

Consolidated Financial Statements and
Report of Independent Certified Public Accountants

THE POPULATION COUNCIL, INC.

December 31, 2020 and 2019

THE POPULATION COUNCIL, INC.

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GRANT THORNTON LLP

757 Third Avenue, 9th Floor
New York, NY 10017-2013

D +1 212 599 0100

F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Trustees
The Population Council, Inc.

We have audited the accompanying consolidated financial statements of The Population Council, Inc. (the "Council"), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the consolidated 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 Council'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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Population Council, Inc. as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter*Predecessor Auditor's Report*

The consolidated financial statements of The Population Council, Inc. as of and for the year ended December 31, 2019 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2019 consolidated financial statements in their report dated June 18, 2020.



New York, New York
June 18, 2021

THE POPULATION COUNCIL, INC.

Consolidated Balance Sheets

December 31, 2020 and 2019

Assets	2020	2019
Cash and cash equivalents	\$ 20,592,233	8,230,102
Grants and contributions receivable, net (note 2(e) and 4):		
U.S. government agencies	3,773,710	3,524,707
Other	5,468,056	5,796,079
Other receivables	1,600,902	1,270,171
Prepaid expenses and other assets	1,055,420	1,074,995
Investments (note 3)	124,705,590	140,306,710
Fixed assets, net (note 5)	8,741,799	9,657,118
Total assets	\$ 165,937,710	169,859,882
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses, and other liabilities	\$ 4,715,211	3,556,613
Awards, contracts, and fellowships payable	17,464	2,110,063
Program advances (note 2 (e))	14,741,512	17,171,015
Loans payable (note 11)	1,503,585	2,792,372
Deferred rent credit, net (note 8)	4,708,918	5,072,120
Deferred revenue	4,181,900	—
Accrued lease obligation	—	25,907
Postretirement medical benefits payable (note 10)	4,997,694	7,189,583
Total liabilities	34,866,284	37,917,673
Commitments and contingencies (notes 3, 8, 10, 11 and 15)		
Net assets:		
Net assets without donor restrictions:		
General undesignated	(222,694)	1,087,081
The John D. Rockefeller 3rd Memorial Fund (note 7)	111,470,885	112,602,139
Total net assets without donor restrictions	111,248,191	113,689,220
Net assets with donor restrictions:		
Purpose or time restricted (notes 6 and 7)	14,337,459	12,767,213
Restricted by donors in perpetuity (notes 6 and 7)	5,485,776	5,485,776
Total net assets with donor restrictions	19,823,235	18,252,989
Total net assets	131,071,426	131,942,209
Total liabilities and net assets	\$ 165,937,710	169,859,882

See accompanying notes to consolidated financial statements.

THE POPULATION COUNCIL, INC.

Consolidated Statement of Activities

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2020
Operating revenue:			
Grants and contributions (notes 2(k), 13 and 14)	\$ 37,962,616	5,793,858	43,756,474
Royalties	4,145,506	—	4,145,506
Investment return, net	8,449,726	1,294,724	9,744,450
Other	137,540	—	137,540
Net assets released from restrictions	4,746,494	(4,746,494)	—
Total operating revenue	<u>55,441,882</u>	<u>2,342,088</u>	<u>57,783,970</u>
Operating expenses:			
Program services:			
Social and Behavioral Sciences	37,079,026	—	37,079,026
Biomedical Research	11,919,859	—	11,919,859
Total program services	<u>48,998,885</u>	<u>—</u>	<u>48,998,885</u>
Supporting services:			
Management and general	11,698,302	—	11,698,302
Fund-raising	492,567	—	492,567
Total supporting services	<u>12,190,869</u>	<u>—</u>	<u>12,190,869</u>
Total operating expenses	<u>61,189,754</u>	<u>—</u>	<u>61,189,754</u>
Excess (deficiency) of operating revenue over operating expenses	(5,747,872)	2,342,088	(3,405,784)
Other changes in net assets:			
Postretirement benefit changes other than net periodic benefit cost (note 10)	2,631,057	—	2,631,057
Net Periodic benefit costs other than service cost (note 10)	(343,749)	—	(343,749)
Transfer from endowments (note 7)	771,842	(771,842)	—
Foreign currency adjustment	247,693	—	247,693
(Decrease) Increase in net assets	<u>(2,441,029)</u>	<u>1,570,246</u>	<u>(870,783)</u>
Net assets at beginning of year	<u>113,689,220</u>	<u>18,252,989</u>	<u>131,942,209</u>
Net assets at end of year	<u>\$ 111,248,191</u>	<u>19,823,235</u>	<u>131,071,426</u>

See accompanying notes to consolidated financial statements.

THE POPULATION COUNCIL, INC.

Consolidated Statement of Activities

Year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2019
Operating revenue:			
Grants and contributions (notes 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	46,090,110	—	46,090,110
Biomedical Research	11,600,683	—	11,600,683
Total program services	<u>57,690,793</u>	<u>—</u>	<u>57,690,793</u>
Supporting services:			
Management and general	12,515,021	—	12,515,021
Fund-raising	661,742	—	661,742
Total supporting services	<u>13,176,763</u>	<u>—</u>	<u>13,176,763</u>
Total operating expenses	<u>70,867,556</u>	<u>—</u>	<u>70,867,556</u>
Excess of operating revenue over operating expenses	23,285,386	2,718,785	26,004,171
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)	—
Foreign currency adjustment	84,665	—	84,665
Increase in net assets	<u>23,942,798</u>	<u>1,368,733</u>	<u>25,311,531</u>
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 consolidated financial statements.

THE POPULATION COUNCIL, INC.

Consolidated Statement of Functional Expenses

Year ended December 31, 2020

	Program Services			Supporting Services			Total Expenses
	Social and Behavioral Sciences	Biomedical Research	Total	Management and General	Fund-raising	Total	
Awards, contracts, and fellowships	\$ 4,464,134	302,564	4,766,698	—	—	—	4,766,698
Salaries and allowances	17,751,518	4,428,485	22,180,003	6,438,280	290,514	6,728,794	28,908,797
Pensions and other employee benefits (note 9)	5,506,686	1,372,618	6,879,304	2,120,497	101,159	2,221,656	9,100,960
Consultants and professional fees	2,207,177	336,283	2,543,460	783,145	20,782	803,927	3,347,387
Research and related services	1,463,101	1,372,102	2,835,203	42,839	—	42,839	2,878,042
Program supplies and maintenance	276,484	773,858	1,050,342	—	—	—	1,050,342
Travel and meetings	1,426,956	47,448	1,474,404	46,048	2,058	48,106	1,522,510
Occupancy, net (note 8)	2,235,694	2,373,398	4,609,092	830,545	38,162	868,707	5,477,799
Telecommunications, postage, and supplies	408,561	129,944	538,505	104,257	3,854	108,111	646,616
Office equipment and maintenance	406,677	100,267	506,944	458,487	10,379	468,866	975,810
Printing, publications, books, and journals	320,012	5,491	325,503	29,446	4,884	34,330	359,833
Insurance	13,984	103,653	117,637	175,233	—	175,233	292,870
Other fees	24,862	5,276	30,138	81,642	4,516	86,158	116,296
Total expenses before depreciation and amortization	36,505,846	11,351,387	47,857,233	11,110,419	476,308	11,586,727	59,443,960
Depreciation and amortization of leasehold improvements, equipment, and other	573,180	568,472	1,141,652	587,883	16,259	604,142	1,745,794
Net periodic benefit costs other than service cost (note 10)	—	—	—	343,749	—	343,749	343,749
2020 Total	\$ 37,079,026	11,919,859	48,998,885	12,042,051	492,567	12,534,618	61,533,503
2019 Total	\$ 46,090,110	11,600,683	57,690,793	12,829,338	661,742	13,491,080	71,181,873

See accompanying notes to consolidated financial statements.

THE POPULATION COUNCIL, INC.

Consolidated 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
Total expenses before depreciation and amortization	45,543,366	11,034,256	56,577,622	11,939,800	641,322	12,581,122	69,158,744
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
Total	\$ 46,090,110	11,600,683	57,690,793	12,829,338	661,742	13,491,080	71,181,873

See accompanying notes to consolidated financial statements.

THE POPULATION COUNCIL, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
(Decrease) Increase in net assets	\$ (870,783)	25,311,531
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,745,794	1,708,812
Deferred rent credit	(363,202)	(16,830)
Net appreciation in fair value of investments	(8,266,220)	(16,165,514)
Other postretirement changes other than net periodic benefit cost	(2,631,057)	462,988
Net loss (gain) on sale of fixed assets	19,424	(23,604)
Changes in assets and liabilities:		
Grants and contributions receivable	79,020	5,063,673
Other receivables	(330,731)	(440,241)
Prepaid expenses and other assets	19,575	(345,955)
Accounts payable, accrued expenses, and other liabilities	1,139,698	(95,018)
Awards, contracts, and fellowships payable	(2,092,599)	(4,438,619)
Program advances	(2,429,503)	4,233,724
Deferred revenue	4,181,900	—
Postretirement medical benefits	439,168	407,270
Net cash (used in) provided by operating activities	(9,359,516)	15,662,217
Cash flows from investing activities:		
Purchase of investments	(99,573,335)	(59,188,740)
Proceeds from sale of investments	123,440,675	42,450,375
Purchases of fixed assets	(835,877)	(325,409)
Proceeds from sale of fixed assets	4,878	23,604
Net cash provided by (used in) investing activities	23,036,341	(17,040,170)
Cash flows from financing activities:		
Proceeds from loan	—	—
Payment on loan payable	(1,288,787)	(1,288,787)
Payment on capital leases	(25,907)	(41,389)
Net cash used in financing activities	(1,314,694)	(1,330,176)
Net increase (decrease) in cash and cash equivalents	12,362,131	(2,708,129)
Cash and cash equivalents at beginning of year	8,230,102	10,938,231
Cash and cash equivalents at end of year	\$ 20,592,233	8,230,102
Supplemental disclosure of non-cash activities		
Accounts payable for capital expenditures	18,900	12,748
Interest paid	112,874	112,874

See accompanying notes to consolidated financial statements.

THE POPULATION COUNCIL, INC.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(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 orphanhood 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 Consolidated Financial Statements

December 31, 2020 and 2019

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 technologies 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 such as investment return, 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 17 offices in 13 countries, Included in these offices are three locally registered organizations in India, Kenya, and Pakistan which do not have income tax filing obligations and a for-profit affiliate in India that is subject to Indian taxation. No provision for income taxes was required for 2020 or 2019. All four affiliates have elected to be disregarded for U.S. income tax purposes. Total revenue and expenses for the four affiliates was approximately \$1,347,800 and \$995,387 as of December 31, 2020 and approximately \$66,000 and \$84,000 as of December 31, 2019, respectively.

The Council has been classified by the Internal Revenue Service as exempt from federal income taxes under Section 501(a) as an organization described in 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.

THE POPULATION COUNCIL, INC.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying consolidated 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.

These consolidated financial statements include all locally registered affiliates included in Note 1 as the Population Council, Inc. controls these affiliates. All intercompany accounts and transactions are eliminated in consolidation.

(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 Consolidated Financial Statements

December 31, 2020 and 2019

(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 recognized as support without restrictions to the extent that the related expenses are incurred or services are rendered (i.e., the barriers to the entitlement are satisfied) in accordance with the terms of the relevant grant or contract agreement. Any unexpended funds received in advance are reported as program advances on the consolidated balance sheets.

THE POPULATION COUNCIL, INC.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

As of December 31, 2020 and 2019, the Council had conditional grants from funding agencies approximating \$64,402,659 and \$55,051,123, respectively, in the form of measurable performance related or other barriers that have not been reflected in the accompanying consolidated 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 consolidated balance sheets.

(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 consolidated 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 consolidated balance sheet date. Revenue and expense accounts are translated at the average rate in effect during the year. Grants and contributions revenue is shown net of foreign exchange losses of approximately \$532,000 and \$143,000 in 2020 and 2019, respectively. The exchange rate gain from the expense transactions and revaluation of the cash accounts at December 31, 2020 and 2019 is shown on the consolidated statement of activities as Foreign Currency Adjustment.

(j) Royalties

Royalties are received from commercial partners in return for the rights to use the Council's intellectual property rights or ownership of research for their products. For royalty agreements which include variable consideration, revenue is recognized after products are sold based on the percentage of net cash reported to the Council quarterly. For royalty agreements which include milestones, revenue is recognized when all obligations under the milestone are satisfied.

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For the years ended December 2020 and 2019, royalty revenues recognized are comprised of the following:

	<u>2020</u>	<u>2019</u>
Sales-based	\$ 4,145,506	3,224,814
Milestone-based	<u>-</u>	<u>20,000,000</u>
	<u>\$ 4,145,506</u>	<u>23,224,814</u>

Management has elected the practical expedient permitted under Accounting Standards Codification (“ASC”) 606 not to disclose information about remaining performance obligations as these contracts have original terms that are one year or less.

(k) Concentration of Support

During 2020 and 2019, approximately \$10.8 million and \$18.2 million, respectively, of the Council’s grants were funded directly by the United States Agency for International Development (USAID). As of December 31, 2020 and 2019, approximately \$1.0 million and \$1.0 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 42% of the revenue in 2020 and 29% of the revenue in 2019.

(l) Expense Allocation

The consolidated 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 consolidated balance sheets.

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(n) Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the consolidated balance sheets for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right of-use asset.

In June 2020, the FASB issued ASU 2020-05, which provided for a one-year deferral on the requirements of ASU 2016-02. This guidance is effective for The Council’s annual reporting period beginning January 1, 2022. Early adoption is permitted. The Council is currently evaluating the new guidance and has not determined the impact this standard may have on its consolidated financial statements.

(o) Reclassifications

Certain information in the fiscal 2019 consolidated financial statements has been reclassified to conform to the fiscal 2020 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses, or changes in net assets as reflected in the 2019 consolidated financial statements.

(3) Investments

The following tables present the Council’s fair value hierarchy for its investments as of December 31, 2020 and 2019. 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 consolidated balance sheets:

	2020		2019	
	Fair Value	Level 1	Fair Value	Level 1
Short-term investment	\$ 6,900,210	6,900,210	34,537,219	34,537,219
Equities (common stock)	8,405,746	8,405,746	9,080,346	9,080,346
Mutual Funds:				
Large growth equity	22,677,307	22,677,307	40,191,350	40,191,350
Indexed equity	8,884,058	8,884,058	-	-
International equity	10,620,468	10,620,468	11,740,166	11,740,166
High-yield equity	719,721	719,721	945,432	945,432
International emerging	5,861,968	5,861,968	5,211,209	5,211,209
Sub Total	64,069,478	64,069,478	101,705,722	101,705,722
Alternative Investments measured at NAV:				
Limited partnership	59,322,757		38,600,988	
Investment redemption receivable	1,313,355		-	
Total Investments	\$ 124,705,590		140,306,710	

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The Population Council, Inc. submitted a redemption request relative to an investment fund, which remained outstanding as of December 31, 2020. This redemption receivable continues to be reflected as part of investments on the accompanying consolidated balance sheets and was collected in full subsequent to year-end.

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

2020				
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Distresses debt securities	\$ 2,653,599	-	Semi-annual	90 days
Diversified private equity fund-of-funds	87,480	360,976	No Redemptions	Not applicable
Distressed/restructuring Index	8,144,799	-	Annualy	90 Days
Event-driven (total) index	5,167,053	-	Illiquid	Not applicable
Multi-strategy	6,809,049	-	Quarterly	65 days
Fixed income	6,788,577	-	Daily	3 days
Small mid cap holdings	13,351,392	-	Monthly	30 Days
Global public equity	11,808,520	-	Weekly	3 days
Global long/short credit and event driven	4,512,288	-	Quarterly	65 days
Total	\$ 59,322,757	360,976		

2019				
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Distresses debt securities	\$ 4,101,348	2,257,537	Semi-annual	90 days
Diversified private equity fund-of-funds	165,342	360,976	No Redemptions	Not applicable
Multi-strategy	6,321,444	-	Quarterly	65 days
Fixed income	8,618,717	-	Daily	3 days
Small mid cap holdings	14,012,978	-	Monthly	30 Days
Global long/short credit and event driven	5,381,159	-	Quarterly	65 days
Total	\$ 38,600,988	2,618,513		

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 consolidated 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.

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(4) Grants and Contributions Receivable

At December 31, 2020 and 2019, grants and contributions receivable are expected to be collected as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 9,316,766	9,395,786
Less allowance for uncollectible amounts	<u>(75,000)</u>	<u>(75,000)</u>
Total grants and contributions receivable, net	<u>\$ 9,241,766</u>	<u>9,320,786</u>

(5) Fixed Assets

Fixed assets at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 21,363,365	21,368,078
Furniture and equipment	3,617,677	3,422,580
Computer equipment	3,309,161	3,216,925
Automobiles	628,065	646,000
Office condominium	513,894	513,894
Work-in-progress	<u>201,467</u>	<u>30,934</u>
	29,633,629	29,198,411
Less accumulated depreciation and amortization	<u>(20,891,830)</u>	<u>(19,541,293)</u>
	<u>\$ 8,741,799</u>	<u>9,657,118</u>

(6) Net Assets with Donor Restrictions

At December 31, 2020 and 2019, net assets with purpose or time restrictions are to be used for the following purposes:

	<u>2020</u>	<u>2019</u>
Social and behavioral science research	\$ 7,431,301	5,859,866
Biomedical research	3,585,765	3,591,062
Future periods	<u>3,320,393</u>	<u>3,316,285</u>
	<u>\$ 14,337,459</u>	<u>12,767,213</u>

Included in net assets with donor restrictions, subject to purpose or time restrictions, is \$11.4 million and \$10.9 million of built up appreciation on net assets with perpetual restriction as of December 31, 2020 and 2019, respectively.

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

	<u>2020</u>	<u>2019</u>
DeWitt Wallace Fellowship Fund	\$ 450,000	450,000
Policy Research Endowment Fund	2,035,776	2,035,776
General Fund	<u>3,000,000</u>	<u>3,000,000</u>
	<u>\$ 5,485,776</u>	<u>5,485,776</u>

(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

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The annual 2020 and 2019 spending authorizations were calculated at \$5.5 million and \$5.2 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 2020, the Board of Trustees approved use of up to \$1.0 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 and transferred special appropriations of approximately \$5.9 million and \$5.9 million for 2020 and 2019, 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.

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, 2020 and 2019:

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose or Time	Perpetual	
Endowment net assets, beginning of year	\$ 112,602,139	10,888,133	5,485,776	128,976,048
Designations	3,000	—	—	3,000
Investment return, net	8,429,748	1,293,315	—	9,723,063
Transfer from investment	(10,000,000)	—	—	(10,000,000)
Cash endowment	10,000,000	—	—	10,000,000
Endowment spend	<u>(9,564,002)</u>	<u>(771,842)</u>	<u>—</u>	<u>(10,335,844)</u>
Endowment net assets, end of year	\$ <u>111,470,885</u>	<u>11,409,606</u>	<u>5,485,776</u>	<u>128,366,267</u>
Endowment funds with donor restrictions	\$ —	11,409,606	5,485,776	16,895,382
Board-designated endowment funds	<u>111,470,885</u>	<u>—</u>	<u>—</u>	<u>111,470,885</u>
Total endowment	\$ <u>111,470,885</u>	<u>11,409,606</u>	<u>5,485,776</u>	<u>128,366,267</u>

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	2019			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose or Time	Perpetual	
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>

(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, 2020 and 2019 was \$4,247,498 and \$4,533,486, respectively.

Future minimum lease payments by the Council are as follows:

	<u>Amount</u>
Year ending December 31:	
2021	\$ 2,143,000
2022	2,143,000
2023	2,143,000
2024	2,143,000
2025	2,374,000
Thereafter	<u>11,870,000</u>
	\$ <u>22,816,000</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:	
2021	\$ 709,000
2022	710,000
2023	710,000
2024	710,000
2025	<u>711,000</u>
	<u>\$ 3,550,000</u>

Rent expense for the headquarters office was \$1,428,393 and \$1,539,788 net of sublease income of \$731,661 and \$721,491 in 2020 and 2019, respectively.

The sublease agreements include rental abatements and escalations that are being recognized over the term of the lease. The unamortized balance was \$158,529 and \$123,952 as of December 31, 2020 and 2019, respectively.

(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. During January 2021, the Council amended the lease with two floors and extended the term with the expiration date as of June 30, 2024.

Rent expense was \$2,337,005 and \$2,287,828 in 2020 and 2019, 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:	
2021	\$ 2,038,000
2022	1,742,000
2023	1,794,000
2024	<u>910,000</u>
	<u>\$ 6,484,000</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, 2020 and 2019 was \$619,949 and \$662,586, respectively. The rent expense for this lease was \$349,158 and \$378,116 in 2020 and 2019, respectively.

Future minimum lease payments by the Council are as follows:

	<u>Amount</u>
Year ending December 31:	
2021	\$ 418,000
2022	428,000
2023	439,000
2024	450,000
2025	462,000
Thereafter	<u>1,040,000</u>
	<u>\$ 3,237,000</u>

(d) Overseas Offices

The Council also has operating lease agreements at its various overseas locations. Rent expense under these leases was \$986,674 and \$1,082,480 in 2020 and 2019, respectively. Approximated future minimum lease payments are as follows:

	<u>Amount</u>
Year ending December 31:	
2021	\$ 845,464
2022	584,996
2023	145,984
2024	<u>36,445</u>
	<u>\$ 1,612,889</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 2020 and 2019 was approximately \$2,155,928 and \$2,289,300, 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 \$4,274,559 and \$4,373,235 are included in the consolidated balance sheets as of December 31, 2020 and 2019, respectively. Assets of the trust primarily consisting of short-term investments, domestic equity and fixed-income securities (66%) and international equity and fixed-income securities (34%) 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Benefit obligation at December 31	\$ 9,272,253	11,562,818
Fair value of plan assets at December 31	<u>4,274,559</u>	<u>4,373,235</u>
Funded status	<u>\$ (4,997,694)</u>	<u>(7,189,583)</u>
Postretirement medical benefits payable	\$ 9,272,253	11,562,818
Benefit cost	447,961	408,651
Employer contribution	8,793	1,381
Plan participants' contributions	389,897	377,650
Amendments	(4,391,194)	—
Benefits paid	(941,747)	(900,004)
Return on assets	444,381	708,448
Benefits obligation weighted average discount rate at December 31	2.50 %	3.50 %
Benefits cost weighted average discount rate for the year ended December 31	3.50 %	4.40 %

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The amendments of \$4,391,194 is a result of a change in the Plan's cost-sharing arrangement was adopted by the Council in 2020. The Council's subsidy was capped based on the 2020 cost levels for all current and future retirees. The impact of this amendment was reflected as a negative prior service as of December 31, 2020, which will be amortized as a component of the net periodic postretirement benefit cost over 6.91 years as follows:

<u>Year</u>	<u>Unrecognized at 1/1</u>	<u>Amount to be Recognized During the Year</u>
2021	\$ (4,391,194)	\$ (635,484)
2022	(3,755,710)	(635,484)
2023	(3,120,226)	(635,484)
2024	(2,484,742)	(635,484)
2025	(1,849,258)	(635,484)
2026	(1,213,774)	(635,484)
2027	(578,290)	(578,290)
2028	—	—

For measurement purposes, a 4.50% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2020 and 2019 and all future years. This annual rate of increase is net of participant contributions.

The net period postretirement benefit expenses include the following components:

	<u>2020</u>	<u>2019</u>
Net periodic benefit cost:		
Service cost	\$ 104,212	94,334
Interest cost	415,170	452,267
Expected return on plan assets	(244,394)	(234,182)
Recognized actuarial loss	172,973	96,232
Total net periodic postretirement cost	<u>\$ 447,961</u>	<u>408,651</u>

As a result of adopting FASB ASU 2017-07, all other components of net benefit cost other than the service cost component of \$343,749 for 2020 and \$314,317 for 2019 were presented as nonoperating activities.

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The asset allocations of postretirement plan assets at December 31, 2020 and 2019 are summarized as follows:

	<u>2019</u>	<u>2019</u>
Short-term investments	2 %	2 %
Fixed-income securities:		
Domestic	19	22
International	18	14
Equity securities:		
Domestic	40	39
International	16	18
Other assets:		
Domestic	5	5
	<u>100 %</u>	<u>100 %</u>

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:	
2021	\$ 547,874
2022	568,290
2023	616,368
2024	609,861
2025	588,017
2026-2030	<u>2,634,145</u>
Projected benefit payments for 2020	\$ <u>5,564,555</u>

The net actuarial loss not yet recognized as a component of net periodic postretirement benefit cost decreased from \$3,596,682 in 2019 to \$965,626 in 2020, primarily due to the change in certain actuarial assumptions. Amortization of the net actuarial loss in 2020 was \$172,973.

(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, 2020, the outstanding balance on the loan is \$1,503,585 plus accrued capitalized interest of \$89,696. 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, 2020, the interest rate was 1.15% and interest paid during the year amounted to \$36,596.

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(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. To help manage unanticipated liquidity needs the Council maintains line of credit of \$3,000,000, with no outstanding balance at December 31, 2020, which it could draw upon.

The Population Council financial assets comprised the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 20,592,233	8,230,102
Grants and contributions receivable, net	9,241,766	9,320,786
Other receivables	1,600,902	1,270,171
Investments	<u>124,705,590</u>	<u>140,306,710</u>
Total financial assets at year-end	<u>\$ 156,140,491</u>	<u>159,127,769</u>

As of December 31, 2020 and 2019, the following financial assets could readily be made available within one year of the consolidated balance sheet date to meet the general expenditures:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 20,592,233	8,230,102
Less: Board designated cash endowment*	(8,500,000)	—
Grants and contributions receivable, net	9,241,766	9,320,786
Other receivables	1,600,902	1,270,171
Investments**	<u>18,021,611</u>	<u>22,926,325</u>
Total financial assets at year-end	<u>\$ 40,956,512</u>	<u>41,747,384</u>

* Cash and cash equivalents include \$10.0 million of Board designated endowment cash that has been transferred from investments to be available if needed. The use of \$1.5 million from this balance was authorized by the Board as a part of the 2021 budget.

** Investments include \$10.8 million and \$0.9 million approved for use in 2021 from Board designated and donor restricted endowment net assets, respectively, as well as \$6.3 million of operating funds included in investments, which is yet to be transferred.

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The Council excludes funds that are Board designated as quasi endowment, which totaled approximately \$111 million at December 31, 2020, from assets available to meet general expenditures. These funds are invested for long term appreciation.

(13) U.K. Department of International Development

The Council incurred expenses and received remittances from the U.K. Department of International Development during 2020 against purchase order numbers listed below.

Total remittances received during 2020 are as follows:

Purchase order number 4150	\$	1,820,340
Purchase order number 202874		201,410

Total expenditures incurred during 2020 are as follows:

Purchase order number 6171	\$	71,329
Purchase order number 4150		1,722,532
Purchase order number 202874		309,214
Purchase order number 10046		84,836
Purchase order number 300849-104		127,005

(14) Save the Children Netherlands

The Council incurred expenses and received remittances from the Save the Children Netherlands/More Than Brides Alliance during 2020 against grant MINBUZA-2016.55195.

Program advance balance at December 31, 2019	\$	(327,239)
Receipt of funds		(392,858)
Expenditures incurred:		
Program costs HQ		401,312
Country program costs – India		80,764
Country program costs – Mali		93,723
Country program costs – Niger		63,579
Country program costs – Malawi		79,192
Total program costs		<u>718,570</u>
Indirect cost		<u>182,770</u>
Total expenditures incurred		<u>901,340</u>
Receivables balance at December 31, 2020	\$	<u><u>181,243</u></u>

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Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(15) Danish International Development Agency (DANIDA)

The Council incurred expenses and received remittances from DANIDA for Achieving the Sustainable Development Goals by Investing in Adolescent Girls and Young Women.

Program advance balance at December 31, 2019	\$	—
Receipt of funds		(1,596,424)
Total expenditures incurred		<u>123,513</u>
Program advance balance at December 31, 2020	\$	<u>(1,472,911)</u>

(16) Deferred Revenue

The Population Council was granted a \$4,181,900 loan in April 2020 under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. As of December 31, 2020 the full amount received through PPP1 program is recorded as a deferred revenue in accordance with guidance for conditional contributions. The Population Council has identified associated eligible expenses incurred in 2020 during the covered period. The Council expects to file its forgiveness application within the 10-month statutory limit.

(17) Contingencies

The Council may be involved in various legal actions from time to time arising in the normal course of business. In the opinion of management, there are no matter outstanding that would have a material adverse effect on the consolidated financial statements of the Council.

(18) Subsequent Events

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID 19) a global pandemic. The full impact of the COVID 19 pandemic is continuing to evolve as of the date of this report. As a result of the pandemic the Council's offices are still operating either fully remote, or in a hybrid mode, depending on the situation in each particular country. This is slowing down Council's programs' implementation and, in turn, affects the revenue numbers. There are still many uncertainties associated with the pandemic, including its effect on the awarding organization which funds our programs.

Due to the continuing impact of the COVID 19 pandemic on the Council's revenue, the Council applied for and received a second Paycheck Protection Program Loan in the amount of \$2 million from the SBA in May 2021.

The Council evaluated subsequent events from the consolidated balance sheet date of December 31, 2020 through June 18, 2021, which was the date the consolidated financial statements were available to be issued and determined that no additional disclosures are required.