

**RESULTS, INC. AND  
RESULTS EDUCATIONAL FUND, INC.**

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

**DECEMBER 31, 2015**

## TABLE OF CONTENTS

|                                                | <u>Page No.</u> |
|------------------------------------------------|-----------------|
| <b>INDEPENDENT AUDITOR’S REPORT</b>            | 1 - 2           |
| <b>FINANCIAL STATEMENTS</b>                    |                 |
| Consolidated Statement of Financial Position   | 3               |
| Consolidated Statement of Activities           | 4               |
| Consolidated Statement of Functional Expenses  | 5               |
| Consolidated Statement of Cash Flows           | 6               |
| Notes to the Consolidated Financial Statements | 7 - 14          |
| <b>SUPPLEMENTAL INFORMATION</b>                |                 |
| Consolidating Schedule of Financial Position   | 15              |
| Consolidating Schedule of Activities           | 16              |



## Independent Auditor's Report

To the Board of Directors of  
RESULTS, Inc. and RESULTS Educational Fund, Inc.  
Washington, DC

We have audited the accompanying consolidated financial statements of RESULTS, Inc. and RESULTS Educational Fund, Inc. (nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of RESULTS, Inc. and RESULTS Educational Fund, Inc. as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities on pages 15 and 16 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Jane Maruca & M<sup>o</sup>Quade PA*

Washington, DC  
July 29, 2016

**RESULTS, INC. AND  
RESULTS EDUCATIONAL FUND, INC.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015**

**ASSETS**

**CURRENT ASSETS**

|                           |                   |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 6,321,219      |
| Accounts receivable, net  | 95,444            |
| Grants receivable         | 9,089,694         |
| Prepaid expenses          | 21,777            |
| Total current assets      | <u>15,528,134</u> |

**NON-CURRENT ASSETS**

|                             |                |
|-----------------------------|----------------|
| Property and equipment, net | 353,368        |
| Security deposit            | 27,003         |
| Total non-current assets    | <u>380,371</u> |

**TOTAL ASSETS**

\$ 15,908,505

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

|                           |                  |
|---------------------------|------------------|
| Accounts payable          | \$ 540,871       |
| Accrued expenses          | 120,994          |
| Deferred rent             | 425,107          |
| Other liabilities         | 17,746           |
| Total current liabilities | <u>1,104,718</u> |

**NET ASSETS**

|                                  |                   |
|----------------------------------|-------------------|
| Unrestricted                     |                   |
| Available for operations         | 220,042           |
| Designated - Cameron Duncan Fund | 16,088            |
| Total unrestricted               | <u>236,130</u>    |
| Temporarily restricted           | 14,567,657        |
| Total net assets                 | <u>14,803,787</u> |

**TOTAL LIABILITIES AND NET ASSETS**

\$ 15,908,505

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

**RESULTS, INC. AND  
RESULTS EDUCATIONAL FUND, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

|                                             | Unrestricted      | Temporarily<br>Restricted | Total                |
|---------------------------------------------|-------------------|---------------------------|----------------------|
| <b>REVENUE AND SUPPORT</b>                  |                   |                           |                      |
| Grants and contributions                    | \$ 693,039        | \$ 2,060,463              | \$ 2,753,502         |
| Conferences and events                      | 585,787           | -                         | 585,787              |
| Contracts revenue                           | 45,711            | -                         | 45,711               |
| Interest and other income                   | 17,873            | -                         | 17,873               |
| Royalties                                   | 179               | -                         | 179                  |
| Net assets released from restrictions       | 9,386,743         | (9,386,743)               | -                    |
| Total revenue and support                   | <u>10,729,332</u> | <u>(7,326,280)</u>        | <u>3,403,052</u>     |
| <b>EXPENSES</b>                             |                   |                           |                      |
| Program services:                           |                   |                           |                      |
| ACTION Program                              | 7,291,167         | -                         | 7,291,167            |
| Microcredit education and outreach          | 861,483           | -                         | 861,483              |
| Poverty outreach and advocacy               | 1,559,447         | -                         | 1,559,447            |
| Grassroots advocacy to end poverty          | 255,253           | -                         | 255,253              |
| Total program services                      | <u>9,967,350</u>  | <u>-</u>                  | <u>9,967,350</u>     |
| Supporting services:                        |                   |                           |                      |
| Management and general                      | 1,025,580         | -                         | 1,025,580            |
| Fundraising                                 | 344,657           | -                         | 344,657              |
| Total supporting services                   | <u>1,370,237</u>  | <u>-</u>                  | <u>1,370,237</u>     |
| Total Expenses                              | <u>11,337,587</u> | <u>-</u>                  | <u>11,337,587</u>    |
| <b>CHANGE IN NET ASSETS FROM OPERATIONS</b> | (608,255)         | (7,326,280)               | (7,934,535)          |
| <b>OTHER CHANGES</b>                        |                   |                           |                      |
| Net gain from foreign currency translation  | 268               | -                         | 268                  |
| Loss on disposal of property and equipment  | (1,093)           | -                         | (1,093)              |
| Total other changes                         | <u>(825)</u>      | <u>-</u>                  | <u>(825)</u>         |
| <b>CHANGE IN NET ASSETS</b>                 | (609,080)         | (7,326,280)               | (7,935,360)          |
| <b>NET ASSETS, beginning of year</b>        | <u>845,210</u>    | <u>21,893,937</u>         | <u>22,739,147</u>    |
| <b>NET ASSETS, end of year</b>              | <u>\$ 236,130</u> | <u>\$ 14,567,657</u>      | <u>\$ 14,803,787</u> |

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

**RESULTS, INC. AND  
RESULTS EDUCATIONAL FUND, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2015**

|                                     | Program Services |                                    |                               |                                    |                        | Supporting Services    |             |                        | Total Expenses |
|-------------------------------------|------------------|------------------------------------|-------------------------------|------------------------------------|------------------------|------------------------|-------------|------------------------|----------------|
|                                     | ACTION Program   | Microcredit Education and Outreach | Poverty Outreach and Advocacy | Grassroots Advocacy to End Poverty | Total Program Services | Management and General | Fundraising | Total Support Services |                |
| Salaries                            | \$ 1,613,119     | \$ 495,408                         | \$ 529,711                    | \$ 182,646                         | \$ 2,820,884           | \$ 406,796             | \$ 144,450  | \$ 551,246             | \$ 3,372,130   |
| Payroll taxes                       | 120,862          | 37,614                             | 40,121                        | 13,944                             | 212,541                | 30,818                 | 11,071      | 41,889                 | 254,430        |
| Employee benefits                   | 166,833          | 65,732                             | 81,169                        | 26,643                             | 340,377                | 83,952                 | 10,283      | 94,235                 | 434,612        |
| Total personnel expenses            | 1,900,814        | 598,754                            | 651,001                       | 223,233                            | 3,373,802              | 521,566                | 165,804     | 687,370                | 4,061,172      |
| Accounting                          | 37,497           | 14,460                             | 15,164                        | -                                  | 67,121                 | 55,692                 | 2,806       | 58,498                 | 125,619        |
| Bank fees                           | 455              | 657                                | 82                            | -                                  | 1,194                  | 24,301                 | 147         | 24,448                 | 25,642         |
| Computer and internet               | 8,836            | 1,924                              | 6,822                         | -                                  | 17,582                 | 3,101                  | 1,697       | 4,798                  | 22,380         |
| Conference and events               | 75,152           | -                                  | 20,117                        | 959                                | 96,228                 | 15,973                 | 15,805      | 31,778                 | 128,006        |
| Contract services and professionals | 1,183,509        | 105,374                            | 92,665                        | 806                                | 1,382,354              | 78,024                 | 772         | 78,796                 | 1,461,150      |
| Depreciation and amortization       | 28,479           | 8,928                              | 9,364                         | -                                  | 46,771                 | 5,635                  | 1,733       | 7,368                  | 54,139         |
| Dues and subscriptions              | -                | 3,885                              | 9,920                         | 15,565                             | 29,370                 | 303                    | 295         | 598                    | 29,968         |
| Equipment rental and maintenance    | 40,317           | 105                                | 2,986                         | -                                  | 43,408                 | 4,508                  | -           | 4,508                  | 47,916         |
| Grants                              | 2,671,057        | -                                  | 364,869                       | -                                  | 3,035,926              | -                      | -           | -                      | 3,035,926      |
| Insurance                           | 13,598           | 4,217                              | 4,422                         | -                                  | 22,237                 | 4,088                  | 818         | 4,906                  | 27,143         |
| Investment fee                      | -                | -                                  | -                             | -                                  | -                      | 12                     | -           | 12                     | 12             |
| Legal fees                          | 5,936            | 13,497                             | 1,946                         | -                                  | 21,379                 | 12,262                 | -           | 12,262                 | 33,641         |
| Licenses, taxes and fees            | -                | -                                  | -                             | -                                  | -                      | 10,757                 | 9,100       | 19,857                 | 19,857         |
| Postage and shipping                | 1,817            | 62                                 | 1,263                         | -                                  | 3,142                  | 8,198                  | 3,907       | 12,105                 | 15,247         |
| Printing and publications           | 43,238           | 665                                | 13,408                        | 19                                 | 57,330                 | 15,712                 | 27,001      | 42,713                 | 100,043        |
| Public awareness                    | 35,988           | 265                                | 10,583                        | -                                  | 46,836                 | 3,156                  | 33,750      | 36,906                 | 83,742         |
| Rent                                | 155,441          | 48,566                             | 53,001                        | 10,749                             | 267,757                | 33,808                 | 11,757      | 45,565                 | 313,322        |
| Supplies                            | 7,543            | 121                                | 3,598                         | 63                                 | 11,325                 | 13,958                 | 1,762       | 15,720                 | 27,045         |
| Telephone                           | 27,398           | 2,056                              | 8,054                         | -                                  | 37,508                 | 23,331                 | 821         | 24,152                 | 61,660         |
| Training and development            | 69               | -                                  | 1,754                         | -                                  | 1,823                  | 8,254                  | -           | 8,254                  | 10,077         |
| Travel                              | 1,054,023        | 57,947                             | 288,428                       | 3,859                              | 1,404,257              | 182,941                | 66,682      | 249,623                | 1,653,880      |
| Total                               | \$ 7,291,167     | \$ 861,483                         | \$ 1,559,447                  | \$ 255,253                         | \$ 9,967,350           | \$ 1,025,580           | \$ 344,657  | \$ 1,370,237           | \$ 11,337,587  |

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

**RESULTS, INC. AND  
RESULTS EDUCATIONAL FUND, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                                                                                           |                |
|-----------------------------------------------------------------------------------------------------------|----------------|
| Change in net assets                                                                                      | \$ (7,935,360) |
| Adjustments to reconcile change in net assets<br>to net cash provided by (used for) operating activities: |                |
| Depreciation and amortization                                                                             | 54,139         |
| Loss on disposal of property and equipment                                                                | 1,093          |
| Decrease (increase) in assets:                                                                            |                |
| Accounts receivable, net                                                                                  | (9,336)        |
| Grants receivable                                                                                         | 8,099,580      |
| Loan receivable                                                                                           | 175,000        |
| Prepaid expenses                                                                                          | 38,242         |
| Security deposit                                                                                          | 38,686         |
| Increase (decrease) in liabilities:                                                                       |                |
| Accounts payable                                                                                          | 387,437        |
| Accrued expenses                                                                                          | (1,635)        |
| Deferred rent                                                                                             | (15,890)       |
| Other liabilities                                                                                         | 14,020         |
| Net Cash Provided by Operating Activities                                                                 | 845,976        |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                                        |          |
|----------------------------------------|----------|
| Purchases of property and equipment    | (42,433) |
| Net Cash Used for Investing Activities | (42,433) |

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 803,543

**CASH AND CASH EQUIVALENTS, beginning of year** 5,517,676

**CASH AND CASH EQUIVALENTS, end of year** \$ 6,321,219

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



**RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 – NATURE OF THE ORGANIZATION**

RESULTS, Inc. and RESULTS Educational Fund, Inc. (collectively, “RESULTS”) are two separate not-for-profit organizations that were established to engage the general public and political leaders in a campaign to end poverty by empowering individuals to exercise their personal and political power for change. As such, RESULTS utilizes its resources to implement and improve policies that provide low-income individuals the means and opportunities for a healthy and fulfilling life.

Program Descriptions

*ACTION Program* – The ACTION program is part of an international partnership of civil society organizations that began working together to mobilize new resources against tuberculosis (“TB”). ACTION partners have helped influence leaders to contribute more than \$1.4 billion to the Global Fund to Fight AIDS, Tuberculosis and Malaria through bilateral and multilateral funding. Building on its successes in fighting TB around the world, ACTION has expanded its advocacy efforts to include child survival, particularly in the areas of vaccines and under-nutrition.

*Microcredit Education and Outreach* – This program is aligned with the Microcredit Summit Campaign (“MCS”), which brings together microfinance practitioners, advocates, educational institutions, and various other stakeholders to promote best practices in microfinance, and to stimulate the interchange of knowledge and ideas. MCS is working to ensure that 175 million of the world’s poorest families, especially the women of those families, are receiving credit for self-employment and other financial and business services by 2015, and that 100 million families rise above the \$1.25 a day threshold adjusted for purchasing power parity between 1990 and 2015.

*Poverty Outreach and Advocacy* - RESULTS Educational Fund, Inc. (“REF”) focuses on poverty outreach and advocacy. REF identifies and promotes the most effective solutions to poverty by:

- Performing cutting-edge research on poverty issues and programs, and oversight of U.S. spending related to poverty domestically and internationally
- Building support for proven poverty-fighting strategies by engaging and educating the public, policy makers, and opinion leaders; leading educational trips, working in coalitions, and encouraging the media to report on solutions to poverty
- Supporting powerful citizenship by training volunteers in public speaking, generating media, hosting community forums, and educating their communities and elected officials about issues related to its campaigns

**RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
(continued)

**NOTE 1 – NATURE OF THE ORGANIZATION - continued**

Program Descriptions - continued

*Grassroots Advocacy to End Poverty* - RESULTS, Inc. supports anti-poverty legislation by engaging in the following grassroots activities:

- Mobilizing around key legislative opportunities that will have the greatest impact on the lives of low-income people. This can range from supporting members of Congress in generating bipartisan support for anti-poverty legislation to helping legislators craft bills that will benefit the poorest.
- Empowering ordinary people with the necessary training and support system to play a significant role in ending poverty. RESULTS has grassroots chapters in over 100 locations in the United States, which form one of the most effective grassroots networks in the world.
- Advocating for policies and legislation that create or safeguard effective solutions to poverty, make programs run more efficiently and effectively, and extend coverage to those who need it.

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

Principles of Consolidation

The consolidated financial statements include the accounts of RESULTS, Inc. and RESULTS Educational Fund, Inc. (collectively, "RESULTS"). Significant intercompany accounts and transactions have been eliminated in consolidation.

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

*Unrestricted Net Assets* - Net assets not subject to donor-imposed restrictions.

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

**RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
(continued)

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

Basis of Presentation - continued

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that the net assets will be maintained permanently by RESULTS. There were no permanently restricted net assets as of December 31, 2015.

Basis of Accounting

The consolidated financial statements are prepared using 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, RESULTS considers all highly liquid investments with original maturities of less than three months to be cash equivalents. In addition, RESULTS considers all foreign currency investments maintained in interest-bearing accounts to be cash equivalents. Certain cash and cash equivalent balances are insured by the Federal Deposit Insurance Corporation (“FDIC”). At times, the accounts may exceed the limit set by the FDIC; however, RESULTS believes it is not exposed to any significant credit risk on cash or cash equivalents.

Investments

Investments consist of mutual funds and are stated at fair value, based on quoted market prices, if available. Interest and dividend income is recognized when earned. Net appreciation or depreciation in the fair value of investments includes gains or losses on securities bought and sold as well as held during the year.

Foreign Currency Transactions

RESULTS records transactions denominated in a foreign currency at the United States dollar equivalent as of the date of the transaction. All statement of financial position accounts have been translated using the exchange rate in effect at the consolidated statement of financial position date. Any resulting foreign currency gain or loss is recorded in the accompanying consolidated statement of activities as net gain or loss from foreign currency translation.

**RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
(continued)

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

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Based on management's assessment of the outstanding receivables, an allowance for doubtful accounts in the amount of \$59,453 was recorded as of December 31, 2015.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization. Expenditures that extend the life of an asset and are greater than \$1,000 are capitalized while repairs and maintenance are charged to expense as incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives (ranging from five to seven years) of the related assets. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the lease term.

Deferred Rent

Deferred rent represents the difference between rent paid and the amount expensed evenly over the lease term, which includes the abatement of rent granted by the landlord for four months as well as an improvement allowance offered by the landlord as an incentive to sign the lease agreement.

Cameron Duncan Fund

Approximately 33 years ago, Cameron Duncan was the first Legislative Director of RESULTS. A fund was established in tribute to Cameron Duncan, which currently has a balance of \$16,088, and is considered board designated net assets.

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop RESULTS' programs, particularly in sponsorship development and educational programs. No amounts have been recognized in the accompanying financial statement of activities because the criteria for recognition of such volunteer efforts under generally accepted accounting principles has not been satisfied.

**RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
(continued)

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

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period in which the promise is received. Grants are recognized as revenue in the period in which such promises or agreements are made, generally when the agreement has been received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions received with donor restrictions are recorded as temporarily or permanently restricted revenue based on the donor's intent. Expirations of temporary restrictions are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Contributions expected to be received after one year are discounted using a risk-free interest rate and are used in accordance with donor-imposed restriction, if any, on the contributions.

Contracts revenue is recognized as services are performed. Any unearned contract revenue is recorded as deferred revenue.

Conferences and events revenue are recognized in the year in which the conferences and events are held.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 those estimates. However, management does not believe that the actual results will be materially different from those estimates.

Functional Expense Classification

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

**RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
(continued)

**NOTE 3 – INCOME TAX STATUS**

RESULTS, Inc. is a not-for-profit organization defined under Section 501(c)(4), and RESULTS Educational Fund, Inc. is a not-for-profit organization defined under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Both entities are exempt from income taxes under Section 501(a) of the Code. Under the provisions of the Code, these entities are, however, subject to tax on business income unrelated to their respective exempt purposes. As of December 31, 2015, RESULTS, Inc. and RESULTS Educational Fund, Inc. had no liability for tax on unrelated business income. Both organizations are separate entities for income tax reporting and file separate information returns as required.

RESULTS recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. RESULTS does not believe its financial statements include any uncertain tax positions.

RESULTS' information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed except under certain circumstances. RESULTS' information returns from the years 2012 through 2014 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2015:

|                                                |                   |
|------------------------------------------------|-------------------|
| Furniture and equipment                        | \$ 203,100        |
| Leasehold improvement                          | <u>326,260</u>    |
|                                                | 529,361           |
| Less accumulated depreciation and amortization | <u>(175,993)</u>  |
| Net Property and Equipment                     | <u>\$ 353,368</u> |

During the year, RESULTS disposed of furniture and equipment with a total cost of \$8,309. The disposal resulted in a loss of \$1,093 for the year ended December 31, 2015. Depreciation and amortization expense totaled \$54,139 for the year ended December 31, 2015.

**NOTE 5 – LINE OF CREDIT**

REF secured a line of credit with an available balance of \$500,000 which is secured by REF's business assets. Interest is due monthly and is accrued at a rate of prime plus .5%, which was 3.75% per annum as of December 31, 2015. Interest expense for the year ended December 31, 2015, totaled \$0. As of December 31, 2015, the outstanding balance on the line of credit was \$0.

**RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
 (continued)

**NOTE 6 – OPERATING LEASE COMMITMENTS**

On May 16, 2013, RESULTS entered into a non-cancellable office lease agreement which expires on November 30, 2023. Under the terms of the lease agreement, RESULTS has a one-time right to terminate the lease early only by giving the landlord an irrevocable written notice no later than the last day of the sixth month of the fifth lease year. RESULTS would be responsible for the unamortized portion of improvements, rental abatement, and broker or legal fees paid by the landlord at the origination of this lease, plus interest accrued at 8% per year.

The future minimum payments over the life of the lease are as follows:

|                     |                     |
|---------------------|---------------------|
| December 31,        |                     |
| 2016                | \$ 282,886          |
| 2017                | 289,958             |
| 2018                | 299,696             |
| 2019                | 312,166             |
| 2020                | 325,155             |
| 2021 and thereafter | <u>974,341</u>      |
| Total               | <u>\$ 2,484,202</u> |

Rent expense for office space totaled \$313,322 for the year ended December 31, 2015.

In January 2011, RESULTS entered into a non-cancellable operating lease for a copier which expires in January 2016. Rent expenses for the copier lease totaled \$6,264 for the year ended December 31, 2015.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2015, RESULTS' temporarily restricted net assets consisted of the following:

|                                                 |                      |
|-------------------------------------------------|----------------------|
| ACTION Program (2014 – 2016)                    | \$ 12,417,730        |
| Children's Investment Fund Foundation           | 655,960              |
| Global campaign for education                   | 341,258              |
| Global expansion                                | 657,808              |
| Education for All                               | 459,978              |
| Microcredit                                     | 17,721               |
| Center for Citizen Empowerment & Transformation | <u>17,202</u>        |
| Total                                           | <u>\$ 14,567,657</u> |

**RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
(continued)

**NOTE 8 – RETIREMENT PLAN**

RESULTS established a Savings Incentive Match retirement plan (the “Plan”) pursuant to Section 408(p) of the Internal Revenue Code. All participating employees are permitted to contribute up to the maximum amounts prescribed by law. RESULTS makes matching contributions of an amount equal to the lesser of the participant’s elective deferral or three percent of the participant’s compensation. For the year ended December 31, 2015, RESULTS made a matching contribution totaling \$42,047 to the Plan.

**NOTE 9 – SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, RESULTS’ management has evaluated events and transactions for potential recognition or disclosure through July 29, 2016, the date the financial statements were available to be issued. There were no additional events or transactions discovered during the evaluation that required recognition or further disclosure.



## **SUPPLEMENTAL INFORMATION**

**RESULTS, INC. AND  
RESULTS EDUCATIONAL FUND, INC.  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
DECEMBER 31, 2015**

|                                          | <u>RESULTS, Inc.</u> | <u>RESULTS<br/>Educational<br/>Fund, Inc.</u> | <u>Eliminations</u> | <u>Total</u>         |
|------------------------------------------|----------------------|-----------------------------------------------|---------------------|----------------------|
| <b><u>ASSETS</u></b>                     |                      |                                               |                     |                      |
| <b>CURRENT ASSETS</b>                    |                      |                                               |                     |                      |
| Cash and cash equivalents                | \$ 379,934           | \$ 5,941,285                                  | \$ -                | \$ 6,321,219         |
| Accounts receivable, net                 | -                    | 95,444                                        | -                   | 95,444               |
| Grants receivable                        | -                    | 9,089,694                                     | -                   | 9,089,694            |
| Due from RESULTS, Inc.                   | -                    | 219,006                                       | (219,006)           | -                    |
| Prepaid expenses                         | -                    | 21,777                                        | -                   | 21,777               |
| Total current assets                     | <u>379,934</u>       | <u>15,367,206</u>                             | <u>(219,006)</u>    | <u>15,528,134</u>    |
| <b>NON-CURRENT ASSETS</b>                |                      |                                               |                     |                      |
| Property and equipment, net              | -                    | 353,368                                       | -                   | 353,368              |
| Security deposit                         | -                    | 27,003                                        | -                   | 27,003               |
| Total non-current assets                 | <u>-</u>             | <u>380,371</u>                                | <u>-</u>            | <u>380,371</u>       |
| <b>TOTAL ASSETS</b>                      | <u>\$ 379,934</u>    | <u>\$ 15,747,577</u>                          | <u>\$ (219,006)</u> | <u>\$ 15,908,505</u> |
| <b><u>LIABILITIES AND NET ASSETS</u></b> |                      |                                               |                     |                      |
| <b>CURRENT LIABILITIES</b>               |                      |                                               |                     |                      |
| Accounts payable                         | \$ 896               | \$ 539,975                                    | \$ -                | \$ 540,871           |
| Due to RESULTS Educational Fund, Inc.    | 219,006              | -                                             | (219,006)           | -                    |
| Accrued expenses                         | 5,817                | 115,177                                       | -                   | 120,994              |
| Deferred rent                            | -                    | 425,107                                       | -                   | 425,107              |
| Other liabilities                        | 3,726                | 14,020                                        | -                   | 17,746               |
| Total current liabilities                | <u>229,445</u>       | <u>1,094,279</u>                              | <u>(219,006)</u>    | <u>1,104,718</u>     |
| <b>NET ASSETS</b>                        |                      |                                               |                     |                      |
| Unrestricted                             |                      |                                               |                     |                      |
| Available for operations                 | 134,401              | 85,641                                        | -                   | 220,042              |
| Designated - Cameron Duncan Fund         | 16,088               | -                                             | -                   | 16,088               |
| Total unrestricted                       | <u>150,489</u>       | <u>85,641</u>                                 | <u>-</u>            | <u>236,130</u>       |
| Temporarily restricted                   | -                    | 14,567,657                                    | -                   | 14,567,657           |
| Total net assets                         | <u>150,489</u>       | <u>14,653,298</u>                             | <u>-</u>            | <u>14,803,787</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <u>\$ 379,934</u>    | <u>\$ 15,747,577</u>                          | <u>\$ (219,006)</u> | <u>\$ 15,908,505</u> |

**RESULTS, INC. AND  
RESULTS EDUCATIONAL FUND, INC.  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

|                                               | RESULTS,<br>Inc.  | RESULTS<br>Educational<br>Fund, Inc. | Eliminations | Total                |
|-----------------------------------------------|-------------------|--------------------------------------|--------------|----------------------|
| <b>REVENUE AND SUPPORT</b>                    |                   |                                      |              |                      |
| Grants and contributions                      | \$ 247,929        | \$ 2,505,573                         | \$ -         | \$ 2,753,502         |
| Conferences and events                        | 57,214            | 528,573                              | -            | 585,787              |
| Contracts revenue                             | -                 | 45,711                               | -            | 45,711               |
| Interest and other income                     | 3,168             | 14,705                               | -            | 17,873               |
| Royalties                                     | -                 | 179                                  | -            | 179                  |
| Total revenue and support                     | <u>308,311</u>    | <u>3,094,741</u>                     | <u>-</u>     | <u>3,403,052</u>     |
| <b>EXPENSES</b>                               |                   |                                      |              |                      |
| Program services:                             |                   |                                      |              |                      |
| ACTION Program                                | -                 | 7,291,167                            | -            | 7,291,167            |
| Microcredit education and outreach            | -                 | 861,483                              | -            | 861,483              |
| Poverty outreach and advocacy                 | -                 | 1,559,447                            | -            | 1,559,447            |
| Grassroots advocacy to end poverty            | 255,253           | -                                    | -            | 255,253              |
| Total program services                        | <u>255,253</u>    | <u>9,712,097</u>                     | <u>-</u>     | <u>9,967,350</u>     |
| Support services:                             |                   |                                      |              |                      |
| Management and general                        | 98,022            | 927,558                              | -            | 1,025,580            |
| Fundraising                                   | 54,925            | 289,732                              | -            | 344,657              |
| Total supporting services                     | <u>152,947</u>    | <u>1,217,290</u>                     | <u>-</u>     | <u>1,370,237</u>     |
| Total expenses                                | <u>408,200</u>    | <u>10,929,387</u>                    | <u>-</u>     | <u>11,337,587</u>    |
| <b>CHANGE IN NET ASSETS FROM OPERATIONS</b>   | (99,889)          | (7,834,646)                          | -            | (7,934,535)          |
| <b>OTHER CHANGES</b>                          |                   |                                      |              |                      |
| Net gain from foreign currency translation    | -                 | 268                                  | -            | 268                  |
| Loss on disposition of property and equipment | -                 | (1,093)                              | -            | (1,093)              |
| Total other changes                           | <u>-</u>          | <u>(825)</u>                         | <u>-</u>     | <u>(825)</u>         |
| <b>CHANGE IN NET ASSETS</b>                   | (99,889)          | (7,835,471)                          | -            | (7,935,360)          |
| <b>NET ASSETS, beginning of year</b>          | <u>250,378</u>    | <u>22,488,769</u>                    | <u>-</u>     | <u>22,739,147</u>    |
| <b>NET ASSETS, end of year</b>                | <u>\$ 150,489</u> | <u>\$ 14,653,298</u>                 | <u>\$ -</u>  | <u>\$ 14,803,787</u> |