

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

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

DECEMBER 31, 2012

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Independent Auditor's 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") (nonprofit organizations) as of December 31, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

Independent Auditor's Report
Results, Inc. and Results Educational Fund, Inc.
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Opinion

In our opinion, the 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, 2012 and the consolidated changes in its net assets and its cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

Debis, Jones & Maresca, P.A.

Columbia, MD
June 28, 2013

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 9,005,403
Accounts receivable	3,758
Grants and contributions receivable	55,314
Prepaid expenses	435,308
Total current assets	<u>9,499,783</u>

PROPERTY AND EQUIPMENT

Property and equipment	178,944
Less accumulated depreciation and amortization	(97,170)
Total property and equipment, net	<u>81,774</u>

OTHER ASSETS

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

\$ 9,595,058

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 150,220
Accrued expenses	104,507
Other liabilities	5,096
Total current liabilities	<u>259,823</u>

NET ASSETS

Unrestricted:	
Available for operations	531,249
Designated - Cameron Duncan Fund	21,356
Total unrestricted net assets	<u>552,605</u>
Temporarily restricted	<u>8,782,630</u>
Total net assets	<u>9,335,235</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 9,595,058

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

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 710,530	\$ 6,802,127	\$ 7,512,657
Special events	194,111	-	194,111
Interest income	28,991	-	28,991
Other income	4,021	-	4,021
Royalties	1,518	-	1,518
Net assets released from restrictions	7,016,533	(7,016,533)	-
Total Revenue and Support	7,955,704	(214,406)	7,741,298
EXPENSES			
Program services:			
Advocacy to Control Tuberculosis Internationally (ACTION)	5,288,500	-	5,288,500
Microcredit education and outreach	1,114,323	-	1,114,323
Poverty outreach and advocacy	818,463	-	818,463
Grassroots advocacy to end hunger	195,924	-	195,924
Total program services	7,417,210	-	7,417,210
Supporting services:			
Management and general	693,119	-	693,119
Fundraising	203,333	-	203,333
Total supporting services	896,452	-	896,452
Total Expenses	8,313,662	-	8,313,662
CHANGE IN NET ASSETS FROM OPERATIONS	(357,958)	(214,406)	(572,364)
OTHER CHANGES			
Realized gain on foreign currency exchange	1,480	-	1,480
Loss on disposition of fixed assets	(511)	-	(511)
Loss on disposition of securities	(121)	-	(121)
Total Other Changes	848	-	848
CHANGE IN NET ASSETS	(357,110)	(214,406)	(571,516)
NET ASSETS, beginning of year	909,715	8,997,036	9,906,751
NET ASSETS, end of year	\$ 552,605	\$ 8,782,630	\$ 9,335,235

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

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012**

	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	\$ 1,198,380	\$ 546,613	\$ 485,330	\$ 146,623	\$ 2,376,946	\$ 281,036	\$ 106,351	\$ 387,387	\$ 2,764,333
Payroll taxes	98,679	45,565	40,289	11,714	196,247	27,895	9,903	37,798	234,045
Employee benefits	111,717	43,434	41,225	16,455	212,831	30,324	12,529	42,853	255,684
Total personnel and expenses	1,408,776	635,612	566,844	174,792	2,786,024	339,255	128,783	468,038	3,254,062
Accounting	-	-	-	-	-	46,986	-	46,986	46,986
Bank fees	1,047	1,673	35	-	2,755	24,051	3,788	27,839	30,594
Computer and internet	13,147	6,341	1,635	-	21,123	949	989	1,938	23,061
Conference and events	211,356	59,462	24,211	590	295,619	56,140	29,305	85,445	381,064
Contract services and professionals	462,988	241,845	108,493	-	813,326	88,777	1,894	90,671	903,997
Depreciation and amortization	11,142	5,082	4,512	1,363	22,099	2,614	989	3,603	25,702
Dues and subscriptions	701	595	2,400	9,455	13,151	1,300	-	1,300	14,451
Equipment rental and maintenance	1,899	595	123	-	2,617	12,483	-	12,483	15,100
Grants	2,467,290	49,308	-	-	2,516,598	-	-	-	2,516,598
Insurance	10,967	4,656	4,192	1,206	21,021	2,311	875	3,186	24,207
Interest expense	-	-	-	-	-	3,059	-	3,059	3,059
Legal fees	5,593	264	-	75	5,932	2,532	1,466	3,998	9,930
Licenses, taxes and fees	-	235	-	-	235	8,901	9,684	18,585	18,820
Other expenses	-	-	-	-	-	8,456	-	8,456	8,456
Postage and shipping	9,607	2,509	615	-	12,731	6,146	1,639	7,785	20,516
Printing and publications	18,325	1,527	4,438	109	24,399	8,086	4,046	12,132	36,531
Public awareness	58,626	140	810	-	59,576	1,361	-	1,361	60,937
Rent	73,848	30,852	26,764	8,086	139,550	15,498	5,865	21,363	160,913
Supplies	68,087	1,762	1,297	78	71,224	1,781	2,373	4,154	75,378
Telephone	44,371	6,652	6,247	-	57,270	43,517	323	43,840	101,110
Training and development	325	106	-	-	431	1,131	-	1,131	1,562
Travel	420,405	65,107	65,847	170	551,529	14,922	11,314	26,236	577,765
Video production	-	-	-	-	-	2,863	-	2,863	2,863
Total	\$ 5,288,500	\$ 1,114,323	\$ 818,463	\$ 195,924	\$ 7,417,210	\$ 693,119	\$ 203,333	\$ 896,452	\$ 8,313,662

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

**RESULTS, INC. AND
RESULTS EDUCATIONAL FUND, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (571,516)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	25,702
Loss on disposal of fixed assets	511
Decrease (increase) in assets:	
Accounts receivable	24,796
Grants and contributions receivable	5,731,342
Prepaid expenses	(114,470)
Increase (decrease) in liabilities:	
Accounts payable	(349,736)
Accrued expenses	3,014
Other current liabilities	470
Net Cash Provided By Operating Activities	<u>4,750,113</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	(27,073)
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CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on line of credit	<u>(249,991)</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS 4,473,049

CASH AND CASH EQUIVALENTS, beginning of year 4,532,354

CASH AND CASH EQUIVALENTS, end of year \$ 9,005,403

SUPPLEMENTAL DISCLOSURES

Cash paid for interest expense	<u><u>\$ 3,059</u></u>
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During the year ended December 31, 2012, Results disposed of property and equipment with a cost basis of \$16,604 and accumulated depreciation of \$16,093.

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, 2012

NOTE 1 – NATURE OF THE ORGANIZATION

Results, Inc. and Results Educational Fund, Inc. (collectively, “Results”) are two separate not-for-profit organizations that were established to engage the general public and political leaders in a campaign to end poverty by empowering individuals to exercise their personal and political power for change. As such, Results utilizes its resources to implement and improve policies that provide low-income individuals the means and opportunities for a healthy and fulfilling life.

Program Descriptions

ACTION – The Advocacy to Control Tuberculosis Internationally (“ACTION”) program is part of an international partnership of civil society organizations that began working together to mobilize new resources against tuberculosis (“TB”). ACTION partners have helped influence leaders to contribute more than \$1.4 billion for the global TB fight through bilateral and multilateral funding. A significant amount of funding through the Global Fund went towards fighting AIDS, TB, and Malaria. Building on its successes in fighting TB around the world, ACTION has expanded its advocacy efforts to include child survival, particularly in the areas of vaccines and under-nutrition.

Microcredit Education and Outreach – This program is aligned with the Microcredit Summit Campaign (“MCS”), which brings together microfinance practitioners, advocates, educational institutions, and various other stakeholders to promote best practices in microfinance, and to stimulate the interchanging of knowledge and ideas. MCS is working to ensure that 175 million of the world’s poorest families, especially the women of those families, are receiving credit for self-employment and other financial and business services by 2015, and that 100 million families rise above the US \$1.25 a day threshold adjusted for purchasing power parity between 1990 and 2015.

Poverty Outreach and Advocacy - Results Educational Fund, Inc. (“REF”) focuses on poverty outreach and advocacy. REF identifies and promotes the most effective solutions to poverty by:

- Performing cutting-edge research on poverty issues and programs and oversight of U.S. spending related to poverty domestically and internationally.
- Building support for proven poverty-fighting strategies by engaging and educating the public, policy makers, and opinion leaders, leading educational trips, working in coalitions, and encouraging the media to report on solutions to poverty.
- Supporting powerful citizenship by training volunteers in public speaking, generating media, hosting community forums, and educating their communities and elected officials about issues related to its campaigns.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – NATURE OF THE ORGANIZATION - continued

Program Descriptions - continued

Grassroots Advocacy to End Hunger - Results, Inc. supports anti-poverty legislation by engaging in the following grassroots activities:

- Mobilizing around key legislative opportunities that will have the greatest impact on the lives of low-income people. This can range from supporting members of Congress in generating bipartisan support for anti-poverty legislation to helping legislators craft bills that will benefit the poorest.
- Empowering ordinary people with the necessary training and support system to play a significant role in ending poverty. Results has grassroots chapters in over 100 locations in the United States, which form one of the most effective grassroots networks in the world.
- Advocating for policies and legislation that create or safeguard effective solutions to poverty, make programs run more efficiently and effectively, and extend coverage to those who need it.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated 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 and revenue 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:

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

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation - continued

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 as of December 31, 2012.

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.

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

Accounts 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 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. Management believes all accounts receivable are collectible. Therefore, no allowance for uncollectible accounts has been established.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Grants and Contributions Receivable

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. There were no conditional promises to give as of December 31, 2012.

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. For the year ended December 31, 2012, depreciation expense totaled \$25,702,

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.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012
(continued)

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, 2012, 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 2009 through 2011 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.

NOTE 4 – GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2012, Results had a total of \$55,314 in current unconditional grants and contributions receivable that is restricted for a specific purpose. There were no long-term grants and contributions receivable at December 31, 2012.

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 \$0 as of December 31, 2012. Interest is due monthly and is accrued at a rate of prime plus .5% which was 3.75% as of December 31, 2012. Interest expense for the line of credit year ended December 31, 2012 totaled \$2,327.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012
(continued)

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Results had temporarily restricted net assets at December 31, 2012 totaling \$8,782,630, which consists of the following:

ACTION Program (2008 – 2012)	\$ 7,696,125
Education for All	400,545
Global Campaign for Education	394,429
Microcredit	235,306
Stop TB	38,030
Center for Citizen Empowerment & Transformation	<u>18,195</u>
Total	<u>\$ 8,782,630</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, 2012, Results contributed \$36,681 to the plan.

NOTE 8 – OPERATING LEASE COMMITMENTS

In September 2011, Results entered into a non-cancellable lease for office space which expires on August 15, 2013. Rent expense for office space for the year ended December 31, 2012, totaled \$160,913.

On May 16, 2013, Results entered into a new non-cancellable office lease agreement which expires on November 30, 2023. Under the terms of the lease agreement, Results has a one-time right to terminate the lease early only by giving the landlord an irrevocable written notice (the “Early Termination Notice”) no later than the last day of the sixth month of the fifth lease year. Results would be responsible for any unpaid rent and termination fees.

RESULTS, INC. AND RESULTS EDUCATIONAL FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012
(continued)

NOTE 8 – OPERATING LEASE COMMITMENTS - continued

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

December 31,	
2013	\$ 89,008
2014	269,252
2015	275,988
2016	282,888
2017	289,964
2018 and there after	<u>2,174,067</u>
Total	<u>\$3,382,267</u>

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,	
2013	\$ 6,264
2014	6,264
2015	<u>6,264</u>
Total	<u>\$ 18,792</u>

NOTE 9 – SUBSEQUENT EVENTS

In preparing these financial statements, Results' management has evaluated events and transactions for potential recognition or disclosure through June 28, 2013, the date the financial statements were available to be issued. There were no additional events or transactions other than those disclosed in the accompanying notes to the consolidated financial statements.