

NATIONAL NETWORK OF ABORTION FUNDS

JUNE 30, 2019

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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 the National Network of Abortion Funds, which comprise the statement of financial position as of June 30, 2019, 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 the National Network of Abortion Funds' as of June 30, 2019, 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 June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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, 2020

NATIONAL NETWORK OF ABORTION FUNDS

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 4,263,786	\$ 1,067,012
Investments	4,910,429	2,505,207
Contributions and grants receivable	559,470	1,073,864
Prepaid expenses	71,117	192,660
Property and equipment - net	<u>135,903</u>	<u>93,162</u>
 Total Assets	 <u>\$ 9,940,705</u>	 <u>\$ 4,931,905</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 1,622,078	\$ 728,951
Deferred revenues	<u>-</u>	<u>55,718</u>
 Total Liabilities	 <u>1,622,078</u>	 <u>784,669</u>
 Net Assets		
Without donor restrictions	4,058,540	2,867,420
With donor restrictions	<u>4,260,087</u>	<u>1,279,816</u>
 Total Net Assets	 <u>8,318,627</u>	 <u>4,147,236</u>
 Total Liabilities and Net Assets	 <u>\$ 9,940,705</u>	 <u>\$ 4,931,905</u>

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, 2019 WITH SUMMARIZED FINANCIAL INFORMATION TOTALS FOR 2018**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	Summarized 2018 Total
Revenue and Support				
Grants	\$ 2,291,403	\$ 4,718,542	\$ 7,009,945	\$ 4,218,603
Contributions	3,737,793	-	3,737,793	910,297
Bowl-a-thon	2,073,752	-	2,073,752	1,759,382
Investment income, net	207,024	-	207,024	112,047
Gain (loss) on disposal of assets	(2,148)	-	(2,148)	-
Dues	54,708	-	54,708	5,865
Total revenue and support before releases	<u>8,362,532</u>	<u>4,718,542</u>	<u>13,081,074</u>	<u>7,006,194</u>
Net assets released from restrictions	<u>1,738,271</u>	<u>(1,738,271)</u>	<u>-</u>	<u>-</u>
Total revenue and support after releases	<u>10,100,803</u>	<u>2,980,271</u>	<u>13,081,074</u>	<u>7,006,194</u>
Expenses				
Program	6,221,586	-	6,221,586	4,074,049
Management and general	1,795,708	-	1,795,708	1,400,842
Fundraising	892,389	-	892,389	685,429
Total expenses	<u>8,909,683</u>	<u>-</u>	<u>8,909,683</u>	<u>6,160,320</u>
Change in net assets	1,191,120	2,980,271	4,171,391	845,874
Net assets - beginning of year	<u>2,867,420</u>	<u>1,279,816</u>	<u>4,147,236</u>	<u>3,301,362</u>
Net assets - end of year	<u>\$ 4,058,540</u>	<u>\$ 4,260,087</u>	<u>\$ 8,318,627</u>	<u>\$ 4,147,236</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, 2019 WITH COMPARATIVE TOTALS FOR 2018**

	Management and		Fundraising	2019 Total	Summarized Information 2018 Total
	Program	General			
Salaries and wages	\$ 1,044,120	\$ 956,062	\$ 515,770	\$ 2,515,952	\$ 2,052,032
Payroll taxes	77,648	77,648	38,823	194,119	202,725
Fringe benefits	185,183	194,679	94,966	474,828	379,988
Professional fees	478,871	83,802	35,916	598,589	169,981
Depreciation	14,968	14,968	7,485	37,421	35,787
Security	2,110	3,351	744	6,205	4,591
Insurance	3,372	3,372	1,686	8,430	11,885
Occupancy	17,770	27,338	23,237	68,345	85,835
Office expense	148,011	60,301	65,783	274,095	191,455
Organizational development	87,874	105,020	21,432	214,326	95,283
Travel	432,168	160,520	24,695	617,383	441,315
IT / Website and publications	56,921	43,260	13,661	113,842	112,692
Fundraising expenses	-	-	14,825	14,825	1,082
Bowl-A-Thon	2,040,892	-	-	2,040,892	1,577,594
Advertising	16,098	3,622	403	20,123	178,254
Direct assistance	1,364,677	-	-	1,364,677	532,418
Meetings	145,727	47,263	3,938	196,928	55,708
Remote staff expenses	14,502	14,502	7,251	36,255	31,695
Merchandising expenses	50,674	-	21,774	72,448	-
Bad debt	40,000	-	-	40,000	-
Total expenses	\$ 6,221,586	\$ 1,795,708	\$ 892,389	\$ 8,909,683	\$ 6,160,320

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Net change in net assets	\$ 4,171,391	\$ 845,874
Loss on disposal of fixed assets	2,148	-
Depreciation	37,421	35,787
Donated stock	(6,015,824)	(1,741,530)
Net realized and unrealized investment gains and losses	(46,806)	(27,699)
Net changes in operating assets and liabilities:		
Contributions and grants receivable	514,394	142,835
Prepaid expenses	121,543	(117,029)
Accounts payable	893,127	(1,163,471)
Deferred revenues	<u>(55,718)</u>	<u>55,718</u>
Net cash used by operating activities	<u>(378,324)</u>	<u>(1,969,515)</u>
Cash flows from investing activities		
Sale of investments	7,713,766	2,184,204
Purchase of investments	(4,056,358)	(832,221)
Purchase of fixed assets	<u>(82,310)</u>	<u>(66,892)</u>
Net cash flows provided by investing activities	<u>3,575,098</u>	<u>1,285,091</u>
Net change in cash and cash equivalents	3,196,774	(684,424)
Cash and cash equivalents - beginning of year	<u>1,067,012</u>	<u>1,751,436</u>
Cash and cash equivalents - end of year	<u>\$ 4,263,786</u>	<u>\$ 1,067,012</u>

Supplemental disclosures for cash flows at June 30, 2019 and 2018 consist of :

Donated stock	<u>\$ 6,015,824</u>	<u>\$ 1,741,530</u>
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The accompanying notes are an integral part of these financial statements.

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. *ORGANIZATION*

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 National Network of Abortion Funds. The Organization facilitates creation of new abortion funds and works in national coalitions on issues of abortion access.

2. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

This summary of significant accounting policies of 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.

Classification of net assets – The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets, including operating accounts, not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulation that may or will be met by actions of the Organization and/or the passage of time.

Classification of revenues and expenses – Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. 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 reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give and grant awards, are recognized as revenues in the period made. Promises to give which are restricted by the donor to a specific purpose which has not been met as of the statement of financial position date are shown as increases in net assets with donor restrictions.

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

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

When a donor restriction expires that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

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, 2019, no funding sources had requested the return of any funds.

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.

Contributions and Grants Receivable – Contributions and grants receivable are recorded at net realizable value consisting of the carrying amount. As of June 30, 2019 and 2018, no amounts were deemed uncollectible; accordingly, no provision has been made for an allowance for doubtful accounts. The results of this practice do not differ materially from those obtained under the allowance method.

Investments – Investments in marketable securities are stated at the quoted market price.

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 over a 5-7 year 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.

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

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

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.

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 Financial Accounting Standards Board 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.

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 assets.

Subsequent Events – Management has evaluated subsequent events through January 31, 2020, the date which the financial statements were available to be issued.

3. ***CONCENTRATION OF CREDIT RISK***

The Organization maintains cash balances at financial institutions which at times exceed the federally insured limits of \$250,000 per institution. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any significant concentration of credit risk on these cash balances.

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 following section describes the valuation methodologies the Organization uses to measure the financial instruments at fair value.

Fixed Income: Certificates of Deposit, Mutual Funds, and Common Stocks – 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 06/30/2019</u>
Fixed income securities:		
Certificates of Deposit	\$ 2,260,681	\$ 2,260,681
Mutual Funds	2,644,800	2,644,800
Common Stock	<u>4,948</u>	<u>4,948</u>
 Total Investments	 <u>\$ 4,910,429</u>	 <u>\$ 4,910,429</u>

<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>

5. ***NET ASSET CLASSIFICATION***

Net Assets Without Donor Restrictions – This net asset class is used to account for all unrestricted resources, which are currently available for use by the Organization in carrying out its day to day operations. This net asset class is also used to account for the Organization’s investment in property and equipment used by the Organization’s programs.

Net Assets With Donor Restrictions – This net asset class is used to account for amounts received that are obtained subject to donor restrictions. At the time that the purpose or time restrictions have been complied with, the amount involved is released from net assets with donor restrictions into the Organization’s net assets without donor restrictions. For the years ended June 30, 2018 and 2019 the Organization only had net assets with donor restrictions that were restricted by time.

Net assets with donor restrictions as of June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,279,816	\$ 990,000
Received during the year	4,718,542	1,729,575
Released from restrictions	<u>(1,738,271)</u>	<u>(1,439,759)</u>
 Balance, end of year	 <u>\$ 4,260,087</u>	 <u>\$ 1,279,81</u>

NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

6. *PROPERTY & EQUIPMENT*

Property and equipment at June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 231,395	\$ 154,729
Less: accumulated depreciation	<u>(95,492)</u>	<u>(61,567)</u>
	<u>\$ 135,903</u>	<u>\$ 93,162</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$37,421 and \$35,787, respectively.

7. *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. The lease automatically renews every twelve months with a 5% increase per year. The lease can be terminated by either party by giving at least 60 days written notice prior to the end date. This lease was renewed in March 1, 2019 for an additional 12 months at monthly rents of \$1,365.

Rent expense for both agreements for the years ended June 30, 2019 and 2018 was \$68,345 and \$54,169, respectively.

Minimum future rent due is as follows:

2020	<u>\$ 48,120</u>
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NATIONAL NETWORK OF ABORTION FUNDS

NOTES TO FINANCIAL STATEMENTS

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 years ended June 30, 2019 and 2018, the Organization contributed \$54,468 and \$50,506, respectively.

9. *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, 2019, and 2018, there was no outstanding balance.

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. During the years ended June 30, 2019 and 2018, various employees and members of the Board of Directors made contributions to the Organization of \$3,200 and \$1,055 respectively.

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

11. *LIQUIDITY AND AVAILABILITY OF RESOURCES*

The Organization has \$9,733,685 of financial assets available within one year of the statement of financial position date to meet its cash needs for general expenditures. These financial assets consist of cash of \$4,263,786, receivables of \$559,470, and investments of \$4,910,429. Cash, receivables, and investments are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The receivables are expected to be collected within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has several grants from both federal and private supporters that management believes will provide sufficient income to cover operating expenses for the next fiscal year.