

NATIONAL NETWORK OF ABORTION FUNDS
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021



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**NATIONAL NETWORK OF ABORTION FUNDS
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

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, 2021, 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.

Auditors' 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 auditors' 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.

Board of Directors
National Network of Abortion Funds

Opinion

In our opinion, the June 30, 2021 financial statements referred to above present fairly, in all material respects, the financial position of National Network of Abortion Funds as of June 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
April 25, 2022

**NATIONAL NETWORK OF ABORTION FUNDS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

ASSETS

Cash and Cash Equivalents	\$ 8,374,326
Contributions and Grants Receivable, Net	1,694,740
Prepaid Expenses and Other Assets	178,115
Investments	4,107,584
Property and Equipment, Net	<u>61,440</u>
Total Assets	<u><u>\$ 14,416,205</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	<u>\$ 1,833,549</u>
Total Liabilities	<u>1,833,549</u>

NET ASSETS

Without Donor Restrictions	7,447,388
With Donor Restrictions	<u>5,135,268</u>
Total Net Assets	<u><u>12,582,656</u></u>
Total Liabilities and Net Assets	<u><u>\$ 14,416,205</u></u>

See accompanying Notes to Financial Statements.

**NATIONAL NETWORK OF ABORTION FUNDS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Grants and Contracts	2,422,460	\$ 6,814,304	\$ 9,236,764
Contributions	2,198,161	-	2,198,161
Membership Dues	39,334	-	39,334
Other Income	35,865	-	35,865
Special Events, Net:			
Gross Special Events Revenue	1,319,536	-	1,319,536
Less: Cost of Direct Benefits to Donors	(1,319,536)	-	(1,319,536)
Investment Income, Net	305,958	-	305,958
Forgiveness of Government Loan	689,148	-	689,148
Net Assets Released from Restriction	8,299,937	(8,299,937)	-
Total Revenue, Support, and Gains	13,990,863	(1,485,633)	12,505,230
EXPENSES AND LOSSES			
Program Services Expense	6,934,999	-	6,934,999
Fundraising and Development	2,553,040	-	2,553,040
Management and General	2,558,484	-	2,558,484
Total Expenses and Losses	12,046,523	-	12,046,523
CHANGE IN NET ASSETS	1,944,340	(1,485,633)	458,707
Net Assets - Beginning of Year	5,503,048	6,620,901	12,123,949
NET ASSETS - END OF YEAR	\$ 7,447,388	\$ 5,135,268	\$ 12,582,656

See accompanying Notes to Financial Statements.

**NATIONAL NETWORK OF ABORTION FUNDS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Fundraising and Development</u>	<u>Management and General</u>	<u>2021 Total</u>
EMPLOYEE COMPENSATION AND RELATED COSTS				
Salaries and Wages	\$ 1,879,230	\$ 1,625,205	\$ 1,458,172	\$ 4,962,607
Payroll Taxes	133,676	117,820	106,668	358,164
Employee Benefits	318,056	280,328	253,794	852,178
	<u>2,330,962</u>	<u>2,023,353</u>	<u>1,818,634</u>	<u>6,172,949</u>
OTHER EXPENSES				
Depreciation	25,866	14,450	9,540	49,856
Fundraising Supplies and Expenses	-	-	-	-
Insurance	-	-	20,169	20,169
Merchandising Expenses	11,749	25,783	-	37,532
Occupancy Costs	26,200	20,200	115,092	161,492
Office Supplies, Fees and Expenses	6,116	286,305	65,339	357,760
Other Personnel Expenses	2,005	472	177,449	179,926
Professional Development, Consulting, and Other Expenses	789,902	165,307	197,786	1,152,995
Program Direct Assistance	3,734,675	1,319,536	-	5,054,211
Telecommunications, Website, and Publications	7,524	16,359	140,621	164,504
Travel and Meetings	-	811	13,854	14,665
	<u>4,604,037</u>	<u>1,849,223</u>	<u>739,850</u>	<u>7,193,110</u>
Less Expenses Netted Against Revenues on Statement of Activities:				
Special Event Expenses	-	(1,319,536)	-	(1,319,536)
Total Expenses	<u><u>\$ 6,934,999</u></u>	<u><u>\$ 2,553,040</u></u>	<u><u>\$ 2,558,484</u></u>	<u><u>\$ 12,046,523</u></u>

See accompanying Notes to Financial Statements.

**NATIONAL NETWORK OF ABORTION FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 458,707
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	49,856
Realized and Unrealized (Gain) Loss on Operating Investments	(298,905)
Forgiveness of Government Loan	(685,000)
Stock Donations	(3,200,974)
Decrease (Increase) in Operating Assets and Liabilities	
Contributions and Grants Receivable	1,000,653
Prepaid Expenses and Other Assets	(73,875)
Accounts Payable and Accrued Expenses	1,014,282
Net Cash Used by Operating Activities	<u>(1,735,256)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Operating Investments	<u>4,705,730</u>
Net Cash Provided by Investing Activities	<u>4,705,730</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,970,474
Cash and Cash Equivalents - Beginning of Year	<u>5,403,852</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 8,374,326</u></u>

See accompanying Notes to Financial Statements.

**NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

National Network of Abortion Funds (the Organization) is a nonprofit corporation organized and incorporated in 1994. The Organization was created to facilitate networking 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.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with reporting principles generally accepted in the United States of America (GAAP) as defined by Professional Standards.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions used for operations represent the ongoing activity of the Organization, exclusive of certain activities designated by the board. Any portion of board designated funds may be expended with the approval of the board.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, that may or will be met either by actions of the Organization and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of financial reporting, the Organization considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

Contributions and Grants Receivable

Contributions receivable are recorded at the present value of future cash flows, net of an allowance for uncollectible accounts. Pledges are typically due within one year or less, for which their net realizable value is a reasonable estimate of fair value.

Grants receivable are recorded at the present value of future cash flows, net of an allowance for uncollectible accounts. 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, 2021.

Investments and Investment Income and Gains

The Organization follows the not-for-profit subtopic of the FASB Accounting Standards Codification with respect to investments, and under this subtopic, investments in marketable equity and fixed income securities with readily determinable fair values are stated at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) are included in increase (decrease) in net assets.

NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value

Accounting standards provide a common definition of fair value and establishes a framework to make the measurement of fair value in U.S. GAAP more consistent and comparable.

Accounting standards also require expanded disclosures to provide information about the extent to which fair value is used to measure certain financial assets and liabilities, the methods, and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Organization's financial assets reflected in the financial statements at fair value include its investments (see Note 12).

Property and Equipment

Purchased property and equipment is capitalized at cost. The Organization capitalizes property and equipment with a purchased cost or donated fair value of \$5,000 and greater. Property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method over a three to seven year. Donations of property and equipment are recorded as contributions at their estimated fair value. Absent explicit donor stipulation about how long those assets must be maintained, expiration of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

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.

Revenue Recognition

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, 2021, no funding sources had requested the return of any funds.

To determine revenue recognition for the arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when the Organization satisfies a performance obligation.

NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Organization's revenue within the scope of Topic 606 includes merchandise sales of \$22,561 included in Other Income and Membership Dues of \$39,334. Revenue is recognized as the services or sales occur over time. Any amounts collected prior to the revenue being recognized is included in deferred revenue. Deferred revenue primarily is composed of revenue for the Organization's National Meet, which occurs every two years. Due to COVID, there was no National Meet in the current year and the event is next scheduled in 2023. There was no deferred revenue or receivables related to exchange revenue as of July 1, 2020 or June 30, 2021.

The Organization's revenue from special events includes contributions that are specified by purpose by the donor. The Organization recognizes the contribution when conditions and/or barriers are met.

Donated Services and In-Kind Contributions

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. No significant contributions of such goods or services were received during the year ended June 30, 2021.

Contributed Stock

The Organization's policy is to liquidate stock immediately upon receipt. The policy is communicated to the potential donor of the stock. An investment account is maintained with a minimum balance of cash or stock as required to facilitate the donation and liquidation. Proceeds from the sale of the stock are considered as an increase in contributions without donor restrictions, unless the donor has imposed a restriction as a condition of the gift, in which case procedures for accounting for contributions with donor restrictions will be followed. Stock contributions, included in Contributions in the statement of activities, totaled \$3,200,974 for the year ended June 30, 2021.

Functional 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 and depreciation are allocated based upon management's estimate of time incurred and usage of space. 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.

NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$112,924 during the year ended June 30, 2021.

Recent Accounting Guidance

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the balance sheet for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The effective date for the Organization is for annual periods beginning after December 15, 2021, however, early application is permitted. The Organization is currently evaluating the impact this guidance will have on its financial statements.

Change in Accounting Principle

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Organization adopted the requirements of the new guidance as of July 1, 2020, utilizing the modified retrospective method of transition. There was no material impact on the Organization's financial position and results of operations upon adoption of the new standard.

Subsequent Events

We have evaluated subsequent events through April 25, 2022, the date the financial statements were available to be issued.

NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 GRANTS AND CONTRIBUTIONS RECEIVABLE

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

	2021
Within One Year	<u>\$ 1,394,740</u>
In One to Five Years	<u>300,000</u>
Total	<u>1,694,740</u>
Less: Present Value Discount	-
Total	<u><u>\$ 1,694,740</u></u>

Contributions and grants receivable are discounted using the average short-term applicable federal rate at year end. The discount was deemed immaterial by management for the year ended June 30, 2021.

NOTE 3 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:

	2021
Mutual Funds	<u>\$ 4,107,584</u>
Total	<u><u>\$ 4,107,584</u></u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2021
Equipment	<u>\$ 239,017</u>
Less: Accumulated Depreciation and Amortization	<u>(177,577)</u>
Total Property and Equipment	<u><u>\$ 61,440</u></u>

Depreciation expense totaled \$49,856 for the year ended June 30, 2021.

NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 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, 2021, there was no outstanding balance.

NOTE 6 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 the decision was rendered, the funds received under the PPP were 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 accrued interest were recognized as revenue on the statement of activities for the year ending June 30, 2021. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position

NOTE 7 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, 2021.

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, 2021.

NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES (CONTINUED)

Board-Designated Net Assets (Continued)

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 \$5,391,752 as of June 30, 2021 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 meeting purpose restrictions for the year ended June 30, 2021 were \$4,631,143, consisting of \$566,977 for the Collective Power Fund, \$1,446,499 for program purposes, and \$2,617,667 released due to satisfying time restrictions.

NOTE 8 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, 2021, the Organization contributed \$118,806.

NOTE 9 LEASES

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 2020, the lease automatically renewed for an additional one-year term at \$1,365 per month. During February 2021, the Organization entered into a nine-month lease agreement beginning March 2021 that ended November 2021. That office will be closed and no longer utilized after November 2021.

Rent expense under these agreements for the years ended June 30, 2021 totaled \$53,580.

Future minimum lease payments include lease payments for the year ended June 30, 2022 amounting to \$44,625.

NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 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.

NOTE 11 CONCENTRATION 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 creditworthiness 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.

NOTE 12 FAIR VALUE MEASUREMENTS

Accounting standards require that financial and nonfinancial assets and liabilities recognized or disclosed in the financial statements on a recurring basis (at least annually), be measured at fair value. These standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Organization categorize its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

**NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs are only used when higher-level inputs are not available.

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.

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

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>June 30, 2021</u>				
Mutual Funds	<u>\$ 4,107,584</u>	<u>\$ 4,107,584</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 4,107,584</u>	<u>\$ 4,107,584</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2021.

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, 2021.

**NATIONAL NETWORK OF ABORTION FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 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:

	2021
Financial Assets at Year-End:	
Cash and Cash Equivalents	\$ 8,374,326
Contributions and Grants Receivable, Net	1,694,740
Investments	4,107,584
Total Financial Assets	14,176,650
Less Amounts not Available to be Used Within One Year:	
Net Assets With Donor Restrictions - Program Restrictions	2,034,790
Long-Term Receivables, Net of Discount	300,000
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 11,841,860

NOTE 14 UNCERTAINTIES

The Organization evaluated its June 30, 2021 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 2022. However, the related financial impact and duration cannot be reasonably estimated at this time.