

**SUMOFUS AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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LEDERER, LEVINE & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

KENNETH J. LEDERER, CPA
STEVEN J. LEVINE, CPA
DEREK A. FLANAGAN, CPA

1099 WALL STREET WEST - SUITE 280
LYNDHURST, NEW JERSEY 07071
(201) 933-3780
(201) 933-3575 FAX

20 EAST 35th STREET - SUITE 3M
NEW YORK, NEW YORK 10016
(800) 269-3457 (NYC)

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 consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated 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 consolidated 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 consolidated 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 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, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Lederer, Levine & Associates, LLC

Lyndhurst, NJ
July 3, 2018

**SUMOFUS AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
Cash and cash equivalents (Notes B and H)	\$ 1,008,650	\$ 430,896
Grants and contributions receivable (Notes B and C)	223,330	448,616
Other receivable	5,829	30,000
Investments (Notes B and D)	1,010,049	1,004,480
Prepaid expenses	18,691	8,197
Property and equipment (Notes B and E)	21,576	21,797
Other assets (Note F)	<u>16,546</u>	<u>17,368</u>
TOTAL ASSETS	<u><u>\$ 2,304,671</u></u>	<u><u>\$ 1,961,354</u></u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 267,916	\$ 272,821
Grants payable (Note G)	<u>53,260</u>	<u>34,322</u>
TOTAL LIABILITIES	<u>321,176</u>	<u>307,143</u>
COMMITMENTS AND CONTINGENCIES (Note J)		
NET ASSETS		
Unrestricted	1,681,650	1,079,023
Temporarily restricted (Note K)	<u>301,845</u>	<u>575,188</u>
TOTAL NET ASSETS	<u>1,983,495</u>	<u>1,654,211</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,304,671</u></u>	<u><u>\$ 1,961,354</u></u>

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

**SUMOFUS AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Grants and contributions (Notes B and I)	\$ 5,272,378	\$ 190,035	\$ 5,462,413	\$ 3,849,509	\$ 633,195	\$ 4,482,704
Program revenue	191,197		191,197	155,000		155,000
Other (loss) income				(571)		(571)
Investment income (Note D)	5,870		5,870	1,371		1,371
Net assets released from restrictions	<u>463,378</u>	<u>(463,378)</u>		<u>612,114</u>	<u>(612,114)</u>	
TOTAL SUPPORT AND REVENUE	<u>5,932,823</u>	<u>(273,343)</u>	<u>5,659,480</u>	<u>4,617,423</u>	<u>21,081</u>	<u>4,638,504</u>
 EXPENSES						
Program services	4,552,417		4,552,417	4,282,943		4,282,943
Management and general	670,611		670,611	468,385		468,385
Fundraising and development	<u>107,168</u>		<u>107,168</u>	<u>168,848</u>		<u>168,848</u>
TOTAL EXPENSES	<u>5,330,196</u>		<u>5,330,196</u>	<u>4,920,176</u>		<u>4,920,176</u>
Change in Net Assets	602,627	(273,343)	329,284	(302,753)	21,081	(281,672)
Net Assets - Beginning of Year	<u>1,079,023</u>	<u>575,188</u>	<u>1,654,211</u>	<u>1,381,776</u>	<u>554,107</u>	<u>1,935,883</u>
Net Assets - End of Year	<u>\$ 1,681,650</u>	<u>\$ 301,845</u>	<u>\$ 1,983,495</u>	<u>\$ 1,079,023</u>	<u>\$ 575,188</u>	<u>\$ 1,654,211</u>

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

**SUMOFUS AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017				2016			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 1,486,003	\$ 253,343	\$ 43,502	\$ 1,782,848	\$ 1,153,334	\$ 227,819	\$ 42,716	\$ 1,423,869
Payroll taxes and related costs (Note M)	677,191	115,452	19,824	812,467	482,193	95,248	17,859	595,300
Total salaries and related costs	2,163,194	368,795	63,326	2,595,315	1,635,527	323,067	60,575	2,019,169
Grants expense (Note B)	341,597			341,597	190,749			190,749
Campaign costs and media	400,021			400,021	313,055			313,055
Information technology	340,434	8,686	1,491	350,611	337,456	7,896	1,481	346,833
Consulting and contracted services	876,832	149,488	25,669	1,051,989	1,336,912	2,308	91,522	1,430,742
Staff development	48,464	8,262	1,419	58,145	53,767	10,620	1,991	66,378
Legal and accounting	43,200	40,741	1,159	85,100	73,468	47,154	2,689	123,311
Travel and related expenses	36,587	61,292	4,326	102,205	34,069	37,396	3,077	74,542
Occupancy costs (Notes I and J)	75,006	12,787	2,196	89,989	66,610	13,157	2,467	82,234
Recruitment	16,584	2,827	485	19,896	40,351	7,971	1,495	49,817
Office supplies and general expenses	43,585	6,775	5,461	55,821	40,189	7,389	1,377	48,955
Telecommunications	21,088	3,595	617	25,300	21,489	4,245	796	26,530
Campaign related conferences	103,868			103,868	101,908			101,908
Insurance	16,519	3,026	274	19,819	13,949	2,551	510	17,010
Depreciation and amortization	25,438	4,337	745	30,520	23,444	4,631	868	28,943
TOTAL EXPENSES	\$ 4,552,417	\$ 670,611	\$ 107,168	\$ 5,330,196	\$ 4,282,943	\$ 468,385	\$ 168,848	\$ 4,920,176

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

**SUMOFUS AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 329,284	\$ (281,672)
Adjustments to reconcile change in net assets to net cash provided (used) from operating activities:		
Depreciation and amortization	30,520	28,943
Unrealized gains on investments	(257)	(134)
Changes in Assets and Liabilities:		
Decrease (increase) in assets:		
Grants and contributions receivable	225,286	(152,639)
Other receivable	24,171	(30,000)
Prepaid expenses	(10,494)	18,541
Other assets	(7,518)	(10,008)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(4,905)	6,939
Grants payable	18,938	(12,478)
Net Cash Provided (Used) Operating Activities	605,025	(432,508)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(5,312)	(1,200)
Property and equipment acquisitions	(21,959)	(6,885)
Net Cash Used by Investing Activities	(27,271)	(8,085)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	577,754	(440,593)
Cash and cash equivalents - beginning of year	430,896	871,489
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,008,650	\$ 430,896
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ - 0 -	\$ - 0 -

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

**SUMOFUS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 is a community of people from around the world committed to curbing the growing power of corporations. We want to buy from, work for and invest in companies that respect the environment, treat their staff well and respect democracy. And we're not afraid to stand up to them when they don't. Together, our 12 million members act as a global consumer watchdog - running and winning campaigns to hold the biggest companies in the world to account. Digital technology allows us to run and win campaigns in record time, connecting consumers, workers and investors from around the world at the touch of a button. The Organization is supported by worldwide contributions.

SumOfUs was incorporated in Washington, DC on June 11, 2011 and is exempt from taxation under section 501(c)(4) of the Internal Revenue Code.

SumOfUs Canada Society was incorporated on July 30, 2016 as a Society under the Society Act of British Columbia, Canada, and is considered a non-profit 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

The Organization 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").

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 an original maturity of less than three months to be cash equivalents, except for cash held in investment accounts.

Grants and Contributions Receivable

Grants and contributions receivables, which consist of unconditional promises to give, are recognized as revenue in the year the promise is 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 the 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, 2017 AND 2016
(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, 2017 and 2016 are as follows:

	2017			
	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Money Market	\$ 1,005,712	\$	\$	\$ 1,005,712
Equities - U.S.A.	4,337			4,337
	\$ 1,010,049	\$	\$	\$ 1,010,049
	2016			
	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Money Market	\$ 1,002,376	\$	\$	\$ 1,002,376
Equities - U.S.A.	2,104			2,104
	\$ 1,004,480	\$	\$	\$ 1,004,480

Property and Equipment

Property and equipment are stated at cost (or fair value, if donated), less accumulated depreciation and amortization. The Organization capitalizes property and equipment with a useful life of three years or more and a cost of \$1,000 or more. Depreciation and amortization are provided, using the straight-line method, over the estimated useful lives of the assets.

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.

Donated 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.

**SUMOFUS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(Continued)**

Note B – Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization recognizes program revenue when earned.

Grants Expense

Grants 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.

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 July 3, 2018.

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.

Reclassification

Certain line items in the December 31, 2016 financial statements have been reclassified to conform to the December 31, 2017 presentation.

Note C – Grants and Contribution Receivable

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

	<u>2017</u>	<u>2016</u>
Unconditional promises to be collected in:		
Less than one year	\$ <u>223,330</u>	\$ <u>448,616</u>

Note D – Investments

Investments at fair value consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Money Market	\$ 1,005,712	\$ 1,002,376
Equities - U.S.A.	<u>4,337</u>	<u>2,104</u>
	\$ <u>1,010,049</u>	\$ <u>1,004,480</u>

Investment income consisted of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 5,613	\$ 1,237
Unrealized gains on investments	<u>257</u>	<u>134</u>
	\$ <u>5,870</u>	\$ <u>1,371</u>

**SUMOFUS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(Continued)**

Note E – Property and Equipment

Property and equipment are depreciated over a useful life of 3 years or more and consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Computers and equipment	\$ 93,337	\$ 71,378
Less: accumulated depreciation	<u>(71,761)</u>	<u>(49,581)</u>
	<u>\$ 21,576</u>	<u>\$ 21,797</u>

Note F – Other Assets

Other assets consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Website	\$ 57,460	\$ 57,460
Less: accumulated amortization	<u>(54,125)</u>	<u>(45,785)</u>
	3,335	11,675
Security deposits	<u>13,211</u>	<u>5,693</u>
	<u>\$ 16,546</u>	<u>\$ 17,368</u>

Note G – Grants Payable

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

	<u>2017</u>	<u>2016</u>
Payable in less than one year	<u>\$ 53,260</u>	<u>\$ 34,322</u>

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, 2017 and 2016, the uninsured cash balances approximated to \$265,310 and \$-0-, respectively. 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, 2017 and 2016 approximated \$356,504 and \$75,184, respectively. 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 years ended December 31:

	<u>2017</u>	<u>2016</u>
Total contributions	\$ 5,767,164	\$ 4,771,784
Less: income processing fees	(301,965)	(270,292)
fiscal sponsor fees	<u>(2,786)</u>	<u>(18,788)</u>
	<u>\$ 5,462,413</u>	<u>\$ 4,482,704</u>

**SUMOFUS AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(Continued)**

Note J – Commitments and Contingencies

The Organization has no non-cancelable obligations. In November 2016, the Organization moved to new space in Brooklyn, NY 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 \$89,989 and \$82,234 for the years ended December 31, 2017 and 2016, respectively.

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, 2017 and 2016, approximately \$6,037 and \$15,832, respectively, was used. The line of credit balance is included in accounts payable and accrued expenses on the statement of financial position.

Note K – Temporarily Restricted Net Assets

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

	2017	2016
Time restricted - Education	\$ 301,845	\$ 428,725
Program restricted - Education		146,463
	\$ 301,845	\$ 575,188

Note L – Collective Bargaining Agreement

The non-management employees representing approximately 67% of the Organization's workforce in the United States belong to 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 covers the period from April 1, 2016 to March 31, 2019.

Note M – Retirement Plan

The Organization has adopted a 401(k) plan. All employees become eligible after six months of employment from date of hire. Contributions are 100% vested upon payment. The Organization contributes an 8% non-matching contribution of salary annually for all eligible staff. For the years ended December 31, 2017 and 2016, the Organization contributed \$73,602 and \$71,185, respectively.