



FRIENDS OF UNFPA

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

Consolidated Audited Financial Statements

December 31, 2018 and 2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated 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, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

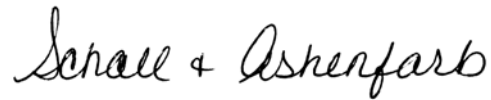
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the Organization adopted Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.



Schall & Ashenfarb
Certified Public Accountants, LLC

September 5, 2019

**FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2018 AND 2017**

	<u>12/31/18</u>	<u>12/31/17</u>
Assets		
Cash and cash equivalents	\$1,075,849	\$2,397,093
Contributions and other receivables	1,078,314	494,986
Prepaid expenses and other assets	27,651	24,498
Fixed assets, net (Note 3)	<u>10,513</u>	<u>15,320</u>
Total assets	<u><u>\$2,192,327</u></u>	<u><u>\$2,931,897</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$72,584	\$102,145
Deferred revenue	32,100	0
Grants payable (Note 4)	<u>1,093,371</u>	<u>1,453,561</u>
Total liabilities	<u><u>1,198,055</u></u>	<u><u>1,555,706</u></u>
Net assets:		
Without donor restrictions	994,272	1,302,064
With donor restrictions (Note 5)	<u>0</u>	<u>74,127</u>
Total net assets	<u><u>994,272</u></u>	<u><u>1,376,191</u></u>
Total liabilities and net assets	<u><u>\$2,192,327</u></u>	<u><u>\$2,931,897</u></u>

The attached notes and auditor's report are an integral part of these consolidated financial statements.

FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With comparative totals for the year ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/18	Total 12/31/17
Public support and revenue:				
Contributions	\$2,238,885		\$2,238,885	\$3,955,808
In-kind contribution	41,510		41,510	122,221
Interest and other income	14,500		14,500	5,153
Net assets released from restriction (Note 5)	74,127	(\$74,127)	0	0
Total public support and revenue	<u>2,369,022</u>	<u>(74,127)</u>	<u>2,294,895</u>	<u>4,083,182</u>
Expenses:				
Program services	2,089,927		2,089,927	5,389,222
Management and general	266,244		266,244	338,817
Fundraising	320,643		320,643	349,747
Total expenses	<u>2,676,814</u>	<u>0</u>	<u>2,676,814</u>	<u>6,077,786</u>
Change in net assets	(307,792)	(74,127)	(381,919)	(1,994,604)
Net assets - beginning of year	<u>1,302,064</u>	<u>74,127</u>	<u>1,376,191</u>	<u>3,370,795</u>
Net assets - end of year	<u><u>\$994,272</u></u>	<u><u>\$0</u></u>	<u><u>\$994,272</u></u>	<u><u>\$1,376,191</u></u>

The attached notes and auditor's report are an integral part of these consolidated financial statements.

**FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 12/31/17</u>
Public support and revenue:			
Contributions	\$3,775,808	\$180,000	\$3,955,808
In-kind contribution	122,221		122,221
Interest and other income	5,153		5,153
Net assets released from restriction (Note 5)	2,120,804	(2,120,804)	0
Total public support and revenue	<u>6,023,986</u>	<u>(1,940,804)</u>	<u>4,083,182</u>
Expenses:			
Program services	5,389,222		5,389,222
Management and general	338,817		338,817
Fundraising	349,747		349,747
Total expenses	<u>6,077,786</u>	<u>0</u>	<u>6,077,786</u>
Change in net assets	(53,800)	(1,940,804)	(1,994,604)
Net assets - beginning of year	<u>1,355,864</u>	<u>2,014,931</u>	<u>3,370,795</u>
Net assets - end of year	<u><u>\$1,302,064</u></u>	<u><u>\$74,127</u></u>	<u><u>\$1,376,191</u></u>

The attached notes and auditor's report are an integral part of these consolidated financial statements.

FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With comparative totals for the year ended December 31, 2017)

	Program Services	Management and General	Fundraising	Total 12/31/18	Total 12/31/17
Salaries	\$166,784	\$64,805	\$114,330	\$345,919	\$343,673
Payroll taxes and benefits	45,187	17,556	30,975	93,718	97,781
Grant expense	1,614,501			1,614,501	4,913,398
Professional fees	98,378	137,196	102,521	338,095	357,901
Occupancy	7,232	2,810	4,958	15,000	15,000
Office supplies and equipment	37,584	9,617	22,248	69,449	77,575
Postage and shipping	20,974		21,432	42,406	53,450
Travel and entertainment	4,865	1,721	489	7,075	11,230
Insurance	3,031	1,177	2,078	6,286	6,240
Printing and promotion	13,526	29	13,625	27,180	5,948
Bank and credit card charges	12,647	22,114	115	34,876	34,644
In-kind marketing	41,510			41,510	122,221
Other expenses	22,506	5,614	7,872	35,992	37,745
Depreciation	1,202	3,605		4,807	980
Total	\$2,089,927	\$266,244	\$320,643	\$2,676,814	\$6,077,786

The attached notes and auditor's report are an integral part of these consolidated financial statements.

**FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services	Management and General	Fundraising	Total 12/31/17
Salaries	\$145,662	\$68,065	\$129,946	\$343,673
Payroll taxes and benefits	41,443	19,365	36,973	97,781
Grant expense	4,913,398			4,913,398
Professional fees	46,980	193,966	116,955	357,901
Occupancy	7,500	3,600	3,900	15,000
Office supplies and equipment	37,836	12,501	27,238	77,575
Postage and shipping	26,375		27,075	53,450
Travel and entertainment	10,347	683	200	11,230
Insurance		6,240		6,240
Printing and promotion	2,584	780	2,584	5,948
Bank and credit card charges	11,291	23,353		34,644
In-kind marketing	122,221			122,221
Other	23,340	9,529	4,876	37,745
Depreciation	245	735		980
Total	\$5,389,222	\$338,817	\$349,747	\$6,077,786

The attached notes and auditor's report are an integral part of these consolidated financial statements.

FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(With comparative totals for the year ended December 31, 2017)

	12/31/18	12/31/17
Cash flows from operating activities:		
Change in net assets	(\$381,919)	(\$1,994,604)
Adjustments to reconcile change in net assets to net cash flows (used for)/provided by operating activities:		
Depreciation	4,807	980
Donated stock	(82,332)	(132,700)
Changes in assets and liabilities:		
Contributions and other receivables	(583,328)	1,176,401
Prepaid expenses and other assets	(3,153)	10,233
Accounts payable and accrued expenses	(29,561)	41,306
Deferred revenue	32,100	0
Grants payable	(360,190)	1,244,012
Net cash flows (used for)/provided by operating activities	(1,021,657)	2,340,232
Cash flows from investing activities:		
Purchase of fixed assets	0	(12,662)
Proceeds from sale of investments	82,332	132,700
Net cash flows provided by investing activities	82,332	120,038
Net (decrease)/ increase in cash and cash equivalents	(1,321,244)	465,666
Cash and cash equivalents - beginning of year	2,397,093	1,931,427
Cash and cash equivalents - end of year	\$1,075,849	\$2,397,093
No interest or income taxes were paid.		

The attached notes and auditor's report are an integral part of these consolidated financial statements.

**FRIENDS OF UNFPA, INC. AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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.

Effective January 1, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these consolidated financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 7).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

b. Basis of Presentation

The Organization reports information regarding its financial position and activity according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represent those resources for which there are no restrictions by donors as to their use.
- *Net Assets with Donor Restrictions* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Contributions

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

d. Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash and cash equivalents for the purpose of the accompanying consolidated statement of cash flows.

e. 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.

f. 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.

g. 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).

h. Advertising

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

i. Management Estimates

The preparation of consolidated 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.

j. 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. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

The following costs are allocated based on time and effort:

- Salaries
- Employee benefits and taxes
- Occupancy
- Office supplies and equipment
- Insurance

All other expenses have been charged directly to the applicable program or supporting service.

k. 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 in-kind marketing expenses valued at \$41,510 and \$122,221 for the years ended December 31, 2018 and 2017, 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.

l. 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, 2015 and later are subject to examination by applicable taxing authorities.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the consolidated statement of financial position through September 5, 2019, the date the consolidated financial statements were available to be issued. No events have occurred subsequent to the consolidated statement of financial position date through our evaluation date that would require adjustment to or disclosure in the consolidated financial statements.

n. New Accounting Pronouncement

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the December 31, 2019 year, with early implementation permitted, provides guidance on whether a receipt from a third party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the December 31, 2019 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the 2020 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding “right to use asset” on the statement of financial position.

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

Note 3 - Fixed Assets

Fixed assets consist of:

	<u>12/31/18</u>	<u>12/31/17</u>
Computers and equipment	\$134,974	\$134,974
Leasehold improvements	<u>44,211</u>	<u>44,211</u>
	179,185	179,185
Less: accumulated depreciation and amortization	<u>(168,672)</u>	<u>(163,865)</u>
Total fixed assets	<u>\$10,513</u>	<u>\$15,320</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 Directors’ approval. All grants payable at December 31, 2018 are due in 2019.

Note 5 - Net Assets with Donor Restrictions

The following schedule summarizes temporarily restricted net assets:

	<u>December 31, 2018</u>			
	Balance		Released	Balance
	<u>1/1/18</u>	<u>Contributions</u>	from	<u>12/31/18</u>
			<u>Restrictions</u>	
Programs:				
Yemen Humanitarian Support	\$45,000	\$0	(\$45,000)	\$0
Donate-a-Photo-Mexico	<u>29,127</u>	<u>0</u>	<u>(29,127)</u>	<u>0</u>
Total	<u>\$74,127</u>	<u>\$0</u>	<u>(\$74,127)</u>	<u>\$0</u>

	December 31, 2017			
	Balance <u>1/1/17</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>12/31/17</u>
Programs:				
Haiti & Liberia	\$1,387,800	\$0	(\$1,387,800)	\$0
Human Resources Capacity Development Project	435,000	0	(435,000)	0
Yemen Humanitarian Support	0	150,000	(105,000)	45,000
Donate-a-Photo - Mexico	0	30,000	(873)	29,127
Zaatari Refugee Camp	100,080	0	(100,080)	0
Haiti Baby Box Support	63,378	0	(63,378)	0
ICM Triennial Session	<u>28,673</u>	<u>0</u>	<u>(28,673)</u>	<u>0</u>
Total	<u>\$2,014,931</u>	<u>\$180,000</u>	<u>(\$2,120,804)</u>	<u>\$74,127</u>

Note 6 - Commitments

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

Note 7 - Liquidity and Availability of Financial Resources

The Organization's outgoing grant payments and other expenses are funded by contributions. As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, grants, liabilities and other obligations come due.

The following reflects the Organization's financial assets at December 31, 2018:

Financial assets at year-end:	
Cash and cash equivalents	\$1,075,849
Contributions receivable due in less than one year	<u>1,078,314</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,154,163</u>

As of December 31, 2018, there are no internal or external limits imposed on the Organization's financial assets.

Note 8 - 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, 2018 and 2017 was \$13,750 and \$9,894, respectively.

Note 9 - Significant Contributions

During the years ended December 31, 2018 and 2017, approximately 44% and 58%, respectively, of the Organization's revenue (excluding in-kind services) was derived from contributions received from one donor.