
THE FISTULA FOUNDATION

Financial Statements

December 31, 2010 and 2009

and

Auditors' Report

THE FISTULA FOUNDATION

December 31, 2010 and 2009

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Board of Trustees
The Fistula Foundation

We have audited the accompanying statements of financial position of The Fistula Foundation (a California nonprofit public benefit corporation) as of December 31, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Fistula Foundation as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Delagnes, Mitchell & Linder, LLP

March 31, 2011

THE FISTULA FOUNDATION
Statements of Financial Position
December 31, 2010 and 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Current assets:		
Cash (primarily interest bearing accounts)	\$ 815,802	\$ 758,412
Contributions receivable	214,835	156,197
Prepays and deposits	<u>18,793</u>	<u>26,162</u>
Total current assets	1,049,430	940,771
Noncurrent investments	4,144,304	4,023,824
Property and Equipment:		
Property and equipment, net of accumulated depreciation	<u>10,968</u>	<u>6,560</u>
Total assets	\$ <u>5,204,702</u>	\$ <u>4,971,155</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and other accrued expenses	\$ 34,842	\$ 23,652
Grants payable	371,399	224,939
Capital lease - Short term portion	<u>1,466</u>	<u>1,354</u>
Total current liabilities	407,707	249,945
Capital lease - long term portion	<u>3,645</u>	<u>5,111</u>
Total liabilities	411,352	255,056
Net Assets:		
Unrestricted net assets		
Undesignated	2,197,475	1,232,162
Board designated - Hamlin Fistula Hospital	<u>2,541,305</u>	<u>3,451,782</u>
Total Unrestricted	4,738,780	4,683,944
Temporarily restricted assets	22,415	-
Permanently restricted assets	<u>32,155</u>	<u>32,155</u>
Total net assets	<u>4,793,350</u>	<u>4,716,099</u>
Total liabilities and net assets	\$ <u>5,204,702</u>	\$ <u>4,971,155</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Activities
For the Years Ended December 31, 2010 and 2009

2010.....			2009.....			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and support:								
Contributions	\$ 2,428,366	531,809	-	2,960,175	\$ 2,230,526	379,863	-	2,610,389
Net Investment income (loss)	100,836	-	-	100,836	108,155	-	-	108,155
Net assets released from restriction for purpose	509,394	(509,394)	-	-	379,863	(379,863)	-	-
Total revenues and support	<u>3,038,596</u>	<u>22,415</u>	<u>-</u>	<u>3,061,011</u>	<u>2,718,544</u>	<u>-</u>	<u>-</u>	<u>2,718,544</u>
Expenses:								
Program services	2,420,329	-	-	2,420,329	1,725,695	-	-	1,725,695
Management and general	234,904	-	-	234,904	256,340	-	-	256,340
Fundraising expense	328,527	-	-	328,527	243,766	-	-	243,766
Total expenses	<u>2,983,760</u>	<u>-</u>	<u>-</u>	<u>2,983,760</u>	<u>2,225,801</u>	<u>-</u>	<u>-</u>	<u>2,225,801</u>
 Change in net assets	 54,836	 22,415	 -	 77,251	 492,743	 -	 -	 492,743
Net assets at beginning of year	<u>4,683,944</u>	<u>-</u>	<u>32,155</u>	<u>4,716,099</u>	<u>4,191,201</u>	<u>-</u>	<u>32,155</u>	<u>4,223,356</u>
Net assets at end of year	\$ <u>4,738,780</u>	<u>22,415</u>	<u>32,155</u>	<u>4,793,350</u>	\$ <u>4,683,944</u>	<u>-</u>	<u>32,155</u>	<u>4,716,099</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Cash Flows
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets from Statement of Activities	\$ 77,251	\$ 492,743
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	2,223	2,386
Changes in operating assets and liabilities:		
Contributions receivable	(58,638)	(101,867)
Prepays, deposits and other assets	7,369	(6,804)
Accounts payable and other accrued expenses	<u>156,296</u>	<u>(1,401,422)</u>
Net cash provided by or (used in) operating activities	184,501	(1,014,964)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(6,687)	(7,412)
Net change in investments	<u>(120,424)</u>	<u>570,080</u>
Net cash provided by or (used) by investing activities	<u>(127,111)</u>	<u>562,668</u>
Net change in cash	57,390	(452,296)
Cash at beginning of year	<u>758,412</u>	<u>1,210,708</u>
Cash at end of year	\$ <u>815,802</u>	\$ <u>758,412</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2010

	<u>Program Services</u>	<u>General and Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits \$	70,859	140,973	163,492	375,324
Grants	2,256,213	-	-	2,256,213
Advertising	17,447	-	17,447	34,894
Bank and credit card expense	8,465	11,069	13,023	32,557
Depreciation	683	893	647	2,223
Dignity jewelry	-	-	8,811	8,811
Fundraising	-	-	1,865	1,865
Insurance	733	958	1,128	2,819
Miscellaneous	2,887	4,331	4,812	12,030
Postage/shipping	2,911	16,496	29,111	48,518
Printing	13,294	13,295	39,883	66,472
Professional services	10,731	14,033	16,509	41,273
Rent	7,030	9,193	10,813	27,036
Repairs and maintenance	1,032	1,350	1,588	3,970
Supplies	1,892	2,475	2,911	7,278
Telephone	1,169	1,529	1,798	4,496
Software	3,274	4,281	5,037	12,592
Accounting and legal	5,946	7,776	9,148	22,870
Travel	15,763	6,252	504	22,519
	<u>15,763</u>	<u>6,252</u>	<u>504</u>	<u>22,519</u>
Total	\$ <u>2,420,329</u>	<u>234,904</u>	<u>328,527</u>	<u>2,983,760</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2009

	<u>Program Services</u>	<u>General and Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 80,713	104,921	124,647	310,281
Grants	1,586,434	-	-	1,586,434
Awareness Program	639	-	-	639
Advertising	16,738	-	16,737	33,475
Bank and credit card expense	-	39,551	-	39,551
Depreciation	429	859	1,098	2,386
Dignity jewelry	-	-	10,025	10,025
Fundraising	-	-	6,963	6,963
Insurance	301	602	769	1,672
Miscellaneous	772	1,543	1,972	4,287
Postage/shipping	6,381	12,763	16,308	35,452
Printing	8,485	16,970	21,684	47,139
Professional services	3,666	20,141	20,000	43,807
Rent	3,469	6,938	8,866	19,273
Repairs and maintenance	1,424	2,848	3,639	7,911
Supplies	945	1,890	2,415	5,250
Telephone	826	1,652	2,110	4,588
Software	2,556	5,111	6,533	14,200
Accounting and legal	-	16,718	-	16,718
Travel	11,917	23,833	-	35,750
Total	\$ <u>1,725,695</u>	<u>256,340</u>	<u>243,766</u>	<u>2,225,801</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

1. Nature of Activities and Summary of Significant Accounting Policies

(a) Nature of Activities

The Fistula Foundation (Foundation) was founded in 2000 to raise awareness of and funding for fistula repair, prevention, and educational programs worldwide.

(b) Basis of Presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets.

(c) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

(d) Temporarily restricted net assets

Temporarily restricted net assets represent contributions whose use by the Foundation is limited by donor imposed stipulations that can be fulfilled and removed by actions of the Foundation pursuant to those stipulations or by the passage of time.

(e) Cash

Cash includes depository account balances other than those held temporarily as part of the long-term investment portfolio. The accounts are insured by the FDIC up to \$250,000 in 2010 and 2009 for each bank. At December 31, 2010 and 2009, the Foundation had uninsured cash balances of \$565,802 and \$508,412 respectively.

(f) Donated Goods and Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2010 and 2009

1. Nature of Activities and Summary of Significant Accounting Policies, Continued

(f) Donated Goods and Services (continued)

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

(g) Functional Allocation of Expenses

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies as well as estimates made by the Foundation's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

(h) Income taxes

The Foundation is exempt from paying Federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

(i) Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

1. Nature of Activities and Summary of Significant Accounting Policies, Continued

(j) **Financial Instruments and Credit Risk**

The carrying amounts of financial instruments approximate fair value based on quoted market prices or discounted cash flow analysis for cash equivalents and other financial instruments. The Foundation is subject to some credit risk through short-term cash investments, which are placed with high credit quality financial institutions, both directly and indirectly, through various brokerage firms.

The Foundation has significant investments in stocks, bonds, and mutual funds held by investment managers engaged by the Foundation and is, therefore, subject to concentrations of credit risk. Investments are made by the investment managers and the investments are monitored by the Board of Directors. Though the market value of investments is subject to fluctuations on a year to year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation.

(k) **Property and Equipment and Depreciation**

Property and equipment is recorded at cost. Depreciation of property and equipment is provided over the estimated 3 to 7 years useful lives of the respective assets on a straight-line basis.

2. Investments

The following represents the original cost basis, unrealized gains and (losses) and fair value of investments as of December 31, 2010 and 2009. The fair value of investments is determined based upon quoted market prices.

		2010		2009	
		<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity	\$	7,379	7,279	62,772	62,362
Mutual Funds		564,690	635,141	548,580	541,019
MoneyMarket/Cash		<u>3,501,884</u>	<u>3,501,884</u>	<u>3,420,443</u>	<u>3,420,443</u>
Total Investments	\$	<u>4,073,953</u>	<u>4,144,304</u>	<u>4,031,795</u>	<u>4,023,824</u>

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

2. Investments (Continued)

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

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 22,072	\$ 26,222
Realized gain (loss)	13,093	(159)
Unrealized gain	<u>65,671</u>	<u>82,092</u>
Net investment income	\$ 100,836	\$ 108,155

3. Property and Equipment

Property and equipment consisted of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Computer & equipment	\$ 19,034	\$ 18,392
Furniture and fixtures	17,370	13,642
Leasehold improvements	2,288	-
Software	<u>17,619</u>	<u>17,590</u>
Subtotal	56,311	49,624
Less accumulated depreciation	<u>45,343</u>	<u>43,064</u>
Total property and equipment – net of accumulated depreciation	\$ <u>10,968</u>	\$ <u>6,560</u>

4. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2010 was restricted for the “Love A Sister” campaign in the amount of \$22,415. There were no restricted net assets as of December 31, 2009

THE FISTULA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

5. Retirement Plan

The Foundation maintains a deferred annuity retirement plan under Section 403(b) of the Internal Revenue Code for all eligible employees. The Foundation may make discretionary contributions to the plan. The Foundation contributed \$11,017, and \$10,660, to the plan for the years ended December 31, 2010 and 2009, respectively.

The Foundation also maintains a deferred compensation plan for a key employee under which annual contributions of \$9,545 and \$10,000 were made for the years ended December 31, 2010 and 2009 respectively.

6. Change in By-laws

The Foundation broadened their mission 2008 to permit them to support fistula treatment worldwide. At that time, the Foundation Board designated \$4,115,869 specifically for the benefit of the Hamlin Fistula Hospital, and the composition of the unrestricted net assets has been revised to reflect this designation.

During the the years 2009 and 2010, the Foundation made additional grants to the Hamlin Fistula Hospital so as to reduce the board designated fund to \$2,541,305 and \$3,451,782 as of December 31, 2010 and 2009 respectively.