GUTTMACHER INSTITUTE, INC.

FINANCIAL STATEMENTS
AND AUDITOR’S REPORT

DECEMBER 31, 2014 AND 2013

GUTTMACHER INSTITUTE, INC.

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LOEB & TROPER LLP

Independent Auditor's Report

Board of Directors
Guttmacher Institute, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Guttmacher Institute, Inc., which comprise the balance sheet as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Guttmacher Institute, Inc. as of December 31, 2014 and 2013, 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.

Loeb + Troper LLP

June 26, 2015

EXHIBIT A

GUTTMACHER INSTITUTE, INC.

BALANCE SHEET

DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 534,656	$ 1,932,185
Certificates of deposit	2,749,849	5,236,320
Investments	22,297,871	19,436,861
Grants receivable	17,628,436	16,660,404
Other receivables	215,421	220,483
Prepaid expenses and other assets	226,675	344,032
Security deposits	65,257	65,257
Deferred debt issuance costs - net	366,985	383,300
Fixed assets - net	11,008,557	11,134,129
Total assets	$ 55,093,707	$ 55,412,971
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,193,027	$ 965,490
Postretirement benefits payable	497,253	407,431
Deferred rent payable	237,957	224,662
New York City Industrial Development Agency bonds	9,585,000	9,805,000
Total liabilities	11,513,237	11,402,583
Net assets (Exhibit B)		
Unrestricted		
Undesignated	3,576,367	3,087,345
Board-designated endowment fund	7,272,913	6,485,116
Net investment in property and equipment	1,790,542	1,712,429
Total unrestricted	12,639,822	11,284,890
Temporarily restricted	26,085,410	27,870,260
Permanently restricted	4,855,238	4,855,238
Total net assets	43,580,470	44,010,388
Total liabilities and net assets	$ 55,093,707	$ 55,412,971

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GUTTMACHER INSTITUTE, INC. **EXHIBIT B**

STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014				**2013**			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Public support, revenues and other support								
Contributions	$ 682,119	$ 65,578		$ 747,697	$ 522,335	$ 139,726		$ 662,061
Contributions - bequest	488,526			488,526	2,058,750			2,058,750
Grants and contracts from U.S. government agencies	827,961			827,961	1,062,276			1,062,276
Grants from U.S. private organizations		13,538,467		13,538,467		8,734,165		8,734,165
Grants from global governments		494,432		494,432		8,572,726		8,572,726
Grants from global foundations						571,059		571,059
Publication income and other revenue	63,501			63,501	83,443			83,443
Investment income - operating	12,458			12,458	55,391			55,391
Net assets released from restriction	16,238,461	(16,238,461)			14,252,745	(14,252,745)		
Total public support, revenues and other support	18,313,026	(2,139,984)		16,173,042	18,034,940	3,764,931		21,799,871
Expenses (Exhibit C)								
Program services								
Research	8,837,296			8,837,296	7,118,661			7,118,661
Public education	3,577,397			3,577,397	3,691,835			3,691,835
Public policy	1,605,623			1,605,623	1,823,937			1,823,937
Total program services	14,020,316			14,020,316	12,634,433			12,634,433
Supporting services								
Management and general	2,604,527			2,604,527	2,955,077			2,955,077
Fund raising	744,982			744,982	653,486			653,486
Total supporting services	3,349,509			3,349,509	3,608,563			3,608,563
Total expenses	17,369,825			17,369,825	16,242,996			16,242,996
Change in net assets before investment income - endowment, and postretirement benefit plan adjustment	943,201	(2,139,984)		(1,196,783)	1,791,944	3,764,931		5,556,875
Postretirement benefit plan adjustment	(26,066)			(26,066)	172,141			172,141
Investment income - endowment	437,797	355,134		792,931	1,047,298	912,002		1,959,300
Change in net assets (Exhibit D)	1,354,932	(1,784,850)		(429,918)	3,011,383	4,676,933		7,688,316
Net assets - beginning of year	11,284,890	27,870,260	$ 4,855,238	44,010,388	8,273,507	23,193,327	$ 4,855,238	36,322,072
Net assets - end of year (Exhibit A)	$ 12,639,822	$ 26,085,410	$ 4,855,238	$ 43,580,470	$ 11,284,890	$ 27,870,260	$ 4,855,238	$ 44,010,388

See independent auditor’s report.

The accompanying notes are an integral part of these statements.

GUTTMACHER INSTITUTE, INC. **EXHIBIT C**

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014								
	Program Services				Supporting Services				
	Research	Public Education	Public Policy	Total	Management and General	Fund Raising	Total	Total	2013 Total
Salaries	$ 4,137,621	$ 1,703,954	$ 964,457	$ 6,806,032	$ 1,146,244	$ 355,238	$ 1,501,482	$ 8,307,514	$ 8,073,358
Payroll taxes and employee benefits	1,197,325	493,082	279,090	1,969,497	331,694	102,797	434,491	2,403,988	2,248,626
Total salaries and related expenses	5,334,946	2,197,036	1,243,547	8,775,529	1,477,938	458,035	1,935,973	10,711,502	10,321,984
Printing and artwork	2,700	179,838	1,024	183,562	720	5,885	6,605	190,167	139,809
Data processing	3,771	17,234	16,320	37,325	25,072	2,249	27,321	64,646	53,430
Professional fees	1,745,235	472,728	5,137	2,223,100	300,845	144,780	445,625	2,668,725	2,180,060
Occupancy and office costs (includes interest on bonds of $560,338)	756,057	311,134	179,318	1,246,509	291,672	63,896	355,568	1,602,077	1,605,050
Information technology	163,632	58,137	26,680	248,449	65,370	13,498	78,868	327,317	273,190
Postage and shipping	18,845	80,640	623	100,108	7,164	5,962	13,126	113,234	105,789
Conferences, meetings and travel	473,885	111,918	52,104	637,907	307,504	9,752	317,256	955,163	803,131
Dues, subscriptions and publications	27,699	25,828	9,602	63,129	4,347	7,125	11,472	74,601	64,420
Miscellaneous	20,045	3,278	3,558	26,881	43,423	8,861	52,284	79,165	62,006
Total expenses before depreciation and amortization	8,546,815	3,457,771	1,537,913	13,542,499	2,524,055	720,043	3,244,098	16,786,597	15,608,869
Depreciation and amortization	290,481	119,626	67,710	477,817	80,472	24,939	105,411	583,228	634,127
Total expenses reported by function on the statement of activities (Exhibit B)	8,837,296	3,577,397	1,605,623	14,020,316	2,604,527	744,982	3,349,509	17,369,825	16,242,996
Add investment fees deducted directly from revenues on statement of activities					73,684		73,684	73,684	61,353
Total expenses	$ 8,837,296	$ 3,577,397	$ 1,605,623	$ 14,020,316	$ 2,678,211	$ 744,982	$ 3,423,193	$ 17,443,509	$ 16,304,349

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GUTTMACHER INSTITUTE, INC.

EXHIBIT C
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STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2013							
	Program Services				Supporting Services			
	Research	Public Education	Public Policy	Total	Management and General	Fund Raising	Total	Total
Salaries	$ 3,371,580	$ 1,915,981	$ 1,111,647	$ 6,399,208	$ 1,366,317	$ 307,833	$ 1,674,150	$ 8,073,358
Payroll taxes and employee benefits	937,438	532,722	309,084	1,779,244	379,892	89,490	469,382	2,248,626
Total salaries and related expenses	4,309,018	2,448,703	1,420,731	8,178,452	1,746,209	397,323	2,143,532	10,321,984
Printing and artwork	3,066	134,031	300	137,397	1,537	875	2,412	139,809
Data processing	330	10,812	14,209	25,351	25,551	2,528	28,079	53,430
Professional fees	1,403,795	300,603	100	1,704,498	348,912	126,650	475,562	2,180,060
Occupancy and office costs (includes interest on bonds of $571,363)	629,115	368,667	211,143	1,208,925	338,725	57,400	396,125	1,605,050
Information technology	114,744	58,499	28,122	201,365	58,273	13,552	71,825	273,190
Postage and shipping	3,443	90,618	628	94,689	7,471	3,629	11,100	105,789
Conferences, meetings and travel	357,059	101,853	44,176	503,088	285,783	14,260	300,043	803,131
Dues, subscriptions and publications	15,238	24,032	15,861	55,131	6,526	2,763	9,289	64,420
Miscellaneous	18,030	3,525	1,352	22,907	28,772	10,327	39,099	62,006
Total expenses before depreciation and amortization	6,853,838	3,541,343	1,736,622	12,131,803	2,847,759	629,307	3,477,066	15,608,869
Depreciation and amortization	264,823	150,492	87,315	502,630	107,318	24,179	131,497	634,127
Total expenses reported by function on the statement of activities (Exhibit B)	7,118,661	3,691,835	1,823,937	12,634,433	2,955,077	653,486	3,608,563	16,242,996
Add investment fees deducted directly from revenues on statement of activities					61,353		61,353	61,353
Total expenses	$ 7,118,661	$ 3,691,835	$ 1,823,937	$ 12,634,433	$ 3,016,430	$ 653,486	$ 3,669,916	$ 16,304,349

See independent auditor’s report.

The accompanying notes are an integral part of these statements.

EXHIBIT D

GUTTMACHER INSTITUTE, INC.

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash flows from operating activities		
Change in net assets (Exhibit B)	$ (429,918)	$ 7,688,316
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	583,228	634,127
Gain on investments	(526,825)	(1,788,695)
Decrease (increase) in assets		
Grants receivable	(968,032)	803,674
Other receivables	5,062	(110,696)
Prepaid expenses and other assets	117,357	(179,076)
Security deposits		3,550
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	227,537	252,913
Postretirement benefits payable	89,822	(103,638)
Deferred rent payable	13,295	50,679
Net cash provided (used) by operating activities	(888,474)	7,251,154
Cash flows from investing activities		
Purchase of fixed assets	(441,341)	(471,496)
Purchases of investments	(7,179,259)	(7,253,394)
Proceeds from sales of investments	7,331,545	2,147,182
Net cash used by investing activities	(289,055)	(5,577,708)
Cash flows from financing activities		
Repayment of bonds	(220,000)	(210,000)
Net change in cash and cash equivalents	(1,397,529)	1,463,446
Cash and cash equivalents - beginning of year	1,932,185	468,739
Cash and cash equivalents - end of year	$ 534,656	$ 1,932,185
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 560,338	$ 571,363

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NOTE 1 - NATURE OF ORGANIZATION

Guttmacher Institute, Inc. (the "Institute"), incorporated in New York in 1977, with offices in New York City and Washington, D.C., advances sexual and reproductive health in the United States and worldwide through an interrelated program of social science research, policy analysis and public education. The Institute conducts its activities through revenue generated from the United States and foreign government grants and contracts, private organization grants, individual contributions and the sale of publications.

The Institute is a not-for-profit tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Institute is primarily supported by grants and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting **-** The financial statements are prepared on the accrual basis accounting.

Use of estimates **-** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents **-** The Institute considers all highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents, except for cash and money market funds contained in the Institute's investment portfolio.

Certificates of deposit **-** The certificates of deposit have a maturity date of more than three months and are considered investments for the purpose of cash flow reporting.

Investments **-** Investments are recorded at fair value. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the Institute's financial statements.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants receivable and allowance for doubtful accounts - Grants receivable are recorded when services are rendered or qualifying expenses are incurred. The Institute determines whether an allowance for uncollectibles should be provided for grants receivable. Such estimates are based on management's assessment of the aged basis of its sources, current economic conditions, subsequent receipts and historical information. Grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. If no allowance is established, then the receivable is written off directly as bad debt. Interest is not charged on outstanding receivables. As of December 31, 2014 and 2013, the Institute had no allowance for doubtful accounts.

Fixed assets - Fixed assets are recorded at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. The Institute capitalizes all property and equipment having a cost in excess of $500 and a useful life of greater than one year. Leasehold improvements are amortized on the straight-line basis over the lesser of their useful lives or the term of the lease. Depreciation and amortization is provided on the straight-line basis over the following estimated useful lives of the assets:

Commercial condominium	40 years
Furniture and fixtures	3-10 years
Computer hardware and software	3-5 years
Leasehold improvements	10 years

Deferred debt issuance costs - Debt issuance costs are capitalized and amortized on the straight-line method over the term of the related debt.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants - Revenue from grants is recognized when costs are incurred or other services are performed and requisitions for reimbursement are submitted.

Unrestricted net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Board designated net assets **-** Unrestricted net assets designated by the Board of Directors to function as endowments.

Temporarily and permanently restricted net assets **-** Temporarily restricted net assets are those whose use by the Institute has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Institute in perpetuity.

Measure of operations **-** The Institute includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, except for investment income (losses) earned from the endowments and postretirement benefit plan adjustment.

Functional allocation of expenses **-** The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Lease **-** Operating lease payments are charged to rent expense. Rent expense is recorded on the straight-line basis over the term of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 as compared to those used at December 31, 2013.

Money market funds and equities **-** Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds **-** Valued at the net asset value ("NAV") of shares held at year end.

Limited partnership and alternative investment **-** There are no observable inputs and certain of the underlying investments are not publicly traded and there is no secondary market for such funds. The securities are valued based on the current value provided by investment managers of the underlying funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Institute believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 4 sets forth by level, within the fair value hierarchy, the assets at fair value at December 31, 2014 and 2013.

Uncertainty in income taxes **-** The Institute has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2011 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events **-** Subsequent events have been evaluated through June 26, 2015, which is the date the financial statements were issued.

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NOTE 3 - GRANTS RECEIVABLE

The grants to be received after one year are discounted to fair value using interest rates ranging from 0.25% to .78% for the year ended December 31, 2014.

Grants receivable consist of the following as of December 31, 2014:

2015	$ 10,672,852
2016	6,343,625
2017	647,333
	17,663,810
Less unamortized discount to present value	(35,374)
	$ 17,628,436

NOTE 4 - INVESTMENTS

The fair value hierarchy of investments is:

	2014		
	Level 1	Level 3	Total
Money market	$ 11,207,175	$ -	$ 11,207,175
Equities			
Common stock			
Basic materials	223,448	-	223,448
Communication services	72,286	-	72,286
Consumer cyclical	448,538	-	448,538
Consumer defensive	333,430	-	333,430
Energy	176,813	-	176,813
Financial services	174,196	-	174,196
Healthcare	424,059	-	424,059
Industrials	527,373	-	527,373
Real estate	72,678	-	72,678
Technology	591,617	-	591,617
	3,044,438	-	3,044,438

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GUTTMACHER INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 4 - INVESTMENTS (continued)

	2014		
	Level 1	**Level 3**	**Total**
Mutual funds			
Foreign large value	$ 1,500,826	$ -	$ 1500,826
Large growth	1,650,001	-	1650,001
Large blend	1,536,025	-	1536,025
Diversified emerging markets	557,008	-	557,008
Moderate allocation	425,322	-	425,322
Tactical allocation	198,123	-	198,123
Large value	783,227	-	783,227
	6,650,532	-	6,650,532
Limited partnership and alternative investment	-	1,395,726	1,395,726
	$ 20,902,145	$ 1,395,726	$ 22,297,871

	2013		
	Level 1	**Level 3**	**Total**
Money market	$ 6,381,955	$ -	$ 6,381,955
Equities			
Common stock			
Basic materials	123,684	-	123,684
Communication services	62,828	-	62,828
Consumer cyclical	404,494	-	404,494
Consumer defensive	323,957	-	323,957
Energy	155,478	-	155,478
Financial services	189,963	-	189,963
Healthcare	362,081	-	362,081
Industrials	463,545	-	463,545
Real estate	29,041	-	29,041
Technology	430,828	-	430,828
Utilities	13,584	-	13,584
	2,559,483	-	2,559,483

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GUTTMACHER INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 4 - INVESTMENTS (continued)

	2013		
	Level 1	**Level 3**	**Total**
Mutual funds			
Foreign large value	1,317,978	-	1,317,978
Large growth	1,563,523	-	1,563,523
Large blend	1,310,574	-	1,310,574
Diversified emerging markets	477,310	-	477,310
Short-term bond	2,303,227	-	2,303,227
World bond	826,620	-	826,620
Moderate allocation	386,919	-	386,919
Tactical allocation	186,256	-	186,256
Large value	703,074	-	703,074
	9,075,481	-	9,075,481
Limited partnership and alternative investment	-	1,419,942	1,419,942
	$ 18,016,919	$ 1,419,942	$ 19,436,861

Level 3 Investments

The table below sets forth a summary of changes in the fair value of the Level 3 assets for the years ended December 31:

	2014	**2013**
Balance, beginning of year	$ 1,419,942	$ 1,149,230
Total gains or losses (realized/unrealized) included in changes in net assets	173,900	285,690
Sales	(694,787)	(268,524)
Purchases	496,671	253,546
Balance, end of year	$ 1,395,726	$ 1,419,942
The amount of total gains (losses) for the period included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date	$ 191,128	$ 286,690

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GUTTMACHER INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 4 - INVESTMENTS (continued)

***Level 3 Investments* (continued)**

2014 Fair Value	2013 Fair Value	Description of Fund	Unfunded Commitments	Redemption Period	Notice Period
$ 337,913	$ 267,167	Diversification is achieved through trading styles, time frames, markets and geographic regions. The fund's due diligence includes both quantitative and qualitative analysis of managers.	None	Daily	Daily
	317,667	The alternative investment seeks capital appreciation while targeting a portfolio level volatility of 3% to 5% over a market cycle by typically investing in 15-35 hedge funds. The underlying hedge funds utilize various investment strategies including relative value, event driven, long/short equity and tactical trading strategies.	None	Quarterly	65 days
1,057,813	835,108	The limited partnership seeks to provide long-term capital appreciation by investing primarily in U.S. companies in the medium market capitalization segment. These companies generally have a capitalization at the time of purchase of $1-10 billion.	None	Monthly	15 days
$1,395,726	$1,419,942				

Investment income consists of the following:

	2014	2013
Interest and dividends	$ 352,248	$ 287,349
Unrealized income on investments - net	444,254	1,613,547
Realized gain on investments - net	82,571	175,148
Investment fees	(73,684)	(61,353)
Net investment income	$ 805,389	$ 2,014,691

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GUTTMACHER INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 5 - FIXED ASSETS

Fixed assets consist of the following:

	2014	2013
Commercial condominium	$ 11,966,673	$ 11,966,673
Furniture and fixtures	1,460,217	1,299,236
Computer hardware and software	1,792,159	1,664,762
Leasehold improvements	1,374,243	1,221,280
Total cost	16,593,292	16,151,951
Less accumulated depreciation and amortization	(5,584,735)	(5,017,822)
Net book value	$ 11,008,557	$ 11,134,129

As of December 31, 2014 and 2013, the cost of the commercial condominium purchased with the proceeds of the New York City Industrial Development Bonds was $11,966,673. Accumulated amortization was $2,310,018 and $2,011,166, respectively.

NOTE 6 - NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY BONDS

In May 2007, the Institute borrowed $11,000,000 through the issuance of Civic Facility Revenue Bonds, Series 2007 (the “bonds”) by the New York City Industrial Development Agency (“IDA”) to finance the acquisition of office space to be used as the Institute’s place of operations. The bonds, in an aggregate original face amount of $11,000,000, mature at December 1, 2016 and December 1, 2036 and bear interest at rates of 5.25% and 5.75%. The bonds are collateralized by the purchased property.

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NOTE 6 - NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY BONDS (continued)

Future minimum payments are as follows:

Year Ending December 31	
2015	$ 778,788
2016	776,713
2017	779,113
2018	779,450
2019	778,925
Thereafter	13,235,049
	17,128,038
Less amounts representing interest	(7,543,038)
Present value of net minimum lease payments	$ 9,585,000

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

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

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

Interest expense was $560,338 and $571,363 for the years ended December 31, 2014 and 2013, respectively.

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GUTTMACHER INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 7 - NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2014	2013
Time restricted for periods ending after year end	$ 4,241,499	$ 6,577,138
Restricted by time and for the following purposes:		
Public education	6,393,930	7,484,652
Public policy	838,953	749,261
Research	14,611,028	13,059,209
	21,843,911	21,293,122
	$ 26,085,410	$ 27,870,260

Temporarily restricted net assets were released from restrictions by the passage of time and by incurring expenses satisfying the following:

	2014	2013
Time restrictions lapsed	$ 4,623,884	$ 4,351,953
Purpose restrictions satisfied:		
Research	7,856,944	7,024,018
Public education	3,126,196	2,153,506
Public policy	631,437	723,268
	11,614,577	9,900,792
	$ 16,238,461	$ 14,252,745

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GUTTMACHER INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 8 - EMPLOYEE BENEFIT PLANS

401(k) Plan

The Institute maintains a defined-contribution retirement plan established under Section 401(k) of the Internal Revenue Code that covers substantially all employees, each of whom must meet certain eligibility requirements as to age and length of service. During 2014 and 2013, the Institute's expense related to contributions to the 401(k) plan was approximately $756,000 and $701,000, respectively.

Deferred Compensation Plan

In April 2004, the Institute established a deferred compensation plan under Section 457(b) of the Internal Revenue Code for certain eligible employees, defined by the Institute as its executive team. Under the terms of the 457(b) Plan, eligible employees may contribute amounts through a salary-reduction agreement. The Institute does not contribute to this plan.

Employee Postretirement Benefit Plan

The Institute currently offers eligible retirees the opportunity to participate in a medical plan. Substantially all employees may become eligible for these benefits provided that the employee was 65 years of age and has at least 10 consecutive full years of service prior to retirement. The following table sets forth the plan's unfunded status and amounts recognized in the balance sheet at December 31:

	2014	2013
Accumulated postretirement benefit obligation	$ (497,253)	$ (407,431)
Plan assets at fair value	-	-
Funded status	$ (497,253)	$ (407,431)
Accrued postretirement benefit cost	$ (497,253)	$ (407,431)
Net periodic postretirement benefit cost	$ 66,042	$ 68,503
Weighted average assumptions		
Discount rate	4.75%	5.00%
Expected return on plan assets	N/A	N/A
Health cost trend rate	3.00 %	3.00%

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NOTE 8 - EMPLOYEE BENEFIT PLANS (continued)

Employee Postretirement Benefit Plan ***(continued)***

The weighted average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is 4.75% for 2014 and is assumed to increase at a rate of 3% each year. The health care cost trend rate assumption has a significant effect on the amounts reported.

The Institute expects to contribute approximately $4,000 to its postretirement health insurance plan in fiscal year 2015.

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

Year Ending June 30	
2015	$ 4,000
2016	5,000
2017	8,000
2018	9,000
2019	11,000
2020 through 2024	101,000

NOTE 9 - COMMITMENTS AND CONTINGENCIES

A. The Institute is obligated under a noncancelable operating lease expiring 2024 for its regional office in Washington, D.C.

Future minimum lease payments are as follows:

2015	$ 257,872
2016	264,335
2017	276,076
2018	284,006
2019	291,092
Thereafter	1,292,822
	$ 2,666,203

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NOTE 9 - COMMITMENTS AND CONTINGENCIES (continued)

A. (continued)

Rent expense for the years ended December 31, 2014 and 2013 was approximately $270,000 and $295,000, respectively.

B. Government-funded activities are subject to audit by the applicable granting agencies. As of December 31, 2014 and 2013, no such audits had been undertaken at the Institute, and management has no reason to believe that unaudited projects would result in any material obligations.

NOTE 10 - CONCENTRATIONS

Financial instruments that potentially subject the Institute to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in financial institutions, the balances of which, from time to time, may exceed federal insurance limits.

NOTE 11 - ENDOWMENT FUNDS

General

The Institute's endowment consists of two individual funds, a donor-restricted endowment fund to be used for general operations and a fund designated by the Board of Directors to function as an endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Institute has adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Institute is now governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7%. As a result of this interpretation, the Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

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NOTE 11 - ENDOWMENT FUNDS (continued)

Return Objectives and Risk Parameters

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Institute must hold in perpetuity, as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce acceptable rates of return, with a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institute targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and Investment Objectives

The Institute has a policy for appropriating for distribution each year, depending on fiscal need, up to 5.5% of the permanently restricted endowment funds' average fair value over the prior 20 quarters through the year end preceding the year in which the distribution is planned.

Funds with Deficiencies

The Institute does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund as of December 31, 2014

The endowment net asset composition consists of permanently donor-restricted funds of $4,855,238 for 2014 and 2013, unappropriated earnings on donor-restricted endowments of $1,534,823 and $1,350,906 for 2014 and 2013, respectively, and board-designated endowment funds of $7,272,913 and $6,485,116 for 2014 and 2013, respectively.

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NOTE 11 - ENDOWMENT FUNDS (continued)

Changes in Endowment Net Assets for the Year Ended December 31, 2014

	Board Designated Endowment Fund	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 6,485,116	$ 1,350,906	$ 4,855,238	$ 12,691,260
Interest and dividends	154,827	143,869		298,696
Net realized and unrealized gain	282,970	211,265		494,235
Amounts appropriated for expenditure		(171,217)		(171,217)
Designation by the Board of Directors	350,000			350,000
Endowment net assets, end of year	$ 7,272,913	$ 1,534,823	$ 4,855,238	$ 13,662,974

Changes in Endowment Net Assets for the Year Ended December 31, 2013

	Board Designated Endowment Fund	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 4,079,068	$ 597,690	$ 4,855,238	$ 9,531,996
Interest and dividends	147,578	125,937		273,515
Net realized and unrealized gain	899,720	786,065		1,685,785
Amounts appropriated for expenditure		(158,786)		(158,786)
Designation by the Board of Directors	1,358,750			1,358,750
Endowment net assets, end of year	$ 6,485,116	$ 1,350,906	$ 4,855,238	$ 12,691,260