

NATIONAL NETWORK OF ABORTION FUNDS

JUNE 30, 2018

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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 statements of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, statement of functional expenses, and statements 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 28, 2017. 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.

Nicholas LaPier CPA, PC.

Nicholas LaPier, CPA, PC
January 31, 2019

NATIONAL NETWORK OF ABORTION FUNDS

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 1,067,012	\$ 1,751,436
Investments	2,505,207	2,087,961
Contributions and grants receivable	1,073,864	1,216,699
Prepaid expenses	<u>192,660</u>	<u>75,631</u>
Total current assets	4,838,743	5,131,727
Property and equipments - net	<u>93,162</u>	<u>62,057</u>
Total Assets	<u>\$ 4,931,905</u>	<u>\$ 5,193,784</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 728,951	\$ 1,892,422
Deferred revenues	<u>55,718</u>	<u>-</u>
Total current liabilities	<u>784,669</u>	<u>1,892,422</u>
Commitments		
Net Assets		
Unrestricted	2,867,420	2,311,362
Temporarily restricted	<u>1,279,816</u>	<u>990,000</u>
Total net assets	<u>4,147,236</u>	<u>3,301,362</u>
Total liabilities and net assets	<u>\$ 4,931,905</u>	<u>\$ 5,193,784</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, 2018 WITH SUMMARIZED FINANCIAL INFORMATION TOTALS FOR 2017

	Unrestricted	Temporarily Restricted	2018 Total	Summarized 2017 Total
Revenue and Other Support				
Grants	\$ 2,489,028	\$ 1,729,575	\$ 4,218,603	\$ 3,143,753
Contributions	910,297	-	910,297	1,028,959
Bowl-a-thon	1,759,382	-	1,759,382	1,549,440
Investment Income	112,047	-	112,047	86,682
Gain (loss) on disposal of assets	-	-	-	(1,261)
Dues	5,865	-	5,865	100
Total revenue and other support	<u>5,276,619</u>	<u>1,729,575</u>	<u>7,006,194</u>	<u>5,807,673</u>
Assets released from restrictions	<u>1,439,759</u>	<u>(1,439,759)</u>	<u>-</u>	<u>-</u>
Total revenue and releases	<u>6,716,378</u>	<u>289,816</u>	<u>7,006,194</u>	<u>5,807,673</u>
Expenses				
Program	4,074,049	-	4,074,049	3,684,506
Management and general	1,400,842	-	1,400,842	920,562
Fundraising	685,429	-	685,429	457,616
	<u>6,160,320</u>	<u>-</u>	<u>6,160,320</u>	<u>5,062,684</u>
Change in net assets	556,058	289,816	845,874	744,989
Net assets - beginning of year	<u>2,311,362</u>	<u>990,000</u>	<u>3,301,362</u>	<u>2,556,373</u>
Net assets - end of year	<u>\$ 2,867,420</u>	<u>\$ 1,279,816</u>	<u>\$ 4,147,236</u>	<u>\$ 3,301,362</u>

The accompanying notes are an integral part of these financial statements

**NATIONAL NETWORK OF ABORTION FUNDS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017**

	Program	Administrative	Fundraising	2018 Total	Summarized Information 2017 Total
Salaries and wages	\$ 851,593	\$ 779,772	\$ 420,667	\$ 2,052,032	\$ 1,263,123
Payroll taxes	81,090	81,090	40,545	202,725	126,431
Fringe benefits	148,195	155,795	75,998	379,988	207,519
Professional Fees	135,985	23,797	10,199	169,981	125,286
Depreciation	14,315	14,315	7,157	35,787	17,954
Security	1,561	2,479	551	4,591	45,631
Insurance	4,754	4,754	2,377	11,885	3,165
Occupancy	22,317	34,334	29,184	85,835	61,647
Office expense	103,390	42,118	45,947	191,455	215,162
Organizational development	39,066	46,689	9,528	95,283	75,322
Travel	308,920	114,742	17,653	441,315	359,196
IT / Website and publications	56,346	42,823	13,523	112,692	61,822
Fundraising expenses	-	-	1,082	1,082	2,926
Bowl-A-Thon	1,577,594	-	-	1,577,594	1,963,324
Advertising	142,603	32,086	3,565	178,254	8,491
Direct assistance	532,418	-	-	532,418	396,692
Meetings	41,224	13,370	1,114	55,708	115,023
Remote Staff Expenses	12,678	12,678	6,339	31,695	10,975
Bad debt	-	-	-	-	2,995
Total expenses	<u>\$ 4,074,049</u>	<u>\$ 1,400,842</u>	<u>\$ 685,429</u>	<u>\$ 6,160,320</u>	<u>\$ 5,062,684</u>

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, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Net change in net assets	\$ 845,874	\$ 744,989
Depreciation	35,787	17,954
Unrealized investment loss	(27,699)	(42,283)
Stock gifts	(1,741,530)	(1,387,196)
(Increase)decrease in operating activities:		
Contributions and grants receivable	142,835	(587,887)
Prepaid expenses	(117,029)	(46,552)
Increase(decrease) in operating liabilities		
Accounts payable	(1,163,471)	1,333,196
Deferred revenues	55,718	-
Net cash provided(used) by operating activities	<u>(1,969,515)</u>	<u>32,221</u>
Cash flows from investing activities		
Sale of investments	2,184,204	2,011,430
Purchase of investments	(832,221)	(1,202,375)
Purchase of fixed assets	(66,892)	(47,444)
Disposal of fixed assets (net)	-	1,261
Net cash flows provided by investing activities	<u>1,285,091</u>	<u>762,872</u>
Net change in cash and cash equivalents	(684,424)	795,093
Cash and cash equivalents - beginning of year	<u>1,751,436</u>	<u>956,343</u>
Cash and cash equivalents - end of year	<u>\$ 1,067,012</u>	<u>\$ 1,751,436</u>

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

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 “Financial Statements of Not-for-Profit Organizations.” Under the Standard, 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, 2018 and 2017.

Contributions – The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in “Accounting for Contributions Received and Contributions Made.” In accordance with the Standard, 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

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, 2018, 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 Accounting Standards Codifications, “Accounting for Uncertainty in Income Taxes” which 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 2014 – 2018.

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.

Subsequent Events – Management has evaluated subsequent events through January 31, 2018, the date which the financial statements were available to be issued.

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, 2018 and 2017, the Organization had unconditional contributions receivable of \$1,073,864 and \$1,216,699, respectively.

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

4. *INVESTMENTS*

Accounting Standards Codifications 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 Accounting Standards Codifications 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 Accounting Standards Codifications 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 06/30/2018</u>
Fixed income securities:		
Certificates of Deposit	\$ 1,348,815	\$ 1,348,815
Mutual Funds	<u>1,156,392</u>	<u>1,156,392</u>
Total Investments	<u>\$ 2,505,207</u>	<u>\$ 2,505,207</u>

<u>Description</u>	<u>Level 1</u>	<u>Net Balance 06/30/2017</u>
Fixed income securities:		
Certificates of Deposit	\$ 1,156,823	\$ 1,156,823
Mutual Funds	<u>931,138</u>	<u>931,138</u>
Total Investments	<u>\$ 2,087,961</u>	<u>\$ 2,087,961</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, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 154,729	\$ 87,837
Less: accumulated depreciation	<u>(61,567)</u>	<u>(25,780)</u>
	<u>\$ 93,162</u>	<u>\$ 62,057</u>

Depreciation expense for the years ending June 30, 2018 and 2017 was \$35,787 and \$17,954, respectively.

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

6. LEASE OBLIGATION

In July 2017, the Organization signed a three year lease (expires June 30, 2020) at \$37,200 per annum.

The Organization has a second lease for facilities, and signed a 12 month agreement, effective in March, 2017. The terms call for a minimum monthly rent of \$1,300. This lease was renewed in March 1, 2018 for an additional 12 months at monthly rents of \$1,365.

Rent expense for both agreements for the year ended June 30, 2018 and 2017 was \$54,169 and \$69,587, respectively.

Minimum future rent due each year is as follows:

2019	\$ 48,120
2020	<u>37,200</u>
	<u>\$ 85,320</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, 2018 and 2017, the Organization contributed \$50,506 and \$19,589, respectively.

8. LINE OF CREDIT

The Organization has maximum available \$100,000 on a revolving credit card account. As of November, 2017, this was increased to \$120,000.

9. STATEMENTS OF CASH FLOWS ADDITIONAL DISCLOSURES

Supplemental disclosures for cash flows at June 30, 2018 and 2017 consist of:

	<u>2018</u>	<u>2017</u>
Donated stock (investments)	<u>\$ 1,741,530</u>	<u>\$ 1,387,196</u>

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

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.

11. *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, 2017, from which the summarized information was derived.