

UNITED TO END GENOCIDE, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

KOSITZKA, WICKS & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS



Table of Contents

Independent Auditor's Report

Financial Statements

| | |
|--|--------|
| Statements of Financial Position..... | 1 |
| Statements of Activities..... | 2 - 3 |
| Statements of Functional Expenses..... | 4 - 5 |
| Statements of Cash Flows..... | 6 |
| Notes to Financial Statements..... | 7 - 18 |



KOSITZKA, WICKS & COMPANY
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
United to End Genocide, Inc.

We have audited the accompanying financial statements of **United to End Genocide, Inc.** (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 **United to End Genocide, Inc.**, as of September 30, 2013 and 2012, 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.

Kositzka, Wicks and Company

Alexandria, Virginia
June 11, 2014

United to End Genocide, Inc.

Statements of Financial Position September 30,

2013

2012

Assets

Current assets

| | | |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | \$ 313,801 | \$ 680,652 |
| Pledges receivable | 314,053 | 139,328 |
| Prepaid expenses | 11,590 | 19,391 |
| | <u>639,444</u> | <u>839,371</u> |

Property and equipment, net 86,418 98,254

Investments 108,523 102,784

Other assets - security deposit 41,440 53,440

Total assets \$ 875,825 \$ 1,093,849

Liabilities and net assets

Current liabilities

| | | |
|--|----------------|----------------|
| Accounts payable and accrued expenses | \$ 102,971 | \$ 215,196 |
| Capital lease | 3,482 | - |
| Deferred rent | 8,383 | - |
| Deferred revenue - Conflict Risk Network | - | 33,253 |
| | <u>114,836</u> | <u>248,449</u> |

Long-term liabilities

| | | |
|---------------|---------------|----------|
| Capital lease | 12,118 | - |
| Deferred rent | 75,827 | - |
| | <u>87,945</u> | <u>-</u> |

Net assets

| | | |
|------------------------|----------------|----------------|
| Unrestricted | 322,016 | 662,616 |
| Temporarily restricted | 251,028 | 82,784 |
| Permanently restricted | 100,000 | 100,000 |
| | <u>673,044</u> | <u>845,400</u> |

Total liabilities and net assets \$ 875,825 \$ 1,093,849

The accompanying independent auditor's report and notes are an integral part of the financial statements.

United to End Genocide, Inc.

Statement of Activities for the year ended September 30, 2013

| | Unrestricted | Temporarily restricted | Permanently restricted | Total |
|--|-------------------|---------------------------|---------------------------|-------------------|
| Support and revenue | | | | |
| Contributions: | | | | |
| Individual | \$ 540,444 | \$ - | \$ - | \$ 540,444 |
| Direct mail | 32,178 | - | - | 32,178 |
| Foundation grants | 644,588 | 255,000 | - | 899,588 |
| In-kind donations | 22,887 | - | - | 22,887 |
| | <u>1,240,097</u> | <u>255,000</u> | <u>-</u> | <u>1,495,097</u> |
| Investment income | 2,197 | 5,744 | - | 7,941 |
| Other income | 48,802 | - | - | 48,802 |
| Net assets released from restrictions | 92,500 | (92,500) | - | - |
| Total support and revenue | <u>1,383,596</u> | <u>168,244</u> | <u>-</u> | <u>1,551,840</u> |
| Expenses | | | | |
| Programs: | | | | |
| Policy and government relations | 224,337 | - | - | 224,337 |
| Education and awareness | 390,086 | - | - | 390,086 |
| Advocacy | 309,497 | - | - | 309,497 |
| | <u>923,920</u> | <u>-</u> | <u>-</u> | <u>923,920</u> |
| Supporting services: | | | | |
| Management and general | 409,193 | - | - | 409,193 |
| Fundraising | 200,637 | - | - | 200,637 |
| Total expenses | <u>1,533,750</u> | <u>-</u> | <u>-</u> | <u>1,533,750</u> |
| Change in net assets before discontinued operations | (150,154) | 168,244 | - | 18,090 |
| Discontinued operations: | | | | |
| Loss on disposal of Stand LLC | (110,208) | - | - | (110,208) |
| Loss on disposal of Conflict Risk Network | (80,238) | - | - | (80,238) |
| Total discontinued operations | <u>(190,446)</u> | <u>-</u> | <u>-</u> | <u>(190,446)</u> |
| Total change in net assets | (340,600) | 168,244 | - | (172,356) |
| Net assets, beginning of year | <u>662,616</u> | <u>82,784</u> | <u>100,000</u> | <u>845,400</u> |
| Net assets, end of year | <u>\$ 322,016</u> | <u>\$ 251,028</u> | <u>\$ 100,000</u> | <u>\$ 673,044</u> |

The accompanying independent auditor's report and notes are an integral part of the financial statements.

United to End Genocide, Inc.

Statement of Activities for the year ended September 30, 2012

| | Unrestricted | Temporarily restricted | Permanently restricted | Total |
|--|-------------------|---------------------------|---------------------------|-------------------|
| Support and revenue | | | | |
| Contributions: | | | | |
| Individual | \$ 870,012 | \$ - | \$ 100,000 | \$ 970,012 |
| Direct mail | 153,813 | - | - | 153,813 |
| Foundation grants | 899,950 | 100,000 | - | 999,950 |
| In-kind donations | 50,790 | - | - | 50,790 |
| | <u>1,974,565</u> | <u>100,000</u> | <u>100,000</u> | <u>2,174,565</u> |
| Conference | 16,485 | - | - | 16,485 |
| Conflict Risk Network membership income | 109,695 | - | - | 109,695 |
| Loss on disposal of property and equipment | (7,826) | - | - | (7,826) |
| Investment income | 3,435 | 2,784 | - | 6,219 |
| Other income | 188,816 | - | - | 188,816 |
| Net assets released from restrictions | 53,066 | (53,066) | - | - |
| Total support and revenue | <u>2,338,236</u> | <u>49,718</u> | <u>100,000</u> | <u>2,487,954</u> |
| Expenses | | | | |
| Programs: | | | | |
| Policy and government relations | 544,706 | - | - | 544,706 |
| Education and awareness | 966,948 | - | - | 966,948 |
| Advocacy | 1,120,687 | - | - | 1,120,687 |
| | <u>2,632,341</u> | <u>-</u> | <u>-</u> | <u>2,632,341</u> |
| Supporting services: | | | | |
| Management and general | 635,809 | - | - | 635,809 |
| Fundraising | 399,848 | - | - | 399,848 |
| Total expenses | <u>3,667,998</u> | <u>-</u> | <u>-</u> | <u>3,667,998</u> |
| Change in net assets | (1,329,762) | 49,718 | 100,000 | (1,180,044) |
| Net assets, beginning of year | <u>1,992,378</u> | <u>33,066</u> | <u>-</u> | <u>2,025,444</u> |
| Net assets, end of year | <u>\$ 662,616</u> | <u>\$ 82,784</u> | <u>\$ 100,000</u> | <u>\$ 845,400</u> |

The accompanying independent auditor's report and notes are an integral part of the financial statements.

United to End Genocide, Inc.

Statement of Functional Expenses for the years ended September 30, 2013 and 2012 (summarized)

| | Programs | | | | Management and general | Fundraising | Total | 2012 Totals (Summarized) |
|---------------------------------|-------------------------------|----------------------------|-------------------|-------------------|---------------------------|-------------------|---------------------|--------------------------------|
| | Policy and gov't relations | Education and awareness | Advocacy | Total | | | | |
| Salary and related expenses | | | | | | | | |
| Salaries | \$ 133,936 | \$ 168,249 | \$ 199,691 | \$ 501,876 | \$ 103,740 | \$ 66,430 | \$ 672,046 | \$ 1,502,353 |
| Fringes | 6,571 | 8,278 | 9,743 | 24,592 | 4,506 | 2,985 | 32,083 | 112,993 |
| Pension | 6,278 | 7,908 | 9,208 | 23,394 | 4,704 | 2,852 | 30,950 | 63,834 |
| Payroll taxes | 9,765 | 12,301 | 14,478 | 36,544 | 6,696 | 4,436 | 47,676 | 111,737 |
| | <u>156,550</u> | <u>196,736</u> | <u>233,120</u> | <u>586,406</u> | <u>119,646</u> | <u>76,703</u> | <u>782,755</u> | <u>1,790,917</u> |
| Other expenses | | | | | | | | |
| Accounting fees | - | - | - | - | 93,706 | - | 93,706 | 68,070 |
| Advertising | - | - | - | - | - | - | - | 1,892 |
| Audit fees | - | - | - | - | 23,000 | - | 23,000 | 22,125 |
| Bad debt | - | - | - | - | - | - | - | 49,803 |
| Bank fees | - | - | - | - | 19,566 | - | 19,566 | 28,890 |
| Consultants | 435 | 718 | - | 1,153 | - | 1,018 | 2,171 | 252,741 |
| Cost of goods sold | - | - | - | - | - | - | - | 24,769 |
| Depreciation and amortization | 5,536 | 6,958 | 8,244 | 20,738 | 4,231 | 2,713 | 27,682 | 39,187 |
| Employee relations | 71 | 37 | - | 108 | 1,546 | (54) | 1,600 | 1,782 |
| Equipment (non-capitalized) | - | 32 | - | 32 | - | - | 32 | 2,593 |
| Equipment lease | - | - | - | - | 2,706 | - | 2,706 | 3,499 |
| Donations and gifts | - | - | - | - | 15 | - | 15 | 11,991 |
| Grants | - | - | - | - | 500 | - | 500 | 74,370 |
| Honorarium | - | - | - | - | - | - | - | 300 |
| Insurance (commercial policies) | - | - | - | - | 10,075 | - | 10,075 | 16,950 |
| Legal fees | - | 250 | - | 250 | 75 | - | 325 | 10,300 |
| Meals and entertainment | 320 | 110 | 113 | 543 | 472 | 644 | 1,659 | 8,572 |
| Media relations costs | - | 3,500 | - | 3,500 | - | - | 3,500 | 3,395 |
| Miscellaneous | - | 10 | - | 10 | 901 | - | 911 | 1,449 |
| Payroll fees | 418 | 528 | 705 | 1,651 | 287 | 190 | 2,128 | 3,109 |
| Postage and delivery | 40 | - | - | 40 | 2,024 | 6,873 | 8,937 | 40,449 |
| Premiums | - | - | - | - | - | - | - | 167,124 |
| Printing and reproduction | 16 | 609 | - | 625 | 69 | 9,525 | 10,219 | 31,959 |
| Professional services | 73 | 9,827 | - | 9,900 | 30,640 | 8,515 | 49,055 | 182,584 |
| Professional fundraising fees | - | - | - | - | - | 30,000 | 30,000 | 56,600 |
| Recruiting | - | - | - | - | 70 | - | 70 | 633 |
| Rent | 41,300 | 51,902 | 61,500 | 154,702 | 31,564 | 20,235 | 206,501 | 177,562 |
| Retirement plan fees | 500 | 630 | 842 | 1,972 | 343 | 227 | 2,542 | 3,565 |
| Site rental | - | - | - | - | - | - | - | 144,096 |
| Software | - | 859 | - | 859 | 21 | - | 880 | 886 |
| Stipend | 132 | 152 | - | 284 | 152 | 376 | 812 | 7,024 |
| Subscriptions and research | 4,171 | 20 | - | 4,191 | (298) | 4,025 | 7,918 | 36,357 |
| Supplies | - | (69) | - | (69) | 4,306 | 379 | 4,616 | 12,833 |
| Taxes | - | - | - | - | 477 | - | 477 | - |
| Telephone and communication | 2,445 | 146 | - | 2,591 | 24,585 | 76 | 27,252 | 36,886 |
| Temporary help | - | - | - | - | 1,829 | - | 1,829 | 5,618 |
| Training and development | - | 421 | - | 421 | 2,334 | 199 | 2,954 | 7,678 |
| Transportation and travel | 12,309 | 8,315 | 1,792 | 22,416 | 9,782 | 15,726 | 47,924 | 158,242 |
| Video production | - | 3,257 | - | 3,257 | - | - | 3,257 | 5,377 |
| Web site maintenance | 21 | 105,138 | 3,181 | 108,340 | 1,682 | 23,267 | 133,289 | 136,317 |
| | <u>67,787</u> | <u>193,350</u> | <u>76,377</u> | <u>337,514</u> | <u>266,660</u> | <u>123,934</u> | <u>728,108</u> | <u>1,837,577</u> |
| In-kind services - legal | - | - | - | - | 22,887 | - | 22,887 | 39,504 |
| | <u>\$ 224,337</u> | <u>\$ 390,086</u> | <u>\$ 309,497</u> | <u>\$ 923,920</u> | <u>\$ 409,193</u> | <u>\$ 200,637</u> | <u>\$ 1,533,750</u> | <u>\$ 3,667,998</u> |

The accompanying independent auditor's report and notes are an integral part of the financial statements.

United to End Genocide, Inc.

Statement of Functional Expenses for the year ended September 30, 2012

| | Programs | | | | Management and general | Fundraising | Total |
|---------------------------------|-------------------------------|----------------------------|---------------------|---------------------|---------------------------|-------------------|---------------------|
| | Policy and gov't relations | Education and awareness | Advocacy | Total | | | |
| Salary and related expenses | | | | | | | |
| Salaries | \$ 305,315 | \$ 273,592 | \$ 548,037 | \$ 1,126,944 | \$ 230,749 | \$ 144,660 | \$ 1,502,353 |
| Fringes | 22,963 | 20,577 | 41,218 | 84,758 | 17,355 | 10,880 | 112,993 |
| Pension | 12,973 | 11,625 | 23,286 | 47,884 | 9,804 | 6,146 | 63,834 |
| Payroll taxes | 22,708 | 20,348 | 40,760 | 83,816 | 17,162 | 10,759 | 111,737 |
| | <u>363,959</u> | <u>326,142</u> | <u>653,301</u> | <u>1,343,402</u> | <u>275,070</u> | <u>172,445</u> | <u>1,790,917</u> |
| Other expenses | | | | | | | |
| Accounting fees | - | - | - | - | 68,070 | - | 68,070 |
| Advertising | - | 1,833 | 59 | 1,892 | - | - | 1,892 |
| Audit fees | - | - | - | - | 22,125 | - | 22,125 |
| Bad debt | - | - | - | - | 49,803 | - | 49,803 |
| Bank fees | - | - | 9 | 9 | 28,881 | - | 28,890 |
| Consultants | - | 194,555 | 46,714 | 241,269 | - | 11,472 | 252,741 |
| Cost of goods sold | - | 24,769 | - | 24,769 | - | - | 24,769 |
| Depreciation and amortization | 7,964 | 7,136 | 14,295 | 29,395 | 6,019 | 3,773 | 39,187 |
| Employee relations | 196 | 32 | 484 | 712 | 1,070 | - | 1,782 |
| Equipment (non-capitalized) | - | 1,021 | - | 1,021 | 1,572 | - | 2,593 |
| Equipment lease | - | - | 69 | 69 | 3,430 | - | 3,499 |
| Donations and gifts | - | - | 11,387 | 11,387 | 604 | - | 11,991 |
| Grants | 69,000 | - | 5,370 | 74,370 | - | - | 74,370 |
| Honorarium | - | - | 300 | 300 | - | - | 300 |
| Insurance (commercial policies) | - | - | - | - | 16,950 | - | 16,950 |
| Legal fees | - | - | 2,000 | 2,000 | 8,300 | - | 10,300 |
| Meals and entertainment | 1,742 | 1,561 | 3,127 | 6,430 | 1,317 | 825 | 8,572 |
| Media relations costs | - | 3,395 | - | 3,395 | - | - | 3,395 |
| Miscellaneous | 1,909 | 109 | - | 2,018 | (569) | - | 1,449 |
| Payroll fees | - | - | - | - | 3,109 | - | 3,109 |
| Postage and delivery | 8,220 | 7,366 | 14,755 | 30,341 | 6,213 | 3,895 | 40,449 |
| Premiums | - | 167,124 | - | 167,124 | - | - | 167,124 |
| Printing and reproduction | 6,495 | 5,820 | 11,658 | 23,973 | 4,909 | 3,077 | 31,959 |
| Professional services | 2,158 | 29,163 | 4,471 | 35,792 | 56,753 | 90,039 | 182,584 |
| Professional fundraising fees | - | - | - | - | - | 56,600 | 56,600 |
| Recruiting | - | - | - | - | 633 | - | 633 |
| Rent | 36,085 | 32,336 | 64,772 | 133,193 | 27,272 | 17,097 | 177,562 |
| Retirement plan fees | - | - | - | - | 3,565 | - | 3,565 |
| Site rental | - | - | 144,096 | 144,096 | - | - | 144,096 |
| Software | - | 886 | - | 886 | - | - | 886 |
| Stipend | 1,563 | - | 4,259 | 5,822 | - | 1,202 | 7,024 |
| Subscriptions and research | 3,735 | 322 | 23,922 | 27,979 | 793 | 7,585 | 36,357 |
| Supplies | 2,608 | 2,337 | 4,681 | 9,626 | 1,971 | 1,236 | 12,833 |
| Taxes | - | - | - | - | - | - | - |
| Telephone and communication | 7,496 | 6,717 | 13,455 | 27,668 | 5,665 | 3,553 | 36,886 |
| Temporary help | 1,142 | 1,023 | 2,049 | 4,214 | 863 | 541 | 5,618 |
| Training and development | 1,560 | 1,398 | 2,801 | 5,759 | 1,179 | 740 | 7,678 |
| Transportation and travel | 28,874 | 28,808 | 80,157 | 137,839 | 414 | 19,989 | 158,242 |
| Video production | - | 5,377 | - | 5,377 | - | - | 5,377 |
| Web site maintenance | - | 117,718 | 12,496 | 130,214 | 324 | 5,779 | 136,317 |
| | <u>180,747</u> | <u>640,806</u> | <u>467,386</u> | <u>1,288,939</u> | <u>321,235</u> | <u>227,403</u> | <u>1,837,577</u> |
| In-kind services - legal | - | - | - | - | 39,504 | - | 39,504 |
| | <u>\$ 544,706</u> | <u>\$ 966,948</u> | <u>\$ 1,120,687</u> | <u>\$ 2,632,341</u> | <u>\$ 635,809</u> | <u>\$ 399,848</u> | <u>\$ 3,667,998</u> |

The accompanying independent auditor's report and notes are an integral part of the financial statements.

United to End Genocide, Inc.

Statements of Cash Flows for the years ended September 30,

2013

2012

Cash flows from operating activities

| | | |
|--|------------------|------------------|
| Change in net assets | \$ (172,356) | \$ (1,180,044) |
| Adjustments to reconcile change in net assets to net cash used by operating activities | | |
| Depreciation and amortization | 27,682 | 39,187 |
| Transfer of furniture and equipment | 4,206 | - |
| Realized and unrealized (gain) loss on investments | (3,862) | 3,525 |
| (Increase) decrease in operating assets | | |
| Pledges receivable | (174,725) | (57,489) |
| Inventory | - | 181,219 |
| Prepaid expenses | 7,801 | 80,506 |
| Security deposit | 12,000 | (34,941) |
| Increase (decrease) in operating liabilities | | |
| Accounts payable and accrued expenses | (112,225) | 33,764 |
| Capital lease payable | 15,600 | - |
| Deferred rent | 84,210 | - |
| Deferred revenue - Conflict Risk Network | (33,253) | (45,651) |
| Net cash used by operating activities | <u>(344,922)</u> | <u>(979,924)</u> |

Cash flows from investing activities

| | | |
|---|-----------------|------------------|
| Purchase of investments and reinvestments | (1,877) | (100,000) |
| Sale of property and equipment | - | 1,508 |
| Purchase of property and equipment | <u>(20,052)</u> | <u>(46,949)</u> |
| Net cash used by investing activities | <u>(21,929)</u> | <u>(145,441)</u> |

Net decrease in cash and cash equivalents

(366,851)

(1,125,365)

Cash and cash equivalents, beginning of year

680,652

1,806,017

Cash and cash equivalents, end of year

\$ 313,801

\$ 680,652

Supplemental cash flow information

| | | |
|-------------------|-------------|-------------|
| Interest paid | <u>\$ -</u> | <u>\$ -</u> |
| Income taxes paid | <u>\$ -</u> | <u>\$ -</u> |

The accompanying independent auditor's report and notes are an integral part of the financial statements.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

1. Organization and purpose

United to End Genocide, Inc. (the Organization) is an activist organization dedicated to preventing and ending genocide and mass atrocities worldwide. United to End Genocide, Inc. are faith leaders, students, artists, investors, genocide survivors, and all who believe in the promise “Never Again!” Formed from the merger of the Save Darfur Coalition and Genocide Intervention Network on November 1, 2010, United to End Genocide mobilizes thousands of committed activists globally, has an unparalleled nationwide student division, and coordinates a network of institutional investors with over \$3 trillion in assets under management.

2. Significant accounting policies

Method of accounting

The accompanying statements have been prepared on an accrual basis of accounting, whereby revenues are recognized as they are earned and expenses are recognized as they are incurred. All revenue and expenses, which are applicable to future periods, have been presented as deferred revenue or prepaid expenses on the accompanying statements of financial position.

Basis of presentation

United to End Genocide, Inc. reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of September 30, 2013 and 2012, the endowment fund balance of \$100,000 was permanently restricted.

Estimates

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

Revenue recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. A contribution is classified as temporarily restricted when the donor has designated it for future use or specified an event that must transpire before it is available for use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Other revenue is recognized when earned.

See independent auditor’s report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

2. Significant accounting policies (continued)

Cash and cash equivalents

For purposes of the statements of cash flows, United to End Genocide, Inc. considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured (FDIC) limits. FDIC insurance is \$250,000 per depositor, per insured bank.

Pledges receivable

Unconditional promises to give are recorded as grants and pledges receivable when they are made. No allowance for uncollectible accounts has been provided based upon management's review of the pledges receivable and historical collection experience. For the year ended September 30, 2012, \$49,803 of receivables inherited from the Genocide Intervention Network merger were identified as uncollectible and expensed.

Property and equipment

United to End Genocide, Inc. capitalizes property and equipment with a cost of \$1,000 or more. Property and equipment are recorded at cost and depreciated on a straight-line basis over its estimated useful lives. Leasehold improvements are also recorded at cost and amortized over their estimated useful lives or the terms of the lease, whichever is shorter. The website is depreciated on a straight-line basis over three years.

Donated professional services

United to End Genocide, Inc. receives donated legal services. These donated services are reflected in the financial statements because the services require specialized skills as defined by U.S. generally accepted accounting principles.

Investments

Investments are carried at their fair market values based on publicly available market data obtained from services independent of the Organization. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

See independent auditor's report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

2. Significant accounting policies (continued)

Deferred revenue – Conflict Risk Network

Conflict Risk Network (CRN) membership dues received in advance are deferred and recognized as revenue when earned based on the estimated benefit period of one to three years. The CRN program was transitioned to another organization during 2013 (see note 13).

Functional classification of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising and marketing costs are expensed as incurred.

Compensated absences

Employees of United to End Genocide, Inc. are entitled to paid vacation depending on job classification, length of service and other factors. As of September 30, 2013 and 2012, estimated compensated absences of \$16,137 and \$32,926 respectively, are included in accounts payable and accrued expenses in the accompanying statements of financial position.

Financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, pledges receivable, and prepaid expenses. Financial liabilities with carrying values approximating fair value include accounts payable and accrued expenses, capital lease, deferred rent and deferred revenue-Conflict Risk Network. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and any associated interest rates approximate current market rates.

Income taxes

United to End Genocide, Inc. is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. The Organization did not have a liability for unrelated business income for the years ended September 30, 2013 and 2012.

The material jurisdictions subject to potential examination by taxing authorities include the U.S. and District of Columbia. The Board does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on the Organization's results of operations. Tax years that remain subject to examination by the IRS are 2010 through 2013.

See independent auditor's report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

3. Cash and cash equivalents

Cash and cash equivalents as of September 30, 2013 and 2012 consisted of the following:

| | <u>2013</u> | <u>2012</u> |
|--|-----------------------|-----------------------|
| Checking | \$ 192,987 | \$ 44,947 |
| Money market funds | 120,814 | 635,235 |
| Petty cash | - | 470 |
| | <u>\$ 313,801</u> | <u>\$ 680,652</u> |
| Covered by Federal Deposit Insurance Corporation (FDIC) | <u>\$ 250,000</u> | <u>\$ 250,000</u> |

Interest income from the cash accounts of \$580 and \$2,694 was earned for the years ended September 30, 2013 and 2012, respectively.

4. Property and equipment

Property and equipment and accumulated depreciation at September 30, 2013 are as follows:

| | <u>2013</u> | | | |
|------------------------|-------------------|-------------------------------------|---------------------------------|---|
| | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Depreciation expense</u> | <u>Estimated useful life (in years)</u> |
| Leasehold improvements | \$ 16,090 | \$ 2,299 | \$ 2,299 | 4 |
| Computer equipment | 57,653 | 32,641 | 6,022 | 3-5 |
| Furniture | 43,344 | 20,987 | 8,055 | 5-7 |
| Website | 92,490 | 67,232 | 11,306 | 3 |
| | <u>\$ 209,577</u> | <u>\$ 123,159</u> | <u>\$ 27,682</u> | |

See independent auditor's report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

4. Property and equipment (continued)

Property and equipment and accumulated depreciation at September 30, 2012 are as follows:

| | 2012 | | | Estimated useful life (in years) |
|------------------------|-------------------|-----------------------------|-------------------------|--|
| | Cost | Accumulated depreciation | Depreciation expense | |
| Leasehold improvements | \$ 16,090 | \$ - | \$ - | 4 |
| Computer equipment | 41,301 | 27,432 | 8,385 | 3-5 |
| Furniture | 44,866 | 13,135 | 5,665 | 5-7 |
| Website | 92,490 | 55,926 | 25,137 | 3 |
| | <u>\$ 194,747</u> | <u>\$ 96,493</u> | <u>\$ 39,187</u> | |

5. Investments

Investments consisted of the following at September 30:

| | 2013 | 2012 |
|--|-------------------|-------------------|
| Cash and money market funds | \$ 2,789 | \$ 2,253 |
| Mutual funds | | |
| Equities | | |
| Berwyn Fund, Inc. | 1,423 | 1,619 |
| Eaton Vance LG Cap Value Fund Class I | 8,766 | 8,554 |
| Essex Small/Micro Cap Growth | 2,161 | 1,523 |
| ING Real Estate Fund Class W | 5,170 | 4,980 |
| Invesco Developing Markets Class | 5,391 | 5,241 |
| Loomis Sayles Small Cap Growth | 1,488 | 1,579 |
| MFS International Value Fund Class I | 5,725 | 5,328 |
| Oppenheimer International Growth Fund Y | 5,843 | 5,407 |
| Vanguard Morgan Growth Investor | 9,161 | 8,449 |
| Westcore Small-Cap Value Fund | 1,989 | 1,541 |
| Fixed income | | |
| Pimco Total Return Institutional | 29,962 | 28,827 |
| Ridgworth Total Return Bond Fund Class I | 28,655 | 27,483 |
| | <u>\$ 108,523</u> | <u>\$ 102,784</u> |

See independent auditor's report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

5. Investments (continued)

Investment income consisted of the following at September 30:

| | <u>2013</u> | <u>2012</u> |
|-------------------------------|-----------------|-----------------|
| Realized and unrealized gains | \$ 3,862 | \$ 3,525 |
| Interest and dividend income | 4,079 | 2,694 |
| | <u>\$ 7,941</u> | <u>\$ 6,219</u> |

6. Fair value measurements

The Organization classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

At September 30, 2013:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------------|-------------------|----------------|----------------|-------------------|
| Cash | \$ 2,789 | \$ - | \$ - | \$ 2,789 |
| Mutual Funds | | | | |
| Equities | 47,117 | - | - | 47,117 |
| Fixed income | 58,617 | - | - | 58,617 |
| Total assets reported at fair value | <u>\$ 108,523</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 108,523</u> |

At September 30, 2012:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------------|-------------------|----------------|----------------|-------------------|
| Cash | \$ 2,253 | \$ - | \$ - | \$ 2,253 |
| Mutual Funds | | | | |
| Equities | 44,221 | - | - | 44,221 |
| Fixed income | 56,310 | - | - | 56,310 |
| Total assets reported at fair value | <u>\$ 102,784</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 102,784</u> |

See independent auditor's report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

7. Restricted net assets

Net assets were released from donor restrictions during the years ended September 30, 2013 and 2012 by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

Temporarily restricted net assets at September 30, are as follows:

| | <u>2012</u> | <u>Contributions</u> | <u>Release of restrictions</u> | <u>2013</u> |
|-------------------------------|------------------|----------------------|------------------------------------|-------------------|
| Tides Foundation | \$ - | \$ 250,000 | \$ (42,500) | \$ 207,500 |
| One World Boston | 80,000 | - | (50,000) | 30,000 |
| Fidelity Charitable Gift Fund | | 5,000 | - | 5,000 |
| Endowment - investment income | 2,784 | 5,744 | - | 8,528 |
| Total temporarily restricted | <u>\$ 82,784</u> | <u>\$ 260,744</u> | <u>\$ (92,500)</u> | <u>\$ 251,028</u> |

| | <u>2011</u> | <u>Contributions</u> | <u>Release of restrictions</u> | <u>2012</u> |
|-------------------------------|------------------|----------------------|------------------------------------|------------------|
| Hunt Alternatives Fund | \$ 33,066 | \$ - | \$ (33,066) | \$ - |
| One World Boston | - | 100,000 | (20,000) | 80,000 |
| Endowment - investment income | - | 2,784 | - | 2,784 |
| Total temporarily restricted | <u>\$ 33,066</u> | <u>\$ 102,784</u> | <u>\$ (53,066)</u> | <u>\$ 82,784</u> |

8. Allocation of joint costs and functional expenses

For the year ended September 30, 2012, operating costs were allocated among the programs, fundraising activities, and administrative functions based on estimates provided by management. United to End Genocide, Inc. incurred joint costs for informational materials and activities that included fundraising appeals. These costs were allocated based on management's analysis of the content of each communication. Joint costs for the year ended September 30, 2012 totaled \$70,424, of which, \$58,641 was allocated to fundraising and \$11,783 to education. Joint costs were not allocated for the year ended September 30, 2013.

See independent auditor's report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

9. Lease commitments

The Organization leases office space in Washington, D.C. The lease term began on October 1, 2012 and is 68 months. The base monthly rental fee is \$17,470 and increases annually based on the contract. The lease included an abatement of the first five months of rent. The rent expense was recorded on a straight line basis over the term of the lease in the amount of \$17,208 per month. As of September 30, 2013, the deferred rent credit was \$84,210.

Rental expense was \$206,501 and \$177,562 for the years ended September 30, 2013 and 2012, respectively.

Minimum future minimum rentals for the next five years as of September 30, 2013 are as follows:

| | | |
|------|----|----------------|
| 2014 | \$ | 206,500 |
| 2015 | | 206,500 |
| 2016 | | 206,500 |
| 2017 | | 206,500 |
| 2018 | | 137,667 |
| | \$ | <u>963,667</u> |

The Organization leases a copier system from Leaf Capital Funding, LLC under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Organization's assets and liabilities. The lease agreement contains a fair market value purchase option at the end of the lease term.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of September 30, 2013.

| | | | |
|---|------|----|---------------|
| | 2014 | \$ | 3,600 |
| | 2015 | | 3,600 |
| | 2016 | | 3,600 |
| | 2017 | | 3,600 |
| | 2018 | | 1,500 |
| Total minimum lease payments | | | <u>15,900</u> |
| Less amount representing interest | | | <u>15,603</u> |
| Present value of minimum lease payments | | \$ | <u>297</u> |

See independent auditor's report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

10. In-kind contributions

In-kind contributions for the years ended September 30, 2013 and 2012 consisted of legal services valued at \$22,887 and \$39,504, respectively. The donated services are reflected in the financial statements as they require specialized skills, were provided by individuals possessing those skills, and would have needed to be purchased if not donated. The donated services supported the management and general function of the Organization.

11. Retirement plan

United to End Genocide, Inc. sponsors a 401(k) profit sharing plan. Employee participation in the plan is restricted to employees obtaining age 21. The employer matches 100% of contributions up to 3% of the employees' wages and 50% of contributions of up to 2% of the employees' wages, plus a discretionary 2% contribution. Employer contributions are discretionary. Pension expense was \$36,479 and \$63,834 for the years ended September 30, 2013 and 2012, respectively.

12. Endowment funds

United to End Genocide, Inc. endowment funds consist of one fund established for the purpose of generating income to assist the Organization in carrying out its charitable purpose. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the District of Columbia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

See independent auditor's report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

12. Endowment funds (continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization 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 Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to mitigate risk, preserve capital and generate growth.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on fixed income-based investments and equities to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

Until the corpus reaches a minimum of \$1 million, endowment income will not be distributed, but will be reinvested into the corpus of the fund. Once the corpus of the fund reaches \$1 million, income on the corpus may be distributed by the Board's discretion up to five percent of the value of the fund. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of five percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

See independent auditor's report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

12. Endowment funds (continued)

Endowment net asset composition by type of fund

The endowment net assets consisted of the following as of September 30:

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Endowment funds as of September 30, 2011 | \$ - | \$ - | \$ - | \$ - |
| Investment return | | | | |
| Investment income | - | 275 | - | 275 |
| Net appreciation | - | 3,252 | - | 3,252 |
| Investment fees | - | (743) | - | (743) |
| Total investment return | - | 2,784 | - | 2,784 |
| Contributions to perpetual endowment | - | - | 100,000 | 100,000 |
| Amounts appropriated for expenditure | - | - | - | - |
| Endowment funds as of September 30, 2012 | <u>\$ -</u> | <u>\$ 2,784</u> | <u>\$ 100,000</u> | <u>\$ 102,784</u> |
| Investment return | | | | |
| Investment income | \$ - | \$ 1,094 | \$ - | \$ 1,094 |
| Net appreciation | - | 5,837 | - | 5,837 |
| Investment fees | - | (1,192) | - | (1,192) |
| Total investment return | - | 5,739 | - | 5,739 |
| Contributions to perpetual endowment | - | - | - | - |
| Amounts appropriated for expenditure | - | - | - | - |
| Endowment funds as of September 30, 2013 | <u>\$ -</u> | <u>\$ 8,523</u> | <u>\$ 100,000</u> | <u>\$ 108,523</u> |

13. Discontinued operations

During 2013, United to End Genocide made a significant investment in time and resources to assure that two of its traditional programs, STAND and Conflict Risk Network (CRN), could be transitioned to allied organizations that are positioned to provide support for their continued service and development. Both of these transitions were successful with the CRN process being completed in May 2013. They notably include a commitment from all parties to continue to work in close coordination toward the realization of the goal of preventing and stopping genocide and mass atrocities. This “win-win” development will strengthen the movement and all of the organizations involved.

See independent auditor’s report.

United to End Genocide, Inc.

Notes to Financial Statements September 30, 2013 and 2012

13. Discontinued operations (continued)

STAND was a student-led division of the Organization and its predecessor, Genocide Intervention Network, working with student anti-genocide activists and leaders across the country. Between October 2012 and January 1, 2013, STAND transitioned from being a program of the Organization into STAND LLC, a single-member limited liability company, working with Resolve Inc. as its single member. STAND LLC will function as its own organization through Resolve Inc.'s 501(c)(3) status. To assist with transition costs, the Organization made a grant payment of \$32,454 to STAND LLC in February 2013. In addition, the Organization will make additional payments to Stand, of \$40,000 as the related funding is received by the Organization.

On May 8, 2013, the Organization transferred the ownership of the assets and assumption of liabilities of the CRN program to Ethical Investment Research Services (EIRIS), an England and Wales based registered charity. The transfer resulted in payments to EIRIS of \$37,479 during 2013. The base amount will be adjusted for transactions related to CRN occurring after the transfer date. Miscellaneous property and equipment was also transferred to EIRIS as a result of this agreement.

The transition of STAND and CRN are recorded as discontinued operations on the accompanying statements of activity for the year ended September 30, 2013.

14. Subsequent events

United to End Genocide, Inc. assessed events occurring subsequent to September 30, 2013 through June 11, 2014, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. The following events have occurred:

United to End Genocide is subleasing its previous office space to an unrelated organization and temporarily moved to a new location in March 2014. The temporary space is leased through June 30, 2014. The terms of the future office space lease are still being negotiated.

See independent auditor's report.