

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2016

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

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**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, 2016, 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, 2016, 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, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Loeb & Troper LLP

October 7, 2016

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

BALANCE SHEET

June 30, 2016
 (With Summarized Financial Information
 for June 30, 2015)

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 11,897,476	\$ 11,647,952
Investments (Note 3)	10,311,566	10,254,295
Grants and contributions receivable - net (Note 4)	9,127,014	5,454,762
Prepaid expenses and other assets	597,251	556,360
Security deposits	15,651	125,262
Fixed assets - net (Note 5)	<u>1,586,773</u>	<u>1,844,408</u>
Total assets	<u>\$ 33,535,731</u>	<u>\$ 29,883,039</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 272,919	\$ 827,875
Accrued salaries and related benefits	617,628	568,800
Deferred rent payable (Note 2)	345,633	264,671
Deferred revenue (Note 2)	<u>78,900</u>	<u>105,000</u>
Total liabilities	<u>1,315,080</u>	<u>1,766,346</u>
Net assets (Exhibit B)		
Unrestricted		
Operating	15,020,110	13,800,557
Board-designated endowment fund (Note 10)	<u>407,786</u>	<u>438,371</u>
Total unrestricted (Note 2)	15,427,896	14,238,928
Temporarily restricted (Note 7)	15,788,635	12,873,645
Permanently restricted (Note 10)	<u>1,004,120</u>	<u>1,004,120</u>
Total net assets	<u>32,220,651</u>	<u>28,116,693</u>
Total liabilities and net assets	<u>\$ 33,535,731</u>	<u>\$ 29,883,039</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, 2016
(With Summarized Financial Information
for the Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2016	2015
Public support, revenues, other support and losses					
Foundation grants	\$ 851,563	\$ 15,769,286		\$ 16,620,849	\$ 7,950,974
Contributions	5,029,920	2,790,131		7,820,051	6,459,494
Bequests	213,743			213,743	135,500
Foreign governments and international organization grants		102,545		102,545	117,539
Awards	751,966			751,966	
Donated services (Note 2)	12,728,938			12,728,938	7,117,209
Special event	1,308,316			1,308,316	1,062,270
Direct costs of special events	(151,415)			(151,415)	(156,680)
Other income	18,055			18,055	23,279
Loss on disposal of fixed assets					(21,483)
Net assets released from restriction (Note 7)	15,724,258	(15,724,258)			
Total public support, revenues, other support and losses	<u>36,475,344</u>	<u>2,937,704</u>		<u>39,413,048</u>	<u>22,688,102</u>
Expenses					
Program services					
U.S. legal program	13,060,508			13,060,508	8,140,348
Global legal program	9,165,359			9,165,359	8,387,397
Communications	3,606,834			3,606,834	3,815,763
U.S. policy and advocacy	4,376,028			4,376,028	3,588,263
Total program services	<u>30,208,729</u>			<u>30,208,729</u>	<u>23,931,771</u>
Supporting services					
Management and general	2,049,587			2,049,587	1,568,741
Fund raising	2,999,376			2,999,376	2,698,369
Total supporting services	<u>5,048,963</u>			<u>5,048,963</u>	<u>4,267,110</u>
Total expenses (Exhibit C)	<u>35,257,692</u>			<u>35,257,692</u>	<u>28,198,881</u>
Change in net assets before investment loss	1,217,652	2,937,704		4,155,356	(5,510,779)
Investment loss (Note 3)	(28,684)	(22,714)		(51,398)	(10,949)
Change in net assets (Exhibit D)	1,188,968	2,914,990		4,103,958	(5,521,728)
Net assets - beginning of year	14,238,928	12,873,645	\$ 1,004,120	28,116,693	33,638,421
Net assets - end of year (Exhibit A)	<u>\$ 15,427,896</u>	<u>\$ 15,788,635</u>	<u>\$ 1,004,120</u>	<u>\$ 32,220,651</u>	<u>\$ 28,116,693</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

(With Summarized Financial Information
for the Year Ended June 30, 2015)

	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 Costs of Special Events	Total		
									2016	2015	
Salaries	\$ 2,617,504	\$ 2,844,663	\$ 1,721,074	\$ 1,629,268	\$ 8,812,509	\$ 772,935	\$ 1,458,937		\$ 2,231,872	\$ 11,044,381	\$ 10,086,693
Payroll taxes and employee benefits	685,311	731,760	472,590	443,728	2,333,389	252,511	407,311		659,822	2,993,211	2,708,501
Total salaries and related expenses	3,302,815	3,576,423	2,193,664	2,072,996	11,145,898	1,025,446	1,866,248		2,891,694	14,037,592	12,795,194
Professional fees	961,670	473,077	692,852	145,866	2,273,465	249,265	116,328		365,593	2,639,058	3,041,285
Investment fees						45,070			45,070	45,070	45,952
Printing and publications	23,350	22,422	255,346	39,334	340,452	631	123,407		124,038	464,490	438,485
Dues, fees and subscriptions	97,503	27,383	20,763	43,479	189,128	10,332	73,090		83,422	272,550	265,103
Travel	301,679	530,615	62,823	251,053	1,146,170	8,210	80,105		88,315	1,234,485	1,367,469
Hall, catering and entertainment								\$ 151,415	151,415	151,415	156,680
Direct mail			65,000		65,000		355,835		355,835	420,835	277,139
Equipment and maintenance	27,366	38,813	10,456	23,438	100,073	13,686	39,185		52,871	152,944	139,375
Telecommunications	26,979	60,022	17,539	32,222	136,762	19,323	16,076		35,399	172,161	160,061
Office supplies	40,423	81,784	29,670	33,545	185,422	34,131	123,135		157,266	342,688	367,481
Insurance	14,130	25,665	10,186	11,231	61,212	18,726	6,867		25,593	86,805	115,759
Occupancy (Note 8)	311,378	629,389	211,421	374,783	1,526,971	390,955	169,330		560,285	2,087,256	1,797,665
Depreciation and amortization	52,950	74,757	36,010	37,703	201,420	69,505	28,896		98,401	299,821	188,510
Donated services (Note 2)	7,839,021	3,478,212		1,221,959	12,539,192	189,746			189,746	12,728,938	7,117,209
Grants	57,116	134,872		80,001	271,989					271,989	
Miscellaneous	4,128	11,925	1,104	8,418	25,575	19,631	874		20,505	46,080	128,146
Total expenses	13,060,508	9,165,359	3,606,834	4,376,028	30,208,729	2,094,657	2,999,376	151,415	5,245,448	35,454,177	28,401,513
Less expenses deducted directly on the statement of activities											
Direct costs of special events								(151,415)	(151,415)	(151,415)	(156,680)
Investment fees						(45,070)			(45,070)	(45,070)	(45,952)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 13,060,508	\$ 9,165,359	\$ 3,606,834	\$ 4,376,028	\$ 30,208,729	\$ 2,049,587	\$ 2,999,376	\$ -	\$ 5,048,963	\$ 35,257,692	\$ 28,198,881

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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 4,103,958	\$ (5,521,728)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	299,821	188,510
Net realized and unrealized loss on investments	311,368	210,253
Loss on disposal of fixed assets		21,483
Decrease (increase) in assets		
Grants and contributions receivable	(3,672,252)	4,358,069
Prepaid expenses and other assets	(40,891)	(9,248)
Security deposits	109,611	46,400
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(554,956)	(304,025)
Accrued salaries and related benefits	48,828	131,785
Deferred rent payable	80,962	214,285
Deferred revenue	(26,100)	(136,312)
Net cash provided (used) by operating activities	<u>660,349</u>	<u>(800,528)</u>
Cash flows from investing activities		
Purchase of fixed assets	(42,186)	(1,829,578)
Purchase of investments	(697,268)	(769,916)
Proceeds from sales of investments	328,629	678,084
Net cash used by investing activities	<u>(410,825)</u>	<u>(1,921,410)</u>
Net change in cash and cash equivalents	249,524	(2,721,938)
Cash and cash equivalents - beginning of year	<u>11,647,952</u>	<u>14,369,890</u>
Cash and cash equivalents - end of year	<u>\$ 11,897,476</u>	<u>\$ 11,647,952</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, 2016

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.

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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016****NOTE 1 - NATURE OF ORGANIZATION (continued)****U.S. Legal Program (continued)**

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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016****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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016****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.

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, 2016, the Center had no allowance for doubtful accounts.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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, 2016 was an increase in the liability in the amount of \$80,962. 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.

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, 2016 amounted to \$12,728,938.

Awards - The Center receives monetary awards related to successful litigations. The awards are reimbursements for legal and other costs associated with the litigation process. The Center recognizes the revenue when the court issues the award letter.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 10).

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.

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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Fair Value Measurements (continued)***

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, 2016 as compared to those used at June 30, 2015.

- ***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.

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, 2016 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 June 30, 2013 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through October 7, 2016, 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, 2015, from which the summarized information was derived.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 3 - INVESTMENTS

Investments consist of the following at June 30, 2016:

	Level 1
Mutual funds	
Bonds	\$ 1,795,392
U.S. large cap equities	657,689
U.S. Mid cap equities	479,587
U.S. Small cap equities	494,868
Foreign equities	1,672,661
Emerging markets	902,790
Real estate	416,825
Total mutual funds	6,419,812
Exchange-traded funds (ETF)	
Bonds	3,018,331
Foreign equities	112,367
U.S. Large cap equities	373,757
U.S. Mid cap equities	285,940
Total exchange-traded funds	3,790,395
Total investments reported on the fair value hierarchy	10,210,207
Money market account	101,359
	\$ 10,311,566

Investment income (loss) consists of the following:

Interest and dividends	\$ 305,040
Unrealized loss on investments	(318,858)
Realized gain on investments	7,490
Investment fees	(45,070)
Investment loss	\$ (51,398)

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE - NET

Grants and contributions receivable consist of the following as of June 30, 2016:

Amount due in less than one year	\$ 5,275,382
Amount due from one to five years	<u>3,879,221</u>
	9,154,603
Less unamortized discount to present value	<u>(27,589)</u>
	<u>\$ 9,127,014</u>

The contributions to be received after one year are discounted to fair value using rates ranging between .69% and .84% for the year ended June 30, 2016.

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	409,112	5 years
Leasehold improvements	<u>538,629</u>	10 years
Total cost	2,052,375	
Less accumulated depreciation and amortization	<u>(465,602)</u>	
Net book value	<u>\$ 1,586,773</u>	

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016****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, 2016 was \$656,551. It is the Center's policy to fund pension costs quarterly.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2016:

Time and purpose restricted as of June 30:

U.S. Legal Program	\$ 4,849,198
Global Legal Program	2,472,500
Communications	3,408,444
U.S. Policy and Advocacy	3,615,478
Time restricted - general operating support	<u>1,443,015</u>
	<u>\$ 15,788,635</u>

During the year ended June 30, 2016, 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	\$ 5,381,918
Global Legal Program	3,135,678
Communications	2,692,678
U.S. Policy and Advocacy	2,599,068
Time restricted - general operating support	<u>1,914,916</u>
	<u>\$ 15,724,258</u>

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8 - COMMITMENTS

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

Future minimum lease payments as of June 30, 2016 are as follows:

	<u>Total Commitment</u>
2017	\$ 1,856,828
2018	1,807,841
2019	1,718,958
2020	1,522,145
2021	1,637,772
Commitments thereafter	<u>6,414,609</u>
	<u>\$ 14,958,153</u>

Rent expense for the year ended June 30, 2016 was \$1,875,233

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. The Center has contributions receivable of \$4,986,029 from one private foundation.

NOTE 10 - 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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016****NOTE 10 - ENDOWMENT FUNDS (continued)****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 \$1,498,101 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 \$81,831 in June 2016.

Funds with Deficiencies

The Center’s fund is not deficient.

Endowment Net Asset Composition by Type of Fund as of June 30, 2016

The endowment net asset composition consists of permanently donor-restricted funds of \$1,004,120, temporarily restricted endowment funds of \$86,195 and board-designated endowment funds of \$407,786.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 10 - ENDOWMENT FUNDS (continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2016

	Board Designated Endowment Fund	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 438,371	\$ 168,646	\$ 1,004,120	\$ 1,611,137
Appropriation for expenditure	(22,094)	(59,737)		(81,831)
Interest and dividends	13,095	35,032		48,127
Unrealized loss	(19,989)	(53,472)		(73,461)
Realized gain	304	813		1,117
Investment fees	<u>(1,901)</u>	<u>(5,087)</u>		<u>(6,988)</u>
Endowment net assets, end of year	<u>\$ 407,786</u>	<u>\$ 86,195</u>	<u>\$ 1,004,120</u>	<u>\$ 1,498,101</u>