

# **National Advocates for Pregnant Women**

Financial Statements

December 31, 2020

## Independent Auditors' Report

### **Board of Directors National Advocates for Pregnant Women**

We have audited the accompanying financial statements of National Advocates for Pregnant Women ("NAPW"), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' 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 of 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 auditors' 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 National Advocates for Pregnant Women as of December 31, 2020 and the changes 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.

***Report on Summarized Comparative Information***

We have previously audited National Advocates for Pregnant Women's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

October 27, 2021

## National Advocates for Pregnant Women

Statement of Financial Position  
December 31, 2020  
(with comparative amounts at December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 877,411	\$ 751,346
Contributions receivable	881,722	924,462
Prepaid expenses and other assets	197,772	202,720
Investments	5,013,714	4,393,265
Property and equipment, net	<u>675,804</u>	<u>500,081</u>
	<u>\$ 7,646,423</u>	<u>\$ 6,771,874</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 171,782	\$ 47,964
Accrued payroll and related liabilities	64,485	62,165
Paycheck Protection Program loan payable	<u>266,939</u>	<u>-</u>
Total Liabilities	<u>503,206</u>	<u>110,129</u>
Net Assets		
Without donor restrictions	5,175,545	4,712,290
With donor restrictions	<u>1,967,672</u>	<u>1,949,455</u>
Total Net Assets	<u>7,143,217</u>	<u>6,661,745</u>
	<u>\$ 7,646,423</u>	<u>\$ 6,771,874</u>

See notes to financial statements

## National Advocates for Pregnant Women

### Statement of Activities Year Ended December 31, 2020 (with summarized totals for the year ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>REVENUE AND SUPPORT</b>				
Foundation support	\$ 45,622	\$ 1,925,250	\$ 1,970,872	\$ 2,076,750
Contributions	182,614	-	182,614	282,572
Program service fees	-	-	-	2,132
Special events, less costs of direct benefit to donors of \$0 and \$12,477	-	-	-	3,255
Other support	16,346	-	16,346	22,345
Donated services	177,000	-	177,000	167,990
Investment return	683,056	-	683,056	797,607
Net assets released from restrictions	<u>1,907,033</u>	<u>(1,907,033)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>3,011,671</u>	<u>18,217</u>	<u>3,029,888</u>	<u>3,352,651</u>
<b>EXPENSES</b>				
Program Services				
Public education	450,020	-	450,020	478,184
Legal/advocacy	715,918	-	715,918	425,703
Organizing	<u>503,106</u>	<u>-</u>	<u>503,106</u>	<u>528,555</u>
Total Program Services	<u>1,669,044</u>	<u>-</u>	<u>1,669,044</u>	<u>1,432,442</u>
Support Services				
General and administrative	759,051	-	759,051	928,806
Fundraising	<u>120,321</u>	<u>-</u>	<u>120,321</u>	<u>185,950</u>
Total Support Services	<u>879,372</u>	<u>-</u>	<u>879,372</u>	<u>1,114,756</u>
Total Expenses	<u>2,548,416</u>	<u>-</u>	<u>2,548,416</u>	<u>2,547,198</u>
Change in Net Assets	463,255	18,217	481,472	805,453
<b>NET ASSETS</b>				
Beginning of year	<u>4,712,290</u>	<u>1,949,455</u>	<u>6,661,745</u>	<u>5,856,292</u>
End of year	<u>\$ 5,175,545</u>	<u>\$ 1,967,672</u>	<u>\$ 7,143,217</u>	<u>\$ 6,661,745</u>

See notes to financial statements

## National Advocates for Pregnant Women

### Statement of Functional Expenses

Year Ended December 31, 2020

(with summarized totals for the year ended December 31, 2019)

	Program Services				Support Services			2020 Total	2019 Total
	Public Education	Legal/ Advocacy	Organizing	Total	General and Administrative	Fundraising	Total		
Salaries and related costs	\$ 284,207	\$ 268,514	\$ 253,529	\$ 806,250	\$ 269,680	\$ 85,094	\$ 354,774	\$ 1,161,024	\$ 1,468,550
Contractual services (including in-kind of \$177,000 and \$167,990 for fiscal 2020 and 2019)	57,579	321,475	138,808	517,862	396,503	11,075	407,578	925,440	684,561
Rent	68,197	68,402	68,197	204,796	11,378	11,378	22,756	227,552	118,163
Telephone	3,723	2,961	3,162	9,846	6,841	389	7,230	17,076	8,607
Supplies	386	967	-	1,353	8,118	-	8,118	9,471	19,133
Printing and postage	114	187	114	415	1,263	4,857	6,120	6,535	5,011
Travel	18,544	4,438	22,563	45,545	584	-	584	46,129	110,838
Meetings	2,281	2,418	2,180	6,879	1,057	-	1,057	7,936	16,579
Subscriptions and books	506	16,767	368	17,641	7,802	1,955	9,757	27,398	16,947
Marketing and related costs	1,896	1,213	1,058	4,167	39,926	1,326	41,252	45,419	5,724
Equipment	1,820	1,820	1,820	5,460	5,582	317	5,899	11,359	13,251
Insurance	7,447	7,469	7,447	22,363	1,242	1,242	2,484	24,847	21,764
Miscellaneous	75	16,032	615	16,722	8,534	2,147	10,681	27,403	43,890
Special event expenses	-	-	-	-	-	-	-	-	16,304
Depreciation	3,245	3,255	3,245	9,745	541	541	1,082	10,827	10,353
<b>Total Functional Expenses</b>	<b>450,020</b>	<b>715,918</b>	<b>503,106</b>	<b>1,669,044</b>	<b>759,051</b>	<b>120,321</b>	<b>879,372</b>	<b>2,548,416</b>	<b>2,559,675</b>
Less: cost of direct benefit to donors	-	-	-	-	-	-	-	-	(12,477)
<b>Total Expenses Reported by Function on Statement of Activities</b>	<b>\$ 450,020</b>	<b>\$ 715,918</b>	<b>\$ 503,106</b>	<b>\$ 1,669,044</b>	<b>\$ 759,051</b>	<b>\$ 120,321</b>	<b>\$ 879,372</b>	<b>\$ 2,548,416</b>	<b>\$ 2,547,198</b>

See notes to financial statements

## National Advocates for Pregnant Women

Statement of Cash Flows  
Year Ended December 31, 2020  
(with comparative amounts for the year ended December 31, 2019)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 481,472	\$ 805,453
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	10,827	10,353
Unrealized gains on investments	(385,132)	(591,285)
Changes in operating assets and liabilities		
Contributions receivable	42,740	205,414
Prepaid expenses and other assets	4,948	(138,754)
Accounts payable	123,818	(25,124)
Accrued payroll and related liabilities	2,320	34,551
Net Cash from Operating Activities	280,993	300,608
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(186,550)	(486,164)
Purchases of investments	(235,317)	(378,539)
Net Cash from Investing Activities	(421,867)	(864,703)
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	266,939	-
Net Change in Cash and Cash Equivalents	126,065	(564,095)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	751,346	1,315,441
End of year	\$ 877,411	\$ 751,346

See notes to financial statements

# National Advocates for Pregnant Women

Notes to Financial Statements  
December 31, 2020

## 1. Organization and Tax Status

The National Advocates for Pregnant Women (“NAPW”) is a not-for-profit organization dedicated to securing the human rights and civil rights, and health and welfare of pregnant and parenting women, and furthering the interests of their families. NAPW seeks to ensure that women do not lose their constitutional and human rights as a result of pregnancy; that addiction and other health and welfare problems they face during pregnancy are addressed as health issues, not as crimes; that families are not needlessly separated, based on medical misinformation; and that pregnant and parenting women have access to a full range of reproductive health services, as well as non-punitive drug treatment services. NAPW is primarily supported by foundation grants. The Internal Revenue Service has determined that NAPW is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

NAPW’s programs are as follows:

**Public Education:** NAPW uses a variety of traditional and online public education, communications, and social marketing strategies to educate the public, policymakers, advocates and activists about myths and misinformation relating to pregnancy, abortion, pregnancy loss, labor, delivery and drug use by pregnant women. NAPW challenges destructive and dehumanizing stereotypes about pregnant women, drug users, and abortion; advocates for evidence-based, humane policies that will ensure the health and human dignity of pregnant people and their families; and identifies the common threads and threats connecting women who have abortions with those seeking to continue their pregnancies to term.

**Legal/Advocacy:** NAPW works directly as co-counsel on numerous cases, and provides legal assistance to defense lawyers, social workers, activists, and people working in the medical and public health fields. NAPW challenges prosecutions, legislation, and ballot measures that limit access to abortion; dehumanize pregnant women; invent separate legal rights for fertilized eggs, embryos, and fetuses; establish grounds for overturning *Roe v. Wade*; expand the war on drugs to women’s wombs; needlessly separate families based on stigma and medical misinformation and that create a separate and unequal system of law for pregnant women. NAPW advocates for all people focusing especially on pregnant women and those most likely to be targeted for state control and punishment, including low-income women, women of color and drug-using women.

**Organizing:** NAPW organizes at both the local and national levels. NAPW helps to support and encourage grassroots women’s health advocacy groups, trains women directly affected by punitive policies to become advocates, mobilizes state-based coalitions to action, and sponsors major conferences and continuing education programs that inspire effective advocacy and activism. NAPW also works at the national level to mobilize medical and health experts, organizations, and academics to speak out against punitive and counterproductive policies.



## **National Advocates for Pregnant Women**

Notes to Financial Statements  
December 31, 2020

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### ***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, the 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 these estimates.

#### ***Cash and Cash Equivalents***

Cash equivalents include highly liquid investments with a maturity of three months or less at the time of purchase.

#### ***Allowance for Doubtful Accounts***

NAPW provides an allowance for doubtful accounts based upon prior experience and management's assessment of the collectability of existing specific accounts.

#### ***Fair Value Measurements***

NAPW follows U.S. GAAP guidance for Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### ***Investments and Investment Income***

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the change in net assets.

#### ***Property and Equipment***

Property and equipment in excess of \$1,500 are capitalized, stated at cost and depreciated using the straight-line method over their estimated lives. Leasehold improvements are depreciated over the shorter of the term of the lease, inclusive of all renewal periods which are reasonably assured, or the estimated useful life of the asset.

## National Advocates for Pregnant Women

Notes to Financial Statements  
December 31, 2020

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Property and Equipment (continued)***

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount of the asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for the years ended December 31, 2020 and 2019.

#### ***Net Asset Presentation***

NAPW reports information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

*Without donor restrictions* – consist of resources available for the general support of NAPW's operations. Net assets without donor restrictions may be used at the discretion of NAPW's management and Board of Directors.

*With donor restrictions* – represent amounts restricted by donors to be used for specific activities or at some future date, or which require NAPW to maintain in perpetuity. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### ***Foundation Support and Contributions***

Contributions received, including unconditional promises to give, are recognized as support in the period received. NAPW reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

#### ***In-kind Contributions***

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

#### ***Functional Allocation of Expenses***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. All other expenses are allocated to functional categories based on estimates of time and effort, except for rent, depreciation, and insurance, which are based on a square footage basis.

## **National Advocates for Pregnant Women**

Notes to Financial Statements  
December 31, 2020

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Summarized Comparative Information***

The statements of activities and functional expenses include certain prior year summarized comparative information in total but not by net asset class or functional class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with NAPW's financial statements as of and for the year ended December 31, 2019 from which the summarized information was derived.

#### ***Accounting for Uncertainty in Income Taxes***

NAPW recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that NAPW had no uncertain tax positions that would require financial statement recognition or disclosure. NAPW is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2017.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 27, 2021.

### **3. Concentration of Credit Risk**

Financial instruments that potentially subject NAPW to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. At times, cash balances may be in excess of the balance insured by the Federal Deposit Insurance Corporation.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk.

A concentration of credit risk existed with respect to contributions since amounts received from one donor represented 20% of total support and revenue during 2020 and this same donor represented 28% of the total receivable balance as of December 31, 2020. During 2019, one donor represented 22% of total support and revenue and this same donor represented 53% of the total receivable balance as of December 31, 2019.

## National Advocates for Pregnant Women

Notes to Financial Statements  
December 31, 2020

### 4. Contributions Receivable

Contributions receivable consist of the following at December 31:

	2020	2019
Due within		
Less than one year	\$ 881,722	\$ 674,462
One to five years	-	250,000
	\$ 881,722	\$ 924,462

Management determined that the receivables are fully collectible and no allowance for doubtful accounts has been established.

### 5. Investments

The following are major categories of investments measured at fair value at December 31:

Description	2020		
	Level 1	Level 2	Total
Equities	\$ 1,325,229	\$ -	\$ 1,325,229
Mutual funds	2,149,708	-	2,149,708
Fixed income	-	1,538,777	1,538,777
	\$ 3,474,937	\$ 1,538,777	\$ 5,013,714

  

Description	2019		
	Level 1	Level 2	Total
Equities	\$ 1,230,282	\$ -	\$ 1,230,282
Mutual funds	1,720,160	-	1,720,160
Fixed income	-	1,442,823	1,442,823
	\$ 2,950,442	\$ 1,442,823	\$ 4,393,265

NAPW recognizes transfers between levels in the fair value hierarchy on the date of the event or change in circumstances that cause the transfer. There were no transfers between levels for the years ended December 31, 2020 and 2019.

## National Advocates for Pregnant Women

Notes to Financial Statements  
December 31, 2020

### 6. Property and Equipment

Property and equipment consist of the following at December 31:

	Estimated Useful Lives	2020	2019
Furniture and equipment	5-7 yrs.	\$ 333,645	\$ 296,345
Leasehold improvements	7 yrs.	548,938	399,688
		882,583	696,033
Accumulated depreciation		(206,779)	(195,952)
		<u>\$ 675,804</u>	<u>\$ 500,081</u>

### 7. Paycheck Protection Program Loan

During May 2020, NAPW received loan proceeds in the amount of \$266,939 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus, Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended by the Economic Aid Act, over a period of either eight or twenty-four weeks from the date the loan proceeds are received (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the PPP loan with a deferral of payments of principal and interest until the amount of loan forgiveness is approved by the Small Business Administration ("SBA"). If NAPW does not apply for forgiveness, payments begin approximately 16 months after the loan date.

As of December 31, 2020, the PPP loan is recognized as debt on the statement of financial position. NAPW will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from SBA in accordance with Accounting Standards Codification ("ASC") 470, Debt. The PPP loan was subsequently forgiven in full by the SBA on March 31, 2021.

## National Advocates for Pregnant Women

Notes to Financial Statements  
December 31, 2020

### 8. Net Assets With Donor Restrictions

In 2020 and 2019, the activity in the net assets with donor restrictions consists of the following:

<u>Purpose/Restriction</u>	Balance at January 1, 2020	Additions	Net Assets Released	Balance at December 31, 2020
Time restricted general support	\$ 1,684,872	\$ 1,625,250	\$ (1,627,259)	\$ 1,682,863
Abortion and birth justice programs	<u>264,583</u>	<u>300,000</u>	<u>(279,774)</u>	<u>284,809</u>
	<u>\$ 1,949,455</u>	<u>\$ 1,925,250</u>	<u>\$ (1,907,033)</u>	<u>\$ 1,967,672</u>

  

<u>Purpose/Restriction</u>	Balance at January 1, 2019	Additions	Net Assets Released	Balance at December 31, 2019
Time restricted general support	\$ 2,134,805	\$ 1,715,250	\$ (2,165,183)	\$ 1,684,872
Abortion and birth justice programs	<u>6,667</u>	<u>300,000</u>	<u>(42,084)</u>	<u>264,583</u>
	<u>\$ 2,141,472</u>	<u>\$ 2,015,250</u>	<u>\$ (2,207,267)</u>	<u>\$ 1,949,455</u>

### 9. Commitments and Contingencies

#### ***Lease Commitments***

The NAPW office lease expired on January 31, 2020. NAPW signed a new lease for a different facility which has a lease term from February 1, 2020 through July 31, 2030. Rent expense under the lease charged to operations amounted to \$189,259 and \$118,163 for 2020 and 2019.

Future minimum rental payments under these operating leases are as follows:

2021	\$ 253,104
2022	259,432
2024	265,918
2025	272,566
2026	273,690
Thereafter	<u>1,346,857</u>
	<u>\$ 2,671,567</u>

## National Advocates for Pregnant Women

Notes to Financial Statements  
December 31, 2020

### 10. Liquidity and Availability of Financial Assets

The following reflects NAPW's financial assets as of December 31, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 877,411	\$ 751,346
Contributions receivable	881,722	924,462
Investments	<u>5,013,714</u>	<u>4,393,265</u>
Total Financial Assets	6,772,847	6,069,073
Less: Contractual, internally designated or donor restricted amounts:		
Donor-imposed restrictions beyond one year	<u>827,749</u>	<u>902,083</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$5,945,098</u>	<u>\$5,166,990</u>

As part of its liquidity risk management, NAPW maintains a cash balance to ensure it is available as its general expenditures, liabilities, and obligations become due within one year. NAPW monitors the status and collectability of its contributions receivable on a regular basis. Foundation support and contributions are solicited on a regular basis to increase revenue and support. In addition, NAPW's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions and foundation support.

### 11. COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus outbreak a pandemic. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results may be adversely affected in 2021. The extent to which the Coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of, and actions taken to contain, the Coronavirus or its impact, among others.

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