

**NATIONAL NETWORK OF ABORTION FUNDS**

**JUNE 30, 2015**

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# NICHOLAS LAPIER, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

### *INDEPENDENT AUDITORS' REPORT*

To the Board of Directors  
National Network of Abortion Funds  
Boston, Massachusetts

We have audited the accompanying financial statements of National Network of Abortion Funds, which comprise the statement of financial position as of June 30, 2015, and the related statement of activities and changes in net assets, statement of functional expenses, and statement 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Network of Abortion Funds as of June 30, 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the National Network of Abortion Funds' 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Nicholas LaPier CPA, PC.*

Nicholas LaPier, CPA, PC  
West Springfield Massachusetts  
October 30, 2015

**NATIONAL NETWORK OF ABORTION FUNDS**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2015 AND 2014**

**ASSETS**

	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and cash equivalents	\$ 415,948	\$ 277,841
Investments	1,719,780	2,114,750
Contributions and grants receivable	623,698	2,155,000
Prepaid expenses	<u>14,832</u>	<u>14,110</u>
Total current assets	2,774,258	4,561,701
Property and equipments - net	<u>8,723</u>	<u>3,796</u>
Total Assets	<u>\$ 2,782,981</u>	<u>\$ 4,565,497</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts payable	\$ 471,304	\$ 223,583
Accrued wages and taxes	<u>-</u>	<u>24,080</u>
Total current liabilities	<u>471,304</u>	<u>247,663</u>
Commitments		
Net Assets		
Unrestricted	1,752,677	1,962,834
Temporarily restricted	<u>559,000</u>	<u>2,355,000</u>
Total net assets	<u>2,311,677</u>	<u>4,317,834</u>
Total liabilities and net assets	<u>\$ 2,782,981</u>	<u>\$ 4,565,497</u>

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

**NATIONAL NETWORK OF ABORTION FUNDS  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenue and Other Support				
Grants	\$ 906,930	\$ 559,000	\$ 1,465,930	\$ 4,908,500
Contributions	422,706	-	422,706	419,400
Conference Fees	-	-	-	1,460
Fundraising	49,337	-	49,337	54,617
Investment Income	20,133	-	20,133	39,079
Dues	3,550	-	3,550	4,600
Total revenue and other support	<u>1,402,656</u>	<u>559,000</u>	<u>1,961,656</u>	<u>5,427,656</u>
Assets released from restrictions	<u>2,355,000</u>	<u>(2,355,000)</u>	<u>-</u>	<u>-</u>
Total revenue and releases	<u>3,757,656</u>	<u>(1,796,000)</u>	<u>1,961,656</u>	<u>5,427,656</u>
Expenses				
Program	3,588,709	-	3,588,709	3,243,019
Management and general	238,166	-	238,166	190,148
Fundraising	140,938	-	140,938	44,510
	<u>3,967,813</u>	<u>-</u>	<u>3,967,813</u>	<u>3,477,677</u>
Change in net assets	(210,157)	(1,796,000)	(2,006,157)	1,949,979
Net assets - beginning of year	<u>1,962,834</u>	<u>2,355,000</u>	<u>4,317,834</u>	<u>2,367,855</u>
Net assets - end of year	<u>\$ 1,752,677</u>	<u>\$ 559,000</u>	<u>\$ 2,311,677</u>	<u>\$ 4,317,834</u>

*The accompanying notes are an integral part of these financial statements*

**NATIONAL NETWORK OF ABORTION FUNDS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014**

	Program	Administrative	Fundraising	2015 Total	Summarized Information 2014 Total
Salaries and wages	\$ 431,248	\$ 131,871	\$ 10,232	\$ 573,351	\$ 489,300
Payroll taxes	37,838	11,604	1,009	50,451	38,973
Fringe benefits	55,903	17,144	1,491	74,538	71,118
Training	18,072	-	-	18,072	9,033
Accounting	-	18,139	-	18,139	13,476
Depreciation	2,567	317	-	2,884	1,316
Information technology	8,454	2,525	-	10,979	12,779
Insurance	2,865	354	-	3,219	4,155
Occupancy	30,575	9,133	-	39,708	26,685
Office expense	31,449	9,395	-	40,844	23,614
Organizational development	83,904	25,062	-	108,966	95,961
Travel	34,066	10,176	-	44,242	1,278
Website and publications	19,794	2,446	-	22,240	12,156
Fundraising expenses	-	-	128,206	128,206	33,531
Advocacy	138,812	-	-	138,812	113,096
Coalition	137,191	-	-	137,191	2,252,292
Capacity building	2,157,240	-	-	2,157,240	124,393
Direct assistance	394,831	-	-	394,831	151,330
Other Programs	3,900	-	-	3,900	3,191
<b>Total expenses</b>	<b><u>\$ 3,588,709</u></b>	<b><u>\$ 238,166</u></b>	<b><u>\$ 140,938</u></b>	<b><u>\$ 3,967,813</u></b>	<b><u>\$ 3,477,677</u></b>

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

**NATIONAL NETWORK OF ABORTION FUNDS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
Cash flows from operating activities		
(Decrease)increase in net assets	\$ (2,006,157)	\$ 1,949,979
Depreciation	2,884	1,316
Investment (gain)	(9,082)	(10,288)
Stock gifts	(1,443,512)	(1,210,209)
(Increase)decrease in operating activities:		
Contributions and grants receivable	1,531,302	(1,955,000)
Prepaid expenses	(722)	(8,995)
Increase(decrease) in operating liabilities		
Accounts payable	247,721	43,158
Accrued wages	(24,080)	4,233
Accrued expenses	-	(1,405)
Net cash (used) by operating activities	(1,701,646)	(1,187,211)
Cash flows from investing activities		
Sale of investments	3,745,846	3,834,189
Purchase of investments	(1,881,500)	(2,760,000)
Reinvested earnings	(16,782)	(18,025)
Purchase of fixed assets	(7,811)	(3,808)
Net cash flows provided by investing activities	1,839,753	1,052,356
Net increase(decrease) in cash	138,107	(134,855)
Cash and cash equivalents - beginning of year	277,841	412,696
Cash and cash equivalents - end of year	\$ 415,948	\$ 277,841

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

# NATIONAL NETWORK OF ABORTION FUNDS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

### 1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

This summary of significant accounting policies of the National Network of Abortion Funds (the Organization) is presented to assist in understanding the Organization's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

Business Activity – The Organization was created to facilitate networking and to provide support and technical assistance to local abortion funds belonging to the National Network of Abortion Funds. The Organization facilitates creation of new abortion funds and works in national coalitions on issues of abortion access.

Financial Statement Presentation – The Organization follows Accounting Standards Codification ASC No. 958 “Financial Statements of Not-for-Profit Organizations.” Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. There were no permanently restricted net assets on June 30, 2015 and 2014.

Contributions – The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC No. 958, “Accounting for Contributions Received and Contributions Made.” In accordance with ASC No. 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished,) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents – The Organization considers all short-term investments with an original maturity date of 90 days or less to be cash equivalents.



## NATIONAL NETWORK OF ABORTION FUNDS

### NOTES TO FINANCIAL STATEMENTS

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

Accounts Receivable – It is management’s opinion that all accounts recorded on the books are collectible. Prior experience has shown that bad debts have been minimal; accordingly, no provision has been made for an allowance for doubtful accounts, and accounts are written off when deemed uncollectible. The results of this practice do not differ materially from those obtained under the allowance method.

Property and Equipment – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Only assets valued at over \$500 are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method. Depreciation expense for the years ending June 30, 2015 and 2014 was \$2,884 and \$1,316, respectively.

Revenue – The Organization receives grants from various agencies. Grants are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the grant.

Contributed Services – The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program gift solicitations, and various committee assignments. The value of this contributed time and service is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Any funding source may, at its discretion, request reimbursement for expenses or return of funds or both, as a result of noncompliance by the Organization with the terms of the grant. Funding sources may also request return of unexpended funds if stated in the terms of the grant. As of June 30, 2015, no funding sources had requested the return of any funds.

Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes – The Organization is exempt from state and federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

**NATIONAL NETWORK OF ABORTION FUNDS**

**NOTES TO FINANCIAL STATEMENTS**

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

The Organization has adopted ASC 740-10-25, “Accounting for Uncertainty in Income Taxes.” ASC 740-10-25 prescribes a comprehensive model for the financial statement recognition, measurement, classification and disclosure of uncertain tax positions. Management has not identified any uncertain tax positions and, therefore, no liability has been recorded in the financial statements.

The Organization’s income tax filings are subject to audit by the Internal Revenue Service. The Organization’s open audit periods are 2010 – 2015.

Reclassifications – Certain balances in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications have not had any impact on net income.

2. ***CASH***

At various times throughout the year the organization had cash on deposit at one financial institution which exceeded the federal deposit insurance limit of \$250,000.

3. ***CONTRIBUTIONS AND GRANTS RECEIVABLE***

As of June 30, 2015, the Organization had unconditional contributions receivable as follows:

	<u>2015</u>	<u>2014</u>
Due by June 30, 2015	\$ <u>623,698</u>	\$ <u>2,155,000</u>
Total Contributions Receivable	\$ <u>623,698</u>	\$ <u>2,155,000</u>

## NATIONAL NETWORK OF ABORTION FUNDS

### NOTES TO FINANCIAL STATEMENTS

#### 4. *INVESTMENTS*

ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level I measurements) and the lower priority to unobservable inputs (level 3 measurements.) The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 valuations reflect quoted market or exchange prices for the actual or identical assets or liabilities in active markets.
- Level 2 valuations reflect inputs other than quoted prices in Level 1 which are observable. The inputs can include some or all of the following into a valuation model:
  - quoted prices on similar assets in active markets
  - quoted prices on actual assets that are not active
  - inputs other than quoted prices such as yield curves, volatilities, prepayments speeds inputs derived from market data
- Level 3 valuations reflect valuations in which one or more of the significant valuation inputs are not observable in an active market, there is limited if any market activity, and/or are based on management inputs into valuation model.

The Organization maintains policies and procedures to value instruments using the best and most relevant data available.

The adoption of ASC 820 was determined not to have any significant impact on the Organization's financial position and results of operation.

The following section describes the valuation methodologies the Organization uses to measure the financial instruments at fair value.

Fixed Income: Certificates of Deposit and Mutual Funds – These usually consist of securities, certificates of deposit and fixed income/mutual funds which are valued using readily available market prices in an active market making them Level 1 assets.

**NATIONAL NETWORK OF ABORTION FUNDS**

**NOTES TO FINANCIAL STATEMENTS**

4. ***INVESTMENTS (continued)***

<u>Description</u>	<u>Level 1</u>	<u>Net Balance 06/30/15</u>
Fixed income securities:		
Certificates of Deposit	\$ 1,301,389	\$ 1,301,389
Mutual Funds	<u>418,391</u>	<u>418,391</u>
Total Investments	<u>\$ 1,719,780</u>	<u>\$ 1,719,780</u>

<u>Description</u>	<u>Level 1</u>	<u>Net Balance 06/30/14</u>
Fixed income securities:		
Certificates of Deposit	\$ 1,798,461	\$ 1,798,461
Mutual Funds	<u>316,289</u>	<u>316,289</u>
Total Investments	<u>\$ 2,114,750</u>	<u>\$ 2,114,750</u>

Total gains are shown as part of net unrealized gain on investments in the statements of activities.

5. ***PROPERTY & EQUIPMENT***

Property and equipment at June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 28,588	\$ 20,777
Less: accumulated depreciation	<u>19,865</u>	<u>16,981</u>
	<u>\$ 8,723</u>	<u>\$ 3,796</u>

**NATIONAL NETWORK OF ABORTION FUNDS**

**NOTES TO FINANCIAL STATEMENTS**

**6. LEASE OBLIGATION**

On September 15, 2011, the Organization signed a two-year lease for new facilities, effective on November 1, 2011. The terms call for minimum monthly rent of \$1,558. Rent expense for the years ended June 30, 2015 and 2014 were \$39,708 and \$26,685, respectively.

In July, 2014, the Organization signed an 18 month lease extension (expires December 31, 2015) for similar terms and a modest rent increase to \$31,368 per annum.

Minimum future rent due each year is as follows:

2016	<u>\$ 31,834</u>
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In January, 2016, the Organization signed a 12 month lease extension (expires December 31, 2016) for similar terms and a modest rent increase to \$32,000 per annum.

**7. RETIREMENT BENEFIT**

The Organization participates in a 401(k) retirement plan through Lincoln Financial Group which covers all regular full-time employees. Under this plan, the Organization matches 50% of the participating employee's contribution, but no more than 5% of their annual compensation. For the years ended June 30, 2015 and 2014, the Organization contributed \$13,089 and \$14,613, respectively.

**8. LINE OF CREDIT**

The Organization has available \$60,000 on a revolving credit card account.

**9. STATEMENTS OF CASH FLOWS ADDITIONAL DISCLOSURES**

Supplemental disclosures for cash flows at June 30, 2015 and 2014 consist of:

	<u>2015</u>	<u>2014</u>
Donated stock (investments)	<u>\$ 1,443,512</u>	<u>\$ 1,210,209</u>

## **NATIONAL NETWORK OF ABORTION FUNDS**

### **NOTES TO FINANCIAL STATEMENTS**

#### **11. *RELATED PARTY TRANSACTIONS***

From time to time, members of the board of directors will make monetary donations to the Organization, as well as donating substantial time assisting the Organization with strategic planning, program implementation, and fundraising.

The Organization paid \$-0- and \$11,503 during the years ending June 30, 2015 and 2014, respectively, to a board member for services rendered.

Member funds are allowed to apply, and often are awarded, grants under the Organization's routine grant application process.

#### **12. *PRIOR YEAR SUMMARIZED INFORMATION***

The financial statements contain prior year comparative information in total but not by net asset class. 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 entity's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

#### **13. *COMMITMENTS***

In fiscal year 2014, the Organization signed an agreement with Management Assistance Group to provide services through December 31, 2014. The total of this commitment is \$60,000, which is the balance on the total contract costs of \$111,000.

#### **14. *SUBSEQUENT EVENTS***

Management has evaluated subsequent events through October 30, 2015, the date which the financial statements were available to be issued.