

Financial Statements



Years Ended December 31, 2017 and 2016

FREEDOM FROM FISTULA FOUNDATION-US, INC.

Years Ended December 31, 2017 and 2016

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Independent Auditors' Report

Board of Directors
Freedom From Fistula Foundation-US, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Freedom From Fistula Foundation-US, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 Foundation'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 Foundation'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Dworken, Hillman, LaMorte & Sterczala, P.C.
Four Corporate Drive, Suite 488 | Shelton, CT 06484



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2017, and its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have previously audited the Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

DHL&S, P.C.

November 7, 2018
Shelton, Connecticut

FREEDOM FROM FISTULA FOUNDATION-US, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31,	
Assets	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$36,543	\$18,763
Contributions receivable		1,600
Prepaid expenses and other assets	<u>5,705</u>	<u>5,638</u>
Total current assets	<u>42,248</u>	26,001
Equipment, net of accumulated depreciation (2017, \$4,117; 2016, \$3,624)	<u>7,848</u>	<u>637</u>
Total Assets	<u>\$50,096</u>	<u>\$26,638</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 9,676</u>	<u>\$ 9,370</u>
Commitment (Note 5)		
Net assets:		
Unrestricted	<u>40,420</u>	<u>17,268</u>
Total Liabilities and Net Assets	<u>\$50,096</u>	<u>\$26,638</u>

See notes to financial statements.

FREEDOM FROM FISTULA FOUNDATION-US, INC.

STATEMENTS OF ACTIVITIES

	Year Ended December 31,			2016
	2017			Summarized
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and support:				
Contributions	\$264,414	\$	\$264,414	\$236,330
In-kind donations				536,162
Total revenue and support	<u>264,414</u>		<u>264,414</u>	<u>772,492</u>
Expenditures:				
Program	49,000		49,000	631,771
General and administrative	167,032		167,032	180,789
Fundraising	<u>25,230</u>		<u>25,230</u>	<u>20,593</u>
Total expenditures	<u>241,262</u>		<u>241,262</u>	<u>833,153</u>
Change in net assets	23,152		23,152	(60,661)
Net assets, beginning of year	<u>17,268</u>		<u>17,268</u>	<u>77,929</u>
Net assets, end of year	<u>\$ 40,420</u>	<u>\$</u>	<u>\$ 40,420</u>	<u>\$ 17,268</u>

See notes to financial statements.

FREEDOM FROM FISTULA FOUNDATION-US, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

	<u>Year Ended December 31, 2017</u>			<u>2016</u>
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising			\$ 579	\$ 579
Contributions to affiliate	\$49,000			49,000
Depreciation		\$ 493		493
Fundraising			5,693	5,693
Insurance		1,234		1,234
Occupancy costs		15,095		15,095
Office and other		5,531	2,950	8,481
Payroll and related		129,057	14,340	143,397
Professional fees		11,125		11,125
Telephone		4,348	1,087	5,435
Travel and conferences		149	581	730
Total expenses	<u>\$49,000</u>	<u>\$167,032</u>	<u>\$25,230</u>	<u>\$241,262</u>
				<u>\$833,153</u>

See notes to financial statements.

FREEDOM FROM FISTULA FOUNDATION-US, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$23,152	(\$60,661)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	493	335
Changes in operating assets and liabilities:		
Contributions receivable	1,600	31,400
Prepaid expenses and other assets	(67)	1,226
Accounts payable and accrued expenses	<u>306</u>	<u>2,299</u>
Net cash provided by (used in) operating activities	<u>25,484</u>	(<u>25,401</u>)
Cash flows from investing activities:		
Capital additions	(<u>7,704</u>)	_____
Net cash used in investing activities	(<u>7,704</u>)	_____
Net change in cash	17,780	(25,401)
Cash, beginning	<u>18,763</u>	<u>44,164</u>
Cash, ending	<u>\$36,543</u>	<u>\$18,763</u>

See notes to financial statements.

FREEDOM FROM FISTULA FOUNDATION-US, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

1. **Summary of significant accounting policies:**

Organization:

The Freedom From Fistula Foundation-US, Inc. (the “Foundation”) is a not-for-profit corporation under the laws of the State of New York. The Foundation’s purpose is to help women in Africa suffering from obstetric fistulas which are caused by prolonged, obstructed childbirth and lack of access to preventative maternity care. The Foundation aims to help these women by providing free surgery to those suffering from fistulas. In addition, by providing proper training to local healthcare workers as well as free maternity care, the Foundation seeks to help prevent fistulas from occurring and ensure safer childbirth practices in the future.

Ms. Ann Gloag, the Foundation’s Founder (Founder), through the Gloag Foundation, has undertaken the responsibility to pay personally for all the overhead administrative and operating costs of the Foundation as a charitable, non-profit organization. Accordingly, every dollar donated to the Foundation by any other individual or entity is, and will be, applied fully in support of the mission to directly benefit those in need of fistula and material health care services. The Foundation is a service charity that provides on ground services to women in need.

Basis of accounting:

The financial statements of the Foundation have been presented on the accrual basis; accordingly, revenue and support is recognized when enforceable or when earned and expenses are recognized when incurred.

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation’s financial statements as of and for the year ended December 31, 2016, from which the summarized information was derived.

Cash:

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

FREEDOM FROM FISTULA FOUNDATION-US, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

1. **Summary of significant accounting policies** (continued):

Contribution receivable:

The Foundation continuously monitors the creditworthiness of donors and establishes an allowance for amounts that may become uncollectible in the future based on current economic trends, historical payments and bad debt write-off experience, and any specific donor related collection issues, if deemed necessary.

Equipment:

Equipment is stated at cost. Depreciation is being provided using straight line and accelerated methods over the estimated useful lives of the related assets for book and tax reporting purposes.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All restricted contributions where the restrictions are met in the same period as received are reported as unrestricted contributions.

Promises to give:

Unconditional promises to give are recorded in accordance with Accounting Standards Codification No. 958-25, "Accounting for Contributions Received and Made", which requires an organization to record such promises to give as revenue when the promise is deemed to be unconditional. Accordingly, conditional promises to give are recognized as revenue only when the conditions on which they depend are substantially met and the promises become unconditional, or the contributions are received. Promises to give are recorded at net realized value if expected to be collected within one year, and at net present value if expected to be collected beyond one year. Unconditional promises to give are classified as either unrestricted or temporarily restricted, depending on the nature of donor restrictions, if any.

FREEDOM FROM FISTULA FOUNDATION-US, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

1. **Summary of significant accounting policies** (continued):

Use of estimates:

The Foundation uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional expenses:

The Foundation allocates its expenses on a functional basis among programs and supporting services. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Other expenses that are common to several functions are allocated based on estimates made by management.

Income taxes:

The Foundation was incorporated in May 2011 and is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Generally, federal and state authorities may examine the Foundation's informational tax returns three years from the date of filing.

2. **Net assets:**

Certain assets, liabilities, net assets, support, revenue and expenses of the Foundation are presented as unrestricted net assets, consisting of board designated funds or as temporarily restricted net assets based on donor restrictions. Net assets are released from restriction by incurring expenses satisfying the restricted purpose specific to the donor or when a stipulated time restriction ends.

Net assets consisted of the following:

	December 31,	
Unrestricted:	<u>2017</u>	<u>2016</u>
Board designated	<u>\$40,420</u>	<u>\$17,268</u>
Total unrestricted net assets	<u>\$40,420</u>	<u>\$17,268</u>

FREEDOM FROM FISTULA FOUNDATION-US, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

3. **Related party:**

The Foundation is associated with the Freedom From Fistula Foundation-UK, Inc. of Perth, Scotland (FFFF-UK, Inc.). Pursuant to an association agreement between the Foundation and FFFF-UK-Inc., the entities perform joint program services. The Foundation distributed \$49,000 during 2017 and \$631,771 during 2016 to FFFF-UK, Inc. for these joint programs. The Foundation has a payable due to FFFF-UK, Inc. of \$1,957 at December 31, 2017 and 2016.

4. **Major contributor:**

During 2016, the Foundation received an in-kind donation of medical supplies valued at \$532,303. The supplies were then shipped for use in Africa by FFFF-U.K., Inc.

The Foundation received \$200,000 and \$175,000 of its support from its Founder in 2017 and 2016, respectively.

5. **Commitment:**

The Foundation leases office space under a non-cancellable operating lease through April 30, 2020. Minimum future lease payments under this lease are:

<u>Year Ending December 31,</u>	
2018	\$15,397
2019	15,548
2020	<u>5,183</u>
	<u>\$36,128</u>

6. **Subsequent events:**

Management has evaluated subsequent events through November 7, 2018, the date which the financial statements were available for issue.