

Guttmacher Institute, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2020 and 2019



Guttmacher Institute, Inc.
December 31, 2020 and 2019

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Independent Auditor's Report

Board of Directors
Guttmacher Institute, Inc.
New York, New York

We have audited the accompanying financial statements of Guttmacher Institute, Inc., which comprise the statements of financial position as of December 31, 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 Guttmacher Institute, Inc. as of December 31, 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.

Emphasis of Matter

As described in *Note 12* to the financial statements, in 2020, Guttmacher Institute, Inc. adopted Accounting Standards Update 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

BKD, LLP

New York, New York
July 9, 2021

Guttmacher Institute, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 1,584,364	\$ 2,067,841
Investments	46,949,657	39,621,431
Grants receivable, net of discount	5,889,703	15,751,845
Other receivable	656,082	115,944
Prepaid expenses and other assets	254,170	196,439
Security deposits	211,199	211,199
Right-of-use assets - operating leases	6,749,561	-
Fixed assets, net	<u>9,484,084</u>	<u>9,849,655</u>
Total assets	<u><u>\$ 71,778,820</u></u>	<u><u>\$ 67,814,354</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,522,987	\$ 1,327,353
Postretirement benefits payable	888,624	733,408
Deferred rent payable	-	189,073
Other liabilities	-	38,644
Operating lease liabilities	7,337,943	-
Loans payable, net of unamortized debt issuance costs	11,382,378	-
New York City Industrial Development Agency bonds, net	<u>-</u>	<u>8,128,653</u>
Total liabilities	<u>21,131,932</u>	<u>10,417,131</u>
Net Assets		
Without donor restrictions		
Undesignated	5,179,129	4,389,960
Designated by the Board for reserves	12,380,844	10,849,776
Net investment in property and equipment, net of related debt	<u>1,145,006</u>	<u>1,721,002</u>
Total without donor restrictions	<u>18,704,979</u>	<u>16,960,738</u>
With donor restrictions		
Perpetual in nature	4,855,238	4,855,238
Time-restricted for future periods	9,579,467	7,994,384
Purpose restrictions	<u>17,507,204</u>	<u>27,586,863</u>
Total with donor restrictions	<u>31,941,909</u>	<u>40,436,485</u>
Total net assets	<u>50,646,888</u>	<u>57,397,223</u>
Total liabilities and net assets	<u><u>\$ 71,778,820</u></u>	<u><u>\$ 67,814,354</u></u>

Guttmacher Institute, Inc.
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions	\$ 3,242,954	\$ -	\$ 3,242,954	\$ 3,929,565	\$ -	\$ 3,929,565
Grants and contracts from U.S. government agencies	724,517	-	724,517	1,010,820	-	1,010,820
Grants from U.S. private organizations	-	11,090,859	11,090,859	-	11,707,372	11,707,372
Grants from foreign governments and institutions	-	2,975,702	2,975,702	-	764,214	764,214
Publication income and other revenue	91,987	-	91,987	274,600	-	274,600
Net investment return	112,665	-	112,665	319,748	-	319,748
Net assets released from restriction	23,687,841	(23,687,841)	-	23,510,425	(23,510,425)	-
Total revenues, gains and other support	27,859,964	(9,621,280)	18,238,684	29,045,158	(11,038,839)	18,006,319
Expenses						
Program services						
Research	13,026,480	-	13,026,480	14,602,616	-	14,602,616
Public education	6,429,660	-	6,429,660	5,779,148	-	5,779,148
Public policy	2,426,413	-	2,426,413	2,322,347	-	2,322,347
Total program services	21,882,553	-	21,882,553	22,704,111	-	22,704,111
Supporting services						
Management and general	3,950,531	-	3,950,531	3,842,067	-	3,842,067
Fundraising	1,687,680	-	1,687,680	1,696,285	-	1,696,285
Total supporting services	5,638,211	-	5,638,211	5,538,352	-	5,538,352
Total expenses	27,520,764	-	27,520,764	28,242,463	-	28,242,463
Change in net assets before foreign exchange loss, postretirement benefit plan adjustment and investment income, nonoperating	339,200	(9,621,280)	(9,282,080)	802,695	(11,038,839)	(10,236,144)
Foreign exchange gain (loss)	-	(81,086)	(81,086)	-	58,586	58,586
Adjustment to minimum postretirement benefit liability	(87,025)	-	(87,025)	(128,730)	-	(128,730)
Net periodic benefit cost and postretirement benefit less service costs	(39,002)	-	(39,002)	(39,349)	-	(39,349)
Investment income, nonoperating	1,531,068	1,207,790	2,738,858	1,867,779	1,650,464	3,518,243
Change in Net Assets	1,744,241	(8,494,576)	(6,750,335)	2,502,395	(9,329,789)	(6,827,394)
Net Assets, Beginning of Year	16,960,738	40,436,485	57,397,223	14,458,343	49,766,274	64,224,617
Net Assets, End of Year	\$ 18,704,979	\$ 31,941,909	\$ 50,646,888	\$ 16,960,738	\$ 40,436,485	\$ 57,397,223

Guttmacher Institute, Inc.
Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020							
	Program Services				Supporting Services			
	Research	Public Education	Public Policy	Total	Management and General	Fundraising	Total	Total
Salaries	\$ 7,439,959	\$ 3,674,740	\$ 1,545,041	\$ 12,659,740	\$ 1,895,455	\$ 844,804	\$ 2,740,259	\$ 15,399,999
Payroll taxes and employee benefits	2,074,006	1,024,469	430,773	3,529,248	511,295	235,722	747,017	4,276,265
Total salaries and related expenses	9,513,965	4,699,209	1,975,814	16,188,988	2,406,750	1,080,526	3,487,276	19,676,264
Printing and artwork	8,588	18,540	-	27,128	-	18,290	18,290	45,418
Data processing	34,799	22,767	-	57,566	159,339	9,183	168,522	226,088
Professional fees	1,994,892	906,671	132,492	3,034,055	165,740	351,800	517,540	3,551,595
Occupancy and office costs (includes interest on long-term financing of \$371,949)	902,563	508,255	196,032	1,606,850	835,511	130,602	966,113	2,572,963
Information technology	67,439	34,411	12,224	114,074	55,396	14,837	70,233	184,307
Postage and shipping	2,118	447	39	2,604	4,506	3,860	8,366	10,970
Conferences, meetings and travel	78,269	42,237	11,545	132,051	53,777	2,554	56,331	188,382
Dues, subscriptions and publications	75,963	11,253	26,418	113,634	47,492	26,471	73,963	187,597
Miscellaneous	19,582	827	219	20,628	78,761	1,804	80,565	101,193
Total expenses before depreciation and amortization	12,698,178	6,244,617	2,354,783	21,297,578	3,807,272	1,639,927	5,447,199	26,744,777
Depreciation and amortization	328,302	185,043	71,630	584,975	143,259	47,753	191,012	775,987
Total expenses	<u>\$ 13,026,480</u>	<u>\$ 6,429,660</u>	<u>\$ 2,426,413</u>	<u>\$ 21,882,553</u>	<u>\$ 3,950,531</u>	<u>\$ 1,687,680</u>	<u>\$ 5,638,211</u>	<u>\$ 27,520,764</u>

Guttmacher Institute, Inc.
Statements of Functional Expenses (Continued)
Years Ended December 31, 2020 and 2019

	2019							
	Program Services				Supporting Services			
	Research	Public Education	Public Policy	Total	Management and General	Fundraising	Total	Total
Salaries	\$ 7,037,866	\$ 3,081,945	\$ 1,362,379	\$ 11,482,190	\$ 1,794,796	\$ 843,913	\$ 2,638,709	\$ 14,120,899
Payroll taxes and employee benefits	2,115,739	926,501	409,561	3,451,801	545,624	253,699	799,323	4,251,124
Total salaries and related expenses	9,153,605	4,008,446	1,771,940	14,933,991	2,340,420	1,097,612	3,438,032	18,372,023
Printing and artwork	5,045	36,759	90	41,894	160	70	230	42,124
Data processing	38,720	30,173	3	68,896	76,936	1,989	78,925	147,821
Professional fees	2,994,916	683,189	143,822	3,821,927	385,304	255,861	641,165	4,463,092
Occupancy and office costs (includes interest on bonds of \$533,720)	1,175,094	509,456	211,533	1,896,083	361,842	139,981	501,823	2,397,906
Information technology	113,303	45,569	16,920	175,792	53,254	17,219	70,473	246,265
Postage and shipping	11,583	2,420	17	14,020	5,292	6,758	12,050	26,070
Conferences, meetings and travel	582,513	229,765	77,440	889,718	462,645	63,345	525,990	1,415,708
Dues, subscriptions and publications	69,701	4,230	24,210	98,141	27,880	49,245	77,125	175,266
Miscellaneous	35,160	46,161	898	82,219	33,400	13,710	47,110	129,329
Total expenses before depreciation and amortization	14,179,640	5,596,168	2,246,873	22,022,681	3,747,133	1,645,790	5,392,923	27,415,604
Depreciation and amortization	442,560	191,556	79,265	713,381	99,984	52,843	152,827	866,208
Total expenses	<u>\$ 14,622,200</u>	<u>\$ 5,787,724</u>	<u>\$ 2,326,138</u>	<u>\$ 22,736,062</u>	<u>\$ 3,847,117</u>	<u>\$ 1,698,633</u>	<u>\$ 5,545,750</u>	<u>\$ 28,281,812</u>

Guttmacher Institute, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ (6,750,335)	\$ (6,827,394)
Items not requiring (providing) operating cash flows		
Depreciation and amortization	775,987	766,728
Amortization of debt issuance costs (included in interest expense)	188,611	125,735
Net realized and unrealized gains on investments	(2,470,240)	(3,204,543)
Foreign exchange (gain) loss	81,086	(58,586)
Changes in discount on long-term receivables	66,067	307,386
Changes in		
Grants receivable	9,714,989	11,342,851
Other receivables	(540,138)	(49,331)
Prepaid expenses and other assets	(57,731)	(29,271)
Accounts payable and accrued expenses	195,634	(474,920)
Postretirement benefits payable	155,216	188,848
Deferred rent payable	399,309	(26,192)
Other liabilities	(38,644)	(138,614)
Net cash provided by operating activities	<u>1,719,811</u>	<u>1,922,697</u>
Investing Activities		
Purchase of fixed assets	(410,416)	(232,019)
Proceeds from sales of investments	23,119,398	5,819,597
Purchases of investments	<u>(27,977,384)</u>	<u>(8,673,779)</u>
Net cash used in investing activities	<u>(5,268,402)</u>	<u>(3,086,201)</u>
Financing Activities		
Proceeds from loans	11,593,300	-
Repayment of loans	(121,935)	-
Debt issuance costs	(101,251)	-
Principal payments on bonds	<u>(8,305,000)</u>	<u>(285,000)</u>
Net cash provided by (used in) financing activities	<u>3,065,114</u>	<u>(285,000)</u>
Net Change in Cash and Cash Equivalents	<u>(483,477)</u>	<u>(1,448,504)</u>
Cash and Cash Equivalents, Beginning of Year	<u>2,067,841</u>	<u>3,516,345</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,584,364</u></u>	<u><u>\$ 2,067,841</u></u>
Supplemental Cash Flows Information		
Interest paid	\$ 371,949	\$ 493,925

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Guttmacher Institute, Inc. (the Institute), incorporated in New York in 1977, with offices in New York City and Washington, D.C., advances sexual and reproductive health in the United States and worldwide through an interrelated program of social science research, policy analysis and public education. The Institute conducts its activities through revenue generated from grants.

The Institute is a not-for-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Institute considers all highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents, except for money market accounts included in the Institute's investment portfolio.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification.

Investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Institute maintains some pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Allowance for Doubtful Accounts

The Institute determines whether an allowance for uncollectibles should be provided for grants receivable and other receivables. Such estimates are based on management's assessment of the aged basis of its sources, current economic conditions, subsequent receipts and historical information. Grants receivable and other receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. If no allowance is established, then the receivable is written off directly as bad debt. Interest is not charged on outstanding receivables. As of December 31, 2020 and 2019, the Institute had no allowance for doubtful accounts.

Fixed Assets

Fixed assets are reported at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. The Institute capitalizes all property and equipment having a cost in excess of \$1,000 and a useful life of greater than one year. Leasehold improvements are amortized on the straight-line basis over the lesser of their useful lives or the term of the lease.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Commercial condominium	40 years
Furniture and fixtures	3-10 years
Computer hardware and software	3-5 years
Leasehold improvements	10 years

Long-Lived Asset Impairment

The Institute evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2020 and 2019.

Debt Issuance Costs

Debt issuance costs are reflected as a reduction of the carrying amount of the related debt and are amortized using the effective interest rate over the life of the associated debt. Amortization of debt issuance costs is included in interest expense.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets invested in property and equipment, net of related debt and board-designated reserves.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Institute either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Institute overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Government Grants

Support funded by grants is recognized as the Institute meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by granting agencies and, as a result of such audit, adjustments could be required.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the number of employees and other methods.

Leases

Operating lease payments are charged to rent expense. Rent expense is recorded on the straight-line basis over the term of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

Measure of Operations

The Institute includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities and excludes foreign exchange gain (loss), net periodic benefit cost and postretirement benefit less service costs, adjustment to minimum postretirement benefit liability, and investment income earned on endowment funds and board designated funds from its measure of operations.

Exchange Rates

Non-U.S. assets are remeasured into U.S. dollars at year-end exchange rates. Revenues are recorded at approximate rates prevailing at the time of the transaction.

Income Taxes

The Institute is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Institute is subject to federal income tax on any unrelated business taxable income. The Institute files tax returns in the U.S. federal jurisdiction.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 2: Grant Reimbursements Receivable and Future Commitments

The Institute receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Institute are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2020 have been recorded as receivables. The following are the grant commitments that extend beyond December 31, 2020 from U.S. Governmental grants:

Grants	Term	Grant Amount	Earned or Forfeited Through 2020	Funding Available
Abortion Underreporting	09/01/2019 - 06/30/2021	\$ 2,079,152	\$ 1,607,601	\$ 471,551
Improving Methods and Measures of Reproductive Health Outcomes	10/01/2018 - 05/31/2023	2,537,162	<u>1,056,388</u>	<u>1,480,774</u>
			<u>\$ 2,663,989</u>	<u>\$ 1,952,325</u>

Note 3: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020 and 2019:

2020					
Fair Value Measurement Using					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV *	
Total					
Assets					
Investments					
Stock, common shares	\$ 4,120,746	\$ 4,120,746	\$ -	\$ -	\$ -
Open-end mutual funds	5,712,626	5,712,626	-	-	-
Alternative mutual funds	510,360	510,360	-	-	-
Exchange traded funds	7,161,567	7,161,567	-	-	-
Corporate debt	7,211,223	-	7,211,223	-	-
U.S. Government securities	3,850,297	-	3,850,297	-	-
Alternative investments	336,312	-	-	-	336,312
Total investments	28,903,131	\$ 17,505,299	\$ 11,061,520	\$ -	\$ 336,312
Money market accounts	18,046,526				
Total assets	\$ 46,949,657				
2019					
Fair Value Measurement Using					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV *	
Total					
Assets					
Investments					
Stock, common shares	\$ 3,194,737	\$ 3,194,737	\$ -	\$ -	\$ -
Stock, depository receipts	5,894,357	5,894,357	-	-	-
Open-end mutual funds	516,036	516,036	-	-	-
Alternative mutual funds	6,975,714	6,975,714	-	-	-
Corporate debt	5,576,886	-	5,576,886	-	-
U.S. Government securities	2,583,880	-	2,583,880	-	-
Alternative investments	312,599	-	-	-	312,599
Total investments	25,054,209	\$ 16,580,844	\$ 8,160,766	\$ -	\$ 312,599
Money market accounts	14,567,222				
Total assets	\$ 39,621,431				
Liabilities					
Foreign exchange contracts	\$ 38,644	\$ -	\$ 38,644	\$ -	\$ -

- * Certain investments that were measured using the practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line item presented in the statements of financial position.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

Foreign Exchange Contracts

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Alternative Investments

Investments in certain entities measured at fair value using NAV per share as a practical expedient consist of the following:

2020			
Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Period Notice
Alternative funds (A)			
\$ 336,312	None	Daily	Daily
<u>\$ 336,312</u>			
2019			
Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Period Notice
Alternative funds (A)			
\$ 312,599	None	Daily	Daily
<u>\$ 312,599</u>			

- (A) Abbey Capital ACL Alternative Fund SAC Limited: Diversification is achieved through trading styles, timeframes, markets and geographic regions. The fund's due diligence includes both quantitative and qualitative analysis of managers.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 4: Grants Receivable

Grants receivable consisted of the following:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 30,000	\$ 4,891,675	\$ 4,921,675
Due in one to five years	-	975,395	975,395
Total	30,000	5,867,070	5,897,070
Less discount to present value	-	(7,367)	(7,367)
Net	<u>\$ 30,000</u>	<u>\$ 5,859,703</u>	<u>\$ 5,889,703</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 500,000	\$ 11,096,679	\$ 11,596,679
Due in one to five years	-	4,221,233	4,221,233
Total	500,000	15,317,912	15,817,912
Less discount to present value	-	(66,067)	(66,067)
Net	<u>\$ 500,000</u>	<u>\$ 15,251,845</u>	<u>\$ 15,751,845</u>

Discount rates ranged from 1.59 percent to 2.46 percent for 2019.

As of December 31, 2020 and 2019, grants receivable due from three organizations was approximately 77 percent and 90 percent, respectively.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 5: Fixed Assets

Fixed assets at December 31, 2020 and 2019 consist of:

	2020	2019
Commercial condominium	\$ 11,966,673	\$ 11,966,673
Furniture and fixtures	1,759,168	1,759,168
Computer hardware and software	3,136,216	2,910,177
Leasehold improvements	2,398,694	2,390,664
Total cost	19,260,751	19,026,682
Less accumulated depreciation and amortization	(9,776,667)	(9,177,027)
Net book value	\$ 9,484,084	\$ 9,849,655

Note 6: Loans Payable and New York City Industrial Development Agency Bonds

In May 2007, the Institute borrowed \$11,000,000 through the issuance of two Civic Facility Revenue Bonds, Series 2007 (the bonds) by the New York City Industrial Development Agency (IDA) to finance the acquisition of office space to be used as the Institute's place of operations. Series 2007A matured on December 1, 2016. Series 2007B bond had an original face amount of \$9,115,000, with an interest of rate 5.75 percent and original maturity date of December 1, 2036. The bonds were collateralized by the purchased property. In connection with the issuance of the bonds, the Institute transferred leasehold title to its property to IDA. IDA had leased the property back to the Institute for a term concurrent with the bond repayment schedule. Once the bonds were repaid, the title reverted back to the Institute. The bonds were the obligation of IDA. The Institute had the obligation under the lease agreement to make payments equal to the amounts payable as principal and interest on the outstanding bonds. The loan agreements contained various covenants, which among other things, placed restrictions on the Institute's ability to incur additional indebtedness.

On September 8, 2020, the Institute refinanced the IDA bonds with Chase Bank. The new loan total refinanced is \$8,550,000 due on or before September 8, 2035. The new financing has a fixed interest rate of 2.050 percent. The loan agreement contains a financial covenant requiring any fiscal year-end, the two-year average of the debt service ratio to be less than 1.20 to 1.00.

The unamortized debt issuance cost was \$88,987 and \$176,347 as of December 31, 2020 and 2019, respectively, and is amortized using the effective interest rate method. As a result of amortization of debt issuance costs, the effective interest rate was approximately 3.5 and 6 percent in 2020 and 2019, respectively.

Interest expense was \$560,560 and \$659,455 for the years ended December 31, 2020 and 2019, respectively, which includes amortization of debt issuance costs of \$188,611 and \$125,735, respectively.

Guttmacher Institute, Inc.

Notes to Financial Statements

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On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. During May 2020, the Institute received a loan in the amount of \$3,043,300 pursuant to the Paycheck Protection Program (PPP). The Institute has elected to account for the funding as a loan in accordance with Accounting Standards Codification (ASC) Topic 470, *Debt*. The loan is due two years from the date of the first disbursement under the loan and has a fixed interest rate of one percent per year. Any forgiveness of the loan will be recognized as a gain in the financial statement in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration or lender; as a result of such audit, adjustments could be required to any gain recognized. A portion of the loan may be forgiven; however, as of the date of this report any amount of forgiveness is unable to be determined.

Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 1,778,390
2022	2,594,836
2023	664,963
2024	664,963
2025	664,963
Thereafter	<u>5,103,250</u>
	11,471,365
Less unamortized debt issuance costs	<u>(88,987)</u>
	<u><u>\$ 11,382,378</u></u>

Note 7: Derivative Financial Instruments

Foreign Currency Cash Flow Hedge

As a strategy to maintain acceptable levels of exposure to the risk of changes in foreign currency exchange rates, in 2020 and 2019, the Institute entered into an agreement to convert a portion of its receivables, due in British Pounds, to U.S. dollars at spot rates. Receivables as of December 31, 2019 of \$549,275 converted from British Pounds to U.S. Dollars at a spot rate of \$1.2982, and \$698,694 of its receivables converted from British Pounds to U.S. Dollars at a spot rate of \$1.2999 during 2020.

During 2020, the Institute hedged \$448,087 and \$515,216 of British Pounds which converted to U.S. Dollars at spots rates of \$1.3043 and 1.325, respectively.

Guttmacher Institute, Inc.

Notes to Financial Statements

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There are no hedged receivables outstanding as of December 31, 2020. The Institute also entered into other short-term foreign currency exchange contracts which are reflected in the gain (loss) activity below.

	<u>2020</u>	<u>2019</u>
Fair value of interest rate swap agreements	\$ -	\$ (38,644)
Statement of financial position location of fair value amount	N/A	Other liabilities
Gain (loss) on interest rate swap	\$ (70,744)	\$ 16,446
Location of gain recognized in change in net assets	Foreign exchange gain (loss)	Foreign exchange gain (loss)
Components of foreign exchange gain (loss)		
Foreign exchange loss	\$ (10,342)	\$ (36,192)
Translation gains	-	78,332
Interest rate swap gain (loss)	<u>(70,744)</u>	<u>16,446</u>
Total foreign exchange gain (loss) on the statements of activities	<u>\$ (81,086)</u>	<u>\$ 58,586</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 8: Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	2020	2019
Subject to expenditure for specified purposes		
Research	\$ 15,002,313	\$ 20,992,381
Public education	1,463,494	5,623,512
Public policy	1,041,397	970,970
	<u>17,507,204</u>	<u>27,586,863</u>
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until after year-end	5,601,276	4,960,751
Endowments		
Subject to the Institute's endowment spending policy and appropriation		
Restricted by donors	4,855,238	4,855,238
Earnings on endowment available for general use	3,978,191	3,033,633
	<u>8,833,429</u>	<u>7,888,871</u>
	<u>\$ 31,941,909</u>	<u>\$ 40,436,485</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time and by incurring expenses satisfying the following:

	2020	2019
Subject to expenditure for specified purposes		
Research	\$ 11,177,521	\$ 13,324,360
Public education	4,977,616	3,047,814
Public policy	948,623	986,240
Other	-	202,027
	<u>17,103,760</u>	<u>17,560,441</u>
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until after year-end	6,320,849	5,700,476
Earnings appropriated for expenditure	263,232	249,508
	<u>6,584,081</u>	<u>5,949,984</u>
	<u>\$ 23,687,841</u>	<u>\$ 23,510,425</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 9: Employee Benefit Plans

401(k) Plan

The Institute maintains a defined-contribution retirement plan established under Section 401(k) of the Internal Revenue Code that covers substantially all employees, each of whom must meet certain eligibility requirements as to age and length of service. For the years ended December 31, 2020 and 2019, the Institute's expense related to contributions to the 401(k) plan was \$1,256,834 and \$1,265,146, respectively.

Deferred Compensation Plan

In April 2004, the Institute established a deferred compensation plan under Section 457(b) of the Internal Revenue Code for certain eligible employees, defined by the Institute as its executive team. Under the terms of the 457(b) plan, eligible employees may contribute amounts through a salary-reduction agreement. The Institute does not contribute to this plan. As of December 31, 2020 and 2019, there were no balances in the plan.

Employee Postretirement Benefit Plan

The Institute currently offers eligible retirees the opportunity to participate in a medical plan. Substantially all employees may become eligible for these benefits provided that the employee was 65 years of age and has at least 10 consecutive full years of service prior to retirement. The following table sets forth the plan's unfunded status and amounts recognized in the statements of financial position at December 31:

	2020	2019
Accumulated postretirement benefit obligation	\$ (888,624)	\$ (733,408)
Plan assets at fair value	-	-
Funded status	<u>\$ (888,624)</u>	<u>\$ (733,408)</u>
Liabilities recognized in the statements of financial position	\$ 888,624	\$ 733,408
Net periodic postretirement benefit cost	82,345	71,571
Employer contributions and benefits paid	14,857	12,130
Amounts recognized in change in net assets not yet recognized as components of net periodic benefit cost consist of:		
Net loss (gain)	\$ (39,221)	\$ (144,577)
Prior service cost	<u>370,203</u>	<u>387,811</u>
	<u>\$ 330,982</u>	<u>\$ 243,234</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

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Other changes in benefit obligations recognized in change in net assets:

	2020	2019
Amounts arising during the period		
Net (gain) loss	\$ (2,650)	\$ (5,058)
Net prior services cost (credit)	17,608	17,608
Amounts reclassified as components of net periodic benefit cost of the period		
Net (gain) loss	102,686	141,957
Net prior services cost (credit)	-	-
Transition obligation	-	-

The estimated net loss, prior service cost for the defined benefit pension plans that will be amortized into net periodic benefit cost over the next fiscal year is \$(2,650) and \$17,608, respectively.

	2020	2019
Weighted average assumptions to determine benefit costs		
Discount rate	3.32%	4.27%
Expected return on plan assets	N/A	N/A
Health cost trend rate	2.25%	2.25%
Weighted average assumptions used to determine benefit obligations		
Discount rate	2.48%	3.32%
Rate of compensation increase	2.25%	2.25%

The weighted average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is 2.25 percent for 2020 and is based on the Consumer Price Index. The health care cost trend rate assumption has a significant effect on the amounts reported.

The Institute expects to contribute approximately \$17,000 to its postretirement health insurance plan in fiscal year 2021.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

2021	\$ 17,000
2022	21,000
2023	22,000
2024	24,000
2025	27,200
2026 through 2030	174,000

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 10: Contingencies

- A. Government-funded activities are subject to audit by the applicable granting agencies. As of December 31, 2020 and 2019, no such audits had been undertaken at the Institute, and management has no reason to believe that unaudited projects would result in any material obligations.
- B. The Institute may be party to possible claims which, in the opinion of management and legal counsel, will not have a material adverse impact on the financial position of the Institute.
- C. The Institute has a noncontributory, defined-benefit postretirement health plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near-term.
- D. The Institute invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 11: Concentrations

Financial instruments that potentially subject the Institute to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in financial institutions, the balances of which, from time-to-time, may exceed federal insurance limits. As of December 31, 2020 and 2019, cash balance held over the federal insurance limit of \$250,000 was approximately \$1.1 million and \$2 million, respectively.

Approximately 42 percent and 51 percent of the Institute's support came from four agencies and one agency for the years ended December 31, 2020 and 2019, respectively.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 12: Leases

Changes in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, i.e., the comparatives under ASC 840 option.

The Institute adopted Topic 842 on January 1, 2020 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Institute elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Institute has lease agreements with nonlease components that relate to the lease components. The Institute elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. The Institute elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The Institute did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2020.

The most significant impact of adoption was the recognition of operating lease ROU assets of \$7,652,449 and operating lease liabilities of \$8,161,197 at January 1, 2020, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. The standard did not significantly affect the statements of activities or cash flows.

Accounting Policies

The Institute determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Institute determines lease classification as operating or finance at the lease commencement date.

The Institute combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Institute has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

Guttmacher Institute, Inc.

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The lease term may include options to extend or to terminate the lease that the Institute is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Institute has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Institute entered into the following lease arrangements:

Operating Leases

The Institute leases various buildings under noncancelable operating leases. The leases terminate on various dates through June 1, 2030. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Quantitative Disclosures

The lease cost and other required information for the year ended December 31, 2020 are:

Operating lease cost	\$	1,436,522
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	963,898
Right-of-use assets obtained in exchange for new operating lease liabilities		-
Weighted-average remaining lease term		
Operating leases		8 years
Weighted-average discount rate		
Operating leases		1.83%

Rent expense for the year ended December 31, 2019 was \$989,807.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Future minimum lease payments and reconciliation to the combined statement of financial position at December 31, 2020, are as follows:

	Operating Leases
2021	\$ 1,016,924
2022	1,042,397
2023	1,018,225
2024	839,900
2025	869,510
Thereafter	3,140,613
Total future undiscounted lease payments	7,927,569
Less interest	589,626
Lease liabilities	\$ 7,337,943

Note 13: Endowment Funds

General

The Institute's endowment consists of a single donor-restricted endowment fund to be used for general operations. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Additionally, in accordance with the *New York Prudent Management of Institutional Funds Act* (NYPMIFA), the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Institute and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Institute
7. Investment policies of the Institute

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Interpretation of Relevant Law

The Board of Directors of the Institute has adopted NYPMIFA. NYPMIFA moves away from the “historic dollar value” standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Institute is governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of seven percent. As a result of this interpretation, the Institute classifies as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Return Objectives and Risk Parameters

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Institute must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce acceptable rates of return, with a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institute targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Institute has a policy for appropriating for distribution each year, depending on fiscal need, up to 5.5 percent of certain donor restricted endowments’ average fair value over the prior 12 quarters through the year-end preceding the year in which the distribution is planned. During 2020 and 2019, the Institute’s Board of Directors approved an appropriation of three percent of the average fair value of the funds for distribution.

Funds with Deficiencies

The Institute does not have any funds with deficiencies.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Endowment Net Asset Composition by Type of Fund

The composition of net assets by type of endowment fund at December 31, 2020 and 2019 was:

	2020	2019
	With Donor Restrictions	
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 4,855,238	\$ 4,855,238
Accumulated investment gains	<u>3,978,191</u>	<u>3,033,633</u>
 Total endowment funds	 <u>\$ 8,833,429</u>	 <u>\$ 7,888,871</u>

Change in endowment net assets for the years ended December 31, 2020 and 2019 was:

	2020	2019
	With Donor Restrictions	
Endowment net assets, beginning of year	\$ 7,888,871	\$ 6,487,915
Investment return, net	1,207,790	1,650,464
Amounts appropriated for expenditure	<u>(263,232)</u>	<u>(249,508)</u>
 Endowment net assets, end of year	 <u>\$ 8,833,429</u>	 <u>\$ 7,888,871</u>

Note 14: Board-Designated Reserves

	2020	2019
Board-designated net assets, beginning of the year	\$ 10,849,776	\$ 7,876,764
Investment income	1,531,068	1,867,779
Designated by the Board of Directors	<u>-</u>	<u>1,105,233</u>
 Board-designated net assets, end of the year	 <u>\$ 12,380,844</u>	 <u>\$ 10,849,776</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 15: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 and 2019, comprise the following:

	2020	2019
Financial assets		
Cash	\$ 1,584,364	\$ 2,067,841
Investments	46,949,657	39,621,431
Grants receivable	5,889,703	15,751,845
Less grant receivable due in over a year, net of discount	<u>-</u>	<u>(4,155,166)</u>
Net grant receivable	5,889,703	11,596,679
Other receivable	<u>656,082</u>	<u>115,944</u>
Total financial assets	55,079,806	53,401,895
Donor-imposed restrictions		
Restricted funds, net of long-term grants receivable	(17,507,204)	(27,586,869)
Endowments and accumulated investment gain	<u>(8,833,429)</u>	<u>(7,888,841)</u>
Net financial assets after donor-imposed restrictions	28,739,173	17,926,185
Internal designations		
Board-designated funds	<u>(12,380,844)</u>	<u>(10,849,776)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,358,329</u>	<u>\$ 7,076,409</u>

The Institute receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended December 31, 2020 and 2019, restricted contributions of \$17,507,204 and \$27,586,863, respectively, could be included in financial assets available to meet cash needs for general expenditures as the Institute expects to meet the donor restriction within one year.

The Institute's endowment funds consist of donor-restricted endowments of \$4,885,238, which is not available for general expenditure. Income from donor-restricted endowments is subject to an annual spending rate of three percent as described in *Note 13*.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

As of December 31, 2020 and 2019, the Institute's internal designations comprise of board-designated funds of \$12,380,844 and \$10,849,776, respectively, subject to prior approval by the Board can be redesignated for general operating use. The Institute does not intend to spend its board-designated fund (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation); however, these amounts could be made available if necessary.

The Institute manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Note 16: Subsequent Events

Subsequent events were evaluated through July 9, 2021, which is the date the financial statements were issued.