
UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

FINANCIAL STATEMENTS

December 31, 2015

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

Contents

Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-10

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Universities Allied for Essential Medicines
Washington, DC

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, 2015, 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, 2015, 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.



Certified Public Accountants

Oakland, California

August 4, 2016

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

**Statement of Financial Position
December 31, 2015**

Assets

Current Assets	
Cash and cash equivalents	\$ 181,861
Grants and pledges receivable	6,736
Prepaid expenses	622
Total current assets	<u>189,219</u>
Deposits	<u>1,725</u>
Total Assets	<u>\$ 190,944</u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable and accrued expenses	\$ 11,402
Accrued vacation	8,247
Total Liabilities	<u>19,649</u>
Contingencies (Notes 3)	
Net Assets	
Unrestricted	116,295
Temporarily restricted (Note 4)	55,000
Total Net Assets	<u>171,295</u>
Total Liabilities and Net Assets	<u>\$ 190,944</u>

See Notes to the Financial Statements

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

**Statement of Activities
For the Year Ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Support			
Individual contributions	\$ 54,984	\$	\$ 54,984
Foundation and corporate grants	255,000	92,750	347,750
Total Support	<u>309,984</u>	<u>92,750</u>	<u>402,734</u>
Revenue			
Interest	101		101
Total Revenue	<u>101</u>	<u>-</u>	<u>101</u>
Total assets released from donor restrictions: (Note 4)	151,689	(151,689)	-
Total Support and Revenue	<u>461,774</u>	<u>(58,939)</u>	<u>402,835</u>
Expenses			
Program	324,365		324,365
Management and general	55,149		55,149
Fundraising	72,382		72,382
Total Expenses	<u>451,896</u>	<u>-</u>	<u>451,896</u>
Change in Net Assets	9,878	(58,939)	(49,061)
Net Assets, beginning of year	<u>106,417</u>	<u>113,939</u>	<u>220,356</u>
Net Assets, end of year	<u>\$ 116,295</u>	<u>\$ 55,000</u>	<u>\$ 171,295</u>

See Notes to the Financial Statements

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

**Statement of Cash Flows
For the Year Ended December 31, 2015**

Cash flows from operating activities:	
Change in net assets	\$ (49,061)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:	
Change in assets and liabilities:	
Grants and pledges receivable	44,480
Accounts payable and accrued expenses	6,124
Accrued vacation	398
Net cash provided (used) by operating activities	<u>1,941</u>
Net change in cash and cash equivalents	1,941
Cash and cash equivalents, beginning of year	<u>179,920</u>
Cash and cash equivalents, end of year	<u><u>\$ 181,861</u></u>

See Notes to the Financial Statements

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

**Statement of Functional Expenses
For the Year Ended December 31, 2015**

	Program			Total	Management		Total
	Access	Empowerment	Innovation	Program	and General	Fundraising	
Salaries	\$ 51,249	\$ 41,106	\$ 33,562	\$ 125,917	\$ 37,249	\$ 52,893	\$ 216,059
Employee benefits	2,735	1,784	1,486	6,005	446	2,311	8,762
Payroll taxes	4,063	3,280	2,682	10,025	3,092	4,264	17,381
Total Personnel	<u>58,047</u>	<u>46,170</u>	<u>37,730</u>	<u>141,947</u>	<u>40,787</u>	<u>59,468</u>	<u>242,202</u>
Accounting fees				-	6,650	-	6,650
Other fees for service	25,999	20,878	37,478	84,355	3,379	6,425	94,159
Office expenses	1,221	1,569	1,013	3,803	569	848	5,220
Bank fees, payroll services	252	324	209	785	118	175	1,078
Information technology	1,355	2,025	1,486	4,866	631	942	6,439
Occupancy	2,989	3,840	2,479	9,308	1,392	2,077	12,777
Travel and meals	10,681	17,607	926	29,214	781	1,289	31,284
Conferences, conventions, meetings	2,131	35,397	10	37,538	151	127	37,816
Insurance	957	1,230	794	2,981	446	665	4,092
Dues, licenses, service fees	527	677	437	1,641	245	366	2,252
Student stipends		4,102	3,825	7,927	-	-	7,927
Total Expenses	<u>\$ 104,159</u>	<u>\$ 133,819</u>	<u>\$ 86,387</u>	<u>\$ 324,365</u>	<u>\$ 55,149</u>	<u>\$ 72,382</u>	<u>\$ 451,896</u>

See Notes to the Financial Statements

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

Notes to the Financial Statements For the Year Ended December 31, 2015

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, 2015.

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. 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

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

Notes to the Financial Statements For the Year Ended December 31, 2015

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, 2015. 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 District of Columbia Office of Tax and Revenue have determined that the Organization is exempt from federal and district income taxes under Internal Revenue Code Section 501(c)(3) and the Washington, DC Sales and Use Tax Exemption Code Section 47-2005. The Organization has evaluated its current tax positions as of December 31, 2015 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 district 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, 2015.

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.

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.

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

Notes to the Financial Statements For the Year Ended December 31, 2015

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 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

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

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2015.

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, 2015.

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.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of August 4, 2016 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.

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2015, \$55,000 in temporarily restricted net assets were for a Special Advisor.

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, 2015:

Special Advisor	\$ 55,000
Access and Innovation	35,024
Report Card	23,915
Annual North America Conference	10,000
R&D Mapping	<u>27,750</u>
Total	<u>\$ 151,689</u>