

**POPULATION MEDIA CENTER, INC.
AND SUBSIDIARY**

FINANCIAL STATEMENTS

DECEMBER 31, 2019

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

DECEMBER 31, 2019

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Tapia & Huckabay, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors
Population Media Center, Inc. and Subsidiary
South Burlington, VT

We have audited the accompanying financial statements of Population Media Center, Inc. and Subsidiary (nonprofit organizations) which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to 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 U.S. generally accepted accounting principles; 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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 Population Media Center, Inc. and Subsidiary as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matter – Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph taken as a whole. The consolidating statement of financial position, consolidating statement of activities, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matter - Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Organization's 2018 financial statements which were audited by us and, in our report dated June 5, 2019, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 5, 2020 on our consideration of Population Media Center, Inc. and Subsidiary's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Population Media Center, Inc. and Subsidiary's internal control over financial reporting and compliance.



Vergennes, Vermont
June 5, 2020
Vermont Registration #108880

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(With Summarized Information for 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents in the U.S. (Notes 1 & 5)	\$ 1,994,617	\$ 6,267,563
Cash - board designated restricted funds (Notes 1, 5 & 17)	2,977,757	6,219,992
Cash in other countries (Note 11)	221,828	253,275
Certificates of deposit (Notes 1 & 5)	1,520,960	1,048,570
Prepaid expenses and advances	165,496	203,530
Royalty income receivable (Note 15)	52,830	173,021
Grants, contributions and bequests receivable (Notes 1 & 12)	1,261,671	1,733,637
Investments (Note 14)	14,200,030	8,481,841
Investments - charitable gift annuities (Note 6)	6,979	7,401
Property and equipment, net of accumulated depreciation (Note 13)	<u>836,439</u>	<u>861,784</u>
TOTAL ASSETS	\$ <u>23,238,607</u>	\$ <u>25,250,614</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 147,343	\$ 60,732
Accrued expenses	451,722	824,973
Refundable advances (Note 1)	124,251	92,474
Liability - charitable gift annuities (Note 6)	<u>5,240</u>	<u>5,820</u>
Total Liabilities	<u>728,556</u>	<u>983,999</u>
Net Assets:		
Without donor restrictions:		
Operating	3,001,259	2,637,373
Board designated endowments (Note 17)	3,602,424	2,433,445
Board designated restricted funds (Note 17)	5,055,006	6,219,992
Investment in property and equipment	836,439	861,784
With donor restrictions (Note 9)	<u>10,014,923</u>	<u>12,114,021</u>
Total Net Assets	<u>22,510,051</u>	<u>24,266,615</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>23,238,607</u>	\$ <u>25,250,614</u>

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Information for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
SUPPORT AND REVENUE:				
Contributions, grants & bequests (Notes 1 & 16)	\$ 3,238,448	\$ 5,484,142	\$ 8,722,590	\$ 9,344,915
Royalty income (Note 15)	344,409	-	344,409	458,741
Investment income (Note 14)	691,131	-	691,131	14,912
Interest and other income	83,811	-	83,811	163,566
Net assets released from restrictions:				
Transfers to fulfill purpose restrictions	<u>7,583,240</u>	<u>(7,583,240)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>11,941,039</u>	<u>(2,099,098)</u>	<u>9,841,941</u>	<u>9,982,134</u>
EXPENSES AND LOSSES:				
Program services (Note 1):				
National and international initiatives	7,899,230	-	7,899,230	5,230,918
Public outreach	1,435,128	-	1,435,128	992,946
General program development	952,257	-	952,257	947,877
Supporting services:				
Management and general	906,451	-	906,451	609,509
Fundraising	404,539	-	404,539	418,133
Change in liability - charitable gift annuities (Note 6)	<u>900</u>	<u>-</u>	<u>900</u>	<u>830</u>
Total expenses	<u>11,598,505</u>	<u>-</u>	<u>11,598,505</u>	<u>8,200,213</u>
CHANGE IN NET ASSETS	342,534	(2,099,098)	(1,756,564)	1,781,921
NET ASSETS, beginning of the year	<u>12,152,594</u>	<u>12,114,021</u>	<u>24,266,615</u>	<u>22,484,694</u>
NET ASSETS, end of the year	<u>\$ 12,495,128</u>	<u>\$ 10,014,923</u>	<u>\$ 22,510,051</u>	<u>\$ 24,266,615</u>

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Information for 2018)

	Program Expenses			Total Program Expenses	Management & General	Fundraising	2019 TOTAL	2018 TOTAL
	Nat'l & Int'l Initiatives	Public Outreach	General Program Development					
U.S. salaries	\$ 564,736	\$ 455,583	\$ 564,852	\$ 1,585,171	\$ 522,088	\$ 225,892	\$ 2,333,151	\$ 2,100,206
Benefits & taxes (Note 4)	132,353	121,889	125,027	379,269	127,081	52,420	558,770	471,266
Contractual services (Note 15)	3,088,595	514,976	43,973	3,647,544	15,025	47,963	3,710,532	2,348,838
Grants awarded	6,232	85,000	-	91,232	-	-	91,232	3,913
Bank & credit card fees	13,788	-	288	14,076	4,195	3,497	21,768	18,826
Building maintenance & property taxes	15,359	11,612	992	27,963	5,325	743	34,031	23,212
Computer & website expenses	42,388	22,364	14,793	79,545	12,952	11,524	104,021	68,851
Conferences & workshops	49,900	30,664	34,704	115,268	30,015	2,536	147,819	99,202
Depreciation (Note 13)	22,809	31,744	4,291	58,844	15,506	2,632	76,982	60,670
Dues & publications	8,804	10,307	2,829	21,940	189	3,987	26,116	15,915
Fees & registrations	811	1,485	65	2,361	1,070	5,127	8,558	22,077
Insurance	12,742	4,780	10,358	27,880	10,980	4,110	42,970	44,398
Miscellaneous	11,381	200	758	12,339	6,209	18	18,566	47,388
Non-capital equipment costs	214,393	2,540	6,440	223,373	4,903	2,542	230,818	137,974
Office & other supplies	18,229	2,832	1,049	22,110	1,340	405	23,855	24,067
Postage & shipping	11,207	16,472	471	28,150	1,539	5,062	34,751	30,732
Printing & copying	7,832	14,914	398	23,144	8,371	6,916	38,431	64,454
Production supplies & services	2,054,554	-	-	2,054,554	-	-	2,054,554	1,294,555
Professional fees (Note 3)	79,358	-	28,290	107,648	51,833	462	159,943	82,470
Public relations	386,594	72,000	2,156	460,750	2,659	1,969	465,378	209,533
Rent & related expenses (Note 7)	178,415	4,677	20,370	203,462	14,113	7,916	225,491	196,704
Studio rental & airtime	584,430	-	-	584,430	-	-	584,430	288,005
Telephone & internet	33,862	570	2,546	36,978	1,720	2,377	41,075	35,468
Travel	340,492	27,295	86,834	454,621	67,560	16,045	538,226	488,878
Utilities	19,966	3,224	773	23,963	1,778	396	26,137	21,781
	<u>\$ 7,899,230</u>	<u>\$ 1,435,128</u>	<u>\$ 952,257</u>	<u>\$ 10,286,615</u>	<u>\$ 906,451</u>	<u>\$ 404,539</u>	<u>\$ 11,597,605</u>	<u>\$ 8,199,383</u>

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Information for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,756,564)	\$ 1,781,921
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	76,982	60,670
Realized & unrealized (gains) losses on investments	(597,843)	87,276
Net investment (income) loss on investments - charitable gift annuities	(1,058)	106
Change in liability - charitable gift annuities	900	830
(Increase) / decrease in operating assets:		
Prepaid expenses and advances	38,034	(85,040)
Royalty income receivable	120,191	23,173
Grants, contributions and bequests receivable	471,966	(904,212)
Increase / (decrease) in operating liabilities:		
Accounts payable	86,611	13,191
Accrued expenses	(373,251)	430,464
Refundable advances	31,777	46,999
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(1,902,255)</u>	<u>1,455,378</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(51,637)	(72,951)
Net additions to certificates of deposit	(472,390)	(549,568)
Purchase of investments	(15,271,804)	(6,473,048)
Proceeds from the sale of investments	10,151,458	5,447,051
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(5,644,373)</u>	<u>(1,648,516)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
None	<u>-</u>	<u>-</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (INCLUDING BOARD DESIGNATED AND CASH IN OTHER COUNTRIES)	(7,546,628)	(193,138)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>12,740,830</u>	<u>12,933,968</u>
End of year	<u>\$ 5,194,202</u>	<u>\$ 12,740,830</u>

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History of the Organization, Nature of Activities and Principles of Consolidation:

Population Media Center, Inc. (“PMC” or “the Center”) was incorporated in Vermont in 1998 with the mission of working worldwide to stabilize human population at levels that can be sustained by the world’s natural resources. To fulfill its mission, the Center concentrates on entertainment broadcasting designed to educate people about the benefits of small families, encourage the use of effective family planning methods, elevate the status of women and promote the concept of gender equity. The Center’s operations are headquartered in South Burlington, Vermont and it employs staff there who work in program development, fundraising and administrative support. PMC has contract employees and sub-contracted “country directors” in a number of other countries working on major multi-year media development projects tailored for the local cultures.

Incorporated in Washington, D.C. in 1969, Population Institute, Inc.’s (“PI” or “the Institute”) mission is to improve the health and wellbeing of people and the planet by supporting policies and programs that promote sexual and reproductive health and rights.

In June 2008, the Institute amended its bylaws to become a membership organization with PMC as its sole member. No consideration was transferred pursuant to the transaction and the two entities continue to operate with a high level of autonomy. Under U.S. generally accepted accounting principles in effect at the time, the transaction was accounted for under the “carryover” method. The consolidated financial statements include the accounts of PMC and its wholly controlled subsidiary, PI (together “the Organization”). All significant inter-company accounts and transactions have been eliminated in consolidation (if any).

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: those with donor restrictions and those without. Contributions received are recorded as either “with donor restrictions” or “without donor restrictions” depending upon the existence and/or nature of any *donor-imposed* restrictions. Restricted net assets are reclassified to those without restriction upon satisfaction of the time or purpose restrictions. Restricted contributions whose restrictions are met in the same period as received are shown as increases in net assets with donor restrictions with a corresponding transfer to net assets without donor restrictions. The transfer of assets with donor-imposed conditions is accounted for as a refundable advance, instead of as a contribution, until the conditions have been substantially met.

Cash and cash equivalents:

The Organization treats all U.S. cash accounts, checking, savings, money market, and other cash funds with an initial maturity of three months or less (except for money funds in the investment portfolio) as cash and cash equivalents for purposes of the Statement of Cash Flows.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of programs:

A description of the programs included in these financial statements is as follows:

“General Program Development” – With the purposes described above, PMC continues to initiate media projects in Asia, Africa and Latin America and in the U.S. This ongoing exploratory, development and support work includes meetings with government officials, broadcasters and non-governmental organizations, assessment of mass media regarding coverage of relevant information and audience penetration, and other research and development activities. While in the development stages, the Center classifies these projects, as “General Program Development”.

“Public Outreach” – This category of program activities includes speaking and writing work done by PMC staff as well as the program-related portion of the website, newsletters, annual report and other communication efforts. All of PI’s various programs are included in this category.

“National and International Initiatives” – In addition to PMC’s work through its own contract employees in Ethiopia, Burundi, the Democratic Republic of Congo, Nigeria, Rwanda, Zambia, Uganda, Nepal, Haiti and the U.S., the Organization is working through its “country directors”, its own employees, and others (including consultants, media companies and broadcasters) to establish and expand specific media projects in a number of other countries and regions (including Mexico and Guatemala) each with the goal of working with broadcasters and human-service organizations to promote small family norms and the avoidance of adolescent parenthood, each tailored to the local culture.

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using estimated market interest rates applicable to the years in which the promises are received. Any amortization of these discounts would be reflected in contribution revenue. Conditional promises to give are not included in support until the conditions are substantially met.

Use of estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Refundable Advances:

Refundable advances represent certain government and institutional grants that are conditioned upon the Organization incurring qualifying costs. Income is recognized as the qualifying costs are incurred.

Comparative financial information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class (and, for the Statement of Functional Expenses, in total but not by functional category). Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTE 2 – INCOME TAXES

Both PMC and PI are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code, and are classified as publicly supported organizations under Section 509(a)(1). Contributions to each qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any "uncertain tax positions" that are material to the financial statements.

NOTE 3 – DONATED SERVICES, FACILITIES AND MATERIALS

PMC received \$97,420 in donated legal services and \$29,697 in donated social media advertising in 2019 (\$113,027 benefiting program activities, \$8,330 benefiting general and administrative activities and \$5,760 benefiting fundraising activities). PMC and PI also receive, both in the U.S. and other countries, hundreds of hours of volunteer program-related services and substantial amounts of donated airtime and production and support, which are not recognized in the financial statements because they do not meet the criteria for recognition under U.S. generally accepted accounting principles or cannot be reasonably determined.

NOTE 4 – PENSION PLAN

The Organization maintains 401(k) pension plans for the benefit of its U.S. employees. After six months of employment, all regular U.S. based employees at least 21 years of age and working more than 20 hours per week are eligible to participate in the plan, which allows employee deferrals and includes employer contributions equal to 8% of the covered employee's compensation. Employer contributions to the pension plan were \$152,923 in 2018 and \$168,899 in 2019.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – CONCENTRATION OF CASH ON DEPOSIT

The Organization has concentrated its credit risk by maintaining deposits in 1) U.S. financial institutions that, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC), 2) brokerage accounts covered by private insurance, and 3) foreign accounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk to cash.

NOTE 6 – CHARITABLE GIFT ANNUITIES

PI administers several charitable gift annuities (“CGAs”) that provide for payment of distributions to the grantor or other designated beneficiaries over the agreement’s term (usually the designated beneficiary’s lifetime). At the end of the CGA’s term, the remaining assets are available for the Organization’s use. No agreements were established in 2018 or 2019. Charitable gift annuity assets, held in a separate investment account and administered by a third-party trustee, are reported at fair market value (determined by “Level 1” inputs by reference to quoted market prices) in the Organization’s Statement of Financial Position. On an annual basis, the Organization revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$5,240 and \$5,820 at December 31, 2019 and 2018, respectively) is calculated using a discount rate of 1% and applicable mortality tables. “Change in liability – charitable gift annuities” on the Statement of Activities is the change in the present value of the liability (net of current year payments to beneficiaries). Net investment income on the charitable give annuity assets (\$1,058 for 2019 and (\$106) for 2018) is included in interest and other income on the Statement of Activities.

NOTE 7 – OPERATING LEASES

PMC rents office space under a non-cancelable lease expiring in July 2021. Minimum annual lease payments for 2020 and 2021 (not including allocable common area charges - approximately \$1,900 per month as of 2019) are \$45,729 and \$27,067, respectively. PMC also rents office space in several foreign countries under leases generally with non-cancelable terms under one year. Future minimum lease payments are considered immaterial.

Rent paid on all leases (including other informal rental arrangements) totaled \$196,704 in 2018 and \$225,491 in 2019.

NOTE 8 – RELATED PARTY TRANSACTIONS

PI made a \$1,000,000 grant to PMC in February 2019 which PMC used to fund various program activities in Africa. The grant income on PMC’s financial statements and the grant expense on PI’s financial statements have been eliminated in consolidation. There were no direct financial transactions between PMC and PI in 2018.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31st:

	<u>2019</u>	<u>2018</u>
For PMC National Initiatives in:		
Western hemisphere	\$ 8,274,548	\$ 10,141,383
African nations	1,293,161	1,427,527
Nepal	364,518	274,705
Restricted for social norms project	17,012	164,772
Restricted to future time periods	40,072	80,072
For specific PI projects	25,612	25,562
	<u>\$ 10,014,923</u>	<u>\$ 12,114,021</u>

\$265,907 of the \$10,014,923 in temporarily restricted net assets at December 31, 2019 (\$642,902 of the \$12,114,021 at December 31, 2018) were represented by amounts in *grants, contributions and bequests receivable* at year-end, as discussed below.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization’s working capital and cash flows have seasonal variations during the year attributable to the timing of general fundraising efforts and major program activities. The Organization manages liquidity by investing surplus funds – and then withdrawing them to operations as needed – in the board designated fund discussed below. The Board also authorizes transfers of board designated funds in order to fund special program activities where current available resources are insufficient.

The following reflects the Organization’s financial assets as of December 31st, reduced by amounts not available for general use within one year because of donor-imposed or internal designations. Amounts available include amounts that are available for general expenditure in the following year (i.e. time restricted donations, if any). Amounts not available include amounts set aside for operating or other reserves that *could* be drawn upon if the board of directors approved the action.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents in the U.S.	\$ 1,994,617	\$ 6,267,563
Short-term treasuries in investments (net of Board designated)	8,373,414	5,965,230
Receivables expected to be collected in the coming year	1,203,071	1,470,965
Subtract: net assets with donor restrictions for specific purposes	<u>(9,974,851)</u>	<u>(12,033,949)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,596,251</u>	<u>\$ 1,669,809</u>

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 – CASH, FOREIGN OPERATIONS & CURRENCY TRANSLATIONS

As discussed above, a significant portion of PMC’s activities are conducted outside the U.S. with approximate amounts of direct expenses incurred by PMC staff and consultants (and including amounts wired from the U.S. directly to contractors, radio stations and landlords in foreign countries) as follows:

	<u>2019</u>	<u>2018</u>
Mexico	\$ 1,768,000	\$ 422,000
Nigeria	1,034,000	393,000
Zambia	742,000	430,000
Haiti	570,000	329,000
Burundi	534,000	586,000
Uganda	445,000	21,000
Ethiopia	396,000	203,000
Guatemala	388,000	973,000
Democratic Republic of Congo	261,000	307,000
Rwanda	86,000	176,000
Nepal	83,000	185,000
Ghana	63,000	-
Peru	46,000	-
	<u>\$ 6,416,000</u>	<u>\$ 4,025,000</u>

The Center also has cash on hand as of December 31st as follows:

	<u>2019</u>	<u>2018</u>
Ethiopia	\$ 151,445	\$ (3,781)
Zambia	36,765	29,433
Burundi	17,892	46,991
Uganda	9,063	47,331
Nigeria	3,606	44,696
Nepal	2,993	5,782
Haiti	64	45,982
Democratic Republic of Congo	-	36,841
	<u>\$ 221,828</u>	<u>\$ 253,275</u>

Currency translation adjustments were immaterial in both 2018 and 2019.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 12 – GRANTS, CONTRIBUTIONS AND BEQUESTS RECEIVABLE

Unconditional grants, contributions and bequests receivable, which are included in the financial statements, consisted of the following as of December 31st:

	<u>2019</u>	<u>2018</u>
Unrestricted		
Expended and due on conditional grants	\$ 587,987	\$ 110,478
Bequests receivable	360,200	545,169
Other unrestricted	47,577	435,088
Temporarily restricted:		
For work in Uganda	100,000	187,230
For work in Rwanda	-	110,000
For work in Haiti	50,000	100,000
For work in Zambia	35,600	65,600
For work in Burundi	3,000	50,000
For work in Guatemala	3,000	50,000
For work in the Democratic Republic of Congo	33,735	-
For other projects	500	-
For future time periods	40,072	80,072
Total unconditional promises to give	<u>\$ 1,261,671</u>	<u>\$ 1,733,637</u>
Receivable in less than one year	\$ 1,203,071	\$ 1,470,965
Receivable in one to five years	<u>58,600</u>	<u>262,672</u>
Total unconditional promises to give	1,261,671	1,733,637
Less discounts to present value	-	-
Less allowance for uncollectible amounts	-	-
Net unconditional promises to give	<u>\$ 1,261,671</u>	<u>\$ 1,733,637</u>

Conditional promises to give at December 31, 2019 included the balance of funding on a number of reimbursement-type and other conditional grants (from U.S., international and U.N. agencies and from major international private foundations) – over \$1,280,000 from U.S.A.I.D and \$154,000 from the U.S. State Department for work in Zambia, over \$730,000 from an international organization for work in Uganda, over \$218,000 from several organizations for work in Burundi, nearly \$200,000 from U.N. agencies for work in Ethiopia, \$60,000 from an international organization for work in Haiti, and \$40,000 from an international organization for work in Nigeria. Conditional promises to give are not recorded until the conditions have been substantially met (the funds have been expended pursuant to the conditions of the grant).

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 13 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31st:

	<u>2019</u>	<u>2018</u>
Land, buildings and improvements	\$ 1,283,719	\$ 1,283,719
Office furniture, equipment and website	<u>325,023</u>	<u>273,386</u>
Subtotal	1,608,742	1,557,105
Less - accumulated depreciation	<u>(772,303)</u>	<u>(695,321)</u>
Net equipment	<u>\$ 836,439</u>	<u>\$ 861,784</u>

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$60,670 for 2018 and \$76,982 for 2019, is recorded on a straight-line basis over the estimated useful lives of the assets (ten to forty years for U.S. buildings and improvements, three to seven years for U.S. equipment and two to three years for all assets in other countries).

NOTE 14 – INVESTMENTS

The cost, fair market value (determined by “Level 1” inputs by reference to quoted market prices), and unrealized appreciation / (depreciation) of PMC’s investments, by investment class, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
As of December 31, 2019:			
Money funds	\$ 861,773	\$ 861,773	\$ -
Fixed income securities & mutual funds	11,733,799	11,793,057	59,258
Equities & equity mutual funds	<u>1,020,414</u>	<u>1,545,200</u>	<u>524,786</u>
	<u>\$ 13,615,986</u>	<u>\$ 14,200,030</u>	<u>\$ 584,044</u>
As of December 31, 2018:			
Money funds	\$ 234,823	\$ 234,823	\$ -
Fixed income securities & mutual funds	7,173,959	7,153,205	(20,754)
Equities & equity mutual funds	<u>912,327</u>	<u>1,093,813</u>	<u>181,486</u>
	<u>\$ 8,321,109</u>	<u>\$ 8,481,841</u>	<u>\$ 160,732</u>

Net investment income is summarized as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 112,374	\$ 120,663
Realized & unrealized gains / (losses)	597,843	(87,276)
Investment fees	<u>(19,086)</u>	<u>(18,475)</u>
Net gain (loss) on investments	<u>\$ 691,131</u>	<u>\$ 14,912</u>

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 15 – PMC EDUCATION ENTERTAINMENT IN THE U.S.

In 2010, PMC began developing – as it has done for years overseas – a serial drama for the U.S. market targeting Spanish-speaking youth. The first season of the series was produced in 2012 and began streaming online in 2013 via a major online “content distributor.” PMC’s total development costs for the first season of the serial (“Season One”) were over \$3,000,000. Though U.S. generally accepted accounting principles require entities in the “film and production industry” to capitalize intangible development costs and amortize the costs based on expected future revenue, PMC had no reasonable expectation of significant future revenue and therefore expensed the development costs as incurred.

The revenue return for Season One exceeded expectations. PMC’s royalty revenue has totaled over \$4,330,000 through the end of 2019 (\$344,409 for 2019 and \$458,741 for 2018 including \$52,830 in net royalties receivable at December 31, 2019 (\$173,021 at December 31, 2018)). PMC also earned royalties on distribution outside the U.S. in 2017 of \$69,451.

PMC entered into license agreements with a for-profit production company for brokering the distribution of Season One, for producing and brokering the distribution of Season Two and subsequent seasons, and for marketing the distribution of the series overseas. Under the agreements, PMC retains ownership of the intellectual property, creative control and budget rights, and the production company receives a commission on the royalties from advertising revenue. For Seasons Two, Three and Four, the online content distributor has paid, and continues to pay, the majority of production costs. PMC’s expectations for future revenue are much different for Seasons Two, Three and Four. No royalties are due until the online content distributor has recouped all of its production, marketing and distribution costs (estimated at over \$14 million) with eventually approximately 14% of any residual revenue to be received by PMC. Though PMC has incurred nearly \$2,500,000 in pre-production development costs for Seasons Two through Four, due to the nature of the agreement with the online content distributor, PMC believes it has no reasonable expectation of future revenue from Seasons Two through Four and has again expensed the development costs as incurred.

In 2015, PMC began development and production activities on a serial drama based in New York City, incurring direct expenses of approximately \$150,000 in 2018 and \$40,000 in 2019. Again, PMC has no reasonable expectation of significant future revenue and therefore has expensed the development costs as incurred.

NOTE 16 – CONCENTRATION OF REVENUE

The Organization received \$3,000,000 in contributions from one individual donor (via a donor-advised fund at a community foundation) during 2019 - an amount representing approximately 30% of its total revenue for the year (\$4,000,000 and 40% for 2018).

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 17 – BOARD DESIGNATED NET ASSETS

In 2007, the PMC board of directors established a “board designated endowment” for the long-term benefit of the Center. An opening deposit of \$700,000 was made in early 2008 to the separate investment account that houses the endowment (see Note 14). Another \$750,000 was added in 2019. The balance in the account was \$2,101,433 at December 31, 2019 (\$1,130,895 at December 31, 2018).

In 2017, using \$1,300,000 in proceeds from the sale of real property, PI established its own board designated endowment (for the long-term benefit of the Institute) with funds deposited into a separate investment account (see Note 14). The balance in the account was \$1,500,991 at December 31, 2019 (\$1,302,550 at December 31, 2018).

In 2017, using non-specifically restricted amounts from the same donor discussed in Note 16, PMC and PI both created “board designated restricted funds” designated for the support of targeted programmatic activities:

- \$2,000,000 fund at PMC created in 2017 was invested in money market and checking accounts (“cash – board designated restricted funds”) through 2018 and is now invested in short-term government bonds included in the investment portfolio. \$77,249 was added to the fund in 2019 (representing the unexpended portion of the \$1,000,000 grant from PI discussed in Note 8 above).
- \$5,000,000 at PI (\$3,000,000 to create the fund in 2017 and \$2,000,000 added to the fund in 2018) is invested in several money market and checking accounts. \$426,351 was released from the fund in 2017, \$353,657 was released in 2018 and \$1,242,235 was released in 2019.

NOTE 18 – RECLASSIFICATIONS

Portions of the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation. The most significant change was to reclassify approximately \$68,000 of certain PI promotion and publicity costs from printing and copying expenses to public relations expenses on the Statement of Functional Expenses.

NOTE 19 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs have been summarized on a functional basis in the Statement of Activities. The Organization allocates its payroll, tax and benefit costs based on actual time worked by staff on the various program, general and administrative and fundraising activities as recorded on contemporaneous timesheets. Other costs (such as occupancy and depreciation, telephone and internet, and computer and website expenses) are attributable to and benefit one or more program or supporting services and are allocated based on the direct payroll allocation percentages discussed immediately above.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 20 – CHANGE IN ACCOUNTING PRINCIPLE AND STATEMENT OF CASH FLOWS

The Organization has adopted *ASU 2016-18, Statement of Cash Flows: Restricted Cash*, which requires the Statement of Cash Flows to reconcile beginning and ending amounts of *total* cash and cash equivalents (including restricted cash and cash in other countries shown separately on the Statement of Financial Position). The 2018 Statement of Cash Flows has been adjusted to conform to the 2019 presentation. The beginning and ending amounts of total cash shown on the Statement of Cash Flows include the following amounts as of December 31st:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents in the U.S.	\$ 1,994,617	\$ 6,267,563	\$ 8,246,922
Cash - board designated restricted funds	2,977,757	6,219,992	4,573,649
Cash in other countries	<u>221,828</u>	<u>253,275</u>	<u>113,397</u>
	<u>\$ 5,194,202</u>	<u>\$ 12,740,830</u>	<u>12,933,968</u>

NOTE 21 – SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated events subsequent to December 31, 2019 through June 5, 2020 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	PMC	PI	Eliminations	PMC & Subsidiary
ASSETS				
Cash and cash equivalents in the U.S.	\$ 1,371,381	\$ 623,236	\$ -	\$ 1,994,617
Cash - board designated restricted funds	-	2,977,757	-	2,977,757
Cash in other countries	221,828	-	-	221,828
Certificates of deposit	1,520,960	-	-	1,520,960
Prepaid expenses and advances	156,098	9,398	-	165,496
Royalty income receivable	52,830	-	-	52,830
Grants, contributions and bequests receivable	1,101,471	160,200	-	1,261,671
Investments	12,699,039	1,500,991	-	14,200,030
Investments - charitable gift annuities	-	6,979	-	6,979
Property and equipment, net of depreciation	63,344	773,095	-	836,439
TOTAL ASSETS	\$ 17,186,951	\$ 6,051,656	\$ -	\$ 23,238,607
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 58,099	\$ 89,244	\$ -	\$ 147,343
Accrued expenses	431,201	20,521	-	451,722
Refundable advances	124,251	-	-	124,251
Liability - charitable gift annuities	-	5,240	-	5,240
Total Liabilities	613,551	115,005	-	728,556
Net Assets:				
Without donor restrictions:				
Operating	2,342,063	659,196	-	3,001,259
Board designated endowment	2,101,433	1,500,991	-	3,602,424
Board designated restricted funds	2,077,249	2,977,757	-	5,055,006
Investment in property and equipment	63,344	773,095	-	836,439
With donor restrictions	9,989,311	25,612	-	10,014,923
Total Net Assets	16,573,400	5,936,651	-	22,510,051
TOTAL LIABILITIES AND NET ASSETS	\$ 17,186,951	\$ 6,051,656	\$ -	\$ 23,238,607

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PMC			PI			Eliminations	PMC & Subsidiary
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Support and revenue:								
Contributions, grants and bequests	\$ 3,066,095	\$ 5,484,092	\$ 8,550,187	\$ 1,172,353	\$ 50	\$ 1,172,403	\$ (1,000,000)	\$ 8,722,590
Royalty income	344,409	-	344,409	-	-	-	-	344,409
Investment income	492,691	-	492,691	198,440	-	198,440	-	691,131
Interest and other income	58,754	-	58,754	25,057	-	25,057	-	83,811
Net assets released from restrictions:								
Transfers to fulfill purpose restrictions	7,583,240	(7,583,240)	-	-	-	-	-	-
Total support and revenue	<u>11,545,189</u>	<u>(2,099,148)</u>	<u>9,446,041</u>	<u>1,395,850</u>	<u>50</u>	<u>1,395,900</u>	<u>(1,000,000)</u>	<u>9,841,941</u>
Expenses and losses:								
Program services:								
National and international initiatives	7,899,230	-	7,899,230	-	-	-	-	7,899,230
Public outreach	253,245	-	253,245	2,181,883	-	2,181,883	(1,000,000)	1,435,128
General program development	952,257	-	952,257	-	-	-	-	952,257
Supporting services:								
Management and general	681,001	-	681,001	225,450	-	225,450	-	906,451
Fundraising	373,128	-	373,128	31,411	-	31,411	-	404,539
Investment loss	-	-	-	-	-	-	-	-
Change in CGA liability	-	-	-	900	-	900	-	900
Total expenses and losses	<u>10,158,861</u>	<u>-</u>	<u>10,158,861</u>	<u>2,439,644</u>	<u>-</u>	<u>2,439,644</u>	<u>(1,000,000)</u>	<u>11,598,505</u>
Change in net assets	1,386,328	(2,099,148)	(712,820)	(1,043,794)	50	(1,043,744)	-	(1,756,564)
Net assets, beginning of the year	<u>5,197,761</u>	<u>12,088,459</u>	<u>17,286,220</u>	<u>6,954,833</u>	<u>25,562</u>	<u>6,980,395</u>	<u>-</u>	<u>24,266,615</u>
Net assets, end of the year	<u>\$ 6,584,089</u>	<u>\$ 9,989,311</u>	<u>\$ 16,573,400</u>	<u>\$ 5,911,039</u>	<u>\$ 25,612</u>	<u>\$ 5,936,651</u>	<u>\$ -</u>	<u>\$ 22,510,051</u>