

**NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH
ASSOCIATION, INC.**

**Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended June 30, 2020 and 2019



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2020 AND 2019

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
National Family Planning and Reproductive
Health Association, Inc.

Report on the Financial Statements

We have audited the accompanying statements of financial position of the National Family Planning and Reproductive Health Association, Inc. (the Association) as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 controls 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 controls 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 controls. 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 Association as of June 30, 2020 and 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.

Washington, D.C.
November 12, 2020

SB & Company, LLC

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Statements of Financial Position
As of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 5,018,993	\$ 3,174,258
Investments	545,511	1,585,831
Investments - deferred compensation agreement	118,280	89,041
Grants and accounts receivable	1,419,486	470,498
Prepaid expenses and other assets	108,489	86,343
Furniture and equipment, net	47,574	103,465
Deposits	52,849	52,849
Total Assets	<u><u>\$ 7,311,182</u></u>	<u><u>\$ 5,562,285</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 236,378	\$ 175,681
Deferred revenue	167,813	245,354
Deferred compensation agreement	118,280	89,041
Deferred rent	195,929	196,442
Total Liabilities	<u><u>718,400</u></u>	<u><u>706,518</u></u>
Net Assets		
Without donor restrictions:		
Unrestricted	1,524,215	1,482,400
Management designated	84,358	83,727
Board designated	550,310	527,382
Total without donor restrictions	<u>2,158,883</u>	<u>2,093,509</u>
With donor restrictions	<u>4,433,899</u>	<u>2,762,258</u>
Total Net Assets	<u><u>6,592,782</u></u>	<u><u>4,855,767</u></u>
Total Liabilities and Net Assets	<u><u>\$ 7,311,182</u></u>	<u><u>\$ 5,562,285</u></u>

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

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020, with Comparative 2019 Totals

	2020			2019 Totals
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and Other Support				
Membership income	\$ 304,413	\$ -	\$ 304,413	\$ 336,950
National conference	206,389	-	206,389	227,840
Corporate grant	28,255	-	28,255	35,708
Contributions and grant revenue	2,576,044	4,124,307	6,700,351	5,064,514
Investment income, net	2,093	-	2,093	45,510
In-kind contributions	959,700	-	959,700	3,710,500
Miscellaneous	5,567	-	5,567	88,832
Total Revenue	4,082,461	4,124,307	8,206,768	9,509,854
Revenue released from restrictions	2,452,666	(2,452,666)	-	-
Total Revenue and Other Support	6,535,127	1,671,641	8,206,768	9,509,854
Expenses				
Program services:				
Policy and communication	677,955	-	677,955	838,833
Membership	132,620	-	132,620	209,515
National conference	900,809	-	900,809	711,920
Advocacy and education	14,031	-	14,031	7,778
Meetings/councils	109,894	-	109,894	384,004
Directed initiatives	1,736,338	-	1,736,338	645,704
Service delivery improvement	681,817	-	681,817	462,401
Health care strategy and analysis	1,233,221	-	1,233,221	4,069,198
Total program services	5,486,685	-	5,486,685	7,329,353
Supporting services:				
Management and general	556,731	-	556,731	1,257,349
Fundraising	426,337	-	426,337	305,462
Total supporting services	983,068	-	983,068	1,562,811
Total Expenses	6,469,753	-	6,469,753	8,892,164
Changes in net assets	65,374	1,671,641	1,737,015	617,690
Net assets, beginning of year	2,093,509	2,762,258	4,855,767	4,238,077
Net Assets, End of Year	\$ 2,158,883	\$ 4,433,899	\$ 6,592,782	\$ 4,855,767

The accompanying notes are an integral part of this financial statement.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

**Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support			
Membership income	\$ 336,950	\$ -	\$ 336,950
National conference	227,840	-	227,840
Corporate grant	35,708	-	35,708
Contributions and grant revenue	2,361,756	2,702,758	5,064,514
Investment income	45,510	-	45,510
In-kind contributions	3,710,500	-	3,710,500
Miscellaneous	88,832	-	88,832
Total revenue	<u>6,807,096</u>	<u>2,702,758</u>	<u>9,509,854</u>
Revenue released from restrictions	2,711,450	(2,711,450)	-
Total Revenue and Other Support	<u>9,518,546</u>	<u>(8,692)</u>	<u>9,509,854</u>
Expenses			
Program services:			
Policy and communication	838,833	-	838,833
Membership	209,515	-	209,515
National conference	711,920	-	711,920
Advocacy and education	7,778	-	7,778
Meetings/councils	384,004	-	384,004
Directed initiatives	645,704	-	645,704
Service delivery improvement	462,401	-	462,401
Health care strategy and analysis	4,069,198	-	4,069,198
Total program services	<u>7,329,353</u>	<u>-</u>	<u>7,329,353</u>
Supporting services:			
Management and general	1,257,349	-	1,257,349
Fundraising	305,462	-	305,462
Total supporting services	<u>1,562,811</u>	<u>-</u>	<u>1,562,811</u>
Total Expenses	<u>8,892,164</u>	<u>-</u>	<u>8,892,164</u>
Changes in net assets	626,382	(8,692)	617,690
Net assets, beginning of year	1,467,127	2,770,950	4,238,077
Net Assets, End of Year	<u>\$ 2,093,509</u>	<u>\$ 2,762,258</u>	<u>\$ 4,855,767</u>

The accompanying notes are an integral part of this financial statement.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Statement of Functional Expenses
For the Year Ended June 30, 2020, with Comparative Totals for 2019

	2020														2019 Totals
	Program Services									Supporting Services					
	Policy and Communication	Membership	National Conference	Advocacy and Education	Meetings/Councils	Directed Initiatives	Service Delivery Improvement	Health Care Strategy and Analysis	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total		
Salaries and wages	\$ 341,537	\$ 76,300	\$ 193,382	\$ 6,960	\$ 41,586	\$ 611,134	\$ 368,918	\$ 174,341	\$ 1,814,158	\$ 322,935	\$ 223,126	\$ 546,061	\$ 2,360,219	\$ 2,241,829	
Fringe benefits	81,248	18,151	46,003	1,656	9,893	145,381	87,761	41,474	431,567	76,823	53,079	129,902	561,469	493,486	
Representation/sponsorship	9,000	4,750	-	-	-	-	810	-	14,560	2,095	-	2,095	16,655	31,737	
Office supplies	1,130	277	1,545	23	213	4,786	1,376	577	9,927	1,068	749	1,817	11,744	23,323	
Postage and shipping	442	2,682	2,782	9	204	3,553	761	213	10,646	395	546	941	11,587	7,074	
Design and printing	20,965	1,072	29,148	736	3,125	18,292	1,048	-	74,386	1,600	-	1,600	75,986	170,762	
Office telephone	2,922	558	1,414	51	554	5,553	2,947	1,499	15,498	1,861	1,731	3,592	19,090	18,320	
IT services	16,669	3,827	9,382	338	2,093	35,748	17,973	8,483	94,513	10,667	10,850	21,517	116,030	107,780	
Business insurance	1,146	256	649	23	140	2,256	1,507	585	6,562	1,083	749	1,832	8,394	13,559	
Bank and credit card fees	2,756	616	1,561	56	336	5,638	2,977	1,407	15,347	2,106	1,801	3,907	19,254	15,627	
Travel	16,601	3,392	137,538	2,441	524	209,655	17,049	542	387,742	17,047	1,328	18,375	406,117	419,706	
Meeting expenses	2,166	1,400	414,594	-	37,759	343,941	30,117	-	829,977	42,361	230	42,591	872,568	572,640	
Miscellaneous expense	1,072	-	2,797	-	2,488	11	-	-	6,368	512	288	800	7,168	7,212	
Consultants	81,567	3,785	21,330	345	2,063	204,292	63,400	8,648	385,430	16,019	83,558	99,577	485,007	488,031	
Legal fees	5,434	1,214	3,077	111	662	10,912	5,870	962,474	989,754	5,138	6,564	11,702	1,001,456	3,754,485	
Audit/accounting services	17,394	3,886	9,849	354	2,118	34,825	18,788	8,879	96,093	13,223	11,363	24,586	120,679	16,500	
Dues and subscriptions	31,896	331	840	31	181	8,143	11,227	1,634	54,283	1,404	1,502	2,906	57,189	65,243	
Equipment rental/maintenance	2,370	821	1,342	48	289	5,403	2,560	1,210	14,043	1,491	1,623	3,114	17,157	13,949	
Professional development	-	-	-	-	595	1,140	1,753	-	3,488	-	51	51	3,539	10,664	
Office rent	33,200	7,416	18,798	677	4,043	66,789	35,860	16,947	183,730	26,430	21,689	48,119	231,849	350,629	
UBTI Tax expense	-	-	-	-	-	68	-	-	68	4,494	-	4,494	4,562	2,474	
Depreciation	8,440	1,886	4,778	172	1,028	18,818	9,115	4,308	48,545	7,979	5,510	13,489	62,034	67,134	
Total	\$ 677,955	\$ 132,620	\$ 900,809	\$ 14,031	\$ 109,894	\$ 1,736,338	\$ 681,817	\$ 1,233,221	\$ 5,486,685	\$ 556,731	\$ 426,337	\$ 983,068	\$ 6,469,753	\$ 8,892,164	

The accompanying notes are an integral part of this financial statement.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services									Supporting Services			Total
	Policy and Communication	Membership	National Conference	Advocacy and Education	Meetings/ Councils	Directed Initiatives	Service Delivery Improvement	Health Care Strategy and Analysis	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 415,040	\$ 103,662	\$ 119,596	\$ 4,768	\$ 69,323	\$ 268,543	\$ 252,337	\$ 202,660	\$ 1,435,929	\$ 653,743	\$ 152,157	\$ 805,900	\$ 2,241,829
Fringe benefits	94,211	23,582	27,207	1,292	15,770	44,580	57,405	46,103	310,150	148,721	34,615	183,336	493,486
Representation/sponsorship	5,970	22,467	-	-	-	-	425	-	28,862	1,200	1,675	2,875	31,737
Office supplies	1,657	4,129	8,375	23	772	2,128	1,663	811	19,558	3,122	643	3,765	23,323
Postage and shipping	263	1,317	1,718	13	1,995	899	228	47	6,480	560	34	594	7,074
Design and printing	15,140	11,958	23,847	-	5,812	103,590	551	-	160,898	419	9,445	9,864	170,762
Office telephone	3,099	763	880	42	510	1,985	2,059	1,642	10,980	6,220	1,120	7,340	18,320
IT services	18,261	4,571	5,274	250	3,057	9,684	11,252	8,937	61,286	39,784	6,710	46,494	107,780
Business insurance	2,384	597	688	33	399	1,221	1,453	1,167	7,942	4,741	876	5,617	13,559
Bank and credit card fees	2,766	692	799	38	463	1,221	1,685	1,354	9,018	5,591	1,018	6,609	15,627
Travel	10,544	5,414	128,006	60	105,129	48,242	33,000	4,404	334,799	80,481	4,426	84,907	419,706
Meeting expenses	1,687	5,709	359,925	-	158,420	3,729	17,275	3	546,748	25,826	66	25,892	572,640
Miscellaneous expense	423	248	104	-	15	160	1,166	50	2,166	5,011	35	5,046	7,212
Consultants	146,919	1,356	9,595	74	6,357	120,169	18,753	48,152	351,375	89,219	47,437	136,656	488,031
Legal fees	6,469	1,619	1,868	89	1,083	2,812	3,941	3,713,665	3,731,546	13,269	9,670	22,939	3,754,485
Audit/accounting services	2,927	733	845	40	490	1,221	1,784	1,433	9,473	5,951	1,076	7,027	16,500
Dues and subscriptions	33,341	690	56	3	753	6,270	8,273	1,159	50,545	8,658	6,040	14,698	65,243
Equipment rental/maintenance	2,130	692	1,556	29	356	3,595	1,298	1,042	10,698	2,469	782	3,251	13,949
Professional development	874	610	-	-	790	5,606	2,319	-	10,199	286	179	465	10,664
Office rent	63,303	15,846	18,281	868	10,597	13,629	38,572	30,978	192,074	135,296	23,259	158,555	350,629
UBTI Tax expense	-	-	-	-	-	-	-	-	-	2,474	-	2,474	2,474
Depreciation	11,425	2,860	3,300	156	1,913	6,420	6,962	5,591	38,627	24,308	4,199	28,507	67,134
Total	\$ 838,833	\$ 209,515	\$ 711,920	\$ 7,778	\$ 384,004	\$ 645,704	\$ 462,401	\$ 4,069,198	\$ 7,329,353	\$ 1,257,349	\$ 305,462	\$ 1,562,811	\$ 8,892,164

The accompanying notes are an integral part of this financial statement.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 1,737,015	\$ 617,690
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	62,034	67,134
Unrealized (gain) loss on investments	(16,001)	6,080
Effect of changes in non-cash operating and liabilities:		
Grants and accounts receivable	(948,988)	131,946
Prepaid expenses and other assets	(22,146)	71,219
Deposits	-	9,774
Accounts payable and accrued liabilities	60,697	45,984
Security deposit	-	(10,401)
Deferred revenue	(77,541)	66,291
Deferred compensation agreement	29,239	23,992
Deferred rent	(513)	4,953
Net Cash Flow from Operating Activities	<u>823,796</u>	<u>1,034,662</u>
Cash Flow from Investing Activities		
Purchase of equipment	(6,143)	(44,352)
Purchase of investments	(2,225,101)	(5,621,233)
Sale of investments	3,252,183	4,491,964
Net Cash from Investing Activities	<u>1,020,939</u>	<u>(1,173,621)</u>
Net change in cash and cash equivalents	1,844,735	(138,959)
Cash and cash equivalents, beginning of year	3,174,258	3,313,217
Cash and cash equivalents, End of Year	<u>\$ 5,018,993</u>	<u>\$ 3,174,258</u>

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

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Notes to the Financial Statements

June 30, 2020 and 2019

1. BACKGROUND OF THE ORGANIZATION

The National Family Planning and Reproductive Health Association, Inc. (the Association) is a non-profit membership organization founded in 1971 and incorporated on July 18, 1973. The general purpose of the Association is to coordinate and improve the distribution of family planning services and materials.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investment funds, which have a maturity of 90 days or less. Cash equivalents as of June 30, 2020 and 2019, consisted of money market funds.

Grants Receivable

The Association receives grants from various entities and records amounts due as a receivable when earned. Estimated losses are based on historical collection experience and the review of the current status of existing receivables. Management believes all grants receivable are collectible as of June 30, 2020 and 2019, and a reserve for estimated losses has not been recorded.

Notes to the Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a 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 lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

Furniture and Equipment

Furniture and equipment purchases in excess of \$1,000 with an estimated useful life of more than one year are capitalized at cost and depreciated over the estimated useful lives of the assets using the straight-line method.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Notes to the Financial Statements June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired. The board designated net asset amounts as of June 30, 2020 and 2019, were designated by the Board for future spending as they deem appropriate. The management designated net assets as of June 30, 2020 and 2019, represent a gift received from an estate during fiscal year 2019 which management will invest in long-term vehicles for future needs.

Net assets with donor restrictions are those whose use by the Association has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contributions (to the extent that the restrictions have been met) are reported as net assets without donor restrictions.

Support and Revenue

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as revenue released from restrictions.

Contributions and gifts of investments are liquidated upon receipt.

Revenue Recognition

Membership dues are recognized as revenue in the membership period to which the dues relate. Accordingly, dues paid by members in advance of the membership period are reported as deferred revenue in the accompanying statements of financial position.

Revenue and the related costs of the conference are recognized in the year in which the conference or seminars are held. Accordingly, sponsorships paid by sponsors in advance of the conference year are reported as deferred revenue in the accompanying statements of financial position.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Notes to the Financial Statements June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Unrestricted contributions and grants are reported as revenue in the year in which the payments are received and/or unconditional promises are made. Conditional grants are recognized when the condition has been met.

The Association is supported primarily through membership income, corporate grants, and contributions and grant revenue, which represented 86% and 57% of revenue for the years ended June 30, 2020 and 2019, respectively.

In-Kind Contributions

Contributed services are recognized when they require specialized skills and would be paid for if they were not provided. In-kind contributions for the years ended June 30, 2020 and 2019, were \$959,700 and \$3,710,500, respectively, and was related to donated legal services. Management of the Association obtained the value of the in-kind services based on the hours donated and the market rate for the value of the time based on information provided by the donor of the services.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services that benefit from those costs. Management and general expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of the Association.

The Association reports certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, and office rent, are allocated to a function based on time worked.

Income Tax

The Association is exempt from the payment of income taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Notes to the Financial Statements June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued)

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Association performed an evaluation of uncertain tax positions as of June 30, 2020 and 2019, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2020, the statute of limitations for fiscal years 2017 through 2020, remain open with the U.S. Federal jurisdiction or the state and local jurisdiction in which the Association files tax returns. It is the Association's policy to recognize interest and/or penalties related to uncertain tax positions, if any, as income tax expense.

Liquidity and Availability of Resources

The following reflects the Association's financial assets as of June 30, 2020, reduced by amounts not available for general use because of donor-imposed restriction.

Cash and cash equivalents	\$ 5,018,993
Investments	545,511
Grants and accounts receivable	<u>1,419,486</u>
	<u>6,983,990</u>
Less: net assets with donor restrictions	<u>2,405,827</u>
Financial assets available to meet cash needs for general expenses within one year	<u><u>\$ 4,578,163</u></u>

As of June 30, 2020, the Association has working capital of \$2,708,100, an average of 180 days of cash on hand.

The Association receives contributions, which may be restricted by donors. The Association considers contributions restricted when they are to be used in a specific manner or future period, as outlined in the grant agreement. The Association manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

As part of the Association's liquidity management plan, cash in excess of the 180-day requirements are invested in short-term investments and money market funds.

Notes to the Financial Statements
June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources (continued)

The Board designated funds can be drawn down by management upon approval from the Board of directors, if necessary, to meet unexpected liquidity needs. The management designated funds are set aside for long-term investments and future use when needed.

Implemented Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. This standard is effective for periods beginning after December 15, 2019. The Association implemented ASU 2018-08 for the year ended June 30, 2020 and it did not have a material impact on the financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which creates a singular reporting model for leases. This standard will require the entity to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases and Leases (Topic 842): Targeted Improvements*, which provide further clarity and transition options for adoption of FASB ASU No. 2016-02. These standards will be effective for periods beginning after December 15, 2021.

In September 2017, the FASB issued ASU No. 2017-13, *Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606)*. The recognition of revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service. This standard will be effective for periods beginning after December 15, 2020.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirement in Topic 820 by removing, modifying, and adding disclosure requirements. This standard will be effective for periods beginning December 15, 2021.

Notes to the Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

Management is evaluating the effects of these pronouncements on the financial statements and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

Subsequent Events

The Association evaluated the accompanying financial statements for subsequent events and transactions through November 12, 2020, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. INVESTMENTS

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used as of June 30, 2020 and 2019.

Exchange-traded funds and mutual funds: Valued at the investments' values of shares held by the Association at year end, based on the active markets on which they trade.

Certificates of deposit: Valued at the purchase price plus accrued interest.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, 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 reporting date.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Notes to the Financial Statements
June 30, 2020 and 2019

3. INVESTMENTS (continued)

The following table sets forth, by level, the fair value hierarchy of the Association's investments at fair value as of June 30, 2020 and 2019, as follows:

June 30, 2020				
	Level 1	Level 2	Level 3	Total
Exchange-traded funds	\$ 114,093	\$ -	\$ -	\$ 114,093
Mutual funds	549,698	-	-	549,698
Total	\$ 663,791	\$ -	\$ -	\$ 663,791

June 30, 2019				
	Level 1	Level 2	Level 3	Total
Certificate of deposits	\$ 1,065,893	\$ -	\$ -	\$ 1,065,893
Exchange-traded funds	108,410	-	-	108,410
Mutual funds	500,569	-	-	500,569
Total	\$ 1,674,872	\$ -	\$ -	\$ 1,674,872

For the years ended June 30, 2020 and 2019, investment income consisted of the following:

	2020	2019
Interest and dividends, net	\$ 48,392	\$ 51,546
Realized (loss) gain	(62,300)	44
Unrealized gain (loss)	16,001	(6,080)
Total	\$ 2,093	\$ 45,510

As of June 30, 2020 and 2019, investments consisted of the following fair values:

June 30, 2020			
	Unrealized		
	Cost	Gain	Market Value
Exchange-traded funds	\$ 100,487	\$ 13,606	\$ 114,093
Mutual Funds	534,050	15,648	549,698
Total	\$ 634,537	\$ 29,254	\$ 663,791

June 30, 2019			
	Unrealized		
	Cost	(Loss) Gain	Market Value
Certificate of deposits	\$ 1,063,000	\$ 2,893	\$ 1,065,893
Exchange-traded funds	100,487	7,923	108,410
Mutual funds	498,132	2,437	500,569
Total	\$ 1,661,619	\$ 13,253	\$ 1,674,872

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Notes to the Financial Statements June 30, 2020 and 2019

4. FURNITURE AND EQUIPMENT

As of June 30, 2020 and 2019, furniture and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>	<u>Useful Life</u>
Leasehold improvements	\$ 21,436	\$ 21,436	Life of lease
Furniture and equipment	613,125	606,982	3-5 years
	<u>634,561</u>	<u>628,418</u>	
Less: accumulated depreciation	586,987	524,953	
Furniture and equipment, net	<u><u>\$ 47,574</u></u>	<u><u>\$ 103,465</u></u>	

Depreciation expense was \$62,034 and \$67,134, for the years ended June 30, 2020 and 2019, respectively.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 4,034,172	\$ 2,382,988
Anonymous I	131,863	179,571
Anonymous II	88,907	141,476
Legal Research	150,664	58,223
Anonymous III	20,000	-
Oral history	8,293	-
Total	<u><u>\$ 4,433,899</u></u>	<u><u>\$ 2,762,258</u></u>

The Association released \$2,452,666, from restrictions during the year ended June 30, 2020, of which \$2,286,343 and \$166,323, was related to the restriction of time and purpose, respectively. The Association released \$2,711,450, from restrictions during the year ended June 30, 2019, of which \$2,592,375 and \$119,075, was related to the restriction of time and purpose, respectively.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Notes to the Financial Statements June 30, 2020 and 2019

6. COMMITMENTS AND CONTINGENCIES

In September of 2016, the Association entered into a lease that expires on January 1, 2028. The minimum future lease payments as of June 30, 2020, were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 230,052
2022	235,788
2023	241,679
2024	247,724
2025	253,924
Thereafter	684,941
Total	<u><u>\$ 1,894,108</u></u>

As part of this agreement the Association received a rent abatement for the first 10 months of this lease. The effects of this abatement will be recognized as rent expense over the life of the lease and is recorded as deferred rent in the accompanying statements of financial position.

The Association also had a lease for office space that expired on January 31, 2019, which was subleased. The Association did not renew the lease. The rent revenue for the year ended June 30, 2019, was \$85,584, and is included in the miscellaneous revenue on the statements of activities and changes in net assets.

The rent expense for the years ended June 30, 2020 and 2019, was \$231,849 and \$350,629, respectively, for the two leases.

Contingencies

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. As a result, widespread shutdowns of states, cities, schools, and businesses began to take place, impacting the United States as the number of people infected grew at an unprecedented rate. The COVID-19 outbreak is still evolving, and its financial impact remains unknown. There is uncertainty around the impact on the global economy and the impact it will have on the operations of the Association and the community it serves.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, iNC.

Notes to the Financial Statements

June 30, 2020 and 2019

7. RETIREMENT PLANS

The Association maintains a 403(b)-tax deferred annuity plan for all eligible employees. In order to participate in the plan an employee must have six months of service and attain age 20 ½. Each plan year (July 1, through June 30), the Association makes a discretionary contribution to each eligible participant's account in the amount of 6% of the plan participant's compensation. The Association's contribution to the plan for the years ended June 30, 2020 and 2019, was \$132,537 and \$122,494, respectively.

The Association also maintains a non-qualified Section 457 Supplemental Employee Pension Plan (the Plan). Under the Plan, the Association defers compensation to the President/CEO. During the years ended June 30, 2020 and 2019, the Association contributed \$17,625 and \$16,353, respectively. The liability related to the deferred compensation and the investment balance funding that liability of \$118,280 and \$89,041, has been recorded in the accompanying statements of financial position as of June 30, 2020 and 2019, respectively.