

Consolidated Financial Statements and  
Report of Independent Certified Public  
Accountants

**The Population Council, Inc.**

December 31, 2023 and 2022

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

The Board of Trustees  
The Population Council, Inc.

**Opinion**

We have audited the consolidated financial statements of The Population Council, Inc. (the "Council"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Council as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Grant Thornton LLP*

New York, New York  
October 22, 2024

**The Population Council, Inc.**  
**CONSOLIDATED BALANCE SHEETS**

December 31,

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 23,520,470	\$ 23,089,138
Grants and contributions receivable, net:		
U.S. government agencies	4,199,940	9,413,136
Other	6,179,536	3,871,002
Other receivables	1,392,955	1,302,883
Prepaid expenses and other assets	1,646,331	1,237,210
Investments	117,938,651	109,422,772
Inventory	1,191,904	2,391,533
Right of use assets, net	14,830,867	20,158,967
Fixed assets, net	6,253,404	7,349,987
Total assets	\$ 177,154,058	\$ 178,236,628
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable, accrued expenses, and other liabilities	\$ 8,166,747	\$ 7,637,464
Awards, contracts, and fellowships payable	1,307	-
Program advances	14,926,297	14,578,745
Lease liabilities	17,943,729	24,207,744
Postretirement medical benefits payable	3,603,967	3,597,635
Total liabilities	44,642,047	50,021,588
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Net assets without donor restrictions:		
General undesignated	1,124,550	12,776,750
The John D. Rockefeller 3rd Memorial Fund	109,128,904	96,921,342
Total net assets without donor restrictions	110,253,454	109,698,092
Net assets with donor restrictions:		
Purpose or time restricted	16,772,781	13,031,172
Restricted by donors in perpetuity	5,485,776	5,485,776
Total net assets with donor restrictions	22,258,557	18,516,948
Total net assets	132,512,011	128,215,040
Total liabilities and net assets	\$ 177,154,058	\$ 178,236,628

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

The Population Council, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2023
<b>Operating revenue</b>			
Grants and contributions	\$ 45,024,280	\$ 2,718,529	\$ 47,742,809
Royalties	15,798,202	-	15,798,202
Investment return, net	15,454,036	2,802,808	18,256,844
Sales	2,385,069	-	2,385,069
Cost of goods sold	(2,276,983)	-	(2,276,983)
Other revenues, gains, and (losses)	(119,327)	7	(119,320)
Net assets released from restrictions	762,535	(762,535)	-
	<u>77,027,812</u>	<u>4,758,809</u>	<u>81,786,621</u>
<b>Operating expenses</b>			
Program services:			
Social and behavioral sciences	27,893,576	-	27,893,576
Biomedical research	34,845,079	-	34,845,079
	<u>62,738,655</u>	<u>-</u>	<u>62,738,655</u>
Supporting services:			
Management and general	16,285,874	-	16,285,874
Fund-raising	126,035	-	126,035
	<u>16,411,909</u>	<u>-</u>	<u>16,411,909</u>
	<u>79,150,564</u>	<u>-</u>	<u>79,150,564</u>
Excess of operating expenses over operating revenue	(2,122,752)	4,758,809	2,636,057
<b>Other changes in net assets</b>			
Postretirement benefit changes other than net periodic benefit cost	(241,072)	-	(241,072)
Net periodic benefit costs other than service cost (gain)	281,241	-	281,241
Transfer from endowments	1,017,200	(1,017,200)	-
Inherit contribution (changes in net assets)	1,022,063	-	1,022,063
Foreign currency adjustment	619,852	-	619,852
Gain/(Loss) on lease obligation	(21,170)	-	(21,170)
	<u>555,362</u>	<u>3,741,609</u>	<u>4,296,971</u>
<b>Net assets at beginning of year</b>	<u>109,698,092</u>	<u>18,516,948</u>	<u>128,215,040</u>
<b>Net assets at end of year</b>	<u>\$ 110,253,454</u>	<u>\$ 22,258,557</u>	<u>\$ 132,512,011</u>

The accompanying notes are an integral part of this consolidated financial statement.

**The Population Council, Inc.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**Year ended December 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>
<b>Operating revenue</b>			
Grants and contributions	\$ 45,844,632	\$ 2,825,297	\$ 48,669,929
Royalties	4,769,635	-	4,769,635
Investment return, net	(10,847,560)	(1,956,746)	(12,804,306)
Other revenues, gains, and (losses)	185,193	-	185,193
Net assets released from restrictions	1,745,031	(1,745,031)	-
	<u>41,696,931</u>	<u>(876,480)</u>	<u>40,820,451</u>
<b>Operating expenses</b>			
Program services:			
Social and behavioral sciences	30,851,271	-	30,851,271
Biomedical research	16,085,304	-	16,085,304
	<u>46,936,575</u>	<u>-</u>	<u>46,936,575</u>
Supporting services:			
Management and general	12,925,269	-	12,925,269
Fund-raising	266,149	-	266,149
	<u>13,191,418</u>	<u>-</u>	<u>13,191,418</u>
	<u>60,127,993</u>	<u>-</u>	<u>60,127,993</u>
Excess of operating expenses over operating revenue	(18,431,062)	(876,480)	(19,307,542)
<b>Other changes in net assets</b>			
Postretirement benefit changes other than net periodic benefit cost	491,628	-	491,628
Net periodic benefit costs other than service (cost) gain	335,166	-	335,166
Transfer from endowments	978,653	(978,653)	-
Inherent contribution	7,770,327	-	7,770,327
Foreign currency adjustment	1,291	-	1,291
	<u>(8,853,997)</u>	<u>(1,855,133)</u>	<u>(10,709,130)</u>
<b>Net assets at beginning of year</b>	<u>118,552,089</u>	<u>20,372,081</u>	<u>138,924,170</u>
<b>Net assets at end of year</b>	<u>\$ 109,698,092</u>	<u>\$ 18,516,948</u>	<u>\$ 128,215,040</u>

The accompanying notes are an integral part of this consolidated financial statement.

The Population Council, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

	Program Services			Supporting Services			Total Expenses
	Social and Behavioral Sciences	Biomedical Research	Total	Management and General	Fund-raising	Total	
Awards, contracts, and fellowships	\$ 2,076,347	\$ 2,091,053	\$ 4,167,400	\$ -	\$ -	\$ -	\$ 4,167,400
Salaries and allowances	11,900,193	7,606,929	19,507,122	8,129,007	61,781	8,190,788	27,697,910
Pensions and other employee benefits	3,503,125	2,367,274	5,870,399	2,257,726	7,392	2,265,118	8,135,517
Consultants and professional fees	2,088,251	1,501,091	3,589,342	2,112,220	34,415	2,146,635	5,735,977
Program fees & services	1,912,885	3,556,766	5,469,651	11,219	-	11,219	5,480,870
Program supplies and maintenance	130,345	957,334	1,087,679	21	-	21	1,087,700
Travel and meetings	3,422,023	738,212	4,160,235	456,114	146	456,260	4,616,495
Occupancy, net	1,931,222	1,473,253	3,404,475	1,320,443	13,683	1,334,126	4,738,601
Telecommunications, postage, and supplies	165,777	311,692	477,469	134,840	1,776	136,616	614,085
Office equipment and maintenance	193,468	123,237	316,705	1,036,725	696	1,037,421	1,354,126
Printing, publications, books, and journals	209,662	104,085	313,747	67,654	3,587	71,241	384,988
Insurance	6,479	81,849	88,328	199,731	22	199,753	288,081
Other fees	7,463	6,216	13,679	82,986	973	83,959	97,638
Other expenses	-	13,398,624	13,398,624	14,110	-	14,110	13,412,734
Total expenses before depreciation and amortization	27,547,240	34,317,615	61,864,855	15,822,796	124,471	15,947,267	77,812,122
Depreciation and amortization of leasehold improvements, equipment, and other	346,336	527,464	873,800	463,078	1,564	464,642	1,338,442
Net periodic benefit costs other than service cost (gain)	-	-	-	(281,241)	-	(281,241)	(281,241)
2023 Total	<u>\$ 27,893,576</u>	<u>\$ 34,845,079</u>	<u>\$ 62,738,655</u>	<u>\$ 16,004,633</u>	<u>\$ 126,035</u>	<u>\$ 16,130,668</u>	<u>\$ 78,869,323</u>
2022 Total	<u>\$ 30,851,271</u>	<u>\$ 16,085,304</u>	<u>\$ 46,936,575</u>	<u>\$ 12,590,103</u>	<u>\$ 266,149</u>	<u>\$ 12,856,252</u>	<u>\$ 59,792,827</u>

The accompanying notes are an integral part of this consolidated financial statement.



The Population Council, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program Services			Supporting Services			Total Expenses
	Social and Behavioral Sciences	Biomedical Research	Total	Management and General	Fund-raising	Total	
Awards, contracts, and fellowships	\$ 2,664,430	\$ 2,239,282	\$ 4,903,712	\$ 1,250	\$ -	\$ 1,250	\$ 4,904,962
Salaries and allowances	14,230,913	4,997,491	19,228,404	6,290,494	144,602	6,435,096	25,663,500
Pensions and other employee benefits	3,974,425	1,556,346	5,530,771	1,932,470	45,423	1,977,893	7,508,664
Consultants and professional fees	1,760,979	813,404	2,574,383	1,584,045	33,987	1,618,032	4,192,415
Research and related services	1,514,492	2,650,497	4,164,989	12,230	-	12,230	4,177,219
Program supplies and maintenance	218,011	848,189	1,066,200	271	-	271	1,066,471
Travel and meetings	3,208,815	377,236	3,586,051	201,153	3	201,156	3,787,207
Occupancy, net	1,951,045	1,905,272	3,856,317	937,712	20,917	958,629	4,814,946
Telecommunications, postage, and supplies	308,650	169,339	477,989	189,309	2,789	192,098	670,087
Office equipment and maintenance	270,026	157,766	427,792	741,668	4,975	746,643	1,174,435
Printing, publications, books, and journals	195,912	90,768	286,680	85,062	2,978	88,040	374,720
Insurance	15,224	81,002	96,226	184,978	-	184,978	281,204
Other fees and expenses	35,567	1,237	36,804	167,027	2,255	169,282	206,086
Total expenses before depreciation and amortization	30,348,489	15,887,829	46,236,318	12,327,669	257,929	12,585,598	58,821,916
Depreciation and amortization of leasehold improvements, equipment, and other	502,782	197,475	700,257	597,600	8,220	605,820	1,306,077
Net periodic benefit costs other than service cost (gain)	-	-	-	(335,166)	-	(335,166)	(335,166)
2022 Total	<u>\$ 30,851,271</u>	<u>\$ 16,085,304</u>	<u>\$ 46,936,575</u>	<u>\$ 12,590,103</u>	<u>\$ 266,149</u>	<u>\$ 12,856,252</u>	<u>\$ 59,792,827</u>
2021 Total	<u>\$ 35,672,379</u>	<u>\$ 12,509,410</u>	<u>\$ 48,181,789</u>	<u>\$ 11,824,479</u>	<u>\$ 289,545</u>	<u>\$ 12,114,024</u>	<u>\$ 60,295,813</u>

The accompanying notes are an integral part of this consolidated financial statement.

The Population Council, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
(Decrease) increase in net assets	\$ 4,296,971	\$ (10,709,130)
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation and amortization	1,338,442	1,306,077
Deferred rent credit	-	(4,400,757)
Net depreciation (appreciation) in fair value of investments	(15,101,962)	15,051,621
Other postretirement changes other than net periodic benefit cost	241,072	(491,628)
Net (gain) loss on sale of fixed assets	354,962	(1,441)
Changes in assets and liabilities:		
Grants and contributions receivable	2,904,662	(4,624,986)
Other receivables	(90,072)	82,600
Prepaid expenses and other assets	(409,121)	(77,281)
Inventory	1,199,629	(2,391,533)
Right of use assets	5,328,100	(20,158,967)
Accounts payable, accrued expenses, and other liabilities	455,655	910,639
Awards, contracts, and fellowships payable	1,307	(84,609)
Program advances	347,552	3,153,853
Deferred revenue	-	(2,000,000)
Lease liabilities	(6,264,015)	24,207,744
Postretirement medical benefits payable	(234,740)	(283,150)
	<u>(5,631,558)</u>	<u>(510,948)</u>
Net cash used in operating activities		
<b>Cash flows from investing activities:</b>		
Purchase of investments	(136,291,519)	(325,984,275)
Proceeds from sale of investments	142,877,602	333,186,785
Purchases of fixed assets	(561,150)	(761,004)
Proceeds from sale of fixed assets	37,957	5,039
	<u>6,062,890</u>	<u>6,446,545</u>
Net cash provided by investing activities		
<b>Cash flows from financing activities:</b>		
Payment on loan payable	-	(214,798)
	<u>-</u>	<u>(214,798)</u>
Net cash used in financing activities		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>431,332</b>	<b>5,720,799</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>23,089,138</b>	<b>17,368,339</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 23,520,470</b>	<b>\$ 23,089,138</b>
<b>Supplemental disclosure of non-cash activities:</b>		
Accounts payable for capital expenditures	\$ 73,628	\$ 23,674
Interest paid	-	102

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

**The Population Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND ITS PROGRAMS**

The Population Council, Inc. (the Council) confronts critical health and development issues. 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. We take a multi-disciplinary, life-course research approach to focus on four research areas: sexual and reproductive health, adolescents and young people, gender equality and equity, and climate change.

The Council's mission is to generate ideas, produce evidence, and design solutions to improve the lives of populations around the world.

The Council works to improve sexual and reproductive health – especially for populations systematically discriminated against in low- and middle-income countries. In partnership with other nongovernmental organizations, government policymakers, program managers, and communities, we study and improve reproductive health services, support the introduction of new contraceptives worldwide, and assist policymakers in formulating, launching, and expanding evidence-informed programs and policies.

The Council's biomedical laboratories at the Center for Biomedical Research (CBR) develop 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, including intrauterine devices and implants. Today, more than 170 million people worldwide are using contraceptive technologies developed at CBR or based on CBR's technologies. CBR scientists are investigating new approaches to prevent HIV and other sexually transmitted infections, including multi-purpose prevention technologies. CBR is developing next generation contraceptives and delivery systems, including rings, gels, tablets, and fast dissolving inserts, which are designed to be safer, lower cost, and easier to use.

The Council seeks to understand the social dimensions of poverty and social inequity, 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. The Council conducts policy-oriented research and programs that improve the lives of vulnerable populations, especially disadvantaged girls. We conduct 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. We study the best ways to build the assets of adolescent girls to give them social, educational, and economic opportunities to break the cycle of poverty. The Council also seeks to reduce the impact of HIV related disability, death, stigma and discrimination, and orphanhood on individuals' lives and on the lives of people in their families, communities, and societies.

The Council investigates the complex interactions and dynamics between people and their environment and helps to ensure that climate programs and policies are progressive, inclusive, and rooted in the principles of equity. We harness evidence to build resilient, sustainable, and equitable communities, able to adapt to and mitigate the climate crisis. Climate change research includes a focus on gender equality and adolescent health and well-being, harmonized demographic and climate modeling, and sustainable livelihoods for economic empowerment.

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

The Population Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

tax filing obligations and a for-profit affiliate in India that is subject to Indian taxation. No provision for income taxes was required for 2023 or 2022. All four affiliates have elected to be disregarded for U.S. income tax purposes.

On October 4, 2022, the Council executed an asset acquisition agreement to acquire the assets of the International Partnership for Microbicides (IPM), a nonprofit organization that develops HIV prevention technologies, and assumed agreed upon liabilities of IPM. IPM has transferred ownership of its intellectual property, grant agreements, and other assets. The Council took on product development and clinical activities as well as introduction and access activities. As a result of the asset acquisition, the Council added three IPM technologies to its product line. Additionally, as a result of the transaction, two independent affiliates, IPM's South Africa office and IPM Belgium, became Council affiliates.

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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***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.

***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 Fund* has been designated by the Board and established to function as an endowment.

*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.

**The Population Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023 and 2022**

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.

***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.

***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.

***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

**The Population Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023 and 2022**

unexpended funds received in advance are reported as program advances on the consolidated balance sheets.

As of December 31, 2023 and 2022, the Council had conditional grants from funding agencies of approximating \$74.2 million and \$66.4 million, 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.

***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.

***Leases***

Right-of-use (ROU) assets are recognized at the lease commencement date and represent the Council's right to use an underlying asset for the lease term and lease liabilities represent the Council's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. The present value of lease payments is discounted based the risk-free rate selected based on the term of the lease.

The Council's ROU assets are initially measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of our ROU assets and lease liabilities when it is reasonably certain the options will be exercised. ROU assets are also assessed for impairments consistent with the long-lived asset guidance.

The Council allocates consideration between lease and non-lease components, such as operating costs, for any leases within its existing classes of assets. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments for usage-based fees are not included in the measurement of the ROU assets or lease liabilities and are expensed as incurred.

***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.

***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.

***Foreign Currency Translation***

The Council has determined that the reporting 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. There is a \$619,852 exchange rate gain at December 31, 2023 that is shown on the consolidated statement

**The Population Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2023 and 2022**

of activities as Foreign Currency Adjustment. Grants and contributions revenue is shown net of foreign exchange losses of approximately \$159,000 and \$61,000 in 2023 and 2022, respectively.

***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 sales reported to the Council quarterly. For royalty agreements which include milestones, revenue is recognized when all obligations under the milestone are satisfied. For royalty agreements which relate to the transfer of functional intellectual property, revenue is recognized at the point in time when the customer can use and benefit from the license. Sales-based royalty revenues recognized for the years ended December 31, 2023, and 2022 approximated \$2.8 million and \$4.8 million, respectively, and royalty revenues from the transfer of functional intellectual property approximated \$13 million for the year ended December 31, 2023. No transfer of intellectual property occurred for the year ended December 31, 2022.

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

***Concentration of Support***

During 2023 and 2022, approximately \$9.7 million and \$7.7 million, respectively, of the Council's grants were funded directly by the United States Agency for International Development (USAID). As of December 31, 2023 and 2022, approximately \$0.5 million and \$2.8 million, respectively, of the Council's grants receivable were also from USAID.

The three largest funding sources, two U.S. government agencies and one private foundation constitute 28% of the revenue in 2023. The three largest funding sources, one U.S. government agency, one foreign agency and one private foundation, constituted 30% of the revenue in 2022.

***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 the time and effort of the staff at each location. Staff benefits are allocated based on time and effort recorded in the time sheets.

***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.

***Inventory***

Inventories related to the production of dapivirine rings are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. The Council's Inventory consists of raw materials, work in-progress, and finished goods. As of December 31, 2023, the Council held \$404,000 of finished goods and \$694,000 and \$94,000 of raw materials and work-in-progress, respectively. As of December 31, 2022,

The Population Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

the Council held \$90,000 of finished goods and \$1.1 million and \$1.2 million of raw materials and work-in-progress, respectively.

**Recently Issued Accounting Standards**

On January 1, 2023, the Council adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326)* as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. This adoption has no material impact on the Council's consolidated financial statements.

**NOTE 3 - INVESTMENTS**

The following tables present the Council's fair value hierarchy for its investments as of December 31, 2023 and 2022. 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:

	2023		2022	
	Fair Value	Level 1	Fair Value	Level 1
Money market	\$ 4,187,029	\$ 4,187,029	\$ 5,427,258	\$ 5,427,258
Fixed Income:				
US governments and agencies	5,312,067	5,312,067	8,127,563	8,127,563
Domestic corporate bonds	8,930,905	8,930,905	7,817,212	7,817,212
Mortgage backed securities	5,552,871	5,552,871		
Equities:				
Mutual funds - fixed inc.	12,029,702	12,029,702	11,828,044	11,828,044
Common stock - domestic	57,877,446	57,877,446	53,133,211	53,133,211
Common stock - foreign	5,883,708	5,883,708	6,167,117	6,167,117
Master limited partnerships	-	-	67,857	67,857
Mutual funds - equities	7,667,950	7,667,950	9,334,559	9,334,559
Exchange trades funds - equity	7,506,012	7,506,012	4,013,615	4,013,615
Sub total	114,947,690	<u>\$114,947,690</u>	105,916,436	<u>\$105,916,436</u>
Alternative investments measured at NAV:				
Limited partnership	2,990,961		2,404,065	
Investment redemption receivable	-		<u>1,102,271</u>	
Total investments	<u>\$117,938,651</u>		<u>\$109,422,772</u>	



The Population Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

The Population Council, Inc. submitted redemption requests relative to two investment funds that were outstanding as of December 31, 2022. This redemption receivable was reflected as part of investments on the accompanying consolidated balance sheets and was collected in full subsequent to year-end. There were no redemption receivables as of December 31, 2023.

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

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Secondary private equity	\$ 2,122,380	\$ 3,437,746	No Redemptions	Not applicable
Distressed debt securities	-	-	Semi-annual	90 days
Diversified private equity fund-of-funds	11,890	360,976	No Redemptions	Not applicable
Distressed/restructuring index	49,929	-	Annually	90 days
Event-driven (total) index	420,324	-	Semi-annual	60 days
Global long/short credit and event driven	386,437	-	Quarterly	65 days
Total	<u>\$ 2,990,961</u>	<u>\$ 3,798,722</u>		
	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Distressed debt securities	\$ 301,144	\$ -	Semi-annual	90 days
Diversified private equity fund-of-funds	25,357	360,976	No Redemptions	Not applicable
Distressed/restructuring index	88,044	-	Annually	90 days
Event-driven (total) index	773,953	-	Semi-annual	60 days
Secondary private equity	686,623	4,534,866	No Redemptions	Not applicable
Global long/short credit and event driven	528,944	-	Quarterly	65 days
Total	<u>\$ 2,404,065</u>	<u>\$ 4,895,842</u>		

Under the terms of limited partnership agreements, the Council is obligated to periodically advance additional funding for its limited partnership investments. The unfunded commitments have not been recorded as a liability in the accompanying 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.

The Population Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

**NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE**

At December 31, 2023 and 2022, grants and contributions receivable are expected to be collected as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 10,497,113	\$ 13,433,978
Less allowance for uncollectible amounts	<u>(117,637)</u>	<u>(149,840)</u>
Total grants and contributions receivable, net	<u>\$ 10,379,476</u>	<u>\$ 13,284,138</u>

**NOTE 5 - FIXED ASSETS**

Fixed assets at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 20,363,594	\$ 21,331,059
Furniture and equipment	9,770,180	9,562,733
Computer equipment	3,594,809	3,586,274
Automobiles	497,406	587,541
Office condominium	513,894	513,894
Work in progress	<u>187,105</u>	<u>83,156</u>
	34,926,988	35,664,657
Less: accumulated depreciation and amortization	<u>(28,673,584)</u>	<u>(28,314,670)</u>
	<u>\$ 6,253,404</u>	<u>\$ 7,349,987</u>

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, 2023 and 2022, net assets with purpose or time restrictions are to be used for the following purposes:

	<u>2023</u>	<u>2022</u>
Social and behavioral science research	\$ 8,875,073	\$ 6,520,815
Biomedical research	4,686,601	3,866,610
Future periods	<u>3,211,107</u>	<u>2,643,747</u>
	<u>\$ 16,772,781</u>	<u>\$ 13,031,172</u>

Included in net assets with donor restrictions, subject to purpose or time restrictions, are endowment funds (Note 7) in the amount of \$11.8 million and \$10.0 million consisting of remaining original principal balances, as well as unspent appreciation on these balances and on net assets with perpetual donor restrictions as of December 31, 2023 and 2022, respectively.

The Population Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

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

<u>Funds</u>	<u>2023</u>	<u>2022</u>
DeWitt Wallace Fellowship Fund	\$ 450,000	\$ 450,000
Policy Research Endowment Fund	2,035,776	2,035,776
General Fund	3,000,000	3,000,000
	<u>\$ 5,485,776</u>	<u>\$ 5,485,776</u>

**NOTE 7 - ENDOWMENT FUNDS**

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

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

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

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

The annual 2023 and 2022 spending authorizations were calculated at \$8.7 million and \$6.7 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 utilization in support of the subsequent year's budget. In addition, the Board of Trustees approved the use of up to \$1.0 million to support ongoing activities in 2023 and up to \$1.7 million in 2022. The use of these funds was interchangeable with the annual spending authorization. In addition to the spending authorizations, the Board of Trustees approved special

The Population Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

appropriations of approximately \$1.7 million and \$3.1 million for 2023 and 2022, respectively, to fund the strategic investments. These investments include the development of Nestorone®/Ethinyl Estradiol Contraceptive Vaginal Ring, which has now gone to market under the brand name Annovera® initiatives to address population environmental risks and climate change, and as well as research impact.

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, 2023 and 2022:

	2023			Total
	Without Donor Restrictions	With Donor Restrictions		
		Purpose or Time	Perpetual	
Endowment net assets, beginning of year	\$ 96,921,342	\$ 10,047,102	\$ 5,485,776	\$112,454,220
Designations	1,000	-	-	1,000
Investment return, net	15,276,736	2,802,809	-	18,079,545
Endowment spends	(3,070,174)	(1,017,200)	-	(4,087,374)
Endowment net assets, end of year	<u>\$109,128,904</u>	<u>\$ 11,832,711</u>	<u>\$ 5,485,776</u>	<u>\$126,447,391</u>
Endowment funds with donor restrictions	\$ -	\$ 11,832,711	\$ 5,485,776	\$ 17,318,487
Board-designated endowment funds	<u>109,128,904</u>	<u>-</u>	<u>-</u>	<u>109,128,904</u>
Total endowment	<u>\$109,128,904</u>	<u>\$ 11,832,711</u>	<u>\$ 5,485,776</u>	<u>\$126,447,391</u>

The Population Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

	2022			Total
	Without Donor Restrictions	With Donor Restrictions		
		Purpose or Time	Perpetual	
Endowment net assets, beginning of year	\$115,661,609	\$ 12,982,501	\$ 5,485,776	\$134,129,886
Designations	1,000	-	-	1,000
Investment return, net	(10,921,958)	(1,956,746)	-	(12,878,704)
Endowment spend	(7,819,309)	(978,653)	-	(8,797,962)
Endowment net assets, end of year	<u>\$ 96,921,342</u>	<u>\$ 10,047,102</u>	<u>\$ 5,485,776</u>	<u>\$112,454,220</u>
Endowment funds with donor restrictions	\$ -	\$ 10,047,102	\$ 5,485,776	\$ 15,532,878
Board-designated endowment funds	<u>96,921,342</u>	<u>-</u>	<u>-</u>	<u>96,921,342</u>
Total endowment	<u>\$ 96,921,342</u>	<u>\$ 10,047,102</u>	<u>\$ 5,485,776</u>	<u>\$112,454,220</u>

**NOTE 8 - LEASES**

The Council assesses contracts at inception to determine whether an arrangement includes a lease, which convey the Council's right to control the use of an identified asset for a period in exchange for consideration. The Council has several non-cancelable operating leases for building space and equipment, for which a right-of-use asset and a lease liability are recorded in the accompanying 2023 consolidated statement of financial position. In the US, the Council has two offices in New York and one in Washington, DC. The New York headquarters office under a 16 year noncancelable operating lease for two floors expiring on December 31, 2030. The Council has subleased a portion of its headquarters office space. The Council's CBR office occupies two floors of office and laboratory space at Rockefeller University (the University) under a noncancelable operating lease expiring June 30, 2024. In 2023, the Council terminated the Washington Office lease agreement as of December 31, 2023, resulting in a decrease in ROU assets of \$2,135,000, a decrease in lease liabilities of \$1,897,000, and a decrease in the ROU asset amortization balance of \$668,000. The Council recorded a loss on their lease obligation of \$21,000, which includes the payment of \$451,000 in applicable penalties net a gain of sale of \$430,000. Pursuant to the cancellation clause, the Council is no longer obligated under the terms of the agreement for payment of future rent commitments beyond December 31, 2023. The Council also has operating lease agreements at its various overseas locations.

Total operating lease cost for the year ended December 31, 2023, totaled \$4,699,000 and \$40,000 for building leases and equipment leases, respectively, not including sublease income of \$678,000. Total operating lease cost for the year ended December 31, 2022 totaled \$4,767,000 and \$45,000 for building leases and equipment leases, respectively, not including sublease income of \$678,000.

The Population Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Supplemental balance sheet and quantitative information related to operating leases for the year ended December 31, is as follows:

	<u>2023</u>	<u>2022</u>
ROU assets	\$ 24,600,000	\$ 24,600,000
Accumulated amortization	(8,302,000)	(4,441,000)
Lease termination, net effect	<u>(1,467,000)</u>	<u>-</u>
	<u>\$ 14,831,000</u>	<u>\$ 20,159,000</u>
	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease obligations	\$ 4,729,000	\$ 4,992,000
Weighted-average remaining lease term (expressed in years)	2.91	3.61
Weighted-average discount rate	2.6%	1.2%

Future undiscounted lease payments for the Council's operating lease liabilities are as follows as of December 31, 2023 (in thousands):

2024	\$ 3,527,000
2025	2,702,000
2026	2,684,000
2027	2,599,000
2028	2,566,000
Thereafter	<u>4,749,000</u>
Total minimum lease payments	18,827,000
Less: imputed interest	<u>883,000</u>
Present value of future minimum lease payments	<u>\$ 17,944,000</u>

**NOTE 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 expenses for 2023 and 2022 was approximately \$1,963,000 and \$1,886,000, respectively.

**NOTE 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 \$3,032,781 and \$3,093,655 are included in the consolidated balance sheets as of December 31, 2023, and 2022, respectively. Assets of the trust primarily consisting of short-term investments, domestic equity and fixed-income securities (55%) and international equity and fixed-income

The Population Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

securities (45%) 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, 2023 and 2022:

	2023	2022
Benefit obligation at December 31	\$ 6,636,748	\$ 6,691,290
Fair value of plan assets at December 31	3,032,781	3,093,655
Funded status	<u>\$ (3,603,967)</u>	<u>\$ (3,597,635)</u>
Postretirement medical benefits payable	\$ 6,636,748	\$ 6,691,290
Benefit cost	(255,105)	(290,008)
Employer contribution	(20,365)	(6,858)
Plan participants' contributions	413,816	379,638
Benefits paid	(901,956)	(874,641)
Return on assets (loss)	447,631	(639,637)
Benefits obligation weighted average discount rate at December 31	5.05%	5.40%
Benefits cost weighted average discount rate for the year ended December 31	5.40%	2.80%

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 cost as of December 31, 2020, which is being amortized as a component of the net periodic postretirement benefit cost over 6.91 years. As of December 31, 2023, the remaining service costs to be amortized are as follows:

Year	Unrecognized at January 1	Account to be Recognized During the Year
2024	\$ (2,484,742)	\$ (635,484)
2025	(1,849,258)	(635,484)
2026	(1,213,774)	(635,484)
2027	(578,290)	(578,290)

For measurement purposes, the rate of increases in the per capita costs of healthcare benefits for 2023 and 2022 were assumed to be 7.25% and 7.50%, respectively. The cost increases are assumed to decrease annually to 4.50% in 2033 and remain at that level thereafter.

The Population Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

The net period postretirement benefit expenses include the following components:

	<u>2023</u>	<u>2022</u>
Net periodic benefit cost:		
Service cost	\$ 26,136	\$ 45,158
Interest cost	348,387	239,236
Expected return on plan assets	(141,383)	(183,069)
Recognized prior service cost (credit)	(635,484)	(635,484)
Recognized actuarial loss	147,239	244,151
	<u>\$ (255,105)</u>	<u>\$ (290,008)</u>

As a result of adopting FASB ASU 2017-07, all other components of net benefit cost other than the service cost component of \$(281,241) for 2023 and \$(335,166) for 2022 were presented as nonoperating activities.

The asset allocations of postretirement plan assets at December 31, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Short-term investments	5%	3%
Fixed-income securities:		
Domestic	12	12
International	26	25
Equity securities:		
Domestic	38	40
International	14	15
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>Year(s) Ending December 31:</u>	<u>Amount</u>
2024	\$ 554,282
2025	549,511
2026	585,643
2027	569,884
2028	543,778
2029-2033	<u>2,522,104</u>
As of December 31, 2023	<u>\$ 5,325,202</u>

The net actuarial loss, not yet recognized as a component of net periodic postretirement benefit cost increased from \$129,596 in 2022 to \$370,668 in 2023, primarily due to the change in certain actuarial assumptions. Amortization of the net actuarial loss in 2023 was \$ \$147,239.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

**NOTE 11 - 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.

The Population Council financial assets comprised the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 23,520,470	\$ 23,089,138
Grants and contributions receivable, net	10,379,476	13,284,138
Other receivables	1,392,955	1,302,883
Investments	<u>117,938,651</u>	<u>109,422,772</u>
Total financial assets at year-end	<u>\$ 153,231,552</u>	<u>\$ 147,098,931</u>

As of December 31, 2023 and 2022, the following financial assets could readily be made available within one year of the consolidated balance sheet date to meet the general expenditures:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 23,520,470	\$ 23,089,138
Less board designated cash endowment*	(4,674,678)	(6,010,060)
Grants and contributions receivable, net	10,379,476	13,284,138
Other receivables	1,392,955	1,302,883
Investments**	<u>11,925,000</u>	<u>11,759,816</u>
Total financial assets at year-end	<u>\$ 42,543,223</u>	<u>\$ 43,425,915</u>

\* In 2020, \$10.0 million of Board designated endowment cash has been transferred from investments to be available if needed. Total cash and cash equivalents include a balance of \$4.7 million and \$6.0 million for 2023 and 2022, respectively. The Board authorized the use of \$2.0 million and \$3.5 million from those funds during 2024 and 2023, respectively.

\*\* Investments include \$9.9 million, and an additional \$2 million in working capital, approved for use in 2024 from Board designated net assets.

The Council excludes funds that are Board designated as quasi endowment, which totaled approximately \$109 million and \$97 million at December 31, 2023 and 2022, respectively, from assets available to meet general expenditures. These funds are invested for long term appreciation.

**NOTE 12 - UK FOREIGN, COMMONWEALTH AND DEVELOPMENT OFFICE**

The Council incurred expenses and received remittances from the UK Foreign, Commonwealth and Development Office during 2023 against purchase order numbers listed below.

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December 31, 2023 and 2022

Total remittances received during 2023 are as follows:

Purchase order number 4150	\$	344,511
Purchase order number 10046		479,290
Purchase order number 300849-104		361,638

Total expenditures incurred during 2023 are as follows:

Purchase order number 4150	\$	58,074
Purchase order number 10046		502,830
Purchase order number 300849-104		297,119

**NOTE 13 - NETHERLANDS MINISTRY OF FOREIGN AFFAIRS (MOFA)**

The Council incurred expenses and received remittances from Netherlands MOFA during 2023 against three programs; (1) Adolescent Girls Program, (2) Family Planning Services in Factory Settings in upper Egypt, and (3) Young People in Egypt: Current Situation and Life Changes:

	<u>Adolescent Girls Program in Upper Egypt</u>	<u>Family Planning Services in Factory Settings</u>	<u>Young People in Egypt: Current Situation and Life Changes</u>
Program advance balance at December 31, 2022	\$ (104,296)	\$ (355,536)	\$ (923,349)
Receipt of funds	-	(290,813)	(20,160)
Expenditures incurred	128,795	272,336	238,579
Foreign exchange adjustment	<u>(24,499)</u>	<u>-</u>	<u>-</u>
Program advance balance at December 31, 2023	<u>\$ -</u>	<u>\$ (374,013)</u>	<u>\$ (704,930)</u>

**NOTE 14 - 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, 2022	\$ (1,187,719)
Receipt of funds	-
Total expenditures incurred	1,192,518
Foreign exchange adjustment	<u>(4,799)</u>
Program advance balance at December 31, 2023	<u>\$ -</u>

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

IPM entered into a Post Approval Manufacturing Agreement in 2015 with QPharma AB ("QPharma"), a manufacturer for the production of dapivirine rings. The Council assumed IPM's commitments under this agreement upon the execution of the asset acquisition agreement (Note 1).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

In July, 2020, IPM and QPharma agreed to begin manufacturing Rings under a Post Approval Agreement. Under this Post agreement, IPM committed to purchase a minimum of 1,000,000 Rings from QPharma in the period beginning on September 1, 2020 (the "Launch Manufacturing Commencement Date") and ending December 31, 2024. Whilst the agreement expires December 31, 2024, the minimum ring manufacturing commitment will not be satisfied by that date. An extension/re-negotiation is in process between the Council and QPharma. IPM has also entered into multiple agreements for supplies and other support. The manufacturing of the Rings has been initiated and the first batch of manufactured Rings were released for secondary packaging in the first quarter of calendar year 2021. The Council assumed IPM's commitments under this agreement upon the execution of the asset acquisition agreement (Note 1).

The total future purchase obligation by the Council is as follows (Ring prices are subject to annual adjustments for inflation based on the Arbets Kraft Index):

<u>Year(s) Ending December 31:</u>	<u>Amount</u>
2024	\$ 1,352,354
2025	<u>2,839,707</u>
Total	<u>\$ 4,192,061</u>

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 is no matter outstanding that would have a material adverse effect on the consolidated financial statements of the Council.

**NOTE 16 - SUBSEQUENT EVENTS**

On July 10, 2024, an announcement was made for the appointment of Dr. Rana Hajjeh as the next President of the Council, and she joined the Council on September 23, 2024.

The Council evaluated subsequent events from the consolidated statement of financial position date of December 31, 2023 through October 22, 2024, which was the date the consolidated financial statements were available to be issued and determined that no additional disclosures are required.