



NARAL Pro-Choice America Foundation

Financial Statements Years Ended September 30, 2020 and 2019

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



NARAL Pro-Choice America Foundation

Financial Statements
Years Ended September 30, 2020 and 2019

NARAL Pro-Choice America Foundation

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6-7
Statements of Functional Expenses	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-22



Tel: 301-354-2500
Fax: 301-354-2501
www.bdo.com

12505 Park Potomac Avenue
Suite 700
Potomac, MD 20854

Independent Auditor's Report

Board of Directors
NARAL Pro-Choice America Foundation
Washington, DC

We have audited the accompanying financial statements of NARAL Pro-Choice America Foundation, which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 NARAL Pro-Choice America Foundation as of September 30, 2020 and 2019, 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.

BDO USA, LLP

January 29, 2021

Financial Statements

NARAL Pro-Choice America Foundation

Statements of Financial Position

<i>September 30,</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 2,343,513	\$ 2,829,252
Grants receivable, current portion	650,000	1,870,000
Accounts receivable	371,610	3,837
Prepaid expenses	-	40,182
Deposits	5,606	5,606
Total current assets	3,370,729	4,748,877
Noncurrent assets		
Grants receivable, net of current portion and discount at rate of 3.5%	-	1,256,039
Investments	3,740,446	3,760,898
Total noncurrent assets	3,740,446	5,016,937
Total assets	\$ 7,111,175	\$ 9,765,814
Liabilities and net assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 799,165	\$ 974,689
Note payable	936,350	-
Obligations under split-interest agreements	94,666	78,769
Total liabilities	1,830,181	1,053,458
Commitments and contingencies		
Net assets		
Without donor restrictions	3,207,744	5,186,317
With donor restrictions	2,073,250	3,526,039
Total net assets	5,280,994	8,712,356
Total liabilities and net assets	\$ 7,111,175	\$ 9,765,814

See accompanying notes to financial statements.

NARAL Pro-Choice America Foundation

Statement of Activities

<i>Year ended September 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grants	\$ 1,044,858	\$ 1,743,961	\$ 2,788,819
Major gifts	3,257,533	-	3,257,533
Special events revenue:			
Gross revenue	1,916,045	-	1,916,045
Direct benefit to donors	(102,598)	-	(102,598)
Bequests	460,750	-	460,750
In-kind contributions	247,662	-	247,662
Investment return, net	4,364	-	4,364
Other revenue	725,799	-	725,799
Release from restrictions:			
Satisfaction of time restrictions	1,750,000	(1,750,000)	-
Satisfaction of program restrictions	1,446,750	(1,446,750)	-
Total revenue and support	10,751,163	(1,452,789)	9,298,374
Expenses			
Program services:			
Advocacy and organizing	8,598,126	-	8,598,126
Government relations	1,124,430	-	1,124,430
Communications	1,088,036	-	1,088,036
Total program services	10,810,592	-	10,810,592
Supporting services:			
Fundraising	1,313,663	-	1,313,663
Management and general	605,481	-	605,481
Total supporting services	1,919,144	-	1,919,144
Total expenses	12,729,736	-	12,729,736
Change in net assets	(1,978,573)	(1,452,789)	(3,431,362)
Net assets, beginning of year	5,186,317	3,526,039	8,712,356
Net assets, end of year	\$ 3,207,744	\$ 2,073,250	\$ 5,280,994

See accompanying notes to financial statements.

NARAL Pro-Choice America Foundation

Statement of Activities

<i>Year ended September 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grants	\$ 3,547,500	\$ 3,752,039	\$ 7,299,539
Major gifts	3,304,776	-	3,304,776
Special events revenue:			
Gross revenue	1,938,159	-	1,938,159
Direct benefit to donors	(190,410)	-	(190,410)
Bequests	133,789	-	133,789
In-kind contributions	444,411	-	444,411
Investment return, net	60,423	-	60,423
Other revenue	877,937	-	877,937
Release from restrictions:			
Satisfaction of time restrictions	100,000	(100,000)	-
Satisfaction of program restrictions	226,000	(226,000)	-
Total revenue and support	10,442,585	3,426,039	13,868,624
Expenses			
Program services:			
Advocacy and organizing	7,864,598	-	7,864,598
Government relations	1,484,667	-	1,484,667
Communications	833,007	-	833,007
Total program services	10,182,272	-	10,182,272
Supporting services:			
Fundraising	1,277,258	-	1,277,258
Management and general	655,542	-	655,542
Total supporting services	1,932,800	-	1,932,800
Total expenses	12,115,072	-	12,115,072
Change in net assets	(1,672,487)	3,426,039	1,753,552
Net assets, beginning of year	6,858,804	100,000	6,958,804
Net assets, end of year	\$ 5,186,317	\$ 3,526,039	\$ 8,712,356

See accompanying notes to financial statements.

NARAL Pro-Choice America Foundation

Statement of Functional Expenses

Year ended September 30, 2020	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Advocacy and Organizing	Government Relations	Communications		Fundraising	Management and General		
Personnel costs:								
Salaries	\$ 2,533,271	\$ 277,511	\$ 399,809	\$ 3,210,591	\$ 629,015	\$ 351,641	\$ 980,656	\$ 4,191,247
Employee benefits and taxes	521,629	65,810	56,531	643,970	139,037	54,625	193,662	837,632
Total personnel costs	3,054,900	343,321	456,340	3,854,561	768,052	406,266	1,174,318	5,028,879
Professional fees and contract services	1,624,087	693,340	437,728	2,755,155	168,292	87,965	256,257	3,011,412
Sponsorships, grants, donations, and honoraria	1,449,326	1,872	28,413	1,479,611	4,183	3,671	7,854	1,487,465
Media and outreach	912,972	13,301	70,066	996,339	51,589	15,362	66,951	1,063,290
Databases, subscriptions, and program expenses	846,996	20,737	24,196	891,929	74,647	4,696	79,343	971,272
Office occupancy	386,351	33,976	48,327	468,654	74,637	40,676	115,313	583,967
Conferences, dues, external events, and travel	166,725	5,779	4,740	177,244	12,748	9,813	22,561	199,805
Supplies, equipment rental and postage	88,237	7,348	9,658	105,243	27,134	11,851	38,985	144,228
NARAL Foundation events	1,680	118	168	1,966	84,014	6,796	90,810	92,776
Bank fees	-	-	-	-	38,190	13,407	51,597	51,597
Insurance	29,664	3,223	4,584	37,471	7,080	3,858	10,938	48,409
Telecommunications	37,188	1,415	3,816	42,419	3,097	1,120	4,217	46,636
Total expenses	\$ 8,598,126	\$ 1,124,430	\$ 1,088,036	\$ 10,810,592	\$ 1,313,663	\$ 605,481	\$ 1,919,144	\$ 12,729,736

See accompanying notes to financial statements.

NARAL Pro-Choice America Foundation

Statement of Functional Expenses

Year ended September 30, 2019	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Advocacy and Organizing	Government Relations	Communications		Fundraising	Management and General		
Personnel costs:								
Salaries	\$ 2,834,132	\$ 381,437	\$ 303,107	\$ 3,518,676	\$ 658,965	\$ 426,592	\$ 1,085,557	\$ 4,604,233
Employee benefits and taxes	441,676	68,532	54,644	564,852	136,396	41,931	178,327	743,179
Total personnel costs	3,275,808	449,969	357,751	4,083,528	795,361	468,523	1,263,884	5,347,412
Professional fees and contract services	1,287,584	896,903	352,357	2,536,844	193,435	79,303	272,738	2,809,582
Sponsorships, grants, donations, and honoraria	679,974	1,522	1,217	682,713	2,859	1,132	3,991	686,704
Media and outreach	521,619	46	37	521,702	19,345	454	19,799	541,501
Databases, subscriptions, and program expenses	907,392	16,664	9,387	933,443	31,824	130	31,954	965,397
Office occupancy	461,497	51,406	41,124	554,027	88,902	39,927	128,829	682,856
Conferences, dues, external events, and travel	283,077	6,864	5,141	295,082	24,548	8,329	32,877	327,959
Supplies, equipment rental and postage	108,787	43,314	7,887	159,988	58,953	21,989	80,942	240,930
NARAL Foundation events	230,797	6,914	5,531	243,242	-	16,365	16,365	259,607
Bank fees	-	-	-	-	43,380	8,753	52,133	52,133
Insurance	36,191	4,544	3,635	44,370	7,950	3,669	11,619	55,989
Telecommunications	71,872	6,521	48,940	127,333	10,701	6,968	17,669	145,002
Total expenses	\$ 7,864,598	\$ 1,484,667	\$ 833,007	\$ 10,182,272	\$ 1,277,258	\$ 655,542	\$ 1,932,800	\$ 12,115,072

See accompanying notes to financial statements.

NARAL Pro-Choice America Foundation

Statements of Cash Flows

<i>Years ended September 30,</i>	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (3,431,362)	\$ 1,753,552
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net depreciation of fair value of investments	65,632	159,089
Decrease (increase) in assets:		
Grants and accounts receivable	2,108,266	(3,116,132)
Prepaid expenses	40,182	(9,182)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(175,524)	182,444
Obligations under split-interest agreements	15,897	(12,101)
Net cash used in operating activities	(1,376,909)	(1,042,330)
Cash flows from investing activities:		
Proceeds from sales of investments	1,186,533	359,034
Purchases of investments	(1,231,713)	(684,163)
Net cash used in investing activities	(45,180)	(325,129)
Cash flows from financing activities:		
Proceeds from note payable	936,350	-
Net cash provided by financing activities	936,350	-
Decrease in cash and cash equivalents	(485,739)	(1,367,459)
Cash and cash equivalents, beginning of year	2,829,252	4,196,711
Cash and cash equivalents, end of year	\$ 2,343,513	\$ 2,829,252

See accompanying notes to financial statements.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization

NARAL Pro-Choice America Foundation (the Foundation) is a District of Columbia non-profit organization. The primary purpose of the Foundation is to operate for the benefit of, and to perform the educational and charitable functions of NARAL Pro-Choice America (NARAL). The Foundation performs in-depth research and legal work, publishes substantive policy reports, mounts public education campaigns and provides leadership training for grassroots activists across the nation. These activities are funded primarily through grants and contributions from private foundations, corporations and individuals.

Basis of Accounting

The Foundation's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The net assets of the Foundation are classified and reported in two classes: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by contribution with donor-imposed restrictions on their use. Under these provisions, net assets, revenues, gains and losses are classified based on the existence or absence of contributions with donor-imposed restrictions.

Accordingly, net assets are classified and reported as follows:

Net assets without donor restrictions

Net assets without donor restrictions are not subject to donor-imposed restrictions. These net assets generally result from providing services and receiving contributions without donor restrictions.

Net assets with donor restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors. These net assets generally result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

When a donor restriction expires as a result of a stipulated time restriction ending or purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and change in net assets as net assets released from restrictions.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

Cash and Cash Equivalents

The Foundation considers all money market accounts not held for long-term investment purposes and investments purchased with an original maturity of three months or less to be cash equivalents. Cash held by the investment managers is reported with investments.

Grants Receivable

Grants are recognized as revenue and grants receivable in the period the grants are made. Grants that are expected to be collected within one year are recorded at their net realizable value. Grants 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-free interest rates commensurate with the risk involved applicable to the years in which grants are received. Amortization of the discounts is included in grants revenue. Management considers all grants receivable to be fully collectible, therefore, no allowance for uncollectible grants has been established.

Accounts Receivable

Receivables are carried at original invoice amounts less an estimate for doubtful receivables based on an annual review of all outstanding items. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to aging of accounts. Receivables are written off when deemed uncollectible.

Investments

Investments are reported at fair value based on quoted market prices and include money market funds held for long-term investment purposes, equities, and fixed income securities. Dividends and interest are reflected as income when earned. Net realized and unrealized gains and losses on investments are reflected in the statements of activities. Donated investments are recorded in the financial statements at fair value on the date of donation.

Obligations under Split-Interest Agreements

The Foundation is the trustee of certain assets held under split-interest agreements which provide for payments to the donors or their beneficiaries of income earned on related investments or specified annuity amounts. Assets held under these agreements are included in investments. Contribution revenues are recognized at the dates of the agreements after providing for the present value of estimated future payments to be made to the donors and/or their beneficiaries. The liabilities are adjusted during the terms of the agreements for accretion of the discount, payments made, and other changes in estimates.

In-kind Contributions

The Foundation receives pro bono legal and other services from various sources that meet the criteria for recognition. The estimated fair value of the benefit and related cost of these services is recorded as revenue and expense in the year received.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

Revenue Recognition

Contributions

Contributions and grants, including unconditional promises to give, are recognized as revenue in the period they are received or pledged. The Foundation records contributions with donor restrictions if funds are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Conditional contributions with measurable performance or other barrier and right of return, are recognized as revenue when the conditions on which they depend have been substantially met. Expenses incurred in excess of cash received as shown as contribution receivable and cash received in excess of expenses incurred are shown as refundable advances in the statements of financial position, if any.

Special Events

Revenue from special events is recognized when the event occurs. Expenses that directly benefit the donors are recorded as an offset to revenue in the year of the event while other special event expenses are recorded in fundraising in the statements of activities.

Grants to Affiliates

The Foundation provides grants to affiliates. These grants are to further develop the pro-choice constituency at the local level. Affiliates apply for these grants through a request for proposal process. For the years ended September 30, 2020 and 2019, the Foundation has provided affiliates with grants totaling \$566,780 and \$160,500, respectively, which are included in the advocacy and organizing program services expense in the statements of activities.

Functional Allocation of Expenses

Expenses are recognized during the period in which they are incurred. The costs of providing various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Expenses that can be specifically identified with a specific program or support service are charged directly to that activity. Management and general costs include the Finance, Human Resources and Board operations. Certain expenses, including occupancy, insurance and personnel have been allocated between program, management and general, and fundraising, based on the salaries directly attributable to those categories.

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 amount 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.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

Adoption of New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08 to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The ASU provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. The Foundation adopted the ASU effective October 1, 2019. With the clarifications outlined in ASU 2018-08, the Foundation reviewed existing agreements at October 1, 2019, as well as the new agreements in 2020, and concluded that some existing agreements are conditional due to rights of returns/release and barriers to entitlement to funds. As a result, contributions and program grants which were previously recognized at the earlier of the period received or promised as net assets with donor restrictions, were changed to revenue recognized when the condition is either satisfied or when qualifying expenses or satisfying milestones or other deliverables is met. The Foundation adopted this on a modified prospective basis. There was no effect on the change in net assets reported at September 30, 2019 as a result of the adoption.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments (Topic 230)* which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are intended to reduce diversity in practice. This ASU contains additional guidance clarifying when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgment is required to estimate and allocate cash flows) versus when an entity should classify the aggregate amount into one class of cash flows on the basis of predominance. The Foundation has adopted the ASU and there was no effect on the statements of cash flows reported at September 30, 2020 and 2019.

Accounting Pronouncements Issued But Not Yet Adopted

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2020-05 that deferred the effective date for the Foundation until annual periods beginning after December 15, 2019. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Foundation is currently evaluating the impact of this ASU on its financial statements.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This standard relates to leasing for both lessees and lessors. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This standard has been subsequently updated by ASUs 2018-01, 2018-10, 2018-11, 2018-20, 2019-01, 2019-10 and 2020-05, the last of which deferred the effective date for private companies and certain not-for profit entities to fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of this ASU on the Foundation's financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU will assist in the determination of the nature of the transaction which will then govern the expense recognition methodology and timing of the transaction. The ASU is effective for contributions made by the Foundation in periods beginning after December 15, 2019. The Foundation is currently evaluating the impact of this ASU on the Foundation's grant expense in its financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The guidance is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating the impact of this ASU on the Foundation's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. Information that shows the contributed nonfinancial assets disaggregated by category will be required to be disclosed. In addition, the ASU requires that for each type of contributed nonfinancial asset the following will be disclosed: (a) policy (if any) on liquidating rather than using the contributed nonfinancial assets, (b) qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period and, if used, a description of how the asset was employed should be included, (c) any donor imposed restrictions related to contributed nonfinancial assets, (d) valuation methods and inputs utilized to determine a fair value measure at initial recognition, and (e) the principal or most advantageous market utilized to calculate fair value if it is a market in which the NFP is restricted by the donor from selling or utilizing the contributed nonfinancial assets. The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption of the ASU is permitted. Management is currently evaluating the impact of this ASU on the Foundation's financial statements.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

2. Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has identified the Foundation as a qualifying charity and not a private foundation. Business income which is not related to the Foundation's exempt purpose, less applicable deductions, is subject to federal and state corporate income taxes. The Foundation had no net unrelated business income for the years ended September 30, 2020 and 2019.

The Foundation follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest, and penalties on income taxes.

Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. No provision for income taxes was required for 2020 and 2019. Generally, the Foundation is no longer subject to income tax examinations by federal, state or local tax authorities for years before 2017.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk include cash deposits and investments held at creditworthy financial institutions. The Foundation's cash management policies limit its exposure to concentrations of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash deposits may, however, exceed the FDIC insurable limits throughout the year. The investments are kept within limits designed to prevent risks caused by concentration. The Foundation believes it is not exposed to any significant financial risk on cash and cash equivalents and investments.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

4. Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor or other restriction limiting their use, within one year of the statement of financial position date consist of the following at:

<i>September 30,</i>	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,343,513	\$ 2,829,252
Grants receivable, net	650,000	3,126,039
Account receivable	371,610	3,837
Investments	3,740,446	3,760,898
Total financial assets available within one year	7,105,569	9,720,026
Less: Amounts not available for general expenditures within one year, due to:		
Net assets with donor restrictions	(2,073,250)	(3,526,039)
Investments related to charitable gift annuities	(393,202)	(352,200)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,639,117	\$ 5,841,787

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in short-term investments including money market accounts.

5. Investments

The *Fair Value Measurements* topic of the FASB Accounting Standards Codification establishes 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: Valuation based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities.

Level 2: Valuation based on quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that require inputs that are both significant to the fair value measurement and unobservable.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

The following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy:

Fixed Income - Consists of corporate bonds which are generally valued at the most recent price of the equivalent quoted price for such securities. Debt securities are classified within Level 1 of the valuation hierarchy when they are publicly traded.

Equities - Comprised of corporate stock and mutual funds listed on the national market or exchanges which are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

As of September 30, 2020 and 2019, the Foundation's investments, including split-interest agreement assets, consisted of the following fair market values:

	2020			
	Total	Level 1	Level 2	Level 3
Cash and money market	\$ 1,549,149	\$ 1,549,149	-	-
Equities	2,191,297	2,191,297	-	-
Total	\$ 3,740,446	\$ 3,740,446	-	-

	2019			
	Total	Level 1	Level 2	Level 3
Cash and money market	\$ 539,573	\$ 539,573	-	-
Fixed income	46,875	46,875	-	-
Equities	3,174,450	3,174,450	-	-
Total	\$ 3,760,898	\$ 3,760,898	-	-

As of September 30, 2020 and 2019, investments held in designated accounts for the split-interest agreements totaled \$393,202 and \$352,200, respectively.

6. Related Party Transactions

NARAL Pro-Choice America (NARAL), an organization exempt from income tax under Section 501(c)(4) of the Internal Revenue Code, shares its premises and all personnel with the Foundation. Costs are allocated between the organizations based on actual expenses incurred or on a percentage of salaries as described in the shared services agreement between the Foundation and NARAL Pro-Choice America.

In addition, the Foundation has a contract with NARAL for lobbying services. The amount of lobbying services performed by NARAL on behalf of the Foundation totaled \$430,000 for the years ended September 30, 2020 and 2019, and is included in the advocacy and organizing program services expense in the statements of activities.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

As of September 30, 2020 and 2019, amount due from (to) NARAL Pro-Choice America was \$366,004 and (\$496,455), respectively, is included in the accounts receivable and accounts payable and accrued liabilities, respectively, in the statements of financial position.

On September 1, 2016, NARAL entered into a loan agreement with Branch Banking and Trust Company (the Bank) with a principal amount of \$1,200,000 at a fixed interest rate of 3.20%. The loan is secured by a blanket lien on business assets owned by NARAL. Outstanding principal on the loan as of September 30, 2020 and 2019 was \$584,160 and \$755,000, respectively. The loan is also guaranteed by the Foundation. The Foundation shall also grant, pledge or convey a collateral to the Bank in a form of a brokerage account owned by the Foundation which shall maintain a minimum balance equal to 133% of the loan balance. As of September 30, 2020 and 2019, the Foundation's brokerage account has cash and investment balances of \$1,651,457 and \$1,774,708, respectively. The cash and investment balances are included in the investments account in the statements of financial position. NARAL and the Foundation complied with the required loan covenants for the years ended September 30, 2020 and 2019.

7. Note Payable

Paycheck Protection Program Loan

In May 2020, the Foundation received loan proceeds in the amount of \$936,350 from a financial institution under the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan requires monthly payments of principal and interest at 1.00% starting in December 2020 and due in May 2022. The CARES Act loan includes a feature that allows for forgiveness of the loan if the funds are used for eligible purposes, including payroll and benefits, and if the Foundation maintains its payroll levels. The Foundation intends to seek loan forgiveness of the full loan amount in accordance with Small Business Administration (SBA) guidelines pursuant to the CARES Act. While the Foundation believe that its use of the loan meets the conditions for forgiveness, there is no assurance that the loan will be forgiven, in whole or in part. Repayment terms will be adjusted once the lending institution has processed the loan forgiveness application and determined the final loan amount.

Future minimum payments on the note payable are as follows:

Years ending September 30,

2021	\$	390,146
2022		546,204
	\$	936,350

NARAL Pro-Choice America Foundation

Notes to Financial Statements

8. Description of Program and Supporting Services

The following program and supporting services are included in the accompanying statements of activities:

Program Services:

Advocacy and Organizing

Advocacy and organizing include program activities that work at the national and state level to effectively use grassroots power, communication strategies, and policy prowess to push government to protect and advance reproductive freedom and abortion access.

Government Relations

Government relations include program activities that work at both the national and state level together with the Foundation's affiliates to track proactive, pro-choice policy and anti-choice restrictions on reproductive health care throughout the United States.

Communications

Communications include activities related to crafting message guidance for the Foundation and the pro-choice movement including creating media coverage of reproductive health issues across all press platforms. These activities also include handling all press inquiries and performing extensive work educating media outlets and key reporters on policies affecting reproductive health care. These activities support the Foundation's work on state and federal legislation, policy initiatives, member engagement, and cultural organizing.

Supporting Services:

Fundraising

This supporting service category includes expenditures which provide the structure necessary to encourage and secure private financial support.

Management and General

This supporting service category includes the functions necessary to secure proper administrative functioning of the Foundation's governing board, maintain an adequate working environment, and manage financial responsibilities of the Foundation.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at September 30, 2020 and 2019:

	2020	2019
Purpose restrictions:		
Advocacy and organizing	\$ 548,250	\$ 520,000
Time restrictions	1,525,000	3,006,039
Total net assets with donor restrictions	\$ 2,073,250	\$ 3,526,039

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes as specified by donors or for the passage of time.

<i>Years ended September 30,</i>	2020	2019
Satisfaction of purpose restrictions:		
Advocacy and organizing	\$ 1,446,750	\$ 226,000
Time restrictions	1,750,000	100,000
Total net assets released from restrictions	\$ 3,196,750	\$ 326,000

10. COVID-19 and CARES Act

On January 30, 2020, the World Health Organization (WHO) announced a new strain of coronavirus. As a result of the risks to the international community as the virus has spread globally beyond its point of origin, on March 11, 2020, the WHO declared the novel coronavirus a global pandemic.

In order to further limit health risks associated with the COVID-19 virus, the Foundation has required staff at its Washington DC office to work remotely and program activities have been transitioned to a virtual environment. The Foundation is complying with State health officials, WHO recommendations, to do its part in reducing the impact on its employees.

The Foundation's operations are heavily dependent on private and public donations from individuals, foundations, and corporations. At this stage, the impact on operations and results of the Foundation have not been significant as donations have remained steady throughout the pandemic. Despite the downturn in the markets caused by the pandemic, the Foundation did not experience a significant decline in its investment values and, as of the date of this report, the performance of the investment portfolio was up by 9%.

At the date of issuance of the financial statements, this public health emergency stands to substantially impact the global economy, including significant volatility in the financial markets, triggering a period of global economic slowdown which may depress donations from the Foundation's institutional and individual contributors during fiscal year 2021. As such, this may impact the Foundation's ability to advance its mission. Our financial condition and liquidity may be negatively impacted for the fiscal year 2021.

NARAL Pro-Choice America Foundation

Notes to Financial Statements

On March 27, 2020, the President of the United States, signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act”. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small business harmed by COVID-19. As discussed in Note 7, the Foundation received loan proceeds in the amount of \$936,350 from a financial institution under the Paycheck Protection Program.

The Foundation continues to examine the impact that COVID-19 and the CARES Act may have on its business. Currently, the Foundation is unable to determine the impact that COVID-19 and the CARES Act will have on its financial condition, results of operations, or liquidity.

11. Subsequent Events

The Foundation evaluated subsequent events through January 29, 2021, which is the date the financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in these financial statements.