

**NATIONAL INSTITUTE FOR
REPRODUCTIVE HEALTH, INC.**



**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2023 AND 2022

NATIONAL INSTITUTE FOR REPRODUCTIVE HEALTH, INC.
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
National Institute for Reproductive Health, Inc.
New York, NY

Opinion

We have audited the financial statements of National Institute for Reproductive Health, Inc. ("NIRH"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Institute for Reproductive Health, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NIRH and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2M to the financial statements, NIRH changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NIRH's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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The New York Practice of Mayer Hoffman McCann P.C.
An Independent CPA Firm

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NIRH's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NIRH's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mayer Hoffman McCann CPAs

New York, NY
May 10, 2024

NATIONAL INSTITUTE FOR REPRODUCTIVE HEALTH, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents (Notes 2D and 13A)	\$ 4,872,043	\$ 3,551,022
Restricted cash (Notes 2D, 10 and 13A)	201,770	201,770
Contributions receivable, net (Notes 2E and 2F)	2,826,712	597,618
Government grants receivable (Note 2F)	-	357,375
Prepaid expenses and other assets	23,761	37,210
Investments, at fair value (Notes 2G and 4)	791,011	1,518,850
Due from National Institute for Reproductive Health Action Fund, Inc. and its affiliates, net (Notes 2K and 12)	121,004	45,687
Property and equipment, net (Notes 2H and 5)	150,963	80,467
Operating lease right-of-use asset (Notes 2I, 2M and 10)	1,743,860	-
Finance lease right-of-use asset (Notes 2I, 2M and 10)	10,117	-
TOTAL ASSETS	<u>\$ 10,741,241</u>	<u>\$ 6,389,999</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 265,631	\$ 373,864
Deferred rent	-	422,681
Operating lease liabilities (Notes 2I, 2M and 10)	2,122,008	-
Finance lease liability (Notes 2I, 2M and 10)	10,239	-
TOTAL LIABILITIES	<u>2,397,878</u>	<u>796,545</u>
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET ASSETS (Note 2B)		
Without donor restrictions	4,970,030	4,993,454
With donor restrictions (Note 9)	3,373,333	600,000
TOTAL NET ASSETS	<u>8,343,363</u>	<u>5,593,454</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,741,241</u>	<u>\$ 6,389,999</u>

NATIONAL INSTITUTE FOR REPRODUCTIVE HEALTH, INC.
STATEMENTS OF ACTIVITIES
AS OF JUNE 30, 2023 AND 2022

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
REVENUE AND SUPPORT:						
Individual contributions (Notes 2E and 13B)	\$ 859,903	\$ -	\$ 859,903	\$ 1,025,513	\$ -	\$ 1,025,513
Foundation and corporate grants (Notes 2E and 13B)	3,056,798	3,255,000	6,311,798	2,683,128	1,092,000	3,775,128
Special events revenue, net of direct expenses (Note 2J)	377,678	-	377,678	578,610	-	578,610
Employee retention tax credit (Note 8)	154,430	-	154,430	-	-	-
Gain on extinguishment of debt (Note 7)	-	-	-	434,000	-	434,000
Investment return (Note 4)	68,329	-	68,329	11,291	-	11,291
Other income	18,506	-	18,506	34,198	-	34,198
Net assets released from restrictions (Notes 2B and 9)	481,667	(481,667)	-	1,434,867	(1,434,867)	-
TOTAL REVENUE AND SUPPORT	5,017,311	2,773,333	7,790,644	6,201,607	(342,867)	5,858,740
EXPENSES (NOTE 2L):						
Program Services:						
Women's Health Programs	3,478,013	-	3,478,013	3,818,133	-	3,818,133
Total Program Services	3,478,013	-	3,478,013	3,818,133	-	3,818,133
Supporting Services:						
Management and general	744,530	-	744,530	825,319	-	825,319
Fundraising	818,192	-	818,192	691,551	-	691,551
Total Supporting Services	1,562,722	-	1,562,722	1,516,870	-	1,516,870
TOTAL EXPENSES	5,040,735	-	5,040,735	5,335,003	-	5,335,003
CHANGE IN TOTAL NET ASSETS	(23,424)	2,773,333	2,749,909	866,604	(342,867)	523,737
Net assets, beginning of year	4,993,454	600,000	5,593,454	4,126,850	942,867	5,069,717
NET ASSETS - END OF YEAR	\$ 4,970,030	\$ 3,373,333	\$ 8,343,363	\$ 4,993,454	\$ 600,000	\$ 5,593,454

NATIONAL INSTITUTE FOR REPRODUCTIVE HEALTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	<u>Program Services</u>	<u>Supporting Services</u>				
	<u>Women's Health Programs</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total 2023</u>	<u>Total 2022</u>
Salaries (Note 12)	\$ 1,275,755	\$ 242,438	\$ 356,329	\$ 598,767	\$ 1,874,522	\$ 2,064,726
Payroll taxes and benefits (Note 6)	352,265	66,942	98,390	165,332	517,597	590,298
Total Personnel Costs	1,628,020	309,380	454,719	764,099	2,392,119	2,655,024
Professional fees and contracted services	415,844	250,461	124,607	375,068	790,912	541,275
Insurance	48,773	9,268	13,622	22,890	71,663	66,996
Telephone	23,287	4,425	6,504	10,929	34,216	37,744
Postage	1,563	297	437	734	2,297	2,098
Printing	41,214	22,512	17,243	39,755	80,969	53,698
Occupancy (Notes 2I and 10)	384,867	73,138	107,497	180,635	565,502	561,127
Depreciation and amortization (Note 5)	12,491	2,374	3,490	5,864	18,355	9,279
Grant to NIRHAF (Notes 2K and 12)	362,351	-	-	-	362,351	385,328
Grants to other organizations (Notes 2K and 12)	179,000	-	-	-	179,000	590,600
Venue, catering and other direct expenses	-	-	110,102	110,102	110,102	110,073
Office supplies	18,300	1,137	1,670	2,807	21,107	30,142
Travel	59,038	-	-	-	59,038	16,080
Bank and payroll service fees	3,912	34,376	5,951	40,327	44,239	49,930
Direct mail	-	-	9,207	9,207	9,207	24,938
Conference and meetings	25,822	2,868	13,512	16,380	42,202	16,636
Staff trainings	512	-	-	-	512	106
Stipends	10,679	25	-	25	10,704	-
Communications and media	261,980	-	-	-	261,980	193,159
Bad debt	-	33,000	-	33,000	33,000	59,001
Miscellaneous	360	1,269	59,733	61,002	61,362	41,842
Sub-total	3,478,013	744,530	928,294	1,672,824	5,150,837	5,445,076
Less: direct costs of special events (Note 2J)	-	-	(110,102)	(110,102)	(110,102)	(110,073)
TOTAL EXPENSES	<u>\$ 3,478,013</u>	<u>\$ 744,530</u>	<u>\$ 818,192</u>	<u>\$ 1,562,722</u>	<u>\$ 5,040,735</u>	<u>\$ 5,335,003</u>

NATIONAL INSTITUTE FOR REPRODUCTIVE HEALTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Supporting Services</u>			
	<u>Women's Health Programs</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total 2022</u>
Salaries (Note 12)	\$ 1,466,851	\$ 258,157	\$ 339,718	\$ 597,875	\$ 2,064,726
Payroll taxes and benefits (Note 6)	419,368	73,806	97,124	170,930	590,298
Total Personnel Costs	1,886,219	331,963	436,842	768,805	2,655,024
Professional fees and contracted services	185,969	298,827	56,479	355,306	541,275
Insurance	47,596	8,377	11,023	19,400	66,996
Telephone	26,815	4,719	6,210	10,929	37,744
Postage	1,491	262	345	607	2,098
Printing	39,762	3,887	10,049	13,936	53,698
Occupancy (Notes 2I and 10)	398,643	70,159	92,325	162,484	561,127
Depreciation and amortization (Note 5)	6,592	1,160	1,527	2,687	9,279
Grant to NIRHAF (Notes 2K and 12)	385,328	-	-	-	385,328
Grants to other organizations (Notes 2K and 12)	590,600	-	-	-	590,600
Venue, catering and other direct expenses	-	-	110,073	110,073	110,073
Office supplies	26,615	-	3,527	3,527	30,142
Travel	13,437	2,643	-	2,643	16,080
Bank and payroll service fees	5,556	36,615	7,759	44,374	49,930
Direct mail	-	-	24,938	24,938	24,938
Conference and meetings	10,195	576	5,865	6,441	16,636
Staff trainings	-	106	-	106	106
Communications and media	193,159	-	-	-	193,159
Bad debt	-	59,001	-	59,001	59,001
Miscellaneous	156	7,024	34,662	41,686	41,842
Sub-total	3,818,133	825,319	801,624	1,626,943	5,445,076
Less: direct costs of special events (Note 2J)	-	-	(110,073)	(110,073)	(110,073)
TOTAL EXPENSES	\$ 3,818,133	\$ 825,319	\$ 691,551	\$ 1,516,870	\$ 5,335,003

The accompanying notes are an integral part of these financial statements.

NATIONAL INSTITUTE FOR REPRODUCTIVE HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,749,909	\$ 523,737
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments	(33,092)	(10,512)
Depreciation and amortization	14,439	9,279
Gain on extinguishment of debt	-	(434,000)
Bad debt	33,000	59,001
Amortization of finance lease	3,916	-
Reduction in carrying amount of right-of-use asset - operating lease	<u>(44,533)</u>	<u>-</u>
Sub-total	2,723,639	147,505
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(2,262,094)	(541,710)
Government grants receivable	357,375	285,091
Prepaid expenses and other assets	13,449	73,038
Due from National Institute for Reproductive Health Action Fund, Inc. and its affiliates	(75,317)	(45,687)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(108,233)	156,431
Due to National Institute for Reproductive Health Action Fund, Inc. and its affiliates	-	(24,474)
Deferred rent	<u>-</u>	<u>(27,756)</u>
Net Cash Provided by Operating Activities	<u>648,819</u>	<u>22,438</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	760,931	10,178
Purchases of property and equipment	<u>(84,935)</u>	<u>(33,000)</u>
Net Cash Provided by (Used in) Investing Activities	<u>675,996</u>	<u>(22,822)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of finance lease liability	<u>(3,794)</u>	<u>-</u>
Net Cash Used in Financing Activities	<u>(3,794)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,321,021	(384)
Cash, cash equivalents and restricted cash - beginning of year	<u>3,752,792</u>	<u>3,753,176</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 5,073,813</u>	<u>\$ 3,752,792</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-cash Financing Activity:		
PPP loan forgiveness	<u>\$ -</u>	<u>\$ 434,000</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL INSTITUTE FOR REPRODUCTIVE HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

National Institute for Reproductive Health, Inc.'s ("NIRH") mission is to fight for legal, affordable, stigma-free, patient-centered abortion and contraception and to end racial and economic disparities in reproductive health. Its vision is of a just and caring nation, where everyone can determine the course of their reproductive and family lives with dignity and joy. It is the only national organization focused solely on working with state and local groups to advance proactive policies, using a robust partnership model to find and implement creative solutions that improve access to reproductive health care in their communities while simultaneously building the skillsets, capacity and range of organizations committed to this work.

NIRH focuses on the people and communities most harmed by bans, restrictions and inequitable access to care, looking beyond "rights" to making access a reality. Its partnership model—which lies at the heart of its work—is grounded in the belief that long-term change requires building the power of local advocates and organizations and authentic partnerships that value the expertise of those who work and live in the communities most impacted. To that end, it intentionally prioritizes reproductive justice (RJ) organizations and those led by and/or centering Black, Indigenous and other people of color in its partnership process. NIRH believe that these partnerships benefit both organizations: NIRH learns from its partners about the needs and experiences of specific communities and what policies and strategies might be most impactful; refines and builds upon its policy and strategy ideas from seeing how they play out in cities and states across the country; and builds its skills in policy, advocacy and communications from the opportunity to work with so many different groups in so many diverse places. Finally, it uses the lessons learned through its partnerships to inform and shape the broader movement's efforts. This iterative process—focused on the long-term—is, NIRH believes, the way forward to securing reproductive freedom.

NIRH is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. NIRH and National Institute for Reproductive Health Action Fund, Inc. ("NIRHAF") are aligned with common goals and share common costs, along with administrative and program personnel; the Boards of Directors of these two organizations often meet jointly. Costs are allocated between the two organizations based on actual expenses incurred and on a percentage of salaries for shared expenses. Among the grants made to other organizations, NIRH provided a grant of \$362,351 and \$385,328 to NIRHAF for the years ended June 30, 2023 and 2022, respectively, to educate and engage the public, activists and policymakers on a range of issues related to just and equitable access to reproductive health care, including abortion, contraception and comprehensive sex education.

NIRH's programs, which have been informed by its own internal work on creating a culture of equity and inclusion, focus on the following areas:

Supporting a Proactive Movement: Advocacy Resources, Narrative Change - Effective state and local efforts need policy experts, political thinkers, communications and messaging mavens, organizers, and strong lawyers. Not every local organization has or can attain these capacities, however—nor is it necessary or cost-effective for them to do so. NIRH, with its long experience, staff of legal, policy, communications, and organizing/movement-building experts, strong ties to local, state, and national organizations, and trusted reputation, is perfectly situated to provide state and local organizations with an array of resources on which they can rely as they pursue their goals. In addition, with a national vantagepoint that looks at how individual state and local efforts can interconnect, NIRH is also situated to provide strategic guidance focused on longer-term, nationwide change. Taken together, these are the building blocks for strengthening the movement for reproductive freedom and transforming our political, policy and cultural environment.

In 2023, NIRH continued to create advocacy-focused resources and toolkits for its partners and conducted research for its Local Reproductive Freedom Index, a biennial resource that provides a one-of-its kind analysis of how cities are addressing reproductive freedom and a roadmap for advocates and policymakers, which will be published in early 2024.

NATIONAL INSTITUTE FOR REPRODUCTIVE HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

NIRH also continued its efforts to build the power and capacity of its state-based partners and the coalitions in which they worked. It provided individualized support, including drafting press releases, talking points, hearing testimony, and bills, developing strategies and advocacy campaigns (including power-mapping and education/engagement campaigns), and help building stronger, more broad-based coalitions. In addition, it conducted messaging trainings for legislators and advocates, providing them with the research-based tools they needed to be strong, effective communicators, as well capacity-building webinars for the field. Finally, it continued to hold regular calls with its partners (including cohorts of groups working on similar issues, such as municipal funding and clinic safety), and providing regular updates and links to resources from other organizations. These calls and updates helped build knowledge within individual groups and created relationships and links across state lines and to the national movement.

In addition to its work directly with the partners, NIRH continued its leadership and/or public-facing roles in national coalitions. Through this work, NIRH was able to bring the experiences of its partners to the national work and to connect its state and local partners to other national organizations.

Shifting the Policy Climate from the Ground Up: State and Local Partnerships - NIRH's strategic vision is premised on the belief that achieving reproductive freedom requires a strong, broad base of advocates working in their own communities and states to promote positive policies. To that end, it pursues a partnership model that combines strategic guidance, capacity building (including, in many cases, funding), hands-on technical support, and networking opportunities to help state and local organizations—across brand, based on shared goals—seize creative opportunities to innovate and build capacity among its partners, within itself, and across the movement. In 2023, NIRH partnered with state and local advocates in 23 states. Among the most notable successes of these partnerships:

- **Colorado** passed a package of proactive laws that prohibit deceptive practices at anti-abortion pregnancy centers, improve insurance coverage for abortion and STI care, and protect healthcare providers, patients, and helpers from interstate criminal and civil threats.
- **Minnesota** raised the Medicaid reimbursement rate for abortion care by 20%, making it more feasible for health care providers to offer care to patients with lower incomes while remaining sustainable to serve everyone.
- **New Jersey** adopted a number of progressive measures: requiring large employers to provide comprehensive abortion coverage as part of health benefit plans; funding programs to train abortion care providers, to provide grants to at-risk health care facilities that provide care to hire security, and to reimburse providers for uncompensated abortion care, including for care provided to uninsured or underinsured individuals and individuals who travel from outside New Jersey to receive abortion care; and the creation of a new government website that provides information on abortion laws and how to access care.
- **New York** passed laws allowing pharmacists to dispense birth control pills over the counter and ensuring that access to medical abortion at every public college or university in the state; it also passed a proposed Equal Rights Amendment through two sessions of the legislature and a state budget that includes a record level of investment in reproductive health care.
- **Flagstaff, AZ** passed a resolution supporting the rights of pregnant people to access care and opposing both the Dobbs decision and various Arizona state laws that limit and restrict access to abortion care.
- **Florida, Clearwater** passed a clinic protection ordinance, while **St. Petersburg** passed a resolution calling on police to deprioritize the enforcement of abortion bans.

NATIONAL INSTITUTE FOR REPRODUCTIVE HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- **Kalamazoo County, MI** allocated \$80,000 for the Reproductive Health Fund, a groundbreaking public/private fund that offers support for a wide variety of reproductive health care services, including doula care, gender-affirming services and abortion care.
- **New York City** passed a budget that includes \$1 million in abortion funding, including programmatic and administrative support to two organizations providing direct funding for abortion care and practical support for those seeking abortions (e.g., travel, childcare).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting*** – NIRH's financial statements have been prepared on the accrual basis of accounting. NIRH adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").

B. ***Basis of Presentation*** – NIRH maintains its net assets under the following two classes:

Without donor restrictions – This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of NIRH's operations over which the Board of Directors has discretionary control.

With donor restrictions – This represents net assets subject to donor-imposed stipulations that will be met by actions of NIRH or by the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

C. ***Use of Estimates*** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

D. ***Cash, Cash Equivalents and Restricted Cash*** – Cash and cash equivalents include all highly liquid instruments with maturities of three months or less when acquired. Restricted cash consists of collateral for the letter of credit issued to the landlord and maintained at the bank (Note 10). The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,872,043	\$ 3,551,022
Restricted cash	<u>201,770</u>	<u>201,770</u>
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 5,073,813</u>	<u>\$ 3,752,792</u>

NATIONAL INSTITUTE FOR REPRODUCTIVE HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- E. **Contributions** – Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions receivable 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 contributions receivable are not included as support until the conditions are substantially met.

Contributions receivable, net consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 2,729,458	\$ 354,711
One to five years	<u>125,000</u>	<u>250,000</u>
	2,854,458	604,711
Less: Reserve for uncollectible accounts	(10,000)	-
Less: Unamortized discount to present value	<u>(17,746)</u>	<u>(7,093)</u>
	<u>\$ 2,826,712</u>	<u>\$ 597,618</u>

- F. **Allowance for Doubtful Accounts** – NIRH determines whether an allowance for uncollectible receivables should be provided for contributions receivable and government grants receivable. Such an estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, creditworthiness of its donors, historical experience and collections subsequent to year end. As of June 30, 2023 NIRH determined that an allowance of \$10,000, was necessary for contributions receivable, and none was necessary for government grants receivable. As of June 30, 2022, no allowance was necessary for contributions receivable or government grants receivable.
- G. **Investments** – Investments are stated at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.
- H. **Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Depreciation and amortization is calculated on a straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the lease or the improvement. NIRH capitalizes property and equipment with a cost of \$1,000 or more and a useful life of greater than one year. Upon retirement or disposal, the asset cost and related accumulated depreciation and amortization are eliminated from the respective accounts, and the resulting gain or loss is included in the changes in net assets for the period.
- I. **Leases** – NIRH determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") asset and lease liability in the statement of financial position as of June 30, 2023. ROU asset and lease liability reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. NIRH does not report an ROU asset and lease liability for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.
- J. **Special Events** – NIRH conducts a special event in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statements of activities. For the years ended June 30, 2023 and 2022, the direct costs of benefits amounted to \$110,102 and \$110,073, respectively.
- K. **Grant Awards** – Unconditional grants to NIRHAF and other organizations are made pursuant to authorization of the Board of Directors of NIRH. Grant awards are expensed in the year grants are approved.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- L. ***Functional Allocation of Expenses*** – NIRH allocates expenses on a functional basis among its various programs and supporting services. Identifiable expenses incurred by specific programs or the supporting service are directly attributed to that function according to their nature; these expenses include programmatic consultant fees, stipends, staff travel costs and grants to other organizations. The costs that are common to multiple functions are allocated between those based on time and effort and estimates made by NIRH's management; these include salaries, space-related expenses, insurance, equipment and office supplies, depreciation and amortization, among others.
- M. ***Recently Adopted Accounting Standards*** – In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize right-of-use (ROU) assets and lease liabilities on the statement of financial position and disclose key information about leasing arrangements. NIRH adopted the standard effective July 1, 2022 and recognized measured leases existing at, or entered into after July 1, 2022 using a retrospective approach, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB Accounting Standards Codification ("ASC") 840. The adoption of Topic 842 had no effect on the changes in net assets as previously reported.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

NIRH strives to maintain liquid financial assets sufficient to cover at least three months of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, treasuries, money market funds and other short-term investments.

Below are categories within NIRH's cash assets:

- **Operating Cash:** These are the funds that NIRH needs to have immediate access to. This category is defined as an average of 1 1/2 months of gross operating expenditures. The financial objective for the investment of operating cash is to maintain sufficient liquidity to enable NIRH to have access to these funds on a short-term basis. To maintain adequate liquidity, the operating cash will be invested in a fund or other account that invests in short-term investments, with minimal risk to the principal, and immediate access to funds as needed. The investments of the operating cash place an emphasis on the preservation of principal.
- **Operating Reserves:** These are funds over and above the "Operating Cash." These funds may be needed at a later point in the year but can be used in short-term investments. These "Operating Reserves" should be equal to approximately three months of gross operating expenditures. The financial objective for the Operating Reserves is to maintain sufficient liquidity to enable NIRH to access these funds on a short-term basis. To maintain adequate liquidity and to generate some nominal revenue, the Operating Reserves will be invested in a fund or other account that invests in short-term investments, with minimal risk to the principal, and access to funds when needed. The investments of the Operating Reserves place an emphasis on the preservation of principal.
- **Long-Term Reserves:** Long-term reserves is cash that is without donor restrictions and is in excess of the "Operating Cash" and the "Operating Reserves." These "Long-Term Reserves" are not expected to be utilized by NIRH for at least six months or longer.

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NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES (Continued)

The following table reflects NIRH's financial assets as of June 30, reduced by amounts that are not available to meet general expenditures, within one year of the statements of financial position date, because of contractual restrictions:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,872,043	\$ 3,551,022
Contributions receivable due within one year	2,729,458	354,711
Government grants receivable	-	357,375
Investments, at fair value	<u>791,011</u>	<u>1,518,850</u>
Total financial assets	<u>\$ 8,392,512</u>	<u>\$ 5,781,958</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, NIRH considers all expenditures related to its ongoing activities of NIRH's Women's Health Programs ("WHP"), as well as the conduct of services undertaken to support those activities, to be general expenditures. Donor restricted funds for WHP are considered as general expenditures as well as those time restricted funds that were restricted to be available in the next 12 months.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of the following as of June 30 and were classified as Level 1 in the fair value hierarchy (as defined below) as follows:

	<u>2023</u>	<u>2022</u>
Money market funds	<u>\$ 791,011</u>	<u>\$ 1,518,850</u>

Investments are subject to market volatility that could change their carrying value in the near term.

Investment activity consists of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 35,237	\$ 779
Net realized and unrealized gain	<u>33,092</u>	<u>10,512</u>
Investment return	<u>\$ 68,329</u>	<u>\$ 11,291</u>

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

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NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

In determining fair value, NIRH utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in U.S. treasury bills and money market funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

NOTE 5 – PROPERTY AND EQUIPMENT, NET

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

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 98,980	\$ 98,980	3-10.5 years
Office equipment and furniture	123,865	79,930	5-7 years
Office software	<u>149,286</u>	<u>108,286</u>	3 years
	372,131	287,196	
Less: accumulated depreciation and amortization	<u>(221,168)</u>	<u>(206,729)</u>	
Net book value	<u>\$ 150,963</u>	<u>\$ 80,467</u>	

Depreciation and amortization expense amounted to \$14,439 and \$9,279 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 – PENSION PLAN

NIRH has a 401(k) defined contribution plan covering all employees who have been employed for at least six months and are at least 21 years of age. NIRH makes matching contributions to the plan equal to 100% of the first 3% of compensation, as defined, and 50% of the next 2% of compensation, as defined, for eligible employees. Pension expense for the years ended June 30, 2023 and 2022 amounted to \$48,461 and \$53,777, respectively.

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

NIRH applied for this loan through an SBA authorized lender. The loan, amounting to \$434,000, was approved and received in May 2020. NIRH had opted to account for the proceeds as a loan under FASB ASC Topic 470, *Debt*, until the loan was, in part or wholly, forgiven and NIRH had been "legally released." In November 2021, NIRH received full forgiveness from the SBA for its PPP loan and recorded \$434,000 as revenue in the accompanying statement of activities for the year ended June 30, 2022.

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NOTE 8 – EMPLOYEE RETENTION TAX CREDIT

In accordance with FASB ASC Topic 740, *Income Taxes*, NIRH has recognized the benefits of the Employee Retention Tax Credit (“ERTC”) provided for in the CARES Act and subsequent legislative updates. NIRH has assessed the eligibility criteria and determined that it meets the requirements to claim the ERTC. For the year ended June 30, 2023, NIRH recognized \$154,430 in income tax benefits related to the ERTC in the financial statements. NIRH will continue to monitor guidance and regulations related to the ERTC and adjust its recognition and measurement accordingly.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
General operating support (time restricted)	\$ 2,900,000	\$ 500,000
NYS Sex Education Campaign	333,333	-
Local Advocacy	140,000	-
LARC project	<u>-</u>	<u>100,000</u>
	<u>\$ 3,373,333</u>	<u>\$ 600,000</u>

Net assets with donor restrictions that were released from restrictions by incurring expenses satisfying the restricted purposes or passage of time were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
General operating support (time restricted)	\$ 250,000	\$ 250,000
State infrastructure project	-	524,367
NYS Sex Education Campaign	41,667	-
Cybersecurity project	20,000	-
Local Advocacy	70,000	-
LARC project	100,000	520,000
Vision First project	<u>-</u>	<u>140,500</u>
	<u>\$ 481,667</u>	<u>\$ 1,434,867</u>

NOTE 10 – LEASES

As discussed in Note 2M, NIRH adopted FASB ASU 2016-02, *Leases* (Topic 842) for the year ended June 30, 2023. NIRH has a lease agreement for its office location. The lease is a ten-year lease expiring on August 31, 2026.

Under the lease agreement, for each of the years ended June 30, 2023 and 2022, NIRH was required to maintain with the landlord, a \$192,163 letter of credit as a security deposit during the lease term. Such letter of credit was issued to the landlord by a bank. As of both June 30, 2023 and 2022, the collateral for the letter of credit maintained at the bank amounted to \$201,770 and is reflected as restricted cash in the accompanying statements of financial position.

NIRH leases copiers under long-term non-cancelable operating lease and finance lease agreements through June 2026 for which expense is recognized on a straight-line basis over the lease term. NIRH includes in the determination of the ROU assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

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NOTE 10 – LEASES (Continued)

As of June 30, 2023, in accordance with Topic 842, NIRH recognized a right-of-use (“ROU”) asset equal to \$1,753,977, of which \$1,743,860 is related to operating leases and \$10,117 to finance leases. The lease liabilities totaled \$2,132,247, of which \$2,122,008 is related to operating leases and \$10,239 to finance lease.

As of June 30, 2023, the lease liabilities were calculated utilizing the risk-free rate in effect at the initial adoption date of July 1, 2022. The weighted average of the remaining lease term for operating and finance leases is 3.17 and 2.59 years, respectively. The weighted average discount rate for operating and finance leases is 2.88% and 2.87%, respectively.

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the year ended June 30, 2023:

Operating lease expense included in occupancy costs	<u>\$ 548,881</u>
Finance lease costs:	
Amortization of lease assets	\$ 3,916
Interest on lease liabilities	<u>346</u>
Total finance lease costs	<u>\$ 4,262</u>

The following summarizes cash flow information related to leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 630,172
Operating cash flows from finance leases	346
Financing cash flows from finance leases	3,794
Lease assets obtained in exchange for lease obligations:	
Operating leases	\$ 2,259,045
Finance leases	14,033

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2023:

	<u>Operating Leases</u>	<u>Finance Leases</u>
2024	\$ 650,139	\$ 4,140
2025	715,144	4,140
2026	733,920	2,416
2027	<u>125,396</u>	<u>-</u>
Total lease payments	2,224,599	10,696
Less present value discount	<u>(102,591)</u>	<u>(457)</u>
Present value of lease liabilities	<u>\$ 2,122,008</u>	<u>\$ 10,239</u>

Rent expense for the years ended June 30, 2023 and 2022 was \$545,393 and \$543,096, respectively.

NOTE 11 – CONTINGENCIES

- A. NIRH believes it has no uncertain tax positions as of June 30, 2023 and 2022, in accordance with FASB ASC Topic 740 “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. The New York State Office of the Attorney General, the Internal Revenue Service and the New York State Department of Charities Registration, have the right to audit NIRH. No provision has been recorded for possible adjustments that may arise from these audits since management does not anticipate a material adjustment.

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NOTE 12 – RELATED-PARTY TRANSACTIONS

As of June 30, 2023 and 2022, NIRH was owed \$121,004 and \$45,687, respectively, from NIRHAF and its affiliates. These represent operating expenses paid by NIRH on behalf of NIRHAF and its affiliates.

NIRH provided a grant of \$362,351 and \$385,328 to NIRHAF for the years ended June 30, 2023 and 2022, respectively, for educating women in New York State about the availability of safe, legal and accessible abortions. Such amounts are recorded as grant to NIRHAF in the accompanying statements of functional expenses. The grant also included support to build both a stronger, more robust base of pro-choice activists and a grassroots infrastructure with an eye toward securing and advancing reproductive rights in New York.

In addition, NIRH allocates a portion of its office space (Note 10) to NIRHAF. In 2023 and 2022, NIRH allocated rent and other expenses, as outlined in the table below:

	<u>2023</u>	<u>2022</u>
Rent, real estate taxes and utility expenses	\$ 37,872	\$ 37,480
Salaries, fringe benefits and other expenses	296,297	404,678

NOTE 13 – CONCENTRATIONS

A. Cash and cash equivalents that potentially subject NIRH to a concentration of credit risk include cash accounts with various financial institutions that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limit of \$250,000 by approximately \$4,529,000 and \$3,171,000 as of June 30, 2023 and 2022, respectively.

B. For the years ended June 30, 2023 and 2022, approximately 68% and 47%, respectively, of NIRH's revenues are from three individual/private foundation.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through May 10, 2024, the date the financial statements were available to be issued.