

POPULATION INSTITUTE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

POPULATION INSTITUTE, INC.

DECEMBER 31, 2020

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Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2020, 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, 2020 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 2019 financial statements which were audited by us and, in our report dated May 8, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tapia & Auchabay, P.C.

Vergennes, Vermont
June 18, 2021
Vermont Registration #108880

POPULATION INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(With Summarized Information for 2019)

	2020	2019
ASSETS		
Cash and cash equivalents (Notes 1 & 11)	\$ 654,427	\$ 623,236
Cash - board designated restricted funds (Notes 1, 10 & 11)	2,869,895	2,977,757
Prepaid expenses and other assets	33,070	9,398
Bequests receivable (Notes 1 & 6)	39,670	160,200
Investments - board designated endowment (Notes 10 & 12)	1,664,516	1,500,991
Investments - charitable gift annuities (Note 8)	6,170	6,979
Property and equipment, net of accumulated depreciation (Note 4)	761,414	773,095
TOTAL ASSETS	\$ 6,029,162	\$ 6,051,656
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 18,508	\$ 89,244
Accrued expenses	39,252	20,521
Liability - charitable gift annuities (Note 8)	4,700	5,240
Total Liabilities	62,460	115,005
Net Assets:		
Net assets without donor restrictions:		
Operating	670,877	659,196
Board designated endowment (Notes 10 & 12)	1,664,516	1,500,991
Board designated restricted funds (Note 10)	2,869,895	2,977,757
Investment in property and equipment	761,414	773,095
Net assets with donor restrictions (Note 5)	-	25,612
Total Net Assets	5,966,702	5,936,651
TOTAL LIABILITIES AND NET ASSETS	\$ 6,029,162	\$ 6,051,656

See accompanying notes and independent auditor's report.

POPULATION INSTITUTE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Summarized Information for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
SUPPORT AND REVENUE:				
Contributions, grants & bequests (Notes 1, 6 & 9)	\$ 1,645,362	\$ -	\$ 1,645,362	\$ 1,172,403
Net investment income (Notes 8 & 12)	164,196	-	164,196	199,498
Interest and other income	14,546	-	14,546	23,999
Net assets released from restrictions:				
Transfers to fulfill purpose restrictions	<u>25,612</u>	<u>(25,612)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>1,849,716</u>	<u>(25,612)</u>	<u>1,824,104</u>	<u>1,395,900</u>
EXPENSES AND LOSSES:				
Program services	1,527,399	-	1,527,399	2,181,883
Supporting services:				
Management and general	231,037	-	231,037	225,450
Fundraising	34,677	-	34,677	31,411
Change in liability - charitable gift annuities (Note 8)	<u>940</u>	<u>-</u>	<u>940</u>	<u>900</u>
TOTAL EXPENSES AND LOSSES	<u>1,794,053</u>	<u>-</u>	<u>1,794,053</u>	<u>2,439,644</u>
CHANGE IN NET ASSETS	55,663	(25,612)	30,051	(1,043,744)
NET ASSETS, beginning of year	<u>5,911,039</u>	<u>25,612</u>	<u>5,936,651</u>	<u>6,980,395</u>
NET ASSETS, end of year	<u>\$ 5,966,702</u>	<u>\$ -</u>	<u>\$ 5,966,702</u>	<u>\$ 5,936,651</u>

See accompanying notes and independent auditor's report.

POPULATION INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Summarized Information for 2019)

	Program Services	Supporting Services		2020 TOTAL	2019 TOTAL
		Management & General	Fundraising		
Salaries & wages	\$ 421,578	\$ 137,605	\$ 15,035	\$ 574,218	\$ 466,600
Benefits & taxes	109,976	35,897	3,922	149,795	134,496
Building repairs & maintenance	2,885	942	103	3,930	4,638
Communications & information technology	21,928	5,735	5,223	32,886	23,676
Conferences & workshops	9,149	-	-	9,149	30,609
Contractual services	369,157	18,500	-	387,657	461,936
Credit card processing fees	-	-	1,506	1,506	1,716
Depreciation	33,614	10,972	1,199	45,785	44,242
Dues & subscriptions	3,773	-	-	3,773	9,844
Education & training	-	-	-	-	396
Equipment costs	1,168	381	42	1,591	1,522
Fees & registrations	-	-	2,816	2,816	5,127
Grants	528,500	-	-	528,500	1,085,000
Insurance	5,929	1,935	211	8,075	6,258
Other expenses	-	3,259	-	3,259	2,640
Postage & shipping	922	120	1,367	2,409	16,353
Property taxes	8,969	2,927	320	12,216	11,738
Printing & copying	2,005	253	2,793	5,051	79,850
Professional fees	-	11,200	-	11,200	10,900
Supplies	2,828	424	46	3,298	3,828
Travel	2,372	23	-	2,395	32,993
Utilities	2,646	864	94	3,604	4,382
	<u>\$ 1,527,399</u>	<u>\$ 231,037</u>	<u>\$ 34,677</u>	<u>\$ 1,793,113</u>	<u>\$ 2,438,744</u>

See accompanying notes and independent auditor's report.

POPULATION INSTITUTE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Summarized Information for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 30,051	\$ (1,043,744)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	45,785	44,242
Realized and unrealized (gains) losses on investments	(146,548)	(176,339)
Net investment (income) loss on investments - charitable gift annuities	(671)	(1,058)
Change in liability - charitable gift annuities	940	900
(Increase) / decrease in operating assets:		
Prepaid expenses	(23,672)	243
Grants and bequests receivable	120,530	384,969
Increase / (decrease) in operating liabilities:		
Accounts payable	(70,736)	70,938
Accrued expenses	18,731	4,242
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(25,590)</u>	<u>(715,607)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(34,104)	(1,088)
Purchase of investments	(695,806)	(132,830)
Sale of investments	678,829	110,728
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(51,081)</u>	<u>(23,190)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
None	<u>-</u>	<u>-</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(76,671)	(738,797)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of year	<u>3,600,993</u>	<u>4,339,790</u>
End of year	<u>\$ 3,524,322</u>	<u>\$ 3,600,993</u>

See accompanying notes and independent auditor's report.

POPULATION INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 primarily 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.

POPULATION INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2019, from which the summarized information was derived.

NOTE 2 – 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 3 – 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, 2020

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31st:

	2020	2019
Land, buildings and improvements	\$ 1,315,589	\$ 1,283,719
Equipment, furniture & fixtures	74,336	82,859
Subtotal	1,389,925	1,366,578
Less - accumulated depreciation	(628,511)	(593,483)
Net property and equipment	\$ 761,414	\$ 773,095

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$45,785 and \$44,242 for the years ended December 31, 2020 and 2019, 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

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

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

NOTE 6 – 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 \$39,670 in receivables at December 31, 2020 is expected to be received in 2021.

NOTE 7 – 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 \$33,976 in 2019 and \$41,627 in 2020.

POPULATION INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – 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 2019 or 2020. 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 (\$4,700 and \$5,240 at December 31, 2020 and 2019, 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 \$671 for 2020) is included in net investment income on the Statement of Activities.

NOTE 9 – CONCENTRATION OF REVENUE

Population Institute received \$1,000,000 in 2019 and \$1,500,000 in 2020 from one charitable gift fund – amounts representing approximately 72% and 82% of revenue for the years.

NOTE 10 – 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, \$1,242,235 was released in 2019 and \$107,862 was released in 2020.

NOTE 11 – 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, 2020

NOTE 12 – 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, 2020:			
Money funds	\$ 201,256	\$ 201,256	\$ -
Fixed income securities & mutual funds	764,217	790,966	26,749
Equities & equity mutual funds	436,031	672,294	236,263
	\$ 1,401,504	\$ 1,664,516	\$ 263,012
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

Net investment income (loss) is summarized as follows (not including net investment income on the charitable gift assets discussed in Note 8 above):

	2020	2019
Interest and dividends	\$ 28,234	\$ 32,556
Realized & unrealized gains / (losses)	146,548	176,339
Investment fees	(11,257)	(10,455)
Net gain (loss) on investments	\$ 163,525	\$ 198,440

NOTE 13 – 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 14 – RELATED PARTY TRANSACTION

Included in grants expense on the Statement of Functional Expenses for 2020 is a \$500,000 grant to Population Media Center, Inc. – the Institute’s parent – in August 2020. Included in grants expense on the Statement of Functional Expenses for 2019 is a \$1,000,000 grant to Population Media Center, Inc. in February 2019.

POPULATION INSTITUTE, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 15 – 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 31st, 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.

	2020	2019
Cash and cash equivalents	\$ 654,427	\$ 623,236
Receivables expected to be collected in the coming year	39,670	160,200
Subtract: net assets with donor restrictions for specific purposes	-	(25,612)
Financial assets available to meet cash needs for general expenditures within one year	\$ 694,097	\$ 757,824

NOTE 16 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated events subsequent to December 31, 2020 through June 18, 2021 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.