
UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

FINANCIAL STATEMENTS

December 31, 2013

(With Comparative Totals for December 31, 2012)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations



Universities Allied for Essential Medicines

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CROSBY & KANEDACertified Public Accountants

Dedicated to Nonprofit Organizations

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e-mail: admin@ckcpa.biz**INDEPENDENT AUDITORS' REPORT**Board of Directors
Universities Allied for Essential Medicines
Oakland, California**Report on the Financial Statements**

We have audited the accompanying financial statements of Universities Allied for Essential Medicines, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, cash flows and functional expenses 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Universities Allied for Essential Medicines as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Universities Allied for Essential Medicines' December 31, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Oakland, California
July 21, 2014

Universities Allied for Essential Medicines
Statement of Financial Position
December 31, 2013
(With Comparative Totals for December 31, 2012)

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 252,921	\$ 224,390
Grants and pledges receivable	12,856	70,000
Prepaid expenses	969	747
Total Assets	\$ 266,746	\$ 295,137
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 9,961	\$ 3,637
Accrued vacation	9,545	125
Deferred revenue	23,266	-
Total Liabilities	42,772	3,762
Contingencies (Notes 3)		
Net Assets		
Unrestricted	148,908	223,980
Temporarily restricted (Note 4)	75,066	67,395
Total Net Assets	223,974	291,375
Total Liabilities and Net Assets	\$ 266,746	\$ 295,137

See Notes to the Financial Statements

Universities Allied for Essential Medicines

**Statement of Activities
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)**

	Unrestricted	Temporarily Restricted	Total	
			2013	2012
Support and Revenue				
Support				
Individual contributions	\$ 21,992	\$	\$ 21,992	\$ 27,825
Foundation and corporate grants	146,734	140,000	286,734	349,000
Total Support	168,726	140,000	308,726	376,825
Revenue				
Interest	205		205	373
Miscellaneous	1,428		1,428	4,787
Total Revenue	1,633	-	1,633	5,160
Total assets released from donor restrictions: (Note 4)	132,329	(132,329)	=	-
Total Support and Revenue	302,688	7,671	310,359	381,985
Expenses				
Program	280,793		280,793	234,741
General and administrative	49,974		49,974	46,694
Fundraising	46,993		46,993	34,393
Total Expenses	377,760	-	377,760	315,828
Change in Net Assets	(75,072)	7,671	(67,401)	66,157
Net Assets, beginning of year	223,980	67,395	291,375	225,218
Net Assets, end of year	\$ 148,908	\$ 75,066	\$ 223,974	\$ 291,375

See Notes to the Financial Statements

Universities Allied for Essential Medicines

Statement of Cash Flows
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (67,401)	\$ 66,157
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Change in assets and liabilities:		
Grants and pledges receivable	57,144	(35,000)
Prepaid expenses	(222)	720
Accounts payable and accrued expenses	6,324	(13,084)
Accrued vacation	9,420	-
Deferred revenue	23,266	-
Net cash provided by operating activities	<u>28,531</u>	<u>18,793</u>
Net change in cash and cash equivalents	<u>28,531</u>	<u>18,793</u>
Cash and cash equivalents, beginning of year	<u>224,390</u>	<u>205,597</u>
Cash and cash equivalents, end of year	<u>\$ 252,921</u>	<u>\$ 224,390</u>

See Notes to the Financial Statements

Universities Allied for Essential Medicines

Statement of Functional Expenses
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	Program			Total Program	General and Administrative		Fundraising	Total	
	Access	Empowerment	Innovation		2013	2012			
Salaries	\$ 33,924	\$ 22,744	\$ 36,331	\$ 92,999	\$ 26,227	\$ 32,950	\$ 152,176	\$ 132,260	
Employee benefits	2,260	883	2,615	5,758	1,502	1,224	8,484	6,242	
Payroll taxes	3,338	1,304	3,862	8,504	2,219	1,808	12,531	11,066	
Total Personnel	39,522	24,931	42,808	107,261	29,948	35,982	173,191	149,568	
Grants		5,000		5,000					
Accounting fees					8,350		5,000	9,428	
Other fees for service	12,312	16,813	25,545	54,670	9,046	8,416	72,132	57,666	
Office expenses	746	1,535	910	3,191	241	184	3,616	6,285	
Bank fees, payroll services	187	320	241	748	75	56	879	526	
Information technology	2,023	2,410	2,430	6,863	476	357	7,696	4,229	
Occupancy	1,354	2,753	1,742	5,849	544	407	6,800	10,400	
Travel and meals	8,642	27,320	2,685	38,647	1,002	1,339	40,988	33,383	
Conferences, conventions, meetings	684	46,217	4,755	51,656	38	62	51,756	39,670	
Insurance	351	713	451	1,515	141	105	1,761	2,461	
Dues, licenses, service fees	238	1,346	306	1,890	96	72	2,058	1,230	
Miscellaneous	43	87	3,373	3,503	17	13	3,533	982	
Total Expenses	\$ 66,102	\$ 129,445	\$ 85,246	\$ 280,793	\$ 49,974	\$ 46,993	\$ 377,760	\$ 315,828	

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

NOTE 1: NATURE OF ACTIVITIES

Universities Allied for Essential Medicines (The Organization) is a Connecticut, 501(c)(3) nonprofit public benefit corporation. Rooted in a global movement of university students, the Organization aims to

- 1) promote access to medicine and medical innovations in low and middle income countries by changing norms and practices around academic patenting and licensing
- 2) ensure that university medical research meets the needs of people worldwide and
- 3) empower students to respond to the access and innovation crisis.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of December 31, 2013.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met.

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Grants and Pledges Receivable

The Organization considers all grants and pledges receivable to be fully collectible at December 31, 2013. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2013 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended December 31, 2013.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization had no assets or liabilities recorded at fair value on December 31, 2013.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at December 31, 2013.

Functional Allocation of Expenses

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

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

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FOR THE YEAR ENDED DECEMBER 31, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

Deferred Revenue

Deferred revenue represents the unearned portion of a conditional matching grant received during the year ended December 31, 2013.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of July 21, 2014 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of December 31:

	<u>2013</u>	<u>2012</u>
Sr. Policy Advisor	\$ 37,816	\$ 33,333
Access and Innovation	<u>37,250</u>	<u>34,062</u>
Total	<u>\$ 75,066</u>	<u>\$ 67,395</u>

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FOR THE YEAR ENDED DECEMBER 31, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended December 31:

	<u>2013</u>	<u>2012</u>
Sr. Policy Advisor	\$ 50,517	\$ 46,529
Access and Innovation	76,812	60,938
Report Card	5,000	39,000
Annual Conference	-	25,000
Expiration of time	-	10,000
Total	<u>\$ 132,329</u>	<u>\$ 181,467</u>

NOTE 5: RELATED PARTY TRANSACTION

During the year ended December, 31, 2013, the Organization contracted with the Board President to provide guidance and support for the Board of Directors and Executive Director in addition to her role as the Board President. The scope of work included heading special projects as decided by the Board of Directors. Total compensation for her work on this contract totaled \$53,276 for the year ended December 31, 2013. The Board President recuses herself from all decisions related to her compensation.