

**UNITED TO END GENOCIDE, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**SEPTEMBER 30, 2014 AND 2013**

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of United to End Genocide, Inc. (a nonprofit organization), which comprise the statements of financial position, 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 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 United to End Genocide, Inc., 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.

**Prior Period Financial Statements**

The financial statements of United to End Genocide, Inc. as of September 30, 2013, were audited by other auditors whose report dated June 11, 2014, expressed an unmodified opinion on those statements.

*Jane Marusa & McQuade PA*

Washington, DC  
October 13, 2015

**UNITED TO END GENOCIDE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2014 AND 2013**

	2014	2013
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 288,402	\$ 313,801
Accounts receivable	17,099	4,877
Pledges receivable	84,176	309,176
Prepaid expenses	8,550	11,590
Total current assets	398,227	639,444
<b>NONCURRENT ASSETS</b>		
Investments	127,092	108,523
Property and equipment, net	41,295	86,418
Deferred rental asset	85,511	-
Other assets	45,440	41,440
Total noncurrent assets	299,338	236,381
<b>TOTAL ASSETS</b>	<b>\$ 697,565</b>	<b>\$ 875,825</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	162,307	102,971
Capital lease, current portion	-	3,482
Total current liabilities	162,307	106,453
<b>NONCURRENT LIABILITIES</b>		
Capital lease, net of current portion	-	12,118
Security deposit	17,470	-
Deferred rental liability	76,729	84,210
Total noncurrent liabilities	94,199	96,328
<b>TOTAL LIABILITIES</b>	256,506	202,781
<b>NET ASSETS</b>		
Unrestricted	207,318	322,016
Temporarily restricted	133,741	251,028
Permanently restricted	100,000	100,000
	441,059	673,044
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 697,565</b>	<b>\$ 875,825</b>

See Independent Auditor's Report and accompanying notes to the financial statements.

**UNITED TO END GENOCIDE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>				
Contributions				
Individual	\$ 373,891	\$ -	\$ -	\$ 373,891
Direct mail	30,088	-	-	30,088
Foundation grants	660,000	100,000	-	760,000
In-kind donations	30,298	-	-	30,298
	<u>1,094,277</u>	<u>100,000</u>	<u>-</u>	<u>1,194,277</u>
Investment income	2,261	5,213	-	7,474
Other income	136,146	-	-	136,146
Net assets released from restrictions	222,500	(222,500)	-	-
Total support and revenue	<u>1,455,184</u>	<u>(117,287)</u>	<u>-</u>	<u>1,337,897</u>
<b>EXPENSES</b>				
Programs:				
Policy and government relations	273,958	-	-	273,958
Education and awareness	363,625	-	-	363,625
Advocacy	211,834	-	-	211,834
	<u>849,417</u>	<u>-</u>	<u>-</u>	<u>849,417</u>
Supporting services				
Management and general	397,292	-	-	397,292
Fundraising	323,173	-	-	323,173
Total Expenses	<u>1,569,882</u>	<u>-</u>	<u>-</u>	<u>1,569,882</u>
<b>CHANGE IN NET ASSETS</b>	(114,698)	(117,287)	-	(231,985)
<b>NET ASSETS, beginning of year</b>	<u>322,016</u>	<u>251,028</u>	<u>100,000</u>	<u>673,044</u>
<b>NET ASSETS, end of year</b>	<u>\$ 207,318</u>	<u>\$ 133,741</u>	<u>\$ 100,000</u>	<u>\$ 441,059</u>

See Independent Auditor's Report and accompanying notes to the financial statements.

**UNITED TO END GENOCIDE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>				
Contributions				
Individual	\$ 540,544	\$ -	\$ -	\$ 540,544
Direct mail	32,178	-	-	32,178
Foundation grants	644,588	255,000	-	899,588
In-kind donations	22,886	-	-	22,886
	<u>1,240,196</u>	<u>255,000</u>	<u>-</u>	<u>1,495,196</u>
Investment income	626	5,744	-	6,370
Other income	49,676	-	-	49,676
Net assets released from restrictions	92,500	(92,500)	-	-
Total support and revenue	<u>1,382,998</u>	<u>168,244</u>	<u>-</u>	<u>1,551,242</u>
<b>EXPENSES</b>				
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>
<b>Change in net assets before discontinued operations</b>	(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)	-	-	88,006
Total discontinued operations	<u>(190,446)</u>	<u>-</u>	<u>-</u>	<u>(190,446)</u>
<b>CHANGE IN NET ASSETS</b>	(340,600)	168,244	-	(172,356)
<b>NET ASSETS, beginning of year</b>	<u>662,616</u>	<u>82,784</u>	<u>100,000</u>	<u>845,400</u>
<b>NET ASSETS, end of year</b>	<u>\$ 322,016</u>	<u>\$ 251,028</u>	<u>\$ 100,000</u>	<u>\$ 673,044</u>

See Independent Auditor's Report and accompanying notes to the financial statements.

**UNITED TO END GENOCIDE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2014**

	Programs						
	Policy and government relations	Education and awareness	Advocacy	Total Program	Management and general	Fundraising	Total
Salary and related expenses							
Salaries	\$ 121,475	\$ 95,823	\$ 101,495	\$ 318,793	\$ 73,721	\$ 79,681	\$ 472,195
Fringes	15,476	12,208	12,931	40,615	9,392	10,152	60,159
Retirement	6,397	5,046	5,345	16,788	3,882	4,196	24,866
Payroll taxes	8,704	6,866	7,272	22,842	5,282	5,709	33,833
	152,052	119,943	127,043	399,038	92,277	99,738	591,053
Other expenses							
Accounting fees	-	-	-	-	104,916	-	104,916
Audit fees	-	-	-	-	23,700	-	23,700
Bank fees	4,979	3,450	3,653	12,082	2,654	2,869	17,605
Consultants	-	10,400	-	10,400	1,356	4,900	16,656
Depreciation and amortization	5,904	4,657	4,933	15,494	3,584	3,873	22,951
Employee relations	826	555	613	1,994	427	462	2,883
Equipment (non-capitalized)	-	60	-	60	-	-	60
Equipment lease	115	90	96	301	70	75	446
Grants	-	-	-	-	-	30,000	30,000
Insurance (commercial policies)	3,604	2,843	3,011	9,458	2,186	2,364	14,008
Legal fees	-	-	-	-	250	-	250
Loss on disposal of property	-	-	-	-	12,642	-	12,642
Miscellaneous	119	73	207	399	56	61	516
Payroll fees	618	488	517	1,623	50	406	2,079
Postage and delivery	120	678	100	898	73	4,779	5,750
Printing and reproduction	1,555	479	54	2,088	39	11,536	13,663
Professional services	7,141	16,764	5,962	29,867	4,330	4,681	38,878
Organizational development	46	37	39	122	28	50,030	50,180
Relocation fees	-	-	-	-	8,295	-	8,295
Rent	60,439	47,676	50,498	158,613	36,680	39,644	234,937
Retirement plan fees	784	618	655	2,057	63	514	2,634
Sublease fees	-	-	-	-	64,193	-	64,193
Software	2	69	2	73	2	1	76
Stipend	25	327	340	692	16	16	724
Subscriptions and research	1,079	976	89	2,144	55	240	2,439
Supplies	1,001	880	783	2,664	569	660	3,893
Telephone and communication	8,783	6,462	6,844	22,089	4,972	5,373	32,434
Training and development	367	289	307	963	223	241	1,427
Transportation and travel	19,656	11,422	1,979	33,057	409	24,952	58,418
Utilities	900	710	752	2,362	547	591	3,500
Web site maintenance	3,843	133,679	3,357	140,879	2,332	35,167	178,378
	121,906	243,682	84,791	450,379	274,717	223,435	948,531
In-kind services - legal	-	-	-	-	30,298	-	30,298
Total Expenses	\$ 273,958	\$ 363,625	\$ 211,834	\$ 849,417	\$ 397,292	\$ 323,173	\$ 1,569,882

See Independent Auditor's Report and accompanying notes to the financial statements.



**UNITED TO END GENOCIDE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**YEAR ENDED SEPTEMBER 30, 2013**

	Programs						
	Policy and government relations	Education and awareness	Advocacy	Total Program	Management and general	Fundraising	Total
Salary and related expenses							
Salaries	\$ 133,936	\$ 168,249	\$ 199,691	\$ 501,876	\$ 103,740	\$ 66,430	\$ 672,046
Fringes	6,571	8,278	9,743	24,592	4,506	2,985	32,083
Retirement	6,278	7,908	9,208	23,394	4,704	2,852	30,950
Payroll taxes	9,765	12,301	14,478	36,544	6,696	4,436	47,676
	<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>
Other expenses							
Accounting fees	-	-	-	-	93,706	-	93,706
Audit fees	-	-	-	-	23,000	-	23,000
Bank fees	-	-	-	-	19,566	-	19,566
Consultants	435	718	-	1,153	-	1,018	2,171
Depreciation and amortization	5,536	6,958	8,244	20,738	4,231	2,713	27,682
Employee relations	71	37	-	108	1,546	(54)	1,600
Equipment (non-capitalized)	-	32	-	32	-	-	32
Equipment lease	-	-	-	-	2,706	-	2,706
Donations and gifts	-	-	-	-	15	-	15
Grants	-	-	-	-	500	-	500
Insurance (commercial policies)	-	-	-	-	10,075	-	10,075
Legal fees	-	250	-	250	75	-	325
Meals and entertainment	320	110	113	543	472	644	1,659
Media relations costs	-	3,500	-	3,500	-	-	3,500
Miscellaneous	-	10	-	10	901	-	911
Payroll fees	418	528	705	1,651	287	190	2,128
Postage and delivery	40	-	-	40	2,024	6,873	8,937
Printing and reproduction	16	609	-	625	69	9,525	10,219
Professional services	73	9,827	-	9,900	30,640	8,515	49,055
Professional fundraising fees	-	-	-	-	-	30,000	30,000
Recruiting	-	-	-	-	70	-	70
Rent	41,300	51,902	61,500	154,702	31,564	20,235	206,501
Retirement plan fees	500	630	842	1,972	343	227	2,542
Software	-	859	-	859	21	-	880
Stipend	132	152	-	284	152	376	812
Subscriptions and research	4,171	20	-	4,191	(298)	4,025	7,918
Supplies	-	(69)	-	(69)	4,306	379	4,616
Taxes	-	-	-	-	477	-	477
Telephone and communication	2,445	146	-	2,591	24,585	76	27,252
Temporary help	-	-	-	-	1,829	-	1,829
Training and development	-	421	-	421	2,334	199	2,954
Transportation and travel	12,309	8,315	1,792	22,416	9,782	15,726	47,924
Video production	-	3,257	-	3,257	-	-	3,257
Web site maintenance	21	105,138	3,181	108,340	1,682	23,267	133,289
	<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>
In-kind services - legal	-	-	-	-	22,887	-	22,887
Total Expenses	<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>

See Independent Auditor's Report and accompanying notes to the financial statements.

**UNITED TO END GENOCIDE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (231,985)	\$ (172,356)
Adjustments to reconcile change in net assets to net cash and cash equivalents used by operating activities		
Depreciation and amortization	22,951	27,682
Loss on disposal of property and equipment	9,963	-
Transfer of property and equipment	-	4,206
Realized and unrealized gain on investments	(4,767)	(3,862)
(Increase) decrease in assets:		
Accounts receivable	(12,222)	-
Pledges receivable	225,000	(174,725)
Prepaid expenses	3,040	7,801
Deferred rental asset	(85,511)	-
Other assets	(4,000)	12,000
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	59,336	(112,225)
Security deposit	17,470	15,600
Deferred rental liability	(7,481)	84,210
Deferred revenue	-	(33,253)
Net cash used by operating activities	<u>(8,206)</u>	<u>(344,922)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(18,155)	(1,877)
Proceeds from sale of investments	4,353	-
Purchase of property and equipment	<u>(3,391)</u>	<u>(20,052)</u>
Net cash used by investing activities	<u>(17,193)</u>	<u>(21,929)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(25,399)	(366,851)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>313,801</u>	<u>680,652</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 288,402</u>	<u>\$ 313,801</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON CASH INFORMATION</b>		
Transfer of equipment and obligation of under capital lease	<u>\$ 15,600</u>	<u>\$ -</u>

See Independent Auditor's Report and accompanying notes to the financial statements.

**UNITED TO END GENOCIDE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**

**NOTE A – ORGANIZATION AND PURPOSE**

Organization

United to End Genocide, Inc. (“UEG”) is an activist organization dedicated to preventing and ending genocide and mass atrocities worldwide. UEG includes 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, UEG 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.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

UEG’s financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic Not-for-Profit Entities. In accordance with the topic, UEG reports information regarding its financial position and activities according to three classes of net assets:

*Unrestricted Net Assets*- Net assets not subject to donor-imposed stipulations

*Temporarily Restricted Net Assets* - Net Assets subject to donor-imposed stipulations that may or will be met by either actions of UEG and/or the passage of time.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by UEG.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

**UNITED TO END GENOCIDE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the 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.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, UEG considers all highly liquid instruments purchased with an original maturity of less than three months and money market funds to be cash equivalents.

Accounts and Pledges Receivable

Unconditional promises to give are recorded as pledges receivable at the date the promise is received. Accounts receivable related to other fees and revenues are recognized as revenue on the accrual basis of accounting at the time the activity has occurred. No allowance for uncollectible accounts or pledges have been recorded based upon management's review of the accounts and pledges receivable and historical collection experience.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. UEG capitalizes property and equipment with a cost of \$1,000 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which ranges from three to seven years. Leasehold improvements are also recorded at cost and amortized over their estimated useful lives or the terms of the lease, whichever is shorter. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Donated Professional Services

Donated services are recognized at their fair value if the service requires specialized skills and the services would typically need to be purchased, if not donated. Donated services and promises to give services that do not meet the above criteria are not recognized. UEG received donated legal services in the amount of \$30,298 and \$22,886 for the years ending September 30, 2014 and 2013, respectively.

**UNITED TO END GENOCIDE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Investments

Investments are carried at their fair market values based on publicly available market data provided by the funds custodian. 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.

Deferred Rent and Lease Incentives

UEG records rent income and expense including incentives on a straight-line basis over the terms of the leases. Deferred rental asset or liability is recorded as the difference in the rent income or expense recognized on a straight-line basis and the cash receipts or payments.

Deferred Revenue

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.

Functional Expenses

UEG allocates expenses on a functional basis among their various programs and support services. The cost of providing various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services that benefited from such costs.

Reclassifications

Certain 2013 amounts have been reclassified, to conform to the current year presentation. Such reclassifications had no effect on the change in net assets.

**NOTE C – INCOME TAXES**

UEG is recognized as a 501(c)(3) organization, exempt from federal income tax, except on unrelated business activities, under the provisions of Section 501(a) of the Internal Revenue Code.

UEG believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an affect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

UEG's Form 990 information returns are subject to examination by the Internal Revenue Service (IRS) for a period of three years from the date the were filed, except under certain circumstances. UEG's Form 990 information returns for the years 2011 through 2013 are open for examination by the IRS, although no request has been made as of the date of these financial statements.

**UNITED TO END GENOCIDE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**  
(continued)

**NOTE D – PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment as of September 30:

	2014	2013
Leasehold improvements	\$ -	\$ 16,090
Computer equipment	31,762	57,653
Furniture	45,120	43,344
Website	92,490	92,490
	169,372	209,577
Accumulated depreciation	(128,077)	(123,159)
Property and equipment, net	\$ 41,295	\$ 86,418

**NOTE E – INVESTMENTS**

Investments consisted of the following as of September 30:

	2014	2013
Money market funds	\$ 2,923	\$ 2,789
Equities		
Common stock	13,354	-
Mutual funds		
Berwyn Fund, Inc	1,449	1,423
Eaton Vance LG Cap Value Fund Class I	9,179	8,766
Essex Small/Micro Cap Growth	1,796	2,161
ING Real Estate Fund Class W	-	5,170
Invesco Developing Markets Class	5,471	5,391
Loomis Sayles Small Cap Growth	1,468	1,488
MFS International Growth Fund Y	5,540	5,725
Oppenheimer International Growth Fund Y	5,292	5,843
Vanguard Morgan Growth Investor	9,294	9,161
Voya Real Estate Class W	5,909	-
Westcore Small-cap Value Fund	2,046	1,989
Fixed income		
Mutual funds		
Pimco Total Return Institutional	32,196	29,962
Ridgeworth Total Return Bond Fund Class I	31,175	28,655
	\$ 127,092	\$ 108,523

**UNITED TO END GENOCIDE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**  
(continued)

**NOTE E – INVESTMENTS** (continued)

Investment income comprised of the following for the years ended September 30:

	2014	2013	
Realized and unrealized gains	\$ 4,767	\$ 3,862	
Interest and dividend income	4,388	4,079	
Investment fees	(1,681)	(1,571)	
	\$ 7,474	\$ 6,370	

**NOTE F – FAIR VALUE MEASUREMENTS**

Fair value, as defined in the fair value measurement accounting guidance, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or exit price.

The guidance on fair value measurement accounting requires that UEG make assumptions market participants would use in pricing an asset or liability based on the best information available. UEG considers factors that were not previously measured when determining the fair value of financial instruments. These factors include nonperformance risk (the risk that the obligation will not be fulfilled) and credit risk, of the reporting entity (for liabilities) and of the counterparty (for assets). The fair value measurement guidance prohibits inclusion of transaction costs and any adjustments for blockage factors in determining the instruments' fair value. The principal or most advantageous market should be considered from the perspective of the reporting entity.

Fair value, where available, is based on observable quoted market prices. Where observable prices or inputs are not available, several valuation models and techniques are applied. These models and techniques attempt to maximize the use of observable inputs and minimize the use of unobservable inputs. The process involves varying levels of management judgment, the degree of which is dependent on the price transparency of the instruments or market and the instruments' complexity.

To increase consistency and enhance disclosure of the fair value of financial instruments, the fair value measurement accounting guidance established a fair value of inputs to the valuation technique, into a three-level fair value hierarchy. A financial instrument's level within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement, where level 1 is the highest and level 3 is the lowest. The three levels are defined as follows:

Level 1 – Observable inputs such as quoted prices in active markets. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

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**NOTE F – FAIR VALUE MEASUREMENTS** (continued)

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable. These include quoted market prices for similar assets or liabilities, quoted market prices for identical or similar assets in markets that are not active, adjusted quoted market prices, inputs from observable data such as interest rate and yield curves, volatilities or default rates observable at commonly quoted intervals or inputs derived from observable market data by correlation or other means.

Level 3 – These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect certain assumptions by management about the assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

The fair value of money market funds is valued by carrying amount, which approximates fair value. Fair values of UEG’s common stocks and mutual funds have been determined from observable market quotations.

The following table presents UEG’s fair value hierarchy for financial instruments measured at fair value on a recurring basis as of September 30, 2014:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,923	\$ -	\$ -	\$ 2,923
Equities				
Common stock	13,354	-	-	13,354
Mutual funds	47,444	-	-	47,444
Fixed income				
Mutual funds	63,371	-	-	63,371
Total	<u>\$ 127,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,092</u>



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**NOTE F – FAIR VALUE MEASUREMENTS** (continued)

The following table presents UEG’s fair value hierarchy for financial instruments measured at fair value on a recurring basis as of September 30, 2013:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,789	\$ -	\$ -	\$ 2,789
Mutual Funds				
Equities	47,117	-	-	47,117
Fixed income	58,617	-	-	58,617
Total	<u>\$ 108,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,523</u>

**NOTE G – ENDOWMENT**

United to End Genocide, Inc. endowment funds consist of one fund established for the purpose of generating income to assist UEG 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 UEG 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, UEG 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.

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, UEG 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 UEG 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 UEG, and
7. The investment policies of UEG.

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**NOTE G – ENDOWMENT** (continued)

Return Objectives and Risk Parameters

UEG 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, UEG 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). UEG 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 one million dollars, endowment income will not be distributed, but will be reinvested into the corpus of the fund. Once the corpus of the fund reaches one million dollars, 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, UEG considered the long-term expected return on its endowment. Accordingly, over the long term, UEG expects the current spending policy to allow its endowment to grow at an average of five percent annually. This is consistent with UEG'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.

The endowment net asset composition by fund type consisted of the following as of September 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor restricted funds	\$ -	\$ 13,737	\$ 100,000	\$ 113,737
Total funds	<u>\$ -</u>	<u>\$ 13,737</u>	<u>\$ 100,000</u>	<u>\$ 113,737</u>

**UNITED TO END GENOCIDE, INC.**  
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**NOTE G – ENDOWMENT** (continued)

The endowment net asset composition by fund type consisted of the following as of September 30, 2013

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted funds	\$ -	\$ 8,523	\$ 100,000	\$ 108,523
Total funds	<u>\$ -</u>	<u>\$ 8,523</u>	<u>\$ 100,000</u>	<u>\$ 108,523</u>

Changes in endowment net assets were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
<b>Endowment funds as of September 30, 2012</b>	\$ -	\$ 2,784	\$ 100,000	\$ 102,784
Investment return				
Investment income	-	1,094	-	1,094
Net appreciation	-	5,837	-	5,837
Investment fees	-	(1,192)	-	(1,192)
Total investment return	<u>-</u>	<u>5,739</u>	<u>-</u>	<u>5,739</u>
<b>Endowment funds as of September 30, 2013</b>	<u>\$ -</u>	<u>\$ 8,523</u>	<u>\$ 100,000</u>	<u>\$ 108,523</u>
Investment return				
Investment income	\$ -	\$ 4,022	\$ -	\$ 4,022
Net appreciation	-	2,873	-	2,873
Investment fees	-	(1,681)	-	(1,681)
Total investment return	<u>-</u>	<u>5,214</u>	<u>-</u>	<u>5,214</u>
<b>Endowment funds as of September 30, 2014</b>	<u>\$ -</u>	<u>\$ 13,737</u>	<u>\$ 100,000</u>	<u>\$ 113,737</u>

**UNITED TO END GENOCIDE, INC.**  
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**NOTE H – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of September 30 were as follows:

	2014	2013
Burma advocacy and capacity building works	\$ -	\$ 207,500
Time restriction	120,004	30,000
Burma travel expenses	-	5,000
Endowment-Investment Income	13,737	8,528
Total	\$ 133,741	\$ 251,028

**NOTE I - LEASES**

UEG leases office space on 17<sup>th</sup> Street N.W., Washington, D.C. The lease term began on October 1, 2012 and is scheduled to expire May 31, 2018. The base monthly rental fee is \$17,470 and increases annually based on the escalations defined in the lease agreement. The lease agreement included an abatement of the first five months of rent. Rent expense is recorded on the straight-line basis over the term of the lease resulting in a deferred rental liability of \$76,729 and \$84,210 as of September 30, 2014 and 2013, respectively.

During 2014, UEG relocated its office and entered into a sub-lease agreement for office space on Vermont Ave N.W., Washington, DC. The lease term began during February 2014 and is scheduled to expire June 2015, and does not include automatic renewal. Rent is paid monthly at a rate of \$4,000 per month.

Rental expense was \$234,937 and \$206,501 for the years ended September 30, 2014 and 2013, respectively.

Minimum future minimum rent payments for years ending September 30 are as follows:

2015	\$ 220,256
2016	225,763
2017	231,407
2018	158,128
2019	-
Thereafter	-
	\$ 835,554

**UNITED TO END GENOCIDE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE I – LEASES** (continued)

During February 2014, due to the relocation, UEG entered into a sub-lease agreement to sublease its 17<sup>th</sup> Street N.W. office space to an unrelated organization through May 31, 2018. Base rental income payments are \$17,470 and the agreement includes escalation of payments on an annual basis. Rent income is recorded on the straight-line basis over the term of the lease resulting in a deferred rental asset of \$85,511 as of September 30, 2014, and is reported as other income on the accompanying statements of activities.

Minimum future minimum incoming rent payments for years ending September 30 are as follows:

2015	\$	214,535
2016		223,116
2017		232,041
2018		159,571
2019		-
Thereafter		-
		-
	\$	829,263

UEG leased a copier system which qualified for treatment as a capital lease under current accounting standards. During 2014, the leased asset and associated obligation was transferred to the subtenant noted above.

**NOTE K – RETIREMENT PLAN**

A qualified 401(k) retirement plan (the Plan) has been established for which eligible employees may participate. Employee participation in the Plan is restricted to employees obtaining age 21. UEG 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. Retirement plan expense was \$24,865 and \$36,479 for the years ended September 30, 2014 and 2013, respectively.

**NOTE L – DISCONTINUED OPERATIONS**

During 2013, UEG 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.

**UNITED TO END GENOCIDE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE L – DISCONTINUED OPERATIONS** (continued)

STAND was a student-led division of UEG 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, UEG made a grant payment of \$32,454 to STAND LLC in February 2013. In addition, UEG will make additional payments to Stand, of \$40,000 as the related funding is received by UEG.

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.

**NOTE M – CONCENTRATIONS**

UEG maintains its cash in several financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. UEG's cash routinely exceeds the FDIC limit. Management does not believe UEG is exposed to any significant credit risk on its cash and cash equivalents.

**NOTE N – SUBSEQUENT EVENTS**

In accordance with current accounting standards, UEG evaluated subsequent events through the date of the auditor's report, which is the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.