
THE FISTULA FOUNDATION

Financial Statements

December 31, 2015 and 2014

and

Independent Auditors' Report

THE FISTULA FOUNDATION

December 31, 2015 and 2014

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DELAGNES, MITCHELL & LINDER, LLP

CERTIFIED PUBLIC ACCOUNTANTS

300 Montgomery Street, Suite 1050
San Francisco, CA 94104-1999
Phone (415) 983-0500
Fax (415) 983-0999
E-mail tmitchell@dmlcpa.com

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, 2015 and December 31, 2014, 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the 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, 2015 and December 31, 2014, 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
April 18, 2016

THE FISTULA FOUNDATION

Statements of Financial Position

December 31, 2015 and 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash (primarily interest bearing accounts)	\$ 1,409,877	\$ 1,950,494
Contributions receivable	1,325,441	951,534
Accrued interest on investments	8,952	12,129
Prepays, deposits and other assets	<u>75,599</u>	<u>34,851</u>
Total current assets	2,819,869	2,949,008
Noncurrent investments	6,267,885	5,466,450
Property and Equipment:		
Property and equipment, net of accumulated depreciation	<u>19,275</u>	<u>24,020</u>
Total assets	<u>\$ 9,107,029</u>	<u>\$ 8,439,478</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and other accrued expenses	\$ 196,624	\$ 120,703
Grants payable	<u>4,426,083</u>	<u>3,468,903</u>
Total liabilities	4,622,707	3,589,606
Net Assets:		
Unrestricted net assets		
Undesignated	2,192,407	3,511,956
Board designated - Hamlin Fistula Hospital	<u>788,536</u>	<u>788,536</u>
Total unrestricted net assets	2,980,943	4,300,492
Temporarily restricted assets	1,471,224	517,225
Permanently restricted assets	<u>32,155</u>	<u>32,155</u>
Total net assets	<u>4,484,322</u>	<u>4,849,872</u>
Total liabilities and net assets	<u>\$ 9,107,029</u>	<u>\$ 8,439,478</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Activities
For the Years Ended December 31, 2015 and 2014

2015.....			2014.....			
	<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	\$ 6,114,366	1,885,788	-	8,000,154	\$ 5,833,669	795,979	-	6,629,648
Net Investment income (loss)	(159,820)		-	(159,820)	246,398		-	246,398
Net assets released from restriction for purpose	<u>931,789</u>	<u>(931,789)</u>	<u>-</u>	<u>-</u>	<u>498,256</u>	<u>(498,256)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>6,886,335</u>	<u>953,999</u>	<u>-</u>	<u>7,840,334</u>	<u>6,578,323</u>	<u>297,723</u>	<u>-</u>	<u>6,876,046</u>
Expenses:								
Program services	6,694,201	-	-	6,694,201	6,181,315	-	-	6,181,315
Management and general	572,485	-	-	572,485	494,460	-	-	494,460
Fundraising expense	<u>939,198</u>	<u>-</u>	<u>-</u>	<u>939,198</u>	<u>668,208</u>	<u>-</u>	<u>-</u>	<u>668,208</u>
Total expenses	<u>8,205,884</u>	<u>-</u>	<u>-</u>	<u>8,205,884</u>	<u>7,343,983</u>	<u>-</u>	<u>-</u>	<u>7,343,983</u>
Change in net assets	(1,319,549)	953,999	-	(365,550)	(765,660)	297,723	-	(467,937)
Net assets at beginning of year	<u>4,300,492</u>	<u>517,225</u>	<u>32,155</u>	<u>4,849,872</u>	<u>5,066,152</u>	<u>219,502</u>	<u>32,155</u>	<u>5,317,809</u>
Net assets at end of year	\$ <u>2,980,943</u>	<u>1,471,224</u>	<u>32,155</u>	<u>4,484,322</u>	\$ <u>4,300,492</u>	<u>517,225</u>	<u>32,155</u>	<u>4,849,872</u>

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see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Cash Flows
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets from Statement of Activities	\$ (365,550)	\$ (467,937)
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	16,974	13,603
Changes in operating assets and liabilities:		
Contributions receivable	(373,907)	(563,371)
Prepays, deposits and other assets	(40,748)	(2,608)
Accounts payable and other accrued expenses	<u>1,033,101</u>	<u>1,432,532</u>
Net cash provided by operating activities	269,870	412,219
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(12,229)	(7,538)
Net change in investments	<u>(798,258)</u>	<u>319,208</u>
Net cash provided by or (used) by investing activities	<u>(810,487)</u>	<u>311,670</u>
Net change in cash	(540,617)	723,889
Cash at beginning of year	<u>1,950,494</u>	<u>1,226,605</u>
Cash at end of year	\$ <u><u>1,409,877</u></u>	\$ <u><u>1,950,494</u></u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2015

	<u>Program Services</u>	<u>General and Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits \$	305,671	283,590	566,833	1,156,094
Grants	5,995,790	-	-	5,995,790
Awareness program	1,250	-	-	1,250
Outreach	76,230	-	-	76,230
Advertising	-	-	4,530	4,530
Bank and credit card expense	9,829	78,670	9,788	98,287
Depreciation	4,488	4,164	8,322	16,974
Dignity jewelry	-	-	7,651	7,651
Dues, licenses and registrations	6,191	5,331	14,785	26,307
Insurance	1,033	890	88	2,011
Miscellaneous	135	116	1,762	2,013
Postage/shipping	7,759	15,519	42,262	65,540
Printing	9,182	18,365	120,342	147,889
Professional services	102,808	26,828	107,613	237,249
Rent	22,077	20,482	40,938	83,497
Repairs and maintenance	-	33,931	2,485	36,416
Supplies	3,605	3,344	6,684	13,633
Telephone	2,092	1,801	3,388	7,281
Training and seminars	19,630	-	-	19,630
Software	3,753	3,902	1,727	9,382
Accounting and legal	-	68,482	-	68,482
Travel	122,678	7,070	-	129,748
	<u>6,694,201</u>	<u>572,485</u>	<u>939,198</u>	<u>8,205,884</u>
Total	\$	<u>6,694,201</u>	<u>572,485</u>	<u>939,198</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2014

	<u>Program Services</u>	<u>General and Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 494,209	285,882	294,502	1,074,593
Grants	5,225,382	-	-	5,225,382
Awareness program	18,294	-	-	18,294
Outreach	122,848	-	-	122,848
Advertising	533	-	7,596	8,129
Bank and credit card expense	39,837	34,306	36,517	110,660
Depreciation	4,897	4,217	4,489	13,603
Dignity jewelry	-	-	25,155	25,155
Dues, licenses and registrations	6,191	5,331	5,675	17,197
Fundraising	-	-	7,945	7,945
Insurance	1,033	890	947	2,870
Miscellaneous	135	116	124	375
Postage/shipping	7,759	15,519	92,600	115,878
Printing	9,182	18,365	92,247	119,794
Professional services	63,340	54,080	62,620	180,040
Rent	16,410	14,131	15,043	45,584
Repairs and maintenance	3,286	2,829	3,012	9,127
Supplies	6,281	5,408	5,757	17,446
Telephone	2,092	1,801	1,918	5,811
Training and seminars	7,590	-	-	7,590
Software	3,902	3,902	10,900	18,704
Accounting and legal	-	46,392	-	46,392
Travel	148,114	1,291	1,161	150,566
Total	\$ <u>6,181,315</u>	<u>494,460</u>	<u>668,208</u>	<u>7,343,983</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2015 and 2014

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 2015 and 2014 for each bank. At December 31, 2015 and 2014, the Foundation had uninsured cash balances of \$1,078,476 and \$1,700,494 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, 2015 and 2014

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 \$ 49,003 and \$45,308 as of December 31, 2015 and 2014, respectively.

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2015 and 2014

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) Fair value measurements

FASB ASC 820, Fair Value Measurements, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2015 and 2014

(k) Fair value measurements (continued)

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.

2. Investments

The following represents the original cost basis, unrealized gains and (losses) and fair value of investments as of December 31, 2015 and 2014. The fair value of investments is determined based upon quoted market prices.

		2015		2014	
		<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity	\$	775,322	1,000,678	659,845	840,386
Mutual Funds		2,179,472	2,129,721	1,850,363	1,875,211
Corporate bonds		441,157	423,310	701,975	577,456
Municipal Bonds				113,324	133,547
Other Assets		2,275,334	2,438,022	1,620,936	1,724,780
Certificate of Deposits		24,955	25,241	236,776	211,433
MoneyMarket/Cash		<u>250,913</u>	<u>250,913</u>	<u>103,637</u>	<u>103,637</u>
Total Investments	\$	<u>5,947,153</u>	<u>6,267,885</u>	<u>5,286,856</u>	<u>5,466,450</u>

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

		<u>2015</u>	<u>2014</u>
Interest and dividend income	\$	176,017	\$ 171,316
Realized gain (loss)		(182,309)	(55,333)
Unrealized gain (loss)		<u>(153,528)</u>	<u>130,415</u>
Net investment income or (loss)	\$	<u>(159,820)</u>	\$ <u>246,398</u>

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2015 and 2014

3. Investments at fair value hierarchy

Assets measured at fair value on a recurring basis based on their fair value hierarchy at December 31, 2015 are as follows:

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity	\$ 1,000,678	1,000,678		
Mutual Funds	2,129,721	2,129,721		
Corporate bonds	423,310	423,310		
Other Assets	2,438,022	2,438,022		
Certificate of Deposits	25,241	25,241		
MoneyMarket/Cash	<u>250,913</u>	<u>250,913</u>	-	-
Total Investments	\$ <u>6,267,885</u>	<u>6,267,885</u>	-	-

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Computer & equipment	\$ 42,107	\$ 37,771
Furniture and fixtures	25,512	17,619
Leasehold improvements	2,288	2,288
Software	<u>45,845</u>	<u>45,845</u>
Subtotal	115,752	103,523
Less accumulated depreciation	<u>96,477</u>	<u>79,503</u>
Total property and equipment – net of accumulated depreciation	\$ <u>19,275</u>	\$ <u>24,020</u>

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2015 and 2014

5. Temporarily Restricted Net Assets

Support that is restricted by a grantor agency or a donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Temporarily restricted net assets are as follows:

	<u>2015</u>	<u>2014</u>
Love a Sister	\$ 284,539	\$ 517,225
Fistula treatment in Zimbabwe	97,806	-
Fistula treatment in Chad	115,750	-
Fistula treatment in Nigeria	50,000	-
Fistula treatment in Ethiopia	84,775	-
Fistula treatment Bangladesh	50,000	-
Construction of Gynocare facility	250,000	-
FIGO surgeon training program	238,353	-
Fistula Treatment at Panzi hospital	<u>300,000</u>	<u>-</u>
Total Temporarily Restricted	\$ <u>1,471,224</u>	\$ <u>517,225</u>

Temporarily restricted net assets released from restrictions by incurring expenses were as follows:

	<u>2015</u>	<u>2014</u>
Love a Sister	\$ <u>931,789</u>	\$ <u>498,256</u>

6. 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 \$47,552, and \$48,564, to the plan for the years ended December 31, 2015 and 2014, respectively.

The Foundation also maintains a deferred compensation plan for a key employee under which annual contributions of \$16,000 and \$16,000 were made for the years ended December 31, 2015 and 2014 respectively.

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2015 and 2014

7. Commitments

The minimum rental commitments under non-cancelable leases at December 31, 2015 are summarized, as follows:

Year ending December 31,	
2016	\$ 84,000
2017	91,680
2018	94,560
2019	97,400
2020	<u>17,520</u>
	\$ <u>385,160</u>

8. 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 2014 and 2015, the Foundation made no additional grants to the Hamlin Fistula Hospital so the remaining amount is \$788,536 as of December 31, 2015 and 2014, respectively.

9. 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, 2015, this date is April 18, 2016.