



FRIENDS OF UNFPA

**FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.**

Consolidated Audited Financial Statements

December 31, 2016 and 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Friends of UNFPA, Inc. and
Friends of Americans for UNFPA, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Friends of UNFPA, Inc. and Friends of Americans for UNFPA, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2016 and 2015, and the related consolidated 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 consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated 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 auditors' 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 organization'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 organization'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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Friends of UNFPA, Inc. and Friends of Americans for UNFPA, Inc. as of December 31, 2016 and 2015, 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.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 4, 2017

**FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2016 AND 2015**

	<u>12/31/16</u>	<u>12/31/15*</u>
Assets		
Cash and cash equivalents	\$1,931,427	\$1,431,543
Contributions and other receivables	1,671,387	577,155
Prepaid expenses and other assets	34,731	45,351
Fixed assets, net (Note 3)	<u>3,638</u>	<u>4,837</u>
 Total assets	 <u><u>\$3,641,183</u></u>	 <u><u>\$2,058,886</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$60,839	\$53,528
Grants payable (Note 4)	<u>209,549</u>	<u>708,470</u>
Total liabilities	<u><u>270,388</u></u>	<u><u>761,998</u></u>
Net assets:		
Unrestricted	1,355,864	1,296,888
Temporarily restricted (Note 5)	<u>2,014,931</u>	<u>0</u>
Total net assets	<u><u>3,370,795</u></u>	<u><u>1,296,888</u></u>
 Total liabilities and net assets	 <u><u>\$3,641,183</u></u>	 <u><u>\$2,058,886</u></u>

*Restated (See Note 9)

The attached notes and auditors' report are an integral part of these financial statements.

**FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 12/31/16</u>	<u>Total 12/31/15*</u>
Public support and revenue:				
Contributions	\$1,413,105	\$2,014,931	\$3,428,036	\$2,440,675
In-kind contribution	125,013		125,013	176,832
Interest and other income	7,607		7,607	2,222
Total public support and revenue	<u>1,545,725</u>	<u>2,014,931</u>	<u>3,560,656</u>	<u>2,619,729</u>
Expenses:				
Program services	892,316		892,316	3,168,569
Management and general	258,210		258,210	217,199
Fundraising	336,223		336,223	249,263
Total expenses	<u>1,486,749</u>	<u>0</u>	<u>1,486,749</u>	<u>3,635,031</u>
Change in net assets	58,976	2,014,931	2,073,907	(1,015,302)
Net assets - beginning of year	<u>1,296,888</u>	<u>0</u>	<u>1,296,888</u>	<u>2,312,190</u>
Net assets - end of year	<u>\$1,355,864</u>	<u>\$2,014,931</u>	<u>\$3,370,795</u>	<u>\$1,296,888</u>

*Restated (See Note 9)

The attached notes and auditors' report are an integral part of these financial statements.

**FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Program Services	Management and General	Fundraising	Total 12/31/16	Total 12/31/15*
Salaries	\$135,612	\$43,921	\$125,803	\$305,336	\$275,819
Payroll taxes and benefits	37,441	12,124	34,731	84,296	96,066
Grant expense	485,971			485,971	2,760,317
Professional fees	9,290	112,266	109,972	231,528	162,226
Occupancy	7,210	3,460	3,749	14,419	96,443
Office supplies and equipment	16,682	11,990	10,449	39,121	31,286
Postage and shipping	28,515	6,970	24,783	60,268	50,958
Travel and entertainment	12,224	831	21,111	34,166	8,738
Insurance		4,056		4,056	8,909
Printing and promotion	11,476	7,804	2,267	21,547	7,564
Bank and credit card charges	7,689	17,129		24,818	21,208
In-kind contribution	125,013			125,013	86,832
Other expenses	14,893	36,760	3,358	55,011	27,974
Depreciation	300	899		1,199	691
Total	\$892,316	\$258,210	\$336,223	\$1,486,749	\$3,635,031

*Restated (See Note 9)

The attached notes and auditors' report are an integral part of these financial statements.

**FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Services	Management and General	Fundraising	Total 12/31/15*
Salaries	\$134,183	\$23,627	\$118,009	\$275,819
Payroll taxes and benefits	46,736	8,229	41,101	96,066
Grant expense	2,760,317			2,760,317
Professional fees	8,507	107,154	46,565	162,226
Occupancy (including in-kind)	48,222	23,146	25,075	96,443
Office supplies and equipment	14,261	8,524	8,501	31,286
Postage and shipping	39,196	5,813	5,949	50,958
Travel and entertainment	7,543	1,145	50	8,738
Insurance		8,909		8,909
Printing and promotion	5,156	1,916	492	7,564
Bank and credit card charges	7,098	14,110		21,208
In-kind	86,832			86,832
Other	10,345	14,108	3,521	27,974
Depreciation	173	518		691
Total	\$3,168,569	\$217,199	\$249,263	\$3,635,031

*Restated (See Note 9)

The attached notes and auditors' report are an integral part of these financial statements.

**FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	12/31/16	12/31/15*
Cash flows from operating activities:		
Change in net assets	\$2,073,907	(\$1,015,302)
Adjustments to reconcile change in net assets to net cash flows (used for)/provided by operating activities:		
Depreciation	1,199	691
Donated stock	(77,662)	(52,519)
Changes in assets and liabilities:		
Contributions and other receivables	(1,094,232)	559,475
Prepaid expenses and other assets	10,620	(16,133)
Accounts payable and accrued expenses	7,311	518,152
Grants payable	(498,921)	(46,794)
Net cash flows (used for)/provided by operating activities	(1,651,685)	962,872
Cash flows from investing activities:		
Purchase of fixed assets	0	(4,690)
Proceeds from sale of investments	77,662	52,519
Net cash flows provided by investing activities	77,662	47,829
Net increase/(decrease) in cash and cash equivalents	499,884	(4,601)
Cash and cash equivalents - beginning of year	1,431,543	1,436,144
Cash and cash equivalents - end of year	\$1,931,427	\$1,431,543

No interest or income taxes were paid.

*Restated (See Note 9)

The attached notes and auditors' report are an integral part of these financial statements.

**FRIENDS OF UNFPA, INC. AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

Note 1 - Organization

Friends of UNFPA, Inc. is a not-for-profit corporation, incorporated in the State of New York. It was established in 1998 in order to build support for the work of UNFPA, the United Nations Population Fund. To advance its mission, Friends of UNFPA, Inc. works collaboratively with UNFPA, other nongovernmental organizations, corporations, foundations, and the public to mobilize funds and action to promote the health and dignity of women and girls everywhere.

Friends of Americans for UNFPA, Inc. was founded in 2002 as a not-for-profit corporation to support Friends of UNFPA, Inc.

Friends of UNFPA, Inc. is the sole member of Friends of Americans for UNFPA, Inc. Together, both entities are referred to as the "Organization".

Both entities are exempt from Federal taxes under Section 501(c)(3) of the Internal Revenue Code and similar New York State statutes and have been designated as organizations which are not a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

The Organization's net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – represents all activity without donor-imposed restrictions.
- *Temporarily restricted* – represents contributions and the net residual of assets with donor-imposed restrictions that are expected to be satisfied by performing certain activities or through the passage of time.
- *Permanently restricted* – relates to contributions of cash and other assets whereby all assets must remain intact due to restrictions placed by the donor. There was no permanently restricted activity or net assets at December 31, 2016 or 2015.

b. Contributions

The Organization reports contributions as revenue upon the earlier of receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions are recorded in the temporarily restricted class of net assets. All other contributions are recorded in the unrestricted class of net assets. When a

restriction expires by satisfying the specific purpose or through the passage of time, temporarily restricted net assets are released from restriction and reclassified as unrestricted net assets. When a restriction has been met in the same period that the contribution has been received, it is recorded as unrestricted.

c. Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash and cash equivalents.

d. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash accounts held with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. While at year-end there were material uninsured balances, management feels they have little risk and has not experienced any losses due to bank failure.

e. Contributions Receivable

All contributions receivable are expected to be received within one year and have been recorded at net realizable value. Management assesses outstanding receivables for collectability using specific identification and analyzing historical trends. Based on this review, no allowance for doubtful accounts is deemed warranted.

f. Fixed Assets

Fixed assets consist of computers, furniture and equipment that the Organization retains title to which benefit future periods. Fixed assets are capitalized at cost, or if donated, at the estimated fair market value at the time of donation. Depreciation is calculated using the straight-line method over the estimated useful life of the assets (3-5 years).

g. Advertising

Advertising costs are charged to operations when the advertising first takes place.

h. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

i. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

j. In-Kind Contributions

The Organization recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills and would typically be purchased if not donated.

The Organization received donated space through June 30, 2015, which had a fair value of \$90,000. The Organization did not receive any donated space for the year ended December 31, 2016.

The Organization received in-kind marketing expenses valued at \$125,013 and \$86,832 for the years ended December 31, 2016 and 2015, respectively.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the above criteria and have not been recorded in the consolidated financial statements.

k. Accounting for Uncertainty of Income Taxes

The Organization does not believe its consolidated financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2013 and later are subject to examination by applicable taxing authorities.

l. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the balance sheet through October 4, 2017, the date the consolidated financial statements were available to be issued. No events have occurred subsequent to the balance sheet date through our evaluation date that would require adjustment to or disclosure in the consolidated financial statements.

m. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the December 31, 2018 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

The Organization has not yet evaluated the impact this will have on future statements.

Note 3 - Fixed Assets

Fixed assets consist of:

	<u>12/31/16</u>	<u>12/31/15</u>
Computers and equipment	\$122,312	\$122,312
Leasehold improvements	<u>44,211</u>	<u>44,211</u>
	166,523	166,523
Less: accumulated depreciation and amortization	<u>(162,885)</u>	<u>(161,686)</u>
Total fixed assets	<u>\$3,638</u>	<u>\$4,837</u>

Note 4 - Grants Payable

The Organization makes awards and grants for education and other projects in the fields of family planning, reproductive health, and women's rights. The minimum amount which the Organization is obligated to award is dependent on the Board of Director's approval. All grants payable are due in 2017.

Note 5 - Temporarily Restricted Net Assets

At December 31, 2016, net assets were restricted for maternal health services of \$1,986,258 and for the International Confederation of Midwives (ICM) Triennial Session of \$28,673.

Note 6 - Commitments

The Organization leases office space from UNFPA on a quarterly basis.

Note 7 - Retirement Plan

The Organization sponsors a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. Pension expense for the years ended December 31, 2016 and 2015 was \$9,842 and \$10,475, respectively.

Note 8 - Significant Contributions

During the years ended December 31, 2016 and 2015, approximately 66% and 33%, respectively, of the Organization's revenue (excluding in-kind services) was derived from contributions received by two separate donors.

Note 9 - Restatement

The financial statements for 2015 were restated to reflect transactions in the proper period. The following accounts within the statement of financial position were affected:

	Originally <u>Stated</u>	As <u>Restated</u>	<u>Change</u>
Contributions receivable	\$27,155	\$577,155	\$550,000
Grants payable	\$174,470	\$708,470	\$534,000
Net assets	\$1,280,888	\$1,296,888	\$16,000

The following accounts within the statement of activities were affected:

	Originally <u>Stated</u>	As <u>Restated</u>	<u>Change</u>
Contributions	\$1,890,675	\$2,440,675	\$550,000
Grants expense	\$2,226,317	\$2,760,317	\$534,000
Change in net assets	(\$1,031,302)	(\$1,015,302)	\$16,000