
THE FISTULA FOUNDATION

Financial Statements

December 31, 2011 and 2010

and

Auditors' Report

THE FISTULA FOUNDATION

December 31, 2011 and 2010

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To the Board of Trustees of
The Fistula Foundation

We have audited the accompanying statements of financial position of The Fistula Foundation (a California nonprofit public benefit corporation) as of December 31, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Fistula Foundation as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Delagnes, Mitchell & Linder, LLP". The signature is written in a cursive, flowing style.

April 9, 2012

THE FISTULA FOUNDATION
Statements of Financial Position
December 31, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Current assets:		
Cash (primarily interest bearing accounts)	\$ 757,299	\$ 815,802
Contributions receivable	303,784	214,835
Prepays and deposits	<u>29,818</u>	<u>18,793</u>
Total current assets	1,090,901	1,049,430
Noncurrent investments	4,080,447	4,144,304
Property and Equipment:		
Property and equipment, net of accumulated depreciation	<u>15,175</u>	<u>10,968</u>
Total assets	\$ <u>5,186,523</u>	\$ <u>5,204,702</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and other accrued expenses	\$ 63,228	\$ 34,842
Grants payable	646,253	371,399
Capital lease - Short term portion	<u>1,588</u>	<u>1,466</u>
Total current liabilities	711,069	407,707
Capital lease - long term portion	<u>2,056</u>	<u>3,645</u>
Total liabilities	713,125	411,352
Net Assets:		
Unrestricted net assets		
Undesignated	1,999,477	2,197,475
Board designated - Hamlin Fistula Hospital	<u>2,033,305</u>	<u>2,541,305</u>
Total Unrestricted	4,032,782	4,738,780
Temporarily restricted assets	408,461	22,415
Permanently restricted assets	<u>32,155</u>	<u>32,155</u>
Total net assets	<u>4,473,398</u>	<u>4,793,350</u>
Total liabilities and net assets	\$ <u>5,186,523</u>	\$ <u>5,204,702</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Activities
For the Years Ended December 31, 2011 and 2010

2011.....			2010.....			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and support:								
Contributions	\$ 2,797,802	595,101	-	3,392,903	\$ 2,428,366	531,809	-	2,960,175
Net Investment income (loss)	(61,496)	-	-	(61,496)	100,836	-	-	100,836
Net assets released from restriction for purpose	<u>209,055</u>	<u>(209,055)</u>	<u>-</u>	<u>-</u>	<u>509,394</u>	<u>(509,394)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>2,945,361</u>	<u>386,046</u>	<u>-</u>	<u>3,331,407</u>	<u>3,038,596</u>	<u>22,415</u>	<u>-</u>	<u>3,061,011</u>
Expenses:								
Program services	3,005,467	-	-	3,005,467	2,420,329	-	-	2,420,329
Management and general	280,936	-	-	280,936	234,904	-	-	234,904
Fundraising expense	<u>364,956</u>	<u>-</u>	<u>-</u>	<u>364,956</u>	<u>328,527</u>	<u>-</u>	<u>-</u>	<u>328,527</u>
Total expenses	<u>3,651,359</u>	<u>-</u>	<u>-</u>	<u>3,651,359</u>	<u>2,983,760</u>	<u>-</u>	<u>-</u>	<u>2,983,760</u>
Change in net assets	(705,998)	386,046	-	(319,952)	54,836	22,415	-	77,251
Net assets at beginning of year	<u>4,738,780</u>	<u>22,415</u>	<u>32,155</u>	<u>4,793,350</u>	<u>4,683,944</u>	<u>-</u>	<u>32,155</u>	<u>4,716,099</u>
Net assets at end of year	\$ <u>4,032,782</u>	<u>408,461</u>	<u>32,155</u>	<u>4,473,398</u>	\$ <u>4,738,780</u>	<u>22,415</u>	<u>32,155</u>	<u>4,793,350</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Cash Flows
December 31, 2011 and 2010

	<u>2011</u>		<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets from Statement of Activities	\$ (319,952)	\$	77,251
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:			
Depreciation	3,424		2,223
Changes in operating assets and liabilities:			
Contributions receivable	(88,949)		(58,638)
Prepays, deposits and other assets	(11,025)		7,369
Accounts payable and other accrued expenses	<u>301,773</u>		<u>156,296</u>
Net cash provided by or (used in) operating activities	(114,729)		184,501
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(7,631)		(6,687)
Net change in investments	<u>63,857</u>		<u>(120,424)</u>
Net cash provided by or (used) by investing activities	<u>56,226</u>		<u>(127,111)</u>
Net change in cash	(58,503)		57,390
Cash at beginning of year	<u>815,802</u>		<u>758,412</u>
Cash at end of year	\$ <u><u>757,299</u></u>	\$	<u><u>815,802</u></u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2011

	<u>Program</u> <u>Services</u>	<u>General</u> <u>and</u> <u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits \$	173,240	142,663	219,233	535,136
Grants	2,670,896	-	-	2,670,896
Bank and credit card expense	8,465	41,301	11,069	60,835
Depreciation	991	836	1,597	3,424
Dignity jewelry	-	-	13,626	13,626
Fundraising	-	-	3,666	3,666
Insurance	717	605	920	2,242
Miscellaneous	1,789	1,510	1,967	5,266
Postage/shipping	20,896	10,447	20,896	52,239
Printing	33,138	16,568	33,138	82,844
Professional services	20,042	19,883	25,102	65,027
Rent	11,097	13,928	9,256	34,281
Repairs and maintenance	3,256	2,645	4,275	10,176
Supplies	2,846	2,402	3,647	8,895
Telephone	1,523	2,285	3,809	7,617
Software	3,792	3,081	4,976	11,849
Accounting and legal	2,408	16,856	4,816	24,080
Travel	50,371	5,926	2,963	59,260
	<u>3,005,467</u>	<u>280,936</u>	<u>364,956</u>	<u>3,651,359</u>
Total	\$ <u>3,005,467</u>	<u>280,936</u>	<u>364,956</u>	<u>3,651,359</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2010

	<u>Program Services</u>	<u>General and Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 70,859	140,973	163,492	375,324
Grants	2,256,213	-	-	2,256,213
Advertising	17,447	-	17,447	34,894
Bank and credit card expense	8,465	11,069	13,023	32,557
Depreciation	683	893	647	2,223
Dignity jewelry	-	-	8,811	8,811
Fundraising	-	-	1,865	1,865
Insurance	733	958	1,128	2,819
Miscellaneous	2,887	4,331	4,812	12,030
Postage/shipping	2,911	16,496	29,111	48,518
Printing	13,294	13,295	39,883	66,472
Professional services	10,731	14,033	16,509	41,273
Rent	7,030	9,193	10,813	27,036
Repairs and maintenance	1,032	1,350	1,588	3,970
Supplies	1,892	2,475	2,911	7,278
Telephone	1,169	1,529	1,798	4,496
Software	3,274	4,281	5,037	12,592
Accounting and legal	5,946	7,776	9,148	22,870
Travel	15,763	6,252	504	22,519
	<u>15,763</u>	<u>6,252</u>	<u>504</u>	<u>22,519</u>
Total	\$ <u>2,420,329</u>	<u>234,904</u>	<u>328,527</u>	<u>2,983,760</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2011 and 2010

1. Nature of Activities and Summary of Significant Accounting Policies

(a) Nature of Activities

The Fistula Foundation (Foundation), formerly called “American Friends Foundation for Childbirth Injuries,” was founded in 2000 to raise awareness of and funding for fistula repair, prevention, and educational programs worldwide.

(b) Basis of Presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets.

(c) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

(d) Temporarily restricted net assets

Temporarily restricted net assets represent contributions whose use by the Foundation is limited by donor imposed stipulations that can be fulfilled and removed by actions of the Foundation pursuant to those stipulations or by the passage of time.

(e) Cash

Cash includes depository account balances other than those held temporarily as part of the long-term investment portfolio. The accounts are insured by the FDIC up to \$250,000 in 2011 and 2010 for each bank. At December 31, 2011 and 2010, the Foundation had uninsured cash balances of \$507,299 and \$565,802 respectively.

(f) Donated Goods and Services

Donated services are recognized as contributions, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2011 and 2010

1. Nature of Activities and Summary of Significant Accounting Policies, Continued

(f) Donated Goods and Services (continued)

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

(g) Functional Allocation of Expenses

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies as well as estimates made by the Foundation's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

(h) Income Taxes

The Foundation is exempt from paying Federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d, and contributions to it are tax deductible as prescribed by the Code.

The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(1) and has been designated as a "publicly supported" organization under Section 170(b)(1)(A)(vi) of the Code.

(i) Compensated Absences

The Foundation accrues a liability for vested vacations to which employees are entitled depending on the length of service and other factors. The accompanying financials statements include accrued vacation benefits of \$ 27,904 and 14,404 as of December 31, 2011 and 2010 respectively.

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2011 and 2010

1. Nature of Activities and Summary of Significant Accounting Policies, Continued

(j) Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

(k) Financial Instruments and Credit Risk

The carrying amounts of financial instruments approximate fair value based on quoted market prices or discounted cash flow analysis for cash equivalents and other financial instruments.

The Foundation is subject to some credit risk through short-term cash investments, which are placed with high credit quality financial institutions, both directly and indirectly, through various brokerage firms.

The Foundation has significant investments in stocks, bonds, and mutual funds held by investment managers engaged by the Foundation and is, therefore, subject to concentrations of credit risk. Investments are made by the investment managers and the investments are monitored by the Board of Directors. Though the market value of investments is subject to fluctuations on a year to year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation.

(l) Property and Equipment and Depreciation

Property and equipment is recorded at cost. Depreciation of property and equipment is provided over the estimated 3 to 7 years useful lives of the respective assets on a straight-line basis.

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2011 and 2010

2. Investments

The following represents the original cost basis, unrealized gains and (losses) and fair value of investments as of December 31, 2011 and 2010. The fair value of investments is determined based upon quoted market prices.

	2011		2010	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity	\$ 256,586	250,016	7,379	7,279
Mutual Funds	1,430,578	1,371,737	564,690	635,141
Corporate bonds	233,184	228,886	-	-
Government Obligations	50,040	50,115	-	-
Municipal Bonds	443,452	436,393	-	-
Other Assets	292,098	294,868	-	-
Certificate of Deposits	550,125	550,125	-	-
MoneyMarket/Cash	<u>898,307</u>	<u>898,307</u>	<u>3,501,884</u>	<u>3,501,884</u>
Total Investments	\$ <u>4,154,370</u>	<u>4,080,447</u>	<u>4,073,953</u>	<u>4,144,304</u>

The following schedule summarizes the investment returns and classifications in the Statement of Activities:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 82,778	\$ 22,072
Realized gain (loss)	(11,485)	13,093
Unrealized gain (loss)	<u>(132,789)</u>	<u>65,671</u>
Net investment income or (loss)	\$ <u>(61,496)</u>	\$ <u>100,836</u>

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2011 and 2010

3. Property and Equipment

Property and equipment consisted of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Computer & equipment	\$ 26,665	\$ 19,034
Furniture and fixtures	17,370	17,370
Leasehold improvements	2,288	2,288
Software	<u>17,619</u>	<u>17,619</u>
Subtotal	63,942	56,311
Less accumulated depreciation	<u>48,767</u>	<u>45,343</u>
Total property and equipment – net of accumulated depreciation	\$ <u>15,175</u>	\$ <u>10,968</u>

4. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2011 and December 31, 2010 were restricted for the “Love A Sister” campaign in the amount of \$408,461 and \$22,415 respectively.

5. Retirement Plan

The Foundation maintains a deferred annuity retirement plan under Section 403(b) of the Internal Revenue Code for all eligible employees. The Foundation may make discretionary contributions to the plan. The Foundation contributed \$16,282, and \$11,017, to the plan for the years ended December 31, 2011 and 2010, respectively.

The Foundation also maintains a deferred compensation plan for a key employee under which annual contributions of \$6,219 and \$9,545 were made for the years ended December 31, 2011 and 2010 respectively.

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2011 and 2010

6. Change in By-laws

In 2009, the Foundation broadened their mission to permit them to support fistula treatment worldwide. At that time, the Foundation Board designated \$4,115,869 specifically for the benefit of the Hamlin Fistula Hospital, and the composition of the unrestricted net assets has been revised to reflect this designation.

During the years 2010 and 2011, the Foundation made additional grants to the Hamlin Fistula Hospital so as to reduce the board designated fund to \$2,033,305 and \$2,541,305 as of December 31, 2011 and 2010 respectively.

7. Subsequent Events

The Foundation evaluates events that occur subsequent to the balance sheet date, but before financial statements are issued for periods ending on such balance sheet dates, for possible adjustments to such financial statements or other disclosures. This evaluation generally occurs through the date on which the Foundation's financial statements are issued. For the financial statements as of and for the year ending December 31, 2011, this date is April 9, 2012.