

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2012

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 June 30, 2012, and the related statements of activities, functional expenses and cash flows for the six months 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.

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 June 30, 2012, and the changes in its net assets and its cash flows for the six months then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 1, The Center for Reproductive Rights, Inc. changed their fiscal year in 2012 to June 30.

Loeb & Troper LLP

November 14, 2012

THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

BALANCE SHEET

JUNE 30, 2012

ASSETS

Cash and cash equivalents	\$	8,052,367
Certificates of deposit		2,015,816
Investments (Note 3)		8,290,924
Grants and contributions receivable - net (Note 4)		1,775,010
Prepaid expenses and other assets		290,427
Security deposits		131,348
Fixed assets - net (Note 5)		<u>150,027</u>
Total assets	\$	<u><u>20,705,919</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$	393,534
Accrued salaries and related benefits		378,778
Deferred rent payable (Note 2)		171,304
Deferred revenue (Note 2)		<u>151,350</u>
Total liabilities		<u>1,094,966</u>
Net assets (Exhibit B)		
Unrestricted		
Operating		12,873,229
Board-designated endowment fund (Note 11)		<u>384,739</u>
Total unrestricted (Note 2)		13,257,968
Temporarily restricted (Note 7)		5,348,865
Permanently restricted (Note 11)		<u>1,004,120</u>
Total net assets		<u>19,610,953</u>
Total liabilities and net assets	\$	<u><u>20,705,919</u></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

SIX MONTHS ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support, revenues, and other support				
Foundation grants	\$ 42,083	\$ 2,260,975		\$ 2,303,058
Contributions	1,792,185	700,000		2,492,185
Bequests	6,054			6,054
Foreign governments and international organization grants (Note 10)	10,135	20,000		30,135
Donated services (Note 2)	2,643,215			2,643,215
Other income	2,423			2,423
Net assets released from restriction (Note 7)	3,692,085	(3,692,085)		
Total public support, revenues, and other support	8,188,180	(711,110)		7,477,070
Expenses				
Program services				
U.S. legal program	2,788,706			2,788,706
Global legal program	2,855,223			2,855,223
Communications	696,041			696,041
Government relations	978,865			978,865
Total program services	7,318,835			7,318,835
Supporting services				
Management and general	436,625			436,625
Fund raising	967,690			967,690
Total supporting services	1,404,315			1,404,315
Total expenses (Exhibit C)	8,723,150			8,723,150
Change in net assets before investment income	(534,970)	(711,110)		(1,246,080)
Investment income (Note 3)	342,291	24,428		366,719
Change in net assets (Exhibit D)	(192,679)	(686,682)		(879,361)
Net assets - beginning of year	13,450,647	6,035,547	\$ 1,004,120	20,490,314
Net assets - end of year (Exhibit A)	\$ 13,257,968	\$ 5,348,865	\$ 1,004,120	\$ 19,610,953

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

SIX MONTHS ENDED JUNE 30, 2012

	Program Services					Supporting Services			
	U.S. Legal Program	Global Legal Program	Communications	Government Relations	Total	Management and General	Fund Raising	Total	Total
Salaries	\$ 951,548	\$ 987,710	\$ 412,454	\$ 254,483	\$ 2,606,195	\$ 145,517	\$ 421,189	\$ 566,706	\$ 3,172,901
Payroll taxes and employee benefits	281,458	268,713	116,470	71,322	737,963	80,561	120,825	201,386	939,349
Total salaries and related expenses	1,233,006	1,256,423	528,924	325,805	3,344,158	226,078	542,014	768,092	4,112,250
Professional fees	128,455	101,532	27,995	10,295	268,277	53,055	43,653	96,708	364,985
Investment fees						19,259		19,259	19,259
Printing and publications	1,045	35,649	14,480	1,056	52,230	882	30,545	31,427	83,657
Dues, fees and subscriptions	43,461	3,524	13,268	8,005	68,258	1,374	11,373	12,747	81,005
Travel	70,351	155,412	30,635	13,426	269,824	1,273	25,999	27,272	297,096
Direct mail							218,443	218,443	218,443
Equipment and maintenance	17,005	32,632	4,288	2,032	55,957	7,063	4,566	11,629	67,586
Telecommunications	12,133	17,206	4,630	7,870	41,839	4,565	6,716	11,281	53,120
Office supplies	18,313	34,825	7,447	7,472	68,057	9,753	8,184	17,937	85,994
Insurance	8,118	10,041	3,027	1,987	23,173	7,160	2,766	9,926	33,099
Occupancy (Note 8)	125,056	206,990	52,182	60,256	444,484	114,539	50,144	164,683	609,167
Depreciation and amortization	3,915	4,662	1,635	970	11,182	3,554	1,562	5,116	16,298
Contributed services (Note 2)	1,117,172	978,514	4,514	535,982	2,636,182	1,296	5,737	7,033	2,643,215
Miscellaneous	10,676	17,813	3,016	3,709	35,214	6,033	15,988	22,021	57,235
Total expenses	2,788,706	2,855,223	696,041	978,865	7,318,835	455,884	967,690	1,423,574	8,742,409
Less expenses deducted directly from revenues on the statement of activities						(19,259)		(19,259)	(19,259)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 2,788,706	\$ 2,855,223	\$ 696,041	\$ 978,865	\$ 7,318,835	\$ 436,625	\$ 967,690	\$ 1,404,315	\$ 8,723,150

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

SIX MONTHS ENDED JUNE 30, 2012

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ (879,361)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	16,298
Net realized and unrealized gain on investments	(280,736)
Decrease (increase) in assets	
Grants and contributions receivable	2,854,330
Prepaid expenses and other assets	(132,893)
Security deposits	(22,182)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(2,338)
Accrued salaries and related benefits	103,369
Deferred rent payable	(30,229)
Deferred revenue	151,350
Net cash provided by operating activities	<u>1,777,608</u>
Cash flows from investing activities	
Purchase of fixed assets	(75,081)
Purchase of investments	(1,484,428)
Proceeds from sales of investments	<u>1,457,726</u>
Net cash used by investing activities	<u>(101,783)</u>
Net change in cash and cash equivalents	1,675,825
Cash and cash equivalents - beginning of period	<u>6,376,542</u>
Cash and cash equivalents - end of period	<u>\$ 8,052,367</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, 2012

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.

In 2012, the Center changed its fiscal year end from December 31 to June 30.

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****JUNE 30, 2012****NOTE 1 - NATURE OF ORGANIZATION (continued)****U.S. Legal Program (continued)**

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

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

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

Global Legal Program

The Center is the world's only global legal advocacy organization dedicated to advancing women's reproductive health, self-determination, and dignity as basic human rights. We have strengthened reproductive health laws and policies in more than 50 countries in Asia, Africa, Europe, and Latin America and the Caribbean, as well as the United States. 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****JUNE 30, 2012****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.

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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2012****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.

Certificates of deposit - Certificates of deposit have maturity dates of more than three months when acquired and are valued at cost plus accrued interest. They are considered investments for cash flow reporting.

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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2012****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Allowance for doubtful accounts - The Center determines whether an allowance for uncollectibles should be provided for contributions and grants receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information. Contributions and grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2012, 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 six months ended June 30, 2012 amounted to \$30,230. 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 the gala in the next fiscal year. These payments are recorded as a liability and are recognized as gala revenue in the period in which it is 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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2012****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 six months ended June 30, 2012 amounted to \$2,643,215.

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

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

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

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

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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2012 as compared to those 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 for the six months 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.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements and Disclosures (continued)

The investments at June 30, 2012 are shown in Note 3 by level within the fair value hierarchy.

Uncertainty in income taxes - The Center has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Years ending December 31, 2009 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through November 14, 2012, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

Investments consisted of the following:

	<u>Level 1</u>
Money market funds	\$ <u>60,280</u>
Mutual funds	
Bonds	1,010,233
U.S. large cap equities	2,007,188
U.S. small cap equities	450,728
Foreign equities	1,128,205
Emerging markets	<u>352,039</u>
Total mutual funds	<u>4,948,393</u>
Exchange-traded funds	
ETF bond strategy	2,970,516
U.S. large cap equities	213,880
Foreign equities	<u>97,855</u>
Total exchange-traded funds	<u>3,282,251</u>
Total	<u>\$ 8,290,924</u>

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 3 - INVESTMENTS (continued)

Investment income consists of the following:

Interest and dividends	\$ 105,242
Unrealized gain on investments	288,326
Realized loss on investments	(7,590)
Investment fees	<u>(19,259)</u>
Investment income	<u>\$ 366,719</u>

NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE - NET

Grants and contributions receivable consist of the following as of June 30, 2012:

Amount due in less than one year	\$ 1,443,368
Amount due from one to five years	<u>334,500</u>
	1,777,868
Less unamortized discount to present value	<u>(2,858)</u>
	<u>\$ 1,775,010</u>

The contributions to be received after one year are discounted to fair value using a rate of .80% for the six months ended June 30, 2012.

NOTE 5 - FIXED ASSETS

Property and equipment consist of the following:

		<u>Useful Lives</u>
Furniture and fixtures	\$ 1,063,802	3 - 7 years
Office equipment	378,461	3 - 5 years
Leasehold improvements	629,872	9 - 15 years
Construction in progress	<u>22,667</u>	
Total cost	2,094,802	
Less accumulated depreciation and amortization	<u>(1,944,775)</u>	
Net book value	<u>\$ 150,027</u>	

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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. For the six months ended June 30, 2012, 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 six months ended June 30, 2012 amounted to \$165,890. 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 June 30, 2012:

Time and purpose (all programs) restricted as of June 30:

U.S. Legal Program	\$ 2,238,646
Global Legal Program	1,551,943
Communications	212,504
Government relations	109,463
Time restricted - general operating support	<u>1,236,309</u>
	<u>\$ 5,348,865</u>

During the six months ended June 30, 2012, 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	\$ 1,597,367
Global Legal Program	1,231,178
Communications	48,194
Government relations	52,837
Time restricted - general operating support	<u>762,509</u>
	<u>\$ 3,692,085</u>

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 2012, the Center executed a lease agreement with a term of five years and one month for long-term office space in Nairobi, Kenya for its Africa region staff. The lease agreement will expire on March 31, 2017.

In 2012, the Center executed a 5-year lease agreement for long-term office space in Kathmandu, Nepal to house its Asia regional office. The lease agreement will expire on June 30, 2017.

In 2012, the Center executed a one-year sublease agreement for a furnished workstation in an office in Geneva, Switzerland for its Geneva Advocacy Advisor. The Center will pay half of the sublease cost with a partner organization paying for the other half. The sublease agreement will expire on June 30, 2013.

Future minimum lease payments as of June 30, 2012 are as follows:

	<u>Total Commitment</u>
2013	\$ 848,404
2014	796,602
2015	650,015
2016	66,206
2017	<u>57,961</u>
	<u>\$ 2,419,188</u>

Rent expense for the six months ended June 30, 2012 amounted to \$410,524.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2012****NOTE 9 - CONCENTRATIONS**

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

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

In the six months ended June 30, 2012, the United Nations Population Fund (UNFPA) awarded the Center two grants totaling \$70,000:

1. The UNFPA awarded a reimbursement grant amounting to \$50,000 on June 12, 2012. The grant supports the Center's programs to strengthen national capacity for implementation of international agreements, national legislation and policies in support of gender equality and reproductive rights. Since the Center received a reimbursement grant, the Center recognized \$10,135 of the \$50,000 grant in FY12 as this was the total amount of expenses the Center incurred towards the programs supported by the grant as of June 30, 2012. The grant expires on December 31, 2012.
2. The UNFPA awarded a grant amounting to \$20,000 on April 11, 2012. The grant supports the collaboration between the Center and UNFPA to provide with two analyses of recent and emerging legal trends in the area of reproductive rights. The grant expires on December 31, 2012.

NOTE 11 - ENDOWMENT FUNDS**General**

The Center's endowment consists of a donor-restricted endowment fund established for the Blackmun fellowship attorneys' general support expenses of the U.S. Legal Program, an \$80,000 annual commitment that will rise with inflation. The legal fellowship is primarily supported by a distribution from the endowment fund which the Center takes annually. The Center also draws upon additional sources, 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

JUNE 30, 2012

NOTE 11 - 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 \$1,414,016, 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 \$35,574 in FY 2012 (\$25,895 from temporarily restricted and \$9,679 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 June 30, 2012

The endowment net asset composition consists of permanently donor-restricted funds of \$1,004,120, temporarily restricted endowment funds of \$25,157, and board-designated endowment funds of \$384,739.

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THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 11 - ENDOWMENT FUNDS (continued)

Changes in Endowment Net Assets for the Six Months Ended June 30, 2012

	Board Designated Endowment Fund	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of period	\$ 375,608	\$ 729	\$ 1,004,120	\$ 1,380,457
Appropriation for expenditure	(9,679)	(25,895)		(35,574)
Interest and dividends	4,165	11,142		15,307
Unrealized gain	15,599	41,732		57,331
Realized loss	(33)	(88)		(121)
Investment fees	<u>(921)</u>	<u>(2,463)</u>	<u> </u>	<u>(3,384)</u>
Endowment net assets, end of period	<u>\$ 384,739</u>	<u>\$ 25,157</u>	<u>\$ 1,004,120</u>	<u>\$ 1,414,016</u>