

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

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT**

**JUNE 30, 2014**

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

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## **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, 2014, 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, 2014, and the changes in its net assets and 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, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Loeb & Troper LLP*

October 29, 2014

## THE CENTER FOR REPRODUCTIVE RIGHTS, INC.

## BALANCE SHEET

JUNE 30, 2014

(With Summarized Financial Information  
for June 30, 2013)

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,369,890	\$ 9,375,044
Certificates of deposit		2,032,109
Investments (Note 3)	10,372,716	9,068,576
Grants and contributions receivable (Note 4)	9,812,831	13,248,618
Prepaid expenses and other assets	547,112	389,296
Security deposits	171,662	121,822
Fixed assets - net (Note 5)	224,823	369,417
	<u>35,499,034</u>	<u>34,604,882</u>
Total assets	\$ <u>35,499,034</u>	\$ <u>34,604,882</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,131,900	\$ 597,190
Accrued salaries and related benefits	437,015	386,847
Deferred rent payable (Note 2)	50,386	110,845
Deferred revenue (Note 2)	241,312	238,500
	<u>1,860,613</u>	<u>1,333,382</u>
Total liabilities	1,860,613	1,333,382
Net assets (Exhibit B)		
Unrestricted		
Operating	14,664,476	12,921,839
Board-designated endowment fund (Note 11)	461,752	415,350
	<u>15,126,228</u>	<u>13,337,189</u>
Total unrestricted (Note 2)	15,126,228	13,337,189
Temporarily restricted (Note 7)	17,508,073	18,930,191
Permanently restricted (Note 11)	1,004,120	1,004,120
	<u>33,638,421</u>	<u>33,271,500</u>
Total net assets	33,638,421	33,271,500
Total liabilities and net assets	\$ <u>35,499,034</u>	\$ <u>34,604,882</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, 2014  
(With Summarized Financial Information  
for the Year Ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014	2013
Public support, revenues, other support and losses					
Foundation grants	\$ 991,916	\$ 8,640,536		\$ 9,632,452	\$ 14,290,600
Contributions	4,833,380	1,729,058		6,562,438	11,939,164
Bequests	113,645			113,645	745
Foreign governments and international organization grants (Note 10)		19,088		19,088	39,865
Awards (Note 2)	507,783			507,783	
Donated services (Note 2)	5,326,204			5,326,204	4,753,975
Special event	925,572			925,572	1,264,875
Direct cost of special event	(162,143)			(162,143)	(172,608)
Other income	22,693			22,693	37,539
Loss on disposal of fixed assets	(3,961)			(3,961)	
Net assets released from restriction (Note 7)	11,989,618	(11,989,618)			
Total public support, revenues, other support and losses	24,544,707	(1,600,936)		22,943,771	32,154,155
Expenses (Exhibit C)					
Program services					
U.S. legal program	8,829,160			8,829,160	7,039,510
Global legal program	6,495,674			6,495,674	5,563,241
Communications	2,965,929			2,965,929	2,239,680
Government relations	1,952,160			1,952,160	1,705,015
Total program services	20,242,923			20,242,923	16,547,446
Supporting services					
Management and general	1,251,454			1,251,454	822,480
Fund raising	2,557,518			2,557,518	2,201,133
Total supporting services	3,808,972			3,808,972	3,023,613
Total expenses	24,051,895			24,051,895	19,571,059
Change in net assets before investment income	492,812	(1,600,936)		(1,108,124)	12,583,096
Investment income (Note 3)	1,296,227	178,818		1,475,045	1,077,451
Change in net assets (Exhibit D)	1,789,039	(1,422,118)		366,921	13,660,547
Net assets - beginning of year	13,337,189	18,930,191	\$ 1,004,120	33,271,500	19,610,953
Net assets - end of year (Exhibit A)	\$ 15,126,228	\$ 17,508,073	\$ 1,004,120	\$ 33,638,421	\$ 33,271,500

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

(With Summarized Financial Information  
for the Year Ended June 30, 2013)

	Program Services					Supporting Services				Total	
	U.S. Legal Program	Global Legal Program	Communications	Government Relations	Total	Management and General	Fund Raising	Direct Cost of Special Event	Total	2014	2013
Salaries	\$ 2,744,029	\$ 2,426,935	\$ 1,219,937	\$ 820,306	\$ 7,211,207	\$ 522,143	\$ 1,182,978		\$ 1,705,121	\$ 8,916,328	\$ 7,120,645
Payroll taxes and employee benefits	718,607	580,501	320,807	202,450	1,822,365	168,077	295,433		463,510	2,285,875	1,791,404
Total salaries and related expenses	3,462,636	3,007,436	1,540,744	1,022,756	9,033,572	690,220	1,478,411		2,168,631	11,202,203	8,912,049
Professional fees	815,302	480,243	783,204	317,159	2,395,908	165,475	165,055		330,530	2,726,438	2,026,863
Investment fees						43,490			43,490	43,490	42,826
Printing and publications	52,250	121,957	280,433	5,456	460,096	408	76,482		76,890	536,986	387,304
Dues, fees and subscriptions	117,663	40,728	25,148	33,088	216,627	11,547	63,922		75,469	292,096	176,733
Travel	259,721	615,007	120,764	152,494	1,147,986	3,405	68,459		71,864	1,219,850	871,277
Hall, catering and entertainment								\$ 162,143	162,143	162,143	172,608
Direct mail							509,550		509,550	509,550	463,362
Equipment and maintenance	56,742	73,836	18,871	14,752	164,201	23,460	14,897		38,357	202,558	131,528
Telecommunications	28,562	58,203	14,151	20,089	121,005	14,985	10,500		25,485	146,490	118,319
Office supplies	76,502	119,182	42,680	52,654	291,018	51,559	55,134		106,693	397,711	273,506
Insurance	15,550	19,014	6,494	4,002	45,060	13,970	5,859		19,829	64,889	65,957
Occupancy (Note 8)	258,237	402,676	103,221	147,066	911,200	220,193	89,514		309,707	1,220,907	1,175,822
Depreciation and amortization	36,484	40,435	14,876	9,481	101,276	42,849	13,046		55,895	157,171	88,514
Donated services (Note 2)	3,631,680	1,511,010	6,003	170,870	5,319,563	2,295	4,346		6,641	5,326,204	4,753,975
Miscellaneous	17,831	5,947	9,340	2,293	35,411	11,088	2,343		13,431	48,842	125,850
Total expenses	8,829,160	6,495,674	2,965,929	1,952,160	20,242,923	1,294,944	2,557,518	162,143	4,014,605	24,257,528	19,786,493
Less expenses deducted directly on the statement of activities											
Direct cost of special event								(162,143)	(162,143)	(162,143)	(172,608)
Investment fees						(43,490)			(43,490)	(43,490)	(42,826)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 8,829,160	\$ 6,495,674	\$ 2,965,929	\$ 1,952,160	\$ 20,242,923	\$ 1,251,454	\$ 2,557,518	\$ -	\$ 3,808,972	\$ 24,051,895	\$ 19,571,059

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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 366,921	\$ 13,660,547
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	157,171	88,514
Net realized and unrealized gain on investments	(1,077,088)	(865,667)
Loss on disposal of fixed assets	3,961	
Decrease (increase) in assets		
Grants and contributions receivable	3,435,787	(11,473,608)
Prepaid expenses and other assets	(157,816)	(98,869)
Security deposits	(49,840)	9,526
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	534,710	203,656
Accrued salaries and related benefits	50,168	8,069
Deferred rent payable	(60,459)	(60,459)
Deferred revenue	2,812	87,150
Net cash provided by operating activities	<u>3,206,327</u>	<u>1,558,859</u>
Cash flows from investing activities		
Purchase of fixed assets	(16,538)	(307,904)
Purchase of investments	(3,518,450)	(3,020,586)
Proceeds from sales of investments	<u>5,323,507</u>	<u>3,092,308</u>
Net cash provided (used) by investing activities	<u>1,788,519</u>	<u>(236,182)</u>
Net change in cash and cash equivalents	4,994,846	1,322,677
Cash and cash equivalents - beginning of year	<u>9,375,044</u>	<u>8,052,367</u>
Cash and cash equivalents - end of year	<u>\$ 14,369,890</u>	<u>\$ 9,375,044</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, 2014**

**NOTE 1 - NATURE OF ORGANIZATION**

The Center for Reproductive Rights, Inc. (the “Center”) is a 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****JUNE 30, 2014****NOTE 1 - NATURE OF ORGANIZATION (continued)****U.S. Legal Program (continued)**

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

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

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

**Global Legal Program**

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

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**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2014****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, 2014****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. 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 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, 2014, the Center had no allowance for doubtful accounts.

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**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2014****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

**Deferred rent payable** - The Center leases real property under operating leases expiring at various dates in the future. Since the rentals increase over time, the Center records an adjustment to rent expense each year to reflect its straight-lining policy. The annual adjustment recorded for the year ended June 30, 2014 was a reduction in the liability in the amount of \$60,459. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying balance sheet.

**Deferred revenue** - Deferred revenue includes advance payments received for grants and gala tickets that are to be recognized in future periods.

**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, 2014 amounted to \$5,326,204.

**Foreign governments and international organization grants** - 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.

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**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2014****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.

***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, expenses and losses that are an integral part of its programs and supporting activities, except for investment income.

***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.

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**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2014****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2014 as compared to those used at June 30, 2013.

- *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 year ended.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

*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 Center’s financial statements for the year ended June 30, 2013, from which the summarized information was derived.

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

*Subsequent events* - Subsequent events have been evaluated through October 29, 2014, which is the date the financial statements were available to be issued.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NOTE 3 - INVESTMENTS**

Investments consisted of the following:

	<b>2014</b> <b>(Level 1)</b>	<b>2013</b> <b>(Level 1)</b>
Money market funds	\$ <u>43,387</u>	\$ <u>79,874</u>
Mutual funds		
Bonds	2,382,736	1,054,248
U.S. large cap equities	902,419	1,406,881
U.S. mid cap equities	1,001,185	
U.S. small cap equities	526,297	1,001,024
Foreign equities	1,802,457	1,304,318
Emerging markets	<u>923,379</u>	<u>757,804</u>
Total mutual funds	<u>7,538,473</u>	<u>5,524,275</u>
Exchange-traded funds		
Bonds	2,369,453	3,079,395
U.S. large cap equities	304,800	283,160
Foreign equities	<u>116,603</u>	<u>101,872</u>
Total exchange-traded funds	<u>2,790,856</u>	<u>3,464,427</u>
Total	<u>\$ 10,372,716</u>	<u>\$ 9,068,576</u>

Investment income consists of the following:

	<b>2014</b>	<b>2013</b>
Interest and dividends	\$ 441,447	\$ 254,610
Unrealized gain on investments	691,423	319,205
Realized gain on investments	385,665	546,462
Investment fees	<u>(43,490)</u>	<u>(42,826)</u>
Investment income	<u>\$ 1,475,045</u>	<u>\$ 1,077,451</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE**

Grants and contributions receivable consist of the following as of June 30, 2014:

Amount due in less than one year	\$ 7,440,602
Amount due from one to five years	<u>2,406,092</u>
	9,846,694
Less unamortized discount to present value	<u>(33,863)</u>
	<u>\$ 9,812,831</u>

The contributions to be received after one year are discounted to fair value using rates ranging between .70% and 1.05% for the year ended June 30, 2014.

**NOTE 5 - FIXED ASSETS**

Property and equipment consist of the following:

		<u>Useful Lives</u>
Furniture and fixtures	\$ 1,081,912	3 - 7 years
Office equipment	474,898	3 - 5 years
Leasehold improvements	<u>855,551</u>	9 - 15 years
Total cost	2,412,361	
Less accumulated depreciation and amortization	<u>(2,187,538)</u>	
Net book value	<u>\$ 224,823</u>	

**NOTE 6 - PENSION PLAN**

The Center has a defined-contribution pension plan for all eligible employees. Contributions by the Center are discretionary for employees who meet certain length-of-service requirements. The employer contributions on behalf of the participants are fully vested on the date they become eligible. Pension expense for the year ended June 30, 2014 was \$443,321.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2014:

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

U.S. Legal Program	\$ 7,487,238
Global Legal Program	2,150,464
Communications	2,213,600
Government relations	812,142
Time restricted - general operating support	<u>4,844,629</u>
	<u>\$ 17,508,073</u>

During the year ended June 30, 2014, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors:

U.S. Legal Program	\$ 5,177,636
Global Legal Program	3,377,477
Communications	883,177
Government relations	678,267
Time restricted - general operating support	<u>1,873,061</u>
	<u>\$ 11,989,618</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NOTE 8 - LEASE COMMITMENTS**

The Center has several non-cancelable lease agreements for rental of office space and equipment with varying lease terms expiring through June 30, 2024. Rent and equipment expense for the year ended June 30, 2014 was \$905,086. The following are the minimum annual lease payments to be made:

<b>Year to End June 30</b>	
2015	\$ 937,947
2016	1,825,963
2017	1,817,194
2018	1,768,326
2019	1,697,254
Thereafter	<u>9,309,207</u>
 Total	 <u>\$ 17,355,891</u>

**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**

The International Planned Parenthood Federation/Western Hemisphere Region awarded a reimbursement grant amounting to \$278,500 on April 1, 2014. The funds for this grant come from the Swedish International Development Cooperation Agency (SIDA), through the Swedish Association for Sexuality Education (SIDA, for its acronym in Swedish). The grant supports the Center's regional advocacy to reform national abortion laws in Latin America and the Caribbean. The Center recognized \$19,088 of revenue and expenses in fiscal year 2014. The balance of \$259,412 will be recognized when the expenses are incurred.

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**THE CENTER FOR REPRODUCTIVE RIGHTS, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2014****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 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 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 \$1,697,059, 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.

**Funds with Deficiencies**

The Center does not have any funds with deficiencies.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

**Endowment Net Asset Composition by Type of Fund as of June 30, 2014**

The endowment net asset composition consists of permanently donor-restricted funds of \$1,004,120, temporarily restricted endowment funds of \$231,187 and board-designated endowment funds of \$461,752.

**Changes in Endowment Net Assets for the Year Ended June 30, 2014**

	<b>Board Designated Endowment Fund</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Endowment net assets, beginning of year	\$ 415,350	\$ 107,050	\$ 1,004,120	\$ 1,526,520
Appropriation for expenditure	(20,439)	(54,681)		(75,120)
Interest and dividends	10,675	28,558		39,233
Unrealized gain	37,228	99,596		136,824
Realized gain	20,957	56,066		77,023
Investment fees	<u>(2,019)</u>	<u>(5,402)</u>		<u>(7,421)</u>
 Endowment net assets, end of year	 <u>\$ 461,752</u>	 <u>\$ 231,187</u>	 <u>\$ 1,004,120</u>	 <u>\$ 1,697,059</u>