

**SUMOFUS AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
SumOfUs and Affiliate

We have audited the accompanying consolidated financial statements of SumOfUs and Affiliate (the "Organization") which comprise the statement of financial position as of December 31, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SumOfUs and Affiliate as of December 31, 2015 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Lederer, Levine & Associates, LLC

August 11, 2016

**SUMOFUS AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015**

ASSETS

Cash and cash equivalents (Notes B and H)	\$	871,489
Grants and contributions receivable (Notes B and C)		295,977
Investments (Note D)		1,003,146
Prepaid expenses		26,738
Property and equipment (Notes B and E)		31,959
Other assets (Note F)		<u>19,256</u>
TOTAL ASSETS	\$	<u><u>2,248,565</u></u>

LIABILITIES

Accounts payable and accrued expenses	\$	265,882
Grants payable (Note G)		<u>46,800</u>
TOTAL LIABILITIES		<u>312,682</u>

COMMITMENTS AND CONTINGENCIES (Note K)

NET ASSETS

Unrestricted		1,381,776
Temporarily restricted (Note L)		<u>554,107</u>
TOTAL NET ASSETS		<u>1,935,883</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>2,248,565</u></u>

The accompanying notes are an integral part of these financial statements.

**SUMOFUS AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Grants and contributions (Note B)	\$ 4,432,513	\$ 458,496	\$ 4,891,009
Program revenue	13,223		13,223
Donated in-kind services and costs (Notes B and J)	2,550		2,550
Other income	1,507		1,507
Investment income	688		688
Net assets released from restrictions	324,401	(324,401)	
TOTAL SUPPORT AND REVENUE	4,774,882	134,095	4,908,977
 EXPENSES:			
Program services	4,410,146		4,410,146
Management and general	330,647		330,647
Fundraising and development	133,304		133,304
TOTAL EXPENSES	4,874,097		4,874,097
Change in Net Assets	(99,215)	134,095	34,880
Net Assets - Beginning of Year	1,480,991	420,012	1,901,003
Net Assets- End of Year	\$ 1,381,776	\$ 554,107	\$ 1,935,883

The accompanying notes are an integral part of these financial statements.

**SUMOFUS AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 1,036,620	\$ 158,763	\$ 24,840	\$ 1,220,223
Payroll taxes and related costs	<u>349,896</u>	<u>40,830</u>	<u>6,388</u>	<u>397,114</u>
Total salaries and related costs	1,386,516	199,593	31,228	1,617,337
Grants	353,954			353,954
Campaign costs and media	404,741			404,741
Information technology	388,717	6,019	942	395,678
Consulting and contracted services	1,328,835	9,876	85,657	1,424,368
Staff development	37,353	6,616	1,035	45,004
Legal and accounting	123,098	52,515	2,922	178,535
Travel and related expenses	34,740	28,026	6,601	69,367
Occupancy costs (Notes I and K)	60,613	10,724	1,675	73,012
Recruitment	9,035	1,600	250	10,885
Office supplies and general expenses	32,652	5,323	1,374	39,349
Telecommunications	24,646	4,365	683	29,694
Meetings and conferences	191,429			191,429
Insurance	11,144	1,974	309	13,427
Depreciation and amortization	<u>22,673</u>	<u>4,016</u>	<u>628</u>	<u>27,317</u>
TOTAL EXPENSES	<u>\$ 4,410,146</u>	<u>\$ 330,647</u>	<u>\$ 133,304</u>	<u>\$ 4,874,097</u>

The accompanying notes are an integral part of these financial statements.

**SUMOFUS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note A - Organization and Nature of Activities

The accompanying consolidated financial statements of SumOfUs ("SOU") and Affiliate (collectively the "Organization") have been prepared by consolidating SOU and SumOfUs Canada Society (the "Society") (the Affiliate).

SumOfUs.org is a global online community of consumers, small investors, and workers holding corporations accountable and pushing the global economy in the direction of equity, sustainability, and justice. In many of our campaigns, we identify concrete actions that big corporations could take that would make the world a better place -- from reducing pollution to improving workplace safety -- and we educate and mobilize millions of people around the world to fight for those changes. We also work towards systemic changes to the structures, laws, and practices within which for-profit corporations operate -- from stricter regulation of corporate money in politics to stronger cultural principles around the ethical standards to which we hold CEOs.

SumOfUs was incorporated in Washington, DC on June 11, 2011 under section 501(c) 4 of the Internal Revenue Service.

SumOfUs Canada Society was incorporated on July 30, 2015 as a Society under the Society Act of British Columbia, Canada, and is considered a nonprofit organization under the provisions of the income tax act of Canada. The purpose of the Society is to promote and advocate the accountability of governments and corporations; the fair treatment of workers and the right of every human being to make a living and be safe; and the right of communities to manage and protect their own environment.

Note B - Summary of Significant Accounting Policies

Basis of Accounting

SumOfUs and Affiliate prepares its financial statements using the accrual basis of accounting. The Organization follows accounting principles generally accepted in the United States of America ("US GAAP") which include certain specialized requirements set forth in publications of the Financial Accounting Standards Board.

Basis of Consolidation

SumOfUs consolidates the activities of its affiliate since it has both control and an economic interest in the affiliate. All significant intercompany balances and transactions have been eliminated during the consolidation.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of less than three months to be cash equivalents, except for cash held in investment accounts.

Grants Receivable

Grants, which consist of unconditional promises to give, are recognized as revenue in the year received. 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 present value of their estimated future cash flows.

Investments

Investments in marketable securities with readily determinable fair values and investments in debt securities are reported at their fair values.

**SUMOFUS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note B – Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Under U.S. GAAP, a fair value hierarchy has been established which provides for three levels based upon the "input" assumptions used in pricing assets. Level 1 inputs relate to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The values by input level of the Organization's investments as of December 31, 2015 and 2014 are as follows:

	2015			Total
	Level 1	Level 2	Level 3	
Assets				
Investments:				
Money Market	\$ 1,001,176	\$	\$	\$ 1,001,176
Equities	1,970	_____	_____	1,970
	\$ 1,003,146	\$ _____	\$ _____	\$ 1,003,146

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. The Organization capitalizes property and equipment with a useful life of three years or more and a cost of \$1,000 or more.

Restricted Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In-Kind Services and Costs

Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial assets or (b) require special skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

Grant Expense

Grant expense is recognized in the period the grant is approved by management, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions.

**SUMOFUS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note B – Summary of Significant Accounting Policies (continued)

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 could differ from those estimates.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is August 11, 2016.

Accounting for Uncertainty in Income Taxes

The Organization's accounting policy is to record liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

Note C – Grants and Contribution Receivable

Grants and contributions receivable consist of the following as of December 31, 2015:

Unconditional promises to be collected in:	
Less than one year	\$ <u>295,977</u>

Note D – Investments

Investments at fair market value consist of the following at December 31, 2015:

Cash	\$ 1,001,176
Equities	1,970
	<u>\$ 1,003,146</u>

Investment income consisted of the following for the year ended December 31, 2015:

Interest and dividends	\$ 1,234
Unrealized losses on investments	<u>(546)</u>
	<u>\$ 688</u>

Note E – Property and Equipment

Property and equipment consist of the following as of December 31, 2015:

Computers and other equipment	\$ 64,493
Less: accumulated depreciation	<u>(32,534)</u>
	<u>\$ 31,959</u>

Note F – Other Assets

Other assets consist of the following as of December 31, 2015:

Website	\$ 47,452
Less: accumulated amortization	<u>33,889</u>
	13,563
Security deposits	<u>5,693</u>
	<u>\$ 19,256</u>

**SUMOFUS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note G – Grants Payable

Grants payable consist of various grants payable as at December 31, 2015:

Payable in less than one year	\$ <u>46,800</u>
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Note H – Concentrations

- 1) The Organization maintains two bank accounts at a bank which is an institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. At December 31, 2015 the uninsured cash balances amounted to \$144,738. Management believes that credit risk related to these accounts to be minimal. The Society maintains a bank account in Canada which is insured by the Canada Deposit Insurance Corp. (CDIC).

- 2) The Organization uses the services of a Payment Service Provider for its online donations. Balances that are on deposit at this provider are not insured by the FDIC. The balance on deposit at December 31, 2015 approximated \$62,966. Management believes that credit risk related to these online payment service accounts to be minimal.

Note I – Contributions and Grants

Contributions and grants consist of the following for the year ended December 31, 2015:

Total contributions	\$ 5,154,461
Less: income processing fees	(235,308)
fiscal sponsor fees	<u>(28,144)</u>
	<u>\$ 4,891,009</u>

Note J – In-kind Services and Costs

The Organization received the following in-kind services and costs for the year ended December 31, 2015:

Occupancy costs	\$ <u>2,550</u>
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Note K – Commitments and Contingencies

The Organization has no non cancelable obligations. SumOfUs received in-kind rental space and related costs at their New York City office location. (See Note J). In November 2015, the Organization moved to new space in New York City on a month to month lease. In addition, SumOfUs has a month to month license for space in San Francisco, CA and the Organization licenses other facilities in various locations to conduct its programs on a temporary basis. Rent expense amounted to \$72,827 for the year ended December 31, 2015.

The Organization has a line of credit with a bank up to \$50,000 related to its credit card usage by various employees. At December 31, 2015 approximately \$4,656 was used. The line of credit balance is included in accounts payable and accrued expenses on the statement of financial position.

Note L – Temporarily Restricted Net Assets

Temporarily restricted net assets were subject to the following restrictions as at December 31, 2015:

Time restricted	\$ <u>554,107</u>
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**SUMOFUS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Note M – Collective Bargaining Agreement

The non-management employees representing approximately 16% of the workforce in the United States by the International Federation of Professional and Technical Engineers, Local 70, AFL-CIO. On March 31, 2016, the Organization and Local 70 entered into a renewal of their collective bargaining agreement. The new agreement will cover the period from April 1, 2016 to March 31, 2019.

Note N – Retirement Plan

The Organization has adopted a 401(k) plan. All employees become eligible after six months from date of hire. Employees are 100% vested upon entering the plan. The Organization will contribute an 8% non-matching contribution of salary annually for all eligible staff. For the year ended December 31, 2015 the Organization contributed \$77,412.