

**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

SEPTEMBER 30, 2014 AND 2013

**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS**

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Independent Auditor's Report

**Board of Directors
Sexuality Information and Education Council
of the United States, Inc. d/b/a SIECUS**

Report on the Financial Statements

We have audited the accompanying financial statements of Sexuality Information and Education Council of the United States, Inc. d/b/a SIECUS which comprise the balance sheet as of September 30, 2014 and 2013, 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 Sexuality Information and Education Council of the United States, Inc. d/b/a SIECUS, as of September 30, 2014 and 2013, 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.

Loeb & Troper LLP

December 18, 2014

EXHIBIT A

**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS**

BALANCE SHEET**SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 117,076	\$ 135,574
Investments (Note 2)	158,909	150,321
Grants receivable		29,958
Contributions receivable	200,000	
Accounts receivable	12,722	
Prepaid expenses and other assets	18,308	23,357
Security deposits	66,422	66,422
Fixed assets - net (Note 3)	<u>21,005</u>	<u>30,079</u>
Total assets	\$ <u>594,442</u>	\$ <u>435,711</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 53,844	\$ 41,623
Deferred rent	<u>4,222</u>	<u>2,511</u>
Total liabilities	<u>58,066</u>	<u>44,134</u>
Net assets (Exhibit B)		
Unrestricted	336,376	331,577
Temporarily restricted (Note 5)	<u>200,000</u>	<u>60,000</u>
Total net assets	<u>536,376</u>	<u>391,577</u>
Total liabilities and net assets	\$ <u>594,442</u>	\$ <u>435,711</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS

STATEMENT OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and other support						
Foundation grants	\$ 422,500	\$ 200,000	\$ 622,500	\$ 280,000	\$ 60,000	\$ 340,000
Contributions	225,760		225,760	215,593		215,593
Special event	41,745		41,745			
Less: cost of direct benefit to donors	169,757		169,757	29,958		29,958
Government grant income	26,802		26,802	8,612		8,612
Fees for service	1,340		1,340	308		308
Interest income	12,619		12,619	3,916		3,916
Publications and other earned income	7,335		7,335	269		269
Realized and unrealized gain on investments	5,706		5,706	2,512		2,512
Miscellaneous income	60,000	(60,000)		700,000	(700,000)	
Net assets released from restrictions (Note 5)						
Total revenue and other support	973,564	140,000	1,113,564	1,241,168	(640,000)	601,168
Expenses (Exhibit C)						
Program services	284,853		284,853	347,888		347,888
Public policy	345,127		345,127	304,458		304,458
Education						
Total program services	629,980		629,980	652,346		652,346
Supporting services						
Management and general	139,412		139,412	168,947		168,947
Fund raising	199,373		199,373	214,512		214,512
Total supporting services	338,785		338,785	383,459		383,459
Total expenses	968,765		968,765	1,035,805		1,035,805
Change in net assets (Exhibit D)	4,799	140,000	144,799	205,363	(640,000)	(434,637)
Net assets - beginning of year	331,577	60,000	391,577	126,214	700,000	826,214
Net assets - end of year (Exhibit A)	\$ 336,376	\$ 200,000	\$ 536,376	\$ 331,577	\$ 60,000	\$ 391,577

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SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS

EXHIBIT C

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014								2013							
	Program Services			Supporting Services					Program Services			Supporting Services				
	Public Policy	Education	Total	Management and General	Fund Raising	Cost of Direct Benefit to Donors	Total	Total	Public Policy	Education	Total	Management and General	Fund Raising	Total	Total	
Salaries and fringe benefits	\$ 162,689	\$ 226,514	\$ 389,203	\$ 38,497	\$ 108,005		\$ 146,502	\$ 535,705	\$ 180,957	\$ 194,598	\$ 375,555	\$ 91,790	\$ 134,120	\$ 225,910	\$ 601,465	
Professional fees	6,955	3,185	10,140	58,840	1,045		59,885	70,025	8,507	11,556	20,063	9,656	3,789	13,445	33,508	
Communication	24,308	22,556	46,864	3,828	10,733		14,561	61,425	19,976	18,441	38,417	12,424	16,189	28,613	67,030	
Postage and mailing	528	476	1,004	86	4,362		4,448	5,452	716	573	1,289	349	4,772	5,121	6,410	
Printing and publications	2,360	255	2,615	43	31,999		32,042	34,657	1,559	2,881	4,440	1,244	28,156	29,400	33,840	
Office expense	8,326	8,325	16,651	1,521	3,898		5,419	22,070	17,341	7,205	24,546	4,875	3,832	8,707	33,253	
Catering and entertainment						\$ 28,160	28,160	28,160								
Travel and meetings	37,075	22,340	59,415	7,898	4,150		12,048	71,463	53,759	28,557	82,316	4,430	2,327	6,757	89,073	
Occupancy (Note 4)	34,639	48,223	82,862	9,912	22,994		32,906	115,768	55,532	31,070	86,602	20,836	12,163	32,999	119,601	
Insurance	4,161	5,793	9,954	7,916	2,762		10,678	20,632	5,626	6,086	11,712	2,871	4,194	7,065	18,777	
Dues and subscriptions	25	184	209	744	3,113		3,857	4,066	669		669	3,329	2,629	5,958	6,627	
Interest				1,669			1,669	1,669				2,338		2,338	2,338	
Bank charges				4,757			4,757	4,757				4,716		4,716	4,716	
Depreciation	2,920	4,066	6,986	691	1,939		2,630	9,616	3,020	3,267	6,287	1,541	2,252	3,793	10,080	
Bad debt												6,000		6,000	6,000	
Miscellaneous	867	3,210	4,077	3,010	4,373		7,383	11,460	226	224	450	2,548	89	2,637	3,087	
Total expenses	284,853	345,127	629,980	139,412	199,373	28,160	366,945	996,925	347,888	304,458	652,346	168,947	214,512	383,459	1,035,805	
Less expenses deducted directly from revenues on the statement of activities																
Cost of direct benefit to donors						(28,160)	(28,160)	(28,160)								
Total expenses reported by function (Exhibit B)	\$ 284,853	\$ 345,127	\$ 629,980	\$ 139,412	\$ 199,373	\$ -	\$ 338,785	\$ 968,765	\$ 347,888	\$ 304,458	\$ 652,346	\$ 168,947	\$ 214,512	\$ 383,459	\$ 1,035,805	

See independent auditor's report.

The accompanying notes are an integral part of these statements.

EXHIBIT D

**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS**

STATEMENT OF CASH FLOWS**YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 144,799	\$ (434,637)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	9,616	10,080
Net realized and unrealized gain on investments	(7,335)	(269)
Decrease (increase) in assets		
Grants receivable	29,958	670,042
Contributions receivable	(200,000)	9,988
Accounts receivable	(12,722)	
Prepaid expenses and other assets	5,049	(10,221)
Security deposits		(64)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	12,221	14,566
Deferred rent	1,711	(874)
Net cash provided (used) by operating activities	<u>(16,703)</u>	<u>258,611</u>
Cash flows from investing activities		
Fixed asset additions	(542)	(2,535)
Purchase of investments	(5,554)	(150,052)
Proceeds from sales of investment	4,301	
Net cash used by investing activities	<u>(1,795)</u>	<u>(152,587)</u>
Cash flows from financing activities		
Proceeds from line of credit	60,000	30,000
Repayment of line of credit	(60,000)	(30,000)
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net change in cash	(18,498)	106,024
Cash - beginning of year	135,574	29,550
Cash - end of year	\$ <u>117,076</u>	\$ <u>135,574</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ <u>1,669</u>	\$ <u>2,338</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 1 - NATURE OF ORGANIZATION

Sexuality Information and Education Council of the United States, Inc. (doing business as "SIECUS") was incorporated under the laws of Delaware in 1964. It is a Section 501(c)(3) not-for-profit organization and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the "Code"). SIECUS has been classified as a publicly supported organization as described in Section 509(a)(1) of the Code.

SIECUS, which maintains offices in New York City and Washington, D.C., affirms that sexuality is a fundamental part of being human, one that is worthy of dignity and respect. SIECUS advocates for the right of all people to accurate information, comprehensive education about sexuality, and sexual health services. SIECUS works to create a world that ensures social justice and sexual rights.

The primary sources of revenue are grants and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

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 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. Actual results could differ from those estimates.

Investments - Investments are stated at fair value. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based upon the markets' fluctuations, and that such changes could affect the amounts reported in the financial statements.

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**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SIECUS has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at September 30, 2014 as compared to the methodology used at September 30, 2013.

Mutual funds - Valued at the net asset value (NAV) of shares held at year end.

All of SIECUS's investments are in mutual funds - growth for the fiscal years ended September 30, 2014 and 2013. The fair value hierarchy of mutual funds was Level 1.

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**SEXUALITY INFORMATION AND EDUCATION
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while SIECUS believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Grants receivable - SIECUS records receivables based on established rates or contracts for services provided. Interest is not charged on outstanding receivables.

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for doubtful accounts - Receivables are charged to bad debt expense when they are determined to be uncollectible based on a periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. As of September 30, 2014 and 2013, management has determined that an allowance for doubtful accounts does not need to be recorded.

Fixed assets - Fixed assets are stated at cost or fair value at date of donation. Items costing in excess of \$500 with an estimated useful life greater than one year are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Operating leases - Operating leases are recorded on the straight-line basis over the terms of the leases. Deferred rent, when material, is recorded for the difference between the fixed payments and the rent expense.

Unrestricted net assets - Unrestricted net assets include net assets having no restriction as to use or purpose imposed by donors.

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**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Temporarily restricted net assets - Temporarily restricted net assets are net assets whose use has been restricted by donors to a specific time period or purpose.

Foundation grants and contributions - Unconditional foundation grants and contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

Government grant income - Government grant income is recognized when reimbursable expenses are incurred under the terms of the grants and contracts. Payments in excess of or for amounts less than qualifying expenses are accounted for as advances payable or as receivables, respectively, as applicable. Government grant income is subject to audit by the awarding agencies. No provisions for any disallowances are reflected in the financial statements, since management does not anticipate any material adjustments.

Publications and other earned income - Revenues from publications and honoraria are recorded when earned.

Functional allocation of expenses - The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Uncertainty in income taxes - SIECUS has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending September 30, 2011 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through December 18, 2014, which is the date the financial statements were available to be issued.

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**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 3 - FIXED ASSETS

At September 30, 2014 and 2013, fixed assets consisted of the following:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Lives</u>
Computer and communication equipment	\$ 81,684	\$ 81,142	5-10 years
Furniture and office equipment	<u>56,438</u>	<u>56,438</u>	7 years
	138,122	137,580	
Less accumulated depreciation	<u>(117,117)</u>	<u>(107,501)</u>	
	<u>\$ 21,005</u>	<u>\$ 30,079</u>	

NOTE 4 - LEASE COMMITMENT

SIECUS is currently obligated under noncancelable leases for office space in New York (expiring 2018) and Washington, D.C. (expiring 2016). In November 2013, the Washington, D.C. lease was extended to 2016. SIECUS's rent expense for the years ended September 30, 2014 and 2013 was \$105,247 and \$113,031, respectively. A schedule of future rent commitments is as follows:

<u>Year Ending September 30,</u>	
2015	\$ 105,609
2016	108,607
2017	96,392
2018	<u>8,221</u>
	<u>\$ 318,829</u>

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**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2014 and 2013, temporarily restricted net assets were restricted for the following purpose:

	<u>2014</u>	<u>2013</u>
For periods after September 30	\$ <u>200,000</u>	\$ <u>60,000</u>

For the years ended September 30, 2014 and 2013 net assets were released from donor restrictions as follows:

	<u>2014</u>	<u>2013</u>
General operating reserve fund		\$ 500,000
Passage of time	\$ <u>60,000</u>	<u>200,000</u>
	\$ <u>60,000</u>	\$ <u>700,000</u>

NOTE 6 - LINE OF CREDIT

SIECUS has a revolving line of credit with Nonprofit Finance Fund with an available line of credit of \$100,000. Interest on the line accrued at the greater of prime plus 2% or 6.75%. The line of credit was secured by all of the assets of SIECUS. \$30,000 was drawn down and repaid during the year ending September 30, 2013. \$60,000 was drawn down and repaid during the year ending September 30, 2014. The line of credit expired in June 2014. Interest expense for the line of credit was \$1,669 and \$2,338 for the years ending September 30, 2014 and 2013, respectively.