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UNITED PLANET CORPORATION  
Financial Statements  
and  
Independent Auditor's Report  
December 31, 2012 and 2011

2012

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
United Planet Corporation  
Boston, Massachusetts

I have audited the accompanying financial statements of the United Planet Corporation, (a Massachusetts non-profit corporation) which comprise the statements of financial position as of December 31, 2012 and 2011 and the related statements of activities 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 State of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the 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 I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Planet Corporation as of December 31, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### *Other-Matter*

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on Page 9 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

George J. Roberts, CPA, PC   
May 9, 2013

# UNITED PLANET CORPORATION

## Statements of Financial Position December 31, 2012 and 2011

### Assets

|                                | <u>2012</u>       | <u>2011</u>       |
|--------------------------------|-------------------|-------------------|
| Current assets:                |                   |                   |
| Cash                           | \$ 606,906        | \$ 675,215        |
| Prepaid insurance              | <u>3,443</u>      | <u>1,817</u>      |
| Total current assets           | <u>610,349</u>    | <u>677,032</u>    |
| Property, plant and equipment  |                   |                   |
| Computer equipment             | 20,000            | 20,000            |
| Less: accumulated depreciation | <u>20,000</u>     | <u>19,588</u>     |
|                                | <u>0</u>          | <u>412</u>        |
| Total assets                   | <u>\$ 610,349</u> | <u>\$ 677,444</u> |

### Liabilities and Net Assets

|                                  | <u>2012</u>       | <u>2011</u>       |
|----------------------------------|-------------------|-------------------|
| Current liabilities:             |                   |                   |
| Deferred quest revenue           | \$ 167,138        | \$ 156,755        |
| Accrued program expenses         | <u>12,888</u>     | <u>11,344</u>     |
| Total current liabilities        | <u>180,026</u>    | <u>168,099</u>    |
| Net assets:                      |                   |                   |
| Unrestricted                     | 381,688           | 496,120           |
| Temporarily restricted           | <u>48,635</u>     | <u>13,225</u>     |
| Total net assets                 | <u>430,323</u>    | <u>509,345</u>    |
| Total liabilities and net assets | <u>\$ 610,349</u> | <u>\$ 677,444</u> |

See accompanying notes to financial statements  
and accountant's audit report.

# UNITED PLANET CORPORATION

Statements of Activities  
Years ended December 31, 2012 and 2011

|                                                 | 2012                       |                                         |                   | 2011 |                |
|-------------------------------------------------|----------------------------|-----------------------------------------|-------------------|------|----------------|
|                                                 | Unrestricted<br>Net Assets | Temporarily<br>Restricted<br>Net Assets | Total             |      |                |
| Unrestricted net assets:                        |                            |                                         |                   |      |                |
| Revenues and other support:                     |                            |                                         |                   |      |                |
| Quest fees, net of discounts and reimbursements | \$ 1,020,805               | \$ ----                                 | \$ 1,020,805      | \$   | 1,008,847      |
| Mongolia grant income                           | ----                       | 290                                     | 290               |      | 89,368         |
| Japan foundation grant income                   | ----                       | 74,427                                  | 74,427            |      | 70,273         |
| Direct public contributions - general           | 47,105                     | ----                                    | 47,105            |      | 46,224         |
| Investment income                               | 2,001                      | ----                                    | 2,001             |      | 2,335          |
| Net assets released from restriction            | 39,307                     | (39,307)                                | ----              |      | ----           |
| Total revenues and direct support               | 1,109,218                  | 35,410                                  | 1,144,628         |      | 1,217,047      |
| Expenses:                                       |                            |                                         |                   |      |                |
| Program services                                | 1,174,058                  | ----                                    | 1,174,058         |      | 1,071,267      |
| Management and general                          | 49,592                     | ----                                    | 49,592            |      | 54,899         |
| Total expenses                                  | 1,223,650                  | ----                                    | 1,223,650         |      | 1,126,166      |
| (Decrease)/Increase in net assets               | (114,432)                  | 35,410                                  | (79,022)          |      | 90,881         |
| Net assets, beginning of year                   | 496,120                    | 13,225                                  | 509,345           |      | 418,464        |
| Net assets, end of year                         | <u>\$ 381,688</u>          | <u>\$ 48,635</u>                        | <u>\$ 430,323</u> | \$   | <u>509,345</u> |

See accompanying notes to financial statements  
and accountant's audit report.

# UNITED PLANET CORPORATION

Statements of Cash Flows  
Years ended December 31, 2012 and 2011

|                                                                                             | 2012              | 2011              |
|---------------------------------------------------------------------------------------------|-------------------|-------------------|
| Cash flows from operating activities:                                                       |                   |                   |
| (Decrease)/Increase in net assets                                                           | \$ (79,022)       | \$ 90,881         |
| Adjustments to reconcile excess net assets<br>to net cash provided by operating activities: |                   |                   |
| Depreciation expense                                                                        | 412               | 3,816             |
| (Increase) decrease in operating assets:                                                    |                   |                   |
| Prepaid insurance                                                                           | (1,626)           | ----              |
| Deferred quest revenue                                                                      | 10,383            | (33,625)          |
| Accrued program expenses                                                                    | 1,544             | (2,558)           |
| Net cash (used in)/provided by operating activities                                         | (68,309)          | 58,514            |
| Net cash used in investment activities:                                                     |                   |                   |
| Purchase of computer equipment                                                              | ----              | ----              |
| (Decrease)/Increase in cash                                                                 | (68,309)          | 58,514            |
| Cash at beginning of year                                                                   | 655,782           | 597,268           |
| Cash at end of year                                                                         | <u>\$ 587,473</u> | <u>\$ 655,782</u> |
| Interest paid                                                                               | ----              | ----              |

See accompanying notes to financial statements  
and accountant's audit report.

## UNITED PLANET CORPORATION

Notes to Financial Statements  
Years ended December 31, 2012 and 2011

### Note 1 –Nature of business.

United Planet Corporation, the “Organization,” is a non-profit public charity, striving to create a world in which all people understand, respect, and support one another. The mission of the Organization is to develop a global network of leaders and volunteers which fosters cross-cultural understanding and addresses shared challenges to unite the world in a community beyond borders. The principle that animates everything the Organization does is the concept of **Relational Diplomacy** -- recognizing that the relationship between people of diverse backgrounds is the basic building block for uniting the world. United Planet's holistic approach integrates international, local, and online initiatives to facilitate ongoing engagement. All United Planet programs create points of access for people of all cultures, nationalities, ages, and socioeconomic classes to participate worldwide. Each program feeds into and builds momentum for the other. These initiatives are designed to expose our common human bonds, generate respect and appreciation for our cultural, racial, and religious diversity, and improving and enriching lives worldwide.

For more than a decade, United Planet has brought together thousands of people all over the world in the effort to build cross-cultural understanding and provide vital services to communities in need. United Planet's Quest program brings volunteers to over 40 countries around the world from one week to one year to address key global issues, in areas such as education, healthcare, the environment, and more, while building cross-cultural understanding and forging closer global relationships. United Planet volunteers also engage in a range of locally based and online activities to achieve our global mission.

### Note 2 - Summary of significant accounting policies.

#### Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See independent auditor's report.

**UNITED PLANET CORPORATION**

Notes to Financial Statements

Years ended December 31, 2012 and 2011

Note 2 – continued.

Financial statement presentation:

The Organization follows the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) subtopic Presentation of Financial Statements for Non-for-Profit Entities. The Organization is required to report 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. A description of the three net assets classes follows:

Unrestricted net assets-represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

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

Permanently restricted net assets-represent contributions and other inflows whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and cash equivalents:

The Organization cash and cash equivalents are considered entirely unrestricted and are fully available, at the discretion of management and the Board of Directors required vote, for the Organization to utilize in any of its programs or supporting services. As of December 31, 2012, no restrictions have been imposed by donors on funds received.

The Organization often maintains cash on deposit at the bank in the excess of the federally insured limit. At December 31, 2012, the Organization's had no uninsured cash balance due to the unlimited federal insurance exemption.

Property and equipment:

Property and equipment, purchased and donated, are stated at cost and market value as of the date donated and placed into service. Depreciation is provided using the straight-line cost recovery method for financial reporting purposes. Estimated useful lives are as follows:

|                                                                                                |         |
|------------------------------------------------------------------------------------------------|---------|
| Computers and equipment                                                                        | 5 years |
| Depreciation for the years ended December 31, 2012 and 2011 amounted to \$ 3,816 and \$ 4,000. |         |

**UNITED PLANET CORPORATION**  
Notes to Financial Statements  
Years ended December 31, 2012 and 2011

Note 2 – continued.

Income taxes:

The Organization is a not-for profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

Revenues:

Revenues are generated from program services and contributions. The primary source of program services are from volunteers totaling \$ 1,048,477 and \$ 1,074,504 in 2012 and 2011.

Contributions:

The organization records as revenue the following types of contributions, when they are received, at fair value: cash, volunteered services, and gifts in kind. The organization is required to report information regarding its financial position and activities according to the three classes of net asset: permanently restricted, temporarily restricted, and unrestricted. As of December 31, 2012 and 2011, all contributions were in absence of any donor-imposed restrictions except for two grants.

Advertising expense:

The organization relies primarily on written testimonials posted on its website and public speeches given by its volunteers, and members of their own free will. The organization has chosen not to put a monetary value on these testimonials since their effectiveness is impossible to measure. The Organization expenses the advertising and marketing expenses directly. The advertising and marketing expenses totaled \$ 80,217 and \$ 71,067 for the years ended December 31, 2012 and 2011, respectively.

Note 3- Unrestricted net assets.

Unrestricted net assets are available for general business purposes. There are no imposed restrictions on the use of net assets totaling \$381,688 and \$515,553 for the years ended December 31, 2012 and 2011, respectively. The balance of the unrestricted net assets is composed of beginning unrestricted net assets minus the decrease in unrestricted net assets during the year.

See independent auditor’s report.

UNITED PLANET CORPORATION

Notes to Financial Statements

Years ended December 31, 2012 and 2011

Note 4 - Commitments.

Travel insurance and partner fees payable:

The organization entered into contracts with several volunteers and four hosting countries participating in various short and long term quests scheduled to commence during the month of January 2012. The corporation incurred travel insurance and partner fee expenses for these participants during 2012 and 2011 of which \$ 0 and \$ 0 were outstanding as of December 31, 2012 and 2011, respectively.

Refundable volunteer deposits:

The organization reimburses its' volunteers a \$ 25 as a token of appreciation and goodwill if an evaluation form is completed and returned within 30 days of returning from their excursion. Refunds in the amount of \$ 100 and \$ 150 have yet to be disbursed to volunteers who have submitted forms at year end December 31, 2012 and 2011, respectively.

Deferred quest revenue:

The organization held a total of \$ 167,138 and \$ 137,322 on deposit for volunteers who were scheduled to depart on quests commencing in 2013 and 2012, respectively.

Rental space:

The organization entered into a two year extension of the operating lease with Fisher College for its 11 Arlington Street office in Boston, Massachusetts in October 2012 requiring rent of \$3,585 per month for the term of the lease through September 2014. The total rent expense for the years ended December 31, 2012 and 2011 were \$37,860 and \$37,875, respectively.

Expected rental payments during the lease term:

|      |           |
|------|-----------|
| 2013 | \$ 43,020 |
| 2014 | \$ 32,265 |

Cash Restrictions:

The organization's board has internally restricted the cash amount of \$ 511,114 as of December 31, 2012 for a board controlled endowment fund for future considerations. The company's operating cash represents the balance of \$ 95,792 as of December 31, 2012.

Note 5-Evaluation of Subsequent Events.

The organization has evaluated subsequent events through May 9, 2013, the date which the financial statements were available to be issued. No subsequent events were found.

See independent auditor's report.

# UNITED PLANET CORPORATION

## Supplementary Information Years ended December 31, 2012 and 2011

|                                 | 2012                        |                                   | 2011                        |                                   |
|---------------------------------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|
|                                 | <u>Program<br/>Expenses</u> | <u>Management<br/>and General</u> | <u>Program<br/>expenses</u> | <u>Management<br/>and General</u> |
| Partner fees:                   |                             |                                   |                             |                                   |
| Short -term quest               | \$ 390,820                  | \$ ----                           | 353,411                     | \$ ----                           |
| Long-term quest                 | 159,509                     | ----                              | 110,513                     | ----                              |
| Grant expenses                  | 39,307                      | ----                              | 121,129                     | ----                              |
| Payroll                         | 332,346                     | 19,550                            | 236,300                     | 20,550                            |
| Travel and meals                | 6,801                       | ----                              | 12,195                      | ----                              |
| Marketing                       | 80,217                      | ----                              | 72,043                      | ----                              |
| Travel insurance                | 13,178                      | ----                              | 14,106                      | ----                              |
| Training and material           | 21,093                      | ----                              | 8,659                       | ----                              |
| Payroll taxes                   | 27,767                      | 1,496                             | 16,849                      | 5,616                             |
| Quest fees and supplies         | 9,502                       | ----                              | 17,974                      | ----                              |
| Promotional expenses            | 7,772                       | ----                              | 6,269                       | ----                              |
| Insurance                       | 26,989                      | 7,192                             | 25,498                      | 8,500                             |
| Rent                            | 28,395                      | 9,465                             | 28,405                      | 9,470                             |
| Employee benefits               | 4,926                       | ----                              | 12,996                      | ----                              |
| Telephone and internet          | 6,124                       | 2,041                             | 4,618                       | 1,539                             |
| Bank and wire transfer expenses | 10,486                      | ----                              | 15,503                      | ----                              |
| Office supplies and expenses    | 5,775                       | 1,925                             | 8,586                       | 2,862                             |
| Accounting & legal fees         | ----                        | 6,543                             | ----                        | 5,563                             |
| Depreciation expense            | 412                         | ----                              | 3,816                       | 0                                 |
| Postage                         | 2,639                       | 880                               | 2,397                       | 799                               |
| Filing fees                     | ----                        | 500                               | ----                        | ----                              |
| Total program expenses          | <u>\$ 1,174,058</u>         | <u>\$ 49,592</u>                  | <u>\$ 1,071,267</u>         | <u>\$ 54,899</u>                  |

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and accountant's audit report.