GUTTMACHER INSTITUTE, INC.

FINANCIAL STATEMENTS
AND AUDITOR'S REPORT

DECEMBER 31, 2016 AND 2015

GUTTMACHER INSTITUTE, INC.

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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, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

655 Third Avenue, 12th Floor, New York, NY 10017
(212) 867-4000 / Fax (212) 867-9810 / *www.loebandtroper.com*

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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Comparative Statements

The financial statements of the Institute for the year ended December 31, 2015 were audited by other auditors, whose reported dated June 23, 2016, expressed an unmodified opinion on those statements.

Emphasis of Matter - Change in Accounting Principle

As described in Note 6 to the financial statements, Guttmacher Institute, Inc. implemented Accounting Standards Update (ASU) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs.* The financial statements for 2015 have been reclassified for this change in accounting principle. Our opinion is not modified with regard to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information in Schedules 1 through 4 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.

Loeb + Troper LLP

July 14, 2017

EXHIBIT A

GUTTMACHER INSTITUTE, INC.

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 937,896	$ 2,653,199
Investments	26,765,713	27,219,715
Grants receivable	13,813,736	11,888,408
Other receivables	158,416	116,634
Prepaid expenses and other assets	251,929	180,281
Security deposits	157,019	134,585
Fixed assets - net	11,151,665	11,067,603
Total assets	$ 53,236,374	$ 53,260,425
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,410,910	$ 984,402
Postretirement benefits payable	510,554	483,367
Deferred rent payable	245,549	244,984
New York City Industrial Development Agency bonds - net	8,780,466	9,004,241
Total liabilities	10,947,479	10,716,994
Net assets (Exhibit B)		
Unrestricted		
Undesignated	4,864,140	4,487,466
Board-designated fund	6,726,788	6,118,082
Net investment in property and equipment	2,371,199	2,063,362
Total unrestricted	13,962,127	12,668,910
Temporarily restricted	23,471,530	25,019,283
Permanently restricted	4,855,238	4,855,238
Total net assets	42,288,895	42,543,431
Total liabilities and net assets	$ 53,236,374	$ 53,260,425

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, 2016 AND 2015

	2016				**2015**			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Public support, revenues and other support								
Contributions	$ 2,361,374			$ 2,361,374	$ 1,124,017			$ 1,124,017
Contributions - bequest	20,519			20,519	42,604			42,604
Grants and contracts from U.S. government agencies	1,112,684			1,112,684	939,963			939,963
Grants from U.S. private organizations		$ 7,461,005		7,461,005		$ 12,331,153		12,331,153
Grants from foreign governments		12,497,526		12,497,526		3,617,027		3,617,027
Publication income and other revenue	40,389			40,389	208,287			208,287
Investment income - operating	17,782			17,782	(87,750)			(87,750)
Net assets released from restriction	19,959,317	(19,959,317)			16,983,789	(16,983,789)		
Total public support, revenues and other support	23,512,065	(786)		23,511,279	19,210,910	(1,035,609)		18,175,301
Expenses (Exhibit C)								
Program services								
Research	11,998,764			11,998,764	9,755,724			9,755,724
Public education	4,421,374			4,421,374	3,582,222			3,582,222
Public policy	2,095,387			2,095,387	1,939,869			1,939,869
Total program services	18,515,525			18,515,525	15,277,815			15,277,815
Supporting services								
Management and general	3,255,936			3,255,936	2,978,909			2,978,909
Fundraising	1,012,911			1,012,911	933,172			933,172
Total supporting services	4,268,847			4,268,847	3,912,081			3,912,081
Total expenses	22,784,372			22,784,372	19,189,896			19,189,896
Change in net assets before foreign exchange loss, postretirement benefit plan adjustment and investment income - non-operating	727,693	(786)		726,907	21,014	(1,035,609)		(1,014,595)
Foreign exchange loss	(74,782)	(1,784,706)		(1,859,488)				
Postretirement benefit plan adjustment	31,600			31,600	57,672			57,672
Investment income - non-operating	608,706	237,739		846,445	(49,598)	(30,518)		(80,116)
Change in net assets (Exhibit D)	1,293,217	(1,547,753)		(254,536)	29,088	(1,066,127)		(1,037,039)
Net assets - beginning of year	12,668,910	25,019,283	$ 4,855,238	42,543,431	12,639,822	26,085,410	$ 4,855,238	43,580,470
Net assets - end of year (Exhibit A)	$ 13,962,127	$ 23,471,530	$ 4,855,238	$ 42,288,895	$ 12,668,910	$ 25,019,283	$ 4,855,238	$ 42,543,431

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, 2016 AND 2015

	2016							
	Program Services				Supporting Services			
	Research	Public Education	Public Policy	Total	Management and General	Fundraising	Total	Total
Salaries	$ 5,607,095	$ 2,413,500	$ 1,286,711	$ 9,307,306	$ 1,612,059	$ 488,007	$ 2,100,066	$ 11,407,372
Payroll taxes and employee benefits	1,593,385	685,852	365,649	2,644,886	481,718	138,678	620,396	3,265,282
Total salaries and related expenses	7,200,480	3,099,352	1,652,360	11,952,192	2,093,777	626,685	2,720,462	14,672,654
Printing and artwork	3,251	55,519	28	58,798		1,127	1,127	59,925
Data processing	5,817	19,573	14,146	39,536	41,265	5,053	46,318	85,854
Professional fees	2,703,899	477,332	7,785	3,189,016	366,127	187,656	553,783	3,742,799
Occupancy and office costs (includes interest on bonds of $552,938)	924,258	402,863	220,023	1,547,144	282,682	81,030	363,712	1,910,856
Information technology	118,537	48,683	19,705	186,925	71,052	8,509	79,561	266,486
Postage and shipping	12,842	2,632	207	15,681	6,893	5,476	12,369	28,050
Conferences, meetings and travel	592,185	156,960	93,382	842,527	262,088	50,898	312,986	1,155,513
Dues, subscriptions and publications	42,547	7,843	7,555	57,945	4,710	200	4,910	62,855
Miscellaneous	52,526	3,226	1,617	57,369	45,119	16,475	61,594	118,963
Total expenses before depreciation and amortization	11,656,342	4,273,983	2,016,808	17,947,133	3,173,713	983,109	4,156,822	22,103,955
Depreciation and amortization	342,422	147,391	78,579	568,392	82,223	29,802	112,025	680,417
Total expenses reported by function on the statement of activities (Exhibit B)	11,998,764	4,421,374	2,095,387	18,515,525	3,255,936	1,012,911	4,268,847	22,784,372
Add: Investment fees deducted directly from revenues on statement of activities					101,252		101,252	101,252
	$ 11,998,764	$ 4,421,374	$ 2,095,387	$ 18,515,525	$ 3,357,188	$ 1,012,911	$ 4,370,099	$ 22,885,624

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GUTTMACHER INSTITUTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2015							
	Program Services				Supporting Services			
	Research	Public Education	Public Policy	Total	Management and General	Fundraising	Total	Total
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	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 artwork	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 on bonds of $565,013)	717,633	286,360	179,082	1,183,075	371,598	72,281	443,879	1,626,954
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 depreciation and amortization	9,124,922	3,464,268	1,865,923	14,455,113	2,898,390	902,698	3,801,088	18,256,201
Bad debt expense	332,036			332,036				332,036
Depreciation and amortization	298,766	117,954	73,946	490,666	80,519	30,474	110,993	601,659
Total expenses reported by function on the statement of activities (Exhibit B)	9,755,724	3,582,222	1,939,869	15,277,815	2,978,909	933,172	3,912,081	19,189,896
Add: Investment fees deducted directly from revenues on statement of activities					95,702		95,702	95,702
	$ 9,755,724	$ 3,582,222	$ 1,939,869	$ 15,277,815	$ 3,074,611	$ 933,172	$ 4,007,783	$ 19,285,598

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, 2016 AND 2015

		2016		2015
Cash flows from operating activities				
Change in net assets (Exhibit B)	$	(254,536)	$	(1,037,039)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation and amortization		680,417		601,659
Amortization of debt issuance costs (included in interest expense)		16,225		16,225
Loss (gain) on investments		(596,661)		528,202
Foreign exchange gain (loss)		1,859,488		
Change in discount on long-term receivables		92,154		25,942
Bad debt expense				332,036
Decrease (increase) in assets				
Grants receivable		(3,876,970)		5,382,050
Other receivables		(41,782)		98,787
Prepaid expenses and other assets		(71,648)		46,394
Security deposits		(22,434)		(69,328)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses		426,508		(208,626)
Postretirement benefits payable		27,187		(13,886)
Deferred rent payable		565		7,027
Net cash provided (used) by operating activities		(1,761,487)		5,709,443
Cash flows from investing activities				
Purchase of fixed assets		(764,479)		(660,704)
Proceeds from sales of investments		49,098,228		39,676,621
Purchases of investments		(48,047,565)		(42,376,817)
Net cash provided (used) by investing activities		286,184		(3,360,900)
Cash flows from financing activities				
Repayment of bonds		(240,000)		(230,000)
Net change in cash and cash equivalents		(1,715,303)		2,118,543
Cash and cash equivalents - beginning of year		2,653,199		534,656
Cash and cash equivalents - end of year	$	937,896	$	2,653,199
Supplemental disclosure of cash flow information				
Cash paid for interest	$	536,713	$	548,788

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 United States and foreign government grants and contracts, private organization grants and individual contributions.

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

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 money markets included in the Institute's investment portfolio.

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.

Grants receivable **-** Grants 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.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for doubtful accounts **-** The Institute determines whether an allowance for uncollectibles should be provided for grants receivable and other receivables. 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 and other receivables 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, 2016 and 2015, 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. 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

Debt issuance costs **-** Debt issuance costs are reflected as a reduction of the carrying amount of the related debt, and are amortized on the straight-line basis over the life of the associated debt. Amortization of debt issuance costs is included in interest expense.

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

Board-designated net assets **-** Unrestricted net assets designated by the Board of Directors for future use.

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.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and grants **-** Unconditional contributions and grants, 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 or permanently 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.

Contract income **-** Contract income is recorded when services are rendered or qualifying expenses are incurred in accordance with the terms of the contract.

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.

Leases **-** 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.

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 foreign exchange loss, postretirement benefit plan adjustment and investment income (losses) earned on endowment funds and board designated funds.

Exchange rates **-** Non-U.S. assets are translated into U.S. dollars at year-end exchange rates. Revenues are translated at approximate rates prevailing at the time of the transaction.

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;

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

- 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.

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, 2016 as compared to those used at December 31, 2015.

Equities, exchange traded funds, real estate investment trust and master limited partnerships - 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.

Corporate debt and U.S. Government securities - Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations, considering the creditworthiness of the issuers.

Limited partnership and alternative investment - Valued at the net asset value ("NAV") of the investments, as a practical expedient.

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 3 sets forth by level, within the fair value hierarchy, the assets at fair value at December 31, 2016 and 2015.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2013 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through July 14, 2017, which is the date the financial statements were issued.

NOTE 3 - INVESTMENTS

The table below summarizes, by level within the fair value hierarchy, the Institute's investments:

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Equities - domestic	$ 2,810,690	$ -	$ -	$ 2,810,690
Equities - international	474,466	-	-	474,466
Mutual funds - domestic	1,718,272	-	-	1,718,272
Mutual funds - international	2,836,820	-	-	2,836,820
Exchange traded funds - stock index	4,333,863	-	-	4,333,863
Real estate investment trusts	48,099	-	-	48,099
Master limited partnerships	38,706	-	-	38,706
Corporate debt	-	3,259,979	-	3,259,979
U.S. Government securities	-	1,211,289	-	1,211,289
	12,260,916	4,471,268	-	16,732,184
Limited partnership and alternative investment	-	-	1,273,685	1,273,685
Total assets reported on the fair value hierarchy	$ 12,260,916	$ 4,471,268	$ 1,273,685	18,005,869
Money markets				8,759,844
Total investments				$ 26,765,713

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GUTTMACHER INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 3 - INVESTMENTS (continued)

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

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Asset Class:				
Equities - domestic	$ 3,370,897	$ -	$ -	$ 3,370,897
Equities - international	498,564	-	-	498,564
Mutual funds - domestic	1,151,140	-	-	1,151,140
Mutual funds - international	2,564,043	-	-	2,564,043
Exchange traded funds - stock index	4,051,088	-	-	4,051,088
Real estate investment trusts	69,843	-	-	69,843
Master limited partnerships	-	-	-	-
Corporate debt	-	3,052,414	-	3,052,414
U.S. Government securities	-	5,045,907	-	5,045,907
	11,705,575	8,098,321	-	19,803,896
Limited partnership and alternative investment	-	-	1,132,613	1,132,613
Total assets reported on the fair value hierarchy	$ 11,705,575	$ 8,098,321	$ 1,132,613	20,936,509
Money markets				6,283,206
Total investments				$ 27,219,715

The presentation of the 2015 investments has been reclassified to conform to the 2016 presentation.

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GUTTMACHER INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 3 - INVESTMENTS (continued)

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:

	2016	2015
Balance, beginning of year	$ 1,132,613	$ 1,395,726
Total gains or losses (realized/unrealized) included in changes in net assets	34,093	(46,796)
Sales		(279,357)
Purchases	106,979	63,040
Balance, end of year	$ 1,273,685	$ 1,132,613
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	$ 34,093	$ (22,301)

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NOTE 3 - INVESTMENTS (continued)

The following table summarized investments measured at fair value using NAV as a practical expedient.

2016 Value	2015 Value	Description of Fund	Unfunded Commitments	Redemption Period	Notice Period
$ 261,103	$ 273,818	Abbey Capital ACL Alternative Fund SAC Limited - Diversification is achieved through trading styles, timeframes, markets and geographic regions. The fund's due diligence includes both quantitative and qualitative analysis of managers.	None	Daily	Daily
1,012,582	858,795	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.	None	Monthly	15 days
$ 1,273,685	$ 1,132,613				

Investment income consists of the following:

	2016	2015
Interest and dividends	$ 368,818	$ 456,038
Unrealized gain (loss) on investments - net	483,554	(645,951)
Realized gain on investments - net	113,107	117,749
Investment fees	(101,252)	(95,702)
Net investment income	$ 864,227	$ (167,866)

-continued-

GUTTMACHER INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NOTE 4 - GRANTS RECEIVABLE

The grants to be received after one year are discounted to fair value using interest rates ranging from 0.09% to 1.5%.

Grants are due as follows at December 31, 2016 and 2015:

	2016	2015
Less than one year	$ 5,518,008	$ 10,467,039
One to five years	8,449,198	1,482,685
Total	13,967,206	11,949,724
Less: discount to present value	(153,470)	(61,316)
Net	$ 13,813,736	$ 11,888,408

Approximately 70% of the 2016 grants receivable are due from one agency.

NOTE 5 - FIXED ASSETS

Fixed assets consist of the following:

	2016	2015
Commercial condominium	$ 11,966,673	$ 11,966,673
Furniture and fixtures	1,683,518	1,530,481
Computer hardware and software	2,266,537	2,001,483
Leasehold improvements	2,101,748	1,755,360
Total cost	18,018,476	17,253,997
Less accumulated depreciation and amortization	(6,866,811)	(6,186,394)
Net book value	$ 11,151,665	$ 11,067,603

As of December 31, 2016 and 2015, 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 $3,062,799 and $2,747,632, respectively.

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NOTE 6 - NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY BONDS

In May 2007, the Institute borrowed $11,000,000 through the issuance of two 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. Series 2007A bond had an original face amount of $1,885,000, had an interest rate of 5.25% and matured on December 1, 2016. Series 2007B bond with an original face amount of $9,115,000, bears interest at rate 5.75% and matures December 1, 2036. The bonds are collateralized by the purchased property.

Future minimum payments are as follows:

Year Ending December 31,	
2017	$ 779,113
2018	779,450
2019	778,925
2020	777,538
2021	780,288
Thereafter	11,677,223
	15,572,537
Less amounts representing interest	(6,457,537)
Present value of net minimum lease payments	9,115,000
Less: Unamortized debt issuance costs	(334,534)
	$ 8,780,466

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.

-continued-

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

Interest expense was $552,938 and $565,013 for the years ended December 31, 2016 and 2015, respectively, which includes amortization of debt issuance costs.

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.

Change in Accounting Principle

In 2016, the Institute adopted new requirements to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Amortization of debt issuance costs is reported as interest expense rather than as amortization expense. The effect of the change for 2016 and 2015 was to decrease deferred charges by $334,534 and $350,759, respectively, and net them against mortgages and loans payable and to record interest expense of $16,225 for each of the years ended December 31, 2016 and 2015, instead of amortization expense. The change does not impact the change in net assets or net assets.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2016	2015
Time restricted for periods ending after year end	$ 3,520,855	$ 6,806,392
Time restricted - earnings on endowment	1,345,489	1,314,816
	4,866,344	8,121,208
Restricted by time and for the following purposes:		
Public education	1,029,124	3,000,961
Public policy	298,031	388,816
Research	17,278,031	13,508,298
	18,605,186	16,898,075
	$ 23,471,530	$ 25,019,283

-continued-

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS (continued)

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

	2016	2015
Time restrictions lapsed	$ 4,752,000	$ 4,688,842
Appropriation of endowment earnings	207,066	189,489
	4,959,066	4,878,331
Purpose restrictions satisfied:		
Research	12,549,235	7,957,352
Public education	2,060,231	3,412,969
Public policy	390,785	735,137
	15,000,251	12,105,458
	$ 19,959,317	$ 16,983,789

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 2016 and 2015, the Institute's expense related to contributions to the 401(k) plan was $1,017,302 and $899,917, 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.

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NOTE 8 - EMPLOYEE BENEFIT PLANS (continued)

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:

	2016	2015
Accumulated postretirement benefit obligation	$ (510,554)	$ (483,367)
Plan assets at fair value	-	-
Funded status	$ (510,554)	$ (483,367)
Accrued postretirement benefit cost	$ (510,554)	$ (483,367)
Net periodic postretirement benefit cost	58,787	46,634
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%

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% for 2016 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 2017.

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NOTE 8 - EMPLOYEE BENEFIT PLANS (continued)

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

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

Year Ending June 30,		
2017	$	7,000
2018		8,000
2019		9,000
2020		9,000
2021		10,000
2022 through 2026		106,000

NOTE 9 - COMMITMENTS AND CONTINGENCIES

A. The Institute leases office space in New York and for its regional office in Washington DC. The Institute is obligated under noncancelable operating lease agreements expiring 2024 and 2030.

Future minimum lease payments are as follows:

2017	$	699,844
2018		717,970
2019		735,491
2020		753,905
2021		798,430
Thereafter		6,631,827
	$	10,337,467

Rent expense for the years ended December 31, 2016 and 2015 was $489,683 and $262,295, respectively. The deferred rent liability was $245,549 and $244,984 for the years ended December 31, 2016 and 2015, respectively.

B. Government-funded activities are subject to audit by the applicable granting agencies. As of December 31, 2016 and 2015, 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.

-continued-

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.

Approximately 50% of the Institute's support came from one agency.

NOTE 11 - ENDOWMENT FUNDS

General

The Institute's endowment consists of a single donor-restricted endowment fund to be used for general operations. 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 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.

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. 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.

-continued-

NOTE 11 - ENDOWMENT FUNDS (continued)

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. During 2016 and 2015, the Institute appropriated 3% of the average fair value of the funds for distribution.

Funds with Deficiencies

The Institute does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund as of December 31, 2016

The endowment net asset composition consists of permanently donor-restricted funds of $4,855,238 for 2016 and 2015 and unappropriated earnings on donor-restricted endowments of $1,345,489 and $1,314,816 for 2016 and 2015.

Changes in Endowment Net Assets for the Year Ended December 31, 2016

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,314,816	$ 4,855,238	$ 6,170,054
Interest and dividends	76,720		76,720
Net realized and unrealized loss	161,019		161,019
Amounts appropriated for expenditure	(207,066)		(207,066)
Endowment net assets, end of year	$ 1,345,489	$ 4,855,238	$ 6,200,727

-continued-

NOTE 11 - ENDOWMENT FUNDS (continued)

Changes 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
Interest and dividends	154,465		154,465
Net realized and unrealized loss	(184,983)		(184,983)
Amounts appropriated for expenditure	(189,489)		(189,489)
Endowment net assets, end of year	$ 1,314,816	$ 4,855,238	$ 6,170,054

NOTE 12 - FOREIGN EXCHANGE LOSS

In April 2016, the Institute received a four-year, £8,659,611 grant extension from the UK Department for International Development to conduct research on sexual and reproductive health needs and services in developing regions. At the time the grant was awarded, the exchange rate for the British pound to US dollar was over $1.40 and the total value of the award was approximately $12,500,000. However, the value of the pound declined significantly, to around $1.20, following the June 2016 referendum that triggered the process of the UK leaving the European Union. As a result, the Institute realized a foreign exchange loss of approximately $1,680,000 in 2016 for the four-year period of the grant. In addition, the Institute realized an almost $105,000 exchange rate loss in its payments from a Swedish International Development Corporation Agency grant in 2016.

In early 2017, the Institute entered into a hedging strategy whereby it can lock exchange rates for a specified period of time so as to offset future foreign exchange fluctuations.

SCHEDULE 1

GUTTMACHER INSTITUTE, INC.

SCHEDULE FOR UK DEPARTMENT OF INTERNATIONAL DEVELOPMENT FINANCIAL REPORT - UPDATING ESTIMATES OF UNMET NEED AND COSTS FOR REPRODUCTIVE, MATERNAL AND NEONATAL HEALTH

FOR THE YEAR ENDED DECEMBER 31, 2016

Financial Report
Submitted to UK Department of International Development By the Guttmacher Institute

Component Code: 203177-101 Purchase Order: 40054781 (April 2016 - March 2020) / 40053169 (April 2011 - March 2016)
Reporting Period: January 1, 2016 - December 31, 2016
Grant Period: April 1, 2011 - March 31, 2020
Grant Amount: £13,059,011 (approximately $16.06 million)

Funds received in 2016	$	1,010,117
Total funds received	$	1,010,117

OVERVIEW OF EXPENDITURES FOR 2016

		Actual Expenditures 1/1/2016- 12/31/2016
Guttmacher personnel	$	962,649
Subgrants to in-country partners & consultants		138,840
Travel and conferences		103,040
Information technology		38,554
Telephone		604
Supplies and publications		6,985
Other		13,105
Total direct costs		1,263,777
Indirect costs		460,027
Total	$	1,723,804

I certify that all the amounts detailed above have been actually and necessarily expended under the grant, in accordance with the terms and conditions outlined in the grant agreement.

Name: Maureen Burnley

Title: VP for Finance & Administration

Signature

See independent auditor's report.

SCHEDULE 2

GUTTMACHER INSTITUTE, INC.

SCHEDULE FOR NETHERLANDS MINISTRY OF FOREIGN AFFAIRS FINANCIAL REPORT - RESEARCH ON SEXUAL AND REPRODUCTIVE HEALTH

FOR THE YEAR ENDED DECEMBER 31, 2016

Financial Report
Submitted to Dutch Ministry of Foreign Affairs
by the Guttmacher Institute

Project Number: 24590
Reporting Period: January 1, 2016 - December 31, 2016
Grant Period: April 1, 2013 - December 31, 2016
Total Grant Amount: $4,750,000

Funds received in prior years	$ 3,694,820
Funds received in 2016	817,464
Total funds received	$ 4,512,284

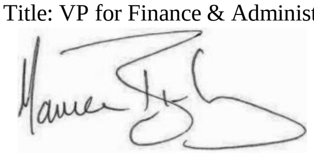
OVERVIEW OF EXPENDITURES FOR 2016

	Proposed Expenditures 1/1/2016-12/31/2016	**Actual Expenditures 1/1/2016-12/31/2016**
Personnel	$ 641,333	$ 682,344
Sub-grants to in-country partners and consultants	489,697	480,102
Conferences, meetings, and travel	52,247	54,416
Information technology	21,926	27,293
Supplies	1,500	1,970
Printing and design	19,722	1,097
Postage and shipping	2,688	6
Telephone	500	358
Dues, subscriptions, and publications		1,681
Other expenses	388	2,486
Total direct costs	1,230,001	1,251,753
Indirect costs	140,658	307,165
Total	$ 1,370,659	$ 1,558,918

I certify that all the amounts detailed above have been actually and necessarily expended under the grant, in accordance with the terms and conditions outlined in the grant agreement.

Name: Maureen Burnley

Title: VP for Finance & Administration



Signature

See independent auditor's report.

SCHEDULE 3

GUTTMACHER INSTITUTE, INC.

SCHEDULE FOR NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION FINANCIAL REPORT - BRIDGING THE GAP: USING EVIDENCE TO INCREASE SAFE ABORTION ACCESS WORLDWIDE

FOR THE YEAR ENDED DECEMBER 31, 2016

Financial Report
Submitted to Norwegian Agency for Development Cooperation
by the Guttmacher Institute

Grant Number: 1300340
Reporting Period: January 1, 2016 - December 31, 2016
Grant Period: January 1, 2013 - April 30, 2017
Total Grant Amount: NOK 4,825,000 (approximately $0.6 million)

Funds received in prior years	$	386,822
Funds received in 2016		228,583
Total funds received	$	615,405

OVERVIEW OF EXPENDITURES FOR 2016

		Actual Expenditures 1/1/2016- 12/31/2016
Personnel (includes salaries, leave and fringe)	$	245,012
Subgrants to in-country partners and consultants		8,493
Conferences, meetings and travel		15,318
Occupancy		41,653
Information technology		9,801
Data processing		62
Dues, subscriptions and publications		28
Other expenses		421
Total direct costs		320,788
Indirect costs		47,148
Total	$	367,936

I certify that all the amounts detailed above have been actually and necessarily expended under the grant, in accordance with the terms and conditions outlined in the grant agreement.

Name: Maureen Burnley

Title: VP for Finance & Administration

Signature

See independent auditor’s report.

SCHEDULE 4

GUTTMACHER INSTITUTE, INC.

SCHEDULE FOR SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY (SIDA) FINANCIAL REPORT - GENERATING AND DISSEMINATING RESEARCH ABORTION AND ADOLESCENT SEXUAL HEALTH IN THE GLOBAL SOUTH

FOR THE YEAR ENDED DECEMBER 31, 2016

Financial Report
Submitted to Swedish International Development Cooperation Agency (SIDA)
by the Guttmacher Institute

Contribution ID: 61050130
Reporting Period: January 1, 2016 - December 31, 2016
Grant Period: January 1, 2015 - December 31, 2018
Total Grant Amount: SEK 24 million (approximately $2.9 million)

Funds received in prior years	$ 478,465
Interest earned	814
Funds received in 2016	1,205,630
Total funds received	$ 1,684,909

OVERVIEW OF EXPENDITURES FOR 2016

	Budgeted Expenditures 1/1/2016-12/31/2016	**Actual Expenditures 1/1/2016-12/31/2016**
Guttmacher personnel	$ 304,479	$ 315,811
Subgrants and subcontracts	224,566	322,541
Travel and Meetings	69,020	39,682
Information technology	12,179	12,631
Occupancy	51,761	53,688
Telephone	300	30
Printing and design	900	3,490
Postage and shipping	400	1,200
Supplies	100	212
Dues, subscriptions and publications	9,000	66
Other expenses	500	602
Total direct costs	673,205	749,953
Indirect costs	103,188	100,932
Total	$ 776,393	$ 850,885

I certify that all the amounts detailed above have been actually and necessarily expended under the grant, in accordance with the terms and conditions outlined in the grant agreement.

Name: Maureen Burnley

Title: VP for Finance & Administration

Signature

See independent auditor’s report.