

Guttmacher Institute, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2019 and 2018



Guttmacher Institute, Inc.
December 31, 2019 and 2018

Contents

Independent Auditor’s Report1

Financial Statements

 Statements of Financial Position 3

 Statements of Activities..... 4

 Statements of Functional Expenses 5

 Statements of Cash Flows 7

 Notes to Financial Statements 8

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, 2019 and 2018, 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, 2019 and 2018, 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.

BKD, LLP

New York, New York
July 1, 2020

Guttmacher Institute, Inc.
Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 2,067,841	\$ 3,516,345
Investments	39,621,431	33,562,706
Grants receivable	15,751,845	27,343,496
Other receivable	115,944	66,613
Prepaid expenses and other assets	196,439	167,168
Security deposits	211,199	211,199
Fixed assets, net	<u>9,849,655</u>	<u>10,384,364</u>
Total assets	<u>\$ 67,814,354</u>	<u>\$ 75,251,891</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,327,353	\$ 1,802,273
Postretirement benefits payable	733,408	544,560
Deferred rent payable	189,073	215,265
Other liabilities	38,644	177,258
New York City Industrial Development Agency bonds, net	<u>8,128,653</u>	<u>8,287,918</u>
Total liabilities	<u>10,417,131</u>	<u>11,027,274</u>
Net Assets		
Without donor restrictions		
Undesignated	4,389,960	4,485,133
Designated by the Board for reserves	10,849,776	7,876,764
Net investment in property and equipment, net of related debt	<u>1,721,002</u>	<u>2,096,446</u>
Total without donor restrictions	<u>16,960,738</u>	<u>14,458,343</u>
With donor restrictions		
Perpetual in nature	4,855,238	4,855,238
Time-restricted for future periods	7,994,384	9,648,763
Purpose restrictions	<u>27,586,863</u>	<u>35,262,273</u>
Total with donor restrictions	<u>40,436,485</u>	<u>49,766,274</u>
Total net assets	<u>57,397,223</u>	<u>64,224,617</u>
Total liabilities and net assets	<u>\$ 67,814,354</u>	<u>\$ 75,251,891</u>

Guttmacher Institute, Inc.
Statements of Activities
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions	\$ 3,929,565	\$ -	\$ 3,929,565	\$ 2,452,756	\$ -	\$ 2,452,756
Grants and contracts from U.S. government agencies	1,010,820	-	1,010,820	688,323	-	688,323
Grants from U.S. private organizations	-	11,707,372	11,707,372	-	5,856,276	5,856,276
Grants from foreign governments and institutions	-	764,214	764,214	-	911,723	911,723
Publication income and other revenue	274,600	-	274,600	82,346	-	82,346
Net investment return	319,748	-	319,748	159,571	-	159,571
Net assets released from restriction	23,510,425	(23,510,425)	-	24,497,673	(24,497,673)	-
Total revenues, gains and other support	29,045,158	(11,038,839)	18,006,319	27,880,669	(17,729,674)	10,150,995
Expenses						
Program services						
Research	14,602,616	-	14,602,616	14,845,688	-	14,845,688
Public education	5,779,148	-	5,779,148	5,495,489	-	5,495,489
Public policy	2,322,347	-	2,322,347	2,398,760	-	2,398,760
Total program services	22,704,111	-	22,704,111	22,739,937	-	22,739,937
Supporting services						
Management and general	3,842,067	-	3,842,067	4,326,592	-	4,326,592
Fundraising	1,696,285	-	1,696,285	1,530,665	-	1,530,665
Total supporting services	5,538,352	-	5,538,352	5,857,257	-	5,857,257
Total expenses	28,242,463	-	28,242,463	28,597,194	-	28,597,194
Change in net assets before foreign exchange loss, postretirement benefit plan adjustment and investment income (loss), nonoperating	802,695	(11,038,839)	(10,236,144)	(716,525)	(17,729,674)	(18,446,199)
Foreign exchange gain (loss)	-	58,586	58,586	-	(206,802)	(206,802)
Adjustment to minimum postretirement benefit liability	(128,730)	-	(128,730)	150,800	-	150,800
Net periodic benefit cost and postretirement benefit less service costs	(39,349)	-	(39,349)	(34,814)	-	(34,814)
Investment income (loss), nonoperating	1,867,779	1,650,464	3,518,243	(393,069)	(428,239)	(821,308)
Change in Net Assets	2,502,395	(9,329,789)	(6,827,394)	(993,608)	(18,364,715)	(19,358,323)
Net Assets, Beginning of Year	14,458,343	49,766,274	64,224,617	15,451,951	68,130,989	83,582,940
Net Assets, End of Year	\$ 16,960,738	\$ 40,436,485	\$ 57,397,223	\$ 14,458,343	\$ 49,766,274	\$ 64,224,617

Guttmacher Institute, Inc.
Statements of Functional Expenses
Years Ended December 31, 2019 and 2018

	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 reported by function on the statements of activities	<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 Functional Expenses (Continued)
Years Ended December 31, 2019 and 2018

	2018							
	Program Services				Supporting Services			
	Research	Public Education	Public Policy	Total	Management and General	Fundraising	Total	Total
Salaries	\$ 6,748,199	\$ 3,222,241	\$ 1,510,601	\$ 11,481,041	\$ 1,680,462	\$ 745,632	\$ 2,426,094	\$ 13,907,135
Payroll taxes and employee benefits	2,022,237	962,876	453,542	3,438,655	499,128	222,737	721,865	4,160,520
Total salaries and related expenses	8,770,436	4,185,117	1,964,143	14,919,696	2,179,590	968,369	3,147,959	18,067,655
Printing and artwork	15,752	79,415	217	95,384	1,520	34,255	35,775	131,159
Data processing	36,326	18,820	-	55,146	70,766	7,206	77,972	133,118
Professional fees	3,495,076	366,486	10,668	3,872,230	1,132,261	157,650	1,289,911	5,162,141
Occupancy and office costs (includes interest on bonds of \$509,450)	1,139,799	421,091	212,359	1,773,249	338,385	126,460	464,845	2,238,094
Information technology	120,427	45,485	21,309	187,221	40,261	11,610	51,871	239,092
Postage and shipping	15,873	7,081	23	22,977	5,940	19,425	25,365	48,342
Conferences, meetings and travel	770,444	203,943	91,116	1,065,503	342,626	110,604	453,230	1,518,733
Dues, subscriptions and publications	72,610	1,835	25,216	99,661	6,540	52,505	59,045	158,706
Miscellaneous	12,559	22,922	1,828	37,309	96,455	3,696	100,151	137,460
Total expenses before depreciation and amortization	14,449,302	5,352,195	2,326,879	22,128,376	4,214,344	1,491,780	5,706,124	27,834,500
Depreciation and amortization	413,307	151,352	75,676	640,335	116,424	40,749	157,173	797,508
Total expenses reported by function on the statements of activities	<u>\$ 14,862,609</u>	<u>\$ 5,503,547</u>	<u>\$ 2,402,555</u>	<u>\$ 22,768,711</u>	<u>\$ 4,330,768</u>	<u>\$ 1,532,529</u>	<u>\$ 5,863,297</u>	<u>\$ 28,632,008</u>

Guttmacher Institute, Inc.
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ (6,827,394)	\$ (19,358,323)
Items not requiring (providing) operating cash flows		
Depreciation and amortization	766,728	797,508
Amortization of debt issuance costs (included in interest expense)	125,735	16,225
Net realized and unrealized (gains) losses on investments	(3,204,543)	1,268,994
Foreign exchange (gain) loss	(58,586)	206,802
Changes in discount on long-term receivables	307,386	417,645
Changes in		
Grants receivable	11,342,851	20,307,878
Other receivables	(49,331)	(31,888)
Prepaid expenses and other assets	(29,271)	(39,103)
Security deposits	-	(54,180)
Accounts payable and accrued expenses	(474,920)	441,003
Postretirement benefits payable	188,848	(82,574)
Deferred rent payable	(26,192)	(19,107)
Other liabilities	<u>(138,614)</u>	<u>177,258</u>
Net cash provided by operating activities	<u>1,922,697</u>	<u>4,048,138</u>
Investing Activities		
Purchase of fixed assets	(232,019)	(347,123)
Proceeds from sales of investments	5,819,597	516,001
Purchases of investments	<u>(8,673,779)</u>	<u>(2,234,788)</u>
Net cash used in investing activities	<u>(3,086,201)</u>	<u>(2,065,910)</u>
Financing Activities		
Principal payments on bonds	<u>(285,000)</u>	<u>(270,000)</u>
Net cash used in financing activities	<u>(285,000)</u>	<u>(270,000)</u>
Net Change in Cash and Cash Equivalents	(1,448,504)	1,712,228
Cash and Cash Equivalents, Beginning of Year	<u>3,516,345</u>	<u>1,804,117</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,067,841</u></u>	<u><u>\$ 3,516,345</u></u>
Supplemental Cash Flows Information		
Interest paid	\$ 493,925	\$ 509,450

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

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.

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, 2019 and 2018

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, 2019 and 2018, 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. Depreciation and amortization is provided on the straight-line basis over the following estimated useful lives of the assets:

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, 2019 and 2018.

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, 2019 and 2018

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, 2019 and 2018

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.

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 (losses) 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.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized at the end of the year.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Revisions

Certain immaterial revisions have been made to the 2018 financial statements for disclosures of the employee post benefit plan. These revisions did not have a significant impact on the financial statement line items impacted.

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, 2019 have been recorded as receivables. The following are the grant commitments that extend beyond December 31, 2019 from U.S. Governmental grants:

Grants	Term	Grant Amount	Earned Through 2019	Funding Available
Abortion Underreporting	9/1/2019 - 6/30/2021	\$ 1,649,177	\$ 1,304,387	\$ 344,790
Improving Methods and Measures of Reproductive Health Outcomes	10/1/2018 - 5/31/2023	1,029,213	<u>677,103</u>	352,110
			<u>\$ 1,981,490</u>	

Note 3: Change in Accounting Principle

In 2019, the Institute adopted the new accounting guidance Accounting Standards Update (ASU) 2017-07, *Compensation – Retirement Benefits* (Topic 715): *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. Upon adoption, the service cost component of net periodic pension cost and net periodic postretirement benefit cost is presented in the same financial statement line as other employee compensation costs. The other components of net periodic pension and net periodic postretirement benefit costs are required to be presented in the statements of activities separately from the service cost component and outside the entity's performance measurement.

These changes had no impact on previously reported total change in net assets.

Note 4: 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

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

- 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, 2019 and 2018:

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	\$ -	\$ -	\$ -
Open-end mutual funds	5,894,357	5,894,357	-	-	-
Alternative mutual funds	516,036	516,036	-	-	-
Exchange traded 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	\$ -	\$ -

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

		2018			
		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		Total			
Investments					
Stock, common shares	\$ 1,317,733	\$ 1,317,733	\$ -	\$ -	\$ -
Stock, depository receipts	1,577,668	1,577,668	-	-	-
Open-end mutual funds	6,107,077	6,107,077	-	-	-
Alternative mutual funds	528,502	528,502	-	-	-
Exchange traded funds	4,172,514	4,172,514	-	-	-
Real estate investment trusts	47,134	47,134	-	-	-
Corporate debt	5,401,243	-	5,401,243	-	-
U.S. Government securities	2,433,947	-	2,433,947	-	-
Alternative investments	1,160,016	-	-	-	1,160,016
Total investments	22,745,834	<u>\$ 13,750,628</u>	<u>\$ 7,835,190</u>	<u>\$ -</u>	<u>\$ 1,160,016</u>
Money market accounts	10,816,872				
Total assets	<u>\$ 33,562,706</u>				

* 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.

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.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Alternative Investments

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

2019				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Period Notice
Alternative funds (A)	\$ 312,599	None	Daily	Daily
	<u>\$ 312,599</u>			
2018				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Period Notice
Alternative funds (A)	\$ 287,345	None	Daily	Daily
Equity funds (B)	<u>872,671</u>	None	Monthly	15 days
	<u>\$ 1,160,016</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.
- (B) Iridian Private Business Value Equity Funds, L.P.: The limited partnership seeks to provide long-term capital appreciation by investing primarily in U.S. companies in the medium market capitalization segment. These companies generally have a capitalization at the time of purchase of \$1-10 billion.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Note 5: Grants Receivable

Grants receivable consisted of the following:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 500,000	\$ 11,058,035	\$ 11,558,035
Due in one to five years	-	4,221,233	4,221,233
Total	500,000	15,279,268	15,779,268
Less discount to present value	-	(66,067)	(66,067)
Net	<u>\$ 500,000</u>	<u>\$ 15,213,201</u>	<u>\$ 15,713,201</u>

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 3,280,469	\$ 13,137,438	\$ 16,417,907
Due in one to five years	-	11,299,042	11,299,042
Total	3,280,469	24,436,480	27,716,949
Less discount to present value	-	(373,453)	(373,453)
Net	<u>\$ 3,280,469</u>	<u>\$ 24,063,027</u>	<u>\$ 27,343,496</u>

Discount rates ranged from 1.59 percent to 2.46 percent for 2019 and 2018, respectively.

As of December 2019 and 2018, grants receivable due from three organizations was approximately 90 percent and 96 percent, respectively.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Note 6: Fixed Assets

Fixed assets at December 31, 2019 and 2018 consist of:

	<u>2019</u>	<u>2018</u>
Commercial condominium	\$ 11,966,673	\$ 11,966,673
Furniture and fixtures	1,759,168	1,749,861
Computer hardware and software	2,910,177	2,755,497
Leasehold improvements	<u>2,390,664</u>	<u>2,329,975</u>
Total cost	19,026,682	18,802,006
Less accumulated depreciation and amortization	<u>(9,177,027)</u>	<u>(8,417,642)</u>
Net book value	<u>\$ 9,849,655</u>	<u>\$ 10,384,364</u>

Note 7: 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 has an original face amount of \$9,115,000, bears interest at rate 5.75 percent and matures December 1, 2036. The bonds are collateralized by the purchased property.

Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 300,000
2021	320,000
2022	335,000
2023	355,000
2024	375,000
Thereafter	<u>6,620,000</u>
	8,305,000
Less unamortized debt issuance costs	<u>(176,347)</u>
	<u>\$ 8,128,653</u>

The unamortized debt issuance cost was \$176,347 and \$302,084 as of December 31, 2019 and 2018, 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 6 percent in 2019 and 2018.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

In connection with the issuance of the bonds, the Institute transferred leasehold title to its property to IDA.

IDA has leased the property back to the Institute for a term concurrent with the bond repayment schedule. At the conclusion of the lease term, the Institute has the option to purchase IDA's leasehold interest in the property for \$1.

The bonds are the obligation of IDA. The Institute has the obligation under the lease agreement to make payments equal to the amounts payable as principal and interest on the outstanding bonds.

Interest expense was \$659,455 and \$525,675 for the years ended December 31, 2019 and 2018, respectively, which includes amortization of debt issuance costs of \$125,735 and \$16,225, respectively.

The loan agreements contain various covenants, which among other things, place restrictions on the Institute's ability to incur additional indebtedness.

Note 8: 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 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. As of December 31, 2019, \$549,275 of its receivables will convert from British Pounds to U.S. Dollars at a spot rate of \$1.2982 during the window of January 27, 2020 through February 28, 2020. In addition, \$698,694 of its receivables will convert from British Pounds to U.S. Dollars at a spot rate of \$1.2999 during the window of April 27, 2020 through June 1, 2020. The Institute also entered into other short-term foreign currency exchange contracts which are reflected in the gain (loss) activity below.

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

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Note 9: Net Assets with Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purposes		
Research	\$ 20,992,381	\$ 30,741,286
Public education	5,623,512	2,569,750
Public policy	970,970	1,824,210
Other	<u>-</u>	<u>127,027</u>
	<u>27,586,863</u>	<u>35,262,273</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	<u>4,960,751</u>	<u>8,016,086</u>
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	<u>3,033,633</u>	<u>1,632,677</u>
	<u>7,888,871</u>	<u>6,487,915</u>
	<u>\$ 40,436,485</u>	<u>\$ 49,766,274</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:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purposes		
Research	\$ 13,324,360	\$ 14,652,577
Public education	3,047,814	3,221,981
Public policy	986,240	1,156,566
Other	<u>202,027</u>	<u>42,973</u>
	<u>17,560,441</u>	<u>19,074,097</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	5,700,476	5,187,893
Earnings appropriated for expenditure	<u>249,508</u>	<u>235,683</u>
	<u>5,949,984</u>	<u>5,423,576</u>
	<u>\$ 23,510,425</u>	<u>\$ 24,497,673</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Note 10: 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, 2019 and 2018, the Institute's expense related to contributions to the 401(k) plan was \$1,265,146 and \$1,268,741, 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, 2019 and 2018, 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:

	2019	2018
Accumulated postretirement benefit obligation	\$ (733,408)	\$ (544,560)
Plan assets at fair value	<u>-</u>	<u>-</u>
Funded status	<u>\$ (733,408)</u>	<u>\$ (544,560)</u>
Liabilities recognized in the statements of financial position	\$ 733,408	\$ 544,560
Net periodic postretirement benefit cost	71,571	76,024
Employer contributions and benefits paid	12,130	5,882
Amounts recognized in change in net assets not yet recognized as components of net periodic benefit cost consist of:		
Net loss (gain)	\$ (144,577)	\$ (291,572)
Prior service cost	<u>387,811</u>	<u>405,420</u>
	<u>\$ 243,234</u>	<u>\$ 113,848</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

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

	2019	2018
Amounts arising during the period		
Net (gain)loss	\$ (5,058)	\$ (4,280)
Net prior services cost(credit)	17,608	17,608
Amounts reclassified as components of net periodic benefit cost of the period		
Net (gain)loss	141,957	(139,387)
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 \$(3,000) and \$17,608, respectively.

	2019	2018
Weighted average assumptions to determine benefit costs		
Discount rate	4.27%	3.58%
Expected return on plan assets	N/A	N/A
Health cost trend rate	2.25%	2.50%
Weighted average assumptions used to determine benefit obligations		
Discount rate	3.32%	4.27%
Rate of compensation increase	2.25%	2.50%

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 2019 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 \$11,000 to its postretirement health insurance plan in fiscal year 2020.

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

2020	\$ 11,000
2021	15,000
2022	18,000
2023	20,000
2024	22,000
2025 through 2029	155,000

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Note 11: Commitments and Contingencies

- A. The Institute leases office space in New York and for its regional office in Washington DC. The Institute is obligated under noncancelable operating lease agreements expiring 2024 and 2030.

Future minimum lease payments are as follows:

2020	\$	985,140
2021		1,035,493
2022		1,060,966
2023		1,036,795
2024		858,461
Thereafter		<u>4,117,558</u>
	\$	<u>9,094,413</u>

Rent expense for the years ended December 31, 2019 and 2018 was \$989,807 and \$876,399, respectively. The deferred rent liability was \$189,073 and \$215,265 for the years ended December 31, 2019 and 2018, respectively.

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2020, and any interim periods within annual reporting periods that begin after December 15, 2021. The Institute is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.

- B. Government-funded activities are subject to audit by the applicable granting agencies. As of December 31, 2019 and 2018, 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.
- C. 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 organization.
- D. 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.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

- E. 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 12: 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, 2019 and 2018, cash balance held over the federal insurance limit of \$250,000 was approximately \$2 million and \$3.2 million, respectively.

Approximately 51 percent and 53 percent of the Institute's support came from one agency for the years ended December 31, 2019 and 2018, respectively.

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 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, 2019 and 2018

Interpretation of Relevant Law

The Board of Directors of the Institute has adopted the *New York Prudent Management of Institutional Funds Act* (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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 2019 and 2018, 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.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Endowment Net Asset Composition by Type of Fund

The composition of net assets by type of endowment fund at December 31, 2019 and 2018 was:

	<u>2019</u>	<u>2018</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>3,033,633</u>	<u>1,632,677</u>
Total endowment funds	<u>\$ 7,888,871</u>	<u>\$ 6,487,915</u>

Change in endowment net assets for the years ended December 31, 2019 and 2018 was:

	<u>2019</u>	<u>2018</u>
	<u>With Donor Restrictions</u>	
Endowment net assets, beginning of year	\$ 6,487,915	\$ 7,151,837
Investment return, net	1,650,464	(428,239)
Amounts appropriated for expenditure	<u>(249,508)</u>	<u>(235,683)</u>
Endowment net assets, end of year	<u>\$ 7,888,871</u>	<u>\$ 6,487,915</u>

Note 14: Board-Designated Reserves

	<u>2019</u>	<u>2018</u>
Board-designated reserves, beginning of year	\$ 7,876,764	\$ 8,269,833
Investment return, net	1,867,779	(393,069)
Designated by the Board of Directors	<u>1,105,233</u>	<u>-</u>
Board-designated reserves, end of year	<u>\$ 10,849,776</u>	<u>\$ 7,876,764</u>

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018, comprise the following:

	2019	2018
Financial assets		
Cash	\$ 2,067,841	\$ 3,516,345
Investments	39,621,431	33,562,706
Grants receivable	15,751,845	27,343,496
Less grant receivable due in over a year, net of discount	<u>(4,155,166)</u>	<u>(10,925,589)</u>
Net grant receivable	11,596,679	16,417,907
Other receivable	<u>115,944</u>	<u>66,613</u>
Total financial assets	53,401,895	53,563,571
Donor-imposed restrictions		
Restricted funds, net of long-term grants receivable	(27,586,863)	(32,352,770)
Endowments and accumulated investment gain	<u>(7,888,871)</u>	<u>(6,487,915)</u>
Net financial assets after donor-imposed restrictions	17,926,161	14,722,886
Internal designations		
Board-designated funds	<u>(10,849,776)</u>	<u>(7,876,764)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,076,385</u>	<u>\$ 6,846,122</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, 2019 and 2018, restricted contributions of \$27,586,863 and \$32,352,770, 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 3 percent as described in *Note 13*.

As of December 31, 2019 and 2018, the Institute's internal designations comprise of board-designated funds of \$10,849,776 and \$7,876,764, 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.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

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: Foreign Exchange Gain/Loss and Foreign Currency Cash Flow Hedge

In April 2016, the Institute received a four-year, £8,659,611 grant extension from the UK Department for International Development to conduct research on sexual and reproductive health needs and services in developing regions. At the time the grant was awarded, the exchange rate for the British pound to U.S. dollar was over \$1.40 and the total value of the award was approximately \$12,500,000. However, the value of the pound declined significantly, to around \$1.20, following the June 2016 referendum that triggered the process of the UK leaving the European Union. As of December 31, 2018, the Institute had a receivable of approximately £2.95 million which was valued at \$1.27 (exchange rate prevailing as of December 31, 2018) resulting in an unrealized foreign exchange loss of approximately \$205,000 for the year ended December 31, 2018. As of December 31, 2019, the Institute had a receivable of approximately £1,247,969 million which was valued at \$1,581,314 (exchange rate prevailing as of December 31, 2019) resulting in an unrealized foreign exchange gain of approximately \$58,586 for the year ended December 31, 2019.

As a strategy to maintain acceptable levels of exposure to the risk of changes in foreign currency exchange rates, in 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. As of December 31, 2019, \$549,275 of its receivables will convert from British Pounds to U.S. Dollars at a spot rate of \$1.2982 during the window of January 27, 2020 through February 28, 2020. In addition, \$698,694 of its receivables will convert from British Pounds to U.S. Dollars at a spot rate of \$1.2999 during the window of April 27, 2020 through June 1, 2020.

Note 17: Subsequent Events

Subsequent events were evaluated through July 1, 2020, which is the date the financial statements were issued.

There has been significant volatility in the investment markets both nationally and globally since December 31, 2019, resulting in an overall market decline in certain market segments which has resulted in a substantial decline in the value of the Institute's investment portfolio.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Institute. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Guttmacher Institute, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* was signed into law. On May 6, 2020, the Institute received a loan of approximately \$3,043,000 pursuant to the Paycheck Protection Program. The loan is due two years from the date of the first disbursement under the loan and has a fixed rate of 1 percent per year. A portion or all of the loan may be forgiven if the funds are spent in compliance with the government's granting provisions; however, as of the date of this report any amount of forgiveness is unable to be determined.