

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

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

For the Years Ended June 30, 2022 and 2021



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2022 AND 2021

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

Opinion

We have audited the statements of financial position of the National Family Planning and Reproductive Health Association, Inc. (the Association), as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern one year after the date the financial statements are available for issuance.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Washington, D.C.
November 14, 2022

SB & Company, LLC

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

**Statements of Financial Position
As of June 30, 2022 and 2021**

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 4,266,108 | \$ 6,273,037 |
| Investments | 573,979 | 658,968 |
| Investments - deferred compensation agreement | 167,760 | 185,130 |
| Grants and accounts receivable | 359,744 | 1,356,750 |
| Prepaid expenses and other assets | 107,660 | 141,219 |
| Furniture and equipment, net | 39,782 | 40,906 |
| Deposits | 52,849 | 52,849 |
| Total Assets | <u>\$ 5,567,882</u> | <u>\$ 8,708,859</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 327,352 | \$ 118,728 |
| Deferred revenue | 114,600 | 205,325 |
| Deferred compensation agreement | 167,760 | 185,130 |
| Deferred rent | 177,974 | 189,813 |
| Total Liabilities | <u>787,686</u> | <u>698,996</u> |
| Net Assets | | |
| Without donor restrictions: | | |
| Unrestricted | 1,645,069 | 2,024,856 |
| Management designated | 902,892 | 84,368 |
| Board designated | 582,714 | 671,764 |
| Total without donor restrictions | <u>3,130,675</u> | <u>2,780,988</u> |
| With donor restrictions | 1,649,521 | 5,228,875 |
| Total Net Assets | <u>4,780,196</u> | <u>8,009,863</u> |
| Total Liabilities and Net Assets | <u>\$ 5,567,882</u> | <u>\$ 8,708,859</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, 2022, with Comparative 2021 Totals

| | 2022 | | | 2021 Totals |
|--|-------------------------------|----------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | |
| Revenue and Other Support | | | | |
| Membership income | \$ 295,289 | \$ - | \$ 295,289 | \$ 305,688 |
| National conference | 102,625 | - | 102,625 | 79,420 |
| Corporate grant | 67 | - | 67 | 230,309 |
| Contributions and grant revenue | 52,381 | 2,125,000 | 2,177,381 | 5,223,799 |
| Investment (loss)/income, net | (82,592) | - | (82,592) | 113,342 |
| In-kind contributions | - | - | - | 383,600 |
| Other income | 16,688 | - | 16,688 | 6,414 |
| Total Revenue | 384,458 | 2,125,000 | 2,509,458 | 6,342,572 |
| Revenue released from restrictions | 5,704,354 | (5,704,354) | - | - |
| Total Revenue and Other Support | 6,088,812 | (3,579,354) | 2,509,458 | 6,342,572 |
| Expenses | | | | |
| Program services: | | | | |
| Advocacy and communication | 911,940 | - | 911,940 | 2,020 |
| Policy and communication | - | - | - | 798,681 |
| Membership | 195,489 | - | 195,489 | 176,900 |
| National conference | 669,421 | - | 669,421 | 469,536 |
| Meetings/councils | 734,210 | - | 734,210 | 210,698 |
| Directed initiatives | 1,346,157 | - | 1,346,157 | 1,234,498 |
| Service delivery improvement | 559,904 | - | 559,904 | 703,345 |
| Health care strategy and analysis | - | - | - | 455,811 |
| Total program services | 4,417,121 | - | 4,417,121 | 4,051,489 |
| Supporting services: | | | | |
| Management and general | 850,729 | - | 850,729 | 404,624 |
| Fundraising | 471,275 | - | 471,275 | 469,378 |
| Total supporting services | 1,322,004 | - | 1,322,004 | 874,002 |
| Total Expenses | 5,739,125 | - | 5,739,125 | 4,925,491 |
| Changes in net assets | 349,687 | (3,579,354) | (3,229,667) | 1,417,081 |
| Net assets, beginning of year | 2,780,988 | 5,228,875 | 8,009,863 | 6,592,782 |
| Net Assets, End of Year | \$ 3,130,675 | \$ 1,649,521 | \$ 4,780,196 | \$ 8,009,863 |

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, 2021**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|---------------------|
| Revenue and Other Support | | | |
| Membership income | \$ 305,688 | \$ - | \$ 305,688 |
| National conference | 79,420 | - | 79,420 |
| Corporate grant | 230,309 | - | 230,309 |
| Contributions and grant revenue | 1,225,184 | 3,998,615 | 5,223,799 |
| Investment income, net | 113,342 | - | 113,342 |
| In-kind contributions | 383,600 | - | 383,600 |
| Other income | 6,414 | - | 6,414 |
| Total Revenue | 2,343,957 | 3,998,615 | 6,342,572 |
| Revenue released from restrictions | 3,203,639 | (3,203,639) | - |
| Total Revenue and Other Support | 5,547,596 | 794,976 | 6,342,572 |
| Expenses | | | |
| Program services: | | | |
| Policy and communication | 798,681 | - | 798,681 |
| Membership | 176,900 | - | 176,900 |
| National conference | 469,536 | - | 469,536 |
| Advocacy and education | 2,020 | - | 2,020 |
| Meetings/councils | 210,698 | - | 210,698 |
| Directed initiatives | 1,234,498 | - | 1,234,498 |
| Service delivery improvement | 703,345 | - | 703,345 |
| Health care strategy and analysis | 455,811 | - | 455,811 |
| Total program services | 4,051,489 | - | 4,051,489 |
| Supporting services: | | | |
| Management and general | 404,624 | - | 404,624 |
| Fundraising | 469,378 | - | 469,378 |
| Total supporting services | 874,002 | - | 874,002 |
| Total Expenses | 4,925,491 | - | 4,925,491 |
| Changes in net assets | 622,105 | 794,976 | 1,417,081 |
| Net assets, beginning of year | 2,158,883 | 4,433,899 | 6,592,782 |
| Net Assets, End of Year | \$ 2,780,988 | \$ 5,228,875 | \$ 8,009,863 |

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, 2022, with Comparative Totals for 2021

| | 2022 | | | | | | | | | | | |
|------------------------------|-------------------------------|-------------------|------------------------|-------------------------|-------------------------|------------------------------------|---------------------------|---------------------------|-------------------|---------------------------------|---------------------|---------------------|
| | Program Services | | | | | | Supporting Services | | | | | |
| | Advocacy and Communication | Membership | National Conference | Meetings and Council | Directed Initiatives | Service Delivery Improvement | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total | 2021 Totals |
| Salaries and wages | \$ 568,463 | \$ 132,328 | \$ 129,790 | \$ 182,115 | \$ 208,213 | \$ 357,174 | \$ 1,578,083 | \$ 496,919 | \$ 278,683 | \$ 775,602 | \$ 2,353,685 | \$ 2,386,771 |
| Fringe benefits | 118,894 | 27,676 | 27,145 | 38,942 | 52,090 | 74,703 | 339,450 | 103,930 | 58,286 | 162,216 | 501,666 | 458,125 |
| Representation/sponsorship | 2,459 | 1,497 | 561 | 791 | 831 | 1,545 | 7,684 | 3,565 | 1,205 | 4,770 | 12,454 | 13,739 |
| Office supplies | 700 | 54 | 53 | 99 | 78 | 464 | 1,448 | 485 | 203 | 688 | 2,136 | 1,994 |
| Postage and shipping | 184 | 43 | 42 | 1,508 | 62 | 116 | 1,955 | 444 | 162 | 606 | 2,561 | 3,445 |
| Design and printing | 6,570 | 486 | 580 | 2,430 | 1,334 | 147 | 11,547 | 840 | - | 840 | 12,387 | 12,275 |
| Office telephone | 4,504 | 862 | 846 | 1,366 | 1,252 | 2,652 | 11,482 | 3,521 | 2,166 | 5,687 | 17,169 | 19,018 |
| IT services | 31,938 | 7,429 | 7,286 | 10,738 | 10,790 | 20,376 | 88,557 | 30,727 | 15,645 | 46,372 | 134,929 | 120,507 |
| Business insurance | 2,503 | 583 | 572 | 805 | 846 | 1,573 | 6,882 | 3,604 | 1,227 | 4,831 | 11,713 | 15,495 |
| Bank and credit card fees | 5,034 | 1,171 | 1,148 | 1,617 | 1,700 | 3,160 | 13,830 | 4,962 | 2,466 | 7,428 | 21,258 | 23,887 |
| Travel | 2,062 | 271 | - | 181,082 | - | - | 183,415 | 93,796 | - | 93,796 | 277,211 | 208 |
| Meeting expenses | 13,363 | 2,707 | 475,049 | 277,444 | 3,932 | 9,763 | 782,258 | 11,581 | 5,701 | 17,282 | 799,540 | 348,267 |
| Miscellaneous expense | 676 | 146 | 143 | 796 | 387 | 341 | 2,489 | 1,968 | 308 | 2,276 | 4,765 | 10,296 |
| Consultants | 34,211 | 1,167 | 7,145 | 7,713 | 329,129 | 32,240 | 411,605 | 7,214 | 62,859 | 70,073 | 481,678 | 603,312 |
| Legal fees | 10,320 | 2,241 | 2,197 | 3,095 | 3,279 | 6,046 | 27,178 | 9,827 | 4,718 | 14,545 | 41,723 | 422,741 |
| Audit/accounting services | 9,790 | 2,279 | 2,235 | 3,149 | 3,310 | 6,151 | 26,914 | 13,654 | 4,800 | 18,454 | 45,368 | 132,224 |
| Dues and subscriptions | 38,503 | 292 | 646 | 403 | 6,456 | 4,192 | 50,492 | 2,793 | 784 | 3,577 | 54,069 | 69,543 |
| Equipment rental/maintenance | 2,225 | 518 | 508 | 716 | 752 | 1,398 | 6,117 | 4,776 | 1,341 | 6,117 | 12,234 | 13,983 |
| Professional development | 791 | 63 | 62 | 507 | 1,852 | 950 | 4,225 | 520 | 1,920 | 2,440 | 6,665 | 8,477 |
| Office rent | 53,340 | 12,417 | 12,178 | 17,154 | 18,035 | 33,514 | 146,638 | 49,458 | 26,149 | 75,607 | 222,245 | 238,620 |
| Depreciation | 5,410 | 1,259 | 1,235 | 1,740 | 1,829 | 3,399 | 14,872 | 6,145 | 2,652 | 8,797 | 23,669 | 22,564 |
| Pass-thru Grants | - | - | - | - | 700,000 | - | 700,000 | - | - | - | 700,000 | - |
| Total | \$ 911,940 | \$ 195,489 | \$ 669,421 | \$ 734,210 | \$ 1,346,157 | \$ 559,904 | \$ 4,417,121 | \$ 850,729 | \$ 471,275 | \$ 1,322,004 | \$ 5,739,125 | \$ 4,925,491 |

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, 2021

| | 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 | \$ 484,712 | \$ 121,634 | \$ 141,604 | \$ 1,400 | \$ 86,152 | \$ 533,478 | \$ 467,896 | \$ 49,630 | \$ 1,886,506 | \$ 218,820 | \$ 281,445 | \$ 500,265 | \$ 2,386,771 |
| Fringe benefits | 109,262 | 21,828 | 24,641 | 251 | 16,460 | 102,908 | 84,091 | 8,907 | 368,348 | 39,269 | 50,508 | 89,777 | 458,125 |
| Representation/sponsorship | 8,596 | 35 | 41 | - | 25 | 226 | 231 | 14 | 9,168 | 4,489 | 82 | 4,571 | 13,739 |
| Office supplies | 44 | 26 | 5 | - | 3 | 164 | 836 | 2 | 1,080 | 893 | 21 | 914 | 1,994 |
| Postage and shipping | 346 | 84 | 979 | 1 | 60 | 370 | 343 | 34 | 2,217 | 1,035 | 193 | 1,228 | 3,445 |
| Design and printing | 5,502 | 440 | 3,400 | - | - | 2,933 | - | - | 12,275 | - | - | - | 12,275 |
| Office telephone | 3,502 | 1,134 | 966 | 10 | 671 | 3,698 | 3,533 | 890 | 14,404 | 2,385 | 2,229 | 4,614 | 19,018 |
| IT services | 23,210 | 5,594 | 6,482 | 64 | 4,076 | 24,918 | 21,848 | 2,282 | 88,474 | 18,915 | 13,118 | 32,033 | 120,507 |
| Business insurance | 2,311 | 558 | 647 | 6 | 399 | 2,476 | 2,148 | 228 | 8,773 | 5,430 | 1,292 | 6,722 | 15,495 |
| Bank and credit card fees | 4,063 | 981 | 1,137 | 11 | 702 | 4,353 | 3,776 | 400 | 15,423 | 6,193 | 2,271 | 8,464 | 23,887 |
| Travel | 68 | - | - | - | - | - | - | - | 68 | 140 | - | 140 | 208 |
| Meeting expenses | 404 | 505 | 252,094 | 1 | 84,647 | 5,373 | 375 | 40 | 343,439 | 4,602 | 226 | 4,828 | 348,267 |
| Miscellaneous expense | 3,436 | 152 | 176 | 2 | 109 | 725 | 584 | 62 | 5,246 | 4,699 | 351 | 5,050 | 10,296 |
| Consultants | 30,155 | 2,211 | 12,312 | 25 | 1,932 | 451,175 | 26,458 | 902 | 525,170 | 12,830 | 65,312 | 78,142 | 603,312 |
| Legal fees | 7,219 | 1,744 | 2,020 | 20 | 1,247 | 7,875 | 6,708 | 384,311 | 411,144 | 7,563 | 4,034 | 11,597 | 422,741 |
| Audit/accounting services | 24,834 | 5,998 | 6,951 | 69 | 4,290 | 26,607 | 23,079 | 2,447 | 94,275 | 24,070 | 13,879 | 37,949 | 132,224 |
| Dues and subscriptions | 36,576 | 877 | 1,016 | 10 | 627 | 9,399 | 10,175 | 358 | 59,038 | 6,888 | 3,617 | 10,505 | 69,543 |
| Equipment rental/maintenance | 1,045 | 252 | 293 | 3 | 181 | 1,120 | 971 | 103 | 3,968 | 9,306 | 709 | 10,015 | 13,983 |
| Professional development | 1,637 | 345 | 285 | 3 | 176 | 1,245 | 2,193 | 100 | 5,984 | 1,328 | 1,165 | 2,493 | 8,477 |
| Office rent | 47,972 | 11,587 | 13,427 | 133 | 8,287 | 51,398 | 44,581 | 4,728 | 182,113 | 29,697 | 26,810 | 56,507 | 238,620 |
| Depreciation | 3,787 | 915 | 1,060 | 11 | 654 | 4,057 | 3,519 | 373 | 14,376 | 6,072 | 2,116 | 8,188 | 22,564 |
| Total | \$ 798,681 | \$ 176,900 | \$ 469,536 | \$ 2,020 | \$ 210,698 | \$ 1,234,498 | \$ 703,345 | \$ 455,811 | \$ 4,051,489 | \$ 404,624 | \$ 469,378 | \$ 874,002 | \$ 4,925,491 |

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, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Changes in net assets | \$ (3,229,667) | \$ 1,417,081 |
| Adjustments to reconcile changes in net assets to net cash from operating activities: | | |
| Depreciation | 23,669 | 22,564 |
| Unrealized loss (gain) on investments | 121,850 | (72,790) |
| Effect of changes in non-cash operating and liabilities: | | |
| Grants and accounts receivable | 997,006 | 62,736 |
| Prepaid expenses and other assets | 33,559 | (32,730) |
| Accounts payable and accrued liabilities | 208,624 | (117,650) |
| Deferred revenue | (90,725) | 37,512 |
| Deferred compensation agreement | (17,370) | 66,850 |
| Deferred rent | (11,839) | (6,116) |
| Net Cash Flow from Operating Activities | <u>(1,964,893)</u> | <u>1,377,457</u> |
| Cash Flow from Investing Activities | | |
| Purchase of equipment | (22,546) | (15,896) |
| Purchase of investments | (90,950) | (1,563,053) |
| Sale of investments | 71,460 | 1,455,536 |
| Net Cash from Investing Activities | <u>(42,036)</u> | <u>(123,413)</u> |
| Net change in cash and cash equivalents | (2,006,929) | 1,254,044 |
| Cash and cash equivalents, beginning of year | 6,273,037 | 5,018,993 |
| Cash and Cash Equivalents, End of Year | <u>\$ 4,266,108</u> | <u>\$ 6,273,037</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, 2022 and 2021

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, 2022 and 2021, consisted of money market funds.

Grants and Accounts 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, 2022 and 2021, and a reserve for estimated losses has not been recorded.

Notes to the Financial Statements
June 30, 2022 and 2021

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 if purchased, or estimated fair market value as of the date of gift, if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements June 30, 2022 and 2021

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, 2022 and 2021, were designated by the Board for future spending as they deem appropriate. The management designated net assets as of June 30, 2022 and 2021, represent a membership fund and a gift received from an estate during fiscal year 2019 which management will invest in long-term investment 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 deemed conditional 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 deemed conditionals reported as deferred revenue in the accompanying statements of financial position. There were no sponsorships paid in advance for the years ended June 30, 2022 and 2021.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements June 30, 2022 and 2021

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.

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, 2022 and 2021, were \$0 and \$383,600, respectively, and were 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. 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, 2022 and 2021, 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, 2022, the statute of limitations for fiscal years 2019 through 2022, 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.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources

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

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 4,266,108 | \$ 6,273,037 |
| Investments | 573,979 | 658,968 |
| Grants and accounts receivable | <u>359,744</u> | <u>1,356,750</u> |
| | 5,199,831 | 8,288,755 |
| Less: net assets with donor restrictions | <u>1,538,205</u> | <u>674,474</u> |
| Financial assets available to meet cash needs for general expenses within one year | <u>\$ 3,661,626</u> | <u>\$ 7,614,281</u> |

As of June 30, 2022, the Association has an average of 234 and 612 days of cash on hand, respectively.

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.

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 and a membership fund.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Pronouncement Implemented

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. This standard will require the Association to present gifts-in-kind as a separate line item on the statement of activities and changes in net assets. Additionally, gifts-in-kind are to be disaggregated into categories based on the type of gift received, with required disclosures made for each category. This standard will be effective for periods beginning after June 15, 2021.

The Association adopted this ASU for the year ended June 30, 2022. The adoption of this ASU did not have a material effect on the accompanying financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842) (ASU 2016-02)*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. In January 2018, the FASB issued ASU 2018-01, *Leases (Topic 842) Land Easement Practical Expedient for Transition to Topic 842 (ASU 2018-01)*. In July 2018, the FASB issued Accounting Standards Update 2018-11, *Leases (Topic 842): Targeted Improvements*. In March 2019, the FASB issued Accounting Standards Update 2019-01, *Codification Improvements to Topic 842, Leases*.

Management is evaluating the effects of this pronouncement on the financial statements and will implement this pronouncement by its effective dates.

Subsequent Events

The Association evaluated the accompanying financial statements for subsequent events and transactions through November 14, 2022, 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.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements June 30, 2022 and 2021

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, 2022 and 2021.

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.

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.

The following table sets forth, by level, the fair value hierarchy of the Association's investments at fair value as of June 30, 2022 and 2021:

| | June 30, 2022 | | | |
|-----------------------|-------------------|-------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Exchange-traded funds | \$ 121,097 | \$ - | \$ - | \$ 121,097 |
| Mutual funds | 620,642 | - | - | 620,642 |
| Total | \$ 741,739 | \$ - | \$ - | \$ 741,739 |

| | June 30, 2021 | | | |
|-----------------------|-------------------|-------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Exchange-traded funds | \$ 137,407 | \$ - | \$ - | \$ 137,407 |
| Mutual funds | 706,691 | - | - | 706,691 |
| Total | \$ 844,098 | \$ - | \$ - | \$ 844,098 |

For the years ended June 30, 2022 and 2021, investment income consisted of the following:

| | 2022 | 2021 |
|-----------------------------|--------------------|-------------------|
| Interest and dividends, net | \$ 29,301 | \$ 19,685 |
| Realized gain | 9,957 | 20,867 |
| Unrealized (loss) gain | (121,850) | 72,790 |
| Total | \$ (82,592) | \$ 113,342 |

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements
June 30, 2022 and 2021

3. INVESTMENTS (continued)

As of June 30, 2022 and 2021, investments consisted of the following fair values:

| | June 30, 2022 | | |
|-----------------------|----------------------|-----------------------------------|---------------------|
| | Cost | Unrealized Gain/(loss) | Market Value |
| Exchange-traded funds | \$ 87,178 | \$ 33,919 | \$ 121,097 |
| Mutual Funds | 674,367 | (53,725) | 620,642 |
| Total | \$ 761,545 | \$ (19,806) | \$ 741,739 |

| | June 30, 2021 | | |
|-----------------------|----------------------|----------------------------|---------------------|
| | Cost | Unrealized Gain | Market Value |
| Exchange-traded funds | \$ 87,179 | \$ 50,228 | \$ 137,407 |
| Mutual funds | 654,875 | 51,816 | 706,691 |
| Total | \$ 742,054 | \$ 102,044 | \$ 844,098 |

4. FURNITURE AND EQUIPMENT

As of June 30, 2022 and 2021, furniture and equipment consisted of the following:

| | 2022 | 2021 | Useful Life |
|-------------------------------------|------------------|------------------|--------------------|
| Leasehold improvements | \$ 21,436 | \$ 21,436 | Life of lease |
| Furniture and equipment | 651,567 | 629,021 | 3-5 years |
| | 673,003 | 650,457 | |
| Less: accumulated depreciation | 633,221 | 609,551 | |
| Furniture and Equipment, Net | \$ 39,782 | \$ 40,906 | |

Depreciation expense was \$23,669 and \$22,564, for the years ended June 30, 2022 and 2021, respectively.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements June 30, 2022 and 2021

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022 and 2021, consisted of the following:

| | <u>2022</u> | <u>2021</u> |
|--------------------|----------------------------|----------------------------|
| Time restricted | \$ 1,549,722 | \$ 4,970,388 |
| Telehealth Project | - | 72,360 |
| Anonymous I | 99,799 | 107,210 |
| Anonymous II | - | 13,233 |
| Legal Research | - | 43,101 |
| Anonymous III | - | 20,000 |
| Oral history | - | 2,583 |
| Total | <u>\$ 1,649,521</u> | <u>\$ 5,228,875</u> |

6. COMMITMENTS AND CONTINGENCIES

In September 2016, the Association entered into a lease that expires on January 1, 2028. The minimum future lease payments as of June 30, 2022, were as follows:

| <u>Years Ending June 30,</u> | <u>Amount</u> |
|------------------------------|----------------------------|
| 2023 | \$ 241,679 |
| 2024 | 247,724 |
| 2025 | 253,924 |
| 2026 | 260,279 |
| 2027 | 266,789 |
| Thereafter | 157,873 |
| Total | <u>\$ 1,428,268</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 rent expense for the years ended June 30, 2022 and 2021, was \$222,246 and \$238,620, respectively, for the lease.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements June 30, 2022 and 2021

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 have attained 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, 2022 and 2021, was \$137,515 and \$146,141, 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, 2022 and 2021, the Association contributed \$21,125 and \$17,625, respectively. The liability related to the deferred compensation and the investment balance funding that liability of \$167,760 and \$185,130, has been recorded in the accompanying statements of financial position as of June 30, 2022 and 2021, respectively.