

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

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2011

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Independent Auditors' Report

To the Board of Directors of
Results, Inc. and Results Educational Fund, Inc.
Washington, D.C.

We have audited the accompanying consolidated statement of financial position of Results, Inc. and Results Educational Fund, Inc. (collectively "Results") as of December 31, 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of Results' management. 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 financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Results' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Results, Inc. and Results Educational Fund, Inc. as of December 31, 2011, and the consolidated changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Ribis, Jones & Maresca, P.A.

June 28, 2012

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 4,532,354
Accounts receivable	28,554
Grants and contributions receivable	5,786,656
Prepaid expenses	320,838
Total current assets	<u>10,668,402</u>

PROPERTY AND EQUIPMENT

Property and equipment	168,474
Less accumulated depreciation and amortization	<u>(87,560)</u>
Total property and equipment	80,914

NONCURRENT AND OTHER ASSETS

Security Deposit	<u>13,501</u>
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TOTAL ASSETS

\$ 10,762,817

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 499,956
Accrued expenses	101,493
Line of credit	249,991
Other liabilities	4,626
Total current liabilities	<u>856,066</u>

NET ASSETS

Unrestricted:	
Available for operations	888,359
Designated - Cameron Duncan Fund	21,356
Total unrestricted net assets	<u>909,715</u>
Temporarily restricted	<u>8,997,036</u>
Total net assets	<u>9,906,751</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 10,762,817

See independent auditors' report and accompanying notes to the financial statements.

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE, SUPPORT AND OTHER			
Grants and contributions	\$ 759,321	\$ 989,672	\$ 1,748,993
Special events	1,289,417	-	1,289,417
Interest income	16,533	5,356	21,889
Other income	803	28,994	29,797
Royalties	336	-	336
Gain (loss) on foreign currency exchange	43,713	-	43,713
Loss on disposition of fixed assets	(3,412)	-	(3,412)
Net assets released from restrictions: satisfaction of program accomplishments	<u>6,158,080</u>	<u>(6,158,080)</u>	<u>-</u>
Total revenue, support and other	8,264,791	(5,134,058)	3,130,733
EXPENSES			
Program services:			
Advocacy to Control Tuberculosis Internationally (ACTION)	4,974,227	-	4,974,227
Microcredit education and outreach	2,890,664	-	2,890,664
Poverty outreach and advocacy	722,905	-	722,905
Grassroots advocacy to end hunger	<u>153,127</u>	<u>-</u>	<u>153,127</u>
Total program services	8,740,923	-	8,740,923
Supporting services:			
Management and general	721,210	-	721,210
Fundraising	<u>159,687</u>	<u>-</u>	<u>159,687</u>
Total supporting services	<u>880,897</u>	<u>-</u>	<u>880,897</u>
Total expenses	<u>9,621,820</u>	<u>-</u>	<u>9,621,820</u>
CHANGE IN NET ASSETS	(1,357,029)	(5,134,058)	(6,491,087)
NET ASSETS, beginning of year	<u>2,266,744</u>	<u>14,131,094</u>	<u>16,397,838</u>
NET ASSETS, end of year	<u>\$ 909,715</u>	<u>\$ 8,997,036</u>	<u>\$ 9,906,751</u>

See independent auditors' report and accompanying notes to the financial statements.

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011**

	Program Services				Supporting Services				
	ACTION	Microcredit Education and Outreach	Poverty Outreach and Advocacy	Grassroots Advocacy	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 1,183,077	\$ 509,377	\$ 343,074	\$ 104,103	\$ 2,139,631	\$ 241,120	\$ 77,841	\$ 318,961	\$ 2,458,592
Payroll taxes	98,060	40,888	28,125	8,682	175,755	20,930	7,047	27,977	203,732
Employee benefits	119,925	47,315	26,827	12,136	206,203	34,546	6,872	41,418	247,621
Total personnel and expenses	1,401,062	597,580	398,026	124,921	2,521,589	296,596	91,760	388,356	2,909,945
Accounting	29,673	12,776	8,605	-	51,054	7,077	1,281	8,358	59,412
Advertising	902	6,315	681	-	7,898	3,856	-	3,856	11,754
Bad debt expense	-	-	-	-	-	50,000	-	50,000	50,000
Bank fees	738	3,968	72	5,704	10,482	11,080	1,466	12,546	23,028
Computer and internet	2,561	632	13,708	1,172	18,073	9,846	3,896	13,742	31,815
Conference and events	56,506	243,345	10,848	406	311,105	35,782	38,063	73,845	384,950
Contract services and professionals	328,394	1,799,904	84,863	-	2,213,161	58,916	5,250	64,166	2,277,327
Depreciation and amortization	10,618	4,572	3,079	838	19,107	2,157	635	2,792	21,899
Dues and subscriptions	9,811	400	14,480	6,500	31,191	3,083	-	3,083	34,274
Equipment rental and maintenance	8,946	551	-	-	9,497	5,517	-	5,517	15,014
Grants	2,394,055	-	72,685	3,405	2,470,145	-	-	-	2,470,145
Insurance	7,188	12,470	1,216	-	20,874	781	221	1,002	21,876
Interest expense	-	-	-	-	-	6,037	-	6,037	6,037
Legal fees	13,752	1,848	84	736	16,420	65,127	717	65,844	82,264
Licenses, taxes and fees	-	-	-	8,043	8,043	5,643	4,746	10,389	18,432
Other expenses	-	8,064	-	364	8,428	17,461	93	17,554	25,982
Postage and shipping	7,878	6,374	969	73	15,294	12,355	873	13,208	28,502
Printing and publications	20,667	42,831	9,816	5	73,319	6,014	1,248	7,262	80,581
Rent	106,694	40,735	26,687	-	174,116	17,899	3,960	21,859	195,975
Supplies	7,831	1,651	1,533	-	11,015	11,502	2,215	13,717	24,732
Telephone	42,265	9,496	9,233	-	60,994	56,239	-	56,239	117,233
Training and development	4,197	507	405	-	5,109	2,184	-	2,184	7,293
Travel	520,489	96,645	65,915	960	684,009	36,078	3,263	39,341	723,350
Total	\$ 4,974,227	\$ 2,890,664	\$ 722,905	\$ 153,127	\$ 8,740,923	\$ 721,210	\$ 159,687	\$ 880,897	\$ 9,621,820

See independent auditors' report and accompanying notes to the financial statements.

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (6,491,087)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	21,899
Loss on disposal of fixed assets	3,412
Decrease (increase) in assets:	
Accounts receivable	(26,159)
Grants and contributions receivable	7,114,418
Prepaid expenses	45,021
Deposits	(4,501)
Increase (decrease) in liabilities:	
Accounts payable	347,538
Accrued expenses	(22,954)
Other current liabilities	4,626
Net Cash Provided By Operating Activities	<u>992,213</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	<u>(22,333)</u>
Net Cash Used By Investing Activities	(22,333)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on line of credit	150,000
Principal payments on capital lease obligations	<u>(9,428)</u>
Net Cash Provided By Financing Activities	<u>140,572</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 1,110,452

CASH AND CASH EQUIVALENTS, beginning of year 3,421,902

CASH AND CASH EQUIVALENTS, end of year \$ 4,532,354

SUPPLEMENTAL DISCLOSURES

Cash paid for interest expense \$ 6,037

During the year ended December 31, 2011, Results disposed of property and equipment with a cost basis of \$39,320 and accumulated depreciation of \$35,908.

See independent auditors' report and accompanying notes to the financial statements.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – NATURE OF THE ORGANIZATIONS AND PROGRAMS

Results, Inc. is non-profit grassroots citizens' lobby working to create the political will to end hunger and the worst aspects of poverty by mobilizing citizens to advocate for passage of legislation.

Results Educational Fund, Inc. was formed to educate and engage the public about issues related to hunger, poverty and powerful citizenship. It also supports important research and oversight focusing on U.S. spending related to hunger and poverty domestically and internationally as well as cutting-edge research on the most effective solutions to some of the world's most urgent problems.

The Advocacy to Control Tuberculosis Internationally (ACTION) project is working for a greater global response to the Tuberculosis (TB) epidemic in Africa. The ACTION project seeks to increase global resources for TB control, while advocating for expanded access to treatment in countries burdened by the disease. ACTION partners are raising awareness and increasing funding for global TB control.

The Microcredit Summit Campaign is a project of the Results Educational Fund that brings together microfinance practitioners, advocates, educational institutions, donor agencies, international financial institutions, non-governmental organizations and others involved with microfinance to promote best practices in the field, to stimulate the interchanging of knowledge, and to work toward reaching the set goals. Microfinance refers to the provision of tiny loans (at competitive interest rates) and other financial services to very poor people in order for them to start or expand self-employment ventures and pull themselves out of poverty. Microfinance is a solution for the poorest people's inability to find satisfactory employment and obtain needed credit.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements are prepared using the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred.

Basis of Presentation - The consolidated financial statements include the accounts of Results, Inc. and Results Educational Fund, Inc. (collectively, "Results"). All material inter-company transactions have been eliminated.

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:

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation - continued

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

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by either actions of Results and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

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 at December 31, 2011.

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 investment 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.

Foreign Currency Transactions - Results records transactions denominated in a foreign currency at the United States dollar equivalent as of the date of the transaction. Assets and liabilities denominated in a foreign currency are revalued by Results in United States dollars at the current exchange rate as of 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 unrealized foreign currency exchange gain or loss, as applicable.

Accounts Receivable - Results records uncollectible accounts receivable as bad debt expense in the year in which they are deemed to be uncollectible. For the year ended December 31, 2011, management considered all outstanding receivables to be collectible, and therefore, no allowance for bad debt expense was established.

Contributions and Grants Receivables - Unconditional promises to give are recognized in the period received. Conditional promises to give are recognized only when the conditions on which the promises depend are substantially met, in which case, the promises become unconditional.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Donated Property and Equipment - Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. When donor stipulations regarding how long those donated assets must be maintained are absent, Results reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and Equipment - Property and equipment are carried at cost less accumulated depreciation. Expenditures that extend the life of an asset 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 terms.

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.

Revenue Recognition - Contributions, including unconditional promises to give, are recognized as revenue in the period in which they are 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. 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. Management believes all promises to give are fully collectible and no provision for doubtful promises to give is necessary.

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

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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, 2011, 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' income tax 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' tax returns from the years 2008 through 2010 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.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011
(continued)

NOTE 4 – GRANT AND CONTRIBUTION RECEIVABLES

Results had unconditional grants and contribution receivables as of December 31, 2011 totaling \$5,786,656, which consists of the following:

	<u>Total</u>
Due within one year:	
Unrestricted	\$ 39,045
Purpose restrictions	5,896,418
Less present value discount	(148,807)
Total	<u>\$ 5,786,656</u>

NOTE 5 – LINE OF CREDIT

Results Educational Fund, Inc. has a line of credit with an available balance of \$500,000 which is secured by the organization's business assets. The outstanding balance was \$249,991 as of December 31, 2011. Interest is due monthly and is accrued at a rate of prime plus .5% which was 3.75% as of December 31, 2011. Interest expense for the line of credit year ended December 31, 2011 totaled \$6,037.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Results had temporarily restricted net assets at December 31, 2011 totaling \$8,997,036, which consists of the following:

ACTION Program (2008 – 2012)	\$ 8,184,926
Education for All	344,444
Global Campaign for Education	334,106
Microcredit	250,565
Stop TB	21,802
Grassroots Organizer	10,000
	9,145,842
Less: present value discount	(148,807)
Total	<u>\$ 8,997,036</u>

NOTE 7 – RETIREMENT PLAN

Results has a Savings Incentive Match retirement 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. For the year ended December 31, 2011, Results contributed \$31,569 to the plan.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011
 (continued)

NOTE 8 – CONCENTRATION OF CREDIT RISK

During December 2007, Results Educational Fund, Inc. received a grant from a major donor totaling \$24,501,512. As of December 31, 2011, \$5,798,290 is included in contribution receivables, net of the present value discount of \$148,807.

NOTE 9 – OPERATING LEASE COMMITMENTS

In September 2011, Results entered into a non-cancellable lease for office space which expires on August 15, 2013. This lease provides for the payment of base rent and certain cost escalations.

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

December 31,	
2012	\$ 163,636
2013	<u>97,345</u>
Total	<u>\$ 260,981</u>

Rent expense for office space for the year ended December 31, 2011 totaled 195,975.

In January 2011, Results entered into a non-cancellable operating lease for a copier which expires in January 2016.

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

December 31,	
2012	\$ 6,264
2013	6,264
2014	6,264
2015	<u>6,264</u>
Total	<u>\$ 25,056</u>

NOTE 10 – SUBSEQUENT EVENTS

In preparing these financial statements, Results' management has evaluated events and transactions for potential recognition or disclosure through June 28, 2012, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.