GUTTMACHER INSTITUTE, INC.

AUDIT REPORT

FINANCIAL AND FEDERAL AWARD COMPLIANCE EXAMINATION

FOR THE YEAR ENDED DECEMBER 31, 2015

GUTTMACHER INSTITUTE, INC.

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Guttmacher Institute, Inc.
New York, N.Y.

Report on the Financial Statements

We have audited the accompanying financial statements of the Guttmacher Institute, Inc. (the Institute), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the Institute as of December 31, 2015 and 2014, 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.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

Report on Prior Year Comparative Statements

The financial statements of the Institute for the year ended December 31, 2014 were audited by other auditors, whose report dated June 26, 2015, expressed an unmodified opinion on those statements.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on page 24, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance),* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2016 on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Gelman Rozenberg & Freedman

June 23, 2016

GUTTMACHER INSTITUTE, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	$ 2,653,199	$ 534,656
Investments (Note 2)	27,219,715	25,047,720
Grants receivable (Note 3)	11,888,408	17,628,436
Other receivables	116,634	215,421
Prepaid expenses and other assets	180,281	226,675
Security deposits	134,585	65,257
Deferred debt issuance costs, net	350,759	366,985
Fixed assets, net (Notes 4 and 5)	11,067,603	11,008,557
TOTAL ASSETS	$ 53,611,184	$ 55,093,707

LIABILITIES AND NET ASSETS

	2015	2014
LIABILITIES		
Accounts payable and accrued liabilities	$ 984,402	$ 1,193,027
Postretirement benefits payable (Note 8)	483,367	497,253
Deferred rent (Note 7)	244,984	237,957
New York City Industrial Development Agency bonds (Note 5)	9,355,000	9,585,000
Total liabilities	11,067,753	11,513,237
NET ASSETS		
Unrestricted:		
Undesignated	4,487,466	3,576,367
Board-designated reserve fund	6,118,082	7,272,913
Net investment in property and equipment (Note 4)	2,063,362	1,790,542
Total unrestricted	12,668,910	12,639,822
Temporarily restricted (Note 6)	25,019,283	26,085,410
Permanently restricted (Note 10)	4,855,238	4,855,238
Total net assets	42,543,431	43,580,470
TOTAL LIABILITIES AND NET ASSETS	$ 53,611,184	$ 55,093,707

GUTTMACHER INSTITUTE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE (Note 9)				
Contributions	$ 1,124,017	$ -	$ -	$ 1,124,017
Contributions - bequest	42,604	-	-	42,604
Grants and contracts from U.S. Government agencies	939,963	-	-	939,963
Grants from foundations	-	12,331,153	-	12,331,153
Grants from foreign governments	-	3,617,027	-	3,617,027
Publication income and other revenue	208,287	-	-	208,287
Investment (loss) income, operating (Note 2)	(87,750)	-	-	(87,750)
Net assets released from donor restrictions (Note 6)	16,983,789	(16,983,789)	-	-
Total revenue	19,210,910	(1,035,609)	-	18,175,301
EXPENSES				
Program Services:				
Research	9,755,724	-	-	9,755,724
Public Education	3,582,222	-	-	3,582,222
Public Policy	1,939,869	-	-	1,939,869
Total program services	15,277,815	-	-	15,277,815
Supporting Services:				
Management and General	2,978,909	-	-	2,978,909
Fundraising	933,172	-	-	933,172
Total supporting services	3,912,081	-	-	3,912,081
Total expenses	19,189,896	-	-	19,189,896
Changes in net assets before other items	21,014	(1,035,609)	-	(1,014,595)
OTHER ITEMS				
Postretirement benefit plan adjustment	57,672	-	-	57,672
Investment (loss) income, endowment and reserve (Notes 2 and 10)	(49,598)	(30,518)	-	(80,116)
Changes in net assets	29,088	(1,066,127)	-	(1,037,039)
Net assets at beginning of year	12,639,822	26,085,410	4,855,238	43,580,470
NET ASSETS AT END OF YEAR	$ 12,668,910	$ 25,019,283	$ 4,855,238	$ 42,543,431

See accompanying notes to financial statements.

2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 682,119	$ 65,578	$ -	$ 747,697
488,526	-	-	488,526
827,961	-	-	827,961
-	13,538,467	-	13,538,467
-	494,432	-	494,432
63,501	-	-	63,501
12,458	-	-	12,458
16,238,461	(16,238,461)	-	-
18,313,026	(2,139,984)	-	16,173,042
8,837,296	-	-	8,837,296
3,577,397	-	-	3,577,397
1,605,623	-	-	1,605,623
14,020,316	-	-	14,020,316
2,604,527	-	-	2,604,527
744,982	-	-	744,982
3,349,509	-	-	3,349,509
17,369,825	-	-	17,369,825
943,201	(2,139,984)	-	(1,196,783)
(26,066)	-	-	(26,066)
437,797	355,134	-	792,931
1,354,932	(1,784,850)	-	(429,918)
11,284,890	27,870,260	4,855,238	44,010,388
$ 12,639,822	**$ 26,085,410**	**$ 4,855,238**	**$ 43,580,470**

GUTTMACHER INSTITUTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services				Supporting Services			
	Research	Public Education	Public Policy	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total Expenses
Salaries	$4,773,965	$1,884,778	$1,181,575	$ 7,840,318	$ 1,355,206	$ 486,935	$1,842,141	$ 9,682,459
Payroll taxes and employee benefits (Note 8)	1,362,370	537,869	337,192	2,237,431	386,742	138,959	525,701	2,763,132
Total salaries and related expenses	6,136,335	2,422,647	1,518,767	10,077,749	1,741,948	625,894	2,367,842	12,445,591
Printing and design	3,297	51,722	653	55,672	-	1,222	1,222	56,894
Data processing	12,289	54,012	13,578	79,879	31,147	1,915	33,062	112,941
Professional fees	1,542,640	479,976	34,032	2,056,648	331,008	151,394	482,402	2,539,050
Occupancy and office costs (includes interest of $548,788) (Notes 5 and 7)	717,633	286,360	179,082	1,183,075	355,373	72,281	427,654	1,610,729
Information technology	171,381	55,270	30,533	257,184	46,682	15,967	62,649	319,833
Postage and shipping	28,920	4,897	380	34,197	4,307	5,193	9,500	43,697
Conferences, meetings and travel	458,948	86,822	80,967	626,737	319,341	14,219	333,560	960,297
Dues, subscriptions and publications	28,108	19,950	4,325	52,383	2,798	4,814	7,612	59,995
Miscellaneous	25,371	2,612	3,606	31,589	49,561	9,799	59,360	90,949
Total expenses before bad debt, depreciation and amortization	9,124,922	3,464,268	1,865,923	14,455,113	2,882,165	902,698	3,784,863	18,239,976
Bad debt expense	332,036	-	-	332,036	-	-	-	332,036
Depreciation and amortization	298,766	117,954	73,946	490,666	96,744	30,474	127,218	617,884
TOTAL	**$9,755,724**	**$3,582,222**	**$1,939,869**	**$15,277,815**	**$ 2,978,909**	**$ 933,172**	**$3,912,081**	**$19,189,896**

See accompanying notes to financial statements.

GUTTMACHER INSTITUTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services				Supporting Services			
	Research	Public Education	Public Policy	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total Expenses
Salaries	$4,137,621	$1,703,954	$ 964,457	$ 6,806,032	$ 1,146,244	$355,238	$1,501,482	$ 8,307,514
Payroll taxes and employee benefits (Note 8)	1,197,325	493,082	279,090	1,969,497	331,694	102,797	434,491	2,403,988
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
Printing and design	2,700	179,838	1,024	183,562	720	5,885	6,605	190,167
Data processing	3,771	17,234	16,320	37,325	25,072	2,249	27,321	64,646
Professional fees	1,745,235	472,728	5,137	2,223,100	300,845	144,780	445,625	2,668,725
Occupancy and office costs (includes interest of $560,338) (Notes 5 and 7)	756,057	311,134	179,318	1,246,509	291,672	63,896	355,568	1,602,077
Information technology	163,632	58,137	26,680	248,449	65,370	13,498	78,868	327,317
Postage and shipping	18,845	80,640	623	100,108	7,164	5,962	13,126	113,234
Conferences, meetings and travel	473,885	111,918	52,104	637,907	307,504	9,752	317,256	955,163
Dues, subscriptions and publications	27,699	25,828	9,602	63,129	4,347	7,125	11,472	74,601
Miscellaneous	20,045	3,278	3,558	26,881	43,423	8,861	52,284	79,165
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
Depreciation and amortization	290,481	119,626	67,710	477,817	80,472	24,939	105,411	583,228
TOTAL	**$8,837,296**	**$3,577,397**	**$1,605,623**	**$14,020,316**	**$ 2,604,527**	**$744,982**	**$3,349,509**	**$17,369,825**

See accompanying notes to financial statements.

GUTTMACHER INSTITUTE, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (1,037,039)	$ (429,918)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	601,659	567,003
Amortization of deferred debt issuance costs	16,225	16,225
Unrealized loss (gain)	645,951	(444,254)
Realized gain	(117,749)	(82,571)
Change in discount on long term receivables	25,942	46,108
Bad debt expense	332,036	-
(Increase) decrease in:		
Grants receivable	5,382,050	(1,014,140)
Other receivables	98,787	5,062
Prepaid expenses and other assets	46,394	117,357
Security deposits	(69,328)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	(208,626)	227,537
Postretirement benefits payable	(13,886)	89,822
Deferred rent	7,027	13,295
Net cash provided (used) by operating activities	5,709,443	(888,474)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(660,704)	(441,341)
Sale of investments	39,676,621	7,331,545
Purchase of investments	(42,376,817)	(7,179,259)
Net cash used by investing activities	(3,360,900)	(289,055)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bonds	(230,000)	(220,000)
Net cash used by financing activities	(230,000)	(220,000)
Net increase (decrease) in cash and cash equivalents	2,118,543	(1,397,529)
Cash and cash equivalents at beginning of year	534,656	1,932,185
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 2,653,199**	**$ 534,656**
SUPPLEMENTAL INFORMATION:		
Interest Paid	**$ 548,788**	**$ 560,338**

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

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.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. At times during the year, the Institute maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income (loss) - operating and investment income (loss) - endowment, in the Statements of Activities and Changes in Net Assets.

Grants and other receivables -

Grants and other receivables are recorded as income when the Institute is formally notified of the grants or contributions by the respective donors. 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 risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The Institute does not charge interest on outstanding receivables.

The Institute determines whether an allowance for uncollectibles should be provided for grants and other receivables. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions, subsequent events and historical information. Contributions and 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 it is written off directly against the receivable. As of December 31, 2015 and 2014, 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 $1,000 and a useful life of greater than one year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Fixed assets (continued) -

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 are 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

Depreciation and amortization expense related to fixed assets totaled $601,659 and $567,003 for the years ended December 31, 2015 and 2014, respectively.

Deferred debt issuance costs -

Financing costs totaling $489,431, related to acquisition of the New York City Industrial Development Agency bonds, are amortized over the term of the related debt. Amortization expense totaled $16,225 for the years ended December 31, 2015 and 2014. Accumulated amortization totaled $138,672 and $122,447 as of December 31, 2015 and 2014, respectively.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statements of Activities and Changes in Net Assets, to its current fair value.

Income taxes -

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

Uncertain tax positions -

For the years ended December 31, 2015 and 2014, the Institute has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Institute and include both internally designated and undesignated resources.

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Institute and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Net asset classification (continued) -

- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in perpetuity by the Institute. There are certain restrictions placed on the use of investment earnings from these endowment funds.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants from foundations and foreign governments are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

The Institute receives funding under grants and contracts from the U.S. government, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

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 board-designated endowment fund and postretirement benefit plan adjustment.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investment risks and uncertainties -

The Institute invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Fair value measurement -

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

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Institute has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

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

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

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

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

- *Money market funds* - Fair value is equal to the reported net asset value of the fund, typically $1 per share.
- *Mutual funds and equities* - Valued at the closing price reported on the active market on which the individual securities are traded and can be obtained.
- *U.S. Government and corporate securities* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security’s terms and conditions, and interest rate and credit risk.

2. INVESTMENTS (Continued)

- *Limited partnership and alternative investment* - These instruments do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds or partnerships.

The table below summarizes, by level within the fair value hierarchy, the Institute's investments as of December 31, 2015:

	Level 1	Level 2	Level 3	Total December 31, 2015
Asset Class:				
Money Market	$ 6,283,206	$ -	$ -	$ 6,283,206
Equities				
Basic materials	205,844	-	-	205,844
Communication services	60,575	-	-	60,575
Consumer cyclical	399,271	-	-	399,271
Consumer defensive	336,155	-	-	336,155
Energy	148,280	-	-	148,280
Financial services	274,328	-	-	274,328
Healthcare	693,544	-	-	693,544
Industrials	570,370	-	-	570,370
Real estate	69,843	-	-	69,843
Technology	682,530	-	-	682,530
	3,440,740	-	-	3,440,740
Mutual funds				
Foreign large value	1,478,877	-	-	1,478,877
Large growth	1,788,823	-	-	1,788,823
Large blend	1,594,887	-	-	1,594,887
Diversified emerging markets	498,564	-	-	498,564
Moderate allocation	402,170	-	-	402,170
Bond funds	1,439,815	-	-	1,439,815
Multialternative	394,320	-	-	394,320
Large value	667,379	-	-	667,379
	8,264,835	-	-	8,264,835
U.S. Government and corporate securities	-	8,098,321	-	8,098,321
Limited partnership and alternative investment	-	-	1,132,613	1,132,613
	$ 17,988,781	**$ 8,098,321**	**$ 1,132,613**	**$ 27,219,715**

2. INVESTMENTS (Continued)

The table below summarizes, by level within the fair value hierarchy, the Institute's investments as of December 31, 2014:

	Level 1	Level 2	Level 3	Total December 31, 2014
Asset Class:				
Money Market	$ 11,207,175	$ -	$ -	$ 11,207,175
Equities				
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
Mutual Funds				
Foreign large value	1,500,826	-	-	1,500,826
Large growth	1,650,001	-	-	1,650,001
Large blend	1,536,025	-	-	1,536,025
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
U.S. Government and corporate securities	-	2,749,849	-	2,749,849
Limited partnership and alternative investment	-	-	1,395,726	1,395,726
	$ 20,902,145	**$ 2,749,849**	**$ 1,395,726**	**$ 25,047,720**

Level 3 Financial Assets

The following table provides a summary of changes in fair value of the Institute's Level 3 financial assets for the years ended December 31:

	2015	2014
Beginning balance at January 1	$ 1,395,726	$ 1,419,942
Unrealized and realized (losses) gains	(46,796)	173,900
Sales	(279,357)	(694,787)
Purchases	63,040	496,671
BALANCE AS OF DECEMBER 31,	**$ 1,132,613**	**$ 1,395,726**

2. INVESTMENTS (Continued)

Level 3 Financial Assets (continued)

	2015	2014
The amount of total gains or losses included in net unrestricted net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ (22,301)	$ 191,128

Alternative investments are comprised of the following at December 31, 2015 and 2014:

2015 Value	2014 Value	Description of Fund	Redemption Period	Notice Period
$ 273,818	$ 337,914	**Abbey Capital ACL Alternative Fund SAC Limited** - 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.	Daily	Daily
858,795	1,057,812	**Iridian Private Business Value Equity Funds, L.P.** - The limited partnership seeks to provide long-term capital appreciation by investing primarily in U.S. companies in the medium market capitalization segment. These companies generally have a capitalization at the time of purchase of $1-10 billion.	Monthly	15 days
$1,132,613	**$1,395,726**			

Included in investment (loss) income are the following:

	2015	2014
Interest and dividends	$ 456,038	$ 352,248
Unrealized (loss) gain	(645,951)	444,254
Realized gain	117,749	82,571
Management fees	(95,702)	(73,684)
TOTAL INVESTMENT (LOSS) INCOME	**$ (167,866)**	**$ 805,389**

Investment (loss) income is presented as follows on the accompanying Statement of Activities and Changes in Net Assets:

	2015	2014
Investment (loss) income - operating	$ (87,750)	$ 12,458
Investment (loss) income - endowment	(80,116)	792,931
TOTAL INVESTMENT (LOSS) INCOME	**$ (167,866)**	**$ 805,389**

3. GRANTS RECEIVABLE

As of December 31, 2015 and 2014, contributors to the Institute have made written promises to give totaling $11,949,724 and $17,663,810, respectively. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate ranging from 0.13% to 3.5%.

Grants are due as follows at December 31, 2015 and 2014:

	2015	2014
Less than one year	$ 10,467,039	$ 10,672,852
One to five years	1,482,685	6,990,958
Total	11,949,724	17,663,810
Less: Allowance to discount balance to present value	(61,316)	(35,374)
NET GRANTS RECEIVABLE	**$ 11,888,408**	**$ 17,628,436**

4. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2015 and 2014:

	2015	2014
Commercial condominium	$ 11,966,673	$ 11,966,673
Furniture and fixtures	1,530,481	1,460,217
Computer hardware and software	2,001,483	1,792,159
Leasehold improvements	1,755,360	1,374,243
Total Fixed assets	17,253,997	16,593,292
Less: Accumulated depreciation and amortization	(6,186,394)	(5,584,735)
NET FIXED ASSETS	**$ 11,067,603**	**$ 11,008,557**

5. 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 starting December 1, 2016 through December 1, 2036 and bear interest at rates 5.25% and 5.75%. The bonds are collateralized by the purchased property.

Future minimum principal and interest payments are due as follows:

Year Ending December 31,	
2016	$ 776,713
2017	779,113
2018	779,450
2019	778,925
2020	777,538
2021 and Thereafter	12,457,511
	16,349,250
Less amounts representing interest	(6,994,250)
	$ 9,355,000

5. NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY BONDS (Continued)

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

For the years ended December 31, 2015 and 2014, interest expense totaled $548,788 and $560,338, respectively.

The loan agreements contain various covenants, which among other things, place restrictions on the Institute's ability to incur additional indebtedness. As of the date of this report, the Institute was in compliance with all loan covenants.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2015 and 2014:

	2015	2014
Time restricted	$ 6,806,392	$ 2,706,676
Research	13,508,298	14,611,028
Public Education	3,000,961	6,393,930
Public Policy	388,816	838,953
Earnings on Endowment	1,314,816	1,534,823
	$ 25,019,283	$ 26,085,410

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2015	2014
Passage of time	$ 4,688,842	$ 4,452,667
Research	7,957,352	7,856,944
Public Education	735,137	3,126,196
Public Policy	3,412,969	631,437
Appropriation of Endowment Earnings	189,489	171,217
	$ 16,983,789	$ 16,238,461

7. LEASE COMMITMENTS

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

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

7. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments:

Year Ending December 31,	
2016	$ 264,335
2017	276,076
2018	284,006
2019	291,092
2020	298,374
Thereafter	994,448
	$ 2,408,331

Rent expense for the years ended December 31, 2015 and 2014 was $262,295 and $237,957, respectively, and is included in occupancy expense on the accompanying Statements of Functional Expenses. The deferred rent liability was $244,984 and $237,957 for the years ended December 31, 2015 and 2014, respectively.

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. Contributions to the plan during the years ended December 31, 2015 and 2014 totaled $899,917 and $755,792, 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 Statements of Financial Position at December 31:

	2015	2014
Accumulated postretirement benefit obligation	$ (483,367)	$ (497,253)
Plan assets at fair value	-	-
Funded status	$ (483,367)	$ (497,253)
Accrued periodic postretirement benefit cost	$ (483,367)	$ (497,253)
Net periodic postretirement benefit cost	$ 46,634	$ 66,042
Weighted average assumptions		
Discount rate	4.35%	4.75%
Expected return on plan assets	N/A	N/A
Health cost trend rate	3.00%	3.00%

8. EMPLOYEE BENEFIT PLANS (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 3.00% for 2015 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 $5,000 to its postretirement health insurance plan in fiscal year 2015.

Benefit payments are based on those retired employees that have met all requirements to collect payments from the plan as of December 31, 2015. The following benefit payments, are expected to be paid as follows:

Year Ending December 31,	
2016	$ 5,000
2017	7,000
2018	8,000
2019	9,000
2020	11,000
2021 through 2024	101,000
	$ 141,000

9. CONTINGENCY

The Institute receives grants from various agencies of the United States Government. For fiscal years through December 31, 2014, such grants were subject to audit under the provisions of OMB Circular A-133. Beginning for fiscal year ended December 31, 2015, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2015. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Additionally, the Institute receives funding from various U.S. Private Foundations, Foreign Governments and Global Foundations that include certain grant restrictions, spending requirements and periodic reporting. Until such reports are ultimately accepted by the respective donors, there exists a contingency to refund any amounts expended outside the scope of the projects. Management is of the opinion that no material liability will result from such audits.

10. ENDOWMENT

General

The Institute's endowment consists of a donor-restricted endowment fund to be used for general operations. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

10. ENDOWMENT (Continued)

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 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.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy 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

There is no deficiency with respect to the Institute's Endowment Fund.

Endowment net asset composition by type of fund is as follows as of December 31, 2015:

	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ 1,314,816	$ 4,855,238	$ 6,170,054
TOTAL FUNDS	**$ 1,314,816**	**$ 4,855,238**	**$ 6,170,054**

10. ENDOWMENT (Continued)

Following is a summary of the change in endowment net assets for the year ended December 31, 2015:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,534,823	$ 4,855,238	$ 6,390,061
Investment income:			
Investment income	154,465	-	154,465
Net depreciation (realized and unrealized)	(184,983)	-	(184,983)
Total investment return	(30,518)	-	(30,518)
Appropriation of endowment assets for expenditure	(189,489)	-	(189,489)
ENDOWMENT NET ASSETS, END OF YEAR	**$ 1,314,816**	**$ 4,855,238**	**$ 6,170,054**

Endowment net asset composition by type of fund is as follows as of December 31, 2014:

	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ 1,534,823	$ 4,855,238	$ 6,390,061
TOTAL FUNDS	**$ 1,534,823**	**$ 4,855,238**	**$ 6,390,061**

Following is a summary of the change in endowment net assets for the year ended December 31, 2014:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,350,906	$ 4,855,238	$ 6,206,144
Investment income			
Interest and dividends	143,869	-	143,869
Net appreciation (realized and unrealized)	211,265	-	211,265
Total investment return	355,134	-	355,134
Appropriation of endowment assets for expenditure	(171,217)	-	(171,217)
ENDOWMENT NET ASSETS, END OF YEAR	**$ 1,534,823**	**$ 4,855,238**	**$ 6,390,061**

11. SUBSEQUENT EVENTS

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through June 23, 2016, the date the financial statements were issued.

From January 1, 2016 through June 23, 2016 (the issuance date of our report) the Institute received a significant amendment to an existing award from a Foreign Government. The amount of the amendment increased the award by 8,724,011 British Pounds (approximately $12,436,000 at the date of the amendment) and extends the project through March 31, 2020.

SUPPLEMENTAL INFORMATION

GUTTMACHER INSTITUTE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Grantor	Federal CFDA Number	Grant Number	Total Federal Expenditures
U.S. Department of Health and Human Services			
Research and Development Cluster:			
Family Planning - Service Delivery Improvement Research Grants	93.974	1FPRPA006060-02-00	$ 285,564
	93.974	1FRRPA006058-01-00	447,886
Total CFDA #93.974 - Family Planning - Service Delivery Improvement Research Grants			**733,450**
Child Health and Human Development Extramural Research	93.865	1R01HD068433-04	109,670
	93.865	RHD074034A	96,843
Total CFDA #93.865 - Child Health and Human Development Extramural Research			**206,513**
Total Research and Development Cluster			**939,963**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 939,963**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Institute under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Institute.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Institute has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Subrecipients

There were no payments made to subrecipients for federal awards during the year ended December 31, 2015.

GUTTMACHER INSTITUTE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting: **Unmodified**

2). Internal control over financial reporting:

- Material weakness(es) identified? ☐ **Yes** ☒ **No**
- Significant deficiency(ies) identified? ☐ **Yes** ☒ **None Reported**

3). Noncompliance material to financial statements noted? ☐ **Yes** ☒ **No**

Federal Awards

4). Internal control over major federal programs:

- Material weakness(es) identified? ☐ **Yes** ☒ **No**
- Significant deficiency(ies) identified? ☐ **Yes** ☒ **None Reported**

5). Type of auditor's report issued on compliance for major federal programs: **Unmodified**

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ **Yes** ☒ **No**

7). Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
Various	Research and Development Cluster

8). Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**

9). Auditee qualified as a low-risk auditee? ☒ **Yes** ☐ **No**

GUTTMACHER INSTITUTE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

There were no reportable findings.

GELMAN, ROSENBERG
& FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Board of Directors
Guttmacher Institute, Inc.
New York, N.Y.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Guttmacher Institute, Inc. (the Institute) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements, and have issued our report thereon dated June 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Institute's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gelman Rosenberg & Freedman

June 23, 2016

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

Independent Auditor's Report

To the Board of Directors
Guttmacher Institute, Inc.
New York, N.Y.

Report on Compliance for Each Major Federal Program

We have audited the Guttmacher Institute, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended December 31, 2015. The Institute's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Institute's compliance.

Opinion on Each Major Federal Program

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gelman Rosenberg & Freedman

June 23, 2016