
THE FISTULA FOUNDATION

Financial Statements

December 31, 2007 and 2006

and

Auditors' Report

THE FISTULA FOUNDATION

December 31, 2007

INDEX

	<u>Page</u>
Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5-6
Notes to Financial Statements	7-11

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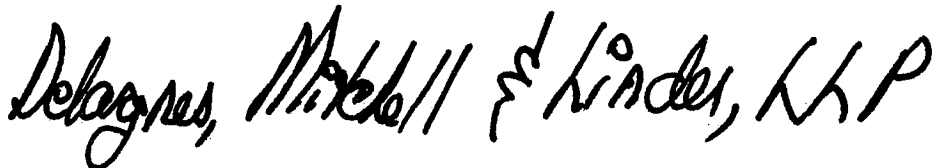
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Board of Trustees
The Fistula Foundation

We have audited the accompanying statements of financial position of The Fistula Foundation (a California nonprofit public benefit corporation) as of December 31, 2007 and 2006, 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, 2007 and 2006, 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.



April 17, 2008

THE FISTULA FOUNDATION
Statements of Financial Position
December 31, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
Current assets:		
Cash (primarily interest bearing accounts)	\$ 465,739	\$ 873,591
Contributions receivable	60,733	38,061
Prepays and deposits	<u>16,910</u>	<u>15,459</u>
Total current assets	543,382	927,111
Noncurrent investments	4,365,364	3,306,784
Property and Equipment:		
Property and equipment, net of accumulated depreciation	<u>6,130</u>	<u>17,401</u>
Total assets	\$ <u>4,914,876</u>	\$ <u>4,251,296</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and other accrued expenses	\$ 23,261	\$ 15,240
Grants payable	66,335	-
Capital lease - Short term portion	<u>1,201</u>	<u>1,201</u>
Total current liabilities	90,797	16,441
Capital lease - long term portion	<u>524</u>	<u>2,037</u>
Total liabilities	91,321	18,478
Net Assets:		
Unrestricted net assets		
Undesignated	2,642,843	1,910,592
Board designated endowment	<u>2,000,000</u>	<u>2,000,000</u>
Total Unrestricted	4,642,843	3,910,592
Temporarily restricted assets	148,557	290,071
Permanently restricted assets	<u>32,155</u>	<u>32,155</u>
Total net assets	<u>4,823,555</u>	<u>4,232,818</u>
Total liabilities and net assets	\$ <u>4,914,876</u>	\$ <u>4,251,296</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Activities
For the Years Ended December 31, 2007 and 2006

	2007				2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:								
Grants	-	-	-	-	60,000	45,000	-	105,000
Contributions	2,163,514	416,157	-	2,579,671	1,749,873	332,742	32,155	2,114,770
Net Investment income	199,808	-	-	199,808	191,354	-	-	191,354
Net assets released from restriction for purpose	557,671	(557,671)	-	-	342,871	(342,871)	-	-
Total revenues and support	<u>2,920,993</u>	<u>(141,514)</u>	<u>-</u>	<u>2,779,479</u>	<u>2,344,098</u>	<u>34,871</u>	<u>32,155</u>	<u>2,411,124</u>
Expenses:								
Program services	1,748,388	-	-	1,748,388	1,404,837	-	-	1,404,837
Management and general	215,796	-	-	215,796	217,178	-	-	217,178
Fundraising expense	224,558	-	-	224,558	231,342	-	-	231,342
Total expenses	<u>2,188,742</u>	<u>-</u>	<u>-</u>	<u>2,188,742</u>	<u>1,853,357</u>	<u>-</u>	<u>-</u>	<u>1,853,357</u>
Change in net assets	732,251	(141,514)	-	590,737	490,741	34,871	32,155	557,767
Net assets at beginning of year	3,910,592	290,071	32,155	4,232,818	3,419,851	255,200	-	3,675,051
Net assets at end of year	<u>4,642,843</u>	<u>148,557</u>	<u>32,155</u>	<u>4,823,555</u>	<u>3,910,592</u>	<u>290,071</u>	<u>32,155</u>	<u>4,232,818</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statements of Cash Flows
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets from Statement of Activities	\$ 590,737	557,767
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	11,278	14,761
Changes in operating assets and liabilities:		
Contributions receivable	(22,672)	17,382
Prepays, deposits and other assets	(1,451)	(158)
Accounts payable and other accrued expenses	<u>72,843</u>	<u>(10,659)</u>
Net cash provided by operating activities	650,735	579,093
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(534)
Net change in investments	(<u>1,058,587</u>)	(<u>46,599</u>)
Net cash (used) by investing activities	(<u>1,058,587</u>)	(<u>47,133</u>)
Net change in cash	(407,852)	531,960
Cash at beginning of year	<u>873,591</u>	<u>341,631</u>
Cash at end of year	\$ <u><u>465,739</u></u>	<u><u>873,591</u></u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2007

	<u>Program Services</u>	<u>General and Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefit \$	49,324	98,648	126,050	274,022
Donation to Fistula Hospital	1,627,748	-	-	1,627,748
Awareness Program	26,671	-	-	26,671
Bank and credit card expense		22,171	-	22,171
Depreciation	2,030	4,060	5,188	11,278
Dignity bracelets	-	-	8,452	8,452
Fundraising	-	-	15,677	15,677
Insurance	568	1,137	1,453	3,158
Miscellaneous	472	944	1,206	2,622
Postage/shipping	5,358	10,715	13,692	29,765
Printing	12,156	24,312	31,065	67,533
Professional services	-	11,667	-	11,667
Rent	3,169	6,339	8,099	17,607
Repairs and maintenance	2,127	4,256	5,436	11,819
Supplies	977	1,954	2,496	5,427
Telephone	773	1,545	1,974	4,292
Software	1,086	2,171	2,774	6,031
Accounting and legal	-	22,890	-	22,890
Travel	15,929	2,987	996	19,912
	<u>15,929</u>	<u>2,987</u>	<u>996</u>	<u>19,912</u>
Total	\$ <u>1,748,388</u>	<u>215,796</u>	<u>224,558</u>	<u>2,188,742</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION
Statement of Functional Expenses
For The Year Ended December 31, 2006

	<u>Program Services</u>	<u>General and Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 50,121	100,242	128,087	278,450
Donation to Fistula Hospital	1,208,444	-	-	1,208,444
Awareness Program	100,225	-	-	100,225
Bank and credit card expense		19,851	-	19,851
Depreciation	2,657	5,314	6,790	14,761
Dignity bracelets	-	-	14,002	14,002
Fundraising	-	-	12,647	12,647
Insurance	446	893	1,141	2,480
Miscellaneous	1,266	2,532	3,235	7,033
Postage/shipping	5,015	10,030	12,817	27,862
Printing	12,759	25,518	32,606	70,883
Professional services	-	-	-	-
Rent	3,005	6,010	7,679	16,694
Repairs and maintenance	2,035	4,070	5,200	11,305
Supplies	926	1,853	2,367	5,146
Telephone	788	1,576	2,013	4,377
Software	827	1,655	2,114	4,596
Accounting and legal	-	31,448	-	31,448
Travel	16,323	6,186	644	23,153
Total	\$ <u>1,404,837</u>	<u>217,178</u>	<u>231,342</u>	<u>1,853,357</u>

see accompanying notes to the financial statements

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2007 and 2006

1. Nature of Activities and Summary of Significant Accounting Policies

(a) Nature of Activities

The Fistula Foundation (Foundation), formerly called “American Friends Foundation for Childbirth Injuries,” was founded in 2000 to provide financial support for the repair and prevention of obstetric fistula injuries through the funding of the general operations, programs and capital projects of the Addis Ababa Fistula Hospital in Ethiopia.

(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 represents 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) Permanently restricted net assets

The permanently restricted net assets are endowment investments which are restricted in perpetuity. The income from these permanently restricted net assets is expendable for the activities of the Foundation in support of the Addis Ababa Fistula Hospital.

(f) 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 \$100,000 for each bank. At December 31, 2007 and 2006, the Foundation had uninsured cash balances of \$365,739 and \$773,591 respectively.

(g) 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, 2007 and 2006

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

(g) 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 restriction 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.

(h) 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.

(i) 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.

(j) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized and realized gains and losses are included in the statements of activities.

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2007 and 2006

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

(k) 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 an 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.

(l) 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 fair value of investments as of December 31, 2007 and 2006. The fair value of investments is determined based upon quoted market prices.

		2007		2006	
		<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity	\$	2,045,866	2,192,734	1,979,036	2,053,581
Mutual Funds		474,480	617,645	474,480	588,751
MoneyMarket/Cash		1,554,985	1,554,985	619,920	619,920
Fixed Income		<u>-</u>	<u>-</u>	<u>43,979</u>	<u>44,532</u>
Total Investments	\$	<u>4,075,331</u>	<u>4,365,364</u>	<u>3,117,415</u>	<u>3,306,784</u>

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2007 and 2006

2. Investments (Continued)

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

	<u>2007</u>	<u>2006</u>
Interest and dividend income	\$ 175,857	\$ 129,734
Realized gain (loss)	4,040	535
Unrealized gain	<u>19,911</u>	<u>61,085</u>
Net investment income	\$ <u>199,808</u>	\$ <u>191,354</u>

3. Property and Equipment

Property and equipment consisted of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Computer & equipment	\$ 17,407	\$ 17,407
Furniture and fixtures	11,297	11,297
Software	<u>16,605</u>	<u>16,605</u>
Subtotal	45,309	45,309
Less: accumulated depreciation	<u>39,179</u>	<u>27,908</u>
Total property and equipment – net of accumulated depreciation	\$ <u>6,130</u>	\$ <u>17,401</u>

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted as follows:

	<u>2007</u>	<u>2006</u>
Outreach	\$ -	\$ 250,000
Harrar Satellite Fistula	148,557	4,135
Stipends	-	3,000
Love A Sister	<u>-</u>	<u>32,936</u>
Total temporarily restricted net assets	\$ <u>148,557</u>	\$ <u>290,071</u>

THE FISTULA FOUNDATION

Notes to Financial Statements

December 31, 2007 and 2006

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 \$9,435 and \$8,199, to the plan for the years ended December 31, 2007 and 2006, respectively.

The Foundation also maintains a deferred compensation plan for a key employee under which annual contributions of \$15,000 and \$10,000 were made for the years ended December 31, 2007 and 2006 respectively.