

NATIONAL NETWORK OF ABORTION FUNDS

JUNE 30, 2016

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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, 2016, 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, 2016, 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.

Nicholas LaPier CPA, PC.

Nicholas LaPier, CPA, PC
West Springfield Massachusetts
February 9, 2017

NATIONAL NETWORK OF ABORTION FUNDS

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016

ASSETS

Current Assets	
Cash and cash equivalents	\$ 956,342
Investments	1,467,538
Contributions and grants receivable	628,812
Prepaid expenses	<u>29,079</u>
Total current assets	3,081,771
Property and equipments - net	<u>33,828</u>
Total Assets	<u><u>\$ 3,115,599</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	<u>\$ 559,226</u>
Total current liabilities	<u>559,226</u>
Commitments	
Net Assets	
Unrestricted	1,190,790
Temporarily restricted	<u>1,365,583</u>
Total net assets	<u>2,556,373</u>
Total liabilities and net assets	<u><u>\$ 3,115,599</u></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 YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Grants	\$ 1,147,484	\$ 1,365,583	\$ 2,513,067
Contributions	480,648	-	480,648
Bowl-a-thon	683,419	-	683,419
Investment Income	20,134	-	20,134
Dues	<u>4,375</u>	<u>-</u>	<u>4,375</u>
Total revenue and other support	2,336,060	1,365,583	3,701,643
Assets released from restrictions	<u>559,000</u>	<u>(559,000)</u>	<u>-</u>
Total revenue and releases	<u>2,895,060</u>	<u>806,583</u>	<u>3,701,643</u>
Expenses			
Program	2,286,089	-	2,286,089
Management and general	722,287	-	722,287
Fundraising	<u>448,571</u>	<u>-</u>	<u>448,571</u>
	<u>3,456,947</u>	<u>-</u>	<u>3,456,947</u>
Change in net assets	(561,887)	806,583	244,696
Net assets - beginning of year	<u>1,752,677</u>	<u>559,000</u>	<u>2,311,677</u>
Net assets - end of year	<u>\$ 1,190,790</u>	<u>\$ 1,365,583</u>	<u>\$ 2,556,373</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, 2016**

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 488,687	\$ 310,271	\$ 236,684	\$ 1,035,642
Payroll taxes	41,062	26,151	19,948	87,161
Fringe benefits	84,944	51,778	39,183	175,905
Professional Fees	141,833	120,049	50,313	312,195
Depreciation	-	5,668	-	5,668
Security	91,163	9,754	7,441	108,358
Insurance	1,196	1,350	581	3,127
Occupancy	26,554	16,135	8,540	51,229
Office expense	55,335	34,530	33,146	123,011
Organizational development	45,860	17,877	11,336	75,073
Travel	283,055	84,581	16,684	384,320
IT / Website and publications	40,625	7,410	9,098	57,133
Fundraising expenses	-	-	9,693	9,693
Bowl-A-Thon	618,176	-	-	618,176
Advertising	2,798	1,395	80	4,273
Direct assistance	356,937	-	-	356,937
Meetings	<u>7,864</u>	<u>35,338</u>	<u>5,844</u>	<u>49,046</u>
 Total expenses	 <u>\$ 2,286,089</u>	 <u>\$ 722,287</u>	 <u>\$ 448,571</u>	 <u>\$ 3,456,947</u>

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

NATIONAL NETWORK OF ABORTION FUNDS

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

Cash flows from operating activities	
(Decrease)increase in net assets	\$ 244,696
Depreciation	5,668
Unrealized investment loss	21,451
Stock gifts	(823,351)
(Increase)decrease in operating activities:	
Contributions and grants receivable	(5,114)
Prepaid expenses	(14,247)
 Increase(decrease) in operating liabilities	
Accounts payable	<u>87,922</u>
 Net cash used by operating activities	<u>(482,975)</u>
 Cash flows from investing activities	
Sale of investments	2,073,547
Purchase of investments	(1,019,405)
Purchase of fixed assets	<u>(30,773)</u>
 Net cash flows provided by investing activities	<u>1,023,369</u>
 Net increase in cash	540,394
 Cash and cash equivalents - beginning of year	<u>415,948</u>
 Cash and cash equivalents - end of year	<u><u>\$ 956,342</u></u>

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

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016.

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 year ending June 30, 2016 was \$5,668.

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, 2016, no funding sources had requested the return of any funds.

Functional Expense Allocation – The costs of providing program services and other activities have been summarized on a functional basis. Expenses associated with a particular program are charged directly to that program. Indirect expenses consisting of payroll and related expenses are allocated based upon management estimates of time incurred. Management and general expenses include those expenses that are not directly identifiable with any other specific program but are for the overall support and direction of the Organization.

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.

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

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

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.

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 2012 – 2016.

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 RECEIVABLE***

As of June 30, 2016, the Organization had unconditional contributions receivable as follows:

Contributions receivable	<u>\$ 628,812</u>
Total Contributions Receivable	<u>\$ 628,812</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 1 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 06/30/16</u>
Fixed income securities:		
Certificates of Deposit	\$ 1,318,420	\$ 1,318,420
Mutual Funds	<u>665,273</u>	<u>665,273</u>
Total Investments	<u>\$ 1,983,693</u>	<u>\$ 1,983,693</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, 2016 consisted of the following:

Equipment	\$ 59,361
Less: accumulated depreciation	<u>(25,533)</u>
	<u>\$ 33,828</u>

6. ***LEASE OBLIGATION***

On 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.

On January, 2017, the Organization signed a six month lease extension (expires June 30, 2017) for similar terms and a modest rent increase to \$32,300 per annum.

The Organization has a second lease for facilities, and signed a 12 month agreement effective on February 10, 2016. The terms call for a minimum monthly rent of \$1,500.

Rent expense for both agreements for the year ended June 30, 2016 was \$51,229.

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

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

Minimum future rent due each year is as follows:

2017	<u>\$ 44,000</u>
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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 year ended June 30, 2016, the Organization contributed \$13,374.

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, 2016 consist of:

Donated stock (investments)	<u>\$ 823,351</u>
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10. ***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.

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

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

11. *SUBSEQUENT EVENTS*

Management has evaluated subsequent events through February 9, 2017, the date which the financial statements were available to be issued.

In January, 2017, the line of credit was increased to a total of \$100,000 available to borrow, at terms consistent with the original line of credit.