
THE FISTULA FOUNDATION

Financial Statements

December 31, 2012 and 2011

and

Auditors' Report

THE FISTULA FOUNDATION

December 31, 2012 and 2011

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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, 2012 and 2011, 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, 2012 and 2011, 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.



Delagnes, Mitchell & Linder, LLP
San Francisco, CA 94104

April 10, 2013

THE FISTULA FOUNDATION
Statements of Financial Position
December 31, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current assets:		
Cash (primarily interest bearing accounts)	\$ 973,412	\$ 757,299
Contributions receivable	369,975	303,784
Prepays and deposits	<u>28,983</u>	<u>29,818</u>
Total current assets	1,372,370	1,090,901
Noncurrent investments	4,366,087	4,080,447
Property and Equipment:		
Property and equipment, net of accumulated depreciation	<u>27,344</u>	<u>15,175</u>
Total assets	<u>\$ 5,765,801</u>	<u>\$ 5,186,523</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and other accrued expenses	\$ 58,037	\$ 63,228
Grants payable	1,012,029	646,253
Capital lease - Short term portion	<u>1,720</u>	<u>1,588</u>
Total current liabilities	1,071,786	711,069
Capital lease - long term portion	<u>336</u>	<u>2,056</u>
Total liabilities	1,072,122	713,125
Net Assets:		
Unrestricted net assets		
Undesignated	3,226,106	1,999,477
Board designated - Hamlin Fistula Hospital	<u>1,406,431</u>	<u>2,033,305</u>
Total Unrestricted	4,632,537	4,032,782
Temporarily restricted assets	28,987	408,461
Permanently restricted assets	<u>32,155</u>	<u>32,155</u>
Total net assets	<u>4,693,679</u>	<u>4,473,398</u>
Total liabilities and net assets	<u>\$ 5,765,801</u>	<u>\$ 5,186,523</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Activities
For the Years Ended December 31, 2012 and 2011

2012.....			2011.....			
	<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	\$ 3,982,324	518,629	-	4,500,953	\$ 2,797,802	595,101	-	3,392,903
Net Investment income (loss)	308,344		-	308,344	(61,496)	-	-	(61,496)
Net assets released from restriction for purpose	<u>898,103</u>	<u>(898,103)</u>	-	-	<u>209,055</u>	<u>(209,055)</u>	-	-
Total revenues and support	<u>5,188,771</u>	<u>(379,474)</u>	-	<u>4,809,297</u>	<u>2,945,361</u>	<u>386,046</u>	-	<u>3,331,407</u>
Expenses:								
Program services	3,885,463	-	-	3,885,463	3,005,467	-	-	3,005,467
Management and general	339,993	-	-	339,993	280,936	-	-	280,936
Fundraising expense	<u>363,560</u>	-	-	<u>363,560</u>	<u>364,956</u>	-	-	<u>364,956</u>
Total expenses	<u>4,589,016</u>	-	-	<u>4,589,016</u>	<u>3,651,359</u>	-	-	<u>3,651,359</u>
Change in net assets	599,755	(379,474)	-	220,281	(705,998)	386,046	-	(319,952)
Net assets at beginning 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>
Net assets at end of year	\$ <u>4,632,537</u>	<u>28,987</u>	<u>32,155</u>	<u>4,693,679</u>	\$ <u>4,032,782</u>	<u>408,461</u>	<u>32,155</u>	<u>4,473,398</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Cash Flows
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets from Statement of Activities	\$ 220,281	\$ (319,952)
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	5,802	3,424
Changes in operating assets and liabilities:		
Contributions receivable	(66,191)	(88,949)
Prepays, deposits and other assets	835	(11,025)
Accounts payable and other accrued expenses	<u>358,997</u>	<u>301,773</u>
Net cash provided by or (used in) operating activities	519,724	(114,729)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(17,971)	(7,631)
Net change in investments	<u>(285,640)</u>	<u>63,857</u>
Net cash provided by or (used) by investing activities	<u>(303,611)</u>	<u>56,226</u>
Net change in cash	216,113	(58,503)
Cash at beginning of year	<u>757,299</u>	<u>815,802</u>
Cash at end of year	\$ <u><u>973,412</u></u>	\$ <u><u>757,299</u></u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2012

	<u>Program Services</u>	<u>General and Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits \$	193,594	163,537	196,561	553,692
Grants	3,450,608			3,450,608
Advertising			808	808
Bank and credit card expense	9,929	48,225	12,765	70,919
Depreciation	2,279	1,857	1,740	5,876
Dignity jewelry			10,618	10,618
Insurance	867	730	685	2,282
Miscellaneous	1,794	1,572	1,474	4,840
Postage/shipping	24,897	12,448	24,897	62,242
Printing	31,614	15,806	31,614	79,034
Professional services	75,831	20,409	61,343	157,583
Rent	13,026	21,712	8,685	43,423
Repairs and maintenance	2,845	4,742	1,897	9,484
Supplies	795	3,971	3,177	7,943
Telephone	2,762	2,326	2,181	7,269
Software	3,994	3,363	3,153	10,510
Accounting and legal		33,409		33,409
Travel	70,628	5,886	1,962	78,476
	<u>70,628</u>	<u>5,886</u>	<u>1,962</u>	<u>78,476</u>
Total	\$ <u>3,885,463</u>	<u>339,993</u>	<u>363,560</u>	<u>4,589,016</u>

see accompanying notes to the financial statements

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

	<u>Program Services</u>	<u>General and 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
Advertising	-	-	-	-
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>50,371</u>	<u>5,926</u>	<u>2,963</u>	<u>59,260</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
Notes to Financial Statements
December 31, 2012 and 2011

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 2012 and 2011 for each bank. At December 31, 2012 and 2011, the Foundation had uninsured cash balances of \$723,412 and \$507,299 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, 2012 and 2011

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 Internal Revenue 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 Internal Revenue 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 expenses for vacation benefits of \$20,375 and \$27,904 as of December 31, 2012 and 2011 respectively.

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2012 and 2011

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, 2012 and 2011

2. Investments

The following represents the original cost basis, unrealized gains and (losses) and fair value of investments as of December 31, 2012 and 2011. The fair value of investments is determined based upon quoted market prices.

		2012		2011	
		<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity	\$	316,947	348,174	256,586	250,016
Mutual Funds		1,786,088	1,798,681	1,430,578	1,371,737
Corporate bonds		294,950	298,802	233,184	228,886
Government Obligations		25,033	25,005	50,040	50,115
Municipal Bonds		347,397	372,834	443,452	436,393
Other Assets		749,027	771,333	292,098	294,868
Certificate of Deposits		400,955	400,955	550,125	550,125
MoneyMarket/Cash		<u>350,303</u>	<u>350,303</u>	<u>898,307</u>	<u>898,307</u>
Total Investments	\$	<u>4,270,700</u>	<u>4,366,087</u>	<u>4,154,370</u>	<u>4,080,447</u>

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

		<u>2012</u>		<u>2011</u>
Interest and dividend income	\$	127,573	\$	82,778
Realized gain (loss)		(6,160)		(11,485)
Unrealized gain (loss)		<u>186,931</u>		<u>(132,789)</u>
Net investment income or (loss)	\$	<u>308,344</u>	\$	<u>(61,496)</u>

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2012 and 2011

3. Property and Equipment

Property and equipment consisted of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Computer & equipment	\$ 29,711	\$ 26,665
Furniture and fixtures	17,619	17,370
Leasehold improvements	2,288	2,288
Software	<u>32,370</u>	<u>17,619</u>
Subtotal	81,988	63,942
Less accumulated depreciation	<u>54,644</u>	<u>48,767</u>
Total property and equipment – net of accumulated depreciation	\$ <u>27,344</u>	\$ <u>15,175</u>

4. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2012 and December 31, 2011 were restricted for the “Love A Sister” campaign in the amount of \$28,987 and \$408,461 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 \$17,740 and \$16,282, to the plan for the years ended December 31, 2012 and 2011, respectively.

The Foundation also maintains a deferred compensation plan for a key employee under which annual contributions of \$17,000 and \$6,219 were made for the years ended December 31, 2012 and 2011 respectively.

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2012 and 2011

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 2011 and 2012, the Foundation made additional grants to the Hamlin Fistula Hospital so as to reduce the board designated fund to \$1,406,431, and \$2,033,305 as of December 31, 2012 and 2011 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 financials statements as of and for the year ending December 31, 2012, this date is April 10, 2013.