

IBIS REPRODUCTIVE HEALTH, INC.

Auditors' Report  
And  
Financial Statements

December 31, 2010 and 2009



**Daniel Dennis & Company LLP**  
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Ibis Reproductive Health, Inc.

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**Daniel Dennis & Company LLP**  
*Certified Public Accountants*

To the Board of Directors of  
**Ibis Reproductive Health, Inc.**

*Independent Auditors' Report*

We have audited the accompanying statements of financial position of Ibis Reproductive Health, Inc. (a non-profit organization) as of December 31, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the management of the Organization. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

*Daniel Dennis & Co. LLP*

*May 10, 2011*

11-0211010-003

**Ibis Reproductive Health, Inc.**  
**Statements of Financial Position**  
**December 31, 2010 and 2009**

<i>Assets</i>		
	<i>2010</i>	<i>2009</i>
<i>Current Assets</i>		
Cash and cash equivalents	\$ 1,232,380	\$ 1,441,778
Accounts receivable	87,386	48,846
Prepaid expenses	22,154	23,235
Short-term investments	245,000	726,158
Total current assets	1,586,920	2,240,017
<i>Property and Equipment</i>		
Property and equipment	66,256	78,276
Less: accumulated depreciation	(43,446)	(44,409)
Net property and equipment	22,810	33,867
Total assets	\$ 1,609,730	\$ 2,273,884
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities</i>		
Accrued expenses	\$ 42,472	\$ 21,043
Accrued vacation	42,638	71,789
Total current liabilities	85,110	92,832
<i>Net Assets</i>		
<i>Unrestricted:</i>		
Undesignated	103,117	94,677
Board designated	152,291	126,478
Total unrestricted	255,408	221,155
Temporarily restricted	1,269,212	1,959,897
Total net assets	1,524,620	2,181,052
Total liabilities and net assets	\$ 1,609,730	\$ 2,273,884

*See accompanying notes to financial statements.*

**Ibis Reproductive Health, Inc.**  
**Statements of Activities**  
For the Years Ended December 31, 2010 and 2009

	2010			2009		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
<i>Revenues, Gains and Other Support</i>						
Grants	\$ 7,041	\$ 1,315,735	\$ 1,322,776	\$ 5,376	\$ 1,759,962	\$ 1,765,338
Contributions	15,442	256,563	272,005	20,081	956,178	976,259
In-kind donations	3,150	-	3,150	14,180	-	14,180
Interest income	9,285	-	9,285	15,408	-	15,408
Gain on asset disposal	3,432	-	3,432	-	-	-
Foreign exchange gain(loss), net	(834)	-	(834)	3,734	-	3,734
Net assets released from restrictions	<u>2,262,983</u>	<u>(2,262,983)</u>	<u>-</u>	<u>2,123,667</u>	<u>(2,123,667)</u>	<u>-</u>
 Total revenues, gains and other support	 <u>2,300,499</u>	 <u>(690,685)</u>	 <u>1,609,814</u>	 <u>2,182,446</u>	 <u>592,473</u>	 <u>2,774,919</u>
 <i>Program Services Expenses</i>						
Program services	1,861,771	-	1,861,771	1,800,359	-	1,800,359
Fundraising	20,516	-	20,516	20,520	-	20,520
General and administrative	<u>383,959</u>	<u>-</u>	<u>383,959</u>	<u>316,787</u>	<u>-</u>	<u>316,787</u>
 Total expenses	 <u>2,266,246</u>	 <u>-</u>	 <u>2,266,246</u>	 <u>2,137,666</u>	 <u>-</u>	 <u>2,137,666</u>
 Change in net assets	 34,253	 (690,685)	 (656,432)	 44,780	 592,473	 637,253
 Net assets at beginning of year	 <u>221,155</u>	 <u>1,959,897</u>	 <u>2,181,052</u>	 <u>176,375</u>	 <u>1,367,424</u>	 <u>1,543,799</u>
 Net assets at end of year	 <u>\$ 255,408</u>	 <u>\$ 1,269,212</u>	 <u>\$ 1,524,620</u>	 <u>\$ 221,155</u>	 <u>\$ 1,959,897</u>	 <u>\$ 2,181,052</u>

*See accompanying notes to financial statements.*

**Ibis Reproductive Health, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2010 and 2009**

Expenses	2010				2009			
	Program Services	General and Administrative	Fundraising	Total Expenses	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries	\$ 780,790	\$ 174,024	\$ 16,164	\$ 970,978	\$ 886,970	\$ 135,289	\$ 15,538	\$ 1,037,797
Payroll taxes and employee benefits	204,523	49,349	2,853	256,725	207,652	32,488	3,906	244,046
Consultants	528,882	8,426	30	537,338	369,849	9,207	27	379,083
Travel and entertainment	129,718	23,336	-	153,054	153,773	19,081	305	173,159
Rent	95,769	21,300	-	117,069	91,057	15,443	412	106,912
Supplies	13,251	10,034	316	23,601	10,996	12,965	67	24,028
Professional fees	27,449	24,724	-	52,173	26,558	25,032	-	51,590
Telephone	11,726	23,987	2	35,715	10,691	21,911	7	32,609
Postage	1,311	2,443	231	3,985	2,352	3,441	186	5,979
Printing	8,023	367	276	8,666	4,820	2,924	-	7,744
Insurance	10,565	9,017	-	19,582	-	10,801	-	10,801
Meetings and conferences	31,848	2,254	-	34,102	22,795	1,323	-	24,118
Miscellaneous	17,916	14,387	644	32,947	12,846	8,594	72	21,512
Depreciation	-	20,311	-	20,311	-	18,288	-	18,288
<b>Total expenses</b>	<b>\$ 1,861,771</b>	<b>\$ 383,959</b>	<b>\$ 20,516</b>	<b>\$ 2,266,246</b>	<b>\$ 1,800,359</b>	<b>\$ 316,787</b>	<b>\$ 20,520</b>	<b>\$ 2,137,666</b>

*See accompanying notes to financial statements.*

**Ibis Reproductive Health, Inc.**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2010 and 2009

	2010	2009
<i>Cash Flows from Operating Activities</i>		
Change in net assets	\$ (656,432)	\$ 637,253
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	20,311	18,288
Decrease/(increase) in assets:		
Accounts receivable	(38,540)	27,549
Prepaid expenses	1,081	(6,672)
Other assets	-	2,736
Decrease in liabilities:		
Accrued expenses	<u>(7,722)</u>	<u>(20,457)</u>
Net cash provided by (used in) operating activities	<u>(681,302)</u>	<u>658,697</u>
<i>Cash Flows from Investing Activities</i>		
Sale of short-term investments	481,158	-
Purchase of short-term investments	-	(244,874)
Purchase of property and equipment	(9,254)	(14,127)
Sale of property and equipment	<u>3,032</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>471,904</u>	<u>(259,001)</u>
Net change in cash and cash equivalents	(209,398)	399,696
Cash and cash equivalents - beginning of year	<u>1,441,778</u>	<u>1,042,082</u>
Cash and cash equivalents - end of year	<u>\$ 1,232,380</u>	<u>\$ 1,441,778</u>

*See accompanying notes to financial statements.*

**Ibis Reproductive Health, Inc.**  
Notes to Financial Statements  
December 31, 2010 and 2009

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**1. Organization**

Ibis Reproductive Health, Inc., (the Organization) is a Massachusetts not-for-profit corporation that conducts clinical and social sciences research, advocates for medical reform, and analyzes policy in order to improve women's reproductive autonomy and health throughout the world. The Organization commenced operations in January, 2002.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses when goods are received or services rendered.

*Income Tax Status*

The Organization is exempt from income taxes as a non-profit corporation under Section 501(c)(3) of the U.S. Internal Revenue Code and is also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the year ended December 31, 2010 and 2009, the Organization had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

The Organization evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold, along with accrued interest and penalty thereon would be recorded as an expense in the current year financial statements. At December 31, 2010 the Organization believes that it has no uncertain tax positions within any of its open tax years.

*Cash and Cash Equivalents*

For the purposes of the statement of financial position and the statement of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents includes all of the bank accounts of the Organization, including a bank account in South Africa maintained in Rands. The balance in this account is translated using the current exchange rate with any gains and losses included in the statement of activities and changes in net assets. As of December 31, 2010 and 2009 the Organization held \$45,171 and \$245,000 in cash equivalents.



**Ibis Reproductive Health, Inc.**  
Notes to Financial Statements  
December 31, 2010 and 2009

2. *Summary of Significant Accounting Policies - continued*

*Investments*

The Organization adopted the *Fair Value Measurement* for the measurement of investments that are recognized and disclosed in the financial statements on a recurring basis. A fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted 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 prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 - Inputs are measurements other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly.
- Level 3 - Inputs are unobservable inputs for the investments.

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

Investments are composed of certificates of deposits. Realized and unrealized gains and losses are reported in the *statement of activities*. Investment income (interest and dividends) is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting periods in which they occur.

*Accounts Receivable and Allowance for Doubtful Accounts*

Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. The Organization provides for losses on accounts receivable using the allowance method. This method is based on the review of the current status of the existing receivables, historical collection experience and other circumstances which may affect the ability of the Organization to receive the amount due. At December 31, 2010 and 2009 the Organization believes that all receivables are collectible, therefore no allowance is recorded.

*Property and Equipment*

Equipment and improvements are recorded at cost or at fair market value at the date of donation. The Organization capitalizes all fixed assets greater than \$500. Depreciation is recognized over the estimated useful life of the asset using the straight-line method.

**Ibis Reproductive Health, Inc.**  
Notes to Financial Statements  
December 31, 2010 and 2009

2. *Summary of Significant Accounting Policies - continued*

*Donated Services*

The Organization receives contributions of time and resources from various volunteers and foundations to develop its programs. Services that create or enhance non-financial assets or require specialized skills and are performed by people possessing those skills are recorded, at the estimated fair value, as contributions and expenses. The Organization received \$3,150 and \$14,180 in donated services as of December 31, 2010 and 2009, respectively. These amounts have been reported as both in-kind contribution revenue and in-kind program support expense.

*Financial Statements Presentation*

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization did not have any permanently restricted net assets at December 31, 2010 and 2009. Net assets and changes therein are reported in the following net asset categories:

*Unrestricted Net Assets* - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Operating net assets represent funds available for current operations other than plant and equipment.

*Temporarily Restricted Net Assets* - include the Organization's funds subject to donor-imposed restrictions relevant to time or purpose. These resources are availed upon meeting the purpose restrictions or the passage of time and are then reflected as "net assets released from restrictions." Resources of this nature originate from gifts, grants, bequests and contracts.

*Contributions*

Contributions, including unconditional promises to give, are recognized as revenue in the period received or promised. Restricted contributions are reflected within the appropriate net asset class when received or pledged; amounts released from restrictions are recorded as net assets released from restriction. Temporarily restricted contributions received where related restrictions are met in the same reporting period are classified as released from restriction. Conditional promises to give are not recognized until they become unconditional, that is when the conditions set forth by the contributor are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of contribution.

**Ibis Reproductive Health, Inc.**  
Notes to Financial Statements  
December 31, 2010 and 2009

2. *Summary of Significant Accounting Policies - continued*

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. *Fixed Assets*

Fixed assets consisted of the following:

<i>Description</i>	<i>2010</i>	<i>2009</i>
Furniture, fixtures and equipment	\$ 14,361	\$ 16,108
Computer hardware	22,507	39,502
Computer software	23,230	22,666
Leasehold improvements	<u>6,158</u>	<u>-</u>
Total	66,256	78,276
Less: Accumulated depreciation	<u>(43,446)</u>	<u>(44,409)</u>
Net	<u>\$ 22,810</u>	<u>\$ 33,867</u>

Depreciation expense was \$20,311 and \$18,288 for the years ended December 31, 2010 and 2009, respectively.

4. *Net Assets*

This account represents the cumulative excess of revenue, gains and other support over expenses. Net assets consist of two components, unrestricted and temporarily restricted. Unrestricted funds are not restricted as to use. Temporarily restricted funds are funds that have been restricted as to use by donor or grant requirements.

*Temporarily Restricted*

At June 30, 2010 and 2009, temporarily restricted net assets were restricted for the following purpose:

	<i>2010</i>	<i>2009</i>
Specific research projects	\$ 1,173,883	\$ 1,546,900
Time restricted	<u>95,329</u>	<u>412,997</u>
Total restricted	<u>\$ 1,269,212</u>	<u>\$ 1,959,897</u>

**Ibis Reproductive Health, Inc.**  
Notes to Financial Statements  
December 31, 2010 and 2009

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**5. Board Restricted Net Assets**

The Board of Directors have restricted a portion of the unrestricted net assets at December 31, 2010 and 2009 for future needs of the Organization. This amount is designated in a separate investment account and the earnings thereon will also be board restricted. The balance of the board restricted net assets at December 31, 2010 and 2009 was:

	2010	2009
Beginning balance	\$ 126,478	\$ 125,000
Interest earned	813	1,478
Additions	<u>25,000</u>	<u>-</u>
Ending balance	<u>\$ 152,291</u>	<u>\$ 126,478</u>

**6. Conditional Promises to Give**

During 2010 and 2009, the Organization received conditional promises to give of \$0 and \$252,769, respectively that contained both programmatic and time restrictions. Since these grants represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met.

**7. Concentrations of Support and Revenue**

The Organization received approximately 54% and 56% of its support and revenue from four sources during the years ended December 31, 2010 and 2009, respectively.

**8. Lease Commitments**

The Organization leases office space in Cambridge, Massachusetts under an operating lease agreement. Under the terms of the operating lease arrangement, the Organization pays for certain pass through costs associated with the operation of the building. The lease expires on June 30, 2011. Subsequent to year end the lease was amended to extend the lease period by two years from the current expiration date until June 30, 2013.

The Organization leases office space in San Francisco, California under an operating lease agreement. The lease expires May 31, 2011.

The Organization leased office space in Johannesburg, South Africa from a related party as a tenant at will. During fiscal year 2010 the Organization relocated its office space in Johannesburg, South Africa and entered into an operating lease agreement. Under the terms of the operating lease agreement, the Organization pays for certain operating costs per month. The lease expires on March 31, 2012.

**Ibis Reproductive Health, Inc.**  
Notes to Financial Statements  
December 31, 2010 and 2009

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**8. Lease Commitments – continued**

Future minimum annual rental payments required under these operating lease commitments are as follows:

<i>Year</i>	<i>Amount</i>
2011	\$ 89,208
2012	\$ 77,691
2013	\$ 38,846

Rent expense was \$117,069 and \$106,912 in 2010 and 2009, respectively.

**9. Related Party Transactions**

The Organization leased office space as a tenant at will from an organization whose president is a member of the Organization's Board of Directors. Rent expense for the years ended December 31, 2010 and 2009 was \$3,843 and \$11,950, respectively.

During 2009 the Organization received a sub-grant of \$11,022 from an organization whose president is a member of the Organization's Board of Directors.

During 2010 the Organization sold fully depreciated furniture to an organization whose president is a member of the Organization's Board of Directors. The sale generated \$3,432 of income for the Organization.

**10. Short Term Investments**

At December 31, 2010 and 2009, investments consisted of the following:

	<i>Market Value</i>	
	<i>2010</i>	<i>2009</i>
Certificates of Deposit	\$ 245,000	\$ 726,158
Total	<u>\$ 245,000</u>	<u>\$ 726,158</u>

All investments held by the Organization at December 31, 2010 and 2009 are considered Type I investments.



**Ibis Reproductive Health, Inc.**  
Notes to Financial Statements  
December 31, 2010 and 2009

**14. *Subsequent Events***

The Organization has performed an evaluation of subsequent events through May 10, 2011, which is the date of the Organization's financial statements were issued. No material subsequent events have occurred since December 31, 2010 that requires recognition or disclosure in these financial statements.

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