

FINANCIAL STATEMENTS



**THE NATIONAL CAMPAIGN TO PREVENT
TEEN AND UNPLANNED PREGNANCY
D/B/A POWER TO DECIDE**

**FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
D/B/A POWER TO DECIDE**

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The National Campaign to Prevent Teen and Unplanned Pregnancy
d/b/a Power to Decide
Washington, D.C.

We have audited the accompanying financial statements of The National Campaign to Prevent Teen and Unplanned Pregnancy, d/b/a Power to Decide (Power to Decide), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, 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.

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 Power to Decide as of December 31, 2020 and the change 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Report on Summarized Comparative Information

We have previously audited Power to Decide's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Friedman

April 1, 2021

**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
D/B/A POWER TO DECIDE**

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,113,962	\$ 711,272
Investments	21,629,245	21,870,235
Accounts receivable	46,636	28,845
Grants receivable	1,699,961	3,371,743
Contributions receivable	29,577	25,517
Inventory	83,814	129,588
Prepaid expenses	104,274	111,818
Fixed assets, net	<u>188,920</u>	<u>273,104</u>
TOTAL ASSETS	<u>\$ 24,896,389</u>	<u>\$ 26,522,122</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 390,683	\$ 240,239
Accrued payroll and benefits	272,884	345,635
Deferred revenue	359,871	62,708
Capital lease obligation	71,750	92,004
Deferred rent abatement	<u>431,988</u>	<u>581,443</u>
Total liabilities	<u>1,527,176</u>	<u>1,322,029</u>

NET ASSETS

Without donor restrictions	20,444,884	21,872,123
With donor restrictions	<u>2,924,329</u>	<u>3,327,970</u>
Total net assets	<u>23,369,213</u>	<u>25,200,093</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,896,389</u>	<u>\$ 26,522,122</u>

**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
D/B/A POWER TO DECIDE**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants	\$ 1,694,324	\$ 1,663,536	\$ 3,357,860	\$ 3,686,639
Consulting revenue	1,028,092	-	1,028,092	248,676
Donated good and services	824,303	-	824,303	935,426
Contributions	246,611	19,459	266,070	1,208,301
Government grants	186,575	-	186,575	2,418,053
Licensing and certification revenue	65,450	-	65,450	86,000
Publications and materials	33,053	-	33,053	98,105
(Loss) gain on disposal of fixed assets	(1,085)	-	(1,085)	8,434
Other revenue	-	-	-	2,194
Net assets released from donor restrictions	<u>2,086,636</u>	<u>(2,086,636)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>6,163,959</u>	<u>(403,641)</u>	<u>5,760,318</u>	<u>8,691,828</u>
EXPENSES				
Program Services:				
Systems and Practices	4,058,284	-	4,058,284	4,345,215
Marketing and Communications	1,737,008	-	1,737,008	3,902,732
Select 360	770,523	-	770,523	905,290
Public Policy	<u>952,194</u>	<u>-</u>	<u>952,194</u>	<u>671,149</u>
Total program services	<u>7,518,009</u>	<u>-</u>	<u>7,518,009</u>	<u>9,824,386</u>
Supporting Services:				
General and Administrative	1,297,141	-	1,297,141	1,401,253
Development and Fundraising	<u>524,315</u>	<u>-</u>	<u>524,315</u>	<u>579,697</u>
Total supporting services	<u>1,821,456</u>	<u>-</u>	<u>1,821,456</u>	<u>1,980,950</u>
Total expenses	<u>9,339,465</u>	<u>-</u>	<u>9,339,465</u>	<u>11,805,336</u>
OTHER ITEM				
Investment income, net	<u>1,748,267</u>	<u>-</u>	<u>1,748,267</u>	<u>2,137,996</u>
Change in net assets	(1,427,239)	(403,641)	(1,830,880)	(975,512)
Net assets at beginning of year	<u>21,872,123</u>	<u>3,327,970</u>	<u>25,200,093</u>	<u>26,175,605</u>
NET ASSETS AT END OF YEAR	<u>\$ 20,444,884</u>	<u>\$ 2,924,329</u>	<u>\$ 23,369,213</u>	<u>\$ 25,200,093</u>

See accompanying notes to financial statements.

**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
D/B/A POWER TO DECIDE**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020								2019	
	Program Services				Supporting Services				Total Expenses	Total Expenses
	Systems and Practices	Marketing and Communications	Select 360	Public Policy	Total Program Services	General and Administrative	Development and Fundraising	Total Supporting Services		
Salaries and benefits	\$ 1,797,995	\$ 722,192	\$ 444,791	\$ 749,395	\$ 3,714,373	\$ 647,033	\$ 430,522	\$ 1,077,555	\$4,791,928	\$ 4,870,181
Grants and subawards	256,124	-	-	-	256,124	-	-	-	256,124	1,702,781
Contractors and consulting	382,272	184,969	67,988	42,608	677,837	92,200	(1,948)	90,252	768,089	1,511,265
Donated goods and services	-	485,890	-	-	485,890	338,413	-	338,413	824,303	935,426
Information technology	1,156,990	96,622	30,098	19,325	1,303,035	15,486	4,776	20,262	1,323,297	814,315
Rent and storage	185,374	93,372	31,126	74,721	384,593	125,454	35,163	160,617	545,210	547,177
Travel	54,780	5,469	4,927	2,399	67,575	10,905	12,554	23,459	91,034	521,073
Advertising and marketing	46,871	41,866	136,321	-	225,058	9,705	13,163	22,868	247,926	284,931
Depreciation and amortization	47,365	9,111	3,103	7,504	67,083	12,511	3,505	16,016	83,099	115,589
Accounting, audit and legal services	13,535	6,371	2,126	4,449	26,481	8,480	9,632	18,112	44,593	86,620
Printing and copying	2,618	38,632	38,529	88	79,867	142	41	183	80,050	76,598
Insurance	20,934	10,348	3,515	8,461	43,258	14,166	3,972	18,138	61,396	61,145
Professional development	11,632	8,285	548	4,522	24,987	2,179	863	3,042	28,029	52,352
Meeting and event expense	51,031	2,586	905	4,794	59,316	11,820	785	12,605	71,921	49,200
Supplies and miscellaneous	11,647	3,469	1,244	2,941	19,301	5,101	5,952	11,053	30,354	43,516
Books, subscriptions, references	7,302	806	-	25,146	33,254	109	452	561	33,815	39,092
Publications and video	-	-	-	-	-	-	-	-	-	31,214
Postage and shipping	7,867	3,966	1,318	3,191	16,342	5,357	1,503	6,860	23,202	30,643
Telecommunications	1,631	7,026	3,971	-	12,628	(5,066)	3,340	(1,726)	10,902	27,544
Membership dues	2,316	16,028	13	2,650	21,007	3,146	40	3,186	24,193	4,674
TOTAL	\$ 4,058,284	\$ 1,737,008	\$ 770,523	\$ 952,194	\$ 7,518,009	\$ 1,297,141	\$ 524,315	\$ 1,821,456	\$9,339,465	\$ 11,805,336

See accompanying notes to financial statements.

**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,830,880)	\$ (975,512)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	83,099	115,589
Unrealized gain on investments	(803,658)	(1,306,481)
Realized gain on sale of investments	(202,679)	(183,026)
Change in discount on long-term grants receivable	(17,594)	2,049
Loss (gain) on disposal of fixed assets	1,085	(8,434)
(Increase) decrease in:		
Accounts receivable	(17,791)	(23,019)
Grants receivable	1,689,376	(703,505)
Contributions receivable	(4,060)	7,679
Inventory	45,774	3,029
Prepaid expenses	7,544	52,203
Increase (decrease) in:		
Accounts payable and accrued liabilities	150,444	(19,785)
Accrued payroll and benefits	(72,751)	30,288
Deferred revenue	297,163	(792)
Deferred rent abatement	(149,455)	(48,088)
Net cash used by operating activities	<u>(824,383)</u>	<u>(3,057,805)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	-	33,441
Purchases of investments	(2,986,816)	(18,292,646)
Proceeds from sale of investments	4,234,143	19,223,605
Net cash provided by investing activities	<u>1,247,327</u>	<u>964,400</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital leases	(20,254)	(45,695)
Net cash used by financing activities	<u>(20,254)</u>	<u>(45,695)</u>
Net increase (decrease) in cash and cash equivalents	402,690	(2,139,100)
Cash and cash equivalents at beginning of year	<u>711,272</u>	<u>2,850,372</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,113,962</u>	<u>\$ 711,272</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 1,826</u>	<u>\$ 1,520</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Capital Lease Obligation Incurred for Use of Equipment	<u>\$ -</u>	<u>\$ 104,439</u>

See accompanying notes to financial statements.

**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
D/B/A POWER TO DECIDE**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The National Campaign to Prevent Teen and Unplanned Pregnancy, doing business as Power to Decide (Power to Decide), was founded in February 1996 as a nonprofit, nonpartisan organization. Power to Decide works to ensure that all young people, no matter who they are, where they live, or what their economic status might be, have the power to decide if, when, and under what circumstances to get pregnant and have a child. Power to Decide's 2026 goals are:

- A 50 percent reduction in teen pregnancy rates;
- A 25 percent reduction in unplanned pregnancy rates among 18-29 year-olds;
- A 50 percent reduction in racial/ethnic and socioeconomic disparities in rates of unplanned pregnancy among teens and young adults.

Power to Decide works to address systems inequities that research suggests are persistent in three areas:

- Knowledge about sexual health and contraception;
- Access to quality and comprehensive contraceptive services;
- Sense of opportunity among marginalized young people.

Power to Decide's approach focuses on five strategic bets that we believe are critical in addressing systems inequities and reducing unplanned pregnancy among teens and young women:

- There will be a system of support in place that enables young people to act consistently with their decisions about if, when, and under what circumstances to get pregnant.
- All young people will have active connections with trusted champions, mentors, or allies with whom they can discuss sex, relationships, and their futures.
- All young people will have access to reliable, resonant, and accurate information about sexual health and the full spectrum of reproductive health services.
- All young people will have access to the full range of contraceptive methods within 60 minutes of where they live.
- Pregnancy intention screening and counseling will be standard practice in key and influential sectors, such as health care, education, and child welfare.

Power to Decide takes a coordinated, multi-faceted approach to work towards these strategic bets. This approach includes strategic communications, advocacy, capacity-building, research synthesis and reporting, and convening thought leaders to develop innovative solutions. Power to Decide approaches all of its work in an evidence-based, non-partisan, and non-ideological way. Power to Decide believes that there is room for diverse perspectives, and it strives to bridge common sense and common ground in all of its work.

**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Organization (continued) -

In March 2011, Power to Decide established Bedsider, LLC, a single-member limited liability company, for the purpose of making a software application available in an online store. Bedsider, LLC will provide an additional outlet for making mission-related applications for Power to Decide, such as games or social media tools, available to the public by downloading them from an online store. There was no financial activity for Bedsider, LLC for the year ended December 31, 2020, except for certain annual corporation filing fees which are reported in the financial statements of Power to Decide.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Power to Decide's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Cash and cash equivalents -

Power to Decide considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$1,948,887 for the year ended December 31, 2020. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000.

**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Cash and cash equivalents (continued) -

At times during the year, Power to Decide 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. Interest, dividends, realized and unrealized gains and losses are included in investment income net of investment expenses provided by external investment advisors in the accompanying Statement of Activities and Change in Net Assets.

Receivables -

Accounts, grants and contributions receivable are recorded at their net realizable value, which approximate fair value. All accounts, grants and contributions receivable are considered by management to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

Inventory -

Inventory consists of published reports, monographs and paraphernalia to promote teen and unplanned pregnancy prevention projects, and other products to be used primarily in Power to Decide's programs. Inventory is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

Fixed assets -

Fixed assets in excess of \$2,500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years.

Capital leased assets are stated at the net present value of future minimum lease payments and are amortized using the straight-line method over the life of the lease. Leasehold improvements are stated at cost and are amortized using the straight-line method over the remaining life of the lease. Power to Decide recognizes costs incurred in the development of its websites and mobile game applications in accordance with the provisions of the accounting standards for software costs.

Accordingly, costs incurred for planning and operating the websites and applications are expensed, whereas costs incurred in developing the applications and infrastructure are capitalized and amortized on a straight-line basis over an estimated useful life of three years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2020 totaled \$83,099.

Income taxes -

Power to Decide 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. Power to Decide is not a private foundation.

**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Uncertain tax positions -

For the year ended December 31, 2020, Power to Decide 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.

Revenue -

Power to Decide's revenue is received through contributions as well as grants from the U.S. government, organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. Power to Decide performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" 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 net assets with donor restrictions in the accompanying financial statements.

Grant agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grant awards from the United States Government are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, Power to Decide recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as conditional contributions, Power to Decide had approximately \$223,932 in unrecognized conditional awards as of December 31, 2020.

Publication revenue is recognized when the publication has been delivered. Consulting, licensing and certification revenue are based on customer benefits received and recognized as revenue when performance obligations are met. The performance obligations for these contracts are generally completed when the service and/or benefit are provided. The transaction price is determined based on cost and/or sales price. Revenue received in advance for publications, consulting and licensing and certification revenue are recorded as deferred revenue within the Statement of Financial Position.

Deferred revenue consisted of the following as of December 31, 2020:

Contract Revenue	\$ <u>359,871</u>
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**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Donated good and services -

Donated good and services consist of digital and print advertising and legal services. Donated good and services are recorded at their fair value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to Power to Decide; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

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.

Advertising -

Power to Decide expenses advertising costs as incurred. Advertising expense was \$247,926 for the year ended December 31, 2020.

Functional allocation of expenses -

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

Expenses directly attributed to a specific functional area of Power to Decide are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Risks and uncertainties -

Power to Decide 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.

Fair value measurement -

Power to Decide 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. Power to Decide accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

**THE NATIONAL CAMPAIGN TO PREVENT TEEN AND UNPLANNED PREGNANCY
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact Power to Decide's operations. The overall potential impact is unknown at this time.

New accounting pronouncement (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements.

During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment. Power to Decide plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

Investments consisted of the following as of December 31, 2020:

	<u>Fair Value</u>
Money market	\$ 1,948,887
Fixed income mutual funds	14,644,878
Fixed income exchange traded funds	2,965,284
Equity exchange traded funds	<u>2,070,196</u>
TOTAL INVESTMENTS	<u>\$ 21,629,245</u>

Included in net investment income are the following:

Interest and dividends	\$ 802,395
Unrealized gain	803,658
Realized gain	202,679
Investment expenses	<u>(60,465)</u>
TOTAL INVESTMENT INCOME, NET	<u>\$ 1,748,267</u>

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3. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2020:

Website and application development costs	\$ 103,832
Leasehold improvements	544,250
Furniture and equipment	124,434
Leased equipment	<u>104,439</u>
 Total fixed assets	 876,955
Less: Accumulated depreciation and amortization	<u>(688,035)</u>
 NET FIXED ASSETS	 <u>\$ 188,920</u>

4. CAPITAL LEASE OBLIGATION

During 2019, Power to Decide entered into a capital lease obligation for office equipment, which expires in 2024. As of December 31, 2020, the cost and related accumulated amortization of the leased asset was \$104,439 and \$36,533, respectively. Amortization of assets held under capital leases is included with depreciation and amortization expense.

Future minimum lease payments at December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 22,080
2022	22,080
2023	22,080
2024	<u>8,280</u>
	74,520
Less: Imputed interest	<u>(2,770)</u>
	<u>\$ 71,750</u>

5. LINE OF CREDIT

On July 29, 2017, Power to Decide entered into a loan and line of credit agreement with a financial institution to borrow up to \$2,500,000 that expired on July 29, 2019, and was subsequently reduced to \$500,000 and renewed through July 31, 2021. Amounts drawn on the agreement accrue interest determined by dividing the published Daily London Interbank Offered Rate (LIBOR) by a number equal to 1.00 minus the percentage prescribed by the Federal Reserve for determining the maximum reserve requirements with respect to any eurocurrency fundings by banks on such day with a floor of 75 basis points and are required to be paid each month (0.75% at December 31, 2020). The loan is secured by a pledge agreement which granted the financial institution a security interest in Power to Decide's investment account held at the financial institution.

During the year ended December 31, 2020, Power to Decide had no borrowings and no repayments on the loan and line of credit.

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6. NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2020, net assets without donor restrictions consisted of following:

Undesignated - Operating	\$ 3,650,714
Board designated - Reserve funds	<u>16,794,170</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 20,444,884</u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

Subject to expenditure for specified purpose:	
Systems and Practices	\$ 2,025,552
Public Policy	148,777
Subject to passage of time	<u>750,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 2,924,329</u>

The following net assets with donor restrictions were released from donor restrictions during the year ended December 31, 2020 by incurring expenses (or through the passage of time and transfer) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Systems and Practices	\$ 1,822,601
Public Policy	<u>264,035</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 2,086,636</u>

8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 1,113,962
Investments	21,629,245
Accounts receivable	46,636
Grants receivable	1,699,961
Contributions receivable	<u>29,577</u>
Subtotal financial assets available within one year	24,519,381
Less: Donor purpose or time restricted funds	(2,924,329)
Less: Board designated funds	(16,794,170)
Add: Net assets with time restrictions expiring in less than one year	<u>750,000</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 5,550,882</u>

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8. LIQUIDITY AND AVAILABILITY (Continued)

As part of Power to Decide's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Power to Decide invests cash in excess of daily requirements in short-term investments. The Board designates a portion of any operating surplus to its reserve, which was \$16,794,170 as of December 31, 2020. This fund established by the governing Board may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. Subsequent to December 31, 2020, the Board authorized approximately \$2,115,000 from the Board designated reserve fund to be spent during fiscal year 2021. In the event of an unanticipated liquidity need, Power to Decide also could draw upon \$500,000 of an available line of credit (as further discussed in Note 5) or its Board designated reserve fund.

9. DONATED GOOD AND SERVICES

During the year ended December 31, 2020, Power to Decide was the beneficiary of donated goods and services which allowed Power to Decide to provide greater resources toward various programs. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended December 31, 2020.

Digital and print advertising	\$ 485,890
Legal assistance	<u>338,413</u>
TOTAL	<u>\$ 824,303</u>

10. LEASE COMMITMENTS

Power to Decide has a noncancelable operating lease that expires on May 31, 2023, for its main office located in Washington, D.C. The lease provided for certain rent abatements to be applied against monthly rent payments during calendar years 2016 and 2017, as well as a tenant improvement allowance of \$424,490 that may be used either for the payment of costs incurred to cover certain construction and furniture and equipment costs related to the premises or as a credit against monthly rent obligations in calendar years 2018 and 2019. As of December 31, 2019, all of tenant improvement allowance had been used. The lease also contains a fixed escalation clause for increases in the annual minimum rent as well as Power to Decide's proportionate share of real estate taxes and operating and maintenance costs of the building.

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 Statement of Financial Position.

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

Year Ending December 31,

2021	\$ 692,040
2022	709,341
2023	<u>301,066</u>
	<u>\$ 1,702,447</u>

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10. LEASE COMMITMENTS (Continued)

Rent and storage expense for the year ended December 31, 2020 was \$545,210. The deferred rent liability was \$431,988.

11. RETIREMENT PLANS

Power to Decide provides retirement benefits to its employees through a defined contribution plan pursuant to Section 403(b) of the Internal Revenue Code (the IRC), which covers eligible employees with a minimum of twelve months of service. Power to Decide contributes 6% of an eligible employee's compensation to this plan and employees are fully vested at the time of contribution. Contributions to the Plan during the year ended December 31, 2020 totaled \$230,919.

Power to Decide also maintains a tax-deferred annuity retirement plan pursuant to Section 403(b) of the IRC, which is available to all eligible employees. Under the 403(b) plan, eligible employees may elect to contribute up to the Federal tax limitation. Power to Decide does not contribute to this plan.

12. CONCENTRATION OF REVENUE

Approximately 43% of Power to Decide's revenue for the year ended December 31, 2020 was derived from grants awarded by three major funders. Power to Decide has no reason to believe that relationships with these funders will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect Power to Decide's ability to finance ongoing operations.

13. CONTINGENCY

Power to Decide receives grants from various agencies of the United States Government. 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 (Uniform Guidance)*. 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 2019. 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. Power to Decide did not meet the threshold to require an audit under Uniform Guidance for the year ended December 31, 2020.

14. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, Power to Decide 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.

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14. FAIR VALUE MEASUREMENT (Continued)

Investments recorded in the Statement 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 Power to Decide 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 as of December 31, 2020.

- *Money market funds* - The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission and is deemed to be actively traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by Power to Decide's are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by Power to Decide's are deemed to be actively traded.
- *Exchange traded funds* - Valued at quoted market prices. These funds calculate net asset value per share, and are marked to market at the close of each trading day.

The table below summarizes, by level within the fair value hierarchy and those invested as of December 31, 2020.

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market	\$ 1,948,887	\$ -	\$ -	\$ 1,948,887
Fixed income mutual funds	14,644,878	-	-	14,644,878
Fixed income exchange traded funds	2,965,284	-	-	2,965,284
Equity exchange traded funds	<u>2,070,196</u>	<u>-</u>	<u>-</u>	<u>2,070,196</u>
TOTAL	<u>\$ 21,629,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,629,245</u>

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2020. Transfers between levels are recorded at the end of the reporting period, if applicable.

15. SUBSEQUENT EVENTS

In preparing these financial statements, Power to Decide has evaluated events and transactions for potential recognition or disclosure through April 1, 2021, the date the financial statements were issued.