

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

SEPTEMBER 30, 2012 AND 2011

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

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Independent Auditor's Report

**Board of Directors
Sexuality Information and Education Council
of the United States, Inc. d/b/a SIECUS**

We have audited the accompanying balance sheets of Sexuality Information and Education Council of the United States, Inc. d/b/a SIECUS as of September 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Sexuality Information and Education Council of the United States, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Sexuality Information and Education Council of the United States, Inc.'s 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sexuality Information and Education Council of the United States, Inc. as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Loeb & Troper LLP

December 5, 2012

EXHIBIT A**SEXUALITY INFORMATION AND EDUCATION
COUNCIL OF THE UNITED STATES, INC.
D/B/A SIECUS****BALANCE SHEET****SEPTEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 29,550	\$ 27,787
Grants receivable	700,000	36,122
Contributions receivable	9,988	
Prepaid expenses and other assets	13,136	6,783
Security deposits	66,358	71,260
Fixed assets - net (Note 3)	<u>37,624</u>	<u>41,330</u>
Total assets	<u>\$ 856,656</u>	<u>\$ 183,282</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 27,057	\$ 22,188
Loan from board member (Note 5)		40,000
Deferred rent	<u>3,385</u>	<u>9,460</u>
Total liabilities	30,442	71,648
Net assets (Exhibit B)		
Unrestricted	126,214	111,634
Temporarily restricted (Note 6)	<u>700,000</u>	
Total liabilities and net assets	<u>\$ 856,656</u>	<u>\$ 183,282</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

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

EXHIBIT B

STATEMENT OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and other support						
Foundation grants	\$ 530,000	\$ 700,000	\$ 1,230,000	\$ 86,500	\$ 365,867	\$ 452,367
Contributions	211,417		211,417	196,984		196,984
Government grant income				170,715		170,715
Bequests	231,946		231,946	50,220		50,220
Organizational grants	46,078		46,078	186,157		186,157
Fees for service	48,220		48,220			
Interest income	175		175	649		649
Publications and other earned income	8,774		8,774	7,540		7,540
Miscellaneous income	4,754		4,754	3,903		3,903
Net assets released from restrictions (Note 6)				545,867	(545,867)	
Total revenue and other support	1,081,364	700,000	1,781,364	1,248,535	(180,000)	1,068,535
Expenses (Exhibit C)						
Program services						
Information and communication				53,821		53,821
Public policy	398,407		398,407	367,595		367,595
Education	267,625		267,625	345,907		345,907
Total program expenses	666,032		666,032	767,323		767,323
Supporting services						
Management and general	211,695		211,695	182,195		182,195
Fund raising	189,057		189,057	167,441		167,441
Total supporting services	400,752		400,752	349,636		349,636
Total expenses	1,066,784		1,066,784	1,116,959		1,116,959
Change in net assets (Exhibit D)	14,580	700,000	714,580	131,576	(180,000)	(48,424)
Net assets - beginning of year	111,634		111,634	(19,942)	180,000	160,058
Net assets - end of year (Exhibit A)	\$ 126,214	\$ 700,000	\$ 826,214	\$ 111,634	\$ -	\$ 111,634

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012							2011							
	Program Services			Supporting Services				Program Services				Supporting Services			
	Public Policy	Education	Total	Management and General	Fund Raising	Total	Total	Information and Communication	Public Policy	Education	Total	Management and General	Fund Raising	Total	
Salaries and fringe benefits	\$ 217,275	\$ 151,548	\$ 368,823	\$ 104,132	\$ 121,575	\$ 225,707	\$ 594,530	\$ 35,661	\$ 157,580	\$ 223,043	\$ 416,284	\$ 82,755	\$ 99,475	\$ 182,230	\$ 598,514
Professional fees	8,350	36,758	45,108	39,376	300	39,676	84,784	438	5,442	2,676	8,556	49,404	1,500	50,904	59,460
Communication	20,176	14,350	34,526	10,646	7,536	18,182	52,708	3,741	18,937	27,435	50,113	1,585	8,179	9,764	59,877
Postage and mailing	2,257	913	3,170	755	4,601	5,356	8,526	124	1,989	893	3,006	331	5,353	5,684	8,690
Printing and publications	4,259	304	4,563	2,154	22,563	24,717	29,280	33	4,137	910	5,080	78	17,021	17,099	22,179
Office expense	18,149	6,729	24,878	6,585	4,322	10,907	35,785	2,569	17,410	8,819	28,798	3,909	5,240	9,149	37,947
Travel and meetings	52,951	28,983	81,934	15,927	2,647	18,574	100,508	44	24,092	39,967	64,103	4,949	8,104	13,053	77,156
Occupancy (Note 4)	65,633	19,763	85,396	13,755	11,145	24,900	110,296	9,601	129,485	24,398	163,484	2,160	10,269	12,429	175,913
Insurance	3,516	3,719	7,235	2,436	2,577	5,013	12,248	468	2,068	2,927	5,463	22,024	1,305	23,329	28,792
Dues and subscriptions	250	170	420	3,642	8,564	12,206	12,626	11	1,450	7,771	9,232	3,813	7,802	11,615	20,847
Interest				726		726	726	376	1,662	2,353	4,391	1,051	1,049	2,100	6,491
Bank charges				6,172		6,172	6,172					7,042		7,042	7,042
Depreciation	3,912	3,174	7,086	2,001	2,336	4,337	11,423	742	3,278	4,640	8,660	1,720	2,069	3,789	12,449
Miscellaneous	1,679	1,214	2,893	3,388	891	4,279	7,172	13	65	75	153	1,374	75	1,449	1,602
Total expenses (Exhibit B)	\$ 398,407	\$ 267,625	\$ 666,032	\$ 211,695	\$ 189,057	\$ 400,752	\$ 1,066,784	\$ 53,821	\$ 367,595	\$ 345,907	\$ 767,323	\$ 182,195	\$ 167,441	\$ 349,636	\$ 1,116,959

See independent auditor's report.

The accompanying notes are an integral part of these statements.

EXHIBIT D

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

STATEMENT OF CASH FLOWS**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 714,580	\$ (48,424)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	11,423	12,449
Decrease (increase) in assets		
Contributions receivable		125,000
Grants receivable	(663,878)	(36,122)
Accounts receivable	(9,988)	10,932
Prepaid expenses and other assets	(6,353)	(4,855)
Security deposits	4,902	
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	4,869	(44,405)
Deferred rent	(6,075)	2,469
Deferred support		(19,367)
Net cash provided (used) by operating activities	<u>49,480</u>	<u>(2,323)</u>
Cash flows from investing activities		
Fixed asset additions	<u>(7,717)</u>	<u>(2,693)</u>
Cash flows from financing activities		
Proceeds from line of credit		175,000
Repayment of line of credit		(225,000)
Repayment of loan from board member	(40,000)	40,000
Net cash used by financing activities	<u>(40,000)</u>	<u>(10,000)</u>
Net change in cash	1,763	(15,016)
Cash - beginning of year	<u>27,787</u>	<u>42,803</u>
Cash - end of year	\$ <u>29,550</u>	\$ <u>27,787</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ <u>726</u>	\$ <u>6,491</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

NOTE 1 - NATURE OF ORGANIZATION

Sexuality Information and Education Council of the United States, Inc. (doing business as "SIECUS") was incorporated under the laws of Delaware in 1964. It is a Section 501(c)(3) not-for-profit organization and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the "Code"). SIECUS has been classified as a publicly supported organization as described in Section 509(a)(1) of the Code.

SIECUS, which maintains offices in New York City and Washington, D.C., affirms that sexuality is a fundamental part of being human, one that is worthy of dignity and respect. SIECUS advocates for the right of all people to accurate information, comprehensive education about sexuality, and sexual health services. SIECUS works to create a world that ensures social justice and sexual rights.

The primary sources of revenue are grants and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants receivable and allowance for doubtful accounts - The Organization records receivables based on established rates or contracts for services provided. Bad debt expense is charged if the receivable is determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Interest is not charged on outstanding receivables. Management has determined that an allowance for uncollectible accounts is not required as of the date of this report.

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets - Fixed assets are stated at cost or fair value at date of donation. Items costing in excess of \$1,000 or more with an estimated useful life greater than one year are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Operating leases - Operating leases are recorded on the straight-line basis over the terms of the leases.

Unrestricted net assets - Unrestricted net assets include net assets having no restriction as to use or purpose imposed by donors.

Temporarily restricted net assets - Temporarily restricted net assets are net assets whose use has been restricted by donors to a specific time period or purpose.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Publications and other earned income - This income are revenues from publications and honoraria that are recorded when earned.

Functional allocation of expenses - The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Uncertainty in income taxes - SIECUS has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending September 30, 2009 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through December 5, 2012, which is the date the financial statements were available to be issued.

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

SEPTEMBER 30, 2012 AND 2011

NOTE 3 - FIXED ASSETS

At September 30, 2012 and 2011, fixed assets consisted of the following:

	<u>2012</u>	<u>2011</u>	<u>Estimated Useful Lives</u>
Computer and communication equipment	\$ 80,272	\$ 76,433	5-10 years
Furniture and office equipment	<u>54,773</u>	<u>50,895</u>	7 years
	135,045	127,328	
Less accumulated depreciation	<u>(97,421)</u>	<u>(85,998)</u>	
	<u>\$ 37,624</u>	<u>\$ 41,330</u>	

NOTE 4 - LEASE COMMITMENT

SIECUS is currently obligated under noncancelable leases for office space in New York (expiring 2018) and Washington, D.C. (expiring 2014). In January 2010, the New York lease was re-negotiated reducing the overall monthly rent. SIECUS's rent expense for the year ended September 30, 2012 and 2011 was \$104,446 and \$157,217, respectively. A schedule of future rent commitments is as follows:

<u>Year Ending September 30,</u>	
2013	\$ 116,287
2014	119,606
2015	91,184
2016	93,749
2017	96,392
Thereafter	<u>8,221</u>
	<u>\$ 525,439</u>

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COUNCIL OF THE UNITED STATES, INC.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

NOTE 5 - LOAN FROM BOARD MEMBER

A board member gave a \$40,000 noninterest bearing loan to SIECUS for working capital. The loan was repaid in 2012.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30, 2012 are available for the following purposes or periods:

General operating reserve fund	\$ 500,000
For periods after September 30	<u>200,000</u>
	<u>\$ 700,000</u>

For the year ended September 30, 2011 net assets were released from donor restrictions as follows:

Program requirements	
Public policy	\$ 281,500
Education	<u>84,367</u>
	365,867
Passage of time	<u>180,000</u>
	<u>\$ 545,867</u>