

**SUMOFUS AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 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 consolidated statements of financial position as of December 31, 2016 and 2015, 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***

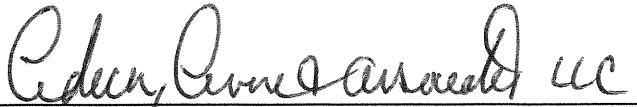
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable 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, 2016 and 2015, 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  
October 4, 2017

**SUMOFUS AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2016 AND 2015**

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents (Notes B and H)	\$ 430,896	\$ 871,489
Grants and contributions receivable (Notes B and C)	448,616	295,977
Other receivable	30,000	
Investments (Notes B and D)	1,004,480	1,003,146
Prepaid expenses	8,197	26,738
Property and equipment (Notes B and E)	21,797	31,959
Other assets (Note F)	<u>17,368</u>	<u>19,256</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,961,354</u></b>	<b>\$ <u>2,248,565</u></b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 272,821	\$ 265,882
Grants payable (Note G)	<u>34,322</u>	<u>46,800</u>
<b>TOTAL LIABILITIES</b>	<b><u>307,143</u></b>	<b><u>312,682</u></b>
<b>COMMITMENTS AND CONTINGENCIES (Note K)</b>		
<b>NET ASSETS</b>		
Unrestricted	1,079,023	1,381,776
Temporarily restricted (Note L)	<u>575,188</u>	<u>554,107</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,654,211</u></b>	<b><u>1,935,883</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,961,354</u></b>	<b>\$ <u>2,248,565</u></b>

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

**SUMOFUS AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016		2015	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
<b>SUPPORT AND REVENUE</b>				
Grants and contributions (Notes B and I)	\$ 3,849,509	\$ 633,195	\$ 4,432,513	\$ 458,496
Program revenues	155,000	-	13,223	-
Donated in-kind services and costs (Notes B and J)	-	-	2,550	-
Other (loss) gain income	(571)	-	661	661
Investment income (Note D)	1,371	-	688	688
Net assets released from restrictions	612,114	(612,114)	324,401	(324,401)
<b>TOTAL SUPPORT AND REVENUE</b>	<u>4,617,423</u>	<u>21,081</u>	<u>4,774,036</u>	<u>134,095</u>
				<u>4,908,131</u>
<b>EXPENSES</b>				
Program services	4,282,943	-	4,409,300	-
Management and general	468,385	-	330,647	-
Fundraising and development	168,848	-	133,304	-
<b>TOTAL EXPENSES</b>	<u>4,920,176</u>	<u>4,920,176</u>	<u>4,873,251</u>	<u>4,873,251</u>
<b>Change in Net Assets</b>	(302,753)	21,081	(99,215)	134,095
<b>Net Assets - Beginning of Year</b>	<u>1,381,776</u>	<u>554,107</u>	<u>1,480,991</u>	<u>420,012</u>
<b>Net Assets - End of Year</b>	<u>\$ 1,079,023</u>	<u>\$ 575,188</u>	<u>\$ 1,381,776</u>	<u>\$ 554,107</u>
				<u>\$ 1,935,883</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, 2016 AND 2015**

	2016			2015				
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 1,153,334	\$ 227,819	\$ 42,716	\$ 1,423,869	\$ 1,036,620	\$ 158,763	\$ 24,840	\$ 1,220,223
Payroll taxes and related costs	482,193	95,248	17,859	595,300	349,896	40,830	6,388	397,114
Total salaries and related costs	1,635,527	323,067	60,575	2,019,169	1,386,516	199,593	31,228	1,617,337
Grants expense (Note B)	190,749			190,749	178,454			178,454
Campaign costs and media	313,055			313,055	580,241			580,241
Information technology	337,456	7,896	1,481	346,833	388,717	6,019	942	395,678
Consulting and contracted services	1,336,912	2,308	91,522	1,430,742	1,328,835	9,876	85,657	1,424,368
Staff development	53,767	10,620	1,991	66,378	37,353	6,616	1,035	45,004
Legal and accounting	73,468	47,154	2,689	123,311	123,098	52,515	2,922	178,535
Travel and related expenses	34,069	37,396	3,077	74,542	34,740	28,026	6,601	69,367
Occupancy costs (Notes I and K)	66,610	13,157	2,467	82,234	60,613	10,724	1,675	73,012
Recruitment	40,351	7,971	1,495	49,817	9,035	1,600	250	10,885
Office supplies and general expenses	40,189	7,389	1,377	48,955	31,806	5,323	1,374	38,503
Telecommunications	21,489	4,245	796	26,530	24,646	4,365	683	29,694
Campaign related conferences	101,908			101,908	191,429			191,429
Insurance	13,949	2,551	510	17,010	11,144		309	13,427
Depreciation and amortization	23,444	4,631	868	28,943	22,673	4,016	628	27,317
<b>TOTAL EXPENSES</b>	<b>\$ 4,282,943</b>	<b>\$ 468,385</b>	<b>\$ 168,848</b>	<b>\$ 4,920,176</b>	<b>\$ 4,409,300</b>	<b>\$ 330,647</b>	<b>\$ 133,304</b>	<b>\$ 4,873,251</b>

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, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (281,672)	\$ 34,880
Adjustments to reconcile change in net assets to net cash (used) from operating activities:		
Depreciation and amortization	28,943	27,317
Unrealized (gains) losses on investments	(134)	546
Changes in Assets and Liabilities:		
(Increase) decrease in assets:		
Grants and contributions receivable	(152,639)	(212,947)
Other receivable	(30,000)	
Prepaid expenses	18,541	(14,126)
Other assets	(10,008)	(6,880)
Increase in liabilities:		
Accounts payable and accrued expenses	6,939	87,459
Grants payable	(12,478)	16,800
<b>Net Cash Used Operating Activities</b>	<u>(432,508)</u>	<u>(66,951)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(1,200)	(1,001,092)
Property and equipment acquisitions	(6,885)	(25,369)
<b>Net Cash Used by Investing Activities</b>	<u>(8,085)</u>	<u>(1,026,461)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(440,593)	(1,093,412)
Cash and cash equivalents - beginning of year	<u>871,489</u>	<u>1,964,901</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 430,896</u>	<u>\$ 871,489</u>
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

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

**SUMOFUS AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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 contributions solicited worldwide.

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 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, 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 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, 2016 AND 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, 2016 and 2015 are as follows:

	2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments:				
Money Market	\$ 1,002,376	\$	\$	\$ 1,002,376
Equities	<u>2,104</u>	<u>          </u>	<u>          </u>	<u>2,104</u>
	<u>\$ 1,004,480</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,004,480</u>
	2015			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments:				
Money Market	\$ 1,001,176	\$	\$	\$ 1,001,176
Equities	<u>1,970</u>	<u>          </u>	<u>          </u>	<u>1,970</u>
	<u>\$ 1,003,146</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,003,146</u>

**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.

**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, 2016 AND 2015  
(Continued)**

**Note B – Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

The Organization recognizes program consulting income 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 October 4, 2017.

**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, 2015 financial statements have been reclassified to conform to the December 31, 2016 presentation.

**Note C – Grants and Contribution Receivable**

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

	<u>2016</u>	<u>2015</u>
Unconditional promises to be collected in:		
Less than one year	\$ <u>448,616</u>	\$ <u>295,977</u>

**Note D – Investments**

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

	<u>2016</u>	<u>2015</u>
Money Market	\$ 1,002,376	\$ 1,001,176
Equities	<u>2,104</u>	<u>1,970</u>
	\$ <u>1,004,480</u>	\$ <u>1,003,146</u>

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

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 1,237	\$ 1,234
Unrealized gains (losses) on investments	<u>134</u>	<u>(546)</u>
	\$ <u>1,371</u>	\$ <u>688</u>

**SUMOFUS AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015  
(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:

	2016	2015
Computers and other equipment	\$ 71,378	\$ 64,493
Less: accumulated depreciation	<u>(49,581)</u>	<u>(32,534)</u>
	<u>\$ 21,797</u>	<u>\$ 31,959</u>

**Note F – Other Assets**

Other assets consist of the following as of December 31:

	2016	2015
Website	\$ 57,460	\$ 47,452
Less: accumulated amortization	<u>(45,785)</u>	<u>(33,889)</u>
	11,675	13,563
Security deposits	<u>5,693</u>	<u>5,693</u>
	<u>\$ 17,368</u>	<u>\$ 19,256</u>

**Note G – Grants Payable**

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

	2016	2015
Payable in less than one year	<u>\$ 34,322</u>	<u>\$ 46,800</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, 2016 and 2015, the uninsured cash balances approximated to \$-0- and \$144,738, 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, 2016 and 2015 approximated \$75,184 and \$62,966, 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:

	2016	2015
Total contributions	\$ 4,831,276	\$ 5,154,461
Less: income processing fees	(270,292)	(235,308)
fiscal sponsor fees	<u>(18,788)</u>	<u>(28,144)</u>
	<u>\$ 4,542,196</u>	<u>\$ 4,891,009</u>

**SUMOFUS AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**Note J – Donated In-kind Services and Costs**

The Organization received the following in-kind services and costs for the years 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. 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 \$82,234 and \$73,012 for the years ended December 31, 2016 and 2015, 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, 2016 and 2015, approximately \$15,832 and \$4,656, respectively, 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:

	<u>2016</u>	<u>2015</u>
Time restricted - Education	\$ 428,725	\$ 267,470
Program restricted - Education	<u>146,463</u>	<u>286,637</u>
	<u>\$ 575,188</u>	<u>\$ 554,107</u>

**Note M – Collective Bargaining Agreement**

The non-management employees representing approximately 42% 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 N – Retirement Plan**

The Organization has adopted a 401(k) plan. All employees become eligible after six months of employment from date of hire. Participants are 100% vested upon entering the plan. The Organization contributes an 8% non-matching contribution of salary annually for all eligible staff. For the years ended December 31, 2016 and 2015, the Organization contributed \$71,185 and \$77,412, respectively.