

ENDPOVERTY.ORG

Financial Statements
With Independent Auditors' Report

December 31, 2016 and 2015

ENDPOVERTY.ORG

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INDEPENDENT AUDITORS' REPORT

Board of Directors
endPoverty.org
Fairfax, Virginia

We have audited the accompanying financial statements of endPoverty.org, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' 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 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 endPoverty.org as of December 31, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Wheaton, Illinois
April 3, 2017

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Statements of Financial Position

	December 31,	
	2016	2015
ASSETS:		
Cash and cash equivalents	\$ 121,678	\$ 74,460
Total Assets	<u>\$ 121,678</u>	<u>\$ 74,460</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 12,840	\$ 3,531
Net assets:		
Unrestricted:		
Undesignated	8,063	-
Board restricted for operations	60,000	39,556
	<u>68,063</u>	<u>39,556</u>
Temporarily restricted	40,775	31,373
Total net assets	<u>108,838</u>	<u>70,929</u>
Total Liabilities and Net Assets	<u>\$ 121,678</u>	<u>\$ 74,460</u>

See notes to financial statements

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Statements of Activities

	Year Ended December 31,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions and grants	\$ 209,009	\$ 196,010	\$ 405,019	\$ 234,043	\$ 123,995	\$ 358,038
Gifts in kind	93,720	-	93,720	70,507	-	70,507
Other income	-	-	-	3,441	-	3,441
	302,729	196,010	498,739	307,991	123,995	431,986
RECLASSIFICATION:						
Satisfaction of purpose restrictions	186,608	(186,608)	-	173,367	(173,367)	-
	489,337	9,402	498,739	481,358	(49,372)	431,986
EXPENSES:						
Program services:						
International programs	177,375	-	177,375	295,780	-	295,780
Education and public information	87,215	-	87,215	70,507	-	70,507
Total program services	264,590	-	264,590	366,287	-	366,287
Supporting activities:						
General and administrative	158,689	-	158,689	117,648	-	117,648
Fund-raising	37,551	-	37,551	24,527	-	24,527
Total supporting activities	196,240	-	196,240	142,175	-	142,175
	460,830	-	460,830	508,462	-	508,462
Change in Net Assets	28,507	9,402	37,909	(27,104)	(49,372)	(76,476)
Net Assets, Beginning of Year	39,556	31,373	70,929	66,660	80,745	147,405
Net Assets, End of Year	\$ 68,063	\$ 40,775	\$ 108,838	\$ 39,556	\$ 31,373	\$ 70,929

See notes to financial statements

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Statement of Functional Expenses

	Year Ended December 31, 2016						
	Program Services			Supporting Activities			
	International Programs	Education and Public Information	Total Program Services	General and Administrative	Fund-raising	Total Supporting Activities	Total
Grant expenditures	\$ 65,750	\$ -	\$ 65,750	\$ -	\$ -	\$ -	\$ 65,750
Other expenses:							
Conferences	1,754	-	1,754	420	33	453	2,207
Contractual services	-	-	-	2,530	150	2,680	2,680
Donated goods and services	1,702	87,215	88,917	4,789	14	4,803	93,720
Dues and subscriptions	-	-	-	1,150	-	1,150	1,150
Education and training	-	-	-	15,073	5,024	20,097	20,097
Equipment expenses	-	-	-	2,510	117	2,627	2,627
Insurance	-	-	-	3,084	80	3,164	3,164
Miscellaneous	402	-	402	71	-	71	473
Postage and shipping	76	-	76	2,371	697	3,068	3,144
Printing and publication	-	-	-	2,494	1,882	4,376	4,376
Professional services	34,705	-	34,705	35,258	5,400	40,658	75,363
Rent	-	-	-	6,973	1,983	8,956	8,956
Salary and benefits	56,264	-	56,264	62,988	21,889	84,877	141,141
Supplies	-	-	-	245	-	245	245
Bank/broker fees	-	-	-	7,457	-	7,457	7,457
Information technology	1	-	1	5,610	-	5,610	5,611
Telephone	44	-	44	3,275	105	3,380	3,424
Travel	16,677	-	16,677	2,391	177	2,568	19,245
Total other expenses	111,625	87,215	198,840	158,689	37,551	196,240	395,080
Total expenses	\$ 177,375	\$ 87,215	\$ 264,590	\$ 158,689	\$ 37,551	\$ 196,240	\$ 460,830

See notes to financial statements

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Statement of Functional Expenses

	Year Ended December 31, 2015						
	Program Services			Supporting Activities			
	International Programs	Education and Public Information	Total Program Services	General and Administrative	Fund-raising	Total Supporting Activities	Total
Grant expenditures	\$ 171,375	\$ -	\$ 171,375	\$ -	\$ -	\$ -	\$ 171,375
Other expenses:							
Conferences	829	-	829	3,592	-	3,592	4,421
Donated services	-	70,507	70,507	-	-	-	70,507
Dues and subscriptions	-	-	-	750	-	750	750
Education and training	18	-	18	498	550	1,048	1,066
Equipment expenses	-	-	-	95	-	95	95
Insurance	-	-	-	2,832	81	2,913	2,913
Miscellaneous	-	-	-	624	-	624	624
Postage and shipping	60	-	60	1,446	49	1,495	1,555
Printing and publication	-	-	-	2,388	151	2,539	2,539
Professional services	36,000	-	36,000	35,830	6,900	42,730	78,730
Rent	-	-	-	12,437	3,325	15,762	15,762
Salary and benefits	56,219	-	56,219	33,596	13,433	47,029	103,248
Supplies	673	-	673	690	-	690	1,363
Bank/broker fees	-	-	-	7,299	-	7,299	7,299
Information technology	-	-	-	5,763	-	5,763	5,763
Telephone	70	-	70	3,355	-	3,355	3,425
Travel	30,536	-	30,536	6,453	38	6,491	37,027
Total other expenses	124,405	70,507	194,912	117,648	24,527	142,175	337,087
Total expenses	<u>\$ 295,780</u>	<u>\$ 70,507</u>	<u>\$ 366,287</u>	<u>\$ 117,648</u>	<u>\$ 24,527</u>	<u>\$ 142,175</u>	<u>\$ 508,462</u>

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from contributors and grantors	\$ 405,019	\$ 358,038
Cash paid to suppliers, employees and grant recipients	(357,801)	(434,424)
Cash received from other income	-	3,441
Net Cash Provided (Used) by Operating Activities	<u>47,218</u>	<u>(72,945)</u>
Net Change in Cash and Cash Equivalents	47,218	(72,945)
Cash and Cash Equivalents, Beginning of Year	<u>74,460</u>	<u>147,405</u>
Cash and Cash Equivalents, End of Year	<u>\$ 121,678</u>	<u>\$ 74,460</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ 37,909	\$ (76,476)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in:		
Accounts payable and accrued expenses	<u>9,309</u>	<u>3,531</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 47,218</u>	<u>\$ (72,945)</u>

See notes to financial statements

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Notes to Financial Statements

December 31, 2016 and 2015

1. NATURE OF ORGANIZATION:

EndPoverty.org (endPoverty), a District of Columbia corporation formed in 1985, provides grants and micro-economic training to partner agencies in developing countries and the United States of America. The agencies provide business training and small loans to unemployed and underemployed people, enabling them to become productive, self-supporting citizens through business ownership. Repayments of these loans provide funds to make additional loans. EndPoverty's primary source of support and revenue is contributions and grants from individuals, churches and other organizations.

EndPoverty is operated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and is not a private foundation under Section 509(a)(2) of the Code. Contributions to endPoverty are tax deductible within the limitations prescribed by the Code.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting. 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 and disclosures. Actual amounts could differ from these estimates. The significant accounting policies followed are described below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, money market accounts and investments with original maturities of three months or less. These accounts may from time to time exceed federally insured limits; however, endPoverty has not experienced any losses on these accounts and does not believe it is exposed to any significant risk.

FURNITURE AND EQUIPMENT

Expenditures for furniture and equipment in excess of \$1,500 are capitalized at cost, or if donated, at the fair value on the date of the gift. Depreciation of furniture and equipment is computed on the straight-line method over their estimated useful lives of three to seven years. EndPoverty's remaining assets were fully depreciated and disposed of in 2014 and no new assets have been added.

CLASSES OF NET ASSETS

The financial statements report amounts separately by classes of net assets:

Unrestricted net assets are those currently available for ministry purposes under the direction of the Board of Directors and those designated by the Board for a specific use.

Temporarily restricted net assets are those contributed with donor stipulations for specific operating purposes or programs. They are not currently available for use in endPoverty's ministries until commitments regarding their use have been fulfilled. When a purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as satisfaction of purpose restrictions.

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Notes to Financial Statements

December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUES AND EXPENSES

Contributions are recognized when they are received or ownership is transferred. Grants of cash or other assets are reported as restricted support if they are received with donor or foundation stipulations that limit the use of the donated amounts. During 2016, four donors gave 45% total cash contributions. During 2015, three donors gave approximately 50% of total cash contributions.

Expenses are recorded when costs are incurred.

International program costs are incurred to provide support for international, indigenous partner organizations to fund micro-loans.

Education and public information costs are incurred to educate endPoverty's constituencies and general public on the role of micro enterprise economic development and the loan implementing agencies' activity.

DONATED GOODS AND SERVICES

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by endPoverty. Donated services recognized are primarily related to public promotion of endPoverty and other professional services. Volunteers also provided other services throughout the year that were not recognized as contributions in the financial statements because the recognition criteria were not met. Other noncash gifts are recorded at their estimated fair market value at the date of donation. Gifts in kind recorded on the statements of activities consist of the following:

	2016	2015
Donated professional services	\$ 89,520	\$ 70,507
Donated rent	4,200	-
	<u>\$ 93,720</u>	<u>\$ 70,507</u>

ALLOCATION OF EXPENSES

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

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2016, endPoverty had no uncertain tax positions that qualify for recognition or disclosure in the financial statements. EndPoverty files information tax returns in the U.S. and various states. EndPoverty is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

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Notes to Financial Statements

December 31, 2016 and 2015

3. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

	2016	2015
Executive Director Fund	\$ 30,563	\$ -
International programs	10,212	31,373
	<hr/>	<hr/>
International programs	\$ 40,775	\$ 31,373
	<hr/> <hr/>	<hr/> <hr/>

Satisfaction of purpose restrictions are as follows:

	2016	2015
International programs	\$ 124,472	\$ 173,367
Executive Director Fund	62,136	-
	<hr/>	<hr/>
International programs	\$ 186,608	\$ 173,367
	<hr/> <hr/>	<hr/> <hr/>

4. OPERATING LEASES:

EndPoverty leased office space in Fairfax, Virginia for \$1,100 per month. The lease was terminated effective July 31, 2016, and was not renewed. Rent expense under the lease was \$8,956 and \$15,762 for the years ended December 31, 2016 and 2015, respectively.

5. RELATED PARTY TRANSACTIONS:

A board member donated office space to endPoverty starting August 1, 2016, until cancelled by either party. Donated rental income and expense for the year ended December 31, 2016, was \$4,200.

6. RETIREMENT BENEFITS:

EndPoverty has a Salary Deferral Plan in accordance with Section 403(b)(7) of the Internal Revenue Code (Code) whereby employees may elect to defer up to 100% of their annual salary up to maximum amounts prescribed by the Code. The plan allows for employer contributions for each current, full-time employee who has completed six months of employment. However, these contributions were discontinued in 2012 and have not resumed.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.