

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

SEPTEMBER 30, 2015 AND 2014

**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, 2015 and 2014, 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, 2015 and 2014, 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

January 11, 2016

EXHIBIT A

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

BALANCE SHEET**SEPTEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 101,166	\$ 117,076
Investments (Note 2)	61,374	158,909
Contributions receivable		200,000
Accounts receivable		12,722
Prepaid expenses and other assets	1	18,308
Security deposits	70,780	66,422
Fixed assets - net (Note 3)	<u>10,387</u>	<u>21,005</u>
Total assets	\$ <u>243,708</u>	\$ <u>594,442</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 28,066	\$ 53,844
Security deposits	10,000	
Deferred rent		<u>4,222</u>
Total liabilities	<u>38,066</u>	<u>58,066</u>
Net assets (Exhibit B)		
Unrestricted	156,892	336,376
Temporarily restricted (Note 5)	<u>48,750</u>	<u>200,000</u>
Total net assets	<u>205,642</u>	<u>536,376</u>
Total liabilities and net assets	\$ <u>243,708</u>	\$ <u>594,442</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

EXHIBIT B

STATEMENT OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and other support						
Foundation grants	\$ 218,568	\$ 50,000	\$ 268,568	\$ 422,500	\$ 200,000	\$ 622,500
Contributions	234,241		234,241	225,760		225,760
Special event						
Less: cost of direct benefit to donors					\$ 69,905	41,745
Government grant income					(28,160)	169,757
Fees for service	7,500		7,500	26,802		26,802
Interest income	1,096		1,096	1,340		1,340
Publications and other earned income	7,268		7,268	12,619		12,619
Realized and unrealized gain on investments	1,825		1,825	7,335		7,335
Miscellaneous income	2,616		2,616	5,706		5,706
Net assets released from restrictions (Note 5)	201,250	(201,250)		60,000	(60,000)	
Total revenue and other support	674,364	(151,250)	523,114	973,564	140,000	1,113,564
Expenses (Exhibit C)						
Program services						
Public policy	331,408		331,408	284,853		284,853
Education	221,719		221,719	345,127		345,127
Total program services	553,127		553,127	629,980		629,980
Supporting services						
Management and general	119,565		119,565	139,412		139,412
Fund raising	181,156		181,156	199,373		199,373
Total supporting services	300,721		300,721	338,785		338,785
Total expenses	853,848		853,848	968,765		968,765
Change in net assets (Exhibit D)	(179,484)	(151,250)	(330,734)	4,799	140,000	144,799
Net assets - beginning of year	336,376	200,000	536,376	331,577	60,000	391,577
Net assets - end of year (Exhibit A)	\$ 156,892	\$ 48,750	\$ 205,642	\$ 336,376	\$ 200,000	\$ 536,376

See independent auditor's report.

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

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015					
	Program Services			Supporting Services		
	Public Policy	Education	Total	Management and General	Fund Raising	Total
Salaries and fringe benefits	\$ 179,774	\$ 142,775	\$ 322,549	\$ 40,234	\$ 109,029	\$ 149,263
Professional fees	17,014	7,971	24,985	50,941	3,512	54,453
Communication	19,558	18,738	38,296	3,901	8,829	12,730
Postage and mailing	153	161	314	240	4,312	4,552
Printing and publications	5,995	599	6,594		21,227	21,227
Office expense	6,693	8,288	14,981	2,387	2,423	4,810
Catering and entertainment						
Travel and meetings	34,517	12,342	46,859	3,985	3,066	7,051
Occupancy (Note 4)	52,754	18,980	71,734	4,942	16,704	21,646
Insurance	8,230	6,536	14,766	1,843	4,992	6,835
Dues and subscriptions	10		10	4,338	2,992	7,330
Interest						
Bank charges				3,060		3,060
Depreciation	6,710	5,329	12,039	1,478	4,070	5,548
Miscellaneous				2,216		2,216
Total expenses	331,408	221,719	553,127	119,565	181,156	300,721
Less expenses deducted directly from revenues on the statement of activities						
Cost of direct benefit to donors						
Total expenses reported by function (Exhibit B)	\$ 331,408	\$ 221,719	\$ 553,127	\$ 119,565	\$ 181,156	\$ 300,721

See independent auditor's report.

The accompanying notes are an integral part of these statements.

EXHIBIT C

2014								
Total	Program Services			Supporting Services				Total
	Public Policy	Education	Total	Management and General	Fund Raising	Cost of Direct Benefit to Donors	Total	
471,812	\$ 162,689	\$ 226,514	\$ 389,203	\$ 38,497	\$ 108,005		\$ 146,502	\$ 535,705
79,438	6,955	3,185	10,140	58,840	1,045		59,885	70,025
51,026	24,308	22,556	46,864	3,828	10,733		14,561	61,425
4,866	528	476	1,004	86	4,362		4,448	5,452
27,821	2,360	255	2,615	43	31,999		32,042	34,657
19,791	8,326	8,325	16,651	1,521	3,898		5,419	22,070
						\$ 28,160	28,160	28,160
53,910	37,075	22,340	59,415	7,898	4,150		12,048	71,463
93,380	34,639	48,223	82,862	9,912	22,994		32,906	115,768
21,601	4,161	5,793	9,954	7,916	2,762		10,678	20,632
7,340	25	184	209	744	3,113		3,857	4,066
				1,669			1,669	1,669
3,060				4,757			4,757	4,757
17,587	2,920	4,066	6,986	691	1,939		2,630	9,616
2,216	867	3,210	4,077	3,010	4,373		7,383	11,460
853,848	284,853	345,127	629,980	139,412	199,373	28,160	366,945	996,925
						(28,160)	(28,160)	(28,160)
853,848	\$ 284,853	\$ 345,127	\$ 629,980	\$ 139,412	\$ 199,373	\$ -	\$ 338,785	\$ 968,765

**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
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STATEMENT OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (330,734)	\$ 144,799
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	17,587	9,616
Net realized and unrealized gain on investments	(1,825)	(7,335)
Decrease (increase) in assets		
Grants receivable		29,958
Contributions receivable	200,000	(200,000)
Accounts receivable	12,722	(12,722)
Prepaid expenses and other assets	18,307	5,049
Security deposits	(4,358)	
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(25,778)	12,221
Security deposits	10,000	
Deferred rent	(4,222)	1,711
Net cash used by operating activities	<u>(108,301)</u>	<u>(16,703)</u>
Cash flows from investing activities		
Fixed asset additions	(6,969)	(542)
Purchase of investments	(640)	(5,554)
Proceeds from sales of investment	100,000	4,301
Net cash provided (used) by investing activities	<u>92,391</u>	<u>(1,795)</u>
Cash flows from financing activities		
Proceeds from line of credit		60,000
Repayment of line of credit		(60,000)
Net cash provided by financing activities		<u>-</u>
Net change in cash	(15,910)	(18,498)
Cash - beginning of year	<u>117,076</u>	<u>135,574</u>
Cash - end of year	<u>\$ 101,166</u>	<u>\$ 117,076</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ -</u>	<u>\$ 1,669</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, 2015 AND 2014

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. Subsequent to year end, in November 2015, SIECUS vacated its office space in New York City.

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
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

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, 2015 as compared to the methodology used at September 30, 2014.

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

At September 30, 2015 and 2014 investments consisted of the following:

	<u>2015</u>	<u>2014</u>
	<u>Level 1</u>	<u>Level 1</u>
Mutual funds - Growth	\$ <u>61,374</u>	\$ <u>158,909</u>

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SEXUALITY INFORMATION AND EDUCATION
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

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.

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, 2015 and 2014, 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.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

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, 2012 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through January 11, 2016, 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.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

NOTE 3 - FIXED ASSETS

At September 30, 2015 and 2014, fixed assets consisted of the following:

	<u>2015</u>	<u>2014</u>	<u>Estimated Useful Lives</u>
Computer and communication equipment	\$ 88,153	\$ 81,684	5-10 years
Furniture and office equipment	<u>56,938</u>	<u>56,438</u>	7 years
	145,091	138,122	
Less accumulated depreciation	<u>(134,704)</u>	<u>(117,117)</u>	
	<u>\$ 10,387</u>	<u>\$ 21,005</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 July 2015 SIECUS entered into a sublease agreement for its New York space. It was agreed that the sub tenant will pay the rent owed directly to the landlord. Rental income and expenses are, therefore, not being recognized on the books of SIECUS for the sublet. SIECUS's rent expense for the years ended September 30, 2015 and 2014 was \$86,885 and \$105,247, respectively. A schedule of future rent commitments is as follows:

<u>Year Ending September 30,</u>	
2016	\$ 108,607
2017	96,392
2018	<u>8,221</u>
	<u>\$ 213,220</u>

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

SEPTEMBER 30, 2015 AND 2014

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2015 and 2014, temporarily restricted net assets were restricted for the following purposes:

	<u>2015</u>	<u>2014</u>
For periods after September 30		\$ 200,000
Primary care clinicians program	\$ <u>48,750</u>	
	\$ <u>48,750</u>	\$ <u>200,000</u>

For the years ended September 30, 2015 and 2014, net assets were released from donor restrictions as follows:

	<u>2015</u>	<u>2014</u>
Primary care clinicians program	\$ 1,250	
Passage of time	<u>200,000</u>	\$ <u>60,000</u>
	\$ <u>201,250</u>	\$ <u>60,000</u>

NOTE 6 - LINE OF CREDIT

SIECUS had 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. \$60,000 was drawn down and repaid during the year ended September 30, 2014. The line of credit expired in June 2014. Interest expense for the line of credit was \$1,669 for the year ended September 30, 2014.