WILLIAM J. BRENNAN JR.
CENTER FOR JUSTICE, INC. AND AFFILIATE

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2018 AND 2017

WILLIAM J. BRENNAN JR. CENTER FOR JUSTICE, INC. AND AFFILIATE

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FOCUS. EXPERTISE. RESULTS.

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
William J. Brennan Jr.
Center For Justice, Inc. And Affiliate
New York, New York

We have audited the accompanying financial statements of William J. Brennan, Jr. Center For Justice, Inc. and Affiliate (the ***"Center"***) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses and of cash flows for the year 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 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 financial statements are free of material misstatement.

An audit includes 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 of our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of William J. Brennan, Jr. Center For Justice, Inc. and Affiliate as of June 30, 2018, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
William J. Brennan Jr.
Center For Justice, Inc. And Affiliate
New York, New York

Report on Summarized Comparative Information

We have previously audited the Center's 2017 financial statements, and our report dated September 26, 2017, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of consolidating statement of financial position on page 18 and schedule of consolidating statement of activities and changes in net assets on page 19 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
September 25, 2018

WILLIAM J. BRENNAN JR. CENTER FOR JUSTICE, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2018 And 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 12,730,033	$ 13,081,835
Pledges receivable ***(Note 2)***	101,142	576,049
Grants receivable ***(Note 3)***	6,418,095	4,577,733
Due from affiliate	-	35,564
Other assets	370,898	336,241
Investments ***(Note 4)***	8,597,965	3,413,872
Leasehold improvements, furniture and equipment (net of accumulated depreciation of $634,465 and $326,346) ***(Note 5)***	4,332,727	3,177,340
Total Assets	$ 32,550,860	$ 25,198,634
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 1,030,569	$ 645,555
Deferred revenue	5,000	-
Deferred rent ***(Note 8)***	1,470,165	964,576
Note Payable ***(Note 6)***	2,642,857	2,159,000
Total Liabilities	5,148,591	3,769,131
Net Assets		
Unrestricted		
Undesignated	10,058,739	7,154,399
Board Designated		
Quasi-endowment	1,791,872	1,702,916
Legacy Fund	4,072,210	2,221,892
Total Unrestricted	15,922,821	11,079,207
Temporarily restricted ***(Note 7)***	11,279,448	10,150,296
Permanently restricted ***(Note 7)***	200,000	200,000
Total Net Assets	27,402,269	21,429,503
Total Liabilities and Net Assets	$ 32,550,860	$ 25,198,634

WILLIAM J. BRENNAN JR. CENTER FOR JUSTICE, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2018 With Summarized Information For The Year Ended June 30, 2017

	Unrestricted						
	Undesignated	Board Designated	Total	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Operating Revenue							
Grants, net	$ -	$ 900,000	$ 900,000	$ 12,183,994	$ -	$13,083,994	$15,324,260
Contributions	8,780,267	766,890	9,547,157	-	-	9,547,157	6,859,456
Pledges	2,960	-	2,960	834	-	3,794	776,781
Special events net of direct expenses of $196,679 in 2018 and $223,086 in 2017	759,774	-	759,774	-	-	759,774	981,384
Legal fees recovered and other income	694	-	694	-	-	694	266,535
Realized and unrealized net gains (losses)	(52,138)	189,167	137,029	88,356	-	225,385	339,587
Interest and dividend income (loss), net	116,023	(40,949)	75,074	9,327	-	84,401	29,222
Net assets released from restrictions ***(Note 7)***	11,029,193	124,166	11,153,359	(11,153,359)	-	-	-
Total operating revenue	20,636,773	1,939,274	22,576,047	1,129,152	-	23,705,199	24,577,225
In-kind services ***(Note 10)***	8,718,492	-	8,718,492	-	-	8,718,492	3,448,822
Total operating revenues and in-kind services	29,355,265	1,939,274	31,294,539	1,129,152	-	32,423,691	28,026,047
Expenses							
Salaries	10,192,018	-	10,192,018	-	-	10,192,018	8,818,763
Payroll taxes and benefits	2,417,304	-	2,417,304	-	-	2,417,304	1,823,483
Professional services	1,433,903	-	1,433,903	-	-	1,433,903	1,186,028
Sub-grants	-	-	-	-	-	-	30,000
Occupancy and related interest	1,750,962	-	1,750,962	-	-	1,750,962	1,563,072
Office expenses	905,517	-	905,517	-	-	905,517	956,705
Travel and meetings	724,610	-	724,610	-	-	724,610	393,010
Depreciation	308,119	-	308,119	-	-	308,119	174,608
Total expenses	17,732,433	-	17,732,433	-	-	17,732,433	14,945,669
In-kind services ***(Note 10)***	8,718,492	-	8,718,492	-	-	8,718,492	3,448,822
Total expenses and in-kind services	26,450,925	-	26,450,925	-	-	26,450,925	18,394,491
Excess / (deficit) of revenue over expenses	2,904,340	1,939,274	4,843,614	1,129,152	-	5,972,766	9,631,556
Other Changes							
Loss on disposal of fixed assets	-	-	-	-	-	-	(57,792)
Change in net assets	2,904,340	1,939,274	4,843,614	1,129,152	-	5,972,766	9,573,764
Net Assets							
Beginning of year	7,154,399	3,924,808	11,079,207	10,150,296	200,000	21,429,503	11,855,739
End of year	$10,058,739	$5,864,082	$15,922,821	$ 11,279,448	$200,000	$27,402,269	$21,429,503

See notes to financial statements.

WILLIAM J. BRENNAN JR. CENTER FOR JUSTICE, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program Services							Supporting Services			
	Democracy	**Justice**	**Liberty & National Security**	**Communications**	**Fellows Program**	**Public Policy & Advocacy**	**Total Program Services**	**Management And General**	**Fundraising**	**Total Supporting Services**	**Total**
Salaries	$3,073,436	$1,297,821	$ 891,261	$1,320,241	$ 764,902	$ 211,877	$ 7,559,538	$ 1,460,107	$ 1,172,373	$2,632,480	$10,192,018
Payroll taxes and benefits	716,337	300,190	215,867	301,569	171,685	41,211	1,746,859	408,877	261,568	670,445	2,417,304
Professional services	198,670	194,957	3,591	170,754	344,778	61,315	974,065	305,391	154,447	459,838	1,433,903
Occupancy and related interest	458,245	205,136	139,865	218,197	163,669	34,840	1,219,952	337,636	193,374	531,010	1,750,962
Office expenses	142,295	64,954	52,798	148,267	40,801	40,732	489,847	197,672	217,998	415,670	905,517
Travel and meetings	173,498	125,151	59,364	122,214	55,167	32,385	567,779	120,991	35,840	156,831	724,610
Depreciation	98,910	41,577	28,511	42,084	24,867	6,890	242,839	20,736	44,544	65,280	308,119
Total expenses – 2018	4,861,391	2,229,786	1,391,257	2,323,326	1,565,869	429,250	12,800,879	2,851,410	2,080,144	4,931,554	17,732,433
In-kind services	4,016,688	151,983	3,548,829	-	888,895	-	8,606,395	112,097	-	112,097	8,718,492
Total expenses and in-kind services	$8,878,079	$2,381,769	$4,940,086	$2,323,326	$2,454,764	$ 429,250	$21,407,274	$ 2,963,507	$ 2,080,144	$5,043,651	$26,450,925

See notes to financial statements.

WILLIAM J. BRENNAN JR. CENTER FOR JUSTICE, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

	Program Services							Supporting Services			
	Democracy	Justice	Liberty & National Security	Communications	Fellows Program	Public Policy & Advocacy	Total Program Services	Management And General	Fundraising	Total Supporting Services	Total
Salaries	$2,878,176	$1,133,960	$ 927,972	$ 995,662	$ 399,998	$ 222,089	$ 6,557,857	$ 1,192,372	$ 1,068,534	$2,260,906	$ 8,818,763
Payroll taxes and benefits	625,059	240,264	203,516	197,628	77,678	40,956	1,385,101	235,096	203,286	438,382	1,823,483
Professional services	67,025	195,681	6,818	237,956	157,756	38,423	703,659	329,179	153,190	482,369	1,186,028
Sub-grants	-	30,000	-	-	-	-	30,000	-	-	-	30,000
Occupancy and related interest	499,067	198,632	161,620	172,803	69,792	39,810	1,141,724	236,787	184,561	421,348	1,563,072
Office expenses	186,404	88,192	66,930	134,307	23,871	32,901	532,605	254,013	170,087	424,100	956,705
Travel and meetings	93,890	29,969	51,883	40,064	27,761	22,758	266,325	95,359	31,326	126,685	393,010
Depreciation	56,988	22,452	18,373	19,714	7,920	4,397	129,844	23,608	21,156	44,764	174,608
Total expenses – 2017	4,406,609	1,939,150	1,437,112	1,798,134	764,776	401,334	10,747,115	2,366,414	1,832,140	4,198,554	14,945,669
In-kind services	1,967,121	-	937,792	-	537,628	-	3,442,541	6,281	-	6,281	3,448,822
Total expenses and in-kind services	$6,373,730	$1,939,150	$ 2,374,904	$1,798,134	$1,302,404	$ 401,334	$14,189,656	$ 2,372,695	$1,832,140	$4,204,835	$18,394,491

See notes to financial statements.

WILLIAM J. BRENNAN JR. CENTER FOR JUSTICE, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2018 And 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 5,972,766	$ 9,573,764
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	308,119	174,608
Loss on disposal of equipment	-	57,792
Realized and unrealized gains	(225,385)	(339,587)
(Increase) decrease in		
Pledges receivable	474,907	(449,281)
Grants receivable	(1,840,362)	(1,847,855)
Other assets	(34,657)	(81,092)
Due from affiliate	35,564	1,851
Increase (decrease) in		
Accounts payable and accrued expenses	385,014	93,359
Deferred revenue	5,000	(212,500)
Deferred rent	505,589	870,638
Net cash provided by operating activities	5,586,555	7,841,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(5,076,068)	(1,389,002)
Proceeds from sales of investments	117,360	99,181
Purchase of leasehold improvements, furniture and equipment	(1,463,506)	(3,187,018)
Net cash used for investing activities	(6,422,214)	(4,476,839)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	841,000	2,159,000
Repayment of note payable	(357,143)	-
Net cash provided by financing activities	483,857	2,159,000
Net increase (decrease) in cash and cash equivalents	(351,802)	5,523,858
CASH		
Beginning of year	13,081,835	7,557,977
End of year	$ 12,730,033	$ 13,081,835
SUPPLEMENTAL DISCLOSURE		
Interest Paid	$ 86,953	$ 46,317

(1) SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

William J. Brennan Jr. Center for Justice, Inc. and Affiliate (collectively the ***"Center"***) founded in 1995, is incorporated pursuant to the provisions of the Not-for-Profit law of New York State.

The Center is a public policy institute dedicated to strengthening democracy and securing justice, through law, scholarship, education and advocacy. The Center is independent and nonpartisan. Consistent with the ideals of Supreme Court Justice Brennan, the Center believes that a "living constitution" is the genius of American law and politics – and that the test of our institutions is the ability to apply timeless constitutional values to a changing world.

PRINCIPLES OF CONSOLIDATION

In May 2006, the Brennan Center Strategic Fund, Inc. (the ***"Strategic Fund"***) was founded by members of the Board of Trustees of the Center as an organization exempt from Federal income taxes under Internal Revenue Code Section 501(c)(4). The Strategic Fund, Inc. is permitted under applicable income tax regulation to conduct lobbying activities beyond those allowed to Section 501(c)(3) organizations and it is intended to supplement and complement the efforts of the Center, consistent with the Center's mission. The consolidated financial statements include those of the Center and the Strategic Fund. All inter-company transactions have been eliminated.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Center occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ***("ASC")*** 825, ***"Financial Instruments"***, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

NET ASSETS

A description of the three net asset categories follows:

Unrestricted net assets:

Undesignated **-** include the revenues and expenses associated with the principal mission of the Center.

Quasi-endowment – include gifts designated by the Board of Directors to funds functioning as endowment, and realized/unrealized gains and reinvested income (income earned in excess of the spending rule) on quasi-endowment funds.

Board-Designated Legacy Fund **-** include funds designated by the Board to ensure the ongoing solvency of the Brennan Center and to allow the organization to take advantage of new and unanticipated opportunities as they arise. Income earned on these funds is unrestricted and Board approval is necessary for any funds withdrawn. The Legacy Fund was created in fiscal 2016 and total net assets as of June 30, 2018 are $4,072,210 in unrestricted net assets and $167,500 in temporarily restricted net assets.

Temporarily restricted net assets **-** include gifts for which donor-imposed restrictions have not been met.

Permanently restricted net assets **-** include gifts, trusts and pledges which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash in bank accounts, money market accounts and certificates of deposit which have original maturities of less than three months.

INVESTMENTS

The Center records its investments at fair value with the resulting gains and losses reported in the statement of activities. The investments consisting of units owned by the Center in a pooled investment fund maintained by New York University School of Law (the ***"School of Law"***) are reported at fair value provided by the School of Law based upon quoted market prices or values provided by the School of Law's fund managers. The fair value of mutual funds is determined based on quoted market prices.

FURNITURE AND EQUIPMENT

Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The depreciable years utilized by major asset categories are as follows:

Description	Year
Leasehold improvements	16
Furniture and equipment	3-16

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

REVENUE RECOGNITION

The Center recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support, according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Grants and contributions receivable are reported at their discounted present value, and a provision is made for amounts estimated to be uncollectible.

The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Fee for service income received for performing legal and other services is recorded when earned. Costs related to such programs and services are expensed as incurred.

ADVERTISING COSTS

Advertising costs are expensed as incurred.

INCOME TAXES

The Center is exempt from Federal income taxes under Section 501(c)(3) and the Strategic Fund is exempt from Federal income taxes under Section 501(c)(4), of the Internal Revenue Code. Accordingly, no provision for Federal income tax has been recorded in the consolidated financial statements.

Management has reviewed the tax positions for each of the open fiscal tax years (2015 – 2017) or expected to be taken in the Center's fiscal 2018 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

COMPARATIVE INFORMATION

The financial statements and financial statement display include certain prior-year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

NEW ACCOUNTING STANDARDS

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent). This ASU was issued to address the diversity in practice relating to how certain investments measured at net asset value are categorized in the fair value hierarchy. The amendments in ASU 2015-07 remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. ASU 2015-07 is effective for the Center's fiscal year beginning July 1, 2017. The guidance is retrospective, and the adoption of this ASU impacted disclosures related to investments.

RECLASSIFICATIONS

Certain reclassifications were made to the 2017 financial statements to conform to the 2018 presentation.

(2) PLEDGES RECEIVABLE

Pledges receivable at June 30, 2018 and 2017 are expected to be realized in the following periods:

	2018	**2017**
Within one year	$ 122,286	$ 522,237
Between one year and five years	25,000	83,750
	147,286	605,987
Less: Discount and allowances for doubtful accounts	(46,144)	(29,938)
	$ 101,142	$ 576,049

(3) GRANTS RECEIVABLE

Grants receivable at June 30, 2018 and 2017 are expected to be realized in the following periods:

	2018	2017
Within one year	$4,827,377	$2,889,750
Between one year and five years	1,684,245	1,755,912
	6,511,622	4,645,662
Less: Discount	(93,527)	(67,929)
	$6,418,095	$4,577,733

(4) INVESTMENTS

A portion of the investments consists of units owned by the Center in a pooled investment fund maintained by the School of Law for its long-term investments. The pool is managed to achieve the maximum prudent long-term return and is made up of various underlying investments including both public and private equities, diversifying assets, real assets and fixed income investments. The board of directors has authorized a policy designed to allow growth while providing a predictable flow of support to operations. This policy permits the use of total return at approved spending rates applied to the three-year moving average fair value of the investment pool. In addition, the proceeds from a term endowment gift, a portion of the Legacy Fund and other operating reserves have been invested in various mutual funds. The fair value of investments as of June 30, 2018 and 2017 is as follows:

	2018 Market	2017 Market
Pooled Investment Fund	$3,060,551	$2,899,369
Mutual Funds –		
Fixed Income Index	1,156,311	-
Fixed Income	602,062	-
Equity Index	3,779,041	514,503
Total investments	$8,597,965	$3,413,872

The following tables summarize the changes in the Center's pooled investment fund for the years ended June 30, 2018 and 2017:

	2018			
	Quasi-Endowment (Unrestricted)	Legacy Fund (Unrestricted)	Endowment	Total
Beginning of period	$1,702,916	$ 948,274	$248,179	$2,899,369
Investment return approved for spending	(35,949)	(10,751)	(5,239)	(51,939)
	1,666,967	937,523	242,940	2,847,430
Realized and unrealized gains	121,231	67,936	17,668	206,835
Interest and dividends	21,774	12,215	3,173	37,162
Investment management fees	(18,100)	(10,138)	(2,638)	(30,876)
Total investment return, net	124,905	70,013	18,203	213,121
End of period	$1,791,872	$1,007,536	$261,143	$3,060,551

	2017			
	Quasi-Endowment (Unrestricted)	**Legacy Fund (Unrestricted)**	**Endowment**	**Total**
Beginning of period	$1,557,481	$ -	$226,983	$1,784,464
Investment return approved for spending	(78,004)	-	(11,368)	(89,372)
	1,479,477	-	215,615	1,695,092
Contributions	-	867,667	-	867,667
Realized and unrealized gains	217,651	77,535	31,720	326,906
Interest and dividends	12,449	5,249	1,814	19,512
Investment management fees	(6,661)	(2,177)	(970)	(9,808)
Total investment return, net	223,439	80,607	32,564	336,610
End of period	$1,702,916	$948,274	$248,179	$2,899,369

The Center used various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Center has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Center's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Center's investments as of June 30, 2018 and 2017 are as follows:

	2018			
	Total	**Level 1**	**Level 2**	**Level 3**
Mutual Funds				
Fixed Income Index	$1,156,311	$1,156,311	$ -	$ -
Fixed Income	602,062	602,062	-	-
Equity Index	3,779,041	3,779,041	-	-
Totals	5,537,414	$5,537,414	$ -	$ -
New York University School of Law				
Pooled Investment Fund reported at net value	3,060,551			
Total Investments	$8,597,965			

	2017			
	Total	**Level 1**	**Level 2**	**Level 3**
Mutual Funds				
Equity Index	$ 514,503	$514,503	$ -	$ -
	514,503	$514,503	$ -	$ -
New York University School of Law				
Pooled Investment Fund reported at net value	2,899,369			
Totals	$3,413,872			

There were no transfers between Level 1 and 2 during the years ended June 30, 2018 and 2017.

In determining fair value, the Center utilizes the net asset valuations provided by the School of Law for the pooled investment fund. There is no active market in the pooled investment fund from which to base fair value and is measured using the net asset value practical expedient. Because of the absence of transparency into the investments of the pooled investment fund, the Center relies on the valuations applied to the pooled investment fund's portfolio by the School of Law. The values assigned to the investments in the pooled investment fund's portfolio are the responsibility of the School of Law and may involve the use of estimates as to the value of their portfolios. Redemptions from the pooled investment fund can be made on a daily basis.

(5) LEASEHOLD IMPROVEMENTS, FURNITURE AND EQUIPMENT

Leasehold improvements, furniture and equipment at June 30, 2018 and 2017 consist of the following:

	2018	**2017**
Leasehold improvements	$ 2,965,681	$ 2,080,929
Furniture and equipment	1,706,964	1,422,757
Construction in progress	294,547	-
	4,967,192	3,503,686
Accumulated depreciation	(634,465)	(326,346)
	$ 4,332,727	$ 3,177,340

(6) NOTE PAYABLE

On August 4, 2016, the Center entered into a delayed draw term loan with Amalgamated Bank to assist with improvements made to the New York office space. The total amount of funds available under the term loan is $3,000,000. The term loan has a fixed interest rate equal to 3.25%, with any amount of the loan under the term loan outstanding on the Draw Period Termination Date of August 30, 2017 payable over seven years in equal monthly installments of principal including interest beginning September 1, 2017. The Center had outstanding balances of $2,642,857 and $2,159,000, for years ended June 2018 and 2017, respectively.

Future principal payments on the term loan are due as follows:

Fiscal Year	
2019	$ 428,571
2020	428,571
2021	428,571
2022	428,571
2023	428,571
2024 and thereafter	500,002
	$2,642,857

The Center incurred interest expense for years ended June 2018 and 2017 of approximately $87,000 and $46,000, respectively.

(7) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2018 and 2017 are restricted for the following purposes and periods:

	2018	**2017**
Democracy Program	$ 3,460,224	$ 3,583,980
Justice Program	279,435	750,651
Unexpended earnings on endowment	61,143	48,179
Other Programs	403,581	258,624
Term Endowment – Mulholland	838,140	793,204
Use in future periods		
Democracy Program	1,960,960	380,000
Justice Program	180,912	685,912
Legacy Fund	167,500	291,666
General Support	3,927,553	3,358,080
	$ 11,279,448	$ 10,150,296

Net assets were released from restriction by satisfaction of purpose as follows for the year ended June 30, 2018:

	2018
Democracy Program	$ 5,318,754
Justice Program	1,591,660
Liberty Natural Security Program	609,854
Communications	758,336
Other Programs	782,782
Time restrictions released	2,091,973
	$ 11,153,359

PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of an endowment for which the corpus has been restricted in perpetuity and invested at the School of Law. As provided by the gift agreement, the Center consults with the donor annually to direct the prior year investment earnings, to the extent of the School of Law's current spending rate, toward meeting its most urgent needs and supporting its efforts to promote human rights and democracy. The status of the permanently restricted net assets at June 30, 2018 and 2017 was as follows:

	2018	2017
June 30, value of donor endowment	$ 261,143	$ 248,179
Add: Current period unexpended (earnings) loss on endowment	(61,143)	(48,179)
Permanently restricted net assets (corpus)	$ 200,000	$ 200,000

Endowment net asset composition by type of fund as of June 30, 2018 and 2017:

	2018				
	Quasi-Endowment Unrestricted	Legacy Fund Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated for endowment	$ 1,791,872	$ -	$ -	$ -	$ 1,791,872
Donor designated for Legacy Fund	-	1,007,536	-	-	1,007,536
Donor restricted endowment funds	-	-	61,143	200,000	261,143
	$ 1,791,872	$ 1,007,536	$ 61,143	$ 200,000	$ 3,060,551

	2017				
	Quasi-Endowment Unrestricted	Legacy Fund Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated for endowment	$ 1,702,916	$ -	$ -	$ -	$ 1,702,916
Donor designated for Legacy Fund	-	948,274	-	-	948,274
Donor restricted endowment funds	-	-	48,179	200,000	248,179
	$ 1,702,916	$ 948,274	$ 48,179	$ 200,000	$ 2,899,369

The Center classifies the original value of gifts received with donor stipulations that require them to be held in perpetuity as permanently restricted net assets. Income earned on such gifts is classified as temporarily restricted until it is expended in accordance with state law and/or the donor restriction. The Center's board may also designate certain unrestricted gifts to function as endowment funds; such gifts are classified within unrestricted net assets as board designated endowment funds. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Center to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2018 and 2017.

Changes in endowment net assets for the years ended June 30, 2018 and 2017:

	2018				
	Quasi-Endowment Unrestricted	**Legacy Fund Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	$ 1,702,916	$ 948,274	$ 48,179	$ 200,000	$ 2,899,369
Investment return	124,905	70,013	18,203	-	213,121
Endowment income designated for current operations	(35,949)	(10,751)	(5,239)	-	(51,939)
	$ 1,791,872	$ 1,007,536	$ 61,143	$ 200,000	$ 3,060,551

	2017				
	Quasi-Endowment Unrestricted	**Legacy Fund Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	$ 1,557,481	$ -	$ 26,983	$ 200,000	$ 1,784,464
Contributions	-	867,667	-	-	867,667
Investment return	223,439	80,607	32,564	-	336,610
Endowment income designated for current operations	(78,004)	-	(11,368)	-	(89,372)
	$ 1,702,916	$ 948,274	$ 48,179	$ 200,000	$ 2,899,369

(8) COMMITMENTS AND CONTINGENCIES

COMMITMENTS

LEASE COMMITMENTS

On April 21, 2016, the Center entered into a lease agreement for its New York office which runs through November 30, 2032. The Center received thirteen months of free rent, and as such, rental payments required under this lease are reported as rent expense on a straight-line basis over the term of the lease. As of June 30, 2018 and 2017, $1,470,165 and $964,576, respectively, has been recorded as deferred rent. On June 29, 2018, the Center entered into a six month agreement for additional temporary office space in New York. This agreement can be cancelled with one full month notice. The Center also has a lease for its Washington DC office which runs from June 30, 2014 through November 30, 2019. Rent expense for the years ended June 30, 2018 and 2017 was $1,491,554 and $1,390,666, respectively. The remaining minimal annual rental payments (excluding utilities, storage, and other such services and fees) under the New York office and Washington DC office leases are:

Fiscal Year	
2019	$ 1,606,246
2020	1,365,243
2021	1,281,443
2022	1,281,443
2023	1,361,533
2024 and thereafter	13,985,177
	$ 20,881,085

EQUIPMENT LEASES

The Center leases office equipment under non-cancelable lease commitments expiring through 2021. Total rent expense on office equipment amounted to $62,976 and $47,888 in 2018 and 2017, respectively. The approximate minimal annual rental commitments, under all non-cancelable leases with terms of one year or more for the periods set forth below, are as follows:

Fiscal Year	
2019	$50,448
2020	24,568
2021	3,672
	$78,688

(9) PENSION PLAN

The Center has a defined contribution 401(k) plan covering substantially all employees with an employer matching requirement. Pension expense for the year ended June 30, 2018 and 2017 were $742,200 and $521,500, respectively.

(10) DONATED SERVICES

The Center quantified the value of donated legal services in support of its program and operations. The fair market value for the years ended June 30, 2018 and 2017 was $8,718,492 and $3,448,822, respectively, which is recorded as in-kind services – revenue and expense in the statement of activities.

(11) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, September 25, 2018, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

WILLIAM J. BRENNAN JR. CENTER FOR JUSTICE, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2018

	William J. Brennan Jr. Center For Justice, Inc.	Brennan Center Strategic Fund, Inc.	Eliminations	Consolidated Balance
Assets				
Cash and cash equivalents	$12,481,586	$248,447	$ -	$12,730,033
Pledges receivable	101,142	-	-	101,142
Grants receivable	6,418,095	-	-	6,418,095
Other assets	391,122	(20,224)	-	370,898
Investments	8,597,965	-	-	8,597,965
Leasehold improvements, furniture and equipment, net	4,332,727	-	-	4,332,727
	$32,322,637	$228,223	$ -	$32,550,860
Liabilities				
Accounts payable and accrued expenses	$ 1,030,569	$ -	$ -	$ 1,030,569
Deferred revenue	5,000	-	-	5,000
Deferred rent	1,470,165	-	-	1,470,165
Note payable	2,642,857	-	-	2,642,857
Total liabilities	5,148,591	-	-	5,148,591
Net Assets				
Unrestricted	15,694,658	228,223	-	15,922,821
Temporarily restricted	11,279,448	-	-	11,279,448
Permanently restricted	200,000	-	-	200,000
Total net assets	27,174,046	228,223	-	27,402,269
Total Liabilities and Net Assets	$32,322,637	$228,223	$ -	$32,550,860

WILLIAM J. BRENNAN JR. CENTER FOR JUSTICE, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2018

	William J. Brennan Jr. Center For Justice, Inc.	Brennan Center Strategic Fund, Inc.	Eliminations	Consolidated Balance
Support and Revenue				
Grants, net	$ 13,083,994	$ -	$ -	$ 13,083,994
Contributions	9,547,157	-	-	9,547,157
Pledges	3,794	-	-	3,794
Special events net of direct expenses of $196,679	759,774	-	-	759,774
Legal fees recovered and other income	694	-	-	694
Realized and unrealized net gains	225,385	-	-	225,385
Interest and dividend income, net	84,072	329	-	84,401
Total operating revenue	23,704,870	329	-	23,705,199
In kind services	8,718,492	-	-	8,718,492
Total support and revenue	32,423,362	329	-	32,423,691
Expenses				
Salaries	10,192,018	-	-	10,192,018
Payroll taxes and benefits	2,417,304	-	-	2,417,304
Professionals	1,433,903	-	-	1,433,903
Occupancy and related interest	1,750,962	-	-	1,750,962
Office expenses	905,517	-	-	905,517
Travel and meetings	724,610	-	-	724,610
Depreciation	308,119	-	-	308,119
Total expenses - cash	17,732,433	-	-	17,732,433
In kind services	8,718,492	-	-	8,718,492
Total expenses	26,450,925	-	-	26,450,925
Increase (decrease) in net assets	5,972,437	329	-	5,972,766
Net Assets				
Beginning of period	21,201,609	227,894	-	21,429,503
End of period	$ 27,174,046	$ 228,223	$ -	$ 27,402,269