
Universities Allied for Essential Medicines

FINANCIAL STATEMENTS

December 31, 2014

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

Universities Allied for Essential Medicines

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

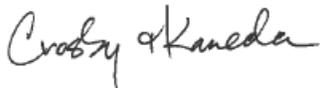
Board of Directors
Universities Allied for Essential Medicines
Washington, DC

We have reviewed the accompanying statements of financial position of Universities Allied for Essential Medicines (a nonprofit organization) as of December 31, 2014, and the related statements of activities, cash flows, and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants
Oakland, California
July 8, 2015

Universities Allied for Essential Medicines

**Statement of Financial Position
December 31, 2014**

Assets

Current Assets	
Cash and cash equivalents	\$ 179,920
Grants and pledges receivable	51,216
Prepaid expenses	622
Total current assets	<u>231,758</u>
Deposits	<u>1,725</u>
Total Assets	<u><u>\$ 233,483</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable and accrued expenses	\$ 5,278
Accrued vacation	7,849
Total Liabilities	<u>13,127</u>
Contingencies (Notes 3)	
Net Assets	
Unrestricted	106,417
Temporarily restricted (Note 4)	113,939
Total Net Assets	<u>220,356</u>
Total Liabilities and Net Assets	<u><u>\$ 233,483</u></u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

Universities Allied for Essential Medicines

**Statement of Activities
For the Year Ended December 31, 2014**

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Support			
Individual contributions	\$ 31,132	\$	\$ 31,132
Foundation and corporate grants	189,266	185,000	374,266
Total Support	220,398	185,000	405,398
Revenue			
Interest	245		245
Miscellaneous	4,839		4,839
Total Revenue	5,084	-	5,084
 Total assets released from donor restrictions: (Note 4)	146,127	(146,127)	-
Total Support and Revenue	371,609	38,873	410,482
 Expenses			
Program	296,322		296,322
General and administrative	49,530		49,530
Fundraising	68,248		68,248
Total Expenses	414,100	-	414,100
 Change in Net Assets	(42,491)	38,873	(3,618)
 Net Assets, beginning of year	148,908	75,066	223,974
 Net Assets, end of year	\$ 106,417	\$ 113,939	\$ 220,356

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Universities Allied for Essential Medicines

**Statement of Cash Flows
For the Year Ended December 31, 2014**

Cash flows from operating activities:

Change in net assets	\$ (3,618)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:	
Change in assets and liabilities:	
Grants and pledges receivable	(38,360)
Prepaid expenses	347
Deposits	(1,725)
Accounts payable and accrued expenses	(4,683)
Accrued vacation	(1,696)
Deferred revenue	(23,266)
Net cash used by operating activities	<u>(73,001)</u>
Net change in cash and cash equivalents	<u>(73,001)</u>
Cash and cash equivalents, beginning of year	<u>252,921</u>
Cash and cash equivalents, end of year	<u><u>\$ 179,920</u></u>

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**Statement of Functional Expenses
For the Year Ended December 31, 2014**

	Program			Total Program	General and Administrative	Fundraising	Total
	Access	Empowerment	Innovation				
Salaries	\$ 45,694	\$ 40,288	\$ 35,941	\$ 121,923	\$ 29,596	\$ 48,512	\$ 200,031
Employee benefits	2,284	1,986	1,788	6,058	1,490	2,384	9,932
Payroll taxes	3,894	3,386	3,048	10,328	2,540	4,063	16,931
Total Personnel	<u>51,872</u>	<u>45,660</u>	<u>40,777</u>	<u>138,309</u>	<u>33,626</u>	<u>54,959</u>	<u>226,894</u>
Accounting fees				-	8,350	-	8,350
Legal fees	617	1,056	514	2,187	217	305	2,709
Other fees for service	13,398	14,991	14,702	43,091	5,247	7,985	56,323
Advertising and promotion	418	117	57	592	24	34	650
Office expenses	1,307	1,877	1,058	4,242	385	1,268	5,895
Bank fees, payroll services	278	493	227	998	96	135	1,229
Information technology	2,316	2,499	1,833	6,648	513	722	7,883
Occupancy	953	1,632	794	3,379	335	472	4,186
Travel and meals	10,718	28,179	2,772	41,669	350	1,732	43,751
Conferences, conventions, meetings	47	44,253	253	44,553	17	114	44,684
Insurance	458	785	382	1,625	161	227	2,013
Dues, licenses, service fees	596	1,925	497	3,018	209	295	3,522
Student stipends			6,011	6,011	-	-	6,011
Total Expenses	<u>\$ 82,978</u>	<u>\$ 143,467</u>	<u>\$ 69,877</u>	<u>\$ 296,322</u>	<u>\$ 49,530</u>	<u>\$ 68,248</u>	<u>\$ 414,100</u>

See Independent Accountants' Review Report and
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UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

Notes to the Financial Statements For the Year Ended December 31, 2014

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, 2014.

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, 2014

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, 2014. 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, 2014 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, 2014.

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, 2014

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, 2014.

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, 2014.

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 July 8, 2015 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

UNIVERSITIES ALLIED FOR ESSENTIAL MEDICINES

**Notes to the Financial Statements
For the Year Ended December 31, 2014**

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, 2014:

Sr. Policy Advisor	\$ 55,000
Access and Innovation	35,024
Report Card	<u>23,915</u>
Total	<u>\$ 113,939</u>

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, 2014:

Sr. Policy Advisor	\$ 37,816
Access and Innovation	82,226
Report Card	<u>26,085</u>
Total	<u>\$ 146,127</u>