

NATIONAL NETWORK OF ABORTION FUNDS

JUNE 30, 2014

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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, 2014, 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, 2014, 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' 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 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
January 30, 2015

NATIONAL NETWORK OF ABORTION FUNDS

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and cash equivalents	\$ 277,841	\$ 412,696
Investments	2,114,750	1,950,417
Contributions and grants receivable	2,155,000	200,000
Prepaid expenses	<u>14,110</u>	<u>5,115</u>
Total current assets	4,561,701	2,568,228
Property and equipments - net	<u>3,796</u>	<u>1,304</u>
Total Assets	<u>\$ 4,565,497</u>	<u>\$ 2,569,532</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 223,583	\$ 180,425
Accrued wages and taxes	24,080	19,847
Accrued expenses	<u>-</u>	<u>1,405</u>
Total current liabilities	<u>247,663</u>	<u>201,677</u>
Commitments		
Net Assets		
Unrestricted	1,962,834	2,167,855
Temporarily restricted	<u>2,355,000</u>	<u>200,000</u>
Total net assets	<u>4,317,834</u>	<u>2,367,855</u>
Total liabilities and net assets	<u>\$ 4,565,497</u>	<u>\$ 2,569,532</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, 2014 AND 2013**

UNRESTRICTED NET ASSETS

	2014	Summarized Information 2013
Revenue and Other Support		
Grants	\$ 2,553,500	\$ 1,858,281
Contributions	419,400	347,053
Conference fees	1,460	26,276
Fundraising	54,617	60,682
Investment income	39,079	32,595
Miscellaneous	-	5,860
Dues	4,600	3,450
Total unrestricted revenue and other support	3,072,656	2,334,197
 Assets released from restrictions	 200,000	 35,000
 Total unrestricted revenue and releases	 3,272,656	 2,369,197
 Expenses		
Program	3,243,019	2,126,080
Management and general	190,148	164,424
Fundraising	44,510	43,220
	3,477,677	2,333,724
 Change in unrestricted assets	 (205,021)	 35,473

TEMPORARILY RESTRICTED NET ASSETS

Revenue and Other Support		
Grants	2,355,000	200,000
Total temporarily restricted revenue and support	2,355,000	200,000
 Assets released from restrictions	 (200,000)	 (35,000)
 Change in temporarily restricted net assets	 2,155,000	 165,000
 Total increase in all net assets	 1,949,979	 200,473
 Net assets - beginning of year	 2,367,855	 2,167,382
Net assets - end of year	\$ 4,317,834	\$ 2,367,855

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, 2014 WITH COMPARATIVE TOTALS FOR 2013**

	Program	Administrative	Fundraising	2014 Total	Summarized Information 2013 Total
Salaries and wages	\$ 367,983	\$ 112,539	\$ 8,778	\$ 489,300	\$ 400,609
Payroll taxes	29,230	8,964	779	38,973	32,518
Fringe benefits	53,339	16,357	1,422	71,118	59,088
Training	9,033	-	-	9,033	11,101
Accounting	-	13,476	-	13,476	11,546
Depreciation	1,171	145	-	1,316	596
Information technology	9,840	2,939	-	12,779	12,555
Insurance	3,698	457	-	4,155	3,396
Miscellaneous	-	-	-	-	3,885
Occupancy	20,547	6,138	-	26,685	23,218
Office expense	18,183	5,431	-	23,614	27,346
Organizational development	73,890	22,071	-	95,961	104,056
Travel	984	294	-	1,278	3,948
Website and publications	10,819	1,337	-	12,156	11,004
Fundraising expenses	-	-	33,531	33,531	34,374
Advocacy	113,096	-	-	113,096	113,743
Coalition	2,252,292	-	-	2,252,292	1,170,876
Capacity building	124,393	-	-	124,393	173,862
Direct assistance	151,330	-	-	151,330	130,097
Other Programs	3,191	-	-	3,191	5,906
Total expenses	\$ 3,243,019	\$ 190,148	\$ 44,510	\$ 3,477,677	\$ 2,333,724

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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,949,979	\$ 200,473
Depreciation	1,316	596
Investment income	(10,288)	(24,554)
Stock gifts	(1,210,209)	(751,766)
(Increase)decrease in operating activities:		
Contributions and grants receivable	(1,955,000)	(165,000)
Prepaid expenses	(8,995)	(1,744)
 Increase(decrease) in operating liabilities		
Accounts payable	43,158	(101,184)
Accrued wages	4,233	15,164
Accrued expenses	<u>(1,405)</u>	<u>(24,202)</u>
 Net cash (used) by operating activities	<u>(1,187,211)</u>	<u>(852,217)</u>
 Cash flows from investing activities		
Sale of investments	3,834,189	3,497,380
Purchase of investments	(2,760,000)	(2,311,270)
Reinvested earnings	(18,025)	(8,005)
Purchase of fixed assets	<u>(3,808)</u>	<u>-</u>
 Net cash flows provided by investing activities	<u>1,052,356</u>	<u>1,178,105</u>
 Net increase(decrease) in cash	(134,855)	325,888
 Cash and cash equivalents - beginning of year	<u>412,696</u>	<u>86,808</u>
 Cash and cash equivalents - end of year	<u>\$ 277,841</u>	<u>\$ 412,696</u>

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

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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, 2014 and 2013.

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, 2014 and 2013 was \$1,316 and \$596, 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, 2014, 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 – 2014.

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, 2014, the Organization had unconditional contributions receivable as follows:

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

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:

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

4. *INVESTMENTS (continued)*

- 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.

<u>Description</u>	<u>Level 1</u>	<u>Net Balance</u> <u>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>

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

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

<u>Description</u>	<u>Level 1</u>	<u>Net Balance 06/30/13</u>
Fixed income securities:		
Certificates of Deposit	\$ 1,725,233	\$ 1,725,233
Mutual Funds	<u>225,184</u>	<u>225,184</u>
Total Investments	<u>\$ 1,950,417</u>	<u>\$ 1,950,417</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, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 20,777	\$ 16,969
Less: accumulated depreciation	<u>16,981</u>	<u>15,665</u>
	<u>\$ 3,796</u>	<u>\$ 1,304</u>

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, 2014 and 2013 were \$26,685 and \$23,218, respectively.

In March, 2013, the Organization signed a 16 month lease extension (expires June 30, 2014) for similar terms and a modest rent increase to \$23,013 per annum.

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

6. ***LEASE OBLIGATION (continued)***

Minimum future rent due each year is as follows:

2014	\$ 20,912
2015	<u>10,456</u>
	<u>\$ 31,368</u>

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, 2014 and 2013, the Organization contributed \$14,613 and \$15,560, respectively.

8. ***LINE OF CREDIT***

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

9. ***ECONOMIC DEPENDENCY / CONCENTRATION***

The Organization relies wholly on grants and public support. During the year ending June 30, 2014, the Organization received 49% of all contributions from one donor. A loss of this support would have a materially adverse effect on the Organization's ability to continue.

At June 30, 2014, accounts receivable from the one donor was \$1,200,000.

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

Supplemental disclosures for cash flows at June 30, 2014 and 2013 consist of:

	<u>2014</u>	<u>2013</u>
Donated stock (investments)	<u>\$ 1,210,209</u>	<u>\$ 751,766</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 \$11,503 and \$8,776 during the years ending June 30, 2014 and 2013, 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, 2013, 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*

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.

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