

**POPULATION INSTITUTE, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

POPULATION INSTITUTE, INC.

DECEMBER 31, 2019

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# Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

11 Main Street, Suite B211 • P.O. Box 38 • Vergennes, VT 05491 • www.tapiahuckabay.com (802) 870-7086

## Independent Auditor's Report

Board of Directors  
Population Institute, Inc.  
Washington, DC

We have audited the accompanying financial statements of the Population Institute, Inc. (a nonprofit corporation) which comprise the statement of financial position as of December 31, 2019, 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 U.S. generally accepted accounting principles; 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 misstatements, 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Population Institute, Inc. as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

***Report on Summarized Comparative Information***

The prior year summarized comparative information has been derived from the Organization's 2018 financial statements which were audited by us and, in our report dated May 10, 2019, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Tapia & Duckabay, P.C.*

Vergennes, Vermont  
May 8, 2020  
Vermont Registration #108880

POPULATION INSTITUTE, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019  
(With Summarized Information for 2018)

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents (Notes 1, 2 & 12)	\$ 623,236	\$ 119,798
Cash - board designated restricted funds (Notes 1, 2, 11 & 12)	2,977,757	4,219,992
Prepaid expenses and other assets	9,398	9,641
Bequests receivable (Notes 1 & 7)	160,200	545,169
Investments - board designated endowment (Notes 11 & 13)	1,500,991	1,302,550
Investments - charitable gift annuities (Note 9)	6,979	7,401
Property and equipment, net of accumulated depreciation (Note 5)	773,095	816,249
<b>TOTAL ASSETS</b>	<b>\$ 6,051,656</b>	<b>\$ 7,020,800</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 89,244	\$ 18,306
Accrued expenses	20,521	16,279
Liability - charitable gift annuities (Note 9)	5,240	5,820
<b>Total Liabilities</b>	<b>115,005</b>	<b>40,405</b>
Net Assets:		
Net assets without donor restrictions:		
Operating	659,196	616,042
Board designated endowment (Notes 11 & 13)	1,500,991	1,302,550
Board designated restricted funds (Note 11)	2,977,757	4,219,992
Investment in property and equipment	773,095	816,249
Net assets with donor restrictions (Note 6)	25,612	25,562
<b>Total Net Assets</b>	<b>5,936,651</b>	<b>6,980,395</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,051,656</b>	<b>\$ 7,020,800</b>

See accompanying notes and independent auditor's report.

POPULATION INSTITUTE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(With Summarized Information for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
SUPPORT AND REVENUE:				
Contributions, grants & bequests (Notes 1, 7 & 10)	\$ 1,172,353	\$ 50	\$ 1,172,403	\$ 2,686,279
Net investment income (Notes 9 & 13)	199,498	-	199,498	-
Interest and other income	23,999	-	23,999	12,671
Net assets released from restrictions:				
Transfers to fulfill purpose restrictions	-	-	-	-
TOTAL SUPPORT AND REVENUE	<u>1,395,850</u>	<u>50</u>	<u>1,395,900</u>	<u>2,698,950</u>
EXPENSES AND LOSSES:				
Program services	2,181,883	-	2,181,883	812,474
Supporting services:				
Management and general	225,450	-	225,450	205,031
Fundraising	31,411	-	31,411	34,166
Net investment loss (Notes 9 & 13)	-	-	-	41,419
Change in liability - charitable gift annuities (Note 9)	900	-	900	830
TOTAL EXPENSES AND LOSSES	<u>2,439,644</u>	<u>-</u>	<u>2,439,644</u>	<u>1,093,920</u>
CHANGE IN NET ASSETS	(1,043,794)	50	(1,043,744)	1,605,030
NET ASSETS, beginning of year	<u>6,954,833</u>	<u>25,562</u>	<u>6,980,395</u>	<u>5,375,365</u>
NET ASSETS, end of year	<u>\$ 5,911,039</u>	<u>\$ 25,612</u>	<u>\$ 5,936,651</u>	<u>\$ 6,980,395</u>

See accompanying notes and independent auditor's report.

POPULATION INSTITUTE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(With Summarized Information for 2018)

	Program Services	Supporting Services		2019 TOTAL	2018 TOTAL
		Management & General	Fundraising		
Salaries & wages	\$ 324,370	\$ 132,105	\$ 10,125	\$ 466,600	\$ 395,534
Benefits & taxes	93,499	38,079	2,918	134,496	96,131
Building repairs & maintenance	3,224	1,313	101	4,638	3,344
Communications & information technology	13,694	4,247	5,735	23,676	23,426
Conferences & workshops	30,609	-	-	30,609	53,147
Contractual services	461,186	225	525	461,936	224,344
Credit card processing fees	-	-	1,716	1,716	1,413
Depreciation	30,756	12,526	960	44,242	41,534
Dues & subscriptions	9,844	-	-	9,844	10,764
Education & training	-	396	-	396	14,697
Equipment costs	1,058	431	33	1,522	2,196
Fees & registrations	-	-	5,127	5,127	5,032
Grants	1,085,000	-	-	1,085,000	13,100
Insurance	2,396	3,787	75	6,258	5,777
Other expenses	-	2,640	-	2,640	3,565
Postage & shipping	13,991	818	1,544	16,353	17,616
Property taxes	8,160	3,323	255	11,738	11,189
Printing & copying	73,738	3,993	2,119	79,850	80,109
Professional fees	-	10,900	-	10,900	10,400
Supplies	2,727	1,023	78	3,828	5,651
Travel	24,585	8,403	5	32,993	28,277
Utilities	3,046	1,241	95	4,382	4,425
	<u>\$ 2,181,883</u>	<u>\$ 225,450</u>	<u>\$ 31,411</u>	<u>\$ 2,438,744</u>	<u>\$ 1,051,671</u>

See accompanying notes and independent auditor's report.

POPULATION INSTITUTE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(With Summarized Information for 2018)

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,043,744)	\$ 1,605,030
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	44,242	41,534
Realized and unrealized (gains) losses on investments	(176,339)	61,842
Net investment (income) loss on investments - charitable gift annuities	(1,058)	106
Change in liability - charitable gift annuities	900	830
(Increase) / decrease in operating assets:		
Prepaid expenses	243	1,139
Grants and bequests receivable	384,969	(378,269)
Increase / (decrease) in operating liabilities:		
Accounts payable	70,938	3,213
Accrued expenses	4,242	2,859
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>(715,607)</u>	<u>1,338,284</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(1,088)	(35,871)
Purchase of investments	(132,830)	(233,072)
Sale of investments	110,728	212,543
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(23,190)</u>	<u>(56,400)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
None	<u>-</u>	<u>-</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(738,797)	1,281,884
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH:</b>		
Beginning of year	<u>4,339,790</u>	<u>3,057,906</u>
End of year	<u>\$ 3,600,993</u>	<u>\$ 4,339,790</u>

See accompanying notes and independent auditor's report.



POPULATION INSTITUTE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History of the Organization and Nature of Activities:

Incorporated in Washington, D.C. in 1969, Population Institute, Inc.'s ("PI", "the Institute" or "the Organization") mission is to improve the health and wellbeing of people and the planet by supporting policies and programs that promote sexual and reproductive health and rights. PI builds support for those policies and programs by educating policymakers, policy administrators, the media, and the general public about:

- The essential importance of achieving gender equality and promoting sexual and reproductive health and rights;
- The adverse impacts of overpopulation on the environment, scarce natural resources, biodiversity, and efforts to eliminate hunger and severe poverty in developing countries; and
- The personal, social and economic benefits that arise from expanding access to family planning services and information.

In 2008, the Institute amended its bylaws to become a membership organization with Population Media Center, Inc. ("PMC"), a Vermont non-profit corporation with a similar mission, as its sole member. Support for the Institute comes almost entirely from grants, contributions and bequests.

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: those with donor restrictions and those without. Contributions received are recorded as either "with donor restrictions" or "without donor restrictions" depending upon the existence and/or nature of any *donor-imposed* restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to those without and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same period are shown as increases in net assets without donor restrictions. The transfer of assets with donor-imposed conditions is accounted for as a refundable advance, instead of as a contribution, until the conditions have been substantially met.

Cash and Cash Equivalents:

Except for cash and money funds in the board designated funds, the Institute treats all cash accounts, checking, savings, money market, and other cash funds with an initial maturity of three months or less as cash and cash equivalents for purposes of the Statement of Cash Flows.

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

POPULATION INSTITUTE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts, if material, are computed using estimated market interest rates applicable to the years in which the promises are received. Any amortization of these discounts would be reflected in contribution revenue. Conditional promises to give are not included in support until the conditions are substantially met.

Comparative Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class (and, for the Statement of Functional Expenses, in total but not by functional category). Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND STATEMENT OF CASH FLOWS

The Institute has adopted *ASU 2016-18, Statement of Cash Flows: Restricted Cash*, which requires the Statement of Cash Flows to reconcile beginning and ending amounts of *total* cash and cash equivalents (including restricted cash shown separately on the Statement of Financial Position). The 2018 Statement of Cash Flows has been adjusted to conform to the 2019 presentation. The beginning and ending amounts shown on the Statement of Cash Flows include 1) \$623,236 in cash and cash equivalents and \$2,977,757 in restricted cash for total cash, cash equivalents and restricted cash of \$3,600,993 as of 12/31/19, 2) \$119,798 and \$4,219,992 for a total of \$4,339,790 as of 12/31/18 and 3) \$484,257 and \$2,573,649 for a total of \$3,057,906 as of 12/31/17.

NOTE 3 - INCOME TAXES

PI is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code, and is classified as a publicly supported organization under Section 509(a)(1). Contributions to the Organization qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A).

NOTE 4 – DONATED SERVICES

No amounts have been reflected in the financial statements for donated services. PI generally pays for services requiring specific expertise. However, a number of individuals volunteer their time and perform a variety of tasks that assist the Organization with its program, administrative and fundraising activities.

POPULATION INSTITUTE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31<sup>st</sup>:

	2019	2018
Land, buildings and improvements	\$ 1,283,719	\$ 1,283,719
Equipment, furniture & fixtures	74,359	73,272
Website	8,500	8,500
Subtotal	1,366,578	1,365,491
Less - accumulated depreciation	(593,483)	(549,242)
Net property and equipment	\$ 773,095	\$ 816,249

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$44,242 and \$41,534 for the years ended December 31, 2019 and 2018, respectively, is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	10 - 40 years
Equipment, furniture & fixtures	3 - 10 years
Website	3 years

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions - at both December 31, 2018 and 2019 - consisted of contributions restricted to the “Werner Fornos Fellowship Fund.”

NOTE 7 – BEQUESTS RECEIVABLE

The Institute is a beneficiary of several trust and estate-related bequests currently under third party administration. For unconditional bequests, PI records a promise to give once the will or trust document has been accepted by the courts and the amount of the bequest can be reasonably estimated. Based on the nature of the promise, the contributions are considered unrestricted. Substantially all of the estimated \$160,200 in receivables at December 31, 2019 is expected to be received in 2020.

NOTE 8 – PENSION PLAN

The Institute maintains a 401(k) pension plan for the benefit of its employees. Employees who meet certain age and service requirements are eligible to participate. The Institute makes contributions to the Plan of 8% of each covered employee’s compensation. Employees can also make deferrals to the Plan up to statutory limits. Employer contributions to the pension plan were \$29,919 in 2018 and \$33,976 in 2019.

POPULATION INSTITUTE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 9 – CHARITABLE GIFT ANNUITIES

The Organization administers several charitable gift annuities (“CGAs”). A charitable gift annuity provides for payment of distributions to the grantor or other designated beneficiaries over the agreement’s term (usually the designated beneficiary’s lifetime). At the end of the agreement’s term, the remaining assets are available for the Organization’s use. No agreements were established in 2018 or 2019. Charitable gift annuity assets, invested in mutual funds, held in a separate investment account and administered by a third-party trustee, are reported at fair market value (determined by “Level 1” inputs by reference to quoted market prices) in the Organization’s Statement of Financial Position. On an annual basis, the Organization revalues the liability to make distributions to the designated beneficiaries, based on actuarial assumptions. The present value of the estimated future payments (\$5,240 and \$5,820 at December 31, 2019 and 2018, respectively) is calculated using a discount rate of 1% and applicable mortality tables. “Change in liability – charitable gift annuities” on the Statement of Activities is the current year change in the present value of the liability. Net investment income on the charitable gift annuity assets (\$1,058 for 2019 and (\$106) for 2018) is included in net investment income on the Statement of Activities.

NOTE 10 – CONCENTRATION OF REVENUE

Population Institute received \$2,000,000 in 2018 and \$1,000,000 in 2019 from one community foundation – amounts representing approximately 74% and 72% of revenue for the years.

NOTE 11 – BOARD DESIGNATED NET ASSETS

The Organization created two board designated funds in 2017:

- The first fund, created in June 2017 using \$1,300,000 in proceeds from the sale of real property to open a new investment account, is designated for the long-term support of the Organization.
- The second fund, created in October 2017 with \$3,000,000 in proceeds from a certain community foundation and currently invested in several money market, checking accounts, and certificates of deposit, is designated for the support of targeted programmatic activities. \$2,000,000 was added to the fund in 2018. \$426,351 was released from the fund in 2017, \$353,657 was released in 2018 and \$1,242,235 was released in 2019.

NOTE 12 – CONCENTRATION OF CASH ON DEPOSIT

The Organization has concentrated its credit risk by maintaining deposits in U.S. financial institutions that, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

POPULATION INSTITUTE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 13 – INVESTMENTS

The cost, fair market value (determined by “Level 1” inputs by reference to quoted market prices), and unrealized appreciation / (depreciation) of Population Institute’s investments, by investment class, are summarized as follows:

	Cost	Fair Value	Unrealized (Depreciation) Appreciation
As of December 31, 2019:			
Money funds	\$ 170,540	\$ 170,540	\$ -
Fixed income securities & mutual funds	783,145	791,476	8,331
Equities & equity mutual funds	392,820	538,975	146,155
	\$ 1,346,505	\$ 1,500,991	\$ 154,486
As of December 31, 2018:			
Money funds	\$ 157,607	\$ 157,607	\$ -
Fixed income securities & mutual funds	754,005	731,914	(22,091)
Equities & equity mutual funds	414,378	413,029	(1,349)
	\$ 1,325,990	\$ 1,302,550	\$ (23,440)

Net investment income (loss) is summarized as follows (not including net investment income on the charitable gift assets discussed in Note 9 above):

	2019	2018
Interest and dividends	\$ 32,556	\$ 30,606
Realized & unrealized gains / (losses)	176,339	(61,842)
Investment fees	(10,455)	(10,077)
Net gain (loss) on investments	\$ 198,440	\$ (41,313)

NOTE 14 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs have been summarized on a functional basis in the Statement of Activities. The Institute allocates its payroll, tax and benefit costs based on actual time worked by staff on the various program, general and administrative and fundraising activities as recorded on contemporaneous timesheets. Other costs (such as occupancy and depreciation, telephone and internet, and computer and website expenses) are attributable to and benefit one or more program or supporting services and are allocated based on the direct payroll allocation percentages discussed immediately above.

NOTE 15 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated events subsequent to December 31, 2019 through May 8, 2020 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.

POPULATION INSTITUTE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 16 – RELATED PARTY TRANSACTION

Included in grants expense on the Statement of Functional Expenses for 2019 is a \$1,000,000 grant to Population Media Center, Inc. – the Institute’s parent – in February 2019.

NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Institute’s working capital and cash flows have seasonal variations during the year attributable to the timing of general fundraising efforts and major program activities. The Organization manages liquidity by investing surplus funds – and then withdrawing them to operations as needed – in the board designated fund discussed above. The Board also authorizes transfers of board designated funds in order to fund special program activities where current available resources are insufficient.

The following reflects the Institute’s financial assets as of December 31<sup>st</sup>, reduced by amounts not available for general use within one year because of donor-imposed or internal designations. Amounts available include amounts that are available for general expenditure in the following year (i.e. time restricted donations, if any). Amounts not available include amounts set aside for operating or other reserves that *could* be drawn upon if the board of directors approved the action.

	2019	2018
Cash and cash equivalents	\$ 623,236	\$ 119,798
Receivables expected to be collected in the coming year	160,200	545,169
Subtract: net assets with donor restrictions for specific purposes	(25,612)	(25,562)
Financial assets available to meet cash needs for general expenditures within one year	\$ 757,824	\$ 639,405