

**THE CENTER FOR  
REPRODUCTIVE RIGHTS, INC.**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT**

**JUNE 30, 2015**

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**

**TABLE OF CONTENTS**

**Independent Auditor's Report**

**Exhibit**

**A - Balance Sheet**

**B - Statement of Activities**

**C - Statement of Functional Expenses**

**D - Statement of Cash Flows**

**Notes to Financial Statements**

## **Independent Auditor's Report**

**Board of Directors  
The Center for Reproductive Rights, Inc.**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of The Center for Reproductive Rights, Inc., which comprise the balance sheet as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Center for Reproductive Rights, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited The Center for Reproductive Rights, Inc.'s June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Loeb & Troper LLP*

October 13, 2015

## THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

## BALANCE SHEET

June 30, 2015  
 (With Summarized Financial Information  
 for June 30, 2014)

|  | <u>2015</u>          | <u>2014</u>          |
|--|----------------------|----------------------|
| <b>ASSETS</b>                                      |                      |                      |
| Cash and cash equivalents                          | \$ 11,647,952        | \$ 14,369,890        |
| Investments (Note 3)                               | 10,254,295           | 10,372,716           |
| Grants and contributions receivable - net (Note 4) | 5,454,762            | 9,812,831            |
| Prepaid expenses and other assets                  | 556,360              | 547,112              |
| Security deposits                                  | 125,262              | 171,662              |
| Fixed assets - net (Note 5)                        | 1,844,408            | 224,823              |
|  | <u>29,883,039</u>    | <u>35,499,034</u>    |
| Total assets                                       | <u>\$ 29,883,039</u> | <u>\$ 35,499,034</u> |
| <b>LIABILITIES AND NET ASSETS</b>                  |                      |                      |
| Liabilities  |                      |                      |
| Accounts payable and accrued expenses              | \$ 827,875           | \$ 1,131,900         |
| Accrued salaries and related benefits              | 568,800              | 437,015              |
| Deferred rent payable (Note 2)                     | 264,671              | 50,386               |
| Deferred revenue (Note 2)                          | 105,000              | 241,312              |
|  | <u>1,766,346</u>     | <u>1,860,613</u>     |
| Total liabilities                                  | <u>1,766,346</u>     | <u>1,860,613</u>     |
| Net assets (Exhibit B)                             |                      |                      |
| Unrestricted                                       |                      |                      |
| Operating  | 13,800,557           | 14,664,476           |
| Board-designated endowment fund (Note 11)          | 438,371              | 461,752              |
|  | <u>14,238,928</u>    | <u>15,126,228</u>    |
| Total unrestricted (Note 2)                        | 14,238,928           | 15,126,228           |
| Temporarily restricted (Note 7)                    | 12,873,645           | 17,508,073           |
| Permanently restricted (Note 11)                   | 1,004,120            | 1,004,120            |
|  | <u>28,116,693</u>    | <u>33,638,421</u>    |
| Total net assets                                   | <u>28,116,693</u>    | <u>33,638,421</u>    |
| Total liabilities and net assets                   | <u>\$ 29,883,039</u> | <u>\$ 35,499,034</u> |

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**

**EXHIBIT B**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2015**  
**(With Summarized Financial Information**  
**for the Year Ended June 30, 2014)**

|   | <u>Unrestricted</u>  | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>         |                      |
|---|----------------------|-----------------------------------|-----------------------------------|----------------------|----------------------|
|   |                      |                                   |                                   | <u>2015</u>          | <u>2014</u>          |
| Public support, revenues, other support and losses                  |                      |                                   |                                   |                      |                      |
| Foundation grants   | \$ 221,666           | \$ 7,729,308                      |                                   | \$ 7,950,974         | \$ 9,632,452         |
| Contributions   | 4,524,894            | 1,934,600                         |                                   | 6,459,494            | 6,562,438            |
| Bequests  | 135,500              |                                   |                                   | 135,500              | 113,645              |
| Foreign governments and international organization grants (Note 10) |                      | 117,539                           |                                   | 117,539              | 19,088               |
| Awards  |                      |                                   |                                   |                      | 507,783              |
| Donated services (Note 2)   | 7,117,209            |                                   |                                   | 7,117,209            | 5,326,204            |
| Special event   | 1,062,270            |                                   |                                   | 1,062,270            | 925,572              |
| Direct costs of special event                                       | (156,680)            |                                   |                                   | (156,680)            | (162,143)            |
| Other income  | 23,279               |                                   |                                   | 23,279               | 22,693               |
| Loss on disposal of fixed assets                                    | (21,483)             |                                   |                                   | (21,483)             | (3,961)              |
| Net assets released from restriction (Note 7)                       | 14,410,507           | (14,410,507)                      |                                   |                      |                      |
| Total public support, revenues, other support and losses            | <u>27,317,162</u>    | <u>(4,629,060)</u>                |                                   | <u>22,688,102</u>    | <u>22,943,771</u>    |
| Expenses  |                      |                                   |                                   |                      |                      |
| Program services  |                      |                                   |                                   |                      |                      |
| U.S. legal program  | 8,140,348            |                                   |                                   | 8,140,348            | 8,829,160            |
| Global legal program  | 8,387,397            |                                   |                                   | 8,387,397            | 6,495,674            |
| Communications  | 3,815,763            |                                   |                                   | 3,815,763            | 2,965,929            |
| U.S. policy and advocacy  | 3,588,263            |                                   |                                   | 3,588,263            | 1,952,160            |
| Total program services  | <u>23,931,771</u>    |                                   |                                   | <u>23,931,771</u>    | <u>20,242,923</u>    |
| Supporting services   |                      |                                   |                                   |                      |                      |
| Management and general  | 1,568,741            |                                   |                                   | 1,568,741            | 1,251,454            |
| Fund raising  | 2,698,369            |                                   |                                   | 2,698,369            | 2,557,518            |
| Total supporting services   | <u>4,267,110</u>     |                                   |                                   | <u>4,267,110</u>     | <u>3,808,972</u>     |
| Total expenses (Exhibit C)  | <u>28,198,881</u>    |                                   |                                   | <u>28,198,881</u>    | <u>24,051,895</u>    |
| Change in net assets before investment income                       | (881,719)            | (4,629,060)                       |                                   | (5,510,779)          | (1,108,124)          |
| Investment income (Note 3)  | (5,581)              | (5,368)                           |                                   | (10,949)             | 1,475,045            |
| Change in net assets (Exhibit D)                                    | (887,300)            | (4,634,428)                       |                                   | (5,521,728)          | 366,921              |
| Net assets - beginning of year                                      | 15,126,228           | 17,508,073                        | \$ 1,004,120                      | 33,638,421           | 33,271,500           |
| Net assets - end of year (Exhibit A)                                | <u>\$ 14,238,928</u> | <u>\$ 12,873,645</u>              | <u>\$ 1,004,120</u>               | <u>\$ 28,116,693</u> | <u>\$ 33,638,421</u> |

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED June 30, 2015

(With Summarized Financial Information  
for the Year Ended June 30, 2014)

|  | Program Services   |                      |                |                          |               | Supporting Services    |              |                              |              | Total         |               |
|--|--------------------|----------------------|----------------|--------------------------|---------------|------------------------|--------------|------------------------------|--------------|---------------|---------------|
|  | U.S. Legal Program | Global Legal Program | Communications | U.S. Policy and Advocacy | Total         | Management and General | Fund Raising | Direct Cost of Special Event | Total        | 2015          | 2014          |
|  |                    |                      |                |                          |               |                        |              |                              |              |               |               |
| Salaries   | \$ 2,567,117       | \$ 2,659,201         | \$ 1,518,208   | \$ 1,521,741             | \$ 8,266,267  | \$ 566,622             | \$ 1,253,804 |                              | \$ 1,820,426 | \$ 10,086,693 | \$ 8,916,328  |
| Payroll taxes and employee benefits  | 680,201            | 686,284              | 394,515        | 380,217                  | 2,141,217     | 202,777                | 364,507      |                              | 567,284      | 2,708,501     | 2,285,875     |
| Total salaries and related expenses  | 3,247,318          | 3,345,485            | 1,912,723      | 1,901,958                | 10,407,484    | 769,399                | 1,618,311    |                              | 2,387,710    | 12,795,194    | 11,202,203    |
| Professional fees  | 555,463            | 497,621              | 1,143,068      | 329,857                  | 2,526,009     | 209,049                | 306,227      |                              | 515,276      | 3,041,285     | 2,726,438     |
| Investment fees  |                    |                      |                |                          |               | 45,952                 |              |                              | 45,952       | 45,952        | 43,490        |
| Printing and publications  | 9,585              | 80,498               | 274,128        | 41,009                   | 405,220       | 310                    | 32,955       |                              | 33,265       | 438,485       | 536,986       |
| Dues, fees and subscriptions   | 108,394            | 27,211               | 24,248         | 32,824                   | 192,677       | 7,347                  | 65,079       |                              | 72,426       | 265,103       | 292,096       |
| Travel   | 282,577            | 583,319              | 114,594        | 311,094                  | 1,291,584     | 5,512                  | 70,373       |                              | 75,885       | 1,367,469     | 1,219,850     |
| Hall, catering and entertainment   |                    |                      |                |                          |               |                        |              | \$ 156,680                   | 156,680      | 156,680       | 162,143       |
| Direct mail  |                    |                      | 27,000         |                          | 27,000        |                        | 250,139      |                              | 250,139      | 277,139       | 509,550       |
| Equipment and maintenance  | 35,021             | 42,416               | 13,987         | 17,047                   | 108,471       | 21,103                 | 9,801        |                              | 30,904       | 139,375       | 202,558       |
| Telecommunications   | 23,609             | 64,525               | 15,662         | 26,329                   | 130,125       | 17,770                 | 12,166       |                              | 29,936       | 160,061       | 146,490       |
| Office supplies  | 50,275             | 93,199               | 31,343         | 34,527                   | 209,344       | 38,686                 | 119,451      |                              | 158,137      | 367,481       | 397,711       |
| Insurance  | 20,091             | 54,851               | 8,461          | 6,295                    | 89,698        | 18,749                 | 7,312        |                              | 26,061       | 115,759       | 64,889        |
| Occupancy (Note 8)   | 281,311            | 582,304              | 167,575        | 314,056                  | 1,345,246     | 319,636                | 132,783      |                              | 452,419      | 1,797,665     | 1,220,907     |
| Depreciation and amortization  | 36,001             | 48,477               | 21,615         | 23,003                   | 129,096       | 42,443                 | 16,971       |                              | 59,414       | 188,510       | 157,171       |
| Donated services (Note 2)  | 3,472,952          | 2,922,574            | 56,221         | 516,870                  | 6,968,617     | 106,285                | 42,307       |                              | 148,592      | 7,117,209     | 5,326,204     |
| Miscellaneous  | 17,751             | 44,917               | 5,138          | 33,394                   | 101,200       | 12,452                 | 14,494       |                              | 26,946       | 128,146       | 48,842        |
| Total expenses   | 8,140,348          | 8,387,397            | 3,815,763      | 3,588,263                | 23,931,771    | 1,614,693              | 2,698,369    | 156,680                      | 4,469,742    | 28,401,513    | 24,257,528    |
| Less expenses deducted directly on the statement of activities                 |                    |                      |                |                          |               |                        |              |                              |              |               |               |
| Direct costs of special event  |                    |                      |                |                          |               |                        |              | (156,680)                    | (156,680)    | (156,680)     | (162,143)     |
| Investment fees  |                    |                      |                |                          |               | (45,952)               |              |                              | (45,952)     | (45,952)      | (43,490)      |
| Total expenses reported by function on the statement of activities (Exhibit B) | \$ 8,140,348       | \$ 8,387,397         | \$ 3,815,763   | \$ 3,588,263             | \$ 23,931,771 | \$ 1,568,741           | \$ 2,698,369 | \$ -                         | \$ 4,267,110 | \$ 28,198,881 | \$ 24,051,895 |

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

## STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

|   | <u>2015</u>          | <u>2014</u>          |
|---|----------------------|----------------------|
| Cash flows from operating activities  |                      |                      |
| Change in net assets (Exhibit B)  | \$ (5,521,728)       | \$ 366,921           |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities |                      |                      |
| Depreciation and amortization   | 188,510              | 157,171              |
| Net realized and unrealized loss (gain) on investments  | 210,253              | (1,077,088)          |
| Loss on disposal of fixed assets  | 21,483               | 3,961                |
| Decrease (increase) in assets   |                      |                      |
| Grants and contributions receivable   | 4,358,069            | 3,435,787            |
| Prepaid expenses and other assets   | (9,248)              | (157,816)            |
| Security deposits   | 46,400               | (49,840)             |
| Increase (decrease) in liabilities  |                      |                      |
| Accounts payable and accrued expenses   | (304,025)            | 534,710              |
| Accrued salaries and related benefits   | 131,785              | 50,168               |
| Deferred rent payable   | 214,285              | (60,459)             |
| Deferred revenue  | (136,312)            | 2,812                |
| Net cash provided (used) by operating activities  | <u>(800,528)</u>     | <u>3,206,327</u>     |
| Cash flows from investing activities  |                      |                      |
| Purchase of fixed assets  | (1,829,578)          | (16,538)             |
| Purchase of investments   | (769,916)            | (3,518,450)          |
| Proceeds from sales of investments  | 678,084              | 5,323,507            |
| Net cash provided (used) by investing activities  | <u>(1,921,410)</u>   | <u>1,788,519</u>     |
| Net change in cash and cash equivalents   | (2,721,938)          | 4,994,846            |
| Cash and cash equivalents - beginning of year   | <u>14,369,890</u>    | <u>9,375,044</u>     |
| Cash and cash equivalents - end of year   | <u>\$ 11,647,952</u> | <u>\$ 14,369,890</u> |

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**NOTE 1 - NATURE OF ORGANIZATION**

The Center for Reproductive Rights, Inc. (the “Center”) is a nonprofit legal advocacy organization dedicated to promoting and defending women’s reproductive rights worldwide.

The Center is a not-for-profit tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Center is primarily supported by grants, contributions and donated services.

The Center uses the law to advance reproductive freedom as a fundamental human right that all governments are legally obligated to protect, respect, and fulfill.

Reproductive freedom lies at the heart of the promise of human dignity, self-determination and equality embodied in both the U.S. Constitution and the Universal Declaration of Human Rights. The Center works toward the time when that promise is enshrined in law in the United States and throughout the world. We envision a world where every woman is free to decide whether and when to have children; where every woman has access to the best reproductive health care available; where every woman can exercise her choices without coercion or discrimination. More simply put, we envision a world where every woman participates with full dignity as an equal member of society.

Since 1992, our attorneys have boldly used legal and human rights tools to create this world. We are the only global legal advocacy organization dedicated to reproductive rights, with expertise in both U.S. constitutional and international human rights law. Our groundbreaking cases before national courts, United Nations committees, and regional human rights bodies have expanded access to reproductive healthcare, including birth control, safe abortion, prenatal and obstetric care, and unbiased information. We influence the law outside the courtroom as well, documenting abuses, working with policymakers to promote progressive measures, and fostering legal scholarship and teaching on reproductive health and human rights.

We are legal innovators seeking to fundamentally transform the landscape of reproductive health and rights worldwide, and have already strengthened laws and policies in more than 50 countries.

**U.S. Legal Program**

The U.S. Legal Program strives to protect and advance reproductive liberty and access to reproductive health care in the United States by employing diverse strategies grounded in the Center’s legal expertise.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 1 - NATURE OF ORGANIZATION (continued)****U.S. Legal Program (continued)**

The strategies used by the U.S. Legal Program consist of: impact litigation; legislative and governmental advocacy on Capitol Hill and in the states; human rights fact-finding; engagement with the U.N. and regional human rights bodies; public education; and convenings, presentations and scholarship.

The Center's litigation work in the United States seeks to broadly promote reproductive rights. Our goals include:

- Securing recognition that reproductive freedom is both a fundamental constitutional right and a human right that the government is obligated to respect, protect and fulfill;
- Ensuring that all women have access to safe and affordable contraception;
- Protecting women's access to safe, legal and affordable abortion services;
- Ensuring that adolescents have access to reproductive health services; that adolescents' confidentiality is protected in their pursuit of those services; and that adolescents have access to age-appropriate, comprehensive sexuality education;
- Defending abortion providers against unreasonable government actions.

**Global Legal Program**

The Center is the world's only global legal advocacy organization dedicated to advancing women's reproductive health, self-determination, and dignity as basic human rights. We have strengthened reproductive health laws and policies in more than 50 countries in Asia, Africa, Europe, and Latin America and the Caribbean, as well as the United States. Twenty years after its founding, the Center remains the only reproductive rights organization that combines U.S. and international legal advocacy. Its mission remains straightforward and ambitious: to advance reproductive freedom as a fundamental right that all governments are legally obligated to protect, respect and fulfill. In the past six years, the Center has spearheaded the use of international litigation and complementary legal advocacy with great success, winning landmark victories in human rights fora, including two decisions that hold governments accountable for ensuring access to abortion services where they are legal. Among its accomplishments, the Center has filed groundbreaking cases in the European Court of Human Rights, the Inter-American human rights system, and before U.N. human rights bodies, and provided international and comparative legal analysis and support in precedent-setting cases in national courts in Latin America, Asia, Eastern Europe, and Africa.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 1 - NATURE OF ORGANIZATION (continued)****Communications**

The Communications Program informs a wide range of external audiences on the Center's activities and impact, developing and implementing messages that promote the organization's overall mission and goals. It works with the U.S. and Global Legal Programs to publicize new cases and reports, legal victories, and advocacy efforts through the media, as well as the Center's own website and newsletters. It is also responsible for designing and laying out reports produced by the legal programs.

**U.S. Policy and Advocacy**

The Center's Government Relations program works with Congress and the executive branch to protect and promote reproductive rights and health. We advocate for domestic and foreign policy that advances reproductive health and freedom and allows women and families to prosper.

Our advocacy efforts support the following important goals:

- Promote unbiased information about reproductive and sexual health;
- Improve access to contraception;
- Secure women's right to choose and obtain abortion;
- Improve healthcare for pregnant women;
- Support reproductive rights in foreign assistance programs;
- Promote recognition of and protection for reproductive rights as human rights at the United Nations;
- To assist policymakers, we supply critical facts and legal analyses that support these objectives.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting*** - The financial statements are prepared on the accrual basis of accounting.

***Use of estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and cash equivalents*** - The Center considers all highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents, except for cash and money market funds contained in the Center's investment portfolio.

***Foreign currency translation*** - Cash accounts which are maintained overseas are translated to U.S. Dollars (USD) using the exchange rate in effect at the date of the balance sheet. Revenues, expenses, gains and losses are translated using the average monthly exchange rate. Gains or losses on foreign currency translation are recognized in the accompanying financial statements.

***Investments*** - Investments are recorded at fair value. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the Center's financial statements.

***Grants and contributions receivable*** - Unconditional promises to give (pledges) are recorded as income when the Center is formally notified of the grants or contributions by the respective donors. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Allowance for doubtful accounts*** - The Center determines whether an allowance for uncollectibles should be provided for contributions and grants receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information. Contributions and grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2015, the Center had no allowance for doubtful accounts.

***Fixed assets*** - Fixed assets are recorded at cost. These amounts do not purport to represent replacement or realizable values. The Center capitalizes all property and equipment having a cost of \$5,000 or more and a useful life of greater than one year.

***Depreciation and amortization*** - Depreciation is provided on the straight-line basis over the estimated useful lives of assets. Leasehold improvements are amortized on the straight-line basis over the lesser of their useful lives or the term of the lease.

***Deferred rent payable*** - The Center leases real property under operating leases expiring at various dates in the future. Since the rentals increase over time, the Center records an adjustment to rent expense each year to reflect its straight-lining policy. The annual adjustment recorded for the year ended June 30, 2015 was an increase in the liability in the amount of \$214,285. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying balance sheet.

***Deferred revenue*** - The Center receives prepayments for tickets for its gala to be held in the next fiscal year. These payments are recorded as a liability and are recognized as gala revenue in the period in which they are earned. All deferred revenue is expected to be earned in the next fiscal year.

***Contributions*** - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily 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 a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Donated services*** - Donated services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. The Center received donated services consisting primarily of legal and volunteer services. These donated services have been valued at the standard market rates that would have been incurred by the Center to obtain them and are reported as both revenue and expense in the accompanying financial statements because they meet the criteria as prescribed by accounting principles generally accepted in the United States of America. The donated legal and volunteer services for the year ended June 30, 2015 amounted to \$7,117,209

***Grant revenue*** - Expense-based grants are recognized as allowable expenses are incurred. Such revenues are subject to audit by the granting agencies. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments.

***Unrestricted net assets*** - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. In addition, resources which are set aside for board designated purposes are unrestricted (see Note 11).

***Temporarily and permanently restricted net assets*** - Temporarily restricted net assets are those whose use by the Center has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Center in perpetuity.

***Measure of operations*** - The Center excludes investment income from its measure of operations.

***Functional allocation of expenses*** - The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Fair Value Measurements***

*Fair Value Measurements* establishes a framework for measuring fair value. The 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 are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center 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;
- 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 or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 as compared to those used at June 30, 2014.

- ***Exchange-traded funds (ETF)*** - Valued at the closing price reported on the active market on which the individual securities are traded.
- ***Mutual funds*** - Valued at the net asset value ("NAV") of shares held for the year ended.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Fair Value Measurements (continued)***

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 Center 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 investments at June 30, 2015 are shown in Note 3 by level within the fair value hierarchy.

***Uncertainty in income taxes*** - The Center has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Years ending December 31, 2011 and subsequent remain subject to examination by applicable taxing authorities.

***Subsequent events*** - Subsequent events have been evaluated through October 13, 2015, which is the date the financial statements were available to be issued.

***Summarized financial information*** - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**NOTE 3 - INVESTMENTS**

Investments consist of the following at June 30, 2015:

|                                 | <u>Level 1</u>       |
|---------------------------------|----------------------|
| Mutual funds                    |                      |
| Bonds                           | \$ 1,852,343         |
| U.S. large cap equities         | 1,155,635            |
| U.S. small cap equities         | 497,821              |
| Foreign equities                | 1,687,859            |
| Emerging markets                | 865,303              |
| Real estate                     | <u>347,426</u>       |
| Total mutual funds              | <u>6,406,387</u>     |
| Exchange-traded funds (ETF)     |                      |
| Bonds                           | 1,820,193            |
| U.S. Large cap equities         | 1,703,059            |
| U.S. Mid cap equities           | <u>289,528</u>       |
| Total exchange-traded funds     | <u>3,812,780</u>     |
| Total investments at fair value | 10,219,167           |
| Money market account            | <u>35,128</u>        |
|                                 | <u>\$ 10,254,295</u> |

Investment income consists of the following:

|                                |                    |
|--------------------------------|--------------------|
| Interest and dividends         | \$ 245,256         |
| Unrealized loss on investments | (474,636)          |
| Realized gain on investments   | 264,383            |
| Investment fees                | <u>(45,952)</u>    |
| Investment income              | <u>\$ (10,949)</u> |

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE - NET**

Grants and contributions receivable consist of the following as of June 30, 2015:

|  |                     |
|--|---------------------|
| Amount due in less than one year           | \$ 2,164,302        |
| Amount due from one to five years          | <u>3,308,349</u>    |
|  | 5,472,651           |
| Less unamortized discount to present value | <u>(17,889)</u>     |
|  | <u>\$ 5,454,762</u> |

The contributions to be received after one year are discounted to fair value using rates ranging between .30% and .87% for the year ended June 30, 2015.

**NOTE 5 - FIXED ASSETS**

Property and equipment consist of the following:

|  |                     | <u>Useful Lives</u> |
|--|---------------------|---------------------|
| Furniture and fixtures                         | \$ 1,104,634        | 7 years             |
| Office equipment                               | 399,936             | 5 years             |
| Leasehold improvements                         | <u>505,619</u>      | 10 years            |
| Total cost                                     | 2,010,189           |                     |
| Less accumulated depreciation and amortization | <u>(165,781)</u>    |                     |
| Net book value                                 | <u>\$ 1,844,408</u> |                     |

**NOTE 6 - PENSION PLAN**

The Center has a defined-contribution pension plan for all eligible employees. Contributions by the Center are discretionary for employees who meet certain length-of-service requirements. The employer contributions on behalf of the participants' are fully vested on the date they become eligible. Pension expense for the year ended June 30, 2015 was \$561,678. It is the Center's policy to fund pension costs quarterly.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2015:

Time and purpose restricted as of June 30:

|   |                      |
|---|----------------------|
| U.S. Legal Program                          | \$ 4,747,006         |
| Global Legal Program                        | 1,936,633            |
| Communications                              | 2,764,019            |
| U.S. Policy and Advocacy                    | 1,771,793            |
| Time restricted - general operating support | <u>1,654,194</u>     |
|   | <u>\$ 12,873,645</u> |

During the year ended June 30, 2015, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors:

|   |                      |
|---|----------------------|
| U.S. Legal Program                          | \$ 5,052,476         |
| Global Legal Program                        | 3,493,870            |
| Communications                              | 1,670,807            |
| U.S. Policy and Advocacy                    | 979,778              |
| Time restricted - general operating support | <u>3,213,576</u>     |
|   | <u>\$ 14,410,507</u> |

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 8 - COMMITMENTS**

The Center has various leases for office space and equipment expiring through 2025.

Future minimum lease payments as of June 30, 2015 are as follows:

|                        | <b>Total<br/>Commitment</b> |
|------------------------|-----------------------------|
| 2016                   | \$ 1,860,496                |
| 2017                   | 1,851,727                   |
| 2018                   | 1,802,859                   |
| 2019                   | 1,722,978                   |
| 2020                   | 1,493,793                   |
| Commitments thereafter | <u>8,064,379</u>            |
|                        | <u>\$ 16,796,232</u>        |

Rent expense for the year ended June 30, 2015 was \$1,136,118.

**NOTE 9 - CONCENTRATIONS**

Financial instruments which potentially subject the Center to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

**NOTE 10 - FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATION  
GRANTS**

On April 1, 2014 the International Planned Parenthood Federation/Western Hemisphere Region, Inc. (IPPF) awarded a reimbursement grant amounting to \$278,500 over a period of three years. The funds for this grant come from the Swedish International Development Cooperation Agency (SIDA), through the Swedish Association for Sexuality Education (SIDA, for its acronym in Swedish). The grant supports the Center's regional advocacy to reform national abortion laws in Latin America and the Caribbean. The Center received an advance of \$76,650 in FY15, which is 70% of the first grant year allocation. The Center recognized \$113,837 of revenue and expenses in FY15.

On April 1, 2015 the United Nations Population Fund (UNFPA) awarded a reimbursement grant amounting to \$65,303 for 9 months. The grant supports the Center's work in Nepal preventing early marriage and other practices that discriminate against and harm young women. The Center received a reimbursement of \$3,702 in FY15, and recognized \$3,702 of revenue and expenses in FY15.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****NOTE 11 - ENDOWMENT FUNDS****General**

The Center's endowment consists of a donor-restricted endowment fund established for the Blackmun fellowship attorneys' general support expenses of the U.S. Legal Program, an \$80,000 annual commitment that will rise with inflation. The legal fellowship is primarily supported by a distribution from the endowment fund which the Center takes annually. The Center also draws upon additional sources, including the board designated endowment, as the annual distribution from the endowment fund is not sufficient to support the \$80,000 legal fellowship. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Center has adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Center is governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

**Return Objectives, Strategies Employed and Spending Policy**

The Center seeks to earn a 5% annualized real rate of return, and to protect the \$1,004,120 original endowment. Given that its assets are currently \$1,611,137 the Blackmun Fund has a substantial cushion to protect the original endowment from capital losses in unfavorable markets. The Center expects to take an annual withdrawal from the Blackmun Fund of up to 5% of the average balance over the previous five years. The Board appropriated a distribution of \$78,545 in June 2015.

**Funds with Deficiencies**

The Center's fund is not deficient.

-continued-

**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**NOTE 11 - ENDOWMENT FUNDS (continued)**

**Endowment Net Asset Composition by Type of Fund as of June 30, 2015**

The endowment net asset composition consists of permanently donor-restricted funds of \$1,004,120, temporarily restricted endowment funds of \$168,646 and board-designated endowment funds of \$438,371.

**Changes in Endowment Net Assets for the Year Ended June 30, 2015**

|  | <b>Board<br/>Designated<br/>Endowment<br/>Fund</b> | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>        |
|--|--|-----------------------------------|-----------------------------------|---------------------|
| Endowment net assets,<br>beginning of year | \$ 461,752   | \$ 231,187                        | \$ 1,004,120                      | \$ 1,697,059        |
| Appropriation for<br>expenditure           | (21,372)   | (57,173)                          |                                   | (78,545)            |
| Interest and dividends                     | 10,932   | 29,248                            |                                   | 40,180              |
| Unrealized loss                            | (30,826)   | (82,463)                          |                                   | (113,289)           |
| Realized gain                              | 19,963   | 53,405                            |                                   | 73,368              |
| Investment fees                            | <u>(2,078)</u>                                     | <u>(5,558)</u>                    | <u>                    </u>       | <u>(7,636)</u>      |
| Endowment net assets,<br>end of year       | <u>\$ 438,371</u>                                  | <u>\$ 168,646</u>                 | <u>\$ 1,004,120</u>               | <u>\$ 1,611,137</u> |