

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2017

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, 2017, 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, 2017, 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, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Loeb & Troper LLP

October 31, 2017

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

BALANCE SHEET

June 30, 2017
 (With Summarized Financial Information
 for June 30, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 19,801,271	\$ 11,897,476
Investments (Note 3)	11,360,742	10,311,566
Grants and contributions receivable - net (Note 4)	8,968,602	9,127,014
Prepaid expenses and other assets	809,683	597,251
Security deposits	26,326	15,651
Fixed assets - net (Note 5)	<u>1,382,041</u>	<u>1,586,773</u>
Total assets	<u>\$ 42,348,665</u>	<u>\$ 33,535,731</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,150,065	\$ 272,919
Accrued salaries and related benefits	537,405	617,628
Deferred rent payable (Note 2)	382,212	345,633
Deferred revenue (Note 2)	<u>418,077</u>	<u>78,900</u>
Total liabilities	<u>2,487,759</u>	<u>1,315,080</u>
Net assets (Exhibit B)		
Unrestricted		
Operating	18,688,823	15,020,110
Board-designated endowment fund (Note 11)	<u>436,205</u>	<u>407,786</u>
Total unrestricted (Note 2)	19,125,028	15,427,896
Temporarily restricted (Note 7)	19,731,758	15,788,635
Permanently restricted (Note 11)	<u>1,004,120</u>	<u>1,004,120</u>
Total net assets	<u>39,860,906</u>	<u>32,220,651</u>
Total liabilities and net assets	<u>\$ 42,348,665</u>	<u>\$ 33,535,731</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, 2017
(With Summarized Financial Information
for the Year Ended June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2017</u>	<u>2016</u>
Public support, revenues, other support and losses					
Foundation grants	\$ 930,010	\$ 13,429,335		\$ 14,359,345	\$ 16,620,849
Contributions	10,323,970	4,270,035		14,594,005	7,820,051
Bequests					213,743
Foreign governments and international organization grants (Note 10)	748,821			748,821	102,545
Awards	218,933			218,933	751,966
Donated services (Note 2)	11,054,456			11,054,456	12,728,938
Special events	1,691,668			1,691,668	1,308,316
Direct costs of special events	(222,686)			(222,686)	(151,415)
Other income	40,671			40,671	18,055
Loss on disposal of fixed assets	(3,844)			(3,844)	
Net assets released from restriction (Note 7)	<u>13,892,480</u>	<u>(13,892,480)</u>			
Total public support, revenues, other support and losses	<u>38,674,479</u>	<u>3,806,890</u>		<u>42,481,369</u>	<u>39,413,048</u>
Expenses (Exhibit C)					
Program services					
U.S. legal program	13,284,928			13,284,928	17,436,536
Global legal program	11,654,459			11,654,459	9,165,359
Communications	<u>4,362,205</u>			<u>4,362,205</u>	<u>3,606,834</u>
Total program services	<u>29,301,592</u>			<u>29,301,592</u>	<u>30,208,729</u>

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

EXHIBIT B

-2-

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017
(With Summarized Financial Information
for the Year Ended June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2017</u>	<u>2016</u>
Expenses (continued)					
Supporting services					
Management and general	\$ 2,751,826			\$ 2,751,826	\$ 2,049,587
Fund raising	<u>3,838,000</u>			<u>3,838,000</u>	<u>2,999,376</u>
Total supporting services	<u>6,589,826</u>			<u>6,589,826</u>	<u>5,048,963</u>
Total expenses	<u>35,891,418</u>			<u>35,891,418</u>	<u>35,257,692</u>
Change in net assets before investment income (loss)	2,783,061	\$ 3,806,890		6,589,951	4,155,356
Investment income (loss) (Note 3)	<u>914,071</u>	<u>136,233</u>		<u>1,050,304</u>	<u>(51,398)</u>
Change in net assets (Exhibit D)	3,697,132	3,943,123		7,640,255	4,103,958
Net assets - beginning of year	<u>15,427,896</u>	<u>15,788,635</u>	\$ 1,004,120	<u>32,220,651</u>	<u>28,116,693</u>
Net assets - end of year (Exhibit A)	<u>\$ 19,125,028</u>	<u>\$ 19,731,758</u>	<u>\$ 1,004,120</u>	<u>\$ 39,860,906</u>	<u>\$ 32,220,651</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017
(With Summarized Financial Information
for the Year Ended June 30, 2016)

	Program Services				Supporting Services				Total	
	U.S. Legal Program	Global Legal Program	Communications	Total	Management and General	Fund Raising	Direct Costs of Special Events	Total	2017	2016
Salaries	\$ 4,117,983	\$ 2,869,500	\$ 1,620,581	\$ 8,608,064	\$ 735,099	\$ 1,782,447		\$ 2,517,546	\$ 11,125,610	\$ 11,044,381
Payroll taxes and employee benefits	1,055,107	735,503	458,724	2,249,334	299,532	508,179		807,711	3,057,045	2,993,211
Total salaries and related expenses	5,173,090	3,605,003	2,079,305	10,857,398	1,034,631	2,290,626		3,325,257	14,182,655	14,037,592
Professional fees	981,954	898,342	1,567,418	3,447,714	781,819	356,968		1,138,787	4,586,501	2,639,058
Investment fees					47,956			47,956	47,956	45,070
Printing and publications	52,644	47,936	104,005	204,585		58,426		58,426	263,011	464,490
Dues, fees and subscriptions	174,782	31,434	23,456	229,672	15	129,415		129,430	359,102	272,550
Travel	481,737	643,555	70,511	1,195,803	17,956	96,850		114,806	1,310,609	1,234,485
Hall, catering and entertainment							\$ 222,686	222,686	222,686	151,415
Direct mail			41,000	41,000		425,033		425,033	466,033	420,835
Equipment and maintenance	33,811	56,477	14,282	104,570	20,579	10,632		31,211	135,781	152,944
Telecommunications	51,004	59,038	16,923	126,965	21,997	13,954		35,951	162,916	172,161
Office supplies	112,756	156,848	131,922	401,526	70,165	181,219		251,384	652,910	342,688
Insurance	29,012	29,007	11,929	69,948	22,152	10,235		32,387	102,335	86,805
Occupancy (Note 8)	632,657	632,437	200,918	1,466,012	394,305	171,486		565,791	2,031,803	2,087,256
Depreciation and amortization	81,028	75,188	33,317	189,533	72,472	28,586		101,058	290,591	299,821
Donated services (Note 2)	5,455,818	5,197,103	65,748	10,718,669	279,375	56,412		335,787	11,054,456	12,728,938
Grants	9,167	184,586		193,753					193,753	271,989
Miscellaneous	15,468	37,505	1,471	54,444	36,360	8,158		44,518	98,962	46,080
Total expenses	13,284,928	11,654,459	4,362,205	29,301,592	2,799,782	3,838,000	222,686	6,860,468	36,162,060	35,454,177
Less expenses deducted directly on the statement of activities										
Direct costs of special events							(222,686)	(222,686)	(222,686)	(151,415)
Investment fees					(47,956)			(47,956)	(47,956)	(45,070)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 13,284,928	\$ 11,654,459	\$ 4,362,205	\$ 29,301,592	\$ 2,751,826	\$ 3,838,000	\$ -	\$ 6,589,826	\$ 35,891,418	\$ 35,257,692

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 7,640,255	\$ 4,103,958
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	290,591	299,821
Net realized and unrealized loss (gain) on investments	(800,963)	311,368
Loss on disposal of fixed assets	3,844	
Decrease (increase) in assets		
Grants and contributions receivable	158,412	(3,672,252)
Prepaid expenses and other assets	(212,432)	(40,891)
Security deposits	(10,675)	109,611
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	877,146	(554,956)
Accrued salaries and related benefits	(80,223)	48,828
Deferred rent payable	36,579	80,962
Deferred revenue	339,177	(26,100)
Net cash provided by operating activities	<u>8,241,711</u>	<u>660,349</u>
Cash flows from investing activities		
Purchase of fixed assets	(89,703)	(42,186)
Purchase of investments	(580,221)	(697,268)
Proceeds from sales of investments	332,008	328,629
Net cash used by investing activities	<u>(337,916)</u>	<u>(410,825)</u>
Net change in cash and cash equivalents	7,903,795	249,524
Cash and cash equivalents - beginning of year	<u>11,897,476</u>	<u>11,647,952</u>
Cash and cash equivalents - end of year	<u>\$ 19,801,271</u>	<u>\$ 11,897,476</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, 2017

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.

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****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.

The Center's policy and advocacy team 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, 2017****NOTE 1 - NATURE OF ORGANIZATION (continued)****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. More than 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. For more than 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.

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.

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.

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 grants and contributions receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information. Grants and contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2017, 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, 2017 was an increase in the liability in the amount of \$36,579. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying balance sheet.

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Deferred revenue - Deferred revenue represents revenues collected but not earned as of end of the fiscal year and is recorded as a liability. The Center's deferred revenue consists of advances received for bilateral and multilateral grants for services to be delivered in a future period. The Center also generates deferred revenue from prepayment for tickets for the annual Gala event to be held in the next fiscal year.

Revenue is recognized in the future period when the services are provided or the event takes place. 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, 2017 amounted to \$11,054,456.

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.

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).

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 (loss) 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.

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.

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Fair Value Measurements (continued)***

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, 2017 as compared to those used at June 30, 2016.

- ***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 June 30, 2017 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, 2014 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through October 31, 2017, 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, 2016, from which the summarized information was derived.

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 3 - INVESTMENTS

Investments consist of the following at June 30, 2017:

	Level 1
Mutual funds	
Bonds	\$ 2,001,814
U.S. large cap equities	780,214
U.S. mid cap equities	606,301
U.S. small cap equities	598,378
Foreign equities	2,171,616
Emerging markets	754,030
Real estate	322,183
Total mutual funds	7,234,536
Exchange-traded funds (ETF)	
Bonds	3,176,924
Foreign equities	138,610
U.S. large cap equities	430,896
U.S. mid cap equities	298,731
Total exchange-traded funds	4,045,161
Total investments reported on the fair value hierarchy	11,279,697
Money market account	81,045
	\$ 11,360,742
Investment income (loss) consists of the following:	
Interest and dividends	\$ 297,297
Net unrealized gain on investments	815,609
Net realized loss on investments	(14,646)
Investment fees	(47,956)
Investment income	\$ 1,050,304

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE - NET

Grants and contributions receivable consist of the following as of June 30, 2017:

Amount due in less than one year	\$ 5,441,677
Amount due from one to five years	<u>3,576,000</u>
	9,017,677
Less unamortized discount to present value	<u>(49,075)</u>
	\$ <u>8,968,602</u>

The contributions to be received after one year are discounted to fair value using rates ranging between 1.20% and 1.89% for the year ended June 30, 2017.

NOTE 5 - FIXED ASSETS

Property and equipment consist of the following as of June 30, 2017:

		<u>Useful Lives</u>
Furniture and fixtures	\$ 1,109,003	7 years
Office equipment	426,314	5 years
Leasehold improvements	<u>570,470</u>	10 years
Total cost	2,105,787	
Less accumulated depreciation and amortization	<u>(723,746)</u>	
Net book value	\$ <u>1,382,041</u>	

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****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, 2017 was \$635,232. During the year ended June 30, 2017, the Center updated its policy of funding pension costs on a quarterly basis to funding it semi-monthly to conform to its payroll periods.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2017:

Time and purpose restricted as of June 30:

U.S. Legal Program	\$ 8,178,350
Global Legal Program	3,386,771
Communications	1,547,622
Time restricted - general operating support	<u>6,619,015</u>
	<u>\$ 19,731,758</u>

During the year ended June 30, 2017, 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	\$ 6,696,583
Global Legal Program	4,271,074
Communications	1,874,823
Time restricted - general operating support	<u>1,050,000</u>
	<u>\$ 13,892,480</u>

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 8 - COMMITMENTS**

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

Future minimum lease payments as of June 30, 2017 are as follows:

	<u>Total Commitment</u>
2018	\$ 1,879,786
2019	1,978,313
2020	2,000,577
2021	2,010,592
2022	1,948,635
Commitments thereafter	<u>10,188,372</u>
	<u>\$ 20,006,275</u>

Rent expense for the year ended June 30, 2017 was \$1,842,945.

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 \$6,078,553 from two private foundations as of June 30, 2017.

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 10 - FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATION
GRANTS**

On September 1, 2016, The Center for Reproductive Rights, Inc. was awarded a grant from the Mannion Daniels Limited Incorporated (Mannion Daniels). The grant is a reimbursement based grant, (AmplifyChange), totaling 1,999,959 Euros over a period of two years. On July 25, 2017, the award amount was increased by 299,336 Euros, bringing the total amount awarded to 2,299,295 Euros. AmplifyChange is a fund that aims to empower young people, men and women to realize their sexual and reproductive rights. AmplifyChange is pooled funds supported by several foundations as well as U.S. and International government agencies. Mannion Daniels works in a consortium with the Global Fund for Women (GFW) and African Women Development Fund (AWDF) to manage AmplifyChange. AmplifyChange supports civil society and grassroots organizations (CSOs) to advocate for and promote better sexual and reproductive health and rights, working in countries where the needs are greatest, in particular Sub-Saharan Africa and South Asia. For the year ended June 30, 2017, the Center recognized \$671,125 of grant revenue related to this grant.

On March 1, 2017, the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), a subsidiary organization of the United Nations, awarded the Center a reimbursement based grant amounting to \$499,789 over a period of 3 years. The project aims to improve the health and well-being of Honduran survivors of sexual violence by increasing access to essential, safe and adequate reproductive health services through the creation of the political conditions necessary for advancing legal protections and full recognition of women's sexual and reproductive rights. For the year ended June 30, 2017, the Center recognized \$27,160 of grant revenue related to this grant.

The United Nations Population Fund (UNFPA) granted \$83,611 to the Center to fund the continuation of a workplan for the period of January 1, 2017 through December 31, 2017. UNFPA and the Center continue to work closely together to promote a legal policy framework in Nepal that is in alignment with Nepal's national and international commitments in regard to ending child marriage and promoting safe reproductive and human rights. For the year ended June 30, 2017, the Center recognized \$50,536 of grant revenue related to this grant.

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 11 - ENDOWMENT FUNDS****General**

The Center's endowment consists of one 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 \$1,602,540 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 in June 2017.

Funds with Deficiencies

The Center's fund is not deficient.

-continued-

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 11 - ENDOWMENT FUNDS (continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2017

The endowment net asset composition consists of permanently donor-restricted funds of \$1,004,120, temporarily restricted endowment funds of \$162,215 and board-designated endowment funds of \$436,205.

Changes in Endowment Net Assets for the Year Ended June 30, 2017

	Board Designated Endowment Fund	Temporarily Restricted	Permanently Restricted	Total
	<hr/>	<hr/>	<hr/>	<hr/>
Endowment net assets, beginning of year	\$ 407,786	\$ 86,195	\$ 1,004,120	\$ 1,498,101
Appropriation for expenditure	(22,508)	(60,213)		(82,721)
Interest and dividends	11,667	31,209		42,876
Unrealized gain	40,630	108,689		149,319
Realized gain	570	1,524		2,094
Investment fees	<u>(1,940)</u>	<u>(5,189)</u>		<u>(7,129)</u>
 Endowment net assets, end of year	 <u>\$ 436,205</u>	 <u>\$ 162,215</u>	 <u>\$ 1,004,120</u>	 <u>\$ 1,602,540</u>