

Guttmacher Institute, Inc.

Independent Auditor's Reports and Financial Statements

December 31, 2021 and 2020

Guttmacher Institute, Inc.

December 31, 2021 and 2020

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Guttmacher Institute, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Guttmacher Institute Inc., as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Guttmacher Institute, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Guttmacher Institute Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Guttmacher Institute Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of Guttmacher Institute Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Guttmacher Institute Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Guttmacher Institute Inc.'s internal control over financial reporting and compliance.

FORVIS, LLP

New York, New York
June 24, 2022

Guttmacher Institute, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 7,770,089	\$ 1,584,364
Investments	43,170,890	46,949,657
Grants receivable, net of discount	10,566,327	5,889,703
Other receivable	54,435	656,082
Prepaid expenses and other assets	342,924	254,170
Security deposits	211,199	211,199
Right-of-use assets - operating leases	5,831,441	6,749,561
Fixed assets, net	8,958,370	9,484,084
Total assets	\$ 76,905,675	\$ 71,778,820
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,583,928	\$ 1,522,987
Postretirement benefits payable	772,139	888,624
Operating lease liabilities	6,445,800	7,337,943
Loans payable, net of unamortized debt issuance costs	7,856,990	11,382,378
Total liabilities	16,658,857	21,131,932
Net Assets		
Without donor restrictions		
Undesignated	8,634,345	5,179,129
Designated by the Board for reserves	13,116,571	12,380,844
Net investment in property and equipment, net of related debt	1,101,380	1,145,006
Total without donor restrictions	22,852,296	18,704,979
With donor restrictions		
Perpetual in nature	4,855,238	4,855,238
Time-restricted for future periods	10,519,699	9,579,467
Purpose restrictions	22,019,585	17,507,204
Total with donor restrictions	37,394,522	31,941,909
Total net assets	60,246,818	50,646,888
Total liabilities and net assets	\$ 76,905,675	\$ 71,778,820

Guttmacher Institute, Inc.
Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions	\$ 2,606,203	\$ -	\$ 2,606,203	\$ 3,242,954	\$ -	\$ 3,242,954
Grants and contracts from U.S. government agencies	920,633	-	920,633	724,517	-	724,517
Grants from U.S. private organizations	-	17,763,007	17,763,007	-	11,090,859	11,090,859
Grants from foreign governments and institutions	-	9,370,299	9,370,299	-	2,975,702	2,975,702
Publication income and other revenue	62,486	-	62,486	91,987	-	91,987
Net investment return (loss)	(8,334)	-	(8,334)	112,665	-	112,665
Net assets released from restriction	22,736,410	(22,736,410)	-	23,687,841	(23,687,841)	-
Total revenues, gains and other support	<u>26,317,398</u>	<u>4,396,896</u>	<u>30,714,294</u>	<u>27,859,964</u>	<u>(9,621,280)</u>	<u>18,238,684</u>
Expenses						
Program services						
Research	13,926,703	-	13,926,703	13,026,480	-	13,026,480
Public education	5,577,378	-	5,577,378	6,429,660	-	6,429,660
Public policy	2,105,339	-	2,105,339	2,426,413	-	2,426,413
Total program services	<u>21,609,420</u>	<u>-</u>	<u>21,609,420</u>	<u>21,882,553</u>	<u>-</u>	<u>21,882,553</u>
Supporting services						
Management and general	3,591,448	-	3,591,448	3,950,531	-	3,950,531
Fundraising	1,508,752	-	1,508,752	1,687,680	-	1,687,680
Total supporting services	<u>5,100,200</u>	<u>-</u>	<u>5,100,200</u>	<u>5,638,211</u>	<u>-</u>	<u>5,638,211</u>
Total expenses	<u>26,709,620</u>	<u>-</u>	<u>26,709,620</u>	<u>27,520,764</u>	<u>-</u>	<u>27,520,764</u>
Change in net assets before foreign exchange loss, postretirement benefit plan adjustment and investment income, nonoperating	(392,222)	4,396,896	4,004,674	339,200	(9,621,280)	(9,282,080)
Gain on forgiveness of PPP loan	3,043,300	-	3,043,300	-	-	-
Foreign exchange loss	-	(14,402)	(14,402)	-	(81,086)	(81,086)
Adjustment to minimum postretirement benefit liability	217,874	-	217,874	(87,025)	-	(87,025)
Net periodic benefit cost and postretirement benefit less service costs	(39,646)	-	(39,646)	(39,002)	-	(39,002)
Investment income, nonoperating	1,318,011	1,070,119	2,388,130	1,531,068	1,207,790	2,738,858
Change in Net Assets	4,147,317	5,452,613	9,599,930	1,744,241	(8,494,576)	(6,750,335)
Net Assets, Beginning of Year	<u>18,704,979</u>	<u>31,941,909</u>	<u>50,646,888</u>	<u>16,960,738</u>	<u>40,436,485</u>	<u>57,397,223</u>
Net Assets, End of Year	<u>\$ 22,852,296</u>	<u>\$ 37,394,522</u>	<u>\$ 60,246,818</u>	<u>\$ 18,704,979</u>	<u>\$ 31,941,909</u>	<u>\$ 50,646,888</u>

Guttmacher Institute, Inc.
Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021							
	Program Services				Supporting Services			
	Research	Public Education	Public Policy	Total	Management and General	Fundraising	Total	Total
Salaries	\$ 6,270,766	\$ 3,307,289	\$ 1,111,876	\$ 10,689,931	\$ 2,096,978	\$ 684,160	\$ 2,781,138	\$ 13,471,069
Payroll taxes and employee benefits	2,004,521	1,057,211	355,423	3,417,155	672,991	218,699	891,690	4,308,845
Total salaries and related expenses	8,275,287	4,364,500	1,467,299	14,107,086	2,769,969	902,859	3,672,828	17,779,914
Printing and artwork	1,800	27,410	-	29,210	-	8,804	8,804	38,014
Data processing	20,566	27,281	22,627	70,474	128,759	6,307	135,066	205,540
Professional fees	4,189,538	411,746	194,858	4,796,142	94,909	363,480	458,389	5,254,531
Occupancy and office costs (includes interest on long-term financing of \$171,330)	866,398	480,607	311,472	1,658,477	236,497	108,991	345,488	2,003,965
Information technology	99,137	52,784	7,461	159,382	89,451	16,961	106,412	265,794
Postage and shipping	8,848	970	-	9,818	6,679	24,861	31,540	41,358
Conferences, meetings and travel	38,536	18,531	8,020	65,087	63,750	3,497	67,247	132,334
Dues, subscriptions and publications	46,676	3,307	29,471	79,454	76,655	13,409	90,064	169,518
Miscellaneous	41,760	11,893	4,172	57,825	11,697	22,689	34,386	92,211
Total expenses before depreciation and amortization	13,588,546	5,399,029	2,045,380	21,032,955	3,478,366	1,471,858	4,950,224	25,983,179
Depreciation and amortization	338,157	178,349	59,959	576,465	113,082	36,894	149,976	726,441
Total expenses	<u>\$ 13,926,703</u>	<u>\$ 5,577,378</u>	<u>\$ 2,105,339</u>	<u>\$ 21,609,420</u>	<u>\$ 3,591,448</u>	<u>\$ 1,508,752</u>	<u>\$ 5,100,200</u>	<u>\$ 26,709,620</u>

Guttmacher Institute, Inc.
Statements of Functional Expenses (Continued)
Years Ended December 31, 2021 and 2020

	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 Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 9,599,930	\$ (6,750,335)
Items not requiring (providing) operating cash flows		
Depreciation and amortization	726,441	775,987
Amortization of debt issuance costs (included in interest expense)	11,545	188,611
Net realized and unrealized gains on investments	(1,953,556)	(2,470,240)
Foreign exchange (gain) loss	-	81,086
Changes in discount on long-term receivables	(2,139)	66,067
Forgiveness on PPP Loan	(3,043,300)	-
Changes in		
Grants receivable	(4,674,485)	9,714,989
Other receivables	601,647	(540,138)
Prepaid expenses and other assets	(88,754)	(57,731)
Accounts payable and accrued expenses	60,941	195,634
Postretirement benefits payable	(116,485)	155,216
Deferred rent payable	25,977	399,309
Other liabilities	-	(38,644)
Net cash provided by operating activities	1,147,762	1,719,811
Investing Activities		
Purchase of fixed assets	(200,727)	(410,416)
Proceeds from sales of investments	40,435,149	23,119,398
Purchases of investments	(34,702,826)	(27,977,384)
Net cash provided by (used in) investing activities	5,531,596	(5,268,402)
Financing Activities		
Proceeds from loans	-	11,593,300
Repayment of loans	(493,633)	(121,935)
Debt issuance costs	-	(101,251)
Principal payments on bonds	-	(8,305,000)
Net cash provided by (used in) financing activities	(493,633)	3,065,114
Net Change in Cash and Cash Equivalents	6,185,725	(483,477)
Cash and Cash Equivalents, Beginning of Year	1,584,364	2,067,841
Cash and Cash Equivalents, End of Year	\$ 7,770,089	\$ 1,584,364
Supplemental Cash Flows Information		
Interest paid	\$ 171,330	\$ 371,949

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020.

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, 2021 and 2020

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>i.e.</i> , 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, 2021 and 2020

The Institute elects to recognize in net assets without donor restrictions, conditional contributions and investment income with donor restrictions that are received and the restriction is met in the same period.

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

The Institute determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (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.

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.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

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 gain on forgiveness of Paycheck Protection Program (PPP) (created under the *CARES Act of 2020* and extended under the *2021 Consolidated Appropriations Act*) loan, 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.

Revisions

Certain immaterial revisions have been made to the 2021 financial statements to align the policy for conditional grants with donor restrictions received and spent in the same year with the presentation on the statement of activities. There was no impact to previously reported revenues or net assets released from restrictions on the statement of activities as a result of this correction.

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, 2021 have been recorded as receivables. The conditional amounts will be considered unconditional and recorded as grant revenues when the Institute incurs qualifying expenses. The following are the grant commitments that extend beyond December 31, 2021 from U.S. Governmental grants:

Grants	Term	Grant Amount	Earned or Forfeited Through 2021	Funding Available
Abortion statistics	09/01/2019 - 06/30/2022	\$ 2,079,152	\$ 1,932,551	\$ 146,601
Improving methods and measures of reproductive health outcomes	10/01/2018 - 05/31/2023	2,036,559	1,093,967	942,592
			<u>\$ 3,026,518</u>	<u>\$ 1,089,193</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

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

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, 2021 and 2020:

		2021				
		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	\$ 5,854,134	\$ 5,854,134	\$ -	\$ -	\$ -	-
Open-end mutual funds	5,709,581	5,709,581	-	-	-	-
Alternative mutual funds	1,700,431	1,700,431	-	-	-	-
Exchange traded funds	5,890,196	5,890,196	-	-	-	-
Corporate debt	6,640,432	-	6,640,432	-	-	-
U.S. Government securities	4,637,859	-	4,637,859	-	-	-
Total investments	30,432,633	<u>\$ 19,154,342</u>	<u>\$ 11,278,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Money market accounts	<u>12,738,257</u>					
Total investments	<u>\$ 43,170,890</u>					

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

	2020				
	Total	Fair Value Measurement Using			Investments Measured at NAV *
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets					
Investments					
Stock, common shares	\$ 4,120,746	\$ 4,120,746	\$ -	\$ -	\$ -
Stock, depository receipts	5,712,626	5,712,626	-	-	-
Open-end mutual funds	510,360	510,360	-	-	-
Alternative mutual 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 investments	\$ 46,949,657				

* 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.

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.

Alternative Investments

Investments in certain entities measured at fair value using NAV per share as a practical expedient. In 2021, the Institute sold its only investment classified as an alternative fund. In 2020, alternative investments consisted of the following:

	2020			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Period Notice
Alternative funds (A)	\$ 336,312	None	Daily	Daily
	\$ 336,312			

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

- (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.

Note 4: Grants Receivable

As of December 31, 2021 and 2020, grants receivable consisted of the following:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ -	\$ 9,909,098	\$ 9,909,098
Due in one to five years	-	662,457	662,457
Total	-	10,571,555	10,571,555
Less discount to present value	-	(5,228)	(5,228)
Net	<u>\$ -</u>	<u>\$ 10,566,327</u>	<u>\$ 10,566,327</u>

As of December 31, 2021, approximately 66 percent of grants receivables were due from three organizations.

	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>

As of December 31, 2020, approximately 77 percent of grants receivables were due from three organizations.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Note 5: Fixed Assets

Fixed assets at December 31, 2021 and 2020 consist of:

	<u>2021</u>	<u>2020</u>
Commercial condominium	\$ 11,966,673	\$ 11,966,673
Furniture and fixtures	1,769,962	1,759,168
Computer hardware and software	3,323,648	3,136,216
Leasehold improvements	<u>2,401,194</u>	<u>2,398,694</u>
Total cost	19,461,477	19,260,751
Less accumulated depreciation and amortization	<u>(10,503,107)</u>	<u>(9,776,667)</u>
Net book value	<u>\$ 8,958,370</u>	<u>\$ 9,484,084</u>

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 \$77,441 and \$88,987 as of December 31, 2021 and 2020, respectively.

Interest expense was \$171,330 and \$560,560 for the years ended December 31, 2021 and 2020, respectively, which includes amortization of debt issuance costs of \$11,545 and \$188,611, respectively.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 664,963
2023	664,963
2024	664,963
2025	664,963
2026	664,963
Thereafter	<u>4,609,616</u>
	7,934,431
Less unamortized debt issuance costs	<u>(77,441)</u>
	<u>\$ 7,856,990</u>

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 PPP. The Institute has elected to account for the funding as a loan in accordance with Accounting Standards Codification (ASC) Topic 470, *Debt*.

On August 31, 2021, the Institute received notice from the lender that the PPP loan was forgiven in its entirety and recognized the gain on forgiveness of PPP loan in the accompanying statement of activities.

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, 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, 2020 of \$698,694 converted from British Pounds to U.S. Dollars at a spot rate of \$1.2999. There are no foreign currency cash flow hedges at December 31, 2021.

Additionally, in 2021, the Institute did not enter into any new foreign currency exchange contracts. Losses as a result of the short-term foreign currency exchange contracts in 2021 and 2020 are reflected in the accompanying statements of activities in the amount of \$14,402 and \$81,086, respectively.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Note 8: Net Assets with Donor Restrictions

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

	2021	2020
Subject to expenditure for specified purposes		
Research	\$ 15,821,943	\$ 15,002,313
Public education	3,383,608	1,463,494
Public policy	2,707,034	1,041,397
Executive	107,000	-
	22,019,585	17,507,204
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	5,729,713	5,601,276
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	4,789,986	3,978,191
	9,645,224	8,833,429
	\$ 37,394,522	\$ 31,941,909

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:

	2021	2020
Subject to expenditure for specified purposes		
Research	\$ 11,258,881	\$ 11,177,521
Public education	2,006,473	4,977,616
Public policy	1,575,177	948,623
	14,840,531	17,103,760
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	7,637,555	6,320,849
Earnings appropriated for expenditure	258,324	263,232
	7,895,879	6,584,081
	\$ 22,736,410	\$ 23,687,841

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020, the Institute's expense related to contributions to the 401(k) plan was \$1,266,547 and \$1,256,834, 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, 2021 and 2020, 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:

	<u>2021</u>	<u>2020</u>
Accumulated postretirement benefit obligation	\$ (772,139)	\$ (888,624)
Plan assets at fair value	<u>-</u>	<u>-</u>
Funded status	<u>\$ (772,139)</u>	<u>\$ (888,624)</u>
Liabilities recognized in the statements of financial position	\$ 772,139	\$ 888,624
Net periodic postretirement benefit cost	101,389	82,345
Employer contributions and benefits paid	13,361	14,857
Amounts recognized in change in net assets not yet recognized as components of net periodic benefit cost consist of:		
Net loss (gain)	\$ (226,125)	\$ (39,221)
Prior service cost	<u>352,595</u>	<u>370,203</u>
	<u>\$ 126,470</u>	<u>\$ 330,982</u>

Guttmacher Institute, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

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

	2021	2020
Amounts arising during the period		
Net loss	\$ -	\$ (2,650)
Net prior services cost	17,608	17,608
Amounts reclassified as components of net periodic benefit cost of the period		
Net (gain) loss	(186,905)	102,686
Net prior services cost	-	-
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 in 2021 and 2020 is \$0 and \$(2,650), respectively.

Significant assumptions include:

	2021	2020
Weighted average assumptions to determine benefit costs		
Discount rate	2.48%	3.32%
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	2.83%	2.48%
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 2021 and 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's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Institute may determine to be appropriate from time to time. The Institute expects to contribute approximately \$16,000 to its postretirement health insurance plan in fiscal year 2022.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

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

2022	\$	16,000
2023		16,000
2024		16,000
2025		18,000
2026		22,000
2027 through 2031		144,000

Note 10: Contingencies

Government-funded activities are subject to audit by the applicable granting agencies. 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 for the years then ended December 31, 2021 and 2020.

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.

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, 2021, cash balance held over the federal insurance limit of \$250,000 was approximately \$6.9 million.

Approximately 35 percent of the Institute's support came from two funders for the year ended December 31, 2021, and 42 percent of the Institute's support came from four funders for the year ended December 31, 2020.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Note 12: Leases

Nature of Leases

The Institute leases space in 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, 2021 and 2020 are:

	<u>2021</u>	<u>2020</u>
Operating lease cost	\$ 1,086,541	\$ 1,436,522
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 1,016,924	\$ 963,898
Weighted-average remaining lease term		
Operating leases	7 years	8 years
Weighted-average discount rate		
Operating leases	1.84%	1.83%

Future minimum lease payments and reconciliation to the combined statement of financial position at December 31, 2021, are as follows:

	<u>Operating Leases</u>
2022	\$ 1,042,397
2023	1,018,225
2024	839,900
2025	869,510
2026	920,122
Thereafter	<u>2,220,491</u>
Total future undiscounted lease payments	6,910,645
Less interest	<u>(464,845)</u>
Lease liabilities	<u>\$ 6,445,800</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Note 13: Endowment Funds

General

The Institute maintains a donor restricted and board designated endowment. 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

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 7 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.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

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 2021 and 2020, the Institute's Board of Directors approved an appropriation of 3 percent of the average fair value of the funds for distribution.

Funds with Deficiencies

The Institute does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund

The composition of net assets by type of endowment fund at December 31, 2021 and 2020 was:

	<u>2021</u>	<u>2020</u>
	<u>With Donor Restrictions</u>	
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>4,789,986</u>	<u>3,978,191</u>
Total endowment funds	<u>\$ 9,645,224</u>	<u>\$ 8,833,429</u>

Change in endowment net assets for the years ended December 31, 2021 and 2020 was:

	<u>2021</u>	<u>2020</u>
	<u>With Donor Restrictions</u>	
Endowment net assets, beginning of year	\$ 8,833,429	\$ 7,888,871
Investment return, net	1,070,119	1,207,790
Amounts appropriated for expenditure	<u>(258,324)</u>	<u>(263,232)</u>
Endowment net assets, end of year	<u>\$ 9,645,224</u>	<u>\$ 8,833,429</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Note 14: Board-Designated Reserves

In 2021, the Board approved an appropriation of \$331,860 and \$250,424 to be released from the board-designated reserves to offset costs related to expenditures for a specified purpose.

	<u>2021</u>	<u>2020</u>
Board-designated net assets, beginning of the year	\$ 12,380,844	\$ 10,849,776
Investment income	1,318,011	1,531,068
Released by the Board of Directors	<u>(582,284)</u>	<u>-</u>
Board-designated net assets, end of the year	<u>\$ 13,116,571</u>	<u>\$ 12,380,844</u>

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, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 7,770,089	\$ 1,584,364
Investments	43,170,890	46,949,657
Grants receivable	<u>10,566,327</u>	<u>5,889,703</u>
Other receivable	<u>54,435</u>	<u>656,082</u>
Total financial assets	61,561,741	55,079,806
Donor-imposed restrictions		
Restricted funds	(22,019,585)	(17,507,204)
Endowments and accumulated investment gain	<u>(9,645,224)</u>	<u>(8,833,429)</u>
Net financial assets after donor-imposed restrictions	29,896,932	28,739,173
Internal designations		
Board-designated funds	<u>(13,116,571)</u>	<u>(12,380,844)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,780,361</u>	<u>\$ 16,358,329</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

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. As of December 31, 2021 and 2020, restricted contributions of \$22,019,585 and \$17,507,204, 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.

At December 31, 2021 the balance of the donor-restricted endowment is \$9,645,224, which is not available for general expenditure. Appropriations from donor-restricted endowments is subject to an annual spending rate of 3 percent as described in *Note 13*.

As of December 31, 2021 and 2020, the Institute's internal designations comprise of board-designated funds of \$13,116,571 and \$12,380,844, 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 June 24, 2022, which is the date the financial statements were available to be issued.

In February 2022, the Institute received a one-time \$15,000,000 gift without donor restrictions from an individual major philanthropist through The Chicago Community Foundation.

Supplementary Information

Guttmacher Institute, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services			
Research and Development Cluster			
Child Health and Human Development Extramural Research	93.865		\$ 920,650
Total Child Health and Human Development Extramural Research			<u>920,650</u>
Total Research and Development Cluster and U.S. Department of Health and Human Services			<u>920,650</u>
Total expenditures of federal awards			<u>\$ 920,650</u>

Guttmacher Institute, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Guttmacher Institute Inc. under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Guttmacher Institute Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Guttmacher Institute Inc..
2. Expenditures reported on the Schedule are reported on the *Government Auditing Standards* basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Guttmacher Institute Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. There were no payments made to subrecipients for federal awards received during the year ended December 31, 2021.
4. The Institute had no federal loan programs during the year ended December 31, 2021.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Guttmacher Institute, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Guttmacher Institute Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of Guttmacher Institute Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Guttmacher Institute Inc.'s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guttmacher Institute Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Guttmacher Institute Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Guttmacher Institute Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

New York, New York
June 24, 2022

Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Guttmacher Institute Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the major federal program for the year ended December 31, 2021. Guttmacher Institute Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Guttmacher Institute Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of Guttmacher Institute Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Guttmacher Institute Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Guttmacher Institute Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Guttmacher Institute Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Guttmacher Institute Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Guttmacher Institute Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Guttmacher Institute Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Guttmacher Institute Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FORVIS,LLP

New York, New York
June 24, 2022

Guttmacher Institute, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None reported
 Noncompliance material to the financial statements noted? Yes No

Federal Awards

3. Internal control over major federal awards programs:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None reported

4. Type of auditor’s report issued on compliance for major federal award program(s):

Unmodified Qualified Adverse Disclaimer

5. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

6. Identification of major federal program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
Research and Development Cluster	93.865

7. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

8. Auditee qualified as a low-risk auditee? Yes No

Guttmacher Institute, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2021

Section II – Financial Statement Findings

Reference Number	Finding	Status
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No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding	Status
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No matters are reportable.

Guttmacher Institute, Inc.
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2021

Reference Number	Finding	Status
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No matters are reportable.