

EngenderHealth, Inc.

Financial Statements

June 30, 2022 and 2021

Independent Auditors' Report

Board of Directors
EngenderHealth, Inc.

Opinion

We have audited the accompanying financial statements of EngenderHealth, Inc. (“EngenderHealth”), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EngenderHealth as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EngenderHealth and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

PKF O'Connor Davies, LLP

February 22, 2023

EngenderHealth, Inc.

Statements of Financial Position

	June 30	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 8,132,689	\$ 7,921,524
Grants and contracts receivable	2,639,727	1,760,652
Prepaid expenses and other assets	2,429,621	1,618,339
Contributions receivable (Note 6)	-	1,091,940
Investments (Note 4)	122,424	638,945
Property and equipment, net (Note 7)	788,962	1,050,543
Restricted investments (Notes 4 and 9)	<u>1,994,091</u>	<u>1,994,091</u>
	<u>\$ 16,107,514</u>	<u>\$ 16,076,034</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 4,315,253	\$ 4,821,426
Subtenant deposit	304,696	304,696
Postretirement health benefits liability (Note 10)	336,505	357,326
Refundable award advances	1,929,958	1,997,807
Obligations due under split interest agreements (Notes 4 and 5)	<u>173,390</u>	<u>192,646</u>
Total Liabilities	<u>7,059,802</u>	<u>7,673,901</u>
Net Assets		
Without donor restrictions	3,419,578	3,357,743
With Donor Restrictions		
Temporary in nature (Notes 8 and 9)	3,634,043	3,050,299
Perpetual in nature (Notes 8 and 9)	<u>1,994,091</u>	<u>1,994,091</u>
Total Net Assets	<u>9,047,712</u>	<u>8,402,133</u>
	<u>\$ 16,107,514</u>	<u>\$ 16,076,034</u>

See notes to financial statements

EngenderHealth, Inc.

Statement of Activities Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
OPERATING REVENUES AND OTHER SUPPORT				
USAID, DHHS and other grants (Note 13)	\$ 17,962,369	\$ -	\$ -	\$ 17,962,369
Contributions and private grants	3,154,163	5,059,054	-	8,213,217
In-kind donations	204,235	-	-	204,235
Net assets released from restrictions	4,206,923	(4,206,923)	-	-
Total Operating Revenues and Other Support	<u>25,527,690</u>	<u>852,131</u>	<u>-</u>	<u>26,379,821</u>
OPERATING EXPENSES				
Program Services				
Reproductive health services	<u>18,566,603</u>	<u>-</u>	<u>-</u>	<u>18,566,603</u>
Supporting Services				
Management and general	6,000,287	-	-	6,000,287
Fundraising	<u>832,153</u>	<u>-</u>	<u>-</u>	<u>832,153</u>
Total Supporting Services	<u>6,832,440</u>	<u>-</u>	<u>-</u>	<u>6,832,440</u>
Total Operating Expenses	<u>25,399,043</u>	<u>-</u>	<u>-</u>	<u>25,399,043</u>
Change in Net Assets from				
Operating Activities before Depreciation	128,647	852,131	-	980,778
Depreciation	<u>(261,581)</u>	<u>-</u>	<u>-</u>	<u>(261,581)</u>
Change in Net Assets from Operating Activities	<u>(132,934)</u>	<u>852,131</u>	<u>-</u>	<u>719,197</u>
NON OPERATING ACTIVITIES				
Investment return (Note 4)	(67,250)	(254,088)	-	(321,338)
Change in value of split-interest agreements (Note 5)	-	(14,299)	-	(14,299)
Pension-related and post retirement healthcare				
benefits changes other than net periodic cost (Note 10)	(51,951)	-	-	(51,951)
Sublease rental obligation, net (Note 11)	(146,590)	-	-	(146,590)
Gain on foreign currency translation	<u>460,560</u>	<u>-</u>	<u>-</u>	<u>460,560</u>
Change in Net Assets	61,835	583,744	-	645,579
NET ASSETS				
Beginning of year	<u>3,357,743</u>	<u>3,050,299</u>	<u>1,994,091</u>	<u>8,402,133</u>
End of year	<u>\$ 3,419,578</u>	<u>\$ 3,634,043</u>	<u>\$ 1,994,091</u>	<u>\$ 9,047,712</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	
OPERATING REVENUES AND OTHER SUPPORT				
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>
OPERATING EXPENSES				
Program Services				
Reproductive health services	<u>29,022,794</u>	<u>-</u>	<u>-</u>	<u>29,022,794</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>35,220,624</u>	<u>-</u>	<u>-</u>	<u>35,220,624</u>
Change in Net Assets from Operating Activities before Depreciation	1,712,978	(3,639,340)	-	(1,926,362)
Depreciation	<u>(375,783)</u>	<u>-</u>	<u>-</u>	<u>(375,783)</u>
Change in Net Assets from Operating Activities	1,337,195	(3,639,340)	-	(2,302,145)
NON OPERATING ACTIVITIES				
Investment return (Note 4)	(21,041)	468,727	-	447,686
Change in value of split-interest agreements (Note 5)	-	(13,160)	-	(13,160)
Pension-related and post retirement healthcare				
benefits changes other than net periodic cost (Note 10)	169,560	-	-	169,560
Sublease rental obligation, net (Note 11)	(160,995)	-	-	(160,995)
Losses on foreign currency translation	(358,050)	-	-	(358,050)
Forgiveness of Paycheck Protection Program loan	944,582	-	-	944,582
Loss on disposal of property and equipment	<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)
NET ASSETS				
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 Functional Expenses Year Ended June 30, 2022

	Program Services	Supporting Services		Total Expenses
	Reproductive Health Services	Management and General	Fundraising	
Salaries	\$ 7,031,237	\$ 3,250,164	\$ 352,770	\$ 10,634,171
Employee benefits	1,637,978	757,317	82,074	2,477,369
Overseas allowance	16,105	-	-	16,105
Total Salaries and Related Expenses	<u>8,685,320</u>	<u>4,007,481</u>	<u>434,844</u>	<u>13,127,645</u>
Subawards	4,337,629	242	-	4,337,871
Professional fees and contract service payments	916,356	1,187,163	24,373	2,127,892
Travel, training and other activities	2,587,037	68,673	1,913	2,657,623
Rent and utilities	630,961	371,103	40,886	1,042,950
Equipment purchases, rental, and supplies	1,000,576	124,882	66,049	1,191,507
Communication, printing, postage, and telephone	191,248	14,983	209,636	415,867
Other expenses	<u>217,476</u>	<u>225,760</u>	<u>54,452</u>	<u>497,688</u>
Total Expenses Before Depreciation	<u>18,566,603</u>	<u>6,000,287</u>	<u>832,153</u>	<u>25,399,043</u>
Depreciation	<u>111,205</u>	<u>150,376</u>	<u>-</u>	<u>261,581</u>
Total Expenses	<u>\$ 18,677,808</u>	<u>\$ 6,150,663</u>	<u>\$ 832,153</u>	<u>\$ 25,660,624</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	778,350	187,749	31,521	997,620
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>227,867</u>	<u>206,398</u>	<u>79,892</u>	<u>514,157</u>
Total Expenses Before Depreciation	29,022,794	5,557,234	640,596	35,220,624
Depreciation	<u>263,048</u>	<u>112,735</u>	<u>-</u>	<u>375,783</u>
Total Expenses	<u>\$ 29,285,842</u>	<u>\$ 5,669,969</u>	<u>\$ 640,596</u>	<u>\$ 35,596,407</u>

See notes to financial statements

EngenderHealth, Inc.

Statements of Cash Flows

	Year Ended	
	June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 645,579	\$ (1,437,635)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized losses (gains) on investments	365,641	(425,199)
Depreciation	261,581	375,783
Deferred rent	10,371	359,918
Bad debt recovery	-	(8,450)
Loss on disposal of property and equipment	-	165,113
Change in split interest agreements	14,299	13,160
Post retirement benefit adjustment	(20,821)	(247,194)
Forgiveness of paycheck protection program loan	-	(944,582)
Changes in assets and liabilities		
Grants and contracts receivable	(879,075)	85,554
Prepaid expenses and other assets	(811,282)	1,847,203
Contributions receivable	1,091,940	548,819
Accounts payable and accrued expenses	(516,544)	(1,838,116)
Refundable award advances	(67,849)	860,815
Net Cash from Operating Activities	93,840	(644,811)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,833,738)	(404,466)
Proceeds from sale of investments	2,984,618	416,286
Purchase of property and equipment	-	(249,615)
Net Cash from Investing Activities	150,880	(237,795)
Net Change in Cash and Cash Equivalents		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of split interest obligations	(33,555)	(36,997)
Net Change in Cash and Cash Equivalents	211,165	(919,603)
CASH AND CASH EQUIVALENTS		
Beginning of year	7,921,524	8,841,127
End of year	\$ 8,132,689	\$ 7,921,524
NON-CASH FINANCING ACTIVITIES		
Forgiveness of paycheck protection program loan	\$ -	\$ 944,582

See notes to financial statements

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

1. Organization and Tax Status

EngenderHealth, Inc. (“EngenderHealth”), a tax-exempt organization incorporated in the state of New Jersey, is a global organization committed to advancing sexual and reproductive health and rights and gender equality. EngenderHealth’s programs support individuals in making free, informed decisions about sexuality and childbearing so they can live the lives they want. EngenderHealth collaborates with local communities and civil society organizations to prioritize health and rights and partners with health systems and governments to provide sustainable, high-quality services and a policy environment that supports access to care.

EngenderHealth is internationally recognized for expertise and impact in sexual and reproductive health and rights, maternal and obstetric care, and addressing gender-based violence. EngenderHealth’s program activities include:

Technical Leadership and Assistance

Technical leadership and assistance to governments, health systems, healthcare professionals, other organizations, and communities in the areas of sexual and reproductive health and rights, maternal health, and addressing gender-based violence. These activities may include training, capacity strengthening, evaluation, and research. They 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 Technical Leadership

Global technical leadership on focus topics (as noted above), including implementing gender-transformative approaches to global health topics and improving client-centered high-quality clinical care. Related activities include developing and disseminating client, public, and professional information and education materials, training curricula, and other technical materials; conducting and publishing research results; assisting in the development of public policy; and convening and conducting seminars, conferences, and other professional events.

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, 2022 and 2021

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.

Adoption of New Accounting Policies

Contributed Nonfinancial Assets

As of July 1, 2021, EngenderHealth adopted the provisions of the Financial Accounting Standards Board accounting standards update, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (“ASU 2020-07”). ASU 2020-07 brings more transparency and consistency to the presentation and disclosure of gifts-in-kind. The standard does not change the accounting for gifts-in-kind, however it does provide matters related to presentation and disclosure.

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, 2022 and 2021

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 statements of financial position and the statements of cash flows consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	<u>\$ 7,550,923</u>	<u>\$ 7,351,919</u>
Restricted Cash and Cash Equivalents		
Subtenant deposit	304,696	304,696
Lease security provision	261,168	261,168
Endowment cash equivalents	<u>15,902</u>	<u>3,741</u>
Total Restricted Cash and Cash Equivalents	<u>581,766</u>	<u>569,605</u>
Total Cash and Cash Equivalents	<u>\$ 8,132,689</u>	<u>\$ 7,921,524</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, 2022 and 2021

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, 2022 and 2021, 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.

In-kind Donations

In-kind donations are recorded as income and expenses at the time the items are received, which is also the time they are placed into service. Donated services are reported as income and expense at their fair value if such services create value or would have been purchased if not provided by donation, require special skills, and are provided by individuals possessing such specialized skills.

EngenderHealth received donated contributions and services for the years ended June 30, as follows:

	2022	2021	Usage in Program/Activities	Donor Restriction	Fair Value Techniques
Legal services	\$ 88,448	\$ 458,473	Administration	None	Estimated based on rates provided by law firm.
Coaching services	98,027	51,000	Administration	None	Estimated based on rates provided by coaches.
Rent	<u>17,760</u>	<u>-</u>	Program and administration	None	Estimated based on market price rent of comparable locations.
	<u>\$ 204,235</u>	<u>\$ 509,473</u>			

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

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

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, 2022 and 2021.

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, gains and losses on foreign currency translations, asset disposals, 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, equipment purchases, rental and supplies, which are allocated based on time and effort reported by employee and approved by supervisors in EngenderHealth's timekeeping system.

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$14,115 and \$14,023 for 2022 and 2021, respectively.

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. EngenderHealth is no longer subject to examination by the applicable taxing jurisdictions for years prior to June 30, 2019.

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 February 22, 2023.

Reclassifications

Certain amounts previously reported in the 2021 financial statements were reclassified to conform with the presentation in the 2022 financial statements.

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.

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

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:

	2022			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 1,154,295	\$ -	\$ -	\$ 1,154,295
Corporate debt securities	659,855	-	-	659,855
U.S. Treasury securities	259,675	-	-	259,675
Real estate mutual funds	42,690	-	-	42,690
Total Investments	\$ 2,116,515	\$ -	\$ -	\$ 2,116,515
Fair value of split interest agreements	\$ -	\$ -	\$ 173,390	\$ 173,390
	2021			
	Level 1	Level 2	Level 3	Total
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	\$ 2,633,036	\$ -	\$ -	\$ 2,633,036
Fair value of split interest agreements	\$ -	\$ -	\$ 192,646	\$ 192,646

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, 2022 and 2021.

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

	2022	2021
Beginning balance	\$ 192,646	\$ 216,483
Payments	(33,555)	(36,997)
Change in value of annuities payable	14,299	13,160
Ending balance	\$ 173,390	\$ 192,646

Included in investments are those assets held by EngenderHealth relating to certain split-interest agreements, totaling \$238,420 and \$333,772 at June 30, 2022 and 2021, respectively.

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

4. Fair Value Measurements *(continued)*

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:

	<u>2022</u>	<u>2021</u>
Interest and dividends, net of investment management and related fees of \$21,635 and \$16,096	\$ 44,303	\$ 22,487
Unrealized (losses) gains	(470,710)	339,882
Realized gains	<u>105,069</u>	<u>85,317</u>
	<u>\$ (321,338)</u>	<u>\$ 447,686</u>

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 \$0 and \$1,091,940 at June 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
Furniture, fixtures and equipment	\$ 2,452,564	\$ 2,452,564
Computer software	720,857	720,857
Leasehold improvements	<u>2,210,174</u>	<u>2,210,174</u>
	5,383,595	5,383,595
Accumulated depreciation	<u>(4,594,633)</u>	<u>(4,333,052)</u>
	<u>\$ 788,962</u>	<u>\$ 1,050,543</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.

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

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>2022</u>	<u>2021</u>
Reproductive health programs	\$ 3,320,983	\$ 2,270,288
Split-interest agreements	476,818	541,141
Unappropriated endowment earnings	<u>(163,758)</u>	<u>238,870</u>
	<u>\$ 3,634,043</u>	<u>\$ 3,050,299</u>

For the years ended June 30, 2022 and 2021, perpetually restricted net assets totaling \$1,994,091 provided investment loss of \$279,809 and income of \$417,066, 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>2022</u>	<u>2021</u>
Reproductive health programs	\$ 4,007,559	\$ 8,989,726
Split-interest agreements	76,545	79,279
Appropriated earnings on endowment fund - operations	<u>122,819</u>	<u>135,805</u>
	<u>\$ 4,206,923</u>	<u>\$ 9,204,810</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.

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

9. Endowment Fund (*continued*)

(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 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, 2022 and 2021

9. Endowment Fund (continued)

The following is the endowment net asset composition as of June 30, 2022 and 2021.

	Purpose Restricted	Held in Perpetuity	Total
Endowment net assets, July 1, 2021	\$ 238,870	\$ 1,994,091	\$ 2,232,961
Investment income	126,253	-	126,253
Net depreciation in fair value of investments	(406,062)	-	(406,062)
Appropriation for operations	(122,819)	-	(122,819)
Endowment net assets, June 30, 2022	<u>\$ (163,758)</u>	<u>\$ 1,994,091</u>	<u>\$ 1,830,333</u>
	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	<u>\$ 238,870</u>	<u>\$ 1,994,091</u>	<u>\$ 2,232,961</u>

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, 2022, the original gift value of \$1,994,091, and deficiencies of \$163,758 were reported in net assets with donor restrictions.

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021 was \$889,301 and \$1,169,883, 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, 2022 and 2021

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:

	<u>2022</u>	<u>2021</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 357,326	\$ 604,520
Interest cost	11,838	19,913
Actuarial loss (gain)	5,529	(195,971)
Benefits paid	<u>(38,188)</u>	<u>(71,136)</u>
Benefit Obligation at End of Year	<u>336,505</u>	<u>357,326</u>
 Change in plan assets		
Fair value of plan assets at beginning of year	-	-
Employer contributions	38,188	71,136
Benefits paid	<u>(38,188)</u>	<u>(71,136)</u>
Fair Value of Plan Assets at End of Year	<u>-</u>	<u>-</u>
Funded Status at End of Year	<u>\$ (336,505)</u>	<u>\$ (357,326)</u>

The table below reflects amounts recognized in net assets without donor restrictions at June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Net actuarial gain	<u>\$ (579,990)</u>	<u>\$ (528,039)</u>

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

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:

	2022	2021
Net periodic postretirement benefit cost		
Interest cost	\$ 11,838	\$ 19,913
Amortization of net gain	<u>(46,422)</u>	<u>(26,411)</u>
Net Periodic Postretirement Benefit Cost	<u>(34,584)</u>	<u>(6,498)</u>
Unamortized actuarial loss (gain)	5,529	(195,971)
Amortization of actuarial gain	<u>46,422</u>	<u>26,411</u>
Total Changes Recognized in Net Assets Without Donor Restrictions	<u>51,951</u>	<u>(169,560)</u>
Total Recognized in Net Periodic Postretirement Benefit Cost and Net Assets Without Donor Restrictions	<u>\$ 17,367</u>	<u>\$ (176,058)</u>

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	<u>\$ (51,604)</u>
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EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

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:

	2022	2021
Weighted average assumptions as of the measurement date		
Discount rate - benefit obligation	4.50%	3.50%
Discount rate - net periodic benefit cost	3.50%	3.50%
Expected long-term return on plan assets	N/A	N/A
Assumed healthcare cost trend rates		
Healthcare cost trend rate assumed for next year		
- medical (post-65)	3.50%	3.50%
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%	3.50%
Year that the rate reaches the ultimate trend	2022	2021

* During fiscal 2022 and 2021, 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	\$ 33,000	\$ (35,750)

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

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:

2023	\$ 38,188
2024	37,233
2025	35,930
2026	34,313
2027	32,443
2028 - 2032	<u>130,738</u>
Total	<u>\$ 308,845</u>

The expected benefit payments are based on the same assumptions used to measure EngenderHealth's benefit obligation at June 30, 2022 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

In April 2018, EngenderHealth relocated its headquarters to 505 9th Street NW in Washington, DC, under a lease agreement expiring on September 15, 2022. In February 2022, the lease was extended to expire on September 30, 2024.

(a) EngenderHealth had maintained its former headquarters at 440 Ninth Avenue in New York City under a lease that expires on February 27, 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:

2023	\$ 1,816,166
2024	1,443,060
2025	1,208,312
2026	1,015,226
2027	1,001,144
2028	<u>667,429</u>
	<u>\$ 7,151,337</u>

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021 include \$231,151 and \$241,522 respectively, of deferred rent related to the amount of straight-lined rent expensed in advance of rental payments made. Rent expense was \$360,122 and \$425,657 for the years ended June 30, 2022 and 2021, 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) At June 30, 2022, the remaining lease obligation on the New York City office space was \$5,673,149. At June 30, 2022 and 2021, 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:

2023	\$ 988,194
2024	1,078,134
2025	1,105,067
2026	1,132,653
2027	1,160,946
2028	788,437
	<u>\$ 6,253,431</u>

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, 2022 and 2021

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. 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 three donors aggregated to 56% during 2022. Total contributions and private grants revenue received from four donors aggregated to 72% during 2021. Contributions receivable from one donor aggregated to 99% at June 30, 2021.

During the years ended June 30, 2022 and 2021, 68% and 76%, respectively, of operating revenues and other support were received from the U.S. government, either directly or through pass-through agencies. In 2022 and 2021, 65% and 46%, 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. Gains/(losses) from foreign currency translation of \$460,560 and \$(358,050) during the years ended June 30, 2022 and 2021, respectively, and are included in non operating activities on the statements of activities.

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. In August 2021, the State of the Netherlands amended the contract to increase funding by an additional \$110,000. In March 2022, the State of the Netherlands amended the contract to increase funding by an additional \$295,890. During the years ended June 30, 2022 and 2021, EngenderHealth received advances of \$385,596 and \$3,068,501, respectively, and incurred expenses of \$1,240,046 and \$2,965,523, respectively. The contract receivables of \$523,178 are included in grants and contracts receivable on the statement of financial position at June 30, 2022. The unspent advances of \$331,271 are included in accounts payable and accrued expenses on the statement of financial position at June 30, 2021.

EngenderHealth, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

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>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 8,132,689	\$ 7,921,524
Grants and contracts receivable	2,639,727	1,760,652
Contributions receivable	-	1,091,940
Investments	<u>122,424</u>	<u>638,945</u>
Total Financial Assets	<u>10,894,840</u>	<u>11,413,061</u>
Less amounts unavailable for general expenditures within one year due to:		
Donor imposed restrictions	(3,634,043)	(3,050,299)
Underwater endowment	(163,758)	-
Subtenant deposit	(304,696)	(304,696)
Lease security provision	(261,168)	(261,168)
Endowment cash equivalents	<u>(15,902)</u>	<u>(3,741)</u>
	<u>(4,379,567)</u>	<u>(3,619,904)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 6,515,273</u>	<u>\$ 7,793,157</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.

17. Risk and Uncertainties

Global and domestic economic uncertainty has resulted in significant volatility in the financial markets. This volatility has affected, and may continue to affect, the value of EngenderHealth's investments. The effects of economic and market conditions subsequent to June 30, 2022 are not reflected in these financial statements and future effects in EngenderHealth's investments cannot be predicted.

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