FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the National Abortion Federation (NAF), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

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

August 30, 2021
# National Abortion Federation

## Statement of Financial Position

**As of December 31, 2020**

### Assets

#### Current Assets
- Cash and cash equivalents
  - $4,311,954
- Investments
  - $3,540,310
- Accounts and dues receivable
  - $20,401
- Due from related parties
  - $2,151,673
- Prepaid expenses
  - $95,382

  **Total current assets**
  - $10,119,720

#### Fixed Assets
- Furniture, fixtures and equipment
  - $309,605
- Leasehold improvements
  - $401,943

  **Less:**
  - Accumulated depreciation and amortization
    - $(386,478)

  **Net fixed assets**
  - $325,070

#### Other Non-Current Assets
- Deferred compensation investments
  - $170,441

  **Total assets**
  - $10,615,231

### Liabilities and Net Assets

#### Current Liabilities
- Accounts payable and accrued expenses
  - $451,477
- Deferred rent, current portion
  - $23,401
- Deferred improvement allowance, current portion
  - $43,145

  **Total current liabilities**
  - $518,023

#### Long-Term Liabilities
- Deferred compensation
  - $170,441
- Deferred rent, net of current portion
  - $306,018
- Deferred improvement allowance, net of current portion
  - $237,299

  **Total long-term liabilities**
  - $713,758

  **Total liabilities**
  - $1,231,781

#### Net Assets
- Without donor restrictions
  - $3,714,522
- With donor restrictions
  - $5,668,928

  **Total net assets**
  - $9,383,450

  **Total liabilities and net assets**
  - $10,615,231

See accompanying notes to financial statements.
## NATIONAL ABORTION FEDERATION
### STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
#### FOR THE YEAR ENDED DECEMBER 31, 2020

### REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and contributions</td>
<td>$2,785,424</td>
<td>$6,448,831</td>
<td>$9,234,255</td>
</tr>
<tr>
<td>Interest and investment income, net</td>
<td>6,179</td>
<td>29,840</td>
<td>36,019</td>
</tr>
<tr>
<td>Membership dues</td>
<td>217,812</td>
<td>217,812</td>
<td></td>
</tr>
<tr>
<td>Group purchasing fees</td>
<td>64,900</td>
<td>64,900</td>
<td></td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>1,530,870</td>
<td>1,530,870</td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>62,263</td>
<td>62,263</td>
<td></td>
</tr>
<tr>
<td>Net assets released from donor restrictions</td>
<td>3,985,563</td>
<td>(3,985,563)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>8,653,011</strong></td>
<td><strong>2,493,108</strong></td>
<td><strong>11,146,119</strong></td>
</tr>
</tbody>
</table>

### EXPENSES

#### Program Services:
- Membership Services: 2,767,781
- Training and Professional Education: 844,285
- Public Affairs, Government Relations and Legal: 2,056,232
- Clinic Security and Law Enforcement Education: 454,883
- Access Initiative: 65,940
- Canadian Program: 31,513

| Total program services                             | 6,220,634                 |         | 6,220,634 |

#### Supporting Services:
- Management and General: 1,040,193
- Fundraising: 197,007

| Total supporting services                          | 1,237,200                 |         | 1,237,200 |
| Total expenses                                     | 7,457,834                 |         | 7,457,834 |

Change in net assets: 1,195,177
Net assets at beginning of year: 2,519,345

### NET ASSETS AT END OF YEAR

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,714,522</td>
<td>$5,668,928</td>
<td>$9,383,450</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## NATIONAL ABORTION FEDERATION

### STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

<table>
<thead>
<tr>
<th>Services</th>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Membership Services</strong></td>
<td>$2,767,761</td>
<td>$844,285</td>
</tr>
<tr>
<td><strong>Training and Professional Education</strong></td>
<td>$2,056,232</td>
<td>$454,883</td>
</tr>
<tr>
<td><strong>Public Affairs, Government Relations and Legal</strong></td>
<td>$65,940</td>
<td>$31,513</td>
</tr>
<tr>
<td><strong>Clinic Security and Law Enforcement Education</strong></td>
<td>$6,220,634</td>
<td>$1,040,193</td>
</tr>
<tr>
<td><strong>Access Initiative</strong></td>
<td>$2,215,650</td>
<td>$47,403</td>
</tr>
<tr>
<td><strong>Canadian Program</strong></td>
<td>$632,068</td>
<td>$794,715</td>
</tr>
<tr>
<td><strong>Management and General Fundraising</strong></td>
<td>$132,983</td>
<td>$548,352</td>
</tr>
<tr>
<td><strong>Total Program Services</strong></td>
<td>$2,895,121</td>
<td>$1,593,692</td>
</tr>
</tbody>
</table>

**Salaries**  
Total Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$1,395,587</td>
<td>$218,706</td>
</tr>
<tr>
<td>Legal</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consultants</td>
<td>399,432</td>
<td>256,397</td>
</tr>
<tr>
<td>Benefits</td>
<td>269,840</td>
<td>38,814</td>
</tr>
<tr>
<td>Rent</td>
<td>205,231</td>
<td>14,483</td>
</tr>
<tr>
<td>Management and General Fundraising</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,767,761</td>
<td>$844,285</td>
</tr>
</tbody>
</table>

### Notes

See accompanying notes to financial statements.
NATIONAL ABORTION FEDERATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets $ 3,688,285

Adjustments to reconcile change in net assets to
net cash provided by operating activities:

Depreciation and amortization 82,565
Unrealized gain (24,653)

Decrease (increase) in:
Accounts and dues receivable 40,315
Grants receivable 435,000
Due from related parties (637,461)
Prepaid expenses 63,982
Other asset 5,000

Increase (decrease) in:
Accounts payable and accrued expenses 125,343
Deferred rent (12,760)
Deferred improvement allowance (43,145)

Net cash provided by operating activities 3,722,471

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments (5,187)
Receipt of donated securities (5,152,726)
Proceeds from sale of securities 3,496,487

Net cash used by investing activities (1,661,426)

Net increase in cash and cash equivalents 2,061,045
Cash and cash equivalents at beginning of year 2,250,909

CASH AND CASH EQUIVALENTS AT END OF YEAR $ 4,311,954

SUPPLEMENTAL INFORMATION:

Donated Securities $ 5,152,726

See accompanying notes to financial statements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

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

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions".

- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

NAF considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding funds held in money market accounts within the investment portfolio totaling $2,554,863 as of December 31, 2020. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. At times during the year, NAF maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Accounts and dues receivable -

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

Investments -

Investments are recorded at their readily determinable fair value. Interest income, realized and unrealized gains and losses is included in Interest and investment income on the accompanying Statement of Activities and Change in Net Assets.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Fixed assets -

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

Deferred rent -

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

Revenue recognition -

The majority of NAF’s activities are supported by grants and contributions. These awards are for various activities performed by NAF. Grants and contributions are recognized in the appropriate category of net assets in the period received. NAF performs an analysis of the individual grant or contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.

For contributions and grants and contracts qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions and grants and contracts qualifying as contributions that are unconditional that have donor restrictions are recognized as “without donor restrictions” only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions or grants qualifying as conditional contributions contain a right of return from obligation provision that limits NAF on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, NAF had no unrecognized conditional awards as of December 31, 2020.

Grants and contracts classified as exchange transactions follow ASU 2014-09, Revenue from Contracts With Customers and are recorded as revenue at a point in time when the performance obligations are met. NAF has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost.

The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant or contract agreements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Revenue recognition (continued) -

Grants and contracts receivable represents amounts due from funding organizations for
reimbursable expenses incurred in accordance with the grant and contract agreements.
Funding received in advance of incurring the related expenses is recorded as deferred revenue.

Membership dues includes general member benefits that are a series of distinct obligations.
The revenue is recognized ratably over the membership period. There are several benefits
received that are individual distinct obligations such as discounted rates to conferences and
meetings; however, they are immaterial in nature to the contract and thus are included with the
general member benefits.

Revenue received for meetings is recorded as revenue when the related event has occurred.
The transaction price is determined based on cost and/or sales price. Revenue received in
advance for conference and meetings are recorded as deferred revenue within the Statement of
Financial Position.

Donated securities -

Investments acquired by gift (donated securities) are recorded at their fair value at the date of
the gift. The organization’s policy is to liquidate the gifts at an appropriate time deemed by
management.

Income taxes -

NAF is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.
Accordingly, no provision for income taxes has been made in the accompanying financial
statements. NAF is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2020, NAF has documented its consideration of FASB ASC
740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and
has determined that no material uncertain tax positions qualify for either recognition or
disclosure in the financial statements.

Compensated absences -

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

Risks and uncertainties -

NAF invests in various investment securities. Investment securities are exposed to various risks
such as interest rates, 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 financial statements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Fair value measurement -

NAF applies the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. NAF accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Functional allocation of expenses -

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

Use of estimates -

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

In-kind contributions -

NAF recognizes revenue and expenses from donated materials and donated legal services received. The amount reported is based on the estimated fair value of materials or professional attorney services rendered. The amount of pro bono services or donated materials recorded as in-kind contributions and expense was $1,530,870 for the year ended December 31, 2020, and benefit the Public Affairs, Government Relations and Legal Program.

Most of the pro bono services were to represent NAF as the plaintiff in complex civil litigation regarding the material breach of contracts and non-disclosure agreements. NAF's lawsuit has resulted in a temporary restraining order and a preliminary injunction, both entered in NAF's favor, and an admission of fraudulent activity by the defendants. NAF will continue to pursue this litigation in 2021.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact NAF's operations. The overall potential impact is unknown at this time.

New accounting pronouncement not yet adopted -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncement not yet adopted (continued) -

During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

NAF plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

Investments consisted of the following at December 31, 2020:

<table>
<thead>
<tr>
<th>Fair Value</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$2,554,863</td>
</tr>
<tr>
<td>Equities</td>
<td>$985,448</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENTS</strong></td>
<td><strong>$3,540,311</strong></td>
</tr>
</tbody>
</table>

Included in investment income is the following:

| Interest and dividends, net | $11,366 |
| Unrealized gain             | $24,653 |
| **TOTAL INVESTMENT INCOME, NET** | **$36,019** |

3. RELATED PARTY TRANSACTIONS

NAF has the following related parties:

NAF Canada -

In 2007, the National Abortion Federation Canada (NAF Canada) was incorporated as a Canadian non-profit corporation. Until October 2014, three of the members of the Board of Directors of NAF served on NAF Canada's Board of Directors.

Starting in October 2014, the two Boards share only one member. NAF's President and CEO serves as the President and CEO of both organizations. NAF Canada was incorporated to promote reproductive health among Canadian women. NAF Canada received charitable status in January 2009. NAF Canada is not included in the accompanying financial statements because it is not controlled by NAF.

During 2020, NAF Canada collected 403b contributions on behalf of NAF. For the year ended December 31, 2020 the net balance due from NAF Canada totaled $53,479.
3. RELATED PARTY TRANSACTIONS (Continued)

NAF Hotline Fund -

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

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

During 2020, NAF incurred expenses of $1,473,024 for program activities of HLF. For the year ended December 31, 2020, HLF owed NAF $2,292,979.

During 2020, NAF collected contributions and refunded pledges on behalf of HLF. For the year ended December 31, 2020, the balance due to HLF totaled $194,785. The net due from HLF totaled $2,098,194.

4. LEASE COMMITMENTS

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

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as deferred rent liability in the Statement of Financial Position. The deferred rent liability as of December 31, 2020 was $329,419.

Future minimum rental payments under this lease are as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$ 722,999</td>
</tr>
<tr>
<td>2022</td>
<td>744,813</td>
</tr>
<tr>
<td>2023</td>
<td>763,433</td>
</tr>
<tr>
<td>2024</td>
<td>782,519</td>
</tr>
<tr>
<td>2025</td>
<td>802,082</td>
</tr>
<tr>
<td>Thereafter</td>
<td>1,238,276</td>
</tr>
<tr>
<td></td>
<td><strong>$ 5,054,122</strong></td>
</tr>
</tbody>
</table>
4. LEASE COMMITMENTS (Continued)

Total rent expense at December 31, 2020, including amounts allocated to HLF, was $611,253. Rent expense allocated to NAF totaled $304,530 for the year ended December 31, 2020.

5. RETIREMENT PLAN

NAF maintains a defined contributory, tax-deferred annuity plan. Participation in this plan is optional for all employees. After one year of employment, NAF will contribute four to seven percent of the employee's salary, depending on the length of service of each employee. During 2020, NAF contributed $126,281 to the Plan.

The Board of Directors authorized the creation of a deferred compensation plan under Section 457 of the Internal Revenue Code for certain senior level employees. The corresponding asset and liability are reflected in the accompanying Statement of Financial Position. The investments consisted primarily of mutual funds. During 2020, NAF did not contribute to the Plan. During 2020, withdrawals from the Plan totaled $240,000. The balance as of December 31, 2020 was $170,441.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

Purpose Restricted:
- Membership Services $ 2,342,214
- Training and Professional Education 2,176,905
- Clinic Security and Law Enforcement Education 35,000
- Access Initiative 77,277

Time Restricted:
- General Support 1,037,532

NET ASSETS WITH DONOR RESTRICTIONS $ 5,668,928

7. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors at December 31, 2020:

Purpose Restricted:
- Training and Professional Education $ 487,267
- Membership Services 1,949,852
- Clinic Security and Law Enforcement Education 128,795

Time Restricted:
- Passage of Time 1,377,944

NET ASSETS RELEASED FROM RESTRICTIONS $ 3,943,858
8. LIQUIDITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following at December 31, 2020:

<table>
<thead>
<tr>
<th>Financial Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$4,311,954</td>
</tr>
<tr>
<td>Accounts and dues receivable</td>
<td>$20,401</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>$2,151,673</td>
</tr>
</tbody>
</table>

Subtotal financial assets available within one year: $6,484,028
Less: Donor restricted funds: $(4,627,601)

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR: $1,856,427

NAF has a policy to structure its financial assets to be available and liquid as its obligations become due.

9. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, Fair Value Measurement, NAF has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

- **Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market NAF has the ability to access.

- **Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

- **Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

- **Equities** - Valued at the closing price reported on the active market in which the individual securities are traded.

- **Mutual funds** - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
9. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, NAF's investments as of December 31, 2020:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$ 2,554,863</td>
<td></td>
<td>$</td>
<td>$ 2,554,863</td>
</tr>
<tr>
<td>Equities</td>
<td>985,448</td>
<td></td>
<td></td>
<td>985,448</td>
</tr>
<tr>
<td>Deferred compensation - Mutual funds</td>
<td>170,441</td>
<td></td>
<td></td>
<td>170,441</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 3,710,752</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>$ 3,710,752</strong></td>
</tr>
</tbody>
</table>

10. SUBSEQUENT EVENTS

In preparing these financial statements, NAF has evaluated events and transactions for potential recognition or disclosure through August 30, 2021, the date the financial statements were issued.