

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

DECEMBER 31, 2011

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

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Independent Auditor's Report

Board of Directors The Center for Reproductive Rights, Inc.

We have audited the accompanying balance sheet of The Center for Reproductive Rights, Inc. as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of The Center for Reproductive Rights, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The Center for Reproductive Rights, Inc.'s December 31, 2010 financial statements and, in our report dated May 12, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Center for Reproductive Rights, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Loeb & Troper LLP

May 1, 2012

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

BALANCE SHEET

DECEMBER 31, 2011
 (With Summarized Financial Information
 for December 31, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 6,376,542	\$ 10,488,540
Certificates of deposit	2,003,425	
Investments (Note 4)	7,995,877	7,828,019
Grants and contributions receivable - net (Note 3)	4,629,340	4,981,535
Prepaid expenses and other assets	157,534	257,082
Security deposits	109,166	130,209
Fixed assets - net (Note 5)	91,244	126,153
	<hr/>	<hr/>
Total assets	\$ <u>21,363,128</u>	\$ <u>23,811,538</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 395,872	\$ 326,487
Accrued salaries and related benefits	275,409	243,927
Deferred rent payable (Note 2)	201,533	261,992
	<hr/>	<hr/>
Total liabilities	872,814	832,406
Net assets (Exhibit B)		
Unrestricted		
Operating	13,075,039	13,067,138
Board-designated endowment fund (Note 12)	375,608	410,543
	<hr/>	<hr/>
Total unrestricted (Note 2)	13,450,647	13,477,681
Temporarily restricted (Note 7)	6,035,547	8,497,331
Permanently restricted (Notes 7 and 12)	1,004,120	1,004,120
	<hr/>	<hr/>
Total net assets	20,490,314	22,979,132
	<hr/>	<hr/>
Total liabilities and net assets	\$ <u>21,363,128</u>	\$ <u>23,811,538</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 DECEMBER 31, 2011
(With Summarized Financial Information
for the Year Ended December 31, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011	2010
Public support, revenues, and other support					
Foundation grants	\$ 260,500	\$ 3,593,264		\$ 3,853,764	\$ 9,960,383
Contributions	3,151,459	922,100		4,073,559	3,031,003
Special events (including in-kind contributions of \$6,231)	16,161			16,161	16,348
Bequests	380,224			380,224	611,460
Foreign governments and international organization grants (Note 11)		145,597		145,597	129,507
Awards (Note 10)	15,000			15,000	742,372
Donated services (Note 2)	4,635,646			4,635,646	3,854,524
Other income	6,953			6,953	9,993
Net assets released from restriction (Note 7)	7,029,286	(7,029,286)			
Total public support, revenues, and other support	15,495,229	(2,368,325)		13,126,904	18,355,590
Expenses					
Program services					
U.S. legal program	7,076,139			7,076,139	5,530,187
International legal program	4,670,964			4,670,964	3,930,901
Communications	1,115,428			1,115,428	1,419,213
Government relations	826,550			826,550	292,692
Total program services	13,689,081			13,689,081	11,192,993
Supporting services					
Management and general	925,478			925,478	891,084
Fund raising	1,684,135			1,684,135	1,334,810
Direct cost of special events	3,433			3,433	8,883
Total supporting services	2,613,046			2,613,046	2,234,777
Total expenses (Exhibit C)	16,302,127			16,302,127	13,427,770
Change in net assets before investment income	(806,898)	(2,368,325)		(3,175,223)	4,927,820
Investment income (Note 4)	779,864	(93,459)		686,405	964,155
Change in net assets (Exhibit D)	(27,034)	(2,461,784)		(2,488,818)	5,891,975
Net assets - beginning of year	13,477,681	8,497,331	\$ 1,004,120	22,979,132	17,087,157
Net assets - end of year (Exhibit A)	\$ 13,450,647	\$ 6,035,547	\$ 1,004,120	\$ 20,490,314	\$ 22,979,132

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2011
(With Summarized Financial Information
for the Year Ended December 31, 2010)

	Program Services					Supporting Services			Total		
	U.S. Legal Program	International Legal Program	Communications	Government Relations	Total	Management and General	Fund Raising	Direct Cost of Special Events	2011	2010	
Salaries	\$ 1,983,216	\$ 1,782,196	\$ 568,463	\$ 380,772	\$ 4,714,647	\$ 341,176	\$ 646,798		\$ 987,974	\$ 5,702,621	\$ 4,713,709
Payroll taxes and employee benefits	517,761	422,516	145,712	91,101	1,177,090	112,857	167,759		280,616	1,457,706	1,215,334
Total salaries and related expenses	2,500,977	2,204,712	714,175	471,873	5,891,737	454,033	814,557		1,268,590	7,160,327	5,929,043
Professional fees	328,946	287,433	111,330	57,201	784,910	109,612	240,504		350,116	1,135,026	894,363
Investment fees						36,874			36,874	36,874	32,705
Printing and publications	2,936	99,182	55,794	1,048	158,960	784	37,012		37,796	196,756	224,042
Dues, fees and subscriptions	114,851	9,721	23,000	14,342	161,914	2,850	26,847		29,697	191,611	152,298
Travel	183,360	354,175	49,886	34,385	621,806	9,790	36,120		45,910	667,716	517,886
Direct mail							360,096		360,096	360,096	223,639
Equipment and maintenance	28,983	44,614	18,992	5,174	97,763	10,861	6,525		17,386	115,149	104,873
Telecommunications	28,104	34,125	9,835	17,329	89,393	9,542	11,770		21,312	110,705	87,001
Office supplies	50,439	111,464	22,917	13,331	198,151	21,712	27,989		49,701	247,852	188,128
Insurance	16,500	15,259	4,560	2,442	38,761	14,222	4,390		18,612	57,373	51,021
Occupancy (Note 8)	317,306	373,572	83,552	99,479	873,909	241,733	82,768		324,501	1,198,410	1,094,280
Caterer and facility								\$ 3,433	3,433	3,433	8,883
Depreciation and amortization	9,551	9,765	2,882	1,616	23,814	8,233	2,862		11,095	34,909	38,691
Contributed services (Note 2)	3,435,598	1,068,401	7,313	100,833	4,612,145	16,704	6,797		23,501	4,635,646	3,854,524
Miscellaneous	58,588	58,541	11,192	7,497	135,818	25,402	25,898		51,300	187,118	59,098
Total expenses	7,076,139	4,670,964	1,115,428	826,550	13,689,081	962,352	1,684,135	3,433	2,649,920	16,339,001	13,460,475
Less expenses deducted directly from revenues on the statement of activities						(36,874)			(36,874)	(36,874)	(32,705)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 7,076,139	\$ 4,670,964	\$ 1,115,428	\$ 826,550	\$ 13,689,081	\$ 925,478	\$ 1,684,135	\$ 3,433	\$ 2,613,046	\$ 16,302,127	\$ 13,427,770

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 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (2,488,818)	\$ 5,891,975
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	34,909	38,691
Net gain on investments	(478,296)	(756,043)
Decrease (increase) in assets		
Grants and contributions receivable	352,195	(3,098,605)
Prepaid expenses and other assets	99,548	(152,115)
Security deposits	21,043	(556)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	69,385	(80,692)
Accrued salaries and related benefits	31,482	26,479
Deferred rent payable	(60,459)	(44,823)
	<u>(2,419,011)</u>	<u>1,824,311</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Purchase of fixed assets		(22,305)
Purchase of investments	(824,981)	(2,862,263)
Proceeds from sales of investments	1,135,419	2,174,669
Purchase of certificates of deposit	(2,003,425)	
	<u>(1,692,987)</u>	<u>(709,899)</u>
Net cash used by investing activities		
Net change in cash and cash equivalents	(4,111,998)	1,114,412
Cash and cash equivalents - beginning of year	<u>10,488,540</u>	<u>9,374,128</u>
Cash and cash equivalents - end of year	<u>\$ 6,376,542</u>	<u>\$ 10,488,540</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

DECEMBER 31, 2011

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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011****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.

International 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. Nineteen 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****DECEMBER 31, 2011****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 International 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.

Government Relations

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Certificates of deposit - Certificates of deposit have maturity dates of more than three months when acquired and are valued at cost plus accrued interest.

Investments - Investments are recorded at fair value. Cost is based on the purchase price of the investment. 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. The Center does not charge interest on outstanding receivables.

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 contributions, 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 December 31, 2011, the Center had no allowance for doubtful accounts.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets - Fixed assets are recorded at cost less accumulated depreciation or amortization. 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 December 31, 2011 amounted to \$60,459. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying balance sheet.

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.

Contributed services - Contributed 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 contributed services consisting primarily of legal and volunteer services. These contributed 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 contributed legal and volunteer services for the year ended December 31, 2011 amounted to \$4,635,646.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 12).

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 includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, except for investment gains or losses.

Attorney's fees - Pursuant to the Civil Rights Attorney Fee Awards Act of 1976, legal fees and expenses may be awarded in certain court cases. The amounts of these awards are the result of court determinations and appellate decisions, or of negotiations between the parties to the actions. It is the Center's policy to record attorney fee income only when, in its judgment, the amount appears relatively certain of collection and/or actually received.

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.

Prior-year summarized comparative 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 financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Fair Value Measurements and Disclosures

Fair Value Measurements and Disclosures 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:

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements and Disclosures (continued)

- 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 December 31, 2011.

- *Money market funds and 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 at year end.

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 December 31, 2011 are shown in Note 4 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. Periods ending December 31, 2008 and subsequent remain subject to examination by applicable taxing authorities.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events - Subsequent events have been evaluated through May 1, 2012, which is the date the financial statements were available to be issued.

Reclassification - The Center segregated its government relations and communication expenses in 2010 to conform to the 2011 presentation.

NOTE 3 - GRANTS AND CONTRIBUTIONS RECEIVABLE - NET

Grants and contributions receivable consist of the following as of December 31, 2011:

Amount due in less than one year	\$ 4,385,090
Amount due from one to five years	<u>247,000</u>
	4,632,090
Less unamortized discount to present value	<u>(2,750)</u>
	<u>\$ 4,629,340</u>

The contributions to be received after one year are discounted to fair value using a rate of 1.11% and .53% for the years ended December 31, 2011 and 2010, respectively.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 4 - INVESTMENTS

Investments consisted of the following:

	<u>2011</u> <u>(Level 1)</u>	<u>2010</u> <u>(Level 1)</u>
Money market funds	\$ 31,756	\$ 92,472
Mutual funds		
Bonds	1,909,147	1,766,526
U.S. large cap equities	2,004,106	2,066,954
U.S. small cap equities	417,841	478,112
Foreign equities	1,103,351	1,136,620
Emerging markets	<u>368,590</u>	<u>356,954</u>
Total mutual funds	<u>5,803,035</u>	<u>5,805,166</u>
Exchange-traded funds		
ETF bond strategy	1,868,480	1,520,137
U.S. large cap equities	199,792	219,781
Foreign equities	<u>92,814</u>	<u>190,463</u>
Total exchange-traded funds	<u>2,161,086</u>	<u>1,930,381</u>
Total	<u>\$ 7,995,877</u>	<u>\$ 7,828,019</u>

Investment categories for the year ended December 31, 2010 were adjusted to conform with the current year presentation.

Investment income consists of the following:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 244,983	\$ 240,817
Unrealized gain (loss) on investments	(523,375)	800,511
Realized gain (loss) on investments	1,001,671*	(44,468)
Investment fees	<u>(36,874)</u>	<u>(32,705)</u>
Investment income	<u>\$ 686,405</u>	<u>\$ 964,155</u>

* In 2004, Barbara Picower donated 87,492 shares of Cytokine PharmaSciences, Inc. ("CPSI"), a privately held pharmaceutical development company, to the Center. The stock gift had no fair value until 2011 when CPSI was bought out. The proceeds from the sale of the Center's CPSI shares amounted to \$827,104, which was recognized as realized gains in the financial statements.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 5 - FIXED ASSETS

Property and equipment consist of the following:

		<u>Useful Lives</u>
Furniture and fixtures	\$ 1,052,418	3 - 7 years
Office equipment	362,095	3 - 5 years
Leasehold improvements	<u>605,208</u>	9 - 15 years
Total cost	2,019,721	
Less accumulated depreciation and amortization	<u>(1,928,477)</u>	
Net book value	\$ <u>91,244</u>	

NOTE 6 - PENSION PLAN

The Center has a defined-contribution pension plan, formed under U.S. Internal Revenue Code Section 401 that covers employees who meet certain length-of-service requirements. Contributions by the Center are discretionary. In 2011, the Center contributed 7.5% of qualifying employee salaries. The employer contributions on behalf of the participants' are fully vested on the date they become eligible. The total pension expense for the years ended December 31, 2011 and 2010 amounted to \$297,222 and \$278,441, respectively. It is the Center's policy to fund pension costs quarterly.

NOTE 7 - NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of December 31, 2011:

Time and purpose (all programs) restricted as of December 31:

U.S. Legal Program	\$ 2,373,190
International Legal Program	1,918,120
Government relations	12,500
Time Restricted - general operating support	<u>1,731,737</u>
	\$ <u>6,035,547</u>

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 7 - NET ASSETS (continued)

During 2011, 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	\$ 3,138,554
International Legal Program	2,406,634
Communications	22,836
Government relations	17,500
Time Restricted - general operating support	<u>1,443,762</u>
	<u>\$ 7,029,286</u>

Permanently restricted net assets of \$1,004,120 as of December 31, 2011 were established for the Blackmun endowment fund. The income earned on the endowment fund is to offset the cost for the Blackmun fellowship attorneys' general support expenses of the U.S. Legal Program.

NOTE 8 - COMMITMENTS

The Center executed a 15-year lease with its landlord, expiring in April 2015, for office space in New York City, to be used for its executive and general offices. The lease has an escalation clause related to increases in rent and taxes.

In 2010, the Center executed a three-year lease agreement for office space in Washington, D.C. to house its Government Relations staff. The lease agreement will expire on December 31, 2013.

In 2011, the Center executed a 4-month lease agreement from February 2011 to May 2011 for office space in Bogota, Colombia to house its Latin America and Caribbean region staff. The lease automatically renewed for 8 months, from June 2011 to January 2012, and then for another 12 months, from February 2012 to January 2013, as neither party signified to the other the intention to cancel the lease during the lease period.

In 2011, the Center executed deeds of license for use of service offices in Nairobi, Kenya to temporarily house its Africa region staff while they are looking for suitable office space. The deeds of license expire on April 30, 2012. In 2012, the Center then executed a lease agreement with a term of five years and one month for long-term office space for its Africa region staff. The lease agreement will expire on March 31, 2017.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 8 - COMMITMENTS (continued)

Future minimum lease payments as of December 31, 2011 are as follows:

	<u>Total Commitment</u>
2012	\$ 846,080
2013	819,418
2014	753,421
2015	285,447
2016	57,271
Thereafter	<u>14,636</u>
	<u>\$ 2,776,273</u>

Rent expense for the years ended December 31, 2011 and 2010 amounted to \$819,355 and \$711,182, respectively.

NOTE 9 - CONCENTRATIONS

The Center maintains cash and cash equivalents in major financial institutions. Cash in banks is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, as well as non-interest-bearing transaction accounts which will be fully guaranteed by the FDIC for the entire account balance through December 31, 2012, regardless of how much is in the accounts. During the year, the Center may have cash balances in these financial institutions in excess of the insurance limit.

NOTE 10 - AWARDS

In 2011, the Center received its share of an attorney fee award amounting to \$15,000. The award was recognized as revenues in the financial statements.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011****NOTE 11 - FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATION GRANTS**

In 2011, the United Nations Population Fund (UNFPA) awarded the Center three grants totaling \$145,597.

1. The UNFPA awarded a grant amounting to \$105,597 on February 10, 2011. The grant supported the Center's activities aimed at advocating and raising awareness on the importance of making linkages between maternal mortality and human rights in order to achieve sustainable results, including the development of legal standards at the international and regional level. The grant expired on December 31, 2011.
2. The UNFPA awarded a grant amounting to \$30,000 on March 14, 2011. The grant supported the UNFPA's collaboration with the Center to provide three analyses of recent and emerging legal trends in the area of reproductive rights. The grant expired on December 31, 2011.
3. The UNFPA awarded a grant amounting to \$10,000 on June 3, 2011. The grant supported the UNFPA Europe regional office's collaboration with the Center in the preparation of a meeting agenda, and analysis of the international human rights standards supporting reproductive health law and development of a rough draft reproductive health law framework to be distributed to members of National Parliaments and experts from countries belonging to the Commonwealth of Independent States during a technical meeting held in June 2011. The grant expired on June 30, 2011.

NOTE 12 - 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, as the annual distribution from the endowment fund is not sufficient to support the \$80,000 legal fellowship. As required by GAAP, 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

DECEMBER 31, 2011

NOTE 12 - 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 now governed by the NYPMIFA spending policy, which establishes a maximum 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 \$1,308,457, 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 5% of the average balance over the previous three years. The Center appropriated a distribution of \$67,665 in 2011 (\$49,254 from temporarily restricted and \$18,411 from board designated funds).

Funds with Deficiencies

The Center does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund as of December 31, 2011

The endowment net asset composition consists of permanently donor-restricted funds of \$1,004,120, temporarily restricted endowment funds of \$729, and board-designated endowment funds of \$375,608.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 12 - ENDOWMENT FUNDS (continued)

Changes in Endowment Net Assets for the Year Ended December 31, 2011

	Board Designated Endowment Fund	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 410,543	\$ 94,188	\$ 1,004,120	\$ 1,508,851
Appropriation for expenditure	(18,411)	(49,254)		(67,665)
Interest and dividends	10,196	27,278		37,474
Unrealized loss	(31,591)	(84,514)		(116,105)
Realized gain	6,801	18,195		24,996
Investment fees	(1,930)	(5,164)		(7,094)
Endowment net assets, end of year	<u>\$ 375,608</u>	<u>\$ 729</u>	<u>\$ 1,004,120</u>	<u>\$ 1,380,457</u>