
DIGNITY PERIOD, INC.

**FINANCIAL STATEMENTS
DECEMBER 31, 2018**



Advising with Vision®

www.muellerprost.com

Phone 314.862.2070 | Fax 314.862.1549 | www.muellerprost.com
St. Louis | 7733 Forsyth Blvd. | Suite 1200 | St. Louis | MO | 63105
St. Charles | 2460 Executive Drive | St. Charles | MO | 63303
Irvine | 3 Park Plaza | Suite 400 | Irvine | CA | 92614

Member of
Allinial
GLOBAL™
An association of legally independent firms

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-12

Board of Directors
Dignity Period, Inc.
St. Louis, Missouri

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of *Dignity Period, Inc.* (a non-profit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Dignity Period, Inc.* as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mueller Prost LC

January 17, 2020
St. Louis, Missouri
Advising with Vision®

Certified Public Accountants
www.muellerprost.com

DIGNITY PERIOD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Current Assets		
Cash and cash equivalents	\$	212,634
Prepaid expenses		<u>13,422</u>
Total Current Assets		<u>226,056</u>
 Other Assets		
Intangible assets, net		<u>9,488</u>
Total Other Assets		<u>9,488</u>
 Total Assets	\$	<u>235,544</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$	9,241
Accrued payroll		2,454
Deferred revenue		<u>8,645</u>
Total Current Liabilities		<u>20,340</u>
 Total Liabilities		<u>20,340</u>
 Net Assets		
Net assets without donor restrictions		214,704
Net assets with donor restrictions		<u>500</u>
Total Net Assets		<u>215,204</u>
 Total Liabilities and Net Assets	\$	<u>235,544</u>

DIGNITY PERIOD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Net assets without donor <u>restrictions</u>	Net assets with donor <u>restrictions</u>	<u>Total</u>
Support and Revenue			
Contribution income, including in-kind	\$ 331,487	\$ 500	\$ 331,987
Special events income, including contributions	87,082	-	87,082
Less: direct benefit to donors	(75,679)	-	(75,679)
Interest income	512	-	512
Net assets released from restrictions	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>
Total Support and Revenue	<u>358,402</u>	<u>(14,500)</u>	<u>343,902</u>
Functional Expenses			
Program	428,930	-	428,930
General and administrative	43,729	-	43,729
Fundraising	<u>52,804</u>	<u>-</u>	<u>52,804</u>
Total Functional Expenses	<u>525,463</u>	<u>-</u>	<u>525,463</u>
Increase (Decrease) in Net Assets	<u>(167,061)</u>	<u>(14,500)</u>	<u>(181,561)</u>
Net Assets - Beginning of the Year	<u>381,765</u>	<u>15,000</u>	<u>396,765</u>
Net Assets - End of the Year	\$ <u>214,704</u>	\$ <u>500</u>	\$ <u>215,204</u>

DIGNITY PERIOD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Outreach</u>	<u>Research and Education</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Functional Expenses						
Accounting fees	\$ -	\$ -	\$ -	28,502	\$ -	\$ 28,502
Advertising	460	459	919	-	-	919
Amortization	98	99	197	627	-	824
Bank fees	270	270	540	-	1,038	1,578
Conferences	53	53	106	-	-	106
Dues and subscriptions	253	254	507	100	669	1,276
Education and awareness	-	195,592	195,592	-	-	195,592
Legal	856	856	1,712	571	571	2,854
Meals	174	174	348	-	-	348
Office expenses	1,507	1,508	3,015	-	489	3,504
Outside services	2,035	2,035	4,070	2,550	7,925	14,545
Printing, duplicating and postage	132	133	265	-	-	265
Program material costs	126,349	-	126,349	-	-	126,349
Research expenses	-	6,670	6,670	-	-	6,670
Salary and payroll expenses	34,140	34,141	68,281	11,379	34,139	113,799
Special events	-	-	-	-	3,330	3,330
Supplies	45	45	90	-	-	90
Travel	5,823	5,823	11,646	-	-	11,646
Website	4,311	4,312	8,623	-	4,643	13,266
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	\$ <u>176,506</u>	\$ <u>252,424</u>	\$ <u>428,930</u>	\$ <u>43,729</u>	\$ <u>52,804</u>	\$ <u>525,463</u>

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

DIGNITY PERIOD, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows From Operating Activities	
Decrease in Net Assets	\$ <u>(181,561)</u>
Adjustments to reconcile decrease in net assets to net cash used by operating activities	
Amortization	824
Increase in assets	
Prepaid expenses	(10,592)
Increase in liabilities	
Accounts payable	9,241
Accrued payroll	2,454
Deferred revenue	<u>8,645</u>
Net Cash Used by Operating Activities	<u>(170,989)</u>
Net Decrease in Cash and Cash Equivalents	(170,989)
Cash and Cash Equivalents - Beginning of Year	<u>383,623</u>
Cash and Cash Equivalents - End of Year	\$ <u><u>212,634</u></u>

DIGNITY PERIOD, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF OPERATIONS

Dignity Period, Inc., a Missouri Non-Profit (the “Organization”), incorporated on May 27, 2014, operates: to promote scientific and medical research on menstruation and menstrual disorders; to achieve a deeper understanding of social attitudes and cultural beliefs about menstruation by promoting high-quality ethnographic research on these topics; to promote the dissemination of accurate scientific information concerning the biology of menstruation and menstrual disorders to girls and women, with a special emphasis on reaching girls and women living in resource-poor environments and in cultures where menstruation is viewed negatively; to combat negative cultural attitudes towards normal human female reproductive physiology and to dispel false notions and cultural myths about menstruation and menstrual hygiene; to work towards the provision of adequate water, sanitation and hygiene facilities at primary and secondary schools, the absence of which negatively impacts girls disproportionately compared to boys; to promote the development and use of comfortable, low-cost, locally-produced, environmentally-friendly, re-useable menstrual hygiene products as an important means to achieving satisfactory menstrual hygiene for girls and women; to make such products widely available--at or below the cost of manufacture where necessary--in resource-poor areas so that the dignity of girls and women is preserved and the quality of their daily lives is enhanced during menstruation; and to ensure through the activities outlined above that no girl or woman is forced to sacrifice her education due to a lack of satisfactory menstrual hygiene and the presence of negative cultural attitudes towards menstruation and female reproductive biology.

Dignity Period, Inc. currently carries out these activities in northern Ethiopia in collaboration with Mekelle University, a large Federal University located in the Tigray Region in the city of Mekelle, Ethiopia, and with the Mariam Seba Sanitary Products Factory, a private company also located in Mekelle. This collaboration is carried out under the name of The Menstrual Dignity Project (aka The Dignity Period Project). Dignity Period raises money in the United States through donations from individuals, corporations and other non-profit organizations which are disbursed through grants to Mekelle University for the purpose of carrying out research projects and interventions to achieve these goals. Grant money from Dignity Period is transferred to Mekelle University under the terms of a memorandum of understanding signed in June, 2014. Funds are transferred to an account in the College of Health Sciences at Mekelle University for use by the Menstrual Dignity Project. Funds are transferred periodically as needed to fund agreed-upon projects with an approved budget. Letters of authorization for major expenditures are given by *Dignity Period, Inc.* to the College of Health Sciences prior to the purchase of menstrual pads from the Mariam Seba Factory, educational booklets, or research expenses, etc. Funds within the Mekelle University system are audited and controlled by the University, and regular accounts are sent to *Dignity Period, Inc.* in St. Louis.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with the provisions of the Financial Accounting Standards Board (FASB), Accounting Standards Codification (the FASB ASC), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America (GAAP). The financial statements are prepared on the accrual basis of accounting, where all references to authoritative accounting principles contained in our disclosures are based on the general accounting topics within the FASB ASC.

DIGNITY PERIOD, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements 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 revenue and expenses during the reporting period. Actual results could differ from estimated amounts.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains cash balances at two financial institutions as of December 31, 2018. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per financial institution. At various times during the year ended December 31, 2018, the Organization's total cash balance exceeded the FDIC's threshold, however, as of December 31, 2018, there were no balances in excess of FDIC limits. Management believes the Organization is not exposed to any significant credit risk related to those accounts.

Cash and Cash Equivalents

The Organization considers all short-term investments with original maturities of less than three months from the date of purchase to be cash equivalents.

Intangible Assets

Organization and trademark costs of \$1,655 and \$1,301, respectively, were incurred by the Organization and are currently being amortized over the 15 years on a straight-line basis, which for the Organization is not materially different than the generally accepted accounting principles. The Organization also owns promotional videos in the amount of \$9,404 at December 31, 2018. Total amortization expensed for the year ended December 31, 2018, was \$824, resulting in accumulated amortization of \$2,872.

Contributions

Contributions, including unconditional promises to give (pledges), are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give, which are due in subsequent months, are reported at the estimated net realizable value and included in pledges receivable. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no unconditional or conditional promises to give as of December 31, 2018.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

DIGNITY PERIOD, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There were no perpetual restrictions noted at December 31, 2018.

Donated Services and Materials

Donated services are recognized as contributions in accordance with FASB ASC 958-605-15, Contributions Received, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A substantial number of volunteers have donated significant amounts of their time to the Organization's fundraising events and programs; the value of their time is not included in the financial statements since the recognition criteria was not met. Donated professional services of \$7,267 were received during the year ended December 31, 2018.

Various materials are donated to the Organization. Donated materials that meet the criteria for recognition under the provisions of accounting for contributions received and contributions made in regard to financial statements of not-for-profit organizations, as discussed under this topic of the FASB ASC, are recorded at fair market value as of the date of donation. The contributions of various supplies for fundraising and program activities were treated as revenue in the amount of \$3,239 for the year ended December 31, 2018.

Description of Functional Expenses

Program:

Outreach:

Includes those expenditures that enable the Organization to fulfill its mission of making affordable, high-quality sanitary pads available to all menstruating girls and women in resource-poor countries

Research and Education:

To research and develop programs to improve access to menstrual education, water, sanitation, and hygiene at primary and secondary schools in low-resource countries so that girls are not forced to miss significant portions of their education due to lack of satisfactory menstrual hygiene.

DIGNITY PERIOD, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Functional Expenses (Continued)

Management and General

Includes the functions necessary to provide coordination and articulation of the Organization's program mission, secure proper administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure grants and private financial support from corporations, foundations, non-profits, and individuals through various fundraising events and activities.

Expense Allocation

Expenses are charged to functional areas on the basis of periodic time and expense studies and/or specific cost identification. Expenses for education and awareness, material costs, and travel are allocated to the program for which the costs are directly related. Salary and payroll expenses are allocated based on expense studies, and all other expenses such as bank fees, dues and subscriptions, and office expenses are allocated based on specific cost identification. Management and general expenses include accounting fees and those expenses that are not directly identifiable with any other specific function or program, but provide for the overall support and mission of the Organization.

Advertising

The Organization follows the policy of charging the costs of advertising to expenses as costs are incurred. Advertising expense was \$919 for the year ended December 31, 2018.

Income Tax

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Therefore, there are no provisions for income taxes reflected in these financial statements. There were no unrecognized tax benefits or positions identified or recorded as liabilities for the year ended December 31, 2018, including the consideration of unrelated business income tax.

The Organization's informational returns for tax years 2016 and later remain subject to examination by taxing authorities.

Special Events

The gross revenue for special events includes contributions for the events and event ticket revenue, as presented on the statement of activities. For receipts and payments in the current year for special events to be held in the next year, contributions and ticket sales are presented as deferred revenue and expenditures are presented as prepaid expenses on the statement of financial position. These items are recognized on the statement of activities when the event is held. There was deferred revenue totaling \$8,645 at December 31, 2018. Prepaid expenses relating to special events were \$13,422 as of December 31, 2018.

DIGNITY PERIOD, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncement

Not-for-Profit Entities

On August 18, 2016, FASB issued Accounting Standards Update ("ASU") 2016-14, "Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities". The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly for the year ended December 31, 2018, for the statement of activities, statement of functional expenses, and liquidity and availability footnote (Note 3).

Future Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers", which is effective for fiscal years beginning after December 15, 2018 for entities other than public business entities and outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts and customers. ASU 2014-09 supersedes most current revenue recognition guidance, including industry-specific guidance, and outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and reward. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration (which may include change orders and claims) is recognized, whether revenue should be recognized at a point in time or over time, and ensuring the time value of money is considered in the transaction price. ASU 2014-09 can be applied either retrospectively to each prior period presented or as a cumulative-effect adjustment as of the date of adoption. Management is currently evaluating the impact of adopting ASU 2014-09 on the Organization's financial statements and related disclosures.

Clarification of Contributions Received and Contributions Made

On June 21, 2018, the FASB issued Accounting Standards Update No. 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". This standard is intended to address questions stemming from FASB ASU No. 2014-09, "Revenue from Contracts with Customers", regarding its implications on the grants and contracts of not-for-profit organizations. Entities should apply the amendments for transactions in which the entity serves as the resource recipient to fiscal years beginning after December 15, 2018. For nonreciprocal transactions (contributions), the next point to consider for both parties is whether conditions have been placed on the resources provided. The presence of conditions affects the timing of revenue and expense recognition by the resource recipient and resource provider, respectively. Management is currently evaluating the impact of adopting ASU 2018-08 on the financial statements and the related notes to the financial statements.

DIGNITY PERIOD, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Pronouncements (Continued)

Financial Instruments: Credit Losses

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses". The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statements of activities will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year-ending December 31, 2021. Management is currently evaluating the impact of adopting ASU 2016-13 on the Organization's financial statements and related disclosure.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018:

Financial assets available to meet cash needs for general expenditures within one year	\$212,634
---	-----------

The Organization is supported by restricted contributions. Because a donor's restriction can require resources to be used in a particular manner or in a future period, some financial assets may not be available for general expenditure within one year.

NOTE 4 RISK OF FOREIGN OPERATIONS

The Organization's operations in Ethiopia are subject to risks inherent in operating in these sovereign states of East Africa that are not typically associated with operations in North America. Accordingly, the Organization's financial condition and activities may be influenced by the political, economic, and legal environments in these sovereign states. As a result, the Organization's activities in these states are subject to a variety of risks, including:

- Social, political, and economic instability
- Inflation
- Additional costs of compliance with government regulation and licensing requirements
- Tariffs and other trade barriers
- Expropriation, nationalization, and limitation on repatriation of earnings
- Fluctuations in foreign exchange rates
- Difficulties in managing foreign operations
- Unexpected changes in regulatory requirements

Any of these developments, or others, could adversely affect the financial condition and activities. Should such circumstances occur, the Organization might need to alter activities in a particular area. The Organization's ability to deal with these issues may be affected by applicable U.S. laws and in particular, potential conflicts between the requirements of U.S. law and the need to protect its assets.

DIGNITY PERIOD, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 RISK OF FOREIGN OPERATIONS (CONTINUED)

In addition, the Organization is required to comply with the United States Foreign Corrupt Practices Act and similar laws, which prohibit entities from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Corruption, extortion, bribery, payoffs, theft, and other fraudulent practices occur from time-to-time in the areas in which it operates. All funds are maintained in the U.S., and all costs are fulfilled directly with vendors with highly predictable payments that leave good paperwork trails.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2018:

Purpose restrictions:

Restricted for purchase of program supplies	\$ 500
Total	<u>\$ 500</u>

Restrictions released during 2018 were \$15,000.

NOTE 6 REVENUE CONCENTRATION

During the year ended December 31, 2018, the Organization received approximately 61% of its total revenue from one foundation.

NOTE 7 GRANTS RECORDED BY ETHIOPIAN ORGANIZATIONS

Grants have been recorded directly by Ethiopian organizations as a result of the Organization's efforts throughout the world. Total grants received by Ethiopian organizations for the year ended December 31, 2018, as translated into U.S. Dollars are \$275,819. Amounts are not considered an agency transaction or revenue for the Organization as the Organization did not receive the funds and has no control over the funds. Expenses relating to the raising of these grants are included in program expenses.

NOTE 8 SUBSEQUENT EVENTS

Management has evaluated subsequent events through the independent auditors' report date, the date the financial statements were available for issuance.