

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY

DECEMBER 31, 2018

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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, 2018, 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, 2018 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 2017 financial statements which were audited by us and, in our report dated June 26, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Tapia & Suchabay, P.C.*

Vergennes, Vermont  
June 5, 2019  
Vermont Registration #108880

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018  
(With Summarized Information for 2017)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents in the U.S. (Notes 1 & 5)	\$ 6,267,563	\$ 8,246,922
Cash - board designated restricted funds (Notes 1, 5 & 17)	6,219,992	4,573,649
Cash in other countries (Note 11)	253,275	113,397
Certificates of deposit (Notes 1 & 5)	1,048,570	499,002
Prepaid expenses and advances (Note 15)	203,530	118,490
Royalty income receivable (Note 15)	173,021	196,194
Grants, contributions and bequests receivable (Notes 1 & 12)	1,733,637	829,425
Investments (Note 14)	8,481,841	7,543,120
Investments - charitable gift annuities (Note 6)	7,401	8,987
Property and equipment, net of accumulated depreciation (Note 13)	<u>861,784</u>	<u>849,503</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>25,250,614</u></b>	<b>\$ <u>22,978,689</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 60,732	\$ 47,541
Accrued expenses	824,973	394,509
Refundable advances (Note 1)	92,474	45,475
Liability - charitable gift annuities (Note 6)	<u>5,820</u>	<u>6,470</u>
<b>Total Liabilities</b>	<b><u>983,999</u></b>	<b><u>493,995</u></b>
<b>Net Assets:</b>		
<b>Without donor restrictions:</b>		
Operating	2,637,373	2,257,012
Board designated endowments (Note 17)	2,433,445	2,514,918
Board designated restricted funds (Note 17)	6,219,992	4,573,649
Investment in property and equipment	861,784	849,503
With donor restrictions (Note 9)	<u>12,114,021</u>	<u>12,289,612</u>
<b>Total Net Assets</b>	<b><u>24,266,615</u></b>	<b><u>22,484,694</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>25,250,614</u></b>	<b>\$ <u>22,978,689</u></b>

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Summarized Information for 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>	<u>2017 Total</u>
<b>SUPPORT AND REVENUE:</b>				
Contributions, grants & bequests (Notes 1 & 16)	\$ 4,231,837	\$ 5,113,078	\$ 9,344,915	\$ 12,815,521
Royalty income (Note 15)	458,741	-	458,741	623,702
Investment income (Note 14)	14,912	-	14,912	232,420
Interest and other income	163,672	-	163,672	170,546
Gain on the sale of real property (Note 13)	-	-	-	1,062,124
Net assets released from restrictions:				
Transfers to fulfill purpose restrictions	<u>5,288,669</u>	<u>(5,288,669)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>10,157,831</u>	<u>(175,591)</u>	<u>9,982,240</u>	<u>14,904,313</u>
<b>EXPENSES AND LOSSES:</b>				
Program services (Note 1):				
National and international initiatives	5,230,918	-	5,230,918	5,139,781
Public outreach	992,946	-	992,946	792,213
General program development	947,877	-	947,877	973,997
Supporting services:				
Management and general	609,509	-	609,509	504,776
Fundraising	418,133	-	418,133	373,542
Change in liability - charitable gift annuities (Note 6)	<u>936</u>	<u>-</u>	<u>936</u>	<u>-</u>
Total expenses	<u>8,200,319</u>	<u>-</u>	<u>8,200,319</u>	<u>7,784,309</u>
CHANGE IN NET ASSETS	1,957,512	(175,591)	1,781,921	7,120,004
NET ASSETS, beginning of the year	<u>10,195,082</u>	<u>12,289,612</u>	<u>22,484,694</u>	<u>15,364,690</u>
NET ASSETS, end of the year	<u>\$ 12,152,594</u>	<u>\$ 12,114,021</u>	<u>\$ 24,266,615</u>	<u>\$ 22,484,694</u>

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Summarized Information for 2017)

	Program Expenses			Total Program Expenses	Management & General	Fundraising	2018 TOTAL	2017 TOTAL
	Nat'l & Int'l Initiatives	Public Outreach	General Program Development					
U.S. salaries	\$ 569,605	\$ 350,249	\$ 557,180	\$ 1,477,034	\$ 366,688	\$ 256,484	\$ 2,100,206	\$ 1,855,958
Benefits & taxes (Note 4)	126,710	80,479	122,062	329,251	85,425	56,590	471,266	401,383
Contractual services (Note 15)	1,972,618	262,317	69,678	2,304,613	30,223	14,002	2,348,838	1,859,475
Grants awarded	3,913	-	-	3,913	-	-	3,913	9,800
Bank & credit card fees	11,914	-	550	12,464	3,470	2,892	18,826	18,605
Building maintenance & property taxes	7,239	8,624	-	15,863	7,027	322	23,212	33,979
Computer & website expenses	22,533	17,709	11,698	51,940	7,112	9,799	68,851	76,664
Conferences & workshops	23,831	53,946	5,664	83,441	13,436	2,325	99,202	102,579
Depreciation (Note 13)	11,388	27,893	3,803	43,084	14,885	2,701	60,670	57,079
Dues & publications	1,555	11,242	2,561	15,358	189	368	15,915	5,017
Fees & registrations	4,572	453	10,768	15,793	375	5,909	22,077	21,339
Insurance	15,039	3,695	11,169	29,903	9,478	5,017	44,398	36,506
Miscellaneous	7,309	34,535	1,227	43,071	3,706	611	47,388	42,950
Non-capital equipment costs	135,079	1,771	267	137,117	751	106	137,974	53,152
Office & other supplies	16,830	4,310	180	21,320	2,645	102	24,067	25,520
Postage & shipping	7,903	15,375	554	23,832	1,667	5,233	30,732	28,184
Printing & copying	37,568	78,646	3,738	119,952	5,445	7,057	132,454	41,264
Production supplies & services	1,294,555	-	-	1,294,555	-	-	1,294,555	1,779,558
Professional fees	47,862	-	335	48,197	34,273	-	82,470	92,027
Public relations	137,217	-	2,115	139,332	-	2,201	141,533	105,589
Rent & related expenses (Note 7)	153,139	3,473	21,385	177,997	9,234	9,473	196,704	176,557
Studio rental & airtime	288,005	-	-	288,005	-	-	288,005	531,898
Telephone & internet	25,929	3,000	2,685	31,614	2,296	1,558	35,468	30,480
Travel	294,239	32,323	120,258	446,820	6,783	35,275	488,878	378,102
Utilities	14,366	2,906	-	17,272	4,401	108	21,781	20,644
	<u>\$ 5,230,918</u>	<u>\$ 992,946</u>	<u>\$ 947,877</u>	<u>\$ 7,171,741</u>	<u>\$ 609,509</u>	<u>\$ 418,133</u>	<u>\$ 8,199,383</u>	<u>\$ 7,784,309</u>

See accompanying notes to financial statements.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(With Summarized Information for 2017)

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,781,921	\$ 7,120,004
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	60,800	57,079
Gain on the sale of real property	-	(1,062,124)
Realized & unrealized (gains) losses on investments	87,276	(189,311)
Change in liability - charitable gift annuities	936	-
(Increase) / decrease in operating assets:		
Cash in other countries	(139,878)	(21,395)
Prepaid expenses and advances	(85,040)	720,676
Royalty income receivable	23,173	327,034
Grants, contributions and bequests receivable	(904,212)	648,826
Increase / (decrease) in operating liabilities:		
Accounts payable	13,191	(36,969)
Accrued expenses	430,464	131,508
Refundable advances	46,999	27,217
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>1,315,630</u>	<u>7,722,545</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(73,081)	(6,587)
Proceeds from the sale of real property	-	1,356,363
Increase in cash - board designated restricted funds	(1,646,343)	(4,573,649)
Net additions to certificates of deposit	(549,568)	(149,238)
Purchase of investments	(6,473,048)	(6,588,210)
Proceeds from the sale of investments	5,447,051	2,394,589
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(3,294,989)</u>	<u>(7,566,732)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
None	<u>-</u>	<u>-</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE U.S.</b>	(1,979,359)	155,813
<b>CASH AND CASH EQUIVALENTS IN THE U.S.:</b>		
Beginning of year	<u>8,246,922</u>	<u>8,091,109</u>
End of year	<u>\$ 6,267,563</u>	<u>\$ 8,246,922</u>

See accompanying notes to financial statements.



POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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 and in board designated restricted funds) 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, 2018

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, 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, 2018

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, 2017, 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.

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 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 \$136,045 in 2017 and \$152,923 in 2018.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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 2017 or 2018. 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 (\$5,820 and \$6,470 at December 31, 2018 and 2017, 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 \$830 for 2018 and \$760 for 2017) *net of investment income (or loss)* from the charitable gift annuity assets ((\$106) and \$760 for the years ended December 31, 2018 and 2017, respectively).

NOTE 7 – OPERATING LEASES

PMC rents office space under a non-cancelable lease expiring in July 2021. Minimum annual lease payments for 2019 through 2021 (not including allocable common area charges - approximately \$1,700 per month as of 2018) are \$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 \$176,556 in 2017 and \$193,703 in 2018.

NOTE 8 – RELATED PARTY TRANSACTIONS

There were no direct financial transactions between PMC and PI in 2017 or 2018.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31<sup>st</sup>:

	2018	2017
For PMC National Initiatives in:		
Western hemisphere	\$ 10,141,383	\$ 10,633,334
African nations	1,427,527	1,004,533
Nepal	274,705	546,111
Restricted for social norms project	164,772	-
Restricted to future time periods	80,072	80,072
For specific PI projects	25,562	25,562
	\$ 12,114,021	\$ 12,289,612

\$642,902 of the \$12,114,021 in temporarily restricted net assets at December 31, 2018 (\$578,072 of the \$12,289,612 at December 31, 2017) 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 31<sup>st</sup>, 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.

	2018	2017
Cash and cash equivalents	\$ 6,267,563	\$ 8,246,922
Short-term treasuries in investments	5,965,230	4,976,630
Receivables expected to be collected in the coming year	1,090,735	351,353
Subtract: net assets with donor restrictions for specific purposes	(11,471,119)	(11,711,540)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,852,409	\$ 1,863,365

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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>2018</u>	<u>2017</u>
Guatemala	\$ 973,000	\$ -
Burundi	586,000	406,000
Zambia	430,000	-
Mexico	422,000	-
Nigeria	393,000	943,000
Haiti	329,000	-
Democratic Republic of Congo	307,000	-
Ethiopia	203,000	249,000
Nepal	185,000	285,000
Rwanda	176,000	243,000
Uganda	21,000	-
	<u>\$ 4,025,000</u>	<u>\$ 2,126,000</u>

The Center also has cash on hand as of December 31<sup>st</sup> as follows:

	<u>2018</u>	<u>2017</u>
Uganda	\$ 47,331	\$ 8,000
Burundi	46,991	13,856
Haiti	45,982	-
Nigeria	44,696	71,726
Democratic Republic of Congo	36,841	2,215
Zambia	29,433	-
Nepal	5,782	11,032
Hong Kong (for work in Asia)	-	3,747
Ethiopia	(3,781)	2,821
	<u>\$ 253,275</u>	<u>\$ 113,397</u>

Currency translation adjustments were immaterial in both 2017 and 2018.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
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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 31<sup>st</sup>:

	<u>2018</u>	<u>2017</u>
Unrestricted		
Expended and due on conditional grants	\$ 110,478	\$ 173,423
Bequests receivable	545,169	166,900
Other unrestricted	435,088	11,030
Temporarily restricted:		
For work in Uganda	187,230	-
For work in Rwanda	110,000	223,000
For work in Haiti	100,000	-
For work in Zambia	65,600	-
For work in Burundi	50,000	125,000
For work in Guatemala	50,000	100,000
For work in the Democratic Republic of Congo	-	50,000
For future time periods	80,072	80,072
Total unconditional promises to give	<u>\$ 1,733,637</u>	<u>\$ 929,425</u>
Receivable in less than one year	\$ 1,470,965	\$ 779,353
Receivable in one to five years	<u>262,672</u>	<u>150,072</u>
Total unconditional promises to give	1,733,637	929,425
Less discounts to present value	-	-
Less allowance for uncollectible amounts	<u>-</u>	<u>(100,000)</u>
Net unconditional promises to give	<u>\$ 1,733,637</u>	<u>\$ 829,425</u>

Conditional promises to give at December 31, 2018 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 \$2,000,000 from U.S.A.I.D. for work in Zambia, nearly \$1,180,000 from an international organization for work in Uganda, over \$400,000 from several organizations for work in Burundi, nearly \$430,000 from a U.N. agency for work in Ethiopia, approximately \$68,000 from another U.N. agency for work in Nigeria, over \$82,000 from an international foundation for work in the Democratic Republic of Congo and \$100,000 from an international organization for work in Haiti. 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  
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DECEMBER 31, 2018

NOTE 13 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31<sup>st</sup>:

	<u>2018</u>	<u>2017</u>
Land, buildings and improvements	\$ 1,283,719	\$ 1,259,725
Office furniture, equipment and website	<u>273,386</u>	<u>154,356</u>
Subtotal	1,557,105	1,414,081
Less - accumulated depreciation	<u>(695,321)</u>	<u>(564,578)</u>
Net equipment	<u>\$ 861,784</u>	<u>\$ 849,503</u>

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$57,079 for 2017 and \$60,800 for 2018, 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).

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).

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, 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>
As of December 31, 2017:			
Money funds	\$ 154,738	\$ 154,738	\$ -
Fixed income securities & mutual funds	6,140,728	6,146,258	5,530
Equities & equity mutual funds	<u>933,641</u>	<u>1,242,124</u>	<u>308,483</u>
	<u>\$ 7,229,107</u>	<u>\$ 7,543,120</u>	<u>\$ 314,013</u>



POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 14 – INVESTMENTS (continued)

Net investment income is summarized as follows:

	2018	2017
Interest and dividends	\$ 120,663	\$ 55,912
Realized & unrealized gains / (losses)	(87,276)	189,311
Investment fees	(18,475)	(12,803)
Net gain (loss) on investments	\$ 14,912	\$ 232,420

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 \$3,986,000 through the end of 2018 (\$458,741 for 2018 and \$554,251 for 2017 including \$173,021 in net royalties receivable at December 31, 2018 (\$126,743 at December 31, 2017)). PMC also earned royalties on distribution outside the U.S. in 2017 of \$69,451 (all of which was in net royalties receivable at December 31, 2017).

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 \$588,000 in 2017 and \$150,000 in 2018. Again, PMC has no reasonable expectation of significant future revenue and therefore has expensed the development costs as incurred.

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 16 – CONCENTRATION OF REVENUE

The Organization received \$4,000,000 in contributions from one individual donor (via a donor-advised fund at a community foundation) during 2018 - an amount representing approximately 40% of its total revenue for the year (\$9,000,000 and 60% for 2017).

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). The balance in the account was \$1,130,895 at December 31, 2018 (\$1,171,055 at December 31, 2017).

In 2017, PI established, using \$1,300,000 in proceeds from the sale of real property discussed in Note 13, 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 \$1,302,550 at December 31, 2018 (\$1,343,863 at December 31, 2017).

In 2017, using non-specifically restricted amounts included in the contributions 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 is invested in several money market and checking accounts. No amounts were released to operations in 2017 or 2018.
- \$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 also invested in several money market and checking accounts. \$426,351 was released from the fund in 2017 and \$353,657 was released in 2018.

NOTE 18 – RECLASSIFICATION

Especially related to the 2018 implementation of the Financial Accounting Standards Board’s *ASU 2016-14*, portions of the 2017 financial statements have been reclassified to conform to the 2018 financial statement presentation. The most significant reclassifications resulting from the implementation of *ASU 2016-14* were to combine amounts formerly shown as “temporarily” and “permanently” (if any) restricted net assets into “net assets with donor restrictions.”

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, 2018

NOTE 20 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated events subsequent to December 31, 2018 through June 5, 2019 (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, 2018

	PMC	PI	Eliminations	PMC & Subsidiary
<b>ASSETS</b>				
Cash and cash equivalents in the U.S.	\$ 6,147,765	\$ 119,798	\$ -	\$ 6,267,563
Cash - board designated restricted funds	2,000,000	4,219,992	-	6,219,992
Cash in other countries	253,275	-	-	253,275
Certificates of deposit	1,048,570	-	-	1,048,570
Prepaid expenses and advances	193,889	9,641	-	203,530
Royalty income receivable	173,021	-	-	173,021
Grants, contributions and bequests receivable	1,188,468	545,169	-	1,733,637
Investments	7,179,291	1,302,550	-	8,481,841
Investments - charitable gift annuities	-	7,401	-	7,401
Property and equipment, net of depreciation	45,535	816,249	-	861,784
<b>TOTAL ASSETS</b>	<b>\$ 18,229,814</b>	<b>\$ 7,020,800</b>	<b>\$ -</b>	<b>\$ 25,250,614</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 42,426	\$ 18,306	\$ -	\$ 60,732
Accrued expenses	808,694	16,279	-	824,973
Refundable advances	92,474	-	-	92,474
Liability - charitable gift annuities	-	5,820	-	5,820
<b>Total Liabilities</b>	<b>943,594</b>	<b>40,405</b>	<b>-</b>	<b>983,999</b>
<b>Net Assets:</b>				
<b>Without donor restrictions:</b>				
Operating	2,021,331	616,042	-	2,637,373
Board designated endowment	1,130,895	1,302,550	-	2,433,445
Board designated restricted funds	2,000,000	4,219,992	-	6,219,992
Investment in property and equipment	45,535	816,249	-	861,784
<b>With donor restrictions</b>	<b>12,088,459</b>	<b>25,562</b>	<b>-</b>	<b>12,114,021</b>
<b>Total Net Assets</b>	<b>17,286,220</b>	<b>6,980,395</b>	<b>-</b>	<b>24,266,615</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 18,229,814</b>	<b>\$ 7,020,800</b>	<b>\$ -</b>	<b>\$ 25,250,614</b>

POPULATION MEDIA CENTER, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	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	\$ 1,545,558	\$ 5,113,078	\$ 6,658,636	\$ 2,686,279	\$ -	\$ 2,686,279	\$ -	\$ 9,344,915
Royalty income	458,741	-	458,741	-	-	-	-	458,741
Investment income	56,225	-	56,225	-	-	-	-	56,225
Interest and other income	151,001	-	151,001	12,671	-	12,671	-	163,672
Net assets released from restrictions:								
Transfers to fulfill purpose restrictions	5,288,669	(5,288,669)	-	-	-	-	-	-
Total support and revenue	<u>7,500,194</u>	<u>(175,591)</u>	<u>7,324,603</u>	<u>2,698,950</u>	<u>-</u>	<u>2,698,950</u>	<u>-</u>	<u>10,023,553</u>
Expenses and losses:								
Program services:								
National and international initiatives	5,230,918	-	5,230,918	-	-	-	-	5,230,918
Public outreach	180,472	-	180,472	812,474	-	812,474	-	992,946
General program development	947,877	-	947,877	-	-	-	-	947,877
Supporting services:								
Management and general	404,478	-	404,478	205,031	-	205,031	-	609,509
Fundraising	383,967	-	383,967	34,166	-	34,166	-	418,133
Investment loss	-	-	-	41,313	-	41,313	-	41,313
Change in CGA liability	-	-	-	936	-	936	-	936
Total expenses and losses	<u>7,147,712</u>	<u>-</u>	<u>7,147,712</u>	<u>1,093,920</u>	<u>-</u>	<u>1,093,920</u>	<u>-</u>	<u>8,241,632</u>
Change in net assets	352,482	(175,591)	176,891	1,605,030	-	1,605,030	-	1,781,921
Net assets, beginning of the year	<u>4,845,279</u>	<u>12,264,050</u>	<u>17,109,329</u>	<u>5,349,803</u>	<u>25,562</u>	<u>5,375,365</u>	<u>-</u>	<u>22,484,694</u>
Net assets, end 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>