

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

FINANCIAL STATEMENTS

DECEMBER 31, 2016

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

DECEMBER 31, 2016

TABLE OF CONTENTS

Independent Auditor's Report.....	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities.....	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows.....	6
Notes to Financial Statements.....	7 - 15
Supplementary Information	
Consolidating Statement of Financial Position	16
Consolidating Statement of Activities.....	17



Tapia & Huckabay, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

11 Main Street, Suite B211 • P.O. Box 38 • Vergennes, VT 05491 • www.tapiahuckabay.com (802) 870-7086

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, 2016, 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. 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, 2016 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

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 supplementary information following the notes is presented for purposes of additional analysis and is not a required part of the above 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Organization's 2015 financial statements which were audited by us and, in our report dated August 12, 2016, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tapia & Duckabau, P.C.

Vergennes, Vermont
June 28, 2017
Vermont Registration #108880

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(With Summarized Information for 2015)

	2016	2015
ASSETS		
Cash and cash equivalents in the U.S. (Notes 1 & 5)	\$ 8,091,109	\$ 9,350,677
Cash in other countries (Note 10)	92,002	197,847
Certificates of deposit (Notes 1 & 5)	349,764	225,004
Prepaid expenses and advances (Note 15)	839,166	173,311
Royalty income receivable (Note 15)	523,228	404,838
Grants, contributions and bequests receivable (Notes 1 & 11)	1,478,251	1,713,991
Investments (Note 13)	3,160,188	3,078,751
Investments - charitable gift annuities (Note 6)	9,706	10,776
Property and equipment, net of accumulated depreciation (Note 12)	1,194,235	1,171,881
TOTAL ASSETS	\$ 15,737,649	\$ 16,327,076
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 84,510	\$ 88,862
Accrued expenses	263,001	247,257
Refundable advances (Note 1)	18,258	640,949
Liability - charitable gift annuities (Note 6)	7,190	7,880
Total Liabilities	372,959	984,948
Net Assets:		
Unrestricted:		
Operating	2,313,502	1,992,228
Board-designated endowment (Note 9)	1,021,269	994,375
Investment in property and equipment	1,194,235	1,171,881
Temporarily restricted (Note 9)	10,835,684	11,183,644
Permanently restricted	-	-
Total Net Assets	15,364,690	15,342,128
TOTAL LIABILITIES AND NET ASSETS	\$ 15,737,649	\$ 16,327,076

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Information for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
SUPPORT AND REVENUE:				
Contributions, grants & bequests (Notes 1 & 14)	\$ 1,544,341	\$ 4,783,172	\$ 6,327,513	\$ 9,448,987
Royalty income (Note 15)	1,054,817	-	1,054,817	593,262
Investment income (Note 13)	71,104	-	71,104	-
Interest and other income	92,319	-	92,319	62,917
Net assets released from restrictions:				
Transfers to fulfill purpose restrictions	<u>5,131,132</u>	<u>(5,131,132)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>7,893,713</u>	<u>(347,960)</u>	<u>7,545,753</u>	<u>10,105,166</u>
EXPENSES AND LOSSES:				
Program services (Note 1):				
National and international initiatives	5,372,380	-	5,372,380	4,408,185
Public outreach	757,242	-	757,242	779,913
General program development	690,812	-	690,812	554,849
Supporting services:				
Management and general	472,870	-	472,870	512,915
Fundraising	229,507	-	229,507	226,733
Investment loss (Note 13)	-	-	-	9,780
Change in liability - charitable gift annuities (Note 6)	<u>380</u>	<u>-</u>	<u>380</u>	<u>683</u>
Total expenses	<u>7,523,191</u>	<u>-</u>	<u>7,523,191</u>	<u>6,493,058</u>
CHANGE IN NET ASSETS	370,522	(347,960)	22,562	3,612,108
NET ASSETS, beginning of the year	<u>4,158,484</u>	<u>11,183,644</u>	<u>15,342,128</u>	<u>11,730,020</u>
NET ASSETS, end of the year	<u>\$ 4,529,006</u>	<u>\$ 10,835,684</u>	<u>\$ 15,364,690</u>	<u>\$ 15,342,128</u>

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Information for 2015)

	Program Expenses			Total Program Expenses	Management & General	Fundraising	2016 TOTAL	2015 TOTAL
	Nat'l & Int'l Initiatives	Public Outreach	General Program Development					
U.S. salaries	\$ 432,042	\$ 392,915	\$ 417,703	\$ 1,242,660	\$ 275,589	\$ 107,322	\$ 1,625,571	\$ 1,364,753
Benefits & taxes (Note 4)	94,011	90,826	87,958	272,795	60,988	23,100	356,883	330,184
Contractual services (Note 15)	2,353,732	58,292	15,076	2,427,100	8,138	35,232	2,470,470	2,144,492
Grants awarded	103,572	-	1,013	104,585	-	-	104,585	763,501
Bank & credit card fees	8,978	-	295	9,273	6,681	4,752	20,706	16,939
Building maintenance & property taxes	9,634	17,046	-	26,680	6,612	550	33,842	47,121
Computer & website expenses	11,829	25,534	7,678	45,041	5,269	6,033	56,343	56,380
Conferences & workshops	73,052	27,835	791	101,678	935	39	102,652	136,257
Depreciation (Note 12)	4,801	40,247	4,641	49,689	12,856	2,349	64,894	64,068
Dues & publications	650	3,063	769	4,482	-	-	4,482	4,686
Fees & registrations	3,577	856	10,432	14,865	140	14,207	29,212	23,587
Insurance	11,922	6,004	10,505	28,431	8,036	2,574	39,041	34,863
Miscellaneous	11,668	5,119	685	17,472	9,374	249	27,095	43,173
Non-capital equipment costs	53,798	1,504	746	56,048	579	159	56,786	87,773
Office & other supplies	16,684	2,926	197	19,807	2,049	142	21,998	27,427
Postage & shipping	28,914	10,554	1,020	40,488	1,417	3,952	45,857	110,853
Printing & copying	30,642	21,183	1,517	53,342	2,035	8,897	64,274	159,803
Production supplies & services	1,093,792	-	-	1,093,792	-	-	1,093,792	33,256
Professional fees	38,699	2,216	-	40,915	27,310	-	68,225	115,305
Public relations	237,565	20	3,581	241,166	-	-	241,166	98,654
Rent & related expenses (Note 7)	146,921	3,993	22,845	173,759	10,297	5,306	189,362	174,155
Studio rental & airtime	324,505	-	-	324,505	-	-	324,505	252,108
Telephone & internet	28,227	4,463	2,598	35,288	2,003	668	37,959	42,205
Travel	240,546	38,012	100,762	379,320	31,297	13,827	424,444	327,088
Utilities	12,619	4,634	-	17,253	1,265	149	18,667	23,964
	<u>\$ 5,372,380</u>	<u>\$ 757,242</u>	<u>\$ 690,812</u>	<u>\$ 6,820,434</u>	<u>\$ 472,870</u>	<u>\$ 229,507</u>	<u>\$ 7,522,811</u>	<u>\$ 6,482,595</u>

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Information for 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 22,562	\$ 3,612,108
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	64,894	64,068
Realized & unrealized (gains) losses on investments	(50,830)	28,613
Change in liability - charitable gift annuities	380	683
(Increase) / decrease in operating assets:		
Cash in other countries	105,845	168,956
Prepaid expenses and advances	(665,855)	673,576
Royalty income receivable	(118,390)	(236,326)
Grants, contributions and bequests receivable	235,740	(737,661)
Increase / (decrease) in operating liabilities:		
Accounts payable	(4,352)	32,393
Accrued expenses	15,744	8,280
Refundable advances	(622,691)	282,429
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(1,016,953)</u>	<u>3,897,119</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(87,248)	(83,041)
Net additions to certificates of deposit	(124,760)	(225,004)
Purchase of investments	(231,440)	(2,234,154)
Proceeds from the sale of investments	200,833	201,498
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(242,615)</u>	<u>(2,340,701)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
None	<u>-</u>	<u>-</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE U.S.	(1,259,568)	1,556,418
CASH AND CASH EQUIVALENTS IN THE U.S.:		
Beginning of year	<u>9,350,677</u>	<u>7,794,259</u>
End of year	<u>\$ 8,091,109</u>	<u>\$ 9,350,677</u>

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 clerical 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.

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor-imposed restrictions. Restricted net assets are reclassified to unrestricted net assets 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 temporarily restricted net assets with a corresponding transfer to unrestricted net assets. 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, 2016

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, including the annual “Global Media Awards” 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, Nepal and the U.S., the Organization is working through its “country directors”, its own employees and others to establish and expand specific media projects in a number of other countries and regions (including Mexico, Guatemala and the Philippines) 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.

Expense Allocation:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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, 2016

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. 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, 2015, 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

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. PMC and PI do 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.

In 2015, PMC received nearly \$120,000 in donated publications from a private foundation – amounts included in grant revenue and program expenses on the Statement of Activities.

NOTE 4 – PENSION PLAN

The Organization maintains 403(b) pension plans for the benefit of its U.S. employees. After six months of employment, all regular U.S. based employees between the ages of 21 and 70 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 \$100,053 in 2015 and \$116,068 in 2016.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 2015 or 2016. 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 (\$7,190 and \$7,880 at December 31, 2016 and 2015, 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 (a decrease of \$790 for 2016 and \$700 for 2015) *net of investment income* from the charitable gift annuity assets (\$410 and \$17 for the years ended December 31, 2016 and 2015, respectively).

NOTE 7 – OPERATING LEASES

PMC rents office space under a non-cancelable lease expiring in July 2021. Minimum annual lease payments for 2017 through 2021 (not including allocable common area charges - approximately \$1,600 per month as of 2016) are \$42,454, \$43,525, \$44,615, \$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 \$174,155 in 2015 and \$189,362 in 2016.

NOTE 8 – RELATED PARTY TRANSACTIONS

The only direct financial transactions (all of which have been eliminated in consolidation) between PMC and PI in 2016 were \$337,331 (\$233,413 in 2015) in grants paid by PMC to PI (including \$108,517 in grants receivable and accounts payable on PI’s and PMC’s Statements of Financial Position at December 31, 2016 (\$43,143 as of December 31, 2015)).

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9 – TEMPORARILY RESTRICTED AND BOARD-DESIGNATED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31st:

	<u>2016</u>	<u>2015</u>
For PMC National Initiatives in:		
Western hemisphere	\$ 8,911,496	\$ 9,234,146
Nepal	904,145	1,361,013
Nigeria	448,068	519,508
Democratic Republic of Congo	249,824	-
Burundi	175,001	-
Rwanda	114,000	19,920
India	-	-
For specific PI projects	<u>33,150</u>	<u>49,057</u>
	<u>\$ 10,835,684</u>	<u>\$ 11,183,644</u>

\$958,051 of the \$10,835,684 in temporarily restricted net assets at December 31, 2016 (\$902,264 of the \$11,183,644 at December 31, 2015) were represented by amounts in *grants, contributions and bequests receivable* at year-end, as discussed below.

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. The balance in the account was \$1,021,269 at December 31, 2016 (\$994,375 at December 31, 2015).

NOTE 10 – 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>2016</u>	<u>2015</u>
Democratic Republic of Congo	\$ 811,000	\$ 678,000
Nigeria	636,000	321,000
Burundi	482,000	457,000
Nepal	322,000	-
Ethiopia	185,000	269,000
Rwanda	-	74,000
	<u>\$ 2,436,000</u>	<u>\$ 1,799,000</u>

The Center also has equipment in Ethiopia as discussed in Note 12 and cash on hand as of December 31st as follows:

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 10 – CASH, FOREIGN OPERATIONS & CURRENCY TRANSLATIONS (continued)

	<u>2016</u>	<u>2015</u>
Hong Kong (for work in Asia)	\$ 66,955	\$ -
Ethiopia	18,258	138,390
Nepal	4,964	-
Democratic Republic of Congo	797	11,419
Nigeria	603	17,525
Burundi	425	30,513
	<u>\$ 92,002</u>	<u>\$ 197,847</u>

Currency translation adjustments were immaterial in both 2015 and 2016.

NOTE 11 – 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>2016</u>	<u>2015</u>
Unrestricted		
Expended and due on conditional grants	\$ 221,898	\$ 425,290
Bequests receivable	258,793	277,655
Other unrestricted	39,509	107,782
Temporarily restricted:		
For work in Nepal	381,227	903,264
For work in the Democratic Republic of Congo	249,824	-
For work in Guatemala	100,000	-
For work in Burundi	175,000	-
For work in Rwanda	52,000	-
Total unconditional promises to give	<u>\$ 1,478,251</u>	<u>\$ 1,713,991</u>
Receivable in less than one year	\$ 1,578,251	\$ 1,332,764
Receivable in one to five years	<u>-</u>	<u>381,227</u>
Total unconditional promises to give	1,578,251	1,713,991
Less discounts to present value	-	-
Less allowance for uncollectible amounts	<u>(100,000)</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 1,478,251</u>	<u>\$ 1,713,991</u>

Conditional promises to give at December 31, 2016 included the balance of funding on a number of reimbursement-type and other conditional grants (from international and U.N. agencies and from major private foundations) - \$500,000 from a private foundation for work in Nigeria, nearly \$250,000 from international agencies for the Democratic Republic of Congo and nearly \$130,000 from educational organizations for work in the Philippines. 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, 2016

NOTE 12 – PROPERTY AND EQUIPMENT

Equipment consisted of the following as of December 31st:

	<u>2016</u>	<u>2015</u>
U.S.:		
Land, buildings and improvements	\$ 1,890,011	\$ 1,819,861
Office furniture, equipment and website	156,563	157,088
Ethiopia:		
Vehicle	50,616	50,616
Office furniture, equipment and computers	<u>28,468</u>	<u>28,468</u>
Subtotal	2,125,658	2,056,033
Less - accumulated depreciation	<u>(931,423)</u>	<u>(884,152)</u>
Net equipment	<u>\$ 1,194,235</u>	<u>\$ 1,171,881</u>

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation 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 13 – 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, 2016:			
Money funds	\$ 7,581	\$ 7,581	\$ -
Fixed income securities & mutual funds	2,402,079	2,402,275	196
Equities & equity mutual funds	<u>552,746</u>	<u>750,332</u>	<u>197,586</u>
	<u>\$ 2,962,406</u>	<u>\$ 3,160,188</u>	<u>\$ 197,782</u>
As of December 31, 2015:			
Money funds	\$ 34,119	\$ 34,119	\$ -
Fixed income securities & mutual funds	2,391,649	2,383,279	(8,370)
Equities & equity mutual funds	<u>501,322</u>	<u>661,353</u>	<u>160,031</u>
	<u>\$ 2,927,090</u>	<u>\$ 3,078,751</u>	<u>\$ 151,661</u>

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 13 – INVESTMENTS (continued)

Net investment income is summarized as follows:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 27,805	\$ 26,490
Realized & unrealized gains / (losses)	50,830	(28,613)
Investment fees	<u>(7,531)</u>	<u>(7,657)</u>
Net gain (loss) on investments	<u>\$ 71,104</u>	<u>\$ (9,780)</u>

NOTE 14 – CONCENTRATION OF REVENUE

The Organization received \$2,000,000 in contributions from one individual donor (via a donor-advised fund at a community foundation) during 2016 - an amount representing approximately 26% of its total revenue for the year (\$4,000,000 and 40% for 2015).

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 nearly \$2,972,000 through the end of 2016 (\$1,054,817 for 2016 and \$593,262 for 2015 including \$523,228 in royalties receivable at December 31, 2016 (\$404,838 at December 31, 2015)).

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 (including approximately \$415,000 in 2015), 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.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 15 – PMC EDUCATION ENTERTAINMENT IN THE U.S. (continued)

In 2015, PMC began development and production activities on a serial drama based in New York City, incurring direct expenses of approximately \$187,000 in 2015 and \$1,224,000 in 2016. Again, PMC has no reasonable expectation of significant future revenue and therefore has expensed the development costs as incurred.

NOTE 16 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated “events” subsequent to December 31, 2016 through June 28, 2017 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.

In March 2017, Population Institute sold one of its two adjoining townhouses on Capitol Hill recognizing a gain of approximately \$1,062,000 (gross selling price of \$1,520,000 less selling expenses and seller credits of \$164,000 less cost basis of the property (net of accumulated depreciation) of \$294,000).

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	PMC	PI	Eliminations	PMC & Subsidiary
ASSETS				
Cash and cash equivalents in the U.S.	\$ 7,624,742	\$ 466,367	\$ -	\$ 8,091,109
Cash in other countries	92,002	-	-	92,002
Certificates of deposit	349,764	-	-	349,764
Prepaid expenses and advances	829,267	9,899	-	839,166
Royalty income receivable	523,228	-	-	523,228
Grants, contributions and bequests receivable	1,219,458	367,310	(108,517)	1,478,251
Investments	3,160,188	-	-	3,160,188
Investments - charitable gift annuities	-	9,706	-	9,706
Property and equipment, net of depreciation	38,393	1,155,842	-	1,194,235
TOTAL ASSETS	\$ 13,837,042	\$ 2,009,124	\$ (108,517)	\$ 15,737,649
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 152,258	\$ 40,769	\$ (108,517)	\$ 84,510
Accrued expenses	241,534	21,467	-	263,001
Refundable advances	18,258	-	-	18,258
Liability - charitable gift annuities	-	7,190	-	7,190
Total Liabilities	412,050	69,426	(108,517)	372,959
Net Assets:				
Unrestricted:				
Operating	1,562,796	750,706	-	2,313,502
Board-designated endowment	1,021,269	-	-	1,021,269
Investment in property and equipment	38,393	1,155,842	-	1,194,235
Temporarily restricted	10,802,534	33,150	-	10,835,684
Permanently restricted	-	-	-	-
Total Net Assets	13,424,992	1,939,698	-	15,364,690
TOTAL LIABILITIES AND NET ASSETS	\$ 13,837,042	\$ 2,009,124	\$ (108,517)	\$ 15,737,649

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	PMC			PI			Eliminations	PMC & Subsidiary
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Support and revenue:								
Contributions and grants	\$ 663,187	\$ 5,119,940	\$ 5,783,127	\$ 881,154	\$ 563	\$ 881,717	\$ (337,331)	\$ 6,327,513
Royalty income	1,054,817	-	1,054,817	-	-	-	-	1,054,817
Investment income	71,104	-	71,104	-	-	-	-	71,104
Interest and other income	85,525	-	85,525	6,794	-	6,794	-	92,319
Net assets released from restrictions:								
Transfers to fulfill purpose restrictions	5,451,993	(5,451,993)	-	16,470	(16,470)	-	-	-
Total support and revenue	<u>7,326,626</u>	<u>(332,053)</u>	<u>6,994,573</u>	<u>904,418</u>	<u>(15,907)</u>	<u>888,511</u>	<u>(337,331)</u>	<u>7,545,753</u>
Expenses and losses:								
Program services:								
National and international initiatives	5,372,380	-	5,372,380	-	-	-	-	5,372,380
Public outreach	484,894	-	484,894	609,679	-	609,679	(337,331)	757,242
General program development	690,812	-	690,812	-	-	-	-	690,812
Supporting services:								
Management and general	312,166	-	312,166	160,704	-	160,704	-	472,870
Fundraising	193,635	-	193,635	35,872	-	35,872	-	229,507
Change in CGA liability	-	-	-	380	-	380	-	380
Total expenses	<u>7,053,887</u>	<u>-</u>	<u>7,053,887</u>	<u>806,635</u>	<u>-</u>	<u>806,635</u>	<u>(337,331)</u>	<u>7,523,191</u>
Change in net assets	272,739	(332,053)	(59,314)	97,783	(15,907)	81,876	-	22,562
Net assets, beginning of the year	<u>2,349,719</u>	<u>11,134,587</u>	<u>13,484,306</u>	<u>1,808,765</u>	<u>49,057</u>	<u>1,857,822</u>	<u>-</u>	<u>15,342,128</u>
Net assets, end of the year	<u>\$ 2,622,458</u>	<u>\$ 10,802,534</u>	<u>\$ 13,424,992</u>	<u>\$ 1,906,548</u>	<u>\$ 33,150</u>	<u>\$ 1,939,698</u>	<u>\$ -</u>	<u>\$ 15,364,690</u>