

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

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

SEPTEMBER 30, 2019 AND 2018

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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 statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 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 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 September 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B to the consolidated financial statements, in 2019, RESULTS, Inc. and RESULTS Educational Fund, Inc. adopted new accounting guidance, Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* and ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

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 18 and 19, 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 Marissa & M^oQuade PA

Washington, DC
October 13, 2020

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018**

| | 2019 | 2018 |
|--|---------------------|----------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 7,175,158 | \$ 1,402,994 |
| Accounts receivable | 49,102 | 41,139 |
| Grants receivable | 475,000 | 13,640,000 |
| Prepaid expenses | 84,150 | 100,122 |
| Total Current Assets | 7,783,410 | 15,184,255 |
| NON-CURRENT ASSETS | | |
| Investments | 92,525 | 22,671 |
| Property and equipment, net | 217,787 | 255,185 |
| Security deposit | 21,896 | 21,896 |
| Total Non-Current Assets | 332,208 | 299,752 |
| TOTAL ASSETS | \$ 8,115,618 | \$ 15,484,007 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 277,370 | \$ 240,037 |
| Accrued expenses | 83,434 | 144,991 |
| Deferred rent | 295,093 | 345,228 |
| Deferred revenue | 305 | 9,765 |
| Subgrants payable | 2,481,295 | 2,354,098 |
| Total Current Liabilities | 3,137,497 | 3,094,119 |
| NET ASSETS | | |
| Without donor restrictions: | | |
| Available for operations | 3,302 | (124,715) |
| Board designated - Cameron Duncan Fund | 9,379 | 9,384 |
| Total Without donor restrictions | 12,681 | (115,331) |
| With donor restrictions | 4,965,440 | 12,505,219 |
| Total Net Assets | 4,978,121 | 12,389,888 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 8,115,618 | \$ 15,484,007 |

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 SEPTEMBER 30, 2019**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| REVENUE AND SUPPORT | | | |
| Grants and contributions | \$ 1,031,515 | \$ 1,292,170 | \$ 2,323,685 |
| Conferences and events | 207,441 | - | 207,441 |
| Contracts revenue | 79,204 | - | 79,204 |
| Interest and other income | 10,572 | - | 10,572 |
| Net assets released from restrictions | 8,831,949 | (8,831,949) | - |
| Total Revenue and Support | <u>10,160,681</u> | <u>(7,539,779)</u> | <u>2,620,902</u> |
| EXPENSES | | | |
| Program Services: | | | |
| ACTION Global Health Partnership | 7,386,688 | - | 7,386,688 |
| Education and Advocacy to End Poverty | 1,339,528 | - | 1,339,528 |
| Legislative Action to End Poverty | 4,993 | - | 4,993 |
| Total Program Services | <u>8,731,209</u> | <u>-</u> | <u>8,731,209</u> |
| Supporting Services: | | | |
| Management and General | 882,513 | - | 882,513 |
| Fundraising | 430,802 | - | 430,802 |
| Total Supporting Services | <u>1,313,315</u> | <u>-</u> | <u>1,313,315</u> |
| Total Expenses | <u>10,044,524</u> | <u>-</u> | <u>10,044,524</u> |
| CHANGE IN NET ASSETS FROM OPERATIONS | 116,157 | (7,539,779) | (7,423,622) |
| OTHER CHANGES | | | |
| Net loss from foreign currency translation | (292) | - | (292) |
| Net appreciation in fair value of investments | 14,456 | - | 14,456 |
| Loss on disposal of property and equipment | (2,309) | - | (2,309) |
| Total Other Changes | <u>11,855</u> | <u>-</u> | <u>11,855</u> |
| CHANGE IN NET ASSETS | 128,012 | (7,539,779) | (7,411,767) |
| NET ASSETS, beginning of year | <u>(115,331)</u> | <u>12,505,219</u> | <u>12,389,888</u> |
| NET ASSETS, end of year | <u>\$ 12,681</u> | <u>\$ 4,965,440</u> | <u>\$ 4,978,121</u> |

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 SEPTEMBER 30, 2018**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| REVENUE AND SUPPORT | | | |
| Grants and contributions | \$ 1,210,630 | \$ 1,489,278 | \$ 2,699,908 |
| Conferences and events | 218,433 | - | 218,433 |
| Contracts revenue | 82,573 | - | 82,573 |
| Interest and other income | 10,145 | - | 10,145 |
| Net assets released from restrictions | 9,835,411 | (9,835,411) | - |
| Total Revenue and Support | <u>11,357,192</u> | <u>(8,346,133)</u> | <u>3,011,059</u> |
| EXPENSES | | | |
| Program Services: | | | |
| ACTION Global Health Partnership | 7,973,927 | - | 7,973,927 |
| Education and Advocacy to End Poverty | 1,881,342 | - | 1,881,342 |
| Legislative Action to End Poverty | 124,565 | - | 124,565 |
| Total Program Services | <u>9,979,834</u> | <u>-</u> | <u>9,979,834</u> |
| Supporting Services: | | | |
| Management and General | 1,021,704 | - | 1,021,704 |
| Fundraising | 553,785 | - | 553,785 |
| Total Supporting Services | <u>1,575,489</u> | <u>-</u> | <u>1,575,489</u> |
| Total Expenses | <u>11,555,323</u> | <u>-</u> | <u>11,555,323</u> |
| CHANGE IN NET ASSETS FROM OPERATIONS | (198,131) | (8,346,133) | (8,544,264) |
| OTHER CHANGES | | | |
| Net loss from foreign currency translation | (312) | - | (312) |
| Net depreciation in fair value of investments | (554) | - | (554) |
| Loss on disposal of property and equipment | (1,445) | - | (1,445) |
| Total Other Changes | <u>(2,311)</u> | <u>-</u> | <u>(2,311)</u> |
| CHANGE IN NET ASSETS | (200,442) | (8,346,133) | (8,546,575) |
| NET ASSETS, beginning of year | <u>85,111</u> | <u>20,851,352</u> | <u>20,936,463</u> |
| NET ASSETS, end of year | <u>\$ (115,331)</u> | <u>\$ 12,505,219</u> | <u>\$ 12,389,888</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 SEPTEMBER 30, 2019**

| | Program Services | | | | Supporting Services | | | Total Expenses |
|-------------------------------------|--|---|---|------------------------------|---------------------------|-------------|------------------------------|----------------|
| | ACTION Global Health Partnership | Education And Advocacy to End Poverty | Legislative Action to End Poverty | Total Program Services | Management and General | Fundraising | Total Support Services | |
| Salaries | \$ 2,112,129 | \$ 573,291 | \$ 1,652 | \$ 2,687,072 | \$ 460,200 | \$ 253,000 | \$ 713,200 | \$ 3,400,272 |
| Payroll taxes | 169,554 | 45,227 | 341 | 215,122 | 35,717 | 20,122 | 55,839 | 270,961 |
| Employee benefits | 306,823 | 81,951 | 618 | 389,392 | 53,370 | 36,079 | 89,449 | 478,841 |
| Total Personnel Expenses | 2,588,506 | 700,469 | 2,611 | 3,291,586 | 549,287 | 309,201 | 858,488 | 4,150,074 |
| Accounting | 17,636 | 4,787 | - | 22,423 | 24,207 | 2,026 | 26,233 | 48,656 |
| Bank fees | 137 | 284 | - | 421 | 21,586 | 2,003 | 23,589 | 24,010 |
| Computer and internet | 6,178 | 2,361 | - | 8,539 | 7,181 | 135 | 7,316 | 15,855 |
| Conference and events | 140,633 | 139,742 | 1,250 | 281,625 | 67,067 | 39,437 | 106,504 | 388,129 |
| Contract services and professionals | 796,429 | 116,152 | - | 912,581 | 69,582 | 7,000 | 76,582 | 989,163 |
| Depreciation and amortization | 40,728 | 11,055 | - | 51,783 | 8,330 | 4,680 | 13,010 | 64,793 |
| Dues and subscriptions | 6,411 | 18,933 | 750 | 26,094 | 583 | 105 | 688 | 26,782 |
| Equipment rental and maintenance | 1,733 | 207 | - | 1,940 | 5,529 | - | 5,529 | 7,469 |
| Grants | 3,178,335 | 141,956 | - | 3,320,291 | - | - | - | 3,320,291 |
| Insurance | 13,854 | 3,760 | - | 17,614 | 2,834 | 1,592 | 4,426 | 22,040 |
| Investment fee | - | - | - | - | 2,029 | - | 2,029 | 2,029 |
| Legal fees | 16,556 | 2,550 | - | 19,106 | 5,814 | - | 5,814 | 24,920 |
| Licenses, taxes and fees | - | - | - | - | 16,697 | 16,988 | 33,685 | 33,685 |
| Postage and shipping | 367 | 644 | - | 1,011 | 739 | 6,149 | 6,888 | 7,899 |
| Printing and publications | 3,713 | 2,154 | - | 5,867 | 9,749 | 9,491 | 19,240 | 25,107 |
| Public awareness | 1,076 | 258 | - | 1,334 | 119 | 117 | 236 | 1,570 |
| Rent | 178,694 | 48,503 | 138 | 227,335 | 35,555 | 21,394 | 56,949 | 284,284 |
| Supplies | 1,660 | 4,250 | - | 5,910 | 5,618 | 856 | 6,474 | 12,384 |
| Telephone | 12,377 | 3,459 | - | 15,836 | 28,973 | 66 | 29,039 | 44,875 |
| Training and development | - | - | - | - | 288 | - | 288 | 288 |
| Travel | 381,665 | 138,004 | 244 | 519,913 | 20,746 | 9,562 | 30,308 | 550,221 |
| Total | \$ 7,386,688 | \$ 1,339,528 | \$ 4,993 | \$ 8,731,209 | \$ 882,513 | \$ 430,802 | \$ 1,313,315 | \$ 10,044,524 |

Total

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 SEPTEMBER 30, 2018**

| | Program Services | | | | Supporting Services | | | Total Expenses |
|-------------------------------------|--|---|---|------------------------------|---------------------------|-------------------|------------------------------|----------------------|
| | ACTION Global Health Partnership | Education And Advocacy to End Poverty | Legislative Action to End Poverty | Total Program Services | Management and General | Fundraising | Total Support Services | |
| Salaries | \$ 2,193,018 | \$ 886,476 | \$ 93,095 | \$ 3,172,589 | \$ 517,410 | \$ 336,384 | \$ 853,794 | \$ 4,026,383 |
| Payroll taxes | 168,641 | 70,190 | 7,194 | 246,025 | 39,503 | 25,796 | 65,299 | 311,324 |
| Employee benefits | 325,369 | 135,253 | 13,958 | 474,580 | 72,326 | 49,612 | 121,938 | 596,518 |
| Total Personnel Expenses | 2,687,028 | 1,091,919 | 114,247 | 3,893,194 | 629,239 | 411,792 | 1,041,031 | 4,934,225 |
| Accounting | 16,846 | 6,810 | - | 23,656 | 24,210 | 2,495 | 26,705 | 50,361 |
| Bank fees | 126 | 134 | - | 260 | 27,466 | 2,103 | 29,569 | 29,829 |
| Computer and internet | 7,960 | 8,542 | 192 | 16,694 | 7,209 | 273 | 7,482 | 24,176 |
| Conference and events | 317,089 | 192,282 | 1,565 | 510,936 | 91,689 | 49,652 | 141,341 | 652,277 |
| Contract services and professionals | 699,318 | 228,141 | - | 927,459 | 67,323 | 2,914 | 70,237 | 997,696 |
| Depreciation and amortization | 35,207 | 14,232 | - | 49,439 | 7,950 | 5,214 | 13,164 | 62,603 |
| Dues and subscriptions | 7,277 | 17,191 | 500 | 24,968 | 7,094 | 5,507 | 12,601 | 37,569 |
| Equipment rental and maintenance | 2,058 | 555 | - | 2,613 | 8,512 | - | 8,512 | 11,125 |
| Grants | 3,365,519 | 2,117 | - | 3,367,636 | - | - | - | 3,367,636 |
| Insurance | 18,951 | 7,661 | - | 26,612 | 2,476 | 2,807 | 5,283 | 31,895 |
| Investment fee | - | - | - | - | - | 986 | 986 | 986 |
| Legal fees | 3,734 | 61 | - | 3,795 | 3,165 | - | 3,165 | 6,960 |
| Licenses, taxes and fees | - | - | - | - | 18,938 | 13,150 | 32,088 | 32,088 |
| Postage and shipping | 1,899 | 1,060 | - | 2,959 | 6,738 | 2,467 | 9,205 | 12,164 |
| Printing and publications | 9,185 | 14,159 | - | 23,344 | 15,072 | 11,849 | 26,921 | 50,265 |
| Public awareness | 329 | 91 | - | 420 | 3,943 | 371 | 4,314 | 4,734 |
| Rent | 150,551 | 60,857 | 6,274 | 217,682 | 35,492 | 23,078 | 58,570 | 276,252 |
| Supplies | 1,569 | 2,696 | - | 4,265 | 5,660 | 1,721 | 7,381 | 11,646 |
| Telephone | 14,662 | 3,786 | - | 18,448 | 23,149 | 124 | 23,273 | 41,721 |
| Training and development | - | 60 | - | 60 | 285 | 166 | 451 | 511 |
| Travel | 634,619 | 228,988 | 1,787 | 865,394 | 36,094 | 17,116 | 53,210 | 918,604 |
| | <u>\$ 7,973,927</u> | <u>\$ 1,881,342</u> | <u>\$ 124,565</u> | <u>\$ 9,979,834</u> | <u>\$ 1,021,704</u> | <u>\$ 553,785</u> | <u>\$ 1,575,489</u> | <u>\$ 11,555,323</u> |

Total

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

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

| | 2019 | 2018 |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (7,411,767) | \$ (8,546,575) |
| Adjustments to reconcile change in net assets to net cash used for operating activities: | | |
| Depreciation and amortization | 64,793 | 62,603 |
| Net (appreciation) depreciation in fair value of investments | (14,456) | 554 |
| Loss on disposal of property and equipment | 2,309 | 1,445 |
| Decrease (increase) in assets: | | |
| Accounts receivable | (7,963) | 4,426 |
| Grants receivable | 13,165,000 | 837,907 |
| Prepaid expenses | 15,972 | 125,618 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 37,333 | (125,711) |
| Accrued expenses | (61,557) | (12,638) |
| Deferred rent | (50,135) | (35,891) |
| Deferred revenue | (9,460) | 2,271 |
| Subgrants payable | 127,197 | 215,905 |
| Net Cash Provided by (Used for) Operating Activities | 5,857,266 | (7,470,086) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (29,704) | (29,521) |
| Proceeds from sale of investments | 68,446 | 64,803 |
| Purchases of investments | (123,844) | (65,732) |
| Net Cash Used for Investing Activities | (85,102) | (30,450) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 5,772,164 | (7,500,536) |
| CASH AND CASH EQUIVALENTS, beginning of year | 1,402,994 | 8,903,530 |
| CASH AND CASH EQUIVALENTS, end of year | \$ 7,175,158 | \$ 1,402,994 |

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
SEPTEMBER 30, 2019 AND 2018

NOTE 1 – NATURE OF THE ORGANIZATION AND PROGRAM DESCRIPTIONS

RESULTS, Inc. and RESULTS Educational Fund, Inc. (collectively, “RESULTS”) are two separate not-for-profit organizations that cultivate an advocacy movement to secure the political leadership that will bring an end to poverty. They focus on key underlying causes of poverty and their solutions: health and nutrition; education; and economic opportunity.

Program Descriptions

ACTION Global Health Partnership – ACTION is a partnership of locally rooted organizations around the world that advocates for life-saving care for millions of people who are threatened by preventable diseases. Supported by a Washington, DC-based secretariat, ACTION partners work together to increase investments and build political support for global health.

Education and Advocacy to End Poverty – RESULTS Educational Fund, Inc., performs cutting-edge research and oversight; educates and mobilizes grassroots advocates, policy makers, and the media; and trains volunteers in public speaking, community organizing, generating media, and educating their elected officials on issues of poverty.

Legislative Action to End Poverty - RESULTS, Inc., pushes for specific policies and legislation to address poverty in the United States and around the world. This includes working directly with Congress and other U.S. policymakers to shape and advance policies, as well as supporting grassroots advocates to lobby their elected officials on health, education, and economic opportunity.

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. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Adoption of New Accounting Pronouncement

The Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification Topic 606, Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. RESULTS has implemented Topic 606.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. RESULTS has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

Basis of Presentation

Financial statement presentation follows FASB Accounting Standards Codification (“ASC”) Topic *Not-for-Profit Entities*. In accordance with topic ASU NO. 2016-14, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein, are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met by either actions of RESULTS and/or the passage of time, or that must be maintained permanently by RESULTS. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 a 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 was not deemed necessary as of September 30, 2019 and 2018.

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 for furniture and equipment, and similar 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.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cameron Duncan Fund

Approximately 34 years ago, Cameron Duncan was the first Legislative Director of RESULTS. A fund was established in tribute to Cameron Duncan, which as of September 30, 2019 and 2018, had a balance of \$9,379 and \$9,384, respectively, 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 consolidated financial statement of activities because the criteria for recognition of such volunteer efforts under generally accepted accounting principles has not been satisfied.

Revenue Recognition

RESULTS recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

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.

Foreign Currency Transactions

RESULTS records transactions denominated in a foreign currency at the United States dollar equivalent at 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
SEPTEMBER 30, 2019 AND 2018
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office expenses, and occupancy, which are allocated on a per headcount basis, as well as salaries and related costs, which are allocated on the basis of estimates of time and effort expended.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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.

NOTE 3 – INCOME TAX STATUS

RESULTS, Inc. is a not-for-profit organization defined under Section 501(c)(4), and REF 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 September 30, 2019 and 2018, RESULTS, Inc. and REF 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 for the fiscal years 2016 through 2018 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 THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018
(continued)

NOTE 4 – AVAILABLE RESOURCES AND LIQUIDITY

RESULTS’ management regularly monitors liquidity requirements to ensure that ongoing operating needs and other contractual commitments are met. Timing of revenue receipts also ensures the availability of necessary operational funds when coordinated with the board-designated funds, which are used to cover delays in payments on existing grants. Sources of liquidity available to RESULTS include financial assets consisting of cash and cash equivalents, accounts receivable, grants receivable, and investment. In addition, RESULTS anticipates receiving additional grants and contributions that will sufficiently cover its operating expenses over a 12-month period. Although RESULTS does not intend to spend from its board designated reserves, other than amounts appropriated for expenditure, funds could be made available through board resolution, if necessary.

In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, RESULTS considers all expenditures related to its programs, general and administrative, and fundraising activities, to be general operating expenditures. Although RESULTS had net assets with donor restrictions totaling \$4,965,440 as of September 30, 2019, these funds are expected to be available for spending over the next 12 months.

As of September 30, 2019 and 2018, total financial assets held by RESULTS and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures were as follow:

| | 2019 | 2018 |
|---|--------------|---------------|
| Cash and cash equivalents | \$ 7,175,158 | \$ 1,402,994 |
| Accounts receivable | 49,102 | 41,139 |
| Grants receivable | 475,000 | 13,640,000 |
| Investments | 92,525 | 22,671 |
| Total Financial Assets | 7,791,785 | 15,106,804 |
| Less investments encumbered by board restrictions | (9,379) | (9,384) |
| Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year | \$ 7,782,406 | \$ 15,097,420 |

NOTE 5 – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value. That 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). Level 1 of the fair value hierarchy under FASB ASC 820 is described as inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that the RESULTS has the ability to access.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 5 – FAIR VALUE MEASUREMENTS - continued

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 three levels of the fair value hierarchy are described as follows:

- Level 1* Inputs are based on unadjusted quoted prices for identical assets traded in active markets that RESULTS has the ability to access.
- Level 2* Inputs are based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.
- Level 3* Inputs are unobservable and significant to the fair value measurement.

The following valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are 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.

Mutual funds are valued at the observable closing price reported in the active market in which the individual securities are traded.

The following tables presents RESULTS’ fair value hierarchy for investments measured at fair value on a recurring basis as of September 30, 2019 and 2018:

| | Assets at Fair Value as of September 30, 2019 | | | |
|----------------|---|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Domestic Stock | \$ 69,589 | \$ - | \$ - | \$ 69,589 |
| Mutual Funds | 22,936 | - | - | 22,936 |
| Total | \$ 92,525 | \$ - | \$ - | \$ 92,525 |

| | Assets at Fair Value as of September 30, 2018 | | | |
|--------------|---|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | \$ 22,671 | \$ - | \$ - | \$ 22,671 |

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018
(continued)

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30:

| | 2019 | 2018 |
|---|------------|------------|
| Furniture and equipment | \$ 237,059 | \$ 254,118 |
| Leasehold improvements | 326,261 | 326,261 |
| | 563,320 | 580,379 |
| Less: accumulated depreciation and amortization | (345,533) | (325,194) |
| Property and Equipment, Net | \$ 217,787 | \$ 255,185 |

During the years ended September 30, 2019 and 2018, RESULTS disposed of furniture and equipment and the disposal resulted in a loss of \$2,309 and \$1,445, respectively. For the years ended September 30, 2019 and 2018, depreciation and amortization expense totaled \$64,793 and \$62,603, respectively.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

RESULTS' net assets with restrictions consisted of the following as of September 30:

| | 2019 | 2018 |
|-------------------------------------|--------------|---------------|
| ACTION Program (2017-2020) | \$ 4,265,010 | \$ 11,627,361 |
| Other global health programs | 19,970 | 282,718 |
| Global education programs | 635,694 | 423,776 |
| Global financial inclusion programs | 707 | 78,149 |
| US Poverty programs | - | 10,057 |
| Global expansion | 44,059 | 83,158 |
| Total | \$ 4,965,440 | \$ 12,505,219 |

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 years ended September 30, 2019 and 2018, RESULTS made a matching contribution totaling \$93,553 and 100,476 to the Plan, respectively.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018
(continued)

NOTE 9 – OPERATING LEASE COMMITMENTS

On May 16, 2013, RESULTS entered into a non-cancellable office lease agreement which expires on November 30, 2023. The agreement gave RESULTS a one-time option to exit the lease in 2018, but RESULTS elected not to exercise that option and will be subject to the remaining lease term. The future minimum payments over the life of the lease are as follows:

| | | |
|---------------|----|------------------|
| September 30, | | |
| 2020 | \$ | 317,987 |
| 2021 | | 325,937 |
| 2022 | | 334,085 |
| 2023 | | 342,438 |
| 2024 | | 58,381 |
| Total | \$ | <u>1,378,828</u> |

For the years ended September 30, 2019 and 2018, rent expense for office space totaled \$284,284 and \$276,252, respectively.

In March 2015, RESULTS entered into a non-cancellable operating lease for a copier which expired in March 2020. Rent expenses for the copier lease totaled \$6,696 for the years ended September 30, 2019 and 2018.

NOTE 10 – LINE OF CREDIT

On October 31, 2017, RESULTS entered into a commercial line of credit agreement with Eagle Bank to borrow up to \$500,000 for working capital purposes. The line of credit had an interest rate of 5.25% and expires on October 29, 2020. As of September 30, 2019 and 2018, there was no outstanding balance due on the line of credit.

NOTE 11 – SUBSEQUENT EVENTS

In preparing these consolidated financial statements, RESULTS’ management has evaluated events and transactions for potential recognition or disclosure through October 13, 2020, 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
SEPTEMBER 30, 2019**

| | RESULTS, Inc. | RESULTS Educational Fund, Inc. | Eliminations | Total |
|---|-------------------|--------------------------------------|--------------------|---------------------|
| <u>ASSETS</u> | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 157,697 | \$ 7,017,461 | \$ - | \$ 7,175,158 |
| Accounts receivable | - | 49,102 | - | 49,102 |
| Grants receivable | - | 475,000 | - | 475,000 |
| Due from RESULTS, Inc. | - | 90,067 | (90,067) | - |
| Prepaid expenses | - | 84,150 | - | 84,150 |
| Total Current Assets | <u>157,697</u> | <u>7,715,780</u> | <u>(90,067)</u> | <u>7,783,410</u> |
| NON-CURRENT ASSETS | | | | |
| Investments | 22,936 | 69,589 | - | 92,525 |
| Property and equipment, net | - | 217,787 | - | 217,787 |
| Security deposit | - | 21,896 | - | 21,896 |
| Total Non-Current Assets | <u>22,936</u> | <u>309,272</u> | <u>-</u> | <u>332,208</u> |
| TOTAL ASSETS | <u>\$ 180,633</u> | <u>\$ 8,025,052</u> | <u>\$ (90,067)</u> | <u>\$ 8,115,618</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 277,370 | \$ - | \$ 277,370 |
| Due to RESULTS Educational Fund, Inc. | 90,067 | - | (90,067) | - |
| Accrued expenses | 1,347 | 82,087 | - | 83,434 |
| Deferred rent | - | 295,093 | - | 295,093 |
| Deferred revenue | - | 305 | - | 305 |
| Subgrants payable | 3,726 | 2,477,569 | - | 2,481,295 |
| Total Current Liabilities | <u>95,140</u> | <u>3,132,424</u> | <u>(90,067)</u> | <u>3,137,497</u> |
| NET ASSETS | | | | |
| Without donor restrictions: | | | | |
| Available for operations | 76,114 | (72,812) | - | 3,302 |
| Board designated - Cameron Duncan Fund | 9,379 | - | - | 9,379 |
| Total Net Assets without Donor Restrictions | <u>85,493</u> | <u>(72,812)</u> | <u>-</u> | <u>12,681</u> |
| With donor restrictions: | - | 4,965,440 | - | 4,965,440 |
| Total Net Assets | <u>85,493</u> | <u>4,892,628</u> | <u>-</u> | <u>4,978,121</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 180,633</u> | <u>\$ 8,025,052</u> | <u>\$ (90,067)</u> | <u>\$ 8,115,618</u> |

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019**

| | RESULTS, Inc. | RESULTS Educational Fund, Inc. | Eliminations | Total |
|--|---------------|--------------------------------------|--------------|--------------|
| REVENUE AND SUPPORT | | | | |
| WITHOUT DONOR RESTRICTIONS | | | | |
| Grants and contributions | \$ 149,118 | \$ 882,397 | \$ - | \$ 1,031,515 |
| Conferences and events | 24,980 | 182,461 | - | 207,441 |
| Contracts revenue | - | 79,204 | - | 79,204 |
| Interest and other income | 854 | 9,718 | - | 10,572 |
| Net loss from foreign currency translation | (27) | (265) | - | (292) |
| Net appreciation in fair value of investments | - | 14,456 | - | 14,456 |
| Loss on disposal of property and equipment | - | (2,309) | - | (2,309) |
| Net assets released from restrictions | - | 8,831,949 | - | 8,831,949 |
| Total Revenue and Support | | | | |
| Without Donor Restrictions | 174,925 | 9,997,611 | - | 10,172,536 |
| EXPENSES | | | | |
| Program Services: | | | | |
| ACTION Global Health Partnership | - | 7,386,688 | - | 7,386,688 |
| Education and Advocacy to End Poverty | - | 1,339,528 | - | 1,339,528 |
| Legislative Action to End Poverty | 4,993 | - | - | 4,993 |
| Total Program Services | 4,993 | 8,726,216 | - | 8,731,209 |
| Support Services: | | | | |
| Management and General | 65,019 | 817,494 | - | 882,513 |
| Fundraising | 15,144 | 415,658 | - | 430,802 |
| Total Supporting Services | 80,163 | 1,233,152 | - | 1,313,315 |
| Total Expenses | 85,156 | 9,959,368 | - | 10,044,524 |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 89,769 | 38,243 | - | 128,012 |
| REVENUE AND SUPPORT | | | | |
| WITH DONOR RESTRICTIONS | | | | |
| Grants and contributions | - | 1,292,170 | - | 1,292,170 |
| Net assets released from restrictions | - | (8,831,949) | - | (8,831,949) |
| CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS | - | (7,539,779) | - | (7,539,779) |
| CHANGE IN NET ASSETS | 89,769 | (7,501,536) | - | (7,411,767) |
| NET ASSETS, beginning of year | (4,276) | 12,394,164 | - | 12,389,888 |
| NET ASSETS, end of year | \$ 85,493 | \$ 4,892,628 | \$ - | \$ 4,978,121 |