

**NATIONAL NETWORK  
OF ABORTION FUNDS**  
*FINANCIAL STATEMENTS*  
*JUNE 30, 2020 AND 2019*

---

**NATIONAL NETWORK OF ABORTION FUNDS  
FINANCIAL STATEMENTS**

**TABLE OF CONTENTS**

Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 15

# NICHOLAS LAPIER, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of National Network of Abortion Funds (the "Organization"), which comprise of the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and 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.

**71 Park Avenue, Suite A, West Springfield MA 01089  
413.732.0200 ~ 413.732.2205 fax ~ [admin@lapiercpa.com](mailto:admin@lapiercpa.com)**

Member of American Institute of CPAs ~ Member of Massachusetts Association of CPAs

To the Board of Directors of  
National Network of Abortion Funds  
Page Two

### **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, 2020, and the changes in its net assets and its cash flows for the year 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 Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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, MA  
January 14, 2021

**NATIONAL NETWORK OF ABORTION FUNDS**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

*ASSETS*

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,403,851	\$ 4,263,786
Contributions and grants receivable, net	2,695,393	559,470
Prepaid expenses and other assets	104,240	71,117
Investments	5,313,436	4,910,429
Property and equipment, net	111,296	135,903
<b>Total assets</b>	<b>\$ 13,628,216</b>	<b>\$ 9,940,705</b>

*LIABILITIES AND NET ASSETS*

<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 819,267	\$ 1,622,078
Government loan	685,000	-
Total liabilities	1,504,267	1,622,078
<b>Net assets</b>		
Without donor restrictions	5,503,048	4,058,540
With donor restrictions	6,620,901	4,260,087
Total net assets	12,123,949	8,318,627
<b>Total liabilities and net assets</b>	<b>\$ 13,628,216</b>	<b>\$ 9,940,705</b>

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

**NATIONAL NETWORK OF ABORTION FUNDS**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>Revenue and support</b>				
Grants	\$ 3,768,462	\$ 7,058,626	\$ 10,827,088	\$ 7,009,945
Contributions and bequests	1,941,256	143,488	2,084,744	3,634,939
Dues	46,120	-	46,120	54,708
Other income	59,180	-	59,180	102,854
Special events, net				
Special events revenue and support	562,701	-	562,701	2,073,752
Less direct assistance benefits	(538,432)	-	(538,432)	(2,040,892)
Investment income, net	189,145	-	189,145	207,024
Loss on disposal of assets	-	-	-	(2,148)
Net assets released from restrictions	<u>4,841,300</u>	<u>(4,841,300)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>10,869,732</u>	<u>2,360,814</u>	<u>13,230,546</u>	<u>11,040,182</u>
<b>Expenses</b>				
Program	5,426,945	-	5,426,945	4,180,694
Fundraising and communications	2,304,245	-	2,304,245	892,389
Management and general	<u>1,694,034</u>	<u>-</u>	<u>1,694,034</u>	<u>1,795,708</u>
Total expenses	<u>9,425,224</u>	<u>-</u>	<u>9,425,224</u>	<u>6,868,791</u>
<b>Change in net assets</b>	1,444,508	2,360,814	3,805,322	4,171,391
<b>Net assets, beginning of year</b>	<u>4,058,540</u>	<u>4,260,087</u>	<u>8,318,627</u>	<u>4,147,236</u>
<b>Net assets, end of year</b>	<u>\$ 5,503,048</u>	<u>\$ 6,620,901</u>	<u>\$ 12,123,949</u>	<u>\$ 8,318,627</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, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Program</u>	<u>Fundraising and Communications</u>	<u>Management and General</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>Employee compensation and related costs</b>					
Salaries and wages	\$ 1,699,588	\$ 1,375,425	\$ 1,049,200	\$ 4,124,213	\$ 2,548,162
Payroll taxes	132,190	106,977	81,605	320,772	194,119
Fringe benefits	<u>280,357</u>	<u>226,884</u>	<u>173,072</u>	<u>680,313</u>	<u>442,618</u>
	2,112,135	1,709,286	1,303,877	5,125,298	3,184,899
<b>Other expenses</b>					
Bad debt expense	-	-	-	-	40,000
Depreciation	23,671	19,156	14,612	57,439	37,421
Fundraising supplies and expenses	-	339	-	339	14,825
Insurance	6,117	4,881	3,724	14,722	8,430
Merchandising expenses	17,533	69,390	23	86,946	72,448
Occupancy costs	51,072	41,255	31,204	123,531	104,600
Office supplies, fees and expenses	69,365	46,351	9,412	125,128	137,479
Other personnel expenses	26,780	26,861	100,671	154,312	210,427
Professional development, consulting & other expenses	529,379	167,535	150,133	847,047	759,497
Program direct assistance	2,042,078	31,413	-	2,073,491	1,346,347
Telecommunications, website and publications	49,639	83,642	25,142	158,423	128,431
Travel and meetings	<u>499,176</u>	<u>104,136</u>	<u>55,236</u>	<u>658,548</u>	<u>823,987</u>
Total expenses	<u>\$ 5,426,945</u>	<u>\$ 2,304,245</u>	<u>\$ 1,694,034</u>	<u>\$ 9,425,224</u>	<u>\$ 6,868,791</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, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 3,805,322	\$ 4,171,391
Adjustments to reconcile change in net assets to net cash from operating activities:		
Bad debt expense	-	40,000
Depreciation	57,439	37,421
Unrealized and realized investment gains	(78,185)	(46,806)
Stock donations	(2,962,237)	(6,015,824)
Loss on disposal of fixed assets	-	2,148
Decrease (increase) in operating assets and liabilities:		
Contributions and grants receivable	(2,135,923)	474,394
Prepaid expenses and other assets	(33,123)	121,543
Accounts payable and accrued expenses	(802,811)	893,127
Deferred revenue	-	(55,718)
Net cash used by operating activities	(2,149,518)	(378,324)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(32,832)	(82,310)
Proceeds from investments	5,711,089	7,713,766
Purchase of investments	(3,073,674)	(4,056,358)
Net cash provided by investing activities	2,604,583	3,575,098
<b>Cash flows from financing activities</b>		
Proceeds from government loan	685,000	-
Net cash provided by financing activities	685,000	-
<b>Net increase in cash and cash equivalents</b>	1,140,065	3,196,774
<b>Cash and cash equivalents, beginning of year</b>	4,263,786	1,067,012
<b>Cash and cash equivalents, end of year</b>	\$ 5,403,851	\$ 4,263,786

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



**NATIONAL NETWORK OF ABORTION FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**1. NATURE OF ACTIVITIES:**

The National Network of Abortion Funds (the “Organization”) is a non-profit corporation organized and incorporated in 1994. The Organization was created to facilitate networking and to provide support and technical assistance to local abortion funds belonging to the Organization. The Organization builds power with members to remove financial and logistical barriers to abortion access by centering people who have abortions and organizing at the intersections of racial, economic, and reproductive justice. In addition, the Organization facilitates creation of new abortion funds and works in national coalitions on issues of abortion access.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of accounting**

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of presentation**

The Organization follows the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Revenue Recognition and Presentation of Financial Statements. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - represent available resources other than donor-restricted resources. Net assets without donor restrictions used for operations represent the ongoing activity of the Organization, exclusive of certain activities designated by the Board. Designated net assets consist of net assets without donor restrictions designated by the Board. Any portion of board-designated funds may be expended with the approval of the Board.
- *Net assets with donor restrictions* – represent net assets subject to donor-imposed restrictions that will be met by actions of the Organization and/or the passage of time. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets with donor restrictions (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NATIONAL NETWORK OF ABORTION FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Revenue and support**

Revenue is recognized on the accrual basis. Revenue and fees for service which are paid in advance are deferred and subsequently recognized as revenue in the period in which they are earned.

Contributions and grants, including unconditional promises to give, are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

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, 2020, no funding sources had requested the return of any funds.

**Cash and cash equivalents**

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of 90 days or less to be cash equivalents.

**Contributions and grants receivable**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions receivable are recorded at the present value of future cash flows, net of an allowance for uncollectibility. Pledges are typically due within one year or less, for which their net realizable value is a reasonable estimate of fair value.

Grants are recognized when donor conditions are met. Grants receivable are recorded at the present value of future cash flows, net of an allowance for uncollectibility. Grants are typically due within one year or less, for which their net realizable value is a reasonable estimate of fair value.

On a periodic basis, the Organization evaluates its contributions and grants receivable and establishes an allowance for doubtful accounts. The allowance is based on the prior years' experience and management's analysis of specific pledges and grants made. Contributions and grants receivable are considered past due based on the pledge or grant date and are written off when management believes amounts will not be collected. Management does not believe an allowance was required at June 30, 2020 and 2019.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. The basis for determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations for over-the-counter markets. In the case of mutual funds, the fair value is determined as the number of units held in the fund multiplied by the price per unit share as quoted.

Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales or maturities are calculated on a specific identification basis. Dividend and interest income are accrued when earned. Investment activity is reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

**NATIONAL NETWORK OF ABORTION FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Investments (continued)**

Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments and related activity reported on the financial statements.

**Property and equipment**

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. The Organization capitalizes property and equipment with a purchased cost or donated fair value of \$500 and greater. Property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method over a 5 – 7 year period.

The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the change in net assets for the period.

**Deferred Revenue**

Deferred revenue represents revenues collected but not earned as of June 30. This is primarily composed of revenue for the Organization's National Meet, which occurs every two years.

**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.

**Allocation of expenses**

The costs of providing program activities and other services 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.

**Income taxes**

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. No provision has been made for income taxes in the accompanying financial statements as the Organization has had no unrelated business income.

The Organization has not taken any tax positions which would have a material effect, individually or in the aggregate, upon the Organization's financial statements. The Organization believes it has not taken any significant uncertain tax positions or any tax positions that would jeopardize the Organization's tax-exempt status. The Organization files tax forms in the United States federal and state jurisdictions and is no longer subject to examinations by tax authorities for years before June 30, 2017.

**NATIONAL NETWORK OF ABORTION FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Fair value of financial instruments**

The carrying values of the Organization's cash, receivables, payables, accrued expenses and debt approximated their fair value based on their maturities as of June 30, 2020 and 2019.

**Fair value measurements**

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC *Fair Value Measurements and Disclosures*. The hierarchy gives the highest priority to valuations based on unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to valuations based on unobservable inputs that are significant to the valuation (level 3 measurements). An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three levels as follows:

Level 1	Quoted market prices for identical instruments in active markets.
Level 2	Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, observable inputs other than quoted prices, inputs derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Valuation models in which significant inputs are unobservable or where there is little, if any, market activity.

**Reclassifications**

Certain items in the financial statements for the year ended June 30, 2019 have been reclassified to conform to the 2020 presentation. There was no change to the June 30, 2019 change in net assets as a result of these reclassifications.

**Subsequent events**

Management has evaluated subsequent events through January 14, 2020, the date which the financial statements were available to be issued. See also Note 15.

**3. CONTRIBUTIONS AND GRANTS RECEIVABLE:**

Contributions and grants receivable are summarized as follows at June 30:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 2,100,750	\$ 559,470
Due within one to five years	600,000	-
	<u>2,700,750</u>	<u>559,470</u>
Less present value discount	5,357	-
Pledges receivable, net	<u>\$ 2,695,393</u>	<u>\$ 559,470</u>

Contributions and grants receivable are discounted using the average short-term applicable federal rate of 0.6% at June 30, 2020.

**NATIONAL NETWORK OF ABORTION FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**4. INVESTMENTS:**

The Board, as the governing authority, is responsible for oversight of the Organization's investments, the establishment and implementation of an investment policy, including the establishment of investment guidelines and the selection of investment managers. Investments authorized by the Board include high quality, readily marketable equity and fixed income securities; other types of investments may be made with the approval of the Board. The Organization maintains policies and procedures to value instruments using the best and most relevant data available.

The following schedule summarizes the Organization's investments as of June 30:

	<u>2020</u>	<u>2019</u>
Certificates of deposit	\$ 1,523,283	\$ 2,260,681
Mutual funds		
Liquidity funds	2,537,941	1,506,546
Large growth	264,943	213,713
Blend large value and growth	987,269	924,541
Common stock	-	4,948
Total investments	<u>\$ 5,313,436</u>	<u>\$ 4,910,429</u>

**5. PROPERTY AND EQUIPMENT:**

Property and equipment as of June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 239,017	\$ 231,395
Accumulated depreciation	(127,721)	(95,492)
Property and equipment, net	<u>\$ 111,296</u>	<u>\$ 135,903</u>

Depreciation expense totaled \$57,439 and \$37,421 for the years ended June 30, 2020 and 2019, respectively.

**6. CREDIT CARD LINE OF CREDIT:**

The Organization has a revolving credit card account with a maximum \$200,000 available for all card holders combined. The credit card balances are payable on demand, with interest due monthly on the then outstanding balance. As of June 30, 2020 and 2019, there was no outstanding balance.

**NATIONAL NETWORK OF ABORTION FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**7. GOVERNMENT LOAN:**

In May 2020 the Organization received funds under the Paycheck Protection Program (the “PPP”) in the amount of \$685,000. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides funds to qualifying organizations that may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations.

Management and the Board of the Organization have interpreted the funds received under the PPP to be a loan, forgiveness of the loan, in whole or in part, to be recognized when the lender or Small Business Administration has rendered their decision, at which time a gain contingency will be recognized on the statement of activities. Until a decision has been rendered, the funds received under the PPP are recognized as a government loan on the statement of financial position. As of December 14, 2020, the Organization received notification that its PPP loan application had been approved and forgiven in full. Forgiveness of the loan and any accrued interest will be recognized as a gain contingency on the statement of activities for the year ending June 30, 2021.

**8. RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES:**

**Board designated net assets**

The Board of the Organization has established the following Board Designated funds:

- *Rainy Day Fund* - intended to provide the Organization with an internal source of funding to navigate unexpected challenges that temporarily disrupt the finances of current programs and operations. There were no amounts designated by the Board as of June 30, 2020 and 2019.
- *Special Opportunity Fund* - intended to provide the Organization with an internal source of funding to pursue new strategic opportunities or new programs. There were no amounts designated by the Board as of June 30, 2020 and 2019.

In addition, the Board established an Operating Reserve Fund to support working capital and liquidity needs of the Organization, available at the discretion of executive staff of the Organization. As this fund is available at the discretion of management without Board approval, it is classified with net assets without donor restrictions. The Board approved \$3,332,536 as of June 30, 2020 to be established as an Operating Reserve to be used at management’s discretion.

**Net assets with donor restrictions**

The Organization has various sources of donor restricted funds. Net assets with donor restrictions were released from donor restriction by incurring expenses satisfying the restricted purpose specified by the donor. The net assets with donor restrictions released from restrictions for the year ended June 30, 2020 were \$4,841,300.

**9. 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, 2020 and 2019, the Organization contributed \$74,257 and \$56,468, respectively.

**NATIONAL NETWORK OF ABORTION FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**10. LEASING ACTIVITIES:**

In 2017, the Organization entered into a lease agreement to rent office space with an initial term of three years, expiring June 2020, at \$37,200 per year. In July 2020, the organization renewed its lease for an additional term of two years, expiring June 2022, at \$37,200 per year.

In 2017, the Organization entered into an additional lease agreement to rent office space with an initial term of one year, at a minimum monthly rent of \$1,300. The lease can be terminated by either party by giving at least 60 days written notice prior to the end of the lease term. In February 2019 and 2020, the lease automatically renewed for additional one year terms, the current lease expiring in February 2021, at \$1,365 per month.

Rent expense under these agreements for the years ended June 30, 2020 and 2019 totaled \$53,580 and \$53,255, respectively.

Future leases payments are as follows:

<u>For the Year Ending June 30</u>	
2021	\$ 48,120
2022	37,200
Total	\$ <u>85,320</u>

**11. RELATED PARTY TRANSACTIONS:**

From time to time, members of the Board will make monetary donations to the Organization, as well as donating substantial time assisting the Organization with strategic planning, program implementation, and fundraising. During the years ended June 30, 2020 and 2019, various employees and members of the Board made contributions to the Organization of \$1,285 and \$3,200 respectively.

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

**12. CONCENTRATIONS OF CREDIT RISK:**

The Organization maintains cash balances with a financial institution and attempts to limit the amount of credit exposure. At times, the Organization's cash balance may temporarily exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Organization has not experienced any losses on its accounts and monitors the credit-worthiness of the financial institution with which it conducts business. Management believes the Organization is not exposed to any significant concentration of credit risk on cash.

The Organization also holds various investments. Investments are subject to credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The Organization has an investment policy and utilizes management oversight, and periodically reviews its investment portfolios to monitor these risks.

**NATIONAL NETWORK OF ABORTION FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**13. FAIR VALUE MEASUREMENTS:**

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels (see Note 2, Summary of Significant Accounting Policies, Fair value measurements).

Assets measured at fair value on a recurring basis were as follows:

Assets at	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>June 30, 2020</b>				
<b>Investments</b>				
Certificates of deposit	\$ 1,523,283	\$ -	\$ 1,523,283	\$ -
Mutual funds				
Liquidity funds	2,537,941	2,537,941	-	-
Large growth	264,943	264,943	-	-
Blend large value and growth	987,269	987,269	-	-
	<u>\$ 5,313,436</u>	<u>\$ 3,790,153</u>	<u>\$ 1,523,283</u>	<u>\$ -</u>
<b>June 30, 2019</b>				
<b>Investments</b>				
Certificates of deposit	\$ 2,260,681	\$ -	\$ 2,260,681	\$ -
Mutual funds				
Liquidity funds	1,506,546	1,506,546	-	-
Large growth	213,713	213,713	-	-
Blend large value and growth	924,541	924,541	-	-
Common stock	4,948	4,948	-	-
	<u>\$ 4,910,429</u>	<u>\$ 2,649,748</u>	<u>\$ 2,260,681</u>	<u>\$ -</u>

The basis for determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations for over-the-counter markets. In the case of mutual funds, the fair value is determined as the number of units held in the fund multiplied by the price per unit share as quoted.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with others, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the report date.

There were no changes in the valuation techniques and related inputs at June 30, 2020 and 2019.

The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between levels for the years ended June 30, 2020 and 2019.



**NATIONAL NETWORK OF ABORTION FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**14. AVAILABILITY AND LIQUIDITY:**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The following represents the Organization's financial assets at June 30, 2020:

Financial assets at year end:	
Cash and cash equivalents	\$ 5,403,851
Contribution and grants receivables, net	2,695,393
Investments	<u>5,313,436</u>
Total financial assets	<u>13,412,680</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	6,620,901
Long-term receivables, net of discount	<u>594,643</u>
	<u>7,215,544</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>6,197,136</u>

**15. SUBSEQUENT EVENTS:**

The Organization evaluated its June 30, 2020 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact its support and revenue as well as its investments. Other financial impacts could occur though such potential impact is unknown at this time. As such, the Organization's financial condition and liquidity may be negatively impacted for the fiscal year 2021. However, the related financial impact and duration cannot be reasonably estimated at this time.