

**EngenderHealth, Inc.**

Financial Statements

June 30, 2021 and 2020

## Independent Auditors' Report

### **Board of Directors EngenderHealth, Inc.**

We have audited the accompanying financial statements of EngenderHealth, Inc., which comprise the statements of financial position as of June 30, 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.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our 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 of material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EngenderHealth, Inc. as of June 30, 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.

*PKF O'Connor Davies, LLP*

March 30, 2022

## EngenderHealth, Inc.

### Statements of Financial Position

	June 30	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,921,524	\$ 8,841,127
Grants and contracts receivable	1,760,652	1,837,756
Prepaid expenses and other assets	1,618,339	3,465,542
Contributions receivable (Note 6)	1,091,940	1,640,759
Investments (Note 4)	638,945	225,566
Property and equipment, net (Note 7)	1,050,543	1,341,824
Restricted investments (Notes 4 and 9)	1,994,091	1,994,091
	<u>\$ 16,076,034</u>	<u>\$ 19,346,665</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 4,821,426	\$ 6,299,624
Subtenant deposit	304,696	304,696
Paycheck protection program loan payable (Note 12)	-	944,582
Postretirement health benefits liability (Note 10)	357,326	604,520
Refundable award advances	1,997,807	1,136,992
Obligations due under split interest agreements (Notes 4 and 5)	192,646	216,483
Total Liabilities	<u>7,673,901</u>	<u>9,506,897</u>
Net Assets		
Without donor restrictions	3,357,743	1,611,605
With Donor Restrictions		
Temporary in nature (Notes 8 and 9)	3,050,299	6,234,072
Perpetual in nature (Notes 8 and 9)	1,994,091	1,994,091
Total Net Assets	<u>8,402,133</u>	<u>9,839,768</u>
	<u>\$ 16,076,034</u>	<u>\$ 19,346,665</u>

See notes to financial statements

## EngenderHealth, Inc.

### Statement of Activities Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
<b>OPERATING REVENUES AND OTHER SUPPORT</b>				
USAID, DHHS and other grants (Note 13)	\$ 25,340,135	\$ -	\$ -	\$ 25,340,135
Contributions and private grants	1,879,184	5,565,470	-	7,444,654
In-kind donations	509,473	-	-	509,473
Net assets released from restrictions	9,204,810	(9,204,810)	-	-
Total Operating Revenues and Other Support	<u>36,933,602</u>	<u>(3,639,340)</u>	<u>-</u>	<u>33,294,262</u>
<b>OPERATING EXPENSES</b>				
Program Services				
Reproductive health services	<u>29,183,789</u>	<u>-</u>	<u>-</u>	<u>29,183,789</u>
Supporting Services				
Management and general	5,557,234	-	-	5,557,234
Fundraising	<u>640,596</u>	<u>-</u>	<u>-</u>	<u>640,596</u>
Total Supporting Services	<u>6,197,830</u>	<u>-</u>	<u>-</u>	<u>6,197,830</u>
Total Operating Expenses	<u>35,381,619</u>	<u>-</u>	<u>-</u>	<u>35,381,619</u>
Change in Net Assets from Operating Activities before Depreciation	1,551,983	(3,639,340)	-	(2,087,357)
Depreciation	<u>(375,783)</u>	<u>-</u>	<u>-</u>	<u>(375,783)</u>
Change in Net Assets from Operating Activities	1,176,200	(3,639,340)	-	(2,463,140)
<b>NON OPERATING ACTIVITIES</b>				
Investment return (Note 4)	(21,041)	479,404	-	458,363
Change in value of split-interest agreements (Note 5)	-	(23,837)	-	(23,837)
Pension-related and post retirement healthcare				
benefits changes other than net periodic cost (Note 10)	169,560	-	-	169,560
Losses on foreign currency translation	(358,050)	-	-	(358,050)
Forgiveness of Paycheck Protection Program loan	944,582	-	-	944,582
Loss on disposal of asset	<u>(165,113)</u>	<u>-</u>	<u>-</u>	<u>(165,113)</u>
Change in Net Assets	1,746,138	(3,183,773)	-	(1,437,635)
<b>NET ASSETS</b>				
Beginning of year	<u>1,611,605</u>	<u>6,234,072</u>	<u>1,994,091</u>	<u>9,839,768</u>
End of year	<u>\$ 3,357,743</u>	<u>\$ 3,050,299</u>	<u>\$ 1,994,091</u>	<u>\$ 8,402,133</u>

See notes to financial statements

## EngenderHealth, Inc.

### Statement of Activities Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
<b>OPERATING REVENUES AND OTHER SUPPORT</b>				
USAID, DHHS and other grants (Note 13)	\$ 20,444,559	\$ -	\$ -	\$ 20,444,559
Contributions and private grants	2,534,536	4,634,516	-	7,169,052
Net assets released from restrictions	<u>11,943,623</u>	<u>(11,943,623)</u>	-	<u>-</u>
Total Operating Revenues and Other Support	<u>34,922,718</u>	<u>(7,309,107)</u>	-	<u>27,613,611</u>
<b>OPERATING EXPENSES</b>				
Program Services				
Reproductive health services	<u>27,154,502</u>	-	-	<u>27,154,502</u>
Supporting Services				
Management and general	5,764,346	-	-	5,764,346
Fundraising	<u>666,543</u>	-	-	<u>666,543</u>
Total Supporting Services	<u>6,430,889</u>	-	-	<u>6,430,889</u>
Total Operating Expenses	<u>33,585,391</u>	-	-	<u>33,585,391</u>
Change in Net Assets from Operating Activities before Depreciation	1,337,327	(7,309,107)	-	(5,971,780)
Depreciation	<u>(421,529)</u>	-	-	<u>(421,529)</u>
Change in Net Assets from Operating Activities	915,798	(7,309,107)	-	(6,393,309)
<b>NON OPERATING ACTIVITIES</b>				
Investment return (Note 4)	(29,849)	17,181	-	(12,668)
Change in value of split-interest agreements (Note 5)	-	(10,183)	-	(10,183)
Pension-related and post retirement healthcare				
benefits changes other than net periodic cost (Note 10)	(321,699)	-	-	(321,699)
Gain on exit of rental obligation	841,541	-	-	841,541
Losses on foreign currency translation	(207,749)	-	-	(207,749)
Loss on disposal of asset	<u>(167,041)</u>	-	-	<u>(167,041)</u>
Change in Net Assets	1,031,001	(7,302,109)	-	(6,271,108)
<b>NET ASSETS</b>				
Beginning of year	<u>580,604</u>	<u>13,536,181</u>	<u>1,994,091</u>	<u>16,110,876</u>
End of year	<u>\$ 1,611,605</u>	<u>\$ 6,234,072</u>	<u>\$ 1,994,091</u>	<u>\$ 9,839,768</u>

See notes to financial statements

## EngenderHealth, Inc.

### Statement of Functional Expenses Year Ended June 30, 2021

	Program Services	Supporting Services		Total Expenses
	Reproductive Health Services	Management and General	Fundraising	
Salaries	\$ 10,092,951	\$ 3,482,641	\$ 288,497	\$ 13,864,089
Employee benefits	2,165,789	741,802	61,450	2,969,041
Overseas allowance	73,874	-	-	73,874
Domestic allowance	15,000	-	-	15,000
Total Salaries and Related Expenses	<u>12,347,614</u>	<u>4,224,443</u>	<u>349,947</u>	<u>16,922,004</u>
Subawards	4,640,023	-	-	4,640,023
Professional fees and contract service payments	2,637,870	716,665	40,142	3,394,677
Travel, training and other activities	5,241,995	10,838	710	5,253,543
Rent and utilities	951,541	338,972	31,521	1,322,034
Equipment purchases, rental, and supplies	2,706,789	195,048	21,892	2,923,729
Communication, printing, postage, and telephone	442,286	16,093	116,492	574,871
Other expenses	<u>215,671</u>	<u>55,175</u>	<u>79,892</u>	<u>350,738</u>
Total Expenses Before Depreciation	<u>29,183,789</u>	<u>5,557,234</u>	<u>640,596</u>	<u>35,381,619</u>
Depreciation	<u>263,048</u>	<u>112,735</u>	<u>-</u>	<u>375,783</u>
Total Expenses	<u>\$ 29,446,837</u>	<u>\$ 5,669,969</u>	<u>\$ 640,596</u>	<u>\$ 35,757,402</u>

See notes to financial statements

## EngenderHealth, Inc.

### Statement of Functional Expenses Year Ended June 30, 2020

	Program Services	Supporting Services		Total Expenses
	Reproductive Health Services	Management and General	Fundraising	
Salaries	\$ 11,008,346	\$ 3,239,013	\$ 293,449	\$ 14,540,808
Employee benefits	2,282,971	671,438	60,831	3,015,240
Overseas allowance	88,207	24,861	-	113,068
Domestic allowance	2,571	10,308	-	12,879
Total Salaries and Related Expenses	<u>13,382,095</u>	<u>3,945,620</u>	<u>354,280</u>	<u>17,681,995</u>
Subawards	4,108,826	-	-	4,108,826
Professional fees and contract service payments	1,164,844	883,362	81,587	2,129,793
Travel, training and other activities	4,500,446	150,793	2,678	4,653,917
Rent and utilities	1,047,448	352,674	35,716	1,435,838
Equipment purchases, rental, and supplies	2,386,459	231,489	60,796	2,678,744
Communication, printing, postage, and telephone	306,324	58,019	100,832	465,175
Other expenses	258,060	142,389	30,654	431,103
Total Expenses Before Depreciation	<u>27,154,502</u>	<u>5,764,346</u>	<u>666,543</u>	<u>33,585,391</u>
Depreciation	<u>298,582</u>	<u>122,947</u>	<u>-</u>	<u>421,529</u>
Total Expenses	<u>\$ 27,453,084</u>	<u>\$ 5,887,293</u>	<u>\$ 666,543</u>	<u>\$ 34,006,920</u>

See notes to financial statements



## EngenderHealth, Inc.

### Statements of Cash Flows

	Year Ended	
	June 30	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,437,635)	\$ (6,271,108)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized (gains) losses on investments	(425,199)	91,507
Depreciation	375,783	421,529
Deferred rent	359,918	1,238,488
Bad debt recovery	(8,450)	(7,993)
Loss on disposal of asset	165,113	167,041
Change in split interest agreements	(23,837)	(10,183)
Post retirement benefit adjustment	(247,194)	148,322
Gain on exit of rental obligation	-	(841,541)
Forgiveness of paycheck protection program loan	(944,582)	-
Changes in assets and liabilities		
Grants and contracts receivable	85,554	(172,343)
Prepaid expenses and other assets	1,847,203	(488,378)
Contributions receivable	548,819	5,461,223
Accounts payable and accrued expenses	(1,838,116)	(4,175,987)
Subtenant deposit	-	304,696
Refundable award advances	860,815	418,142
Net Cash from Operating Activities	(681,808)	(3,716,585)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(404,466)	(1,064,007)
Proceeds from sale of investments	416,286	2,275,037
Proceeds from VEBA retirement investment	-	1,928,324
Purchase of property and equipment	(249,615)	(196,222)
Net Cash from Investing Activities	(237,795)	2,943,132
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from paycheck protection program loan payable	-	944,582
Net Change in Cash and Cash Equivalents	(919,603)	171,129
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	8,841,127	8,669,998
End of year	\$ 7,921,524	\$ 8,841,127
<b>NON-CASH FINANCING ACTIVITIES</b>		
Forgiveness of paycheck protection program loan	\$ 944,582	\$ -
See notes to financial statements		

## **EngenderHealth, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

### **1. Organization and Tax Status**

EngenderHealth, Inc. (“EngenderHealth”), a tax-exempt organization incorporated in the state of New Jersey, is a nonprofit voluntary health and welfare agency whose purpose is to promote and support quality family planning and reproductive health services throughout the world. EngenderHealth’s program service activities are as follows:

#### ***Capacity Building and Technical Assistance***

Orientation, training, and technical support to provider institutions, professionals, and government entities on all aspects of developing, implementing, and evaluating family planning and reproductive healthcare service delivery systems to introduce, expand, and improve services. EngenderHealth works to transfer knowledge and skills in the areas of medical and surgical services, gender, and gender-based violence prevention, training, counseling, evaluation, and research. These activities are generally for the benefit of specific country programs, and they may include financial support in the form of grants, contracts and medical equipment.

#### ***Global and Emerging Programs***

Work to advance health and family planning services worldwide, principally leadership in the public and professional arenas and development of innovative approaches to reproductive health service delivery and related operations. These activities include developing and disseminating client, public, and professional information and education materials, training curricula, and other technical materials; conducting and publishing clinical and practical research; assisting in the development of public policy; and convening and conducting seminars, conferences, and other professional events.

#### ***Program Support***

Activities to guide, direct, and assess the development, implementation, and evaluation of program service activities.

EngenderHealth is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a). Income generated from activities unrelated to EngenderHealth’s exempt purpose is subject to tax under Internal Revenue Code Section 511.

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

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

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

## **EngenderHealth, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

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

#### ***Use of Estimates***

The preparation of financial statements in accordance with U.S. 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, EngenderHealth's net assets are classified as with or without donor restrictions. Net assets without donor restrictions are not subject to donor-imposed stipulations and may be expended at the discretion of management and the Board. Net assets with donor restrictions are those whose use is limited by donors for a specific time period or purpose or are to be held in perpetuity.

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

EngenderHealth follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. The three levels are defined as follows:

*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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

## EngenderHealth, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

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

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

EngenderHealth considers all highly liquid financial instruments having a maturity of ninety days or less at the time of purchase to be cash equivalents.

Cash and cash equivalents reported on the statement of financial position and the statement of cash flows consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	<u>\$ 7,351,919</u>	<u>\$ 8,240,581</u>
Restricted Cash and Cash Equivalents		
Subtenant deposit	304,696	304,696
Lease security provision	261,168	261,168
Endowment cash equivalents	<u>3,741</u>	<u>34,682</u>
Total Restricted Cash and Cash Equivalents	<u>569,605</u>	<u>600,546</u>
Total Cash and Cash Equivalents	<u>\$ 7,921,524</u>	<u>\$ 8,841,127</u>

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

An allowance for doubtful accounts is established for receivables where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on EngenderHealth's historical experience, review of account balances and expectations relative to collections.

#### ***Investments and Income Recognition***

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, based on quoted market prices. EngenderHealth records investment transactions based on the trade date. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Investments are exposed to various risks, such as interest rate, market, credit, and other risks. Due to such risks and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

## **EngenderHealth, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

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

#### ***Contributions***

Contributions and unconditional promises to give are recorded as revenue when signed pledges are made and are classified as without donor restrictions or with donor restrictions support based on the presence or absence of donor restrictions. Verbal and written intentions to contribute amounts are not recorded in these financial statements because they do not meet EngenderHealth's criteria for recognition.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates applicable to the years in which the promises are received and consider market and credit risk as applicable. Amortization of the discounts and changes in allowance for doubtful accounts are included in contribution revenue on the statements of activities and other expenses on the statements of functional expenses, respectively.

#### ***Revenue from Government Grants***

Cooperative agreements with the U.S. Agency for International Development ("USAID") and other grants and contracts are recognized as revenue and receivables when EngenderHealth incurs expenses reimbursable under the terms of the agreements. An allowance for uncollectible grants and contracts receivable is estimated based upon such factors as prior collection history, potential cost disallowances, and other factors. At June 30, 2021 and 2020, management determined that grants and contract receivables are fully collectible. Cash received under grants and contracts in advance of incurring the related expenses is reported as a liability until spent.

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

EngenderHealth capitalizes property and equipment with a unit cost in excess of \$1,000. All capitalized office furniture and fixtures, computers, vehicles and equipment purchased under USAID grants are subject to return to USAID, upon request. Depreciation of office furniture and fixtures, computer software and equipment is computed using the straight-line method based on estimated useful lives of three to seven years. Leasehold improvements are amortized over the life of the office lease or the estimated life of the leasehold improvement, whichever is shorter.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There were no impairments for the years ended June 30, 2021 and 2020.

## **EngenderHealth, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

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

#### ***Subawards***

Grants awarded to subrecipients by EngenderHealth are recorded as an expense and a liability at the time the expenses are incurred. Amounts payable to subrecipients are included in accounts payable and accrued expenses.

#### ***Non-Operating Activities***

EngenderHealth reports investment return, losses on foreign currency translation, losses on contributions receivable, if any, change in the value of split-interest agreements, forgiveness of Paycheck Protection Program (the "PPP") loan and pension-related and postretirement healthcare benefits changes other than net periodic benefit cost/credit and other activities not affecting operations as non-operating activities in the accompanying statements of activities.

#### ***Foreign Currency Translation***

EngenderHealth has determined that its functional currency is the U.S. dollar. Accordingly, assets and liabilities denominated in other currencies are translated using the current exchange rates in effect at the statement of financial position date. Revenue and expense accounts are translated at the average rate in effect during the year.

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

The costs of providing the program and other activities of EngenderHealth have been summarized on a functional basis. Specific expenses that are readily identifiable to a single program or activity are charged to that function. Certain expenses are attributable to more than one program or supporting function and have been allocated in a reasonable ratio by management. These expenses include salaries, employee benefits, professional fees and contract service payments, travel, training and other activities, rent and utilities, and equipment purchases, rental and supplies, which are allocated based on estimates of time and effort.

#### ***Advertising Costs***

Advertising costs are expensed as incurred. Advertising costs were \$14,023 and \$8,891 for 2021 and 2020, respectively.

#### ***Reclassifications***

During preparation of the 2021 financial statements, management reviewed certain donor restrictions and determined that approximately \$550,000 of net assets with donor restrictions should have been classified as net assets without donor restrictions. Management has reclassified the amount as of June 30, 2019, and such reclassification is reflected in the accompanying financial statements. In addition, certain amounts from the fiscal 2020 financial statements were reclassified to conform to the fiscal 2021 presentation.

## EngenderHealth, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

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

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

EngenderHealth recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that EngenderHealth had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examination by the applicable taxing jurisdictions for years prior to June 30, 2018.

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

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 30, 2022.

### 3. Concentration of Credit Risk

Financial instruments that potentially subject EngenderHealth to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables (See Note 13). At times cash balances held at U.S. financial institutions may be in excess of federally insured limits. EngenderHealth also maintains bank accounts in various other countries. There is no insurance on these accounts. EngenderHealth has not experienced any material losses on its cash deposits.

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

### 4. Fair Value Measurements

The following are major categories of assets and liabilities at June 30, which are measured at fair value and grouped by their fair value hierarchy on a recurring basis:

	2021			Total
	Level 1	Level 2	Level 3	
Common stocks	\$ 1,531,733	\$ -	\$ -	\$ 1,531,733
Corporate debt securities	888,159	-	-	888,159
U.S. Treasury securities	150,263	-	-	150,263
Real estate mutual funds	62,881	-	-	62,881
Total Investments	<u>\$ 2,633,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,633,036</u>
Fair value of split interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,646</u>	<u>\$ 192,646</u>

**EngenderHealth, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**4. Fair Value Measurements (continued)**

	2020			Total
	Level 1	Level 2	Level 3	
Common stocks	\$ 1,089,796	\$ -	\$ -	\$ 1,089,796
Corporate debt securities	927,771	-	-	927,771
U. S. Treasury securities	168,605	-	-	168,605
Real estate mutual funds	33,485	-	-	33,485
Total Investments	\$ 2,219,657	\$ -	\$ -	\$ 2,219,657
Fair value of split interest agreements	\$ -	\$ -	\$ 216,483	\$ 216,483

EngenderHealth recognizes transfers between levels in the fair value hierarchy on the date of the event or change in circumstances that causes the transfer. There were no transfers between levels for the years ended June 30, 2021 and 2020.

The following is a reconciliation of the beginning and ending balances for Level 3 liabilities for the years ended June 30:

	2021	2020
Beginning balance	\$ 216,483	\$ 226,666
Change in value of annuities payable	(23,837)	(10,183)
Ending balance	\$ 192,646	\$ 216,483

Included in investments are those assets held by EngenderHealth relating to certain split-interest agreements, totaling \$333,772 and \$338,964 at June 30, 2021 and 2020, respectively.

The following table presents the total investment return, reported in the accompanying statements of activities under non-operating activities, for the years ended June 30:

	2021	2020
Interest and dividends, net of investment management and related fees of \$16,096 and \$32,413	\$ 33,164	\$ 78,839
Unrealized gains (losses)	339,882	(273,017)
Realized gains	85,317	181,510
	\$ 458,363	\$ (12,668)



## EngenderHealth, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 5. Split-Interest Agreements

EngenderHealth's split-interest agreements with donors consist primarily of irrevocable charitable gift annuities and pooled life income funds for which EngenderHealth serves as trustee. Assets held in these instruments are included in investments. Contribution revenue is recognized on the date the instruments are established, after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the instruments for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

### 6. Contributions Receivable

Contributions receivable are \$1,091,940 and \$1,640,759 at June 30, 2021 and 2020, respectively. Management determined that contributions receivable are fully collectible. No allowance for doubtful accounts has been established.

### 7. Property and Equipment

Property and equipment at June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures and equipment	\$ 2,452,564	\$ 2,685,186
Computer software	720,857	720,857
Leasehold improvements	<u>2,210,174</u>	<u>2,216,898</u>
	5,383,595	5,622,941
Accumulated depreciation	<u>(4,333,052)</u>	<u>(4,281,117)</u>
	<u>\$ 1,050,543</u>	<u>\$ 1,341,824</u>

During 2021, EngenderHealth disposed of equipment with a cost basis of \$488,961 and accumulated depreciation of \$323,848, resulting in a loss of \$165,113.

### 8. Net Assets With Donor Restrictions

Net assets with donor restrictions that are temporary in nature are available for the following at June 30:

	<u>2021</u>	<u>2020</u>
Reproductive health programs	\$ 2,509,158	\$ 5,652,153
Split-interest agreements	<u>541,141</u>	<u>581,919</u>
	<u>\$ 3,050,299</u>	<u>\$ 6,234,072</u>

## EngenderHealth, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 8. Net Assets With Donor Restrictions *(continued)*

For the years ended June 30, 2021 and 2020, perpetually restricted net assets totaling \$2,019,091 provided investment income of \$417,066 and \$17,181, respectively, to support operations.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor or as a result of the expiration of donor imposed time restrictions as follows:

	<u>2021</u>	<u>2020</u>
Reproductive health programs	\$ 8,989,726	\$11,884,051
Split-interest agreements	79,279	-
Appropriated earnings on endowment fund - operations	<u>135,805</u>	<u>59,572</u>
	<u>\$ 9,204,810</u>	<u>\$11,943,623</u>

### 9. Endowment Fund

#### *(a) History of the Endowment Fund*

In 2001, the officers and the Board of Directors of EngenderHealth approved a five-year endowment campaign (“endowment fund”). The officers and the members of the Board of Directors were the main contributors to the endowment fund. The income generated from the endowment fund is intended to be used to provide EngenderHealth with the resources to ensure the continuity of its ongoing programs around the world, thereby allowing EngenderHealth to bridge funding gaps and to meet other emergent needs when funding is not available.

#### *(b) Investment Objectives and Guidelines*

EngenderHealth’s primary investment objective is to maximize total return through income and capital appreciation while investing in a prudent manner by avoiding high-risk investments. EngenderHealth has adopted investment policy guidelines as approved by the Finance Committee of the Board of Directors. The policy provides for diversification in both equity and fixed income securities so as to provide a balance to the investment portfolio thereby avoiding undue risk concentration in any single asset class or investment category. The preferred long-term mix is 55% – 60% equities and 40% – 45% fixed income. The Finance Committee of the Board of Directors has the authority to make adjustments to the asset allocations in order to maintain target ranges in the endowment fund and any permanent changes in policy.

## EngenderHealth, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 9. Endowment Fund *(continued)*

#### ***(b) Investment Objectives and Guidelines (continued)***

EngenderHealth has a policy whereby 5.5% of the total fair value of the endowment fund's assets is calculated annually as a spending rate using the rolling three-year average of the fair value at the close of each fiscal year. This method is designed to protect the endowment fund from extreme market value fluctuations while improving the consistency in level of available spending. This spending policy is reviewed annually by the Finance Committee of the Board of Directors.

#### ***(c) Classification of Endowment Net Assets***

Based on interpretation by the Board of Directors of EngenderHealth as it relates to the *New Jersey Uniform Prudent Management of Institutional Funds Act* (NJ UPMIFA), as enacted by the State of New Jersey, and accounting guidance surrounding the management of endowment funds, and absent explicit donor stipulations to the contrary, EngenderHealth classifies net assets with donor restrictions to be held in perpetuity as (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 that is not classified as net assets to be held in perpetuity is classified as net assets with purpose restrictions until those amounts are appropriated for expenditure by EngenderHealth in a manner consistent with the standard of prudence prescribed by NJ UPMIFA. In accordance with NJ UPMIFA, EngenderHealth considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

**EngenderHealth, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**9. Endowment Fund (continued)**

The following is the endowment net asset composition as of June 30, 2021 and 2020.

	Purpose Restricted	Held in Perpetuity	Total
Endowment net assets, July 1, 2020	\$ (42,391)	\$ 1,994,091	\$ 1,951,700
Investment income	50,225	-	50,225
Net appreciation in fair value of investments	366,841	-	366,841
Appropriation for operations	(135,805)	-	(135,805)
Endowment net assets, June 30, 2021	\$ 238,870	\$ 1,994,091	\$ 2,232,961
	Purpose Restricted	Held in Perpetuity	Total
Endowment net assets, July 1, 2019	\$ -	\$ 1,994,091	\$ 1,994,091
Investment income	66,151	-	66,151
Net depreciation in fair value of investments	(48,970)	-	(48,970)
Appropriation for operations	(59,572)	-	(59,572)
Endowment net assets, June 30, 2020	\$ (42,391)	\$ 1,994,091	\$ 1,951,700

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required by donors or by law (underwater endowments). EngenderHealth has interpreted NJ UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Should the value of the endowment fall below the corpus of the gift, the shortfall will be offset with available funds until such time that the value exceeds the corpus. At June 30, 2020, the original gift value of \$1,994,091, and deficiencies of \$42,391 were reported in net assets with donor restrictions.

## EngenderHealth, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

#### 10. Benefit Plans

##### *(a) Retirement*

EngenderHealth has a defined contribution retirement plan, which covers substantially all employees. Pension expense for the years ended June 30, 2021 and 2020 was \$1,169,883 and \$1,271,864, respectively. Under the terms of the plan, employer contributions are fully vested upon participation in the plan. EngenderHealth contributes 8.5% of employee compensation as the employer contribution in compliance with EngenderHealth's personnel policies and negotiated agreements.

##### *(b) Postretirement Healthcare Benefits*

EngenderHealth's benefit policy provides for contributions of healthcare benefits, including dental and vision care coverage, for employees who retire after completing 15 years of service and reaching retirement age as defined in the plan agreement. Benefits are reduced by Medicare benefits after age 65. Employees who joined EngenderHealth after January 1, 2001 are not eligible for coverage under this plan. During fiscal 2019, the plan was funded by an irrevocable Voluntary Employees' Beneficiary Association (VEBA) Trust. During April 2020, the VEBA Trust was liquidated and EngenderHealth self-administered the defined benefit post retirement plan.

EngenderHealth records annual amounts relating to the plan based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality, assumed rates of return, and healthcare cost trend rates. EngenderHealth reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to these assumptions is recorded as a charge to net assets without donor restrictions and amortized to net periodic cost over future periods using the corridor method. EngenderHealth believes that the assumptions utilized in recording its obligation under its plan are reasonable based on its experience and market conditions. The net periodic cost is recognized as employees render the services necessary to earn the postretirement benefits.

EngenderHealth recognizes the funded status of its defined benefit postretirement plan on a net basis as an asset or liability and recognizes changes in that funded status in the year in which the changes occur through a charge to net assets without donor restrictions to the extent those changes are not included in net periodic benefit cost. The funded status is reported on the statements of financial position as the difference between the fair value of plan assets and the benefit obligation.

EngenderHealth's funded status of its defined benefit postretirement plan was valued based on Actuarial Standards of Practice No.6. This standard takes into consideration the age of each participant when valuing future claim costs. This valuation methodology significantly reduced the anticipated cost of future claims by the plan beneficiaries, where the fair value of the plan assets exceed the future benefit obligation.

**EngenderHealth, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**10. Benefit Plans (continued)**

**(b) Postretirement Healthcare Benefits (continued)**

Information with respect to this plan as of and for the years ended June 30 is as follows:

	2021	2020
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 604,520	\$ 587,139
Interest cost	19,913	24,006
Actuarial (gain) loss	(195,971)	100,700
Benefits paid	(71,136)	(107,325)
Benefit Obligation at End of Year	357,326	604,520
Change in plan assets		
Fair value of plan assets at beginning of year	-	2,059,265
Actual return on plan assets	-	(98,354)
Employer contributions	71,136	107,325
Trust liquidation	-	(1,960,911)
Benefits paid	(71,136)	(107,325)
Fair Value of Plan Assets at End of Year	-	-
Funded Status at End of Year	\$ (357,326)	\$ (604,520)

The table below reflects amounts recognized in net assets without donor restrictions at June 30, 2021 and 2020.

	2021	2020
Net actuarial gain	\$ (528,039)	\$ (697,599)

**EngenderHealth, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**10. Benefit Plans (continued)**

**(b) Postretirement Healthcare Benefits (continued)**

Other changes in plan assets and benefit obligation recognized in changes in net assets without donor restrictions are as follows:

	2021	2020
Net periodic postretirement benefit cost		
Interest cost	\$ 19,913	\$ 24,006
Expected return on plan assets	-	(89,696)
Amortization of prior service cost	-	1,785
Amortization of net gain	(26,411)	(34,734)
Net Periodic Postretirement Benefit Cost	(6,498)	(98,639)
Unamortized actuarial (gain) loss	(195,971)	288,750
Amortization of prior service cost	-	(1,785)
Amortization of actuarial gain	26,411	34,734
Total Changes Recognized in Net Assets Without Donor Restrictions	(169,560)	321,699
Total Recognized in Net Periodic Postretirement Benefit Cost and Net Assets Without Donor Restrictions	\$ (176,058)	\$ 223,060

The estimated prior service and experience loss that will be amortized from net assets without donor restrictions into net periodic benefit cost over the next fiscal year are as follows:

Amortization of net gain	\$ 46,422
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**EngenderHealth, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**10. Benefit Plans (continued)**

**(b) Postretirement Healthcare Benefits (continued)**

Information in respect to the plan as of and for the years ended June 30 is as follows:

	2021	2020
Weighted average assumptions as of the measurement date		
Discount rate - benefit obligation	3.50%	3.50%
Discount rate - net periodic benefit cost	3.50%	3.07%
Expected long-term return on plan assets	N/A	6.00%
Assumed healthcare cost trend rates		
Healthcare cost trend rate assumed for next year		
- medical (post-65)	3.50%	4.50%
Healthcare cost trend rate assumed for next year		
- prescription drug	0.00%*	0.00%*
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.50%	3.00%
Year that the rate reaches the ultimate trend	2021	2023

\* During fiscal 2021 and 2020, the prescription drug healthcare cost trend rate assumption was blended with the medical (post-65) healthcare cost trend rate assumption.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	1% point increase	1% point decrease
Effect on postretirement benefit obligation	\$ 36,722	\$ (20,531)



## EngenderHealth, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 10. Benefit Plans (continued)

#### (b) Postretirement Healthcare Benefits (continued)

Projected payments to retired participants over the next 10 years, which reflect expected future service, are as follows:

2022	\$ 34,947
2023	35,821
2024	36,717
2025	37,635
2026	38,575
2027 - 2031	<u>139,170</u>
Total	<u>\$ 322,865</u>

The expected benefit payments are based on the same assumptions used to measure EngenderHealth's benefit obligation at June 30, 2021 and include estimated future employee service. Some retired participants contribute 100% and some retired participants contribute 50% of the premium cost of their benefits EngenderHealth contributes the remainder.

### 11. Commitments and Contingencies

(a) In April 2018, EngenderHealth relocated its headquarters to 505 9<sup>th</sup> Street NW in Washington, DC, under a lease agreement expiring on September 15, 2022.

EngenderHealth had maintained its headquarters at 440 Ninth Avenue in New York City under a lease that expires on February 28, 2028. An amendment to the lease agreement was made on February 1, 2015, reducing the total square footage under the lease.

Aggregate minimum rental payments under the New York City lease, the Washington, DC lease and other leases maintained at various foreign office locations are as follows:

2022	\$ 1,365,627
2023	1,294,749
2024	1,074,101
2025	1,001,144
2026	1,001,144
Thereafter	<u>1,668,573</u>
	<u>\$ 7,405,338</u>

## EngenderHealth, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 11. Commitments and Contingencies (*continued*)

Minimum rental commitments do not include utilities or annual operating escalation charges, which are also payable under the office leases. Accounts payable and accrued expenses as of June 30, 2021 and 2020 include \$241,522 and \$601,440 respectively, of deferred rent related to the amount of straight-lined rent expensed in advance of rental payments made. Rent expense was \$425,657 and \$637,589 for the years ended June 30, 2021 and 2020, respectively.

In conjunction with the New York City lease, EngenderHealth has a letter of credit with Citibank in the amount of \$261,168 to be held and used under the security provisions of the lease. The letter of credit is secured by EngenderHealth's investments.

- (b) On April 30, 2018, EngenderHealth relocated its headquarters from New York City to Washington, DC. At June 30, 2021, the remaining lease obligation on the New York City office space was \$6,601,747. At June 30, 2021 and 2020, EngenderHealth estimated the liability on the exit of its rental obligation to be \$12,950. This amount is reported in accounts payable and accrued expenses in the statements of financial position.

On February 11, 2020, EngenderHealth entered into a sublease agreement with an organization for the space at 440 Ninth Avenue in New York City that expires on February 27, 2028. Under the lease agreement the subtenant agrees to pay a base rent with annual escalations. Future annual rental income under the sublease agreement is as follows:

2022	\$ 942,816
2023	988,194
2024	1,078,134
2025	1,105,067
2026	1,132,653
Thereafter	<u>1,949,383</u>
	<u>\$ 7,196,247</u>

- (c) EngenderHealth receives funding from U.S. government agencies, primarily USAID, and other organizations for various activities which are subject to audits. Although such audits may result in disallowance of certain expenditures, which would be absorbed by EngenderHealth, in management's opinion, the ultimate outcome of such audits would not have a material effect on the financial position, changes in net assets, or cash flows of EngenderHealth.

## **EngenderHealth, Inc.**

### Notes to Financial Statements June 30, 2021 and 2020

#### **12. Paycheck Protection Program Loan Payable**

On April 30, 2020, EngenderHealth received loan proceeds in the amount of \$944,582 under the PPP. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the loan. Loan payments of principal or interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration ("SBA").

As of June 30, 2020, the PPP loan was recognized as debt on the statement of financial position. The PPP loan was forgiven in full by the SBA on May 20, 2021 and is reported as forgiveness of PPP loan on the 2021 statement of activities.

#### **13. Significant Funders**

Total contributions and private grants revenue received from four donors aggregated to 72% during 2021. Total contributions and private grants revenue received from three donors aggregated to 75% during 2020. In addition, contributions receivable from one donor aggregated to 99% at June 30, 2021. Contributions receivable from two donors aggregated to 98% at June 30, 2020.

During the years ended June 30, 2021 and 2020, 76% and 37%, respectively, of operating revenues and other support were received from the U.S. government, either directly or through pass-through agencies. In 2021 and 2020, 46% and 76%, respectively, of such amounts were received from USAID. The operations of EngenderHealth's programs at present levels are dependent upon continued funding from the U.S. government, primarily USAID.

#### **14. Foreign Currency Translation**

Substantially all assets and liabilities of the foreign office operations are translated at year-end exchange rates; support and revenue and expenses are translated at the average exchange rates during the year. Translation adjustments for such assets and liabilities are accumulated in net assets without donor restrictions. Losses from foreign currency translation of \$358,050 and \$207,749 during the years ended June 30, 2021 and 2020, respectively, and are included in non operating activities on the statements of activities.

## EngenderHealth, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

#### 15. Grant Agreement

In August 2017, the State of the Netherlands provided EngenderHealth with a five-year contract of \$9,333,889 to be used for the AGO project – Afar. In May 2019, the State of the Netherlands amended the contract to increase funding by an additional \$1,706,385. During the years ended June 30, 2021 and 2020, EngenderHealth received advances of \$3,068,501 and \$2,388,693, respectively, and incurred expenses of \$2,965,523 and \$3,228,328, respectively. The unspent advances of \$331,271 and \$228,294 are included in accounts payable and accrued expenses on the statements of financial position at June 30, 2021 and 2020, respectively.

#### 16. Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and cash equivalents	\$ 7,921,524	\$ 8,841,127
Grants and contracts receivable	1,760,652	1,837,756
Contributions receivable	1,091,940	1,640,759
Investments	<u>638,945</u>	<u>225,566</u>
Total Financial Assets	<u>11,413,061</u>	<u>12,545,208</u>
Less amounts unavailable for general expenditures within one year due to:		
Donor imposed restrictions	(3,050,299)	(6,234,072)
Subtenant deposit	(304,696)	(304,696)
Lease security provision	(261,168)	(261,168)
Endowment cash equivalents	<u>(3,741)</u>	<u>(34,682)</u>
	<u>(3,619,904)</u>	<u>(6,834,618)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 7,793,157</u>	<u>\$ 5,710,590</u>

As part of EngenderHealth's strategy, management structures its financial assets, consisting of cash and cash equivalents, receivables and investments to be available as its general expenditures and liabilities come due within one year. EngenderHealth receives cash flow from various government and not-for-profit entities and foundations to fund its programs to meet future cash flow needs.

## EngenderHealth, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 17. Risk and Uncertainties

The ongoing coronavirus pandemic has resulted in substantial volatility in the global economy. The pandemic may potentially have an adverse effect on the results of EngenderHealth's operations. While management has implemented measures to mitigate the impact of the pandemic, including obtaining a PPP loan under the CARES Act as detailed in Note 12, the extent to which EngenderHealth's results are impacted will depend on future developments, which are highly uncertain and cannot be predicted. As a result, management cannot reasonably estimate the overall impact of the coronavirus pandemic to EngenderHealth's future results of operations, cash flows, or financial condition.

Additionally, the value of EngenderHealth's investments has and will continue to fluctuate in response to the changing market conditions as a result of the coronavirus pandemic. The amount of potential losses that may be recognized in subsequent periods cannot be reasonably estimated.

\* \* \* \* \*