

## **FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2018**

# NATIONAL ABORTION FEDERATION

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
National Abortion Federation  
Washington, D.C.

We have audited the accompanying financial statements of the National Abortion Federation (NAF), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and change in net assets, 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 NAF as of December 31, 2018, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

July 22, 2019

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**NATIONAL ABORTION FEDERATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2018**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 7,359,771
Accounts and dues receivable	63,509
Grants receivable	272,039
Due from related parties	111,871
Prepaid expenses	<u>29,836</u>
Total current assets	<u>7,837,026</u>

**FIXED ASSETS**

Furniture, fixtures and equipment	245,115
Leasehold improvements	<u>401,943</u>
	647,058
Less: Accumulated depreciation and amortization	<u>(234,301)</u>
Net fixed assets	<u>412,757</u>

**OTHER NON-CURRENT ASSETS**

Other asset	5,000
Deferred compensation	<u>378,292</u>
Total other non-current assets	<u>383,292</u>

**TOTAL ASSETS** **\$ 8,633,075**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 279,476
Deferred membership dues	5,100
Deferred rent abatement, current portion	4,202
Deferred improvement allowance, current portion	<u>43,145</u>
Total current liabilities	<u>331,923</u>

**LONG-TERM LIABILITIES**

Deferred compensation	378,292
Deferred rent, net of current portion	342,178
Deferred improvement allowance, net of current portion	<u>323,589</u>
Total long-term liabilities	<u>1,044,059</u>
Total liabilities	<u>1,375,982</u>

**NET ASSETS**

Without donor restrictions	2,531,699
With donor restrictions	<u>4,725,394</u>
Total net assets	<u>7,257,093</u>

**TOTAL LIABILITIES AND NET ASSETS** **\$ 8,633,075**

## NATIONAL ABORTION FEDERATION

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>			
Grants and contributions	\$ 185,665	\$ 2,472,631	\$ 2,658,296
Membership dues	572,406	-	572,406
Meeting revenue	519,812	-	519,812
Group purchasing fees	130,297	-	130,297
In-kind contributions	1,859,273	-	1,859,273
Interest income	27,900	-	27,900
Other revenue	62,275	-	62,275
Net assets released from donor restrictions	<u>6,680,652</u>	<u>(6,680,652)</u>	<u>-</u>
Total revenue	<u>10,038,280</u>	<u>(4,208,021)</u>	<u>5,830,259</u>
<b>EXPENSES</b>			
Program Services:			
Membership Services	3,499,956	-	3,499,956
Training and Professional Education	1,224,596	-	1,224,596
Public Affairs, Government Relations and Legal	3,570,821	-	3,570,821
Clinic Security and Law Enforcement Education	809,492	-	809,492
Access Initiative	108,901	-	108,901
Canadian Program	<u>273,758</u>	<u>-</u>	<u>273,758</u>
Total program services	<u>9,487,524</u>	<u>-</u>	<u>9,487,524</u>
Supporting Services:			
Management and General	160,993	-	160,993
Fundraising	<u>139,764</u>	<u>-</u>	<u>139,764</u>
Total supporting services	<u>300,757</u>	<u>-</u>	<u>300,757</u>
Total expenses	<u>9,788,281</u>	<u>-</u>	<u>9,788,281</u>
Change in net assets	249,999	(4,208,021)	(3,958,022)
Net assets at beginning of year	<u>2,281,700</u>	<u>8,933,415</u>	<u>11,215,115</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 2,531,699</u></b>	<b><u>\$ 4,725,394</u></b>	<b><u>\$ 7,257,093</u></b>

**NATIONAL ABORTION FEDERATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Program Services</b>			
	<b>Membership Services</b>	<b>Training and Professional Education</b>	<b>Public Affairs, Government Relations and Legal</b>	<b>Clinic Security and Law Enforcement Education</b>
Salaries	\$ 1,902,404	\$ 258,499	\$ 413,600	\$ 368,565
Benefits	389,488	51,828	82,925	73,895
Consultants	272,485	145,462	83,930	218,981
Legal	-	-	1,487	-
Accounting	20,707	2,186	3,497	3,116
Rent	185,499	23,679	37,887	33,761
Office supplies and expenses	31,158	9,714	7,878	5,520
Insurance	10,538	860	1,376	1,226
Postage and delivery	13,254	6,550	741	223
Telephone	10,223	1,320	1,272	2,210
Internet charges	4,298	26,735	963	859
Publications, dues and subscriptions	51,784	2,522	49,008	8,112
Printing and duplicating	6,971	6,970	1,503	228
Sponsorships and contributions	-	1,242	550	-
Equipment	140,338	3,765	650	1,228
Storage	2,603	275	440	392
Bank charges and conversion fees	22,646	15,609	5,248	4,675
Equipment maintenance and leases	12,193	623	1,000	924
Advertising	-	-	-	-
Travel	357,386	91,979	32,932	76,932
Meetings and conferences	14,899	341,701	625	1,222
Depreciation and amortization	45,509	4,803	7,685	6,849
Fiscal sponsorship	-	204,000	1,000,000	-
In-kind	-	23,681	1,835,592	-
Bad debt expense	4,948	485	-	135
Miscellaneous	625	108	32	439
<b>TOTAL</b>	<b>\$ 3,499,956</b>	<b>\$ 1,224,596</b>	<b>\$ 3,570,821</b>	<b>\$ 809,492</b>

Supporting Services						
Access Initiative	Canadian Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 58,538	\$ 152,879	\$ 3,154,485	\$ 55,559	\$ 56,800	\$ 112,359	\$ 3,266,844
11,737	13,589	623,462	11,139	11,388	22,527	645,989
12,506	36,174	769,538	11,229	40,222	51,451	820,989
-	-	1,487	-	6,464	6,464	7,951
495	1,469	31,470	470	480	950	32,420
5,362	15,913	302,101	5,089	5,203	10,292	312,393
944	4,353	59,567	1,489	983	2,472	62,039
195	578	14,773	185	189	374	15,147
34	839	21,641	792	475	1,267	22,908
182	1,748	16,955	1,146	169	1,315	18,270
136	405	33,396	130	132	262	33,658
1,702	1,774	114,902	542	11,601	12,143	127,045
11	182	15,865	395	1,518	1,913	17,778
100	-	1,892	-	-	-	1,892
92	273	146,346	87	89	176	146,522
62	185	3,957	59	60	119	4,076
741	3,067	51,986	870	719	1,589	53,575
127	370	15,237	119	122	241	15,478
-	-	-	-	1,311	1,311	1,311
11,948	31,806	602,983	53,393	779	54,172	657,155
2,896	4,913	366,256	17,262	-	17,262	383,518
1,088	3,228	69,162	1,032	1,056	2,088	71,250
-	-	1,204,000	-	-	-	1,204,000
-	-	1,859,273	-	-	-	1,859,273
-	-	5,568	-	-	-	5,568
5	13	1,222	6	4	10	1,232
<b>\$ 108,901</b>	<b>\$ 273,758</b>	<b>\$ 9,487,524</b>	<b>\$ 160,993</b>	<b>\$ 139,764</b>	<b>\$ 300,757</b>	<b>\$ 9,788,281</b>

**NATIONAL ABORTION FEDERATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (3,958,022)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	71,250
(Increase) decrease in:	
Accounts and dues receivable	(6,701)
Grants receivable	3,192,882
Due from related parties	14,683
Prepaid expenses	(8,458)
Other asset	(5,000)
(Decrease) increase in:	
Accounts payable and accrued expenses	(67,882)
Deferred membership dues	1,061
Deferred rent	4,146
Deferred improvement allowance	<u>(43,145)</u>
Net cash used by operating activities	<u>(805,186)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of fixed assets	<u>(8,885)</u>
Net cash decrease by investing activities	<u>(8,885)</u>
Net decrease in cash and cash equivalents	(814,071)
Cash and cash equivalents at beginning of year	<u>8,173,842</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u><u>\$ 7,359,771</u></u></b>

**SUPPLEMENTAL INFORMATION:**

<b>Donated Securities</b>	<b><u><u>\$ 3,758,013</u></u></b>
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## NATIONAL ABORTION FEDERATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

The National Abortion Federation (NAF) is a non-profit organization, incorporated in 1977 in the State of Missouri. The purpose of NAF is to provide a national membership organization for abortion providers and to collect and disseminate related information to the general public. The primary sources of revenue for NAF are grants and contributions, membership dues and conferences.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted for the year ended December 31, 2018 and applied retrospectively.

##### Cash and cash equivalents -

NAF considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, NAF maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

##### Accounts, dues and grants receivable -

Accounts, dues and grants receivable are recorded at their net realizable value, which approximates fair value. All accounts, dues and grants receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

##### Fixed assets -

Fixed assets in excess of \$1,200 are capitalized and stated at cost. Depreciation is computed on the straight-line method over the estimated service lives of the respective assets. Expenditures for major repairs and improvements are capitalized; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred. Leasehold improvements are amortized over the remaining life of the lease.

##### Deferred rent -

Deferred rent is recorded and amortized to the extent that the total minimum rental payments allocated to the current period on a straight-line basis exceed or are less than the cash payments required.

##### Revenue recognition -

Contributions and grants received without donor restrictions and with donor restrictions are recorded as revenue in the year notification is received from the donor.

## NATIONAL ABORTION FEDERATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Revenue recognition (continued) -

Contributions and grants with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restriction in the accompanying financial statements.

Membership dues are recognized as revenue in the applicable period. Amounts received for future periods are recorded as deferred revenue.

##### Income taxes -

NAF is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. Beginning January 1, 2018, it is subject to unrelated business income taxes on qualified transportation fringe benefits provided to its employees. The amount of the tax for the year ended December 31, 2018 is immaterial. NAF is not a private foundation.

##### Uncertain tax positions -

For the year ended December 31, 2018, NAF has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

##### Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as net assets without donor restrictions. Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

**NATIONAL ABORTION FEDERATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Compensated absences -

Employees of NAF are entitled to paid vacation depending on the job classification and length of service. NAF's policy is to accrue these costs. These costs are included in accounts payable and accrued expenses in the accompanying financial statements.

Functional allocation of expenses -

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, costs have been allocated among the programs and supporting services benefited based on specific identification or estimates of costs incurred. Expenses directly attributed to a specific functional area of NAF are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

In-kind contributions -

NAF recognizes revenue and expenses from donated materials and donated legal services received. The amount reported is based on the estimated fair value of materials or professional attorney services rendered. The amount of pro bono services or donated materials recorded as in-kind contributions and expense was \$1,859,273 for the year ended December 31, 2018.

Most of the pro bono services were to represent NAF as the plaintiff in complex civil litigation regarding the material breach of contracts and non-disclosure agreements. NAF's lawsuit has resulted in a temporary restraining order and a preliminary injunction, both entered in NAF's favor, and an admission of fraudulent activity by the defendants. NAF will continue to pursue this litigation in 2019.

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states 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. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. NAF has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

## NATIONAL ABORTION FEDERATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements (not yet adopted) (continued) -

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. NAF has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

NAF plans to adopt the new ASUs at the respective required implementation dates.

#### 2. RELATED PARTY TRANSACTIONS

NAF has the following related parties:

NAF Canada -

In 2007, the National Abortion Federation Canada (NAF Canada) was incorporated as a Canadian non-profit corporation. Until October 2014, three of the members of the Board of Directors of NAF served on NAF Canada's Board of Directors. Starting in October 2014, the two Boards share only one member. NAF's President and CEO serves as the President and CEO of both organizations. NAF Canada was incorporated to promote reproductive health among Canadian women. NAF Canada received charitable status in January 2009. NAF Canada is not included in the accompanying financial statements because it is not controlled by NAF.

During 2018, NAF Canada collected some membership dues on behalf of NAF. For the year ended December 31, 2018 the net balance due from NAF Canada totaled \$8,274.

NAF Hotline Fund -

The NAF Hotline Fund (HLF) is a supporting organization to NAF. The Chair of the Board of Directors of NAF currently serves as the Chair of HLF's Board of Directors, and NAF's President and CEO serves as the President and CEO of both organizations. Because HLF has a separate Board of Directors, HLF issues a separate financial statement because there is no common or economical control.

**NATIONAL ABORTION FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**2. RELATED PARTY TRANSACTIONS (Continued)**

NAF Hotline Fund (continued) -

NAF shares office space, personnel, and other resources with HLF and, as a result, NAF incurs costs on behalf of HLF. These costs are subsequently reimbursed by HLF. Costs are allocated between the two organizations based on actual expenses or a percentage of salaries.

During 2018, NAF incurred expenses of \$319,290 for program activities of HLF. For the year ended December 31, 2018, HLF owed NAF \$108,868.

During 2018, NAF collected contributions and refunded pledges on behalf of HLF. For the year ended December 31, 2018, the balance due to HLF totaled \$5,271. The net due from HLF totaled \$103,597.

**3. LEASE COMMITMENTS**

In 2016, NAF entered into an eleven-year agreement to lease new office space which commenced July 1, 2016. Base rent will be shared between NAF and the NAF Hotline Fund (HLF) per annum. The lease includes escalation clauses and twelve months of abated rent in the the first year of the lease. Additionally, the landlord provided for certain leasehold improvement allowances at no cost to NAF and HLF. The landlord provided allowances totaling \$949,194 (including certain equipment and furniture allowances), of which 50% of the total has been recorded by NAF as an asset (leasehold improvements) and liability (deferred improvement allowance) in the accompanying Statement of Financial Position, and will be amortized over the life of the related lease. The remaining 50% has been included on HLF's financial statements. NAF obtained an irrevocable letter of credit with Wells Fargo in the amount of \$107,262 in lieu of the security deposit.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as deferred rent liability in the Statement of Financial Position. The deferred rent liability as of December 31, 2018 was \$346,380.

Future minimum rental payments under this lease are as follows:

**Year Ending December 31,**

2019	\$	684,602
2020		701,717
2021		722,999
2022		744,813
2023		763,433
Thereafter		<u>2,822,877</u>
	<b>\$</b>	<b><u>6,440,441</u></b>

Total rent expense at December 31, 2018, including amounts allocated to HLF, was \$623,485. Rent expense allocated to NAF totaled \$312,393 for the year ended December 31, 2018.

**NATIONAL ABORTION FEDERATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**4. RETIREMENT PLAN**

NAF maintains a defined contributory, tax-deferred annuity plan. Participation in this plan is optional for all employees. After one year of employment, NAF will contribute four to seven percent of the employee's salary, depending on the length of service of each employee. During 2018, NAF contributed \$142,624 to the Plan.

The Board of Directors authorized the creation of a deferred compensation plan under Section 457 of the Internal Revenue Code for certain senior level employees. The corresponding asset and liability are reflected in the accompanying Statement of Financial Position. The investments consisted primarily of mutual funds. During 2018, NAF contributed \$6,349 to the Plan. The balance at December 31, 2018 was \$378,292.

**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2018:

**Purpose Restricted:**

Membership Services	\$ 1,246,558
Training and Professional Education	389,965
Clinic Security and Law Enforcement Education	90,000
Access Initiative	71,873
Fiscal Sponsorship	1,000,000

**Time Restricted:**

General Support	<u>1,926,998</u>
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**NET ASSETS WITH DONOR RESTRICTIONS** **\$ 4,725,394**

**6. NET ASSETS RELEASED FROM RESTRICTIONS**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors at December 31, 2018:

**Purpose Restricted:**

Training and Professional Education	\$ 414,783
Membership Services	2,739,414
Clinic Security and Law Enforcement Education	160,000
Fiscal Sponsorship	1,000,000

**Time Restricted:**

Passage of Time	<u>2,366,455</u>
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**NET ASSETS RELEASED FROM RESTRICTIONS** **\$ 6,680,652**

**NATIONAL ABORTION FEDERATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**7. LIQUIDITY**

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following at December 31, 2018:

Cash and cash equivalents	\$ 7,359,771
Accounts and dues receivable	63,509
Grants receivable	272,039
Due from related parties	<u>111,871</u>
Subtotal financial assets available within one year	7,807,190
Less: Purpose restricted donor funds	<u>(2,798,396)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ <u>5,008,794</u></b>

NAF has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2018, NAF has financial assets equal to approximately six months of average annual expenses.

**8. SUBSEQUENT EVENTS**

In preparing these financial statements, NAF has evaluated events and transactions for potential recognition or disclosure through July 22, 2019, the date the financial statements were issued.