
THE FISTULA FOUNDATION

Financial Statements

December 31, 2013 and 2012

and

Auditors' Report

THE FISTULA FOUNDATION

December 31, 2013 and 2012

INDEX

	<u>Page</u>
Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5-6
Notes to Financial Statements	7-12

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To the Board of Directors
Fistula Foundation
San Jose, CA

We have audited the accompanying financial statements of Fistula Foundation (a tax-exempt organization), which comprise the statements of financial position as of December 31, 2013 and December 31, 2012, and the related statements of activities, functional expenses and cash flows for the years 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audit 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 amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 Fistula Foundation as of December 31, 2013 and December 31, 2012, and the change 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.



Delagnes, Mitchell & Linder, LLP

San Francisco, CA
March 3, 2014

THE FISTULA FOUNDATION
Statements of Financial Position
December 31, 2013 and 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash (primarily interest bearing accounts)	\$ 1,226,605	\$ 973,412
Contributions receivable	388,163	369,975
Accrued interest on investments	16,247	
Prepays and deposits	<u>32,243</u>	<u>28,983</u>
Total current assets	1,663,258	1,372,370
Noncurrent investments	5,781,540	4,366,087
Property and Equipment:		
Property and equipment, net of accumulated depreciation	<u>30,085</u>	<u>27,344</u>
Total assets	<u>\$ 7,474,883</u>	<u>\$ 5,765,801</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and other accrued expenses	\$ 51,451	\$ 58,038
Grants payable	2,105,623	1,012,029
Capital lease - Short term portion	<u>-</u>	<u>1,720</u>
Total current liabilities	2,157,074	1,071,787
Capital lease - long term portion	<u>-</u>	<u>336</u>
Total liabilities	2,157,074	1,072,123
Net Assets:		
Unrestricted net assets		
Undesignated	4,277,616	3,226,105
Board designated - Hamlin Fistula Hospital	<u>788,536</u>	<u>1,406,431</u>
Total Unrestricted	5,066,152	4,632,536
Temporarily restricted assets	219,502	28,987
Permanently restricted assets	<u>32,155</u>	<u>32,155</u>
Total net assets	<u>5,317,809</u>	<u>4,693,678</u>
Total liabilities and net assets	<u>\$ 7,474,883</u>	<u>\$ 5,765,801</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Activities
For the Years Ended December 31, 2013 and 2012

2013.....			2012.....			
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Revenues and support:								
Contributions	\$ 5,231,478	835,451	-	6,066,929	\$ 3,982,323	518,629	-	4,500,952
Net Investment income (loss)	357,470		-	357,470	308,344		-	308,344
Net assets released from restriction for purpose	<u>644,936</u>	<u>(644,936)</u>	<u>-</u>	<u>-</u>	<u>898,103</u>	<u>(898,103)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>6,233,884</u>	<u>190,515</u>	<u>-</u>	<u>6,424,399</u>	<u>5,188,770</u>	<u>(379,474)</u>	<u>-</u>	<u>4,809,296</u>
Expenses:								
Program services	4,871,403	-	-	4,871,403	3,885,463	-	-	3,885,463
Management and general	432,289	-	-	432,289	339,993	-	-	339,993
Fundraising expense	<u>496,576</u>	<u>-</u>	<u>-</u>	<u>496,576</u>	<u>363,560</u>	<u>-</u>	<u>-</u>	<u>363,560</u>
Total expenses	<u>5,800,268</u>	<u>-</u>	<u>-</u>	<u>5,800,268</u>	<u>4,589,016</u>	<u>-</u>	<u>-</u>	<u>4,589,016</u>
Change in net assets	433,616	190,515	-	624,131	599,754	(379,474)	-	220,280
Net assets at beginning of year	<u>4,632,536</u>	<u>28,987</u>	<u>32,155</u>	<u>4,693,678</u>	<u>4,032,782</u>	<u>408,461</u>	<u>32,155</u>	<u>4,473,398</u>
Net assets at end of year	\$ <u>5,066,152</u>	<u>219,502</u>	<u>32,155</u>	<u>5,317,809</u>	\$ <u>4,632,536</u>	<u>28,987</u>	<u>32,155</u>	<u>4,693,678</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Cash Flows
December 31, 2013 and 2012

	<u>2013</u>		<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets from Statement of Activities	\$ 624,131	\$	220,280
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:			
Depreciation	12,752		5,802
Changes in operating assets and liabilities:			
Contributions receivable	(18,188)		(66,191)
Prepays, deposits and other assets	(3,260)		836
Accounts payable and other accrued expenses	<u>1,084,951</u>		<u>358,998</u>
Net cash provided by or (used in) operating activities	1,700,386		519,724
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(13,997)		(17,971)
Net change in investments	<u>(1,217,084)</u>		<u>(285,640)</u>
Net cash provided by or (used) by investing activities	<u>(1,231,081)</u>		<u>(303,611)</u>
Net change in cash	469,305		216,113
Cash at beginning of year	<u>757,299</u>		<u>757,299</u>
Cash at end of year	\$ <u>1,226,604</u>	\$	<u>973,412</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2013

	<u>Program Services</u>	<u>General and Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits \$	154,925	277,574	213,021	645,520
Grants	4,511,027	-	-	4,511,027
Advertising	-	-	3,302	3,302
Bank and credit card expense	20,248	36,394	27,996	84,638
Depreciation	3,060	5,483	4,209	12,752
Dignity jewelry	-	-	14,584	14,584
Fundraising	-	-	12,861	12,861
Insurance	598	1,072	822	2,492
Miscellaneous	1,794	1,572	6,108	9,474
Postage/shipping	7,759	15,519	54,318	77,596
Printing	9,182	18,365	64,278	91,825
Professional services	99,883	9,733	58,367	167,983
Rent	10,633	19,051	14,621	44,305
Repairs and maintenance	2,845	4,742	6,789	14,376
Supplies	795	3,971	8,413	13,179
Telephone	1,600	1,066	2,666	5,332
Software	3,902	3,902	3,904	11,708
Accounting and legal	-	33,104	-	33,104
Travel	43,152	741	317	44,210
	<u>43,152</u>	<u>741</u>	<u>317</u>	<u>44,210</u>
Total	\$ <u>4,871,403</u>	<u>432,289</u>	<u>496,576</u>	<u>5,800,268</u>

see accompanying notes to the financial statements

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

	<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	\$ 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
Fundraising				-
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
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
Notes to Financial Statements
December 31, 2013 and 2012

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 2013 and 2012 for each bank. At December 31, 2013 and 2012, the Foundation had uninsured cash balances of \$976,605 and \$723,412 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, 2013 and 2012

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 personal time off (PTO) of \$ 32,290 and \$20,375 as of December 31, 2013 and 2012, respectively.

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2013 and 2012

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, 2013 and 2012

2. Investments

The following represents the original cost basis, unrealized gains and (losses) and fair value of investments as of December 31, 2013 and 2012. The fair value of investments is determined based upon quoted market prices.

	2013		2012	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity	\$ 349,850	479,755	316,947	348,173
Mutual Funds	2,636,995	2,684,133	1,786,088	1,798,681
Corporate bonds	849,216	835,266	294,950	298,802
Government Obligations	25,033	24,205	25,033	25,005
Municipal Bonds	410,091	425,885	347,397	372,834
Other Assets	819,228	885,713	749,027	771,333
Certificate of Deposits	176,576	176,576	400,955	400,955
MoneyMarket/Cash	<u>270,007</u>	<u>270,007</u>	<u>350,303</u>	<u>350,303</u>
Total Investments	\$ <u>5,536,996</u>	<u>5,781,540</u>	<u>4,270,700</u>	<u>4,366,087</u>

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

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 130,639	\$ 127,573
Realized gain (loss)	(28,278)	(6,160)
Unrealized gain (loss)	<u>255,150</u>	<u>186,931</u>
Net investment income or (loss)	\$ <u>357,470</u>	\$ <u>308,344</u>

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2013 and 2012

3. Property and Equipment

Property and equipment consisted of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Computer & equipment	\$ 30,233	\$ 29,711
Furniture and fixtures	17,619	17,619
Leasehold improvements	2,288	2,288
Software	<u>45,845</u>	<u>32,370</u>
Subtotal	95,985	81,988
Less accumulated depreciation	<u>65,899</u>	<u>54,644</u>
Total property and equipment – net of accumulated depreciation	\$ <u>30,085</u>	\$ <u>27,344</u>

4. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2013 and December 31, 2012 were restricted for the “Love A Sister” campaign in the amount of \$219,502 and \$28,987 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 \$19,908, and \$17,740, to the plan for the years ended December 31, 2013 and 2012, respectively.

The Foundation also maintains a deferred compensation plan for a key employee under which annual contributions of \$16,000 and \$17,000 were made for the years ended December 31, 2013 and 2012 respectively.

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2013 and 2012

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 2012 and 2013, the Foundation made additional grants to the Hamlin Fistula Hospital so as to reduce the board designated fund to \$788,536, and \$1,406,431 as of December 31, 2013 and 2012, 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, 2013, this date is March 3, 2014.