

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

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

For the Years Ended June 30, 2023 and 2022

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

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

JUNE 30, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 7, 2023

SB & Company, LLC

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

**Statements of Financial Position
As of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 3,871,747	\$ 4,266,108
Investments	1,129,010	573,979
Investments - deferred compensation agreement	220,490	167,760
Grants and accounts receivable	1,358,337	359,744
Prepaid expenses and other assets	48,379	107,660
Furniture and equipment, net	60,983	39,782
Right of use asset, net	969,338	-
Deposits	52,849	52,849
Total Assets	<u>\$ 7,711,133</u>	<u>\$ 5,567,882</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 634,481	\$ 327,352
Deferred revenue	28,400	114,600
Deferred compensation agreement	220,490	167,760
Deferred rent	-	177,974
Lease obligation	1,130,289	-
Total Liabilities	<u>2,013,660</u>	<u>787,686</u>
Net Assets		
Without donor restrictions:		
Unrestricted	2,230,490	1,645,069
Management designated	1,130,204	902,892
Board designated	634,765	582,714
Total without donor restrictions	3,995,459	3,130,675
With donor restrictions	1,702,014	1,649,521
Total Net Assets	<u>5,697,473</u>	<u>4,780,196</u>
Total Liabilities and Net Assets	<u>\$ 7,711,133</u>	<u>\$ 5,567,882</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, 2023, with Comparative 2022 Totals**

	2023			2022 Totals
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and Other Support				
Membership income	\$ 568,283	\$ -	\$ 568,283	\$ 295,289
National conference	134,235	-	134,235	102,625
Corporate grant	162	-	162	67
Contributions and grant revenue	4,240,186	1,260,678	5,500,864	2,177,381
Investment (loss)/income, net	112,977	-	112,977	(82,592)
In-kind contributions	204,735	-	204,735	-
Other income	18,242	-	18,242	16,688
Total Revenue	5,278,820	1,260,678	6,539,498	2,509,458
Revenue released from restrictions	1,208,185	(1,208,185)	-	-
Total Revenue and Other Support	6,487,005	52,493	6,539,498	2,509,458
Expenses				
Program services:				
Advocacy and communication	1,616,975	-	1,616,975	911,940
Membership	193,419	-	193,419	195,489
National conference	1,029,667	-	1,029,667	669,421
Meetings/councils	754,712	-	754,712	734,210
Directed initiatives	418,048	-	418,048	1,346,157
Service delivery improvement	523,673	-	523,673	559,904
Total program services	4,536,495	-	4,536,495	4,417,121
Supporting services:				
Management and general	708,293	-	708,293	850,729
Fundraising	377,433	-	377,433	471,275
Total supporting services	1,085,726	-	1,085,726	1,322,004
Total Expenses	5,622,221	-	5,622,221	5,739,125
Changes in net assets	864,784	52,493	917,277	(3,229,667)
Net assets, beginning of year	3,130,675	1,649,521	4,780,196	8,009,863
Net Assets, End of Year	\$ 3,995,459	\$ 1,702,014	\$ 5,697,473	\$ 4,780,196

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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support			
Membership income	\$ 295,289	\$ -	\$ 295,289
National conference	102,625	-	102,625
Corporate grant	67	-	67
Contributions and grant revenue	52,381	2,125,000	2,177,381
Investment income, net	(82,592)	-	(82,592)
In-kind contributions	-	-	-
Other income	16,688	-	16,688
Total Revenue	<u>384,458</u>	<u>2,125,000</u>	<u>2,509,458</u>
Revenue released from restrictions	5,704,354	(5,704,354)	-
Total Revenue and Other Support	<u>6,088,812</u>	<u>(3,579,354)</u>	<u>2,509,458</u>
 Expenses			
Program services:			
Advocacy and communication	911,940	-	911,940
Membership	195,489	-	195,489
National conference	669,421	-	669,421
Meetings/councils	734,210	-	734,210
Directed initiatives	1,346,157	-	1,346,157
Service delivery improvement	559,904	-	559,904
Total program services	<u>4,417,121</u>	<u>-</u>	<u>4,417,121</u>
Supporting services:			
Management and general	850,729	-	850,729
Fundraising	471,275	-	471,275
Total supporting services	<u>1,322,004</u>	<u>-</u>	<u>1,322,004</u>
Total Expenses	<u>5,739,125</u>	<u>-</u>	<u>5,739,125</u>
 Changes in net assets	349,687	(3,579,354)	(3,229,667)
Net assets, beginning of year	2,780,988	5,228,875	8,009,863
Net Assets, End of Year	<u>\$ 3,130,675</u>	<u>\$ 1,649,521</u>	<u>\$ 4,780,196</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, 2023, with Comparative Totals for 2022

	2023												2022 Totals
	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		
Salaries and wages	\$ 883,572	\$ 118,747	\$ 163,275	\$ 176,290	\$ 198,055	\$ 323,488	\$ 1,863,428	\$ 463,055	\$ 247,311	\$ 710,365	\$ 2,573,793	\$ 2,353,685	
Fringe benefits	169,715	22,809	31,361	33,861	38,119	62,135	358,000	88,942	47,503	136,445	494,445	501,666	
Representation/sponsorship	4,834	10,900	893	964	1,084	1,770	20,445	2,533	1,353	3,886	24,331	12,454	
Office supplies	1,452	860	441	200	224	556	3,733	524	295	819	4,552	2,136	
Postage and shipping	4,623	668	1,470	917	1,031	1,967	10,676	2,409	1,349	3,758	14,434	2,561	
Design and printing	8,018	4,568	21,128	21,971	-	1,351	57,035	595	-	595	57,630	12,387	
Office telephone	12,863	1,751	2,201	2,577	2,671	5,386	27,449	6,243	3,884	10,127	37,577	17,169	
IT services	51,670	6,944	9,548	10,509	11,586	18,917	109,174	25,571	14,462	40,033	149,207	134,929	
Business insurance	6,250	840	1,155	1,247	1,401	2,288	13,182	3,276	1,749	5,025	18,207	11,713	
Bank and credit card fees	8,073	1,084	1,491	1,610	1,809	2,954	17,021	4,228	2,258	6,487	23,508	21,258	
Travel	13,455	3,321	182,245	200,541	2,454	4,829	406,845	25,381	27	25,408	432,253	277,211	
Meeting expenses	29,232	3,897	555,355	266,886	6,502	16,223	878,095	15,197	8,117	23,314	901,409	799,540	
Miscellaneous expense	1,410	230	8,003	536	1,767	566	12,512	604	323	927	13,439	4,765	
Consultants	44,121	909	29,250	12,649	116,956	29,126	233,010	3,544	14,626	18,170	251,181	481,678	
Legal fees	219,474	1,915	2,634	2,844	3,196	5,218	235,281	11,469	3,989	15,459	250,739	41,723	
Audit/accounting services	10,863	1,460	2,007	2,167	2,436	3,977	22,911	5,913	3,041	8,953	31,864	45,368	
Dues and subscriptions	54,459	528	726	784	4,135	8,323	68,955	2,060	2,128	4,189	73,144	54,069	
Equipment rental/maintenance	3,706	498	685	739	831	1,357	7,815	1,942	1,087	3,029	10,845	12,234	
Professional development	3,747	7	10	371	4,635	1,962	10,732	29	15	44	10,776	6,665	
Office rent	78,616	10,566	14,527	15,685	17,628	28,782	165,804	41,200	22,004	63,205	229,009	222,245	
Depreciation	6,823	917	1,261	1,361	1,530	2,498	14,391	3,576	1,910	5,486	19,877	23,669	
Pass-thru Grants	-	-	-	-	-	-	-	-	-	-	-	700,000	
Total	\$ 1,616,975	\$ 193,419	\$ 1,029,667	\$ 754,712	\$ 418,048	\$ 523,673	\$ 4,536,495	\$ 708,293	\$ 377,433	\$ 1,085,726	\$ 5,622,221	\$ 5,739,125	

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**

	Program Services						Supporting Services				Total
	Advocacy and Communication	Membership	National Conference	Meetings/ Councils	Directed Initiatives	Service Delivery Improvement	Total Program Services	Management and General	Fundraising	Total Supporting Services	
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
Fringe benefits	118,894	27,676	27,145	38,942	52,090	74,703	339,450	103,930	58,286	162,216	501,666
Representation/sponsorship	2,459	1,497	561	791	831	1,545	7,684	3,565	1,205	4,770	12,454
Office supplies	700	54	53	99	78	464	1,448	485	203	688	2,136
Postage and shipping	184	43	42	1,508	62	116	1,955	444	162	606	2,561
Design and printing	6,570	486	580	2,430	1,334	147	11,547	840	-	840	12,387
Office telephone	4,504	862	846	1,366	1,252	2,652	11,482	3,521	2,166	5,687	17,169
IT services	31,938	7,429	7,286	10,738	10,790	20,376	88,557	30,727	15,645	46,372	134,929
Business insurance	2,503	583	572	805	846	1,573	6,882	3,604	1,227	4,831	11,713
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
Travel	2,062	271	-	181,082	-	-	183,415	93,796	-	93,796	277,211
Meeting expenses	13,363	2,707	475,049	277,444	3,932	9,763	782,258	11,581	5,701	17,282	799,540
Miscellaneous expense	676	146	143	796	387	341	2,489	1,968	308	2,276	4,765
Consultants	34,211	1,167	7,145	7,713	329,129	32,240	411,605	7,214	62,859	70,073	481,678
Legal fees	10,320	2,241	2,197	3,095	3,279	6,046	27,178	9,827	4,718	14,545	41,723
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
Dues and subscriptions	38,503	292	646	403	6,456	4,192	50,492	2,793	784	3,577	54,069
Equipment rental/maintenance	2,225	518	508	716	752	1,398	6,117	4,776	1,341	6,117	12,234
Professional development	791	63	62	507	1,852	950	4,225	520	1,920	2,440	6,665
Office rent	53,340	12,417	12,178	17,154	18,035	33,514	146,638	49,458	26,149	75,607	222,245
Depreciation	5,410	1,259	1,235	1,740	1,829	3,399	14,872	6,145	2,652	8,797	23,669
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

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 917,277	\$ (3,229,667)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	19,877	23,669
Amortization of right to use asset	189,339	-
Unrealized (gain) loss on investments	(32,353)	121,850
Reinvested dividends	(80,624)	-
Effect of changes in non-cash operating and liabilities:		
Grants and accounts receivable	(998,593)	997,006
Prepaid expenses and other assets	59,281	33,559
Accounts payable and accrued liabilities	307,129	208,624
Deferred revenue	(86,200)	(90,725)
Deferred compensation agreement	52,730	(17,370)
Deferred rent	-	(11,839)
Payments on lease obligation	(206,362)	-
Net Cash Flow from Operating Activities	<u>141,501</u>	<u>(1,964,893)</u>
Cash Flow from Investing Activities		
Purchase of equipment	(41,078)	(22,546)
Purchase of investments	(4,074,082)	(90,950)
Proceeds from sale of investments	3,579,298	71,460
Net Cash from Investing Activities	<u>(535,862)</u>	<u>(42,036)</u>
Net change in cash and cash equivalents	(394,361)	(2,006,929)
Cash and cash equivalents, beginning of year	4,266,108	6,273,037
Cash and Cash Equivalents, End of Year	<u>\$ 3,871,747</u>	<u>\$ 4,266,108</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, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022, and a reserve for estimated losses has not been recorded.

Notes to the Financial Statements
June 30, 2023 and 2022

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, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Right of Use Asset and Lease Liability

The Association records right-of-use assets related to the office facilities where the Association conducts its operations. The right of use asset is being amortized over the term of the lease. As of June 30, 2023, the net present value of the right-of-use assets was \$969,338.

The lease liability represents the future commitments for the Association's office facility. The term of a lease is assessed as the non-cancellable period of the lease, plus any extension options that the Association is reasonably certain to exercise. The lease liabilities are discounted using the Association's estimated borrowing rate.

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, 2023 and 2022, were designated by the Board for future spending as they deem appropriate. The management designated net assets as of June 30, 2023 and 2022, 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.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023 and 2022.

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, 2023 and 2022, were \$204,735 and \$-, 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.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023 and 2022, 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, 2023, the statute of limitations for fiscal years 2020 through 2023, 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, reduced by amounts not available for general use within one year because of donor-imposed restrictions.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,871,747	\$ 4,266,108
Investments	1,129,010	573,979
Grants and accounts receivable	<u>1,358,337</u>	<u>359,744</u>
	6,359,094	5,199,831
Less: net assets with donor restrictions	<u>1,347,190</u>	<u>1,538,205</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 5,011,904</u>	<u>\$ 3,661,626</u>

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.

Notes to the Financial Statements
June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Pronouncement Implemented

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*. The Association implemented the this standard as of July 1, 2022 and recorded a right of use intangible asset of \$1,158,672 (\$1,336,651 less deferred rent of \$177,979) and a lease obligation of \$1,336,651.

Subsequent Events

The Association evaluated the accompanying financial statements for subsequent events and transactions through November 7, 2023, 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, 2023 and 2022.

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.

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements
June 30, 2023 and 2022

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, 2023 and 2022:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Exchange-traded funds	\$ 394,744	\$ -	\$ -	\$ 394,744
Mutual funds	734,266	-	-	734,266
Deferred compensation-mutual funds	220,490	-	-	220,490
Total	\$ 1,349,500	\$ -	\$ -	\$ 1,349,500

	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

For the years ended June 30, 2023 and 2022, investment income consisted of the following:

	2023	2022
Interest and dividends, net	\$ 80,624	\$ 29,301
Unrealized and realized gain (loss), net	32,353	(111,893)
Total	\$ 112,977	\$ (82,592)

As of June 30, 2023 and 2022, investments consisted of the following fair values:

	June 30, 2023		
	Cost	Unrealized Gain/(loss)	Market Value
Exchange-traded funds	\$ 87,179	\$ 307,565	\$ 394,744
Mutual Funds	1,029,285	(295,019)	734,266
Total	\$ 1,116,464	\$ 12,546	\$ 1,129,010

	June 30, 2022		
	Cost	Unrealized Gain	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

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

**Notes to the Financial Statements
June 30, 2023 and 2022**

4. FURNITURE AND EQUIPMENT

As of June 30, 2023 and 2022, furniture and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>Useful Life</u>
Leasehold improvements	\$ 32,143	\$ 21,436	Life of lease
Furniture and equipment	681,938	651,567	3-5 years
	<u>714,081</u>	<u>673,003</u>	
Less: accumulated depreciation	653,098	633,221	
Furniture and Equipment, Net	<u>\$ 60,983</u>	<u>\$ 39,782</u>	

Depreciation expense was \$19,876 and \$23,669, for the years ended June 30, 2023 and 2022, respectively.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Time restricted	\$ 1,616,061	\$ 1,549,722
Anonymous I	85,953	99,799
Total	<u>\$ 1,702,014</u>	<u>\$ 1,649,521</u>

6. LEASE OBLIGATION

In September 2016, the Association entered into a lease for its office facility. As part of this agreement, the Association received a rent abatement for the first 10 months of this lease. Rent expense was \$229,009 and \$222,245 for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, the future minimum payments for the office space and equipment are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 247,213
2025	253,400
2026	259,742
2027	266,239
2028	<u>180,426</u>
Total	1,207,020
Less amounts representing interest	(76,731)
Total	<u>\$ 1,130,289</u>

NATIONAL FAMILY PLANNING & REPRODUCTIVE HEALTH ASSOCIATION, INC.

Notes to the Financial Statements June 30, 2023 and 2022

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, 2023 and 2022, was \$141,924 and \$137,515, 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, 2023 and 2022, the Association contributed \$21,125 and \$17,625, respectively. The liability related to the deferred compensation and the investment balance funding that liability of \$220,490 and \$167,760, has been recorded in the accompanying statements of financial position as of June 30, 2023 and 2022, respectively.