

*Sexuality Information and Education Council of  
the United States, Inc.*

Financial Statements  
and  
Independent Auditors' Report

September 30, 2018 and 2017



**Halt Buzas & Powell, LTD**

**TRUST, INTEGRITY AND A COMMITMENT TO YOUR SUCCESS**

## Table of Contents

Independent Auditors' Report.....	1 - 2
<i>Audited Financial Statements</i>	
Statements of Financial Position.....	3
Statements of Activities.....	4 - 5
Statements of Functional Expenses.....	6 - 7
Statements of Cash Flows.....	8
Notes to the Financial Statements.....	9 - 16



## Independent Auditors' Report

To the Board of Directors  
Sexuality Information and Education Council of the United States, Inc.  
Washington, D.C.

We have audited the accompanying financial statements of Sexuality Information and Education Council of the United States, Inc. (SIECUS), which comprise the statements of financial position as of September 30, 2018 and 2017, 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.

### ***Auditors' 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 audits 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 auditors' 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 SIECUS as of September 30, 2018 and 2017, 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.

*Halt, Buzas & Powell, Ltd.*

Alexandria, Virginia  
March 29, 2019

Sexuality Information and Education Council of the United States, Inc.

Statements of Financial Position

September 30, 2018 and 2017

	2018	2017
<b>Assets</b>		
Cash	\$ 503,644	\$ 453,742
Grants and contributions receivable	-	150,000
Investments	86,035	34,385
Prepaid expenses and other assets	26,843	7,578
Security deposits	5,320	67,309
Property and equipment, net	9,944	13,483
Total assets	\$ 631,786	\$ 726,497
 <b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 7,509	\$ 7,389
State Summit pass-through liability	90,252	-
Deferred revenue	22,500	-
Security deposits	-	10,000
Deferred rent	3,683	6,327
Total liabilities	123,944	23,716
 Net assets:		
Unrestricted	507,842	547,268
Temporarily restricted	-	155,513
Total net assets	507,842	702,781
Total liabilities and net assets	\$ 631,786	\$ 726,497

See accompanying notes to the financial statements.

3.

Sexuality Information and Education Council of the United States, Inc.

Statement of Activities

For the Year Ended September 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Foundation grants	\$ 195,000	\$ -	\$ 195,000
Contributions	189,623	-	189,623
Interest and dividends	1,388	-	1,388
Unrealized gain on investments	373	-	373
Other income	177	-	177
Net assets released from restrictions:			
Satisfaction of grant restrictions	<u>155,513</u>	<u>(155,513)</u>	<u>-</u>
Total revenues	<u>542,074</u>	<u>(155,513)</u>	<u>386,561</u>
Expenses:			
Public policy	<u>452,799</u>	<u>-</u>	<u>452,799</u>
Support services:			
Management and general	49,711	-	49,711
Fundraising	<u>78,990</u>	<u>-</u>	<u>78,990</u>
Total support services	<u>128,701</u>	<u>-</u>	<u>128,701</u>
Total expenses	<u>581,500</u>	<u>-</u>	<u>581,500</u>
Change in net assets	(39,426)	(155,513)	(194,939)
Net assets, beginning of year	<u>547,268</u>	<u>155,513</u>	<u>702,781</u>
Net assets, end of year	<u>\$ 507,842</u>	<u>\$ -</u>	<u>\$ 507,842</u>

See accompanying notes to the financial statements.

4.

Sexuality Information and Education Council of the United States, Inc.

Statement of Activities

For the Year Ended September 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Foundation grants	\$ 287,500	\$ 200,000	\$ 487,500
Contributions	219,752	-	219,752
Interest and dividends	906	-	906
Unrealized gain on investments	1,514	-	1,514
Other income	414	-	414
Loss on disposal of assets	(4,292)	-	(4,292)
Net assets released from restrictions:			
Satisfaction of grant restrictions	256,352	(256,352)	-
Total revenues	762,146	(56,352)	705,794
Expenses:			
Public policy	391,795	-	391,795
Support services:			
Management and general	57,843	-	57,843
Fundraising	52,078	-	52,078
Total support services	109,921	-	109,921
Total expenses	501,716	-	501,716
Change in net assets	260,430	(56,352)	204,078
Net assets, beginning of year	286,838	211,865	498,703
Net assets, end of year	\$ 547,268	\$ 155,513	\$ 702,781

See accompanying notes to the financial statements.

5.

**Sexuality Information and Education Council of the United States, Inc.**

**Statement of Functional Expenses**

**For the Year Ended September 30, 2018**

	<u>Public policy</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total support</u>	<u>Total expenses</u>
Salaries and fringe benefits	\$ 303,690	\$ 33,743	\$ 37,493	\$ 71,236	\$ 374,926
Professional fees	61,317	3,963	24,048	28,011	89,328
Occupancy	25,178	2,676	4,247	6,923	32,101
Communication	22,178	2,300	3,651	5,951	28,129
Travel and meetings	17,113	2,579	1,427	4,006	21,119
Insurance	10,289	1,094	1,736	2,830	13,119
Office expense	2,736	351	411	762	3,498
Depreciation	2,776	295	468	763	3,539
Dues and subscriptions	2,649	223	2,823	3,046	5,695
Bank charges	2,169	205	669	874	3,043
Printing and publications	1,728	158	1,384	1,542	3,270
Miscellaneous	605	2,097	102	2,199	2,804
Postage and mailing	<u>371</u>	<u>27</u>	<u>531</u>	<u>558</u>	<u>929</u>
Total expenses	<u>\$ 452,799</u>	<u>\$ 49,711</u>	<u>\$ 78,990</u>	<u>\$ 128,701</u>	<u>\$ 581,500</u>

See accompanying notes to the financial statements.

6.



Sexuality Information and Education Council of the United States, Inc.

Statement of Functional Expenses

For the Year Ended September 30, 2017

	<u>Public policy</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total support</u>	<u>Total expenses</u>
Salaries and fringe benefits	\$ 238,603	\$ 29,962	\$ 27,455	\$ 57,417	\$ 296,020
Professional fees	68,256	14,761	9,599	24,360	92,616
Occupancy	24,852	3,731	3,360	7,091	31,943
Communication	24,000	3,594	3,236	6,830	30,830
Travel and meetings	17,656	2,774	486	3,260	20,916
Insurance	5,212	782	705	1,487	6,699
Office expense	4,771	655	604	1,259	6,030
Depreciation	2,753	414	372	786	3,539
Dues and subscriptions	966	66	3,005	3,071	4,037
Bank charges	3,064	460	414	874	3,938
Printing and publications	134	395	1,870	2,265	2,399
Miscellaneous	1,306	194	170	364	1,670
Postage and mailing	<u>222</u>	<u>55</u>	<u>802</u>	<u>857</u>	<u>1,079</u>
Total expenses	<u>\$ 391,795</u>	<u>\$ 57,843</u>	<u>\$ 52,078</u>	<u>\$ 109,921</u>	<u>\$ 501,716</u>

See accompanying notes to the financial statements.

7.

**Sexuality Information and Education Council of the United States, Inc.**

**Statements of Cash Flows**

**For the Years Ended September 30, 2018 and 2017**

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ <u>(194,939)</u>	\$ <u>204,078</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,539	3,539
Unrealized gain on investments	(373)	(1,514)
Deferred rent	(2,644)	(1,639)
Loss on disposal of assets	-	4,292
Decrease (increase) in assets:		
Grants and contributions receivable	150,000	57,503
Prepaid expenses and other assets	(19,265)	(313)
Security deposits	61,989	(15)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	120	(12,537)
State Summit pass-through liability	90,252	-
Deferred revenue	22,500	-
Security deposits	(10,000)	-
Total adjustments	<u>296,118</u>	<u>49,316</u>
Net cash provided by operating activities	<u>101,179</u>	<u>253,394</u>
Cash flows from investing activities:		
Purchases of investments	<u>(51,277)</u>	<u>(746)</u>
Net cash used in investing activities	<u>(51,277)</u>	<u>(746)</u>
Net increase in cash	49,902	252,648
Cash, beginning of year	<u>453,742</u>	<u>201,094</u>
Cash, end of year	<u>\$ 503,644</u>	<u>\$ 453,742</u>

See accompanying notes to the financial statements.

8.

Sexuality Information and Education Council of the United States, Inc.

Notes to the Financial Statements

September 30, 2018 and 2017

1. Organization

Sexuality Information and Education Council of the United States, Inc. (SIECUS) was incorporated under the laws of Delaware in 1964. SIECUS, which maintains offices in 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.

2. Significant Accounting Policies

a. Basis of presentation

SIECUS's financial statements are presented in accordance with generally accepted accounting principles for nonprofit organizations. Under those principles, SIECUS is required to report information regarding its financial position and activities according to three classes of net assets:

- *Unrestricted Net Assets* represent resources that are not subject to donor imposed stipulations and are available for operations at management's discretion.
- *Temporarily Restricted Net Assets* represent resources restricted by donors as to purpose or by the passage of time.
- *Permanently Restricted Net Assets* represent resources whose use by SIECUS is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of SIECUS. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

SIECUS has no permanently restricted net assets at September 30, 2018 and 2017.

b. Basis of accounting

SIECUS's financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

**Sexuality Information and Education Council of the United States, Inc.**

**Notes to the Financial Statements**

**September 30, 2018 and 2017**

**c. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

**d. Fair value measurements**

SIECUS reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs used to measure fair value are categorized as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 - unobservable inputs which are typically based on SIECUS's own assumptions, as there is little, if any, related market activity.

In determining the appropriate levels, SIECUS performs a detailed analysis of the assets and liabilities that are subject to the standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 2 and 3 inputs for any assets held by SIECUS at September 30, 2018 and 2017.

Sexuality Information and Education Council of the United States, Inc.

Notes to the Financial Statements

September 30, 2018 and 2017

e. Income taxes

SIECUS is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to its exempt purpose. This code section enables SIECUS to accept donations that qualify as charitable contributions to the donor. SIECUS is subject to income taxes on taxable income from unrelated business activities. For the years ended September 30, 2018 and 2017, SIECUS did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

SIECUS is not aware of any activities that would jeopardize their tax-exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is SIECUS's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in the accompanying financial statements. As of September 30, 2018 and 2017, SIECUS had no uncertain tax positions which should be recognized as a liability.

f. Grants and contributions receivable

Grants and contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. All contributions receivable are expected to be collected in less than one year and are reported at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At September 30, 2018, there were no contributions receivable. At September 30, 2017, all receivables were considered collectible, therefore no allowance for doubtful accounts had been recognized.

Sexuality Information and Education Council of the United States, Inc.

Notes to the Financial Statements

September 30, 2018 and 2017

**g.** Investments

Investments are reported at fair value and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted temporarily or permanently by donor restrictions or law. SIECUS's investments are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements.

**h.** Property and equipment, net

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer and communication equipment	5 - 10 years
Furniture and office equipment	7 years

SIECUS's policy is to capitalize major additions and improvements over \$500. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

**i.** Deferred rent and lease incentives

Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on a straight-line basis exceed, or are less than, the cash payments required. Lease incentives received as part of a lease agreement are recognized on a straight-line basis over the life of the lease as a reduction to rent expense.

Sexuality Information and Education Council of the United States, Inc.

Notes to the Financial Statements

September 30, 2018 and 2017

j. Revenue recognition

i. Contributions & foundation grants

Contributions & foundation grants, are recognized as revenue when received or promised and are recorded net of any current year allowance or discount activity. SIECUS reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to SIECUS's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Donor-restricted contributions and grants whose restrictions are met within the same year as received are reflected as unrestricted contributions and grants in the accompanying financial statements.

k. Functional allocation of expenses

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

3. Concentrations of Credit Risk

SIECUS maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At September 30, 2018 and 2017, SIECUS had bank deposits in excess of FDIC limits of \$260,444 and \$205,777, respectively.

4. Investments and Fair Value Measurements

All investments are classified as Level 1 on the fair value hierarchy and are comprised of the following at September 30:

	2018 <u>Fair Value</u>	2017 <u>Fair Value</u>
Mutual fund - Growth	\$ <u>86,035</u>	\$ <u>34,385</u>

Sexuality Information and Education Council of the United States, Inc.

Notes to the Financial Statements

September 30, 2018 and 2017

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

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 1,388	\$ 906
Unrealized gain on investment	<u>373</u>	<u>1,514</u>
Total investment income	<u>\$ 1,761</u>	<u>\$ 2,420</u>

**5. Property and Equipment, Net**

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

	<u>2018</u>	<u>2017</u>
Computer and communication equipment	\$ 16,437	\$ 16,437
Furniture and office equipment	<u>1,762</u>	<u>1,762</u>
Property and equipment	18,199	18,199
Accumulated depreciation	<u>(8,255)</u>	<u>(4,716)</u>
Total property and equipment, net	<u>\$ 9,944</u>	<u>\$ 13,483</u>

Depreciation expense for the years ended September 30, 2018 and 2017 was \$3,539 for each year.

**6. State Summit Pass-through Liability**

In April 2018, SIECUS entered into an agreement to be a fiscal sponsor for a state summit for sex education policy advocates and educators (the Summit). SIECUS is responsible for receiving and holding funds for the Summit and paying out those funds as they are needed to cover the costs of the event. SIECUS is also responsible for managing the venue contract and holding any unspent funds for future summits. Funds received are held in a bank account specifically used for the Summit and reported as a liability in the accompanying statements of financial position.



**Sexuality Information and Education Council of the United States, Inc.**

**Notes to the Financial Statements**

**September 30, 2018 and 2017**

**7. Commitments**

Operating leases

SIECUS was obligated under a noncancelable lease for office space in New York, which expired in October 2017. In June 2016, SIECUS entered into a noncancelable lease for office space in Washington, D.C. which expires in September 2019. The office space in New York had base monthly rent payments of \$14,467 with a 2.75% annual increase, and the office space in Washington D.C. has base monthly rent payments of \$2,771 with a 3% annual increase. In July 2015, SIECUS entered into a sublease agreement for its New York space. It was agreed that the subtenant would pay rent directly to the landlord and, therefore, no related rental income or expenses were recognized in the accompanying financial statements. The sublet ended with the lease. SIECUS' rent expense for the years ended September 30, 2018 and 2017 was \$32,101 and \$31,943, respectively.

Aggregate future minimum lease payments for the year ending September 30, 2019 are \$35,632.

**8. Temporarily Restricted Net Assets**

Net assets were released from donor restrictions during the years ended September 30, 2018 and 2017 for the following purposes:

	2018	2017
Time restrictions	\$ 150,000	\$ 200,000
Organizational effectiveness	-	10,000
Equipment	-	1,865
State Sex Education Summit	5,513	44,487
Total net assets released from restrictions	\$ 155,513	\$ 256,352

At September 30, 2018 and 2017, temporarily restricted net assets were available for the following purposes:

	2018	2017
Time restrictions	\$ -	\$ 150,000
State Sex Education Summit	-	5,513
Total temporarily restricted net assets	\$ -	\$ 155,513

Sexuality Information and Education Council of the United States, Inc.

Notes to the Financial Statements

September 30, 2018 and 2017

**9. Concentrations of Revenue Risk**

During the years ended September 30, 2018 and 2017, SIECUS received \$275,000 from three grantors, and \$100,000 from one grantor, respectively, which is approximately 71% and 14%, respectively, of its total revenue and support. Any significant reduction in revenue and support may adversely impact SIECUS's financial position and operations.

**10. Subsequent Events**

In preparing the financial statements, SIECUS has evaluated events and transactions for potential recognition or disclosure through March 29, 2019, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.