

POPULATION RESOURCE CENTER, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
AND
INDEPENDENT AUDITOR'S REPORT

POPULATION RESOURCE CENTER, INC.
FINANCIAL STATEMENTS
For the Years Ended December 31, 2006 and 2005

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To the Board of Directors
Population Resource Center, Inc.
1 Highland Road
Lawrenceville, New Jersey 08648

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statements of financial position of Population Resource Center, Inc. (a non-profit Organization) as of December 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Population Resource Center, Inc. as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years than ended in conformity with accounting principles generally accepted in the United States of America.

February 9, 2007

STATEMENTS OF FINANCIAL POSITION

December 31, 2006 and 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and cash equivalents	\$ 236,711	\$ 299,664
Unconditional promises to give	122,544	21,830
Other receivables	5,571	6,046
Prepaid expenses	<u>6,150</u>	<u>6,391</u>
Total current assets	370,976	333,931
Investments	382,166	393,404
Office furniture and equipment, net of accumulated depreciation	1,479	2,039
Rent security deposits	<u>2,952</u>	<u>2,952</u>
Total assets	<u>\$ 757,573</u>	<u>\$ 732,326</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Accounts payable and accrued expenses	\$ 40,875	\$ 31,256
Subtenant security deposit	2,500	900
Unearned income	<u>1,600</u>	<u>630</u>
Total liabilities	<u>44,975</u>	<u>32,786</u>
Net assets:		
Unrestricted		
Undesignated	(169,547)	(104,835)
Designated as Irving S. Friedman development funds	612,380	612,380
Designated as Henry McIntyre funds	170,800	170,800
Temporarily restricted	<u>98,965</u>	<u>21,195</u>
Total net assets	<u>712,598</u>	<u>699,540</u>
Total liabilities and net assets	<u>\$ 757,573</u>	<u>\$ 732,326</u>

The accompanying notes are an integral
part of these financial statements.

POPULATION RESOURCE CENTER, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2006 and 2005

	2006				2005			
	Unrestricted		Temporarily Restricted	Total	Unrestricted		Temporarily Restricted	Total
	General Fund	Project Fund			General Fund	Project Fund		
Support and revenue:								
Foundations	\$ 144,500	\$ 287,477	\$ 98,965	\$ 530,942	\$ 69,000	\$ 70,000	\$ -	\$ 139,000
Individuals	27,348	-	-	27,348	35,700	-	-	35,700
Other income	72	-	-	72	500	-	-	500
Investment income	29,497	-	-	29,497	22,348	-	-	22,348
Rental income	13,538	-	-	13,538	7,560	-	-	7,560
Donated services-expert presenters and reviewers	-	78,000	-	78,000	-	90,000	-	90,000
Noncash contributions	-	39,126	-	39,126	-	18,764	-	18,764
Net assets released from restrictions	-	21,195	(21,195)	-	-	125,362	(125,362)	-
Total support and revenue	214,955	425,798	77,770	718,523	135,108	304,126	(125,362)	313,872
Expenses:								
Personnel	131,071	228,515	-	359,586	146,988	256,713	-	403,701
Professional fees	7,578	13,237	-	20,815	3,995	6,979	-	10,974
Occupancy costs	14,144	24,703	-	38,847	17,725	30,970	-	48,695
Noncash occupancy costs	-	22,800	-	22,800	-	7,600	-	7,600
Program, meetings and travel	31,195	69,220	-	100,415	13,630	12,899	-	26,529
Noncash program, meetings and travel	-	16,326	-	16,326	223	10,941	-	11,164
Educational and public information	1,610	98	-	1,708	6,971	2,051	-	9,022
Board and staff travel	27,618	-	-	27,618	57,377	-	-	57,377
Office and related expenses	8,392	30,398	-	38,790	38,393	-	-	38,393
Depreciation	560	-	-	560	1,404	-	-	1,404
Value of donated services	-	78,000	-	78,000	-	90,000	-	90,000
Total expenses	222,168	483,297	-	705,465	286,706	418,153	-	704,859
Changes in net assets	(7,213)	(57,499)	77,770	13,058	(151,598)	(114,027)	(125,362)	(390,987)
Net transfers	(57,499)	57,499	-	-	(107,834)	107,834	-	-
Net assets, beginning of year	678,345	-	21,195	699,540	937,777	6,193	146,557	1,090,527
Net assets, end of year	\$ 613,633	\$ -	\$ 98,965	\$ 712,598	\$ 678,345	\$ -	\$ 21,195	\$ 699,540

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Changes in net assets	\$ 13,058	\$ (390,987)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	560	1,404
Donated services	78,000	90,000
Donated education, program, meetings and travel	16,326	11,164
In - kind occupancy	22,800	7,600
Non-cash contributions	(124,137)	(109,745)
Unrealized holding (gains) losses	(3,397)	(1,523)
(Gain) loss on sale of investments	-	55
Changes in operating assets and liabilities:		
Unconditional promises to give	(100,714)	18,170
Prepaid expenses	241	1,757
Other receivables	475	(1,671)
Accounts payable and accrued expenses	9,619	(3,986)
Subtenant security deposits	1,600	879
Unearned income	970	630
Total adjustments	<u>(97,657)</u>	<u>14,734</u>
Net cash used by operating activities	<u>(84,599)</u>	<u>(376,253)</u>
Cash flow from investing activities:		
Investments:		
Purchases of investments	(485,365)	(602,132)
Proceeds from the sale of investments	500,000	1,000,000
Proceeds from the sale of investments - stock gifts	7,011	926
Net cash provided by investing activities	<u>21,646</u>	<u>398,794</u>
Net increase (decrease) in cash and cash equivalents	(62,953)	22,541
Cash and cash equivalents:		
Beginning of year	<u>299,664</u>	<u>277,123</u>
End of year	<u>\$ 236,711</u>	<u>\$ 299,664</u>
Supplemental disclosure of cash flow information:		
Non-cash contributions	<u>\$ 124,137</u>	<u>\$ 109,745</u>

The accompanying notes are an integral part of these financial statements.

POPULATION RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization

Population Resource Center, Inc. (the Organization) was incorporated in the State of New York as a not-for-profit corporation. It was established to strengthen understanding and support for the broad field of population nationally and internationally, and to ensure that population factors are incorporated into public policy formation. The Organization has been determined by the Internal Revenue Service to be exempt from Federal income tax as a charitable and educational organization described in Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

The financial statements of Population Resource Center have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 116, accounting for Contributions Received and Made, and SFAS No. 117, Financial Statements of Not-for-Profit Organizations. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The three net asset categories are unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. SFAS No. 116 requires that unconditional promises to give cash or other assets in the future be recorded currently as receivables and revenue, and requires the organization to record contributions received by net asset category in accordance with donor-imposed restrictions. For the years ended December 31, 2006 and 2005 the organization had accounting transactions in only two of the net asset categories as follows:

- Unrestricted net assets - Net assets that are not subject to donor- imposed restrictions.
- Temporarily restricted net assets - Net assets subject to donor- imposed restrictions that will be met by the passage of time or by some action of the organization.

Revenue and Support Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor's restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period are reported as unrestricted support in the statement of activities.

POPULATION RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)2. Summary of Significant Accounting Policies (Continued)Revenue and Support Recognition (Continued)

Unconditional promises to give represent amounts committed by donors that have not been received by the Organization. Contributions with donor-imposed restrictions that limit their use in years subsequent to the next fiscal year are classified as noncurrent assets.

Office Furniture and Equipment

Population Resource Center, Inc. follows the practice of capitalizing major expenditures for equipment and furniture.

Office furniture and equipment are stated at cost or, if donated, at market value at the time of the donation. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets. The lives used are as follows:

Equipment and furniture	5 years
Computer software	36 Months

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of repairs and maintenance are charged to income as incurred. Significant renewals and betterments are capitalized. A deduction is made for retirements resulting from renewals or betterments.

Donated Services

Expert presenters devote three days to each of the Organization's programs in which they participate: one day of preparation, one day of travel, and one day of speaking at the program. In 2006, 29 experts participated in the organizations program for total in-kind contribution of \$69,000. In 2005, 29 experts participated in the Organization's programs for a total in-kind contribution of \$67,500.

Reviewers of the Organization's executive summaries donated one day to editing these publications. In 2006, 9 experts reviewed the Organization's executive summaries for a total in-kind contribution of \$9,000 and in 2005, 25 experts donated total in-kind contributions of \$22,500.

Additionally, the voluntary service of board members is also calculated using the standard consulting compensation rate of \$500 per day. However, the value of this service is not recognized as income under the provisions of Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made.

Board members donate one and one half days for each meeting they attend. In 2006 and 2005, the total in-kind contribution of Board members' time was \$64,500 and \$83,000, respectively.

POPULATION RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)2. Summary of Significant Accounting Policies (Continued)Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts, money market accounts and certificates of deposit with maturities at the time of purchase of less than ninety days. At December 31, 2006 and 2005, and throughout the year, deposits were made into a Merrill Lynch checking account. Management believes there is no significant credit risk on cash and cash equivalents.

Investments

The Population Resource Center, Inc. accounts for investments in accordance with SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. As such, investments are presented in the financial statements at market value. Unrealized gains and losses are included in the statement of activities.

Use of Estimates in the Preparation of Financial Statements

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 period. Actual results could differ from those estimates.

Income Taxes

The Population Resource Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying financial statements. In addition, Population Resource Center has been determined by the Internal Revenue Service not to be a "private foundation" within the scope of Section 509(a) of the Internal Revenue Code.

Reclassification

Certain amounts for the year ended December 31, 2005 have been reclassified to conform with the current period's presentation.

3. Cash and Cash Equivalents

As of December 31, 2006 and 2005 cash and cash equivalents included the following:

	2006	2005
On hand	\$ 150	\$ 150
Checking account	236,561	299,514
	<u>\$ 236,711</u>	<u>\$ 299,664</u>

4. Investments

At December 31, 2006 and 2005 investments were comprised as follows:

	2006		2005	
	Cost	Market	Cost	Market
Certificates of Deposit	\$ 300,000	\$ 300,000	\$ 320,000	\$ 320,000
Mutual funds	67,833	82,166	65,140	73,404
	<u>\$ 367,833</u>	<u>\$ 382,166</u>	<u>\$ 385,140</u>	<u>\$ 393,404</u>

POPULATION RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. Investments (Continued)

Investment income is comprised of the following:

	2006	2005
Interest and dividend income	\$ 26,100	\$ 20,880
Realized gains (losses) from sale of investments	-	(55)
Unrealized gains (losses)	3,397	1,523
	<u>\$ 29,497</u>	<u>\$ 22,348</u>

5. Promises to Give

Unconditional promises to give at December 31, 2006 and 2005 consisted of the following:

	2006	2005
John Templeton Foundation	\$ 113,747	\$ -
Stuart Family Foundation	-	5,000
The Spiritus Gladius Foundation	-	5,000
Individual contributions	8,797	11,830
	<u>\$ 122,544</u>	<u>\$ 21,830</u>
Amount due in:		
Less than one year	<u>\$ 122,544</u>	<u>\$ 21,830</u>

6. Office Equipment and Furniture

The cost of the office equipment and furniture at December 31, 2006 and 2005 is summarized as follows:

	2006	2005
Office equipment and furniture	\$ 17,405	\$ 17,405
Less: accumulated depreciation	(15,926)	(15,366)
	<u>\$ 1,479</u>	<u>\$ 2,039</u>

Depreciation expense for the years ended December 31, 2006 and 2005 was \$560 and \$1,404, respectively.

7. Net Assets - Temporarily Restricted

The temporarily restricted net assets at December 31, 2006 and 2005 are comprised of foundation contributions which were designated by the donors for use in future periods. These donations, therefore, require the passage of time in order to satisfy the asset restriction. The time restrictions will be met in the succeeding years as follows:

	2006	2005
December 31, 2007	\$ 98,965	\$ -
December 31, 2006	-	21,195
	<u>\$ 98,965</u>	<u>\$ 21,195</u>

POPULATION RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)8. Pension Plan

The organization maintains a retirement plan covering all eligible permanent full-time employees. The plan conforms with Section 403(b) of the Internal Revenue Code. Currently, 10% of eligible compensation is contributed. During the year ended December 31, 2006 and 2005, \$25,487 and \$22,531 were contributed and charged to expense, respectively.

9. Lease Commitments

At December 31, 2006 lease commitments relating to rental space consisted of the following:

	<u>Term</u>	<u>Monthly Rental</u>
1725 K. Street, NW Washington, DC Office Space	January 1, 2007- September 30, 2007	\$ 3,235

All long-term leases have been categorized as operating leases. The total rental expense under the operating leases for the years ended December 31, 2006 and 2005 was \$37,398 and \$48,695, respectively.

Future minimum lease commitments at December 31, 2006 are as follows:

2007	<u>\$ 29,115</u>
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The lease of this rental space will not be renewed as the building is set to be demolished by the end of 2007.

10. Non-Cash Occupancy Expense

During the years ended December 31, 2006 and 2005, space was provided to the Organization for 12 months and 4 months, respectively at no charge.. The amount of \$22,800 and \$7,600 was recognized as a noncash contribution income and occupancy expense for the years ended December 31, 2006 and 2005.