable (payable)	6,381	(6,381)	-	-
Property and equipment, net	13,530,949	-	13,530,949	13,676,616
Prepaid pension assets	-	-	-	56,483
Assets held in trust by others	1,995,904	-	1,995,904	1,593,008
Total assets	$ 346,901,089	$ 915,382	$ 347,816,471	$ 210,369,990
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	$ 5,806,997	$ 900	$ 5,807,897	4,691,932
Mortgage payable	-	-	-	2,260,372
Court awards and fees pending distribution	3,423	-	3,423	3,425
Total liabilities	5,810,420	900	5,811,320	6,955,729
Net assets				
Without donor restrictions				
Available for operations	184,418,535	-	184,418,535	114,615,079
Board designated	54,665,101	-	54,665,101	6,481,243
Invested in property and equipment	13,530,949	-	13,530,949	11,416,244
Total without donor restrictions	252,614,585	-	252,614,585	132,512,566
With donor restrictions	88,476,084	914,482	89,390,566	70,901,695
Total net assets	341,090,669	914,482	342,005,151	203,414,261
Total liabilities and net assets	$ 346,901,089	$ 915,382	$ 347,816,471	$ 210,369,990

NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE
Consolidating Statement of Activities
For the Year Ended June 30, 2021
(With Summarized Financial Information for 2020)

	NAACP Legal Defense and Educational Fund, Inc.	Earl Warren Legal Training Program, Inc.	2021 Total	2020 Total
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions	$ 164,912,697	$ 68,833	$ 164,981,530	$ 125,775,679
Third-party donor collection funds	12,822,442	68	12,822,510	22,149,434
Bequests	560,506	-	560,506	340,660
Special events, net of direct benefits to donor cost of $0 and $269,196, respectively	-	-	-	2,126,913
Court costs and attorney fees awarded	1,066,591	-	1,066,591	34,356
Other income	8,455	-	8,455	-
Investment income, net of fees of $326,095 and $127,029, respectively	1,242,243	9,761	1,252,004	771,566
Net appreciation (depreciation) on investments and assets	8,568,859	82,966	8,651,825	(575,426)
Total revenue, gains, and other support	189,181,793	161,628	189,343,421	150,623,182
EXPENSES				
Program services				
Legal programs	22,008,721	-	22,008,721	12,251,606
Thurgood Marshall Institute	12,179,893	-	12,179,893	4,922,461
Herbert Lehman Education	1,066,173	-	1,066,173	464,880
Earl Warren Legal Training	-	57,344	57,344	55,130
Total program services	35,254,787	57,344	35,312,131	17,694,077
Supporting services				
Fundraising	11,105,773	8,294	11,114,067	8,088,485
Management and general	4,326,333	-	4,326,333	2,592,379
Total supporting services	15,432,106	8,294	15,440,400	10,680,864
Total expenses	50,686,893	65,638	50,752,531	28,374,941
Changes in net assets before other credit	138,494,900	95,990	138,590,890	122,248,241
OTHER CREDITS				
Credits to pension benefit other than net periodic pension cost	-	-	-	(59,939)
Changes in net assets	138,494,900	95,990	138,590,890	122,188,302
Net assets, beginning of year	202,595,769	818,492	203,414,261	81,225,959
Net assets, end of year	$ 341,090,669	$ 914,482	$ 342,005,151	$ 203,414,261