



**THE POPULATION COUNCIL, INC.**

Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Trustees  
The Population Council, Inc.:

We have audited the accompanying financial statements of The Population Council, Inc., which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 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 misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 The Population Council, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

June 18, 2020

**THE POPULATION COUNCIL, INC.**

Balance Sheets

December 31, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 8,230,102	10,938,231
Grants and contributions receivable, net (notes 2(e), 2(k) and 4):		
U.S. government agencies	3,524,707	8,433,723
Other	5,796,079	5,950,736
Other receivables	1,270,171	829,930
Prepaid expenses and other assets (note 8)	1,074,995	729,040
Investments (note 3)	140,306,710	107,402,831
Fixed assets, net (note 5)	9,657,118	11,027,773
Total assets	<u>\$ 169,859,882</u>	<u>145,312,264</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable, accrued expenses, and other liabilities (note 8)	\$ 3,556,613	3,638,883
Awards, contracts, and fellowships payable	2,110,063	6,548,682
Program advances	16,984,531	12,937,291
Deferred revenue	186,484	—
Loans payable (note 11)	2,792,372	4,081,159
Deferred rent credit, net (note 8)	5,072,120	5,088,950
Accrued lease obligation	25,907	67,296
Postretirement medical benefits payable (note 10)	7,189,583	6,319,325
Total liabilities	<u>37,917,673</u>	<u>38,681,586</u>
Commitments and contingencies (notes 3, 8, 10, 11, and 15)		
Net assets:		
Net assets without donor restrictions:		
General undesignated	1,087,081	2,078,715
The John D. Rockefeller 3rd Memorial Funds (note 7)	112,602,139	87,667,707
Total net assets without donor restrictions	<u>113,689,220</u>	<u>89,746,422</u>
Net assets with donor restrictions:		
Purpose or time restricted (notes 6 and 7)	12,767,213	11,398,480
Restricted by donors in perpetuity (notes 6 and 7)	5,485,776	5,485,776
Total net assets with donor restrictions	<u>18,252,989</u>	<u>16,884,256</u>
Total net assets	<u>131,942,209</u>	<u>106,630,678</u>
Total liabilities and net assets	<u>\$ 169,859,882</u>	<u>145,312,264</u>

See accompanying notes to financial statements.

THE POPULATION COUNCIL, INC.

Statement of Activities

Year ended December 31, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total 2019</u>
Operating revenue:			
Grants and contributions (notes 2(e), 2(k), 13 and 14)	\$ 53,038,606	1,114,432	54,153,038
Royalties	23,224,814	—	23,224,814
Investment return, net	16,530,534	2,810,823	19,341,357
Other	152,518	—	152,518
Net assets released from restrictions	1,206,470	(1,206,470)	—
Total operating revenue	<u>94,152,942</u>	<u>2,718,785</u>	<u>96,871,727</u>
Operating expenses:			
Program services:			
Social and behavioral sciences	46,100,666	—	46,100,666
Biomedical research	11,600,683	—	11,600,683
Total program services	<u>57,701,349</u>	<u>—</u>	<u>57,701,349</u>
Supporting services:			
Management and general	12,419,800	—	12,419,800
Fund-raising	661,742	—	661,742
Total supporting services	<u>13,081,542</u>	<u>—</u>	<u>13,081,542</u>
Total operating expenses	<u>70,782,891</u>	<u>—</u>	<u>70,782,891</u>
Excess of operating revenue over operating expenses	23,370,051	2,718,785	26,088,836
Other changes in net assets:			
Postretirement benefit changes other than net periodic benefit cost (note 10)	(462,988)	—	(462,988)
Net periodic benefit costs other than service cost (note 10)	(314,317)	—	(314,317)
Transfer from endowments (note 7)	1,350,052	(1,350,052)	—
Increase in net assets	23,942,798	1,368,733	25,311,531
Net assets at beginning of year	<u>89,746,422</u>	<u>16,884,256</u>	<u>106,630,678</u>
Net assets at end of year	<u>\$ 113,689,220</u>	<u>18,252,989</u>	<u>131,942,209</u>

See accompanying notes to financial statements.

**THE POPULATION COUNCIL, INC.**

Statement of Activities

Year ended December 31, 2018

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total 2018</b>
Operating revenue:			
Grants and contributions (notes 2(k), 13 and 14)	\$ 69,004,882	996,165	70,001,047
Royalties	22,720,075	—	22,720,075
Investment return, net	(3,645,661)	(544,110)	(4,189,771)
Other	139,075	4,289	143,364
Net assets released from restrictions	602,488	(602,488)	—
Total operating revenue	88,820,859	(146,144)	88,674,715
Operating expenses:			
Program services:			
Social and behavioral sciences	56,079,407	—	56,079,407
Biomedical research	13,161,378	—	13,161,378
Total program services	69,240,785	—	69,240,785
Supporting services:			
Management and general	12,029,435	—	12,029,435
Fund-raising	677,698	—	677,698
Total supporting services	12,707,133	—	12,707,133
Total operating expenses	81,947,918	—	81,947,918
Excess (deficiency) of operating revenue over operating expenses	6,872,941	(146,144)	6,726,797
Other changes in net assets:			
Postretirement benefit changes other than net periodic benefit cost (note 10)	690,825	—	690,825
Net periodic benefit costs other than service cost (note 10)	(390,778)	—	(390,778)
Transfer from endowments (note 7)	1,264,911	(1,264,911)	—
Increase (decrease) in net assets	8,437,899	(1,411,055)	7,026,844
Net assets at beginning of year	81,308,523	18,295,311	99,603,834
Net assets at end of year	\$ 89,746,422	16,884,256	106,630,678

See accompanying notes to financial statements.

**THE POPULATION COUNCIL, INC.**

Statement of Functional Expenses

Year ended December 31, 2019

	Program services			Supporting services			Total expenses
	Social and behavioral sciences	Biomedical research	Total	Management and general	Fund-raising	Total	
Awards, contracts, and fellowships	\$ 7,604,058	436,881	8,040,939	—	—	—	8,040,939
Salaries and allowances	19,198,396	4,645,518	23,843,914	6,640,402	360,793	7,001,195	30,845,109
Pensions and other employee benefits (note 9)	5,809,841	1,488,272	7,298,113	2,140,194	124,592	2,264,786	9,562,899
Consultants and professional fees	2,436,906	306,718	2,743,624	890,231	54,377	944,608	3,688,232
Research and related services	1,770,508	479,210	2,249,718	85	—	85	2,249,803
Program supplies and maintenance	136,792	810,673	947,465	274	—	274	947,739
Travel and meetings	4,919,368	204,265	5,123,633	340,348	6,563	346,911	5,470,544
Occupancy, net (note 8)	2,376,170	2,330,212	4,706,382	943,631	48,917	992,548	5,698,930
Telecommunications, postage, and supplies	508,952	117,609	626,561	176,834	6,560	183,394	809,955
Office equipment and maintenance	399,778	70,432	470,210	510,815	15,085	525,900	996,110
Printing, publications, books, and journals	332,476	17,483	349,959	56,544	19,607	76,151	426,110
Insurance	17,873	126,559	144,432	159,866	—	159,866	304,298
Other fees	32,248	424	32,672	80,576	4,828	85,404	118,076
Other	10,556	—	10,556	(95,221)	—	(95,221)	(84,665)
Total expenses before depreciation, amortization and other changes in net assets	45,553,922	11,034,256	56,588,178	11,844,579	641,322	12,485,901	69,074,079
Depreciation and amortization of leasehold improvements, equipment, and other	546,744	566,427	1,113,171	575,221	20,420	595,641	1,708,812
Net periodic benefit costs other than service cost (note 10)	—	—	—	314,317	—	314,317	314,317
2019 total	\$ 46,100,666	11,600,683	57,701,349	12,734,117	661,742	13,395,859	71,097,208
2018 total	\$ 56,079,407	13,161,378	69,240,785	12,420,213	677,698	13,097,911	82,338,696

See accompanying notes to financial statements.

**THE POPULATION COUNCIL, INC.**

Statement of Functional Expenses

Year ended December 31, 2018

	Program services			Supporting services			Total expenses
	Social and behavioral sciences	Biomedical research	Total	Management and general	Fund-raising	Total	
Awards, contracts, and fellowships	\$ 14,877,527	965,933	15,843,460	—	—	—	15,843,460
Salaries and allowances	19,331,266	4,858,561	24,189,827	6,635,910	382,339	7,018,249	31,208,076
Pensions and other employee benefits (note 9)	6,022,693	1,646,700	7,669,393	1,772,267	122,559	1,894,826	9,564,219
Consultants and professional fees	2,168,749	409,753	2,578,502	842,284	68,460	910,744	3,489,246
Research and related services	2,785,741	965,242	3,750,983	53	—	53	3,751,036
Program supplies and maintenance	262,252	782,588	1,044,840	—	—	—	1,044,840
Travel and meetings	6,307,814	248,649	6,556,463	399,133	15,727	414,860	6,971,323
Occupancy, net (note 8)	2,397,545	2,419,356	4,816,901	851,896	36,807	888,703	5,705,604
Telecommunications, postage, and supplies	602,052	92,464	694,516	190,522	6,335	196,857	891,373
Office equipment and maintenance	447,680	62,764	510,444	379,298	3,615	382,913	893,357
Printing, publications, books, and journals	276,956	13,096	290,052	114,595	23,192	137,787	427,839
Insurance	21,357	122,293	143,650	171,829	—	171,829	315,479
Other fees	61,571	6,283	67,854	57,744	3,533	61,277	129,131
Other	469	176	645	42,317	—	42,317	42,962
Total expenses before depreciation, amortization and other changes in net assets	55,563,672	12,593,858	68,157,530	11,457,848	662,567	12,120,415	80,277,945
Depreciation and amortization of leasehold improvements, equipment, and other	515,735	567,520	1,083,255	571,587	15,131	586,718	1,669,973
Net periodic benefit costs other than service cost (note 10)	—	—	—	390,778	—	390,778	390,778
2018 total	\$ 56,079,407	13,161,378	69,240,785	12,420,213	677,698	13,097,911	82,338,696

See accompanying notes to financial statements.

**THE POPULATION COUNCIL, INC.**

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Increase in net assets	\$ 25,311,531	7,026,844
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,708,812	1,669,973
Deferred rent credit	(16,830)	(196,793)
Net (appreciation) depreciation in fair value of investments	(16,165,514)	6,920,026
Other postretirement changes other than net periodic benefit cost	462,988	(690,825)
Net (gain) loss on sale of fixed assets	(23,604)	19,059
Changes in assets and liabilities:		
Grants and contributions receivable	5,063,673	657,525
Other receivables	(440,241)	(7,156)
Prepaid expenses and other assets	(345,955)	1,014,713
Accounts payable, accrued expenses, and other liabilities	(95,018)	(1,239,143)
Awards, contracts, and fellowships payable	(4,438,619)	265,219
Program advances	4,047,240	123,459
Deferred revenue	186,484	—
Postretirement medical benefits payable	407,270	508,964
Net cash provided by operating activities	15,662,217	16,071,865
Cash flows from investing activities:		
Purchase of investments	(59,188,740)	(31,333,764)
Proceeds from sale of investments	42,450,375	19,982,139
Purchases of fixed assets	(325,409)	(604,192)
Proceeds from sale of fixed assets	23,604	4,278
Net cash used in investing activities	(17,040,170)	(11,951,539)
Cash flows from financing activities:		
Payment on loan payable	(1,288,787)	(1,288,787)
Payment on capital leases	(41,389)	(38,795)
Net cash used in financing activities	(1,330,176)	(1,327,582)
Net (decrease) increase in cash and cash equivalents	(2,708,129)	2,792,744
Cash and cash equivalents at beginning of year	10,938,231	8,145,487
Cash and cash equivalents at end of year	\$ 8,230,102	10,938,231
Supplemental disclosures of noncash activities:		
Accounts payable for capital expenditures	\$ 12,748	—
Interest paid	112,874	140,154

See accompanying notes to financial statements.

## THE POPULATION COUNCIL, INC.

Notes to Financial Statements

December 31, 2019 and 2018

### (1) Description of Organization and its Programs

The Population Council, Inc. (the Council) confronts critical health and development issues – from stopping the spread of HIV to improving reproductive health and ensuring that young people lead full and productive lives. Through biomedical, social science, and public health research in more than 50 countries, the Council works with partners to deliver solutions that lead to more effective policies, programs, and technologies that improve lives around the world. Established in 1952 and headquartered in New York, the Council is a nongovernmental, nonprofit organization governed by an international Board of Trustees. It focuses on three Social and Behavioral Science research areas – HIV and AIDS; poverty, gender, and youth; and reproductive health – and is home to the Center for Biomedical Research (CBR).

The Council's mission is to improve the well-being and reproductive health of current and future generations around the world and to help achieve a humane, equitable, and sustainable balance between people and resources.

The Council's HIV and AIDS Program is devoted to addressing the spread of the HIV epidemic in low- and middle-income countries. The Council also seeks to enable people to reduce the impact of HIV-related disability, death, stigma and discrimination, and orphan hood on their own lives and on the lives of people in their families, communities, and societies.

The Council assesses and improves programs aimed at people affected by HIV, from orphans to healthcare professionals. The Council rigorously explores topics that have been previously neglected in the developing world – such as key populations at risk of HIV – gaining them much needed policy attention. The Council helps decision makers in low and middle-income countries, health program managers, and, ultimately, women and men successfully, safely, and appropriately adopt new HIV prevention technologies. Specifically:

- The Council expands access to available technologies to reduce the risk of HIV transmission,
- The Council helps policymakers formulate sustainable programs to improve prevention, care and treatment for people living with HIV, and
- The Council seeks to demonstrate how addressing social barriers, including stigma and gender inequities, can improve HIV and AIDS program outcomes.

The Council's Poverty, Gender, and Youth Program seeks to understand the social dimensions of poverty, the causes and consequences of gender inequality, the disparities in opportunity that arise during adolescence, and the critical elements of reaching a successful, productive adulthood in low and middle-income countries. Specifically:

- The Council conducts policy-oriented research and programs that improve the lives of vulnerable populations, especially disadvantaged girls,
- It conducts rigorous impact evaluations on interventions to improve the lives of adolescent girls, evaluating what works, for which girls, under what circumstances, and at what cost, and
- It studies the best ways to build the assets of adolescent girls, who are among the most isolated and vulnerable populations, to give them social, educational, and economic opportunities to break the cycle of poverty.

## THE POPULATION COUNCIL, INC.

Notes to Financial Statements

December 31, 2019 and 2018

The Council's Reproductive Health Program works to improve sexual and reproductive health – especially for marginalized populations in low and middle-income countries. In partnership with other nongovernmental organizations, government policymakers, program managers, and potential clients in developing countries:

- The Council studies and improves reproductive health services,
- The Council supports the introduction of new contraceptives worldwide, and
- The Council assists policymakers in formulating, launching, and expanding evidence informed – programs and policies.

The Council's Center for Biomedical Research (CBR) is a vibrant hub of scientific investigation and product development. For more than 60 years, research conducted at the CBR laboratories has addressed critical questions in reproductive health and supported the development of innovative products that help protect the health and well-being of millions of people worldwide.

CBR's researchers pioneered the field of long-acting, reversible contraception (LARCs), including development of intrauterine devices (IUDs) and implants. Today, more than 170 million people worldwide are using contraceptive technologies developed at CBR or based on CBR's technology strategies. The Council has pioneered basic research on the mechanisms that lead to infection and by cell-to-cell spread of HIV. Specifically:

- The Council conducts basic research on the biology of HIV and reproductive health,
- The Council is investigating new approaches to prevent HIV and other sexually transmitted infections, including multi-purpose prevention technologies, and
- The Council is developing next-generation contraceptives and delivery systems, including rings, gels, tablets, fast-dissolving inserts, which are designed to be safer, lower-cost and easier to use.

The Council derives its support and revenue from governments, foundations and other not-for-profit organizations, multilateral organizations, corporations, individuals, and internal sources such as investments, publications, and royalty income. The Council's headquarters and the CBR are located in New York City. The Council also has an office in Washington, DC, as well as 19 offices in 14 countries, including four locally registered affiliates in India, Kenya, and Pakistan. Total revenue and expenses for the four affiliates was approximately \$66,000 and \$84,000, respectively.

The Council has been classified by the Internal Revenue Service as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is not subject to income taxes except to the extent that it has taxable income from activities that are not related to its exempt purpose. The Council recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. Locally, the Council's for-profit affiliate in India is subject to Indian taxation. No provision for income taxes was required for 2019 or 2018.

## THE POPULATION COUNCIL, INC.

Notes to Financial Statements

December 31, 2019 and 2018

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and judgments that affect the reported amount of assets and liabilities and disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include the actuarial determination of postretirement benefit cost and the related liability.

#### (b) Basis of Presentation

The Council classifies its net assets and revenues, gains, and losses based on the existence or absence of donor-imposed restrictions as follows:

- *Net assets without donor restrictions* are not subject to any donor-imposed stipulations. However, the Board of Trustees may choose to designate amounts for particular uses. The John D. Rockefeller 3rd Memorial Funds have been designated by Board and established to function as endowments.
- *Net assets with donor restrictions*:
  - a) *Net assets with purpose or time restrictions* are subject to donor-imposed stipulations that will be met by either actions of the Council and/or the passage of time.
  - b) *Net assets with perpetual restrictions* are subject to donor-imposed stipulations that they be maintained permanently by the Council. Generally, the donors of these assets permit the Council to use all or part of the return earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets with donor restrictions (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

The Council excludes from the excess/(deficiency) of operating revenue over operating expenses, transfers to/from endowment, net postretirement benefit cost other than service cost, postretirement benefit changes other than net periodic benefit cost and unusual or nonrecurring activities.

## THE POPULATION COUNCIL, INC.

Notes to Financial Statements

December 31, 2019 and 2018

### **(c) Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Council organizes its financial assets and liabilities at fair value into a three-level hierarchy. The hierarchy gives the highest priority to unadjusted quoted or published prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted or published prices (unadjusted) in active markets for identical assets or liabilities that the Council has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The Council measures the fair value of its limited partnership investments, which do not have readily determinable fair values, using net asset value (NAV) per share or its equivalent as the practical expedient, as provided by the investment managers. The Council reviews and evaluates the value provided by the general partner, as well as the valuation methods and assumptions used in determining the NAV of the limited partnership investments. The estimated fair value may differ significantly from the value that would have been used had a ready market for this investment existed.

### **(d) Cash Equivalents**

Cash equivalents include short-term investments with original maturities of 90 days or less, except for those short-term investments managed by external investment managers as part of a long-term investment strategy.

### **(e) Grants and Contributions**

The Council receives grants and contributions from a number of sources, including the U.S. government, foreign governments, private foundations, and other donors.

Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met.

As of December 31, 2019 and 2018, the Council had conditional grants from funding agencies approximating \$55,051,123 and \$74,041,275, respectively, in the form of measurable performance related or other barriers that have not been reflected in the accompanying financial statements because the conditions on which they depend have not been met. Amounts received prior to meeting the related conditions are classified as program advances on the balance sheets.

## THE POPULATION COUNCIL, INC.

Notes to Financial Statements

December 31, 2019 and 2018

### **(f) Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices. Fair values of the limited partnership investments are based on NAV and are provided by the general partner based on the underlying net assets of the investment vehicle.

### **(g) Fixed Assets**

Fixed assets include furniture, fixtures, equipment, computer software, and leasehold improvements that have unit costs in excess of \$5,000 and that are recorded at cost. Leasehold improvements are amortized using the straight-line method over the life of the lease or useful life of the asset, whichever is shorter. All other fixed assets are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 4 to 20 years.

### **(h) Awards, Contracts, and Fellowships Payable**

The Council recognizes awards, contracts, and fellowships authorized during the year in operating expenses. A liability for unpaid amounts is included in the balance sheets.

### **(i) Foreign Currency Translation**

The Council has determined that the functional currency of its foreign offices is the U.S. dollar. Accordingly, assets and liabilities are translated using the current exchange rates in effect on the balance sheet date. Revenue and expense accounts are translated at the average rate in effect during the year. Grants and contributions revenue include foreign exchange losses of approximately \$143,000 and \$822,000 in 2019 and 2018, respectively.

### **(j) Royalties**

Royalties from license agreements are recognized in accordance with the conditions of each agreement. A milestone payment of \$20 million tied to a product licensing agreement, was recognized as revenue in 2019 and in 2018.

### **(k) Concentration of Support**

During 2019 and 2018, approximately \$18.2 million and \$30.8 million, respectively, of the Council's grants were funded directly by the United States Agency for International Development (USAID). As of December 31, 2019 and 2018, approximately \$1.0 million and \$5.0 million, respectively, of the Council's grants receivable were also from USAID.

The three largest funding sources, one U.S. government agency, one foreign agency and one private foundation constitute 29% of the revenue in 2019 and 48% of the revenue in 2018.

## THE POPULATION COUNCIL, INC.

Notes to Financial Statements

December 31, 2019 and 2018

### **(l) Expense Allocation**

The financial statements include certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Facilities related expenses (like occupancy, depreciation, office costs) are allocated based on time and effort of the staff at each location. Staff benefits are allocated based on time and effort recorded in the time sheets.

### **(m) Risks and Uncertainties**

The Council invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and such changes could materially affect the amounts reported in the balance sheets.

### **(n) Recently Adopted Accounting Standards**

During 2019, the Council adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which required the Council to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Council expects to be entitled in exchange for those goods or services. This ASU did not significantly impact the Council's financial statements.

During 2019, the Council adopted FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarified how entities determine whether to account for a transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution based on whether commensurate value has been received or transferred. The new guidance also clarified that a contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The clarified guidance applies to all entities that receive or make contributions (grants). This ASU did not significantly impact the Council's financial statements.

During 2019, the Council adopted FASB ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which required the Council to present the service cost component of net benefit cost in the Statements of Activities line item where compensation cost is reported, and all other components of net benefit cost in the Statements of Activities, separately from the service cost component and outside of operating activities, if this subtotal is presented. The Council applied the changes retrospectively. The adoption had no effect on amounts of net assets reported in the financial statements.

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**(o) Accounting Standards to be adopted in future periods**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires a lessee to recognize a right-of-use asset and a lease liability, in its statement of financial position. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The ASU is effective for the Council for the year ending December 31, 2022 with the approved extension from the FASB. The Council is currently evaluating the effect the ASU will have on its financial statements.

**(p) Reclassifications**

Certain reclassifications of 2018 amounts have been made to conform to the 2019 presentation.

**(3) Investments**

The following tables present the Council's fair value hierarchy for its investments as of December 31, 2019 and 2018. The alternative investments are measured at fair value using the NAV per share (or its equivalent) practical expedient and have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation to the amounts presented in the balance sheets:

	2019	
	Fair value	Level 1
Short-term investments	\$ 34,537,219	34,537,219
Equities (common stock)	9,080,346	9,080,346
Mutual funds:		
Large cap growth	40,191,350	40,191,350
International equity	11,740,166	11,740,166
Small mid cap holdings	14,012,978	14,012,978
High-yield equity	945,432	945,432
International emerging	5,211,209	5,211,209
Fixed income	8,618,717	8,618,717
Subtotal	124,337,417	\$ 124,337,417
Alternative investments measured at NAV:		
Limited partnerships	15,969,293	
	\$ 140,306,710	

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	<b>2018</b>	
	<u>Fair value</u>	<u>Level 1</u>
Short-term investments	\$ 21,480,495	21,480,495
Equities (common stock)	5,837,133	5,837,133
Mutual funds:		
Large cap growth	26,852,699	26,852,699
International equity	9,562,159	9,562,159
Small mid cap holdings	8,665,096	8,665,096
High-yield equity	1,217,376	1,217,376
International emerging	3,966,341	3,966,341
Fixed income	<u>11,458,678</u>	<u>11,458,678</u>
Subtotal	89,039,977	<u>\$ 89,039,977</u>
Alternative investments measured at NAV:		
Limited partnerships	<u>18,362,854</u>	
	<u>\$ 107,402,831</u>	

The following tables present the strategies and related redemption information with respect to the Council's investments measured at NAV:

	<b>2019</b>			
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>
Distressed debt securities	\$ 4,101,348	2,257,537	Semi-annual	90–120 days
Diversified private equity fund-of-funds	165,342	360,976	No redemptions	Not applicable
Multi-strategy	6,321,444	—	Quarterly	Quarterly
Global long/short and event-driven	<u>5,381,159</u>	<u>—</u>	Quarterly	65 days
Total	<u>\$ 15,969,293</u>	<u>2,618,513</u>		

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<b>2018</b>				
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>
Distressed debt securities	\$ 6,915,865	2,812,085	Semi-annual	90–120 days
Diversified private equity fund-of-funds	249,883	360,976	No redemptions	Not applicable
Multi-strategy	5,902,790	—	Quarterly	Quarterly
Global long/short and event-driven	<u>5,294,316</u>	<u>—</u>	Quarterly	65 days
Total	<u>\$ 18,362,854</u>	<u>3,173,061</u>		

Under the terms of limited partnership agreements, the Council is obligated to periodically advance additional funding for its limited partnership investments. The unfunded commitments have not been recorded as a liability in the accompanying balance sheets. Such commitments generally have fixed expiration dates or other termination clauses. The Council maintains sufficient liquidity in its investment portfolio to cover such calls.

**(4) Grants and Contributions Receivable**

At December 31, 2019 and 2018, grants and contributions receivable are expected to be collected as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 9,395,786	14,459,459
Less allowance for uncollectible amounts	<u>(75,000)</u>	<u>(75,000)</u>
Total grants and contributions receivable, net	<u>\$ 9,320,786</u>	<u>14,384,459</u>

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**(5) Fixed Assets**

Fixed assets at December 31, 2019 and 2018 consist of the following:

	<b>2019</b>	<b>2018</b>
Leasehold improvements	\$ 21,368,078	21,480,462
Furniture and equipment	3,422,580	3,336,354
Computer equipment	3,216,925	3,178,858
Automobiles	646,000	565,618
Office condominium	513,894	513,894
Work-in-progress	30,934	26,102
	29,198,411	29,101,288
Less accumulated depreciation and amortization	(19,541,293)	(18,073,515)
	\$ 9,657,118	11,027,773

**(6) Net Assets with Donor Restrictions**

At December 31, 2019 and 2018, net assets with purpose or time restrictions are to be used for the following purposes:

	<b>2019</b>	<b>2018</b>
Social and behavioral science research	\$ 5,859,866	5,052,755
Biomedical research	3,591,062	5,113,779
Future periods	3,316,285	1,231,946
	\$ 12,767,213	11,398,480

Included in net assets with donor restrictions, subject to purpose or time restrictions, is \$10.9 million and \$9.4 million of built up appreciation on net assets with perpetual restriction as of December 31, 2019 and 2018, respectively.

Net assets with donor restrictions, subject to perpetual donor restriction, support operations as follows:

	<b>2019</b>	<b>2018</b>
DeWitt Wallace Fellowship Fund	\$ 450,000	450,000
Policy Research Endowment Fund	2,035,776	2,035,776
General Fund	3,000,000	3,000,000
	\$ 5,485,776	5,485,776

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### (7) Endowment Funds

The Council's endowment consists of several individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Council follows the New York Prudent Management of Institutional Funds Act (NYPMIFA). Based on the interpretation of NYPMIFA by the Council's Board of Trustees, GAAP, and absent explicit donor stipulations to the contrary, the Council classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as net assets restricted in perpetuity is classified as net assets restricted by purpose or time until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by NYPMIFA and in accordance with the disclosure provisions set forth by Accounting Standards Codification 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*.

In accordance with NYPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Council and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Council
- (7) The investment policies of the Council

The annual 2019 and 2018 spending authorizations were calculated at \$5.2 million and \$5.1 million, respectively. Both amounts represent approximately 5% of the average market value of the endowment over the previous eight quarters ended September 30 unless an endowment fund's spending rate is specifically designated otherwise by a donor. The calculation is performed during the budgeting process and the withdrawal request is proposed to the Board of Trustees for use in support of the subsequent year's budget. In addition, in 2019, the Board of Trustees approved use of up to \$2.5 million to support ongoing activities. Use of these funds was interchangeable with the annual spending authorization. In addition to the spending authorizations, the Board of Trustees approved special appropriations of approximately \$5.9 million and \$3.5 million for 2019 and 2018, respectively. These special appropriations were used to fund the development and introduction of the Nestorone®/Ethinyl Estradiol Contraceptive Vaginal Ring, which has now gone to market under the brand name Annovera®, and other strategic investments specifically approved by the Board of Trustees.

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The authorized withdrawal is drawn down as funds are needed, during, or immediately subsequent to, the budget year for which funds were authorized.

Actual spending may be less than the authorized amount. When less is spent, the unused amount is carried forward for appropriation by the Board of Trustees in future budget periods.

The goal of the Council's endowment investment policy is to maximize long-term total return through a combination of income and capital appreciation, in a prudent manner consistent with sound investment practice, to achieve a return at least equal to the spending rate, net of fees over rolling five-year periods. To achieve the goals of growth and income, the endowment portfolio is divided into growth and fixed-income components.

The following tables present the changes in the Council's endowment funds with donor restrictions and funds designated by the Board of Trustees to function as endowments for the years ended December 31, 2019 and 2018:

	<b>2019</b>			<b>Total</b>
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>		
		<b>Purpose or time</b>	<b>Perpetual</b>	
Endowment net assets, beginning of year	\$ 87,667,707	9,427,362	5,485,776	102,580,845
Designations	20,000,000	—	—	20,000,000
Investment return, net	16,494,178	2,810,823	—	19,305,001
Endowment spend	<u>(11,559,746)</u>	<u>(1,350,052)</u>	<u>—</u>	<u>(12,909,798)</u>
Endowment net assets, end of year	<u>\$ 112,602,139</u>	<u>10,888,133</u>	<u>5,485,776</u>	<u>128,976,048</u>
Endowment funds with donor restrictions	\$ —	10,888,133	5,485,776	16,373,909
Board-designated endowment funds	<u>112,602,139</u>	<u>—</u>	<u>—</u>	<u>112,602,139</u>
Total funds	<u>\$ 112,602,139</u>	<u>10,888,133</u>	<u>5,485,776</u>	<u>128,976,048</u>

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	<b>2018</b>			
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>		<u>Total</u>
		<u>Purpose or time</u>	<u>Perpetual</u>	
Endowment net assets, beginning of year	\$ 79,564,308	11,236,768	5,485,776	96,286,852
Designations	20,012,572	—	—	20,012,572
Investment return, net	(3,640,872)	(544,495)	—	(4,185,367)
Endowment spend	<u>(8,268,301)</u>	<u>(1,264,911)</u>	<u>—</u>	<u>(9,533,212)</u>
Endowment net assets, end of year	\$ <u>87,667,707</u>	<u>9,427,362</u>	<u>5,485,776</u>	<u>102,580,845</u>
Endowment funds with donor restrictions	\$ —	9,427,362	5,485,776	14,913,138
Board-designated endowment funds	<u>87,667,707</u>	<u>—</u>	<u>—</u>	<u>87,667,707</u>
Total funds	\$ <u>87,667,707</u>	<u>9,427,362</u>	<u>5,485,776</u>	<u>102,580,845</u>

**(8) Leases**

**(a) Headquarters Office**

The Council occupies its New York headquarters office under a 16-year noncancelable operating lease for two floors expiring on December 31, 2030. The lease agreement includes rental escalations, which have been deferred and are being amortized over the term of the lease. The unamortized balance of the deferred rent credit as of December 31, 2019 and 2018 was \$4,533,486 and \$4,482,642, respectively.

Future minimum lease payments by the Council are as follows:

	<u>Amount</u>
Year ending December 31:	
2020	\$ 2,143,000
2021	2,143,000
2022	2,143,000
2023	2,143,000
2024	2,143,000
Thereafter	<u>14,244,000</u>
	\$ <u>24,959,000</u>

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The Council has subleased a portion of its headquarters office space. Future minimum lease payments by current sublease tenants are as follows:

	<u>Amount</u>
Year ending December 31:	
2020	\$ 644,000
2021	709,000
2022	710,000
2023	710,000
2024	710,000
Thereafter	<u>711,000</u>
	<u>\$ 4,194,000</u>

Rent expense for the headquarters office was \$1,539,788 and \$1,397,056 net of sublease income of \$721,491 and \$658,546 in 2019 and 2018, respectively.

The sublease agreements include rental abatements and escalations that are being recognized over the term of the lease. The unamortized balance as of December 31, 2019 was \$123,952.

**(b) Center for Biomedical Research**

The Council's CBR occupies three floors of office and laboratory space at Rockefeller University (the University) under a noncancelable operating lease expiring June 30, 2021. Rent expense was \$2,287,828 and \$2,351,033 in 2019 and 2018, respectively. Annual rent expense is adjusted based upon the Council's pro rata share of actual expenses incurred by the University and the annual percentage increase in the New York area's Consumer Price Index.

Future minimum lease payments by the Council are as follows:

	<u>Amount</u>
Year ending December 31:	
2020	\$ 2,335,000
2021	<u>1,180,000</u>
	<u>\$ 3,515,000</u>

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**(c) Washington, DC Regional Office**

During 1997, the Council entered into an operating lease agreement for office space located in Washington, DC. The agreement contains a special cancellation right in the event that specific cooperative agreements between the Council and the USAID are either not renewed or are otherwise terminated. The term of the lease agreement expired on March 31, 2014. During 2014, the Council entered into a second amendment to the current agreement to expand the premises and extend the lease term through February 29, 2028. The new lease agreement includes rental abatements and other allowances totaling \$728,750, which have been deferred and is being amortized over the term of the lease. The unamortized balance of the deferred rent credit as of December 31, 2019 and 2018 was \$662,586 and \$695,275, respectively. The rent expense for this lease was \$378,116 and \$364,452 in 2019 and 2018, respectively.

Future minimum lease payments by the Council are as follows:

	<u>Amount</u>
Year ending December 31:	
2020	\$ 408,000
2021	418,000
2022	428,000
2023	439,000
2024	450,000
Thereafter	<u>1,502,000</u>
	<u>\$ 3,645,000</u>

**(d) Overseas Offices**

The Council also has operating lease agreements at its various overseas locations. Rent expense under these leases was \$1,082,480 and \$1,155,752 in 2019 and 2018, respectively. Approximated future minimum lease payments are as follows:

	<u>Amount</u>
Year ending December 31:	
2020	\$ 933,380
2021	578,068
2022	522,644
2023	145,680
2024	<u>150,152</u>
	<u>\$ 2,329,924</u>

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**(9) Pension**

The Council has a noncontributory defined contribution pension plan, covering substantially all of its U.S. employees with at least one year of service and who work at least 20 hours per week. Contributions of 12% of the U.S. paid employees' base salaries are funded annually up to a maximum of \$24,000 per employee. Total pension expense for 2019 and 2018 was approximately \$2,289,300 and \$2,254,300, respectively.

**(10) Postretirement Benefits**

For retired employees, who meet certain minimum age and length of service requirements, the Council sponsors a defined benefit postretirement healthcare plan that provides medical and dental benefits. During 1998, the Council established a trust to fund a portion of its postretirement medical benefit plan. Assets of the trust amounting to \$4,373,235 and \$4,185,761 are included in the balance sheets as of December 31, 2019 and 2018, respectively. Assets of the trust primarily consisting of short-term investments, domestic equity and fixed-income securities (68%) and international equity and fixed-income securities (32%) are considered Level 1 under the Council's fair value hierarchy. The plan is contributory, with retiree contributions adjusted periodically.

The following table presents the information regarding the postretirement medical benefits plan at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Benefit obligation at December 31	\$ 11,562,818	10,505,086
Fair value of plan assets at December 31	<u>4,373,235</u>	<u>4,185,761</u>
Funded status	<u>\$ (7,189,583)</u>	<u>(6,319,325)</u>
Postretirement medical benefits payable	\$ 11,562,818	10,505,086
Benefit cost	408,651	522,453
Employer contribution	1,381	13,489
Plan participants' contributions	377,650	374,287
Benefits paid	(900,004)	(916,742)
Return on assets	708,448	(281,567)
Benefits obligation weighted average discount rate at December 31	3.50 %	4.40 %
Benefits cost weighted average discount rate for the year ended December 31	4.40	3.85

For measurement purposes, a 4.50% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2019 and 2018 and all future years. This annual rate of increase is net of participant contributions.

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The net period postretirement benefit expenses include the following components:

	<b>2019</b>	<b>2018</b>
Net periodic benefit cost:		
Service cost	\$ 94,334	131,675
Interest cost	452,267	463,032
Expected return on plan assets	(234,182)	(280,603)
Recognized actuarial loss	96,232	208,349
Total net periodic postretirement cost	\$ 408,651	522,453

As a result of adopting FASB ASU 2017-07, all other components of net benefit cost other than the service cost component of \$314,317 for 2019 and \$390,778 for 2018 were presented as nonoperating activities.

The asset allocations of postretirement plan assets at December 31, 2019 and 2018 are summarized as follows:

	<b>2019</b>	<b>2018</b>
Short-term investments	2 %	1 %
Fixed-income securities:		
Domestic	22	26
International	14	9
Equity securities:		
Domestic	39	38
International	18	21
Other assets:		
Domestic	5	5
	100 %	100 %

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Projected benefit payments, net of participant contributions for each of the next five years and thereafter, are as follows:

	<u>Amount</u>
Year(s) ending December 31:	
2020	\$ 482,982
2021	492,323
2022	500,666
2023	526,678
2024	546,450
2025-2029	<u>2,774,511</u>
Projected contributions for 2019	<u>\$ 5,323,610</u>

The net actuarial loss not yet recognized as a component of net periodic postretirement benefit cost increased from \$3,133,695 in 2018 to \$3,596,682 in 2019, primarily due to the change in certain actuarial assumptions. Amortization of the net actuarial loss in 2019 was \$96,232.

**(11) Loan Payable**

On February 27, 2015, the Council entered into a loan agreement with SunTrust Bank. Pursuant to the agreement, the bank loaned the Council an aggregate principal amount of \$7.5 million to support the build out of the Council's new office spaces in New York and Washington DC., as well as the costs incurred to implement an Enterprise Resource Planning system. As of December 31, 2019, the outstanding balance on the loan is \$2,792,372 plus accrued capitalized interest of \$126,292. Principal repayments commenced in March 2017 and are payable monthly through February 2022. Interest on the loan accrues at LIBOR plus 1% of the aggregate principal and is payable monthly. As of December 31, 2019, the interest rate was 2.71% and interest paid during the year amounted to \$112,874.

**(12) Liquidity and Availability of Resources**

The Council regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet operating expenditures over a 12-month period, the Council considers all expenditures related to its ongoing mission-related activities, as well as the conduct of services undertaken to support those activities, to be operating expenditures.

In addition to financial assets available to meet operating expenditures over the next 12 months, the Council operates with a balanced budget and anticipates receiving sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows, which identifies the sources and uses of the Council's cash and shows positive cash generated by operations for fiscal year 2019. To help manage unanticipated liquidity needs the Council maintains line of credit of \$3,000,000, with no outstanding balance at December 31, 2019, which it could draw upon.

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The Population Council financial assets comprised the following at December 31, 2019:

Financial assets at year-end:	
Cash and cash equivalents	\$ 8,230,102
Grants and contributions receivable, net	9,320,786
Other receivables	1,270,171
Investments	<u>140,306,710</u>
Total financial assets at year-end	\$ <u><u>159,127,769</u></u>

As of December 31, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet the general expenditures:

Financial assets at year-end:	
Cash and cash equivalents	\$ 8,230,102
Grants and contributions receivable, net	9,320,786
Other receivables	1,270,171
Investments *	<u>22,926,325</u>
Total financial assets at year-end	\$ <u><u>41,747,384</u></u>

\* Investments include \$10.6 million and \$1.0 million approved for use in 2020 from Board designated and donor restricted endowment net assets, respectively, as well as \$11.3 million of operating funds included in investments, which is yet to be transferred.

The Council excludes funds that are Board designated as quasi endowment, which totaled approximately \$113 million at December 31, 2019, from assets available to meet general expenditures. These funds are invested for long term appreciation.

### (13) U.K. Department for International Development

The Council incurred expenses and received remittances from the U.K. Department for International Development during 2019 against purchase order numbers listed below.

Total remittances received during 2019 are as follows:

Purchase order number 5246	\$ 384,775
Purchase order number 40054814	(618)
Purchase order number 6171	1,426,454
Purchase order number 4150	858,847

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Total expenditures incurred during 2019 are as follows:

Purchase order number 5246	\$	144
Purchase order number 40054814		(6,818)
Purchase order number 6171		1,963,052
Purchase order number 4150		1,139,122

**(14) Save the Children Netherlands**

The Council incurred expenses and received remittances from the Save the Children Netherlands/More Than Brides Alliance during 2019 against grant MINBUZA-2016.55195.

Program advance balance at December 31, 2018	\$	(3,376)
Receipt of funds		(824,202)
Expenditures incurred:		
Program costs HQ		356,238
Country program costs – India		58,845
Country program costs – Mali		1,443
Country program costs – Niger		2,210
Country program costs – Malawi		<u>(15,899)</u>
Total program costs		402,837
Indirect cost		<u>90,749</u>
Total expenditures incurred		<u>493,586</u>
Program advances balance at December 31, 2019	\$	<u><u>(333,992)</u></u>

**(15) Contingencies**

The Council is contingently liable under certain claims and lawsuits, many of which are covered in whole or in part by insurance. In management's opinion, none of these claims and lawsuits will have a material adverse effect on the Council's financial position or changes in net assets.

**(16) Subsequent Events**

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID 19) a global pandemic. This public health emergency and subsequent economic downturn will likely have a negative impact on the Council's ability to execute on its mission. The financial markets have experienced significant volatility in 2020, which may materially and adversely impact the value of the Council's investments.

Due to the COVID 19 pandemic, subsequent anticipated economic downturn, direct anticipated impact on the Council, and negative long term consequences of accessing other forms of liquidity to avoid layoffs, the Council applied for and received a Paycheck Protection Program loan under the USG's CARES Act in April 2020.

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The Council evaluated subsequent events from the balance sheet date of December 31, 2019 through June 18, 2020, which was the date the financial statements were available to be issued and determined that no additional disclosures are required.