



FRIENDS OF UNFPA

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

Consolidated Audited Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018, 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

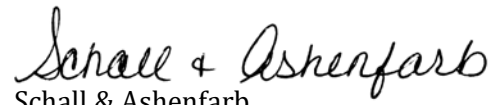
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable 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 entity'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 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 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, 2019 and 2018, 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.


Schall & Ashenfarb
Certified Public Accountants, LLC

August 13, 2020

**FRIENDS OF UNFPA, INC.
AND
FRIENDS OF AMERICANS FOR UNFPA, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019 AND 2018**

	12/31/19	12/31/18
Assets		
Cash and cash equivalents	\$1,059,687	\$1,075,849
Investments (Note 3)	547,808	0
Contributions and other receivables	545,244	1,078,314
Prepaid expenses and other assets	23,895	27,651
Fixed assets, net (Note 4)	5,354	10,513
Total assets	\$2,181,988	\$2,192,327
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$77,095	\$72,584
Deferred revenue	0	32,100
Grants payable (Note 5)	1,094,848	1,093,371
Total liabilities	1,171,943	1,198,055
Net assets:		
Without donor restrictions	994,962	994,272
With donor restrictions (Note 6)	15,083	0
Total net assets	1,010,045	994,272
Total liabilities and net assets	\$2,181,988	\$2,192,327

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, 2019
(With comparative totals for the year ended December 31, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 12/31/19</u>	<u>Total 12/31/18</u>
Public support and revenue:				
Contributions	\$3,732,382	\$58,345	\$3,790,727	\$2,238,885
In-kind contributions	47,098		47,098	41,510
Interest and other income	18,436		18,436	14,500
Net assets released from restriction (Note 6)	43,262	(43,262)	0	0
Total public support and revenue	<u>3,841,178</u>	<u>15,083</u>	<u>3,856,261</u>	<u>2,294,895</u>
Expenses:				
Program services	3,173,114		3,173,114	2,089,927
Management and general	277,742		277,742	266,244
Fundraising	389,632		389,632	320,643
Total expenses	<u>3,840,488</u>	<u>0</u>	<u>3,840,488</u>	<u>2,676,814</u>
Change in net assets	690	15,083	15,773	(381,919)
Net assets - beginning of year	<u>994,272</u>	<u>0</u>	<u>994,272</u>	<u>1,376,191</u>
Net assets - end of year	<u>\$994,962</u>	<u>\$15,083</u>	<u>\$1,010,045</u>	<u>\$994,272</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**

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/18
Public support and revenue:			
Contributions	\$2,238,885	\$0	\$2,238,885
In-kind contributions	41,510		41,510
Interest and other income	14,500		14,500
Net assets released from restriction (Note 6)	74,127	(74,127)	0
Total public support and revenue	<u>2,369,022</u>	<u>(74,127)</u>	<u>2,294,895</u>
Expenses:			
Program services	2,089,927		2,089,927
Management and general	266,244		266,244
Fundraising	320,643		320,643
Total expenses	<u>2,676,814</u>	<u>0</u>	<u>2,676,814</u>
Change in net assets	(307,792)	(74,127)	(381,919)
Net assets - beginning of year	<u>1,302,064</u>	<u>74,127</u>	<u>1,376,191</u>
Net assets - end of year	<u>\$994,272</u>	<u>\$0</u>	<u>\$994,272</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, 2019
(With comparative totals for the year ended December 31, 2018)

	Program Services	Management and General	Fundraising	Total 12/31/19	Total 12/31/18 *
Salaries	\$124,661	\$59,591	\$159,469	\$343,721	\$345,919
Payroll taxes and benefits	27,365	13,084	35,006	75,455	93,718
Grant expense	2,852,290			2,852,290	1,614,501
Professional fees	45,911	153,575	76,485	275,971	346,806
Occupancy	5,440	2,601	6,959	15,000	15,000
Office supplies and equipment	19,145	6,827	19,486	45,458	69,449
Postage and shipping	22,975		23,360	46,335	42,406
Travel and entertainment	4,475	1,683	9,038	15,196	7,075
Insurance	2,172	1,039	2,779	5,990	6,286
Printing and promotion	15,875	12	45,929	61,816	27,180
Bank and credit card charges		32,496		32,496	34,876
In-kind marketing	47,098			47,098	41,510
Other expenses	3,836	5,940	8,727	18,503	27,281
Depreciation	1,871	894	2,394	5,159	4,807
Total	\$3,173,114	\$277,742	\$389,632	\$3,840,488	\$2,676,814

* Reclassified for comparative purposes

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**

	Program Services	Management and General	Fundraising	Total 12/31/18 *
Salaries	\$166,784	\$64,805	\$114,330	\$345,919
Payroll taxes and benefits	45,187	17,556	30,975	93,718
Grant expense	1,614,501			1,614,501
Professional fees	105,347	137,196	104,263	346,806
Occupancy	7,232	2,810	4,958	15,000
Office supplies and equipment	37,584	9,617	22,248	69,449
Postage and shipping	20,974		21,432	42,406
Travel and entertainment	4,865	1,721	489	7,075
Insurance	3,031	1,177	2,078	6,286
Printing and promotion	13,526	29	13,625	27,180
Bank and credit card charges	12,647	22,114	115	34,876
In-kind marketing	41,510			41,510
Other	15,537	5,614	6,130	27,281
Depreciation	1,202	3,605		4,807
Total	\$2,089,927	\$266,244	\$320,643	\$2,676,814

* Reclassified for comparative purposes

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, 2019 AND 2018**

	<u>12/31/19</u>	<u>12/31/18</u>
Cash flows from operating activities:		
Change in net assets	\$15,773	(\$381,919)
Adjustments to reconcile change in net assets to net cash flows provided by/(used for) operating activities:		
Depreciation	5,159	4,807
Donated stock	(127,712)	(82,332)
Changes in assets and liabilities:		
Contributions and other receivables	533,070	(583,328)
Prepaid expenses and other assets	3,756	(3,153)
Accounts payable and accrued expenses	4,511	(29,561)
Deferred revenue	(32,100)	32,100
Grants payable	1,477	(360,190)
Net cash flows provided by/(used for) operating activities	<u>388,161</u>	<u>(1,021,657)</u>
Cash flows from investing activities:		
Purchase of investments	(1,190,808)	0
Proceeds from sale of investments	770,712	82,332
Net cash flows (used for)/provided by investing activities	<u>(420,096)</u>	<u>82,332</u>
Net decrease in cash and cash equivalents	(16,162)	(1,321,244)
Cash and cash equivalents - beginning of year	<u>1,075,849</u>	<u>2,397,093</u>
Cash and cash equivalents - end of year	<u><u>\$1,059,687</u></u>	<u><u>\$1,075,849</u></u>

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, 2019 AND 2018**

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, 2019 the Organization adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective January 1, 2019, the Organization adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the Organization evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the Organization applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

The Organization evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for the Organization to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the Organization recognizes revenue.

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* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – represents 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. Revenue Recognition

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the without donor restrictions class of net assets. Contributions that do contain donor restrictions are recorded in the assets with donor restrictions class of net assets. 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 in the without donor restrictions class of net assets.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

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.

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. Investments
Investments are recorded at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized gains and losses and investment management fees are included in income on the consolidated statement of activities.
- g. Fixed Assets
Fixed assets consist of computers, furniture, and equipment that the Organization retains title to which benefit future periods. Fixed assets that exceed pre-determined amounts and that have a useful life of greater than one year are recorded at cost or at fair value on the date of gift, if donated. 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.

The following costs are allocated based on time and effort:

- Salaries

The following costs are allocated based on the salary allocation:

- Payroll taxes and benefits
- Occupancy
- Office supplies and equipment
- Insurance
- Depreciation

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 services valued at \$47,098 and \$41,510 for the years ended December 31, 2019 and 2018, 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, 2016 and later are subject to examination by applicable taxing authorities.

m. New Accounting Pronouncement

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding “right to use asset” on the consolidated statement of financial position.

The Organization is in the process of evaluating the impact this standard will have on future financial statements.

Note 3 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of a U.S. Treasury Note at December 31, 2019, which was measured using Level 1 inputs.

Level 1 securities are valued at the closing price reported on the active market that they are traded on. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Note 4 - Fixed Assets

Fixed assets consist of:

	<u>12/31/19</u>	<u>12/31/18</u>
Computers and equipment	\$134,974	\$134,974
Furniture	<u>44,211</u>	<u>44,211</u>
	179,185	179,185
Less: accumulated depreciation and amortization	<u>(173,831)</u>	<u>(168,672)</u>
Total fixed assets	<u>\$5,354</u>	<u>\$10,513</u>

Note 5 - 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 committed to award is dependent on the Board of Directors' approval. All grants payable at December 31, 2019 and 2018 are due in 2020 and 2019, respectively.

Note 6 - Net Assets with Donor Restrictions

The following schedule summarizes net assets with donor restrictions:

	<u>December 31, 2019</u>			
	Balance		Released	Balance
	<u>1/1/19</u>	<u>Contributions</u>	from	<u>12/31/19</u>
			<u>Restrictions</u>	
Programs:				
Capacity Building	<u>\$0</u>	<u>\$58,345</u>	<u>(\$43,262)</u>	<u>\$15,083</u>
	<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>

Note 7 - Commitments

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

Note 8 - Liquidity and Availability of Financial Resources

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 Organization's outgoing grant payments and other expenses are funded by contributions.

The following reflects the Organization's financial assets at December 31, 2019:

Financial assets at year-end:	
Cash and cash equivalents	\$1,059,687
Investments	547,808
Contributions and other receivables	<u>545,244</u>
Total financial assets	\$2,152,739
Less amounts not available for general expenditures:	
Program restricted contributions	<u>(15,083)</u>
Financial assets available to meet cash needs for for general expenditures within one year	<u>\$2,137,656</u>

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 9 - 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, 2019 and 2018 was \$11,452 and \$13,750, respectively.

Note 10 - Significant Contributions

During the years ended December 31, 2019 and 2018, approximately 54% and 44%, respectively, of the Organization's revenue (excluding in-kind services) was derived from contributions received from one donor.

Note 11 - Subsequent Events

Management has evaluated the impact of all subsequent events through August 13, 2020, which is the date that the Organization's consolidated financial statements were available to be issued.

In December 2019, a coronavirus (COVID-19) was reported in China, and, in January 2020, the World Health Organization declared it a Public Health Emergency of International Concern. This contagious disease outbreak, which has continued to spread to additional countries, and any related adverse public health developments, could adversely affect the Organization's donors and suppliers as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the outbreak could affect workforces, audiences, economies, and financial markets globally, potentially leading to an economic downturn. This could decrease spending, adversely affect demand for our grants and harm our business and results of operations. Management continues to monitor the outbreak, however, as of the date of these consolidated financial statements, the potential impact of such on the Organization's business cannot be quantified.

On May 28, 2020, the Organization obtained a loan through a financial institution in the amount of \$69,615 through the Payroll Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during the eight-week period subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a six-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these consolidated financial statements.