



**THE END FUND, INC. (U.S.)**  
**Financial Statements**  
**December 31, 2018 and 2017**  
**With Independent Auditors' Report**

**The END Fund, Inc. (U.S.)**  
**December 31, 2018 and 2017**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors,  
The END Fund, Inc. (U.S.):

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The END Fund, Inc. (U.S.), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 auditors' 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 The END Fund, Inc. (U.S.) as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 3 to the financial statements, in 2018, the Organization adopted Accounting Standards Update ("ASU") No. 2016-14, *Non-for-Profit Entities* (Topic 958). Our opinion is not modified with respect to this matter.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

March 18, 2019

**The END Fund, Inc. (U.S.)**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

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|   | 2018                 | 2017                 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Current assets  |                      |                      |
| Cash  | \$ 11,609,521        | \$ 15,640,106        |
| Pledges receivable, current portion                           | 9,194,255            | 3,465,772            |
| Accounts receivable   | 50,714               | 418,044              |
| Prepaid expenses and other current assets                     | 114,046              | 63,400               |
| Short-term investments  | <u>3,281,241</u>     | <u>--</u>            |
| Total current assets  | 24,249,777           | 19,587,322           |
| Fixed assets, net of accumulated depreciation                 | 203,932              | 28,290               |
| Other assets  |                      |                      |
| Pledges receivable, net of current portion and NPV adjustment | <u>7,079,135</u>     | <u>9,640,433</u>     |
| Total assets  | <u>\$ 31,532,844</u> | <u>\$ 29,256,045</u> |
| <b>Liabilities and Net Assets</b>                             |                      |                      |
| Liabilities   |                      |                      |
| Accounts payable and accrued expenses                         | \$ 116,855           | \$ 107,976           |
| Deferred revenue  | 10,000               | 5,000                |
| Deferred rent   | <u>172,067</u>       | <u>--</u>            |
| Total liabilities   | 298,922              | 112,976              |
| Net assets  |                      |                      |
| Without donor restrictions                                    | 2,539,211            | 2,300,024            |
| With donor restrictions                                       | <u>28,694,711</u>    | <u>26,843,045</u>    |
| Total net assets  | <u>31,233,922</u>    | <u>29,143,069</u>    |
| Total liabilities and net assets                              | <u>\$ 31,532,844</u> | <u>\$ 29,256,045</u> |

The Notes to Financial Statements are an integral part of these statements.

**The END Fund, Inc. (U.S.)**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2018 and 2017**

|   | 2018                       |                         |                      | 2017                       |                         |                      |
|---|----------------------------|-------------------------|----------------------|----------------------------|-------------------------|----------------------|
|   | Without Donor Restrictions | With Donor Restrictions | Total                | Without Donor Restrictions | With Donor Restrictions | Total                |
| Support and revenue   |                            |                         |                      |                            |                         |                      |
| Contributions   | \$ 1,064,852               | \$ 27,825,178           | \$ 28,890,030        | \$ 734,618                 | \$ 18,405,839           | \$ 19,140,457        |
| Investment income   | 2,086                      | --                      | 2,086                | 312                        | --                      | 312                  |
| Miscellaneous income  | --                         | --                      | --                   | 671                        | --                      | 671                  |
|   | <u>1,066,938</u>           | <u>27,825,178</u>       | <u>28,892,116</u>    | <u>735,601</u>             | <u>18,405,839</u>       | <u>19,141,440</u>    |
| Net assets released due to satisfaction of time or purpose restrictions |                            |                         |                      |                            |                         |                      |
|   | <u>25,973,512</u>          | <u>(25,973,512)</u>     | <u>--</u>            | <u>17,027,289</u>          | <u>(17,027,289)</u>     | <u>--</u>            |
|   | <u>27,040,450</u>          | <u>1,851,666</u>        | <u>28,892,116</u>    | <u>17,762,890</u>          | <u>1,378,550</u>        | <u>19,141,440</u>    |
| Expenses  |                            |                         |                      |                            |                         |                      |
| Program services  | 23,746,778                 | --                      | 23,746,778           | 15,215,623                 | --                      | 15,215,623           |
| Management and general  | 1,542,780                  | --                      | 1,542,780            | 819,473                    | --                      | 819,473              |
| Fundraising   | 1,511,705                  | --                      | 1,511,705            | 982,588                    | --                      | 982,588              |
|   | <u>26,801,263</u>          | <u>--</u>               | <u>26,801,263</u>    | <u>17,017,684</u>          | <u>--</u>               | <u>17,017,684</u>    |
| Changes in net assets   | 239,187                    | 1,851,666               | 2,090,853            | 745,206                    | 1,378,550               | 2,123,756            |
| Net assets, beginning of year   | <u>2,300,024</u>           | <u>26,843,045</u>       | <u>29,143,069</u>    | <u>1,554,818</u>           | <u>25,464,495</u>       | <u>27,019,313</u>    |
| Net assets, end of year   | <u>\$ 2,539,211</u>        | <u>\$ 28,694,711</u>    | <u>\$ 31,233,922</u> | <u>\$ 2,300,024</u>        | <u>\$ 26,843,045</u>    | <u>\$ 29,143,069</u> |

The Notes to Financial Statements are an integral part of these statements.

**The END Fund, Inc. (U.S.)**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

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|   | <b>2018</b>          | <b>2017</b>          |
|---|----------------------|----------------------|
| <b>Cash flows from operating activities</b>   |                      |                      |
| Changes in net assets   | \$ 2,090,853         | \$ 2,123,756         |
| Adjustments to reconcile changes in net assets<br>to net cash (used) provided by operating activities |                      |                      |
| Net present value adjustment  | 107,935              | (61,368)             |
| Bad debt expense  | 323,157              | --                   |
| Depreciation  | 53,772               | --                   |
| Changes in assets and liabilities   |                      |                      |
| Pledges receivable  | (3,598,277)          | 4,240,271            |
| Accounts receivable   | 367,330              | (183,725)            |
| Prepaid expenses and other current assets   | (50,646)             | 5,941                |
| Accounts payable and accrued expenses   | 8,879                | 57,763               |
| Deferred revenue  | 5,000                | 5,000                |
| Deferred rent   | 172,067              | --                   |
| Net cash (used) provided by operating activities  | <u>(519,930)</u>     | <u>6,187,638</u>     |
| <b>Cash flows from investing activities</b>   |                      |                      |
| Purchase of fixed assets  | (229,414)            | (28,290)             |
| Purchase of short-term investments  | <u>(3,281,241)</u>   | <u>--</u>            |
| Net cash used by investing activities   | <u>(3,510,655)</u>   | <u>(28,290)</u>      |
| Net change in cash  | (4,030,585)          | 6,159,348            |
| <b>Cash</b>   |                      |                      |
| Beginning of year   | <u>15,640,106</u>    | <u>9,480,758</u>     |
| End of year   | <u>\$ 11,609,521</u> | <u>\$ 15,640,106</u> |

**Supplemental disclosure of cash flow information**

There were no amounts paid for interest or income taxes in 2018 and 2017.

**The END Fund, Inc. (U.S.)**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2018 and 2017**

|  | 2018                 |                        |                     |                      | 2017                 |                        |                   |                      |
|--|----------------------|------------------------|---------------------|----------------------|----------------------|------------------------|-------------------|----------------------|
|  | Program Services     | Management and General | Fundraising         | Total                | Program Services     | Management and General | Fundraising       | Total                |
| Salaries                                 | \$ 2,015,602         | \$ 420,997             | \$ 831,310          | \$ 3,267,909         | \$ 1,381,372         | \$ 286,698             | \$ 468,524        | \$ 2,136,594         |
| Payroll taxes and fringe benefits        | 483,803              | 96,594                 | 181,376             | 761,773              | 277,679              | 80,952                 | 100,245           | 458,876              |
| Professional fees                        | 120,125              | 247,296                | 113,616             | 481,037              | 106,500              | 241,570                | 77,097            | 425,167              |
| Grant disbursements and related expenses | 19,886,556           | --                     | --                  | 19,886,556           | 12,432,064           | --                     | --                | 12,432,064           |
| IT & telecommunications                  | 25,737               | 65,805                 | 10,647              | 102,189              | 27,034               | 40,939                 | 9,564             | 77,537               |
| Travel, events and meetings              | 578,218              | 162,341                | 252,913             | 993,472              | 388,916              | 101,286                | 241,487           | 731,689              |
| Insurance                                | --                   | 21,824                 | --                  | 21,824               | 66                   | 17,549                 | 199               | 17,814               |
| Office expense                           | 13,961               | 33,959                 | 5,239               | 53,159               | 6,035                | 10,410                 | 6,625             | 23,070               |
| Occupancy                                | 275,029              | 110,202                | 101,415             | 486,646              | 185,903              | 40,053                 | 63,535            | 289,491              |
| Marketing media and collateral           | 347,747              | --                     | 8,447               | 356,194              | 410,054              | 16                     | 15,312            | 425,382              |
| Bank & fundraising platform fees         | --                   | 4,815                  | 6,742               | 11,557               | --                   | --                     | --                | --                   |
| Other expense                            | --                   | 2,018                  | --                  | 2,018                | --                   | --                     | --                | --                   |
| Bad debt expense                         | --                   | 323,157                | --                  | 323,157              | --                   | --                     | --                | --                   |
| Depreciation                             | --                   | 53,772                 | --                  | 53,772               | --                   | --                     | --                | --                   |
|  | <u>\$ 23,746,778</u> | <u>\$ 1,542,780</u>    | <u>\$ 1,511,705</u> | <u>\$ 26,801,263</u> | <u>\$ 15,215,623</u> | <u>\$ 819,473</u>      | <u>\$ 982,588</u> | <u>\$ 17,017,684</u> |

The Notes to Financial Statements are an integral part of these statements.

**1. ORGANIZATION AND PURPOSE OF CORPORATION**

The END Fund, Inc. (U.S.) (the “Organization”), was incorporated in 2010 in Delaware as a U.S. not-for-profit corporation. The Organization is a private philanthropic initiative to combat five of the most prevalent neglected tropical diseases (“NTDs”) (intestinal worms, schistosomiasis, lymphatic filariasis, river blindness and trachoma). NTDs are a group of parasitic and bacterial infectious diseases that affect over 1.5 billion of the world’s most impoverished people, including 800 million children. They cause severe pain, long-term disability, and are the cause of death for more than 170,000 people per year. Amongst children, infection leads to malnutrition, cognitive impairment, stunted growth, and the inability to attend school. Adults suffer from social isolation and are unable to work, and anemia caused by NTDs increases the risk of maternal mortality. Low-cost treatment for NTDs has been shown to dramatically increase school attendance, improve health and well-being, and increase access to economic opportunities over time.

Engaging a broad spectrum of individuals, foundations and corporations, the Organization provides financing for disease control initiatives, creating new programs where needed, supplementing existing ones, and using leveraged funds to extend and deepen impact. A generous consortium of pharmaceutical companies has donated the majority of medicines needed to treat these diseases. The Organization focuses on mobilizing resources to ensure that these medicines are delivered to those in need.

The Organization is related to The END Fund Limited, a U.K. registered charity through Board overlap, a shared mission and goal alignment as well as being managed on a day-to-day basis by the same group of employees and consultants. These financial statements do not consolidate the operations of the U.S. and U.K. entities and the results are reported separately.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (“donor”) imposed restrictions as follows:

- Without Donor Restrictions – included expendable resources that are used to carry out the Organization’s operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.
- With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by the actions of the Organization or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

**Contributions**

The Organization recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the federal market prime rate. Amortization of the discounts is included in contribution revenue.

**The END Fund, Inc. (U.S.)**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Allowance for Doubtful Accounts**

Management determines whether an allowance for uncollectible amounts or direct write-off for pledge and accounts receivable on a case by case basis. Such estimates for an allowance or assertion for an amount to be written off are based on management's assessment of the aged basis of its receivables. Receivables are written off when all reasonable collection efforts have been exhausted. For the year ended December 31, 2018, the Organization recorded bad debt expense of \$323,157.

**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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Advertising Expenses**

Advertising expenses are expensed in the period incurred. Advertising expenses amounted to \$356,194 and \$425,382 at December 31, 2018 and 2017.

**Investments**

Investments are reported at fair value, which is determined by using quoted market prices, where available. When not available, the present value of estimated future cash flows or other reasonable method is used. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments would be reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law. Donated investments are recorded at the fair value at the date of receipt. There were no amounts recorded as unrealized or realized gains or losses reported in the statements of activities and changes in net assets for the years ended December 31, 2018 and 2017.

**Property and Depreciation**

Property purchases are recorded at cost, except for donated items which are recorded at fair value on the date of donation. Depreciation is provided over the useful lives of the assets using the straight-line method. The principal rate for computing depreciation by major asset category are as follows:

| <b>Description</b>     | <b>Estimated<br/>Life (Years)</b> |
|------------------------|-----------------------------------|
| Computer software      | 3                                 |
| Leasehold improvements | 5                                 |
| Furniture and fixtures | 5                                 |

**Valuation of Long-Lived Assets**

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no impairment charge was required for the periods presented in these financial statements.

#### **Expense Allocation**

The cost of providing the various programs and activities has been summarized on a functional basis in the statements of activities and changes in net assets. Grant disbursements and related expenses are directly charged to program services. For salaries, payroll taxes and fringe benefits, allocations by department are decided on an individual basis, based on the functions of each position and the time spent performing functions under the umbrella of a particular department. These allocations may be updated on a periodic basis based on the evolving responsibilities of a position, and by nature some positions will be split across multiple departments while others will be more compartmentalized. The allocation for salaries also serve as a general guideline for how other expenditures are parceled out across the Organization. Occupancy, IT & telecommunications, travel, events and meetings, office expense, marketing media and collateral, and bank & fundraising platform fees are allocated on the basis of time and effort percentages unless directly incurred by one department receiving the benefit. The remaining expenses were determined by management to relate exclusively to administrative business purposes and were not allocated to program. These expenses include other expense, bad debt expense and depreciation.

#### **Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and pledges receivable. Cash is held at high-credit quality financial institutions. At various times during the years ended December 31, 2018 and 2017, funds held at these financial institutions may have exceeded the FDIC insurance limit. There were five and four contributors that accounted for approximately 86 percent and 95 percent of pledges receivable for the years ended December 31, 2018 and 2017, respectively. The concentration of credit risk with respect to the pledge receivables are limited due to the historical experience of the Organization. Approximately 78 percent and 82 percent came from four contributors for the years ended December 31, 2018 and 2017, respectively.

#### **Reclassification**

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements. The reclassifications had no effect on changes in net assets.

### **3. NEW ACCOUNTING PRONOUNCEMENT ADOPTED IN CURRENT YEAR**

During 2018, The END Fund, Inc. adopted ASU 2016-14 – *Not-for-profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and the recognition of underwater endowment funds as a reduction in net assets with donor restrictions. This guidance also enhances disclosures for board designated endowments, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their natural and functional classification.

A recap of the net asset classifications driven by the adoption of ASU 2016-14 as of December 31, 2018 is as follows:

**The END Fund, Inc. (U.S.)**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

| Net Asset Classifications          | 2018                       |                         |                  | 2017                       |                         |                  |
|------------------------------------|----------------------------|-------------------------|------------------|----------------------------|-------------------------|------------------|
|                                    | Without Donor Restrictions | With Donor Restrictions | Total Net Assets | Without Donor Restrictions | With Donor Restrictions | Total Net Assets |
| As previously presented            |                            |                         |                  |                            |                         |                  |
| Unrestricted                       | \$ 2,539,211               | \$ --                   | \$ 2,539,211     | \$ 2,300,024               | \$ --                   | \$ 2,300,024     |
| Temporarily restricted             | --                         | 28,694,711              | 28,694,711       | --                         | 26,843,045              | 26,843,045       |
| Net assets as previously presented | \$ 2,539,211               | \$ 28,694,711           | \$ 31,233,922    | \$ 2,300,024               | \$ 26,843,045           | \$ 29,143,069    |

**4. INCOME TAXES**

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in the financial statements, and the amounts recognized are affected by income tax positions taken by the Organization in its tax returns. The END Fund, Inc. (U.S.) is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Organization in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Organization Fund has any material uncertain tax positions at December 31, 2018 and 2017. Accordingly, no provision or liability for income taxes has been recorded in the financial statements. In addition, the Organization has no income tax related penalties or interest for the periods reported in these financial statements. In the event that interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

**5. FIXED ASSETS**

Fixed assets, shown net of accumulated depreciation at December 31, consist of the following:

|                                | 2018              | 2017             |
|--------------------------------|-------------------|------------------|
| Computer software              | \$ 45,885         | \$ 28,290        |
| Leasehold improvements         | 76,209            | --               |
| Furniture and fixtures         | 135,610           | --               |
|                                | <u>257,704</u>    | <u>28,290</u>    |
| Less: Accumulated depreciation | 53,772            | --               |
|                                | <u>\$ 203,932</u> | <u>\$ 28,290</u> |

Depreciation for the years ended December 31, 2018 and 2017 amounted to \$53,772 and \$-0-, respectively.

**6. PLEDGES RECEIVABLE**

Pledge receivable at December 31, consisted of the following:

|  | 2018                 | 2017                 |
|--|----------------------|----------------------|
| Receivable in less than one year                           | \$ 9,194,255         | \$ 3,465,772         |
| Receivable in one to five years                            | 7,412,029            | 9,865,392            |
| Total pledges receivable                                   | 16,606,284           | 13,331,164           |
| Less: Discounts to net present value at federal prime rate | (332,894)            | (224,959)            |
| Net pledges receivable                                     | <u>\$ 16,273,390</u> | <u>\$ 13,106,205</u> |

**The END Fund, Inc. (U.S.)**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**7. FAIR VALUE**

In accordance with the accounting pronouncement on fair value, the Organization has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes the assets which have been accounted for at fair value on a recurring basis as of December 31, 2018 along with the basis for the determination of fair value. There were no assets requiring fair value measurement as of December 31, 2017.

The following is a description of the valuation methodology used for investments measured at fair value based on inputs other than quoted prices in active markets:

*Certificates of Deposit:* Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

For applicable assets and liabilities subject to this pronouncement, the Organization will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible (Level 1). To the extent that such market prices are not available, the Organization will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors (Level 2). In the event that quote market prices in active markets and other observable measurement criteria are not available, the Organization will develop measurement criteria based on the best information available (Level 3). Entire certificate of deposit amount will mature in September 2019.

|                         | <b>2018</b>  |  |  |  |
|-------------------------|--------------|--|--|--|
|                         | <b>Total</b> | <b>Quoted<br/>Prices<br/>in Active<br/>Markets<br/>(Level 1)</b> | <b>Observable<br/>Measurement<br/>Criteria<br/>(Level 2)</b> | <b>Unobservable<br/>Measurement<br/>Criteria<br/>(Level 3)</b> |
| Certificates of deposit | \$ 3,281,241 | \$ --  | \$ 3,281,241   | \$ --  |

**8. INVESTMENTS**

Investments are presented at fair value. For the years ended December 31, 2018 and 2017, there were no unrealized gains/losses included in the statements of activities and changes in net assets.

There were no investments held as of December 31, 2017. At December 31, 2018 investments consist of the following:

|                         | <b>2018</b>  |                   |
|-------------------------|--------------|-------------------|
|                         | <b>Cost</b>  | <b>Fair Value</b> |
| Certificates of deposit | \$ 3,281,241 | \$ 3,281,241      |

**The END Fund, Inc. (U.S.)**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**9. NET ASSETS**

Donor restrictions were for the following programmatic uses:

|                                     | <b>2018</b>          | <b>2017</b>          |
|-------------------------------------|----------------------|----------------------|
| Purpose restriction                 |                      |                      |
| Angola                              | \$ 4,333,263         | \$ 5,581,276         |
| Yemen                               | 304,839              | 359,528              |
| Zimbabwe                            | 582,101              | 100,995              |
| Ethiopia                            | 9,947,345            | 5,234,728            |
| Deworming                           | 2,500,000            | 3,285,372            |
| General Africa program expenditures | 3,999,739            | 30,822               |
| Kenya                               | 168,507              | --                   |
| Reaching the Last Mile Fund         | 381,619              | --                   |
| Rwanda                              | --                   | 400,000              |
| Time restricted                     | <u>6,477,298</u>     | <u>11,850,324</u>    |
|                                     | <u>\$ 28,694,711</u> | <u>\$ 26,843,045</u> |

Net assets released due to satisfaction of time or purpose restrictions in the years ended December 31, were as follows:

|                                     | <b>2018</b>          | <b>2017</b>          |
|-------------------------------------|----------------------|----------------------|
| Angola                              | \$ 1,248,013         | \$ 1,286,999         |
| Zimbabwe                            | 318,894              | 599,505              |
| Ethiopia                            | 3,661,949            | 1,339,930            |
| Rwanda                              | 600,260              | 50,000               |
| Yemen                               | 62,534               | 140,472              |
| Deworming                           | 3,592,138            | 3,479,416            |
| General Africa program expenditures | 2,130,822            | 2,046,655            |
| Kenya                               | 131,493              | --                   |
| Reaching the Last Mile Fund         | 4,618,381            | --                   |
| Democratic Republic of Congo        | --                   | 50,000               |
| Time restricted                     | <u>9,609,028</u>     | <u>8,034,312</u>     |
|                                     | <u>\$ 25,973,512</u> | <u>\$ 17,027,289</u> |

**10. RETIREMENT PLANS**

The END Fund, Inc. (U.S.) sponsors a 403(b) tax deferred annuity plan (the "403(b) Plan") for all eligible employees. The Organization will contribute up to 5 percent of employee pay. Contributions for the years ended December 31, 2018 and 2017 were \$143,761 and \$92,781, respectively. It is The END Fund, Inc. (U.S.)'s policy to fund the 403(b) Plan currently.

**11. LINE OF CREDIT**

On January 5, 2018, The END Fund, Inc. (U.S) entered into a secured line of credit with JPMorgan Chase Bank, N.A. totaling \$3,000,000 for the general operational needs of The END Fund, Inc. The agreement is secured by a continuing security interest in the Organization's assets. Interest on any outstanding balance accrues daily at the LIBOR plus 3.00 percent. The line of credit expires July 5, 2019 unless renewed. There was no outstanding balance of the loan as of December 31, 2018.

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**12. LEASES**

The Organization leased space for its administrative offices under an operating six month lease for the year ending December 31, 2017. During the year ended December 31, 2018, the Organization entered into a new five year lease agreement for a new location. The monthly payment for the entire lease period amounts to \$40,310 with no escalation. The lease agreement included a rent abatement for the initial five months of the lease term. As of December 31, 2018, there was deferred rent of \$172,067 to be released over the length of the lease because of initial rent abatement. Annual straight-line rental expense, including utilities for these locations was \$486,646 and \$289,491 for the years ended December 31, 2018 and 2017, respectively.

The future lease payments are as follows for the years ending December 31:

|      |    |                     |
|------|----|---------------------|
| 2019 | \$ | 483,714             |
| 2020 |    | 483,714             |
| 2021 |    | 483,714             |
| 2022 |    | 483,714             |
|      |    | <u>\$ 1,934,856</u> |

**13. NEW ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE**

In August 2017 the Financial Accounting Standards Board (“FASB”) issued Proposed Accounting Standards Update 2018-08 (“ASU”), *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB is issuing this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations (“NFPs”) because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This proposed ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date upon issuance for The Organization would be the year beginning January 1, 2020.

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments on the statement of financial position for all of the Organization’s lease obligations. The effective date upon issuance for The Organization would be the year beginning January 1, 2020.

The Organization is currently evaluating the effect that these pronouncements will have on its financial statements and related disclosures.

**14. FINANCIAL ASSETS AND LIQUIDITY RESOURCES:**

As of December 31, 2018, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

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|                     |                     |
|---------------------|---------------------|
| Financial assets    |                     |
| Cash                | \$ 4,652,541        |
| Pledges receivable  | 2,050,410           |
| Accounts receivable | 50,714              |
| Line of credit      | <u>3,000,000</u>    |
|                     | <u>\$ 9,753,665</u> |

The financial assets above are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the financial position date. Additionally, grants that are authorized will be paid from cash with donor restrictions and pledges receivable expected to be collected in the subsequent year that are restricted for a purpose. Grants are primarily expected to be paid from those assets and not the financial assets noted above.

**15. RELATED PARTY TRANSACTIONS**

The END Fund, Inc. (U.S.) and The END Fund U.K. are related parties by a common board. During the normal course of operations and in accordance with agreements between the parties, The END Fund U.K. will have expenses paid for on its behalf by The END Fund, Inc. (U.S.) The Organization incurred expenses totaling \$160,854 and \$762,920 for the years ended December 31, 2018 and 2017, respectively. Accounts receivable from The END Fund U.K. amounted to \$50,714 and \$418,044 as of December 31, 2018 and 2017, respectively.

**16. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of March 18, 2019, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined no subsequent events have occurred which require disclosure in the financial statements.