



350.ORG

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

TABLE OF CONTENTS
SEPTEMBER 30, 2016

	<u>Pages</u>
Independent Auditors' Report.....	3-4
Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Cash Flows	7
Notes to Financial Statements.....	8-13

Independent Auditors' Report

To the Board of Directors
350.Org
Washington, D.C.

We have audited the accompanying financial statements of 350.Org (the Organization) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities 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.

Auditors' 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 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 auditors consider 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 350.Org as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
350.Org

Report on Summarized Comparative Information

We have previously audited the Organization's September 30, 2015, financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 26, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
May 16, 2017

Certified Public Accountants

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 6,346,090	\$ 1,894,414
Certificates of Deposit	-	807,515
Pledges and Grants Receivable	1,324,307	1,291,087
Due from 350.Org Action Fund	137,867	-
Employee Advances	-	10,849
Prepaid Expenses and Other Current Assets	<u>24,371</u>	<u>69,298</u>
Total Current Assets	7,832,635	4,073,163
Pledges and Grants Receivable, Net of Current Portion	50,000	971,306
Investments	69,786	-
Security Deposits	26,823	24,814
Property and Equipment, Net	<u>55,059</u>	<u>68,260</u>
Total Assets	<u><u>\$ 8,034,303</u></u>	<u><u>\$ 5,137,543</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 473,503	\$ 743,728
Due to 350.Org Action Fund	-	7,871
Accrued Vacation	<u>243,628</u>	<u>222,312</u>
Total Current Liabilities	717,131	973,911
Net Assets		
Unrestricted	5,944,370	1,901,239
Temporarily Restricted	<u>1,372,802</u>	<u>2,262,393</u>
Total Net Assets	<u>7,317,172</u>	<u>4,163,632</u>
Total Liabilities and Net Assets	<u><u>\$ 8,034,303</u></u>	<u><u>\$ 5,137,543</u></u>

See accompanying Notes to Financial Statements.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Revenue				
Grants and Contributions	\$ 12,039,309	\$ 1,724,205	\$ 13,763,514	\$ 11,233,864
Donated Services	37,562	-	37,562	27,442
Interest Income	2,567	-	2,567	435
Gain (Loss) on Investments	481	-	481	(5,366)
Other Income	5,229	-	5,229	51,022
Releases from Restriction	2,613,796	(2,613,796)	-	-
Total Revenue	14,698,944	(889,591)	13,809,353	11,307,397
Expenses				
Program Services				
Field	7,699,638	-	7,699,638	5,741,729
Communications	522,128	-	522,128	819,555
Digital	907,787	-	907,787	846,087
Total Program Services	9,129,553	-	9,129,553	7,407,371
Supporting Services				
Management and General	1,180,945	-	1,180,945	1,305,739
Fundraising	345,315	-	345,315	221,180
Total Supporting Services	1,526,260	-	1,526,260	1,526,919
Total Expenses	10,655,813	-	10,655,813	8,934,290
Change in Net Assets	4,043,131	(889,591)	3,153,540	2,373,107
Net Assets, Beginning of Year	1,901,239	2,262,393	4,163,632	1,790,525
Net Assets, End of Year	\$ 5,944,370	\$ 1,372,802	\$ 7,317,172	\$ 4,163,632

See accompanying Notes to Financial Statements.

350.ORG

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2015)

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 3,153,540	\$ 2,373,107
Adjustments to Reconcile Change in Net Assets to to Net Cash Provided by Operating Activities		
Depreciation and Amortization	40,356	32,692
(Gain) Loss on Investments	(481)	5,366
Loss on Disposal of Property and Equipment	-	1,609
Decrease (Increase) in Pledges and Grants Receivable	888,086	(2,162,393)
Decrease in Employee Advances	10,849	30,495
Decrease (Increase) in Prepaid Expenses and Other Current Assets	44,927	(9,502)
Increase in Security Deposits	(2,009)	(6,285)
(Decrease) Increase in Accounts Payable	(270,225)	139,067
Decrease in Due to/from 350.Org Action Fund	(145,738)	(55,722)
Increase in Accrued Vacation	21,316	50,624
	<u>3,740,621</u>	<u>399,058</u>
Net Cash Provided by Operating Activities	3,740,621	399,058
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(27,155)	(45,779)
Donated Securities Received	(266,476)	(235,992)
Proceeds from Sales of Investments	197,171	230,626
Purchases of Certificates of Deposit	-	(1,614,865)
Maturities of Certificates of Deposit	807,515	1,614,448
	<u>711,055</u>	<u>(51,562)</u>
Net Cash Provided by (Used in) Investing Activities	711,055	(51,562)
Net Increase in Cash and Cash Equivalents	4,451,676	347,496
Cash and Cash Equivalents, Beginning of Year	1,894,414	1,546,918
Cash and Cash Equivalents, End of Year	\$ 6,346,090	\$ 1,894,414

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

350.Org (the Organization) is a dynamic and highly collaborative climate change campaign, building a global grassroots movement to solve the climate crisis. The Organization works with volunteers in countries around the world, using online tools to facilitate strategic campaigns, grassroots organizing, and public engagement actions in order to communicate both the realities of science and principles of justice and help realize the solutions that will ensure a better future for all.

The Organization is supported primarily by grants and contributions.

The major programs of the Organization are as follows:

Field: The Field program works to bring international and national policy more in line with the scientific necessities of tackling the climate crisis. This work is accomplished by building broad and deep connections to support an international network of climate activists, as well as identifying key moments to elevate an issue and advocate for social change.

Communications: The Communications program works to shape the terms of debate on climate change internationally and domestically through a creative and incisive narrative and a sophisticated media strategy encompassing both traditional and new media.

Digital: The Digital program works to facilitate dialogue and organizing amongst individuals, organizers, and organizations in the global climate movement around the world. This work is accomplished through online media such as emails, blogs, and social networks, multimedia such as photo galleries and videos, and web tools such as online maps that allow users to more quickly and easily understand how to connect to a global movement for change.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Income Taxes

The Internal Revenue Service has determined the Organization to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and not to be a private foundation within the meaning of Section 509(a) of the Code. However, income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. The Organization had no net unrelated business income for the year ended September 30, 2016.

The Organization requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization's IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination generally for three years after it is filed.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all cash held in demand deposit accounts to be cash and cash equivalents, excluding amounts held in the investment account.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accrued interest.

Investments

Equity investments are recorded at fair value using quotations on national exchanges. Debt securities are recorded at fair value using readily available pricing sources for comparable investments. Investment income, including realized and unrealized gains and losses, is included in the statement of activities.

Pledges and Grants Receivable

The Organization records pledges and grants receivable at estimated net realizable value. The Organization reviews the collectability of the receivables on a regular basis, and no reserve for doubtful accounts has been established because management expects to collect receivables in full.

Property and Equipment

The Organization capitalizes all property and equipment acquisitions greater than \$500. Property and equipment are recorded at cost, if purchased, or at fair market value, if donated. Depreciation is computed using the straight-line method over the useful lives of the assets. Maintenance and repairs are charged to expense when incurred.

Revenue Recognition

Unconditional contributions are recorded as support, at fair value, when received or when promised. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the existence and/or nature of the restriction. When the stipulated time restriction ends or the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement activities as net assets released from restrictions.

Contributed securities are recorded at fair value on the date of the gift.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

For financial statement purposes, net assets are classified as follows:

Unrestricted: Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Temporarily Restricted: Temporarily restricted net assets include those net assets whose use by the Organization has been donor-restricted by specific time or purpose limitations.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services they directly benefit or upon management's estimates of the proportion of these costs applicable to each function.

Use of 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.

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended September 30, 2015. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended September 30, 2015, from which the summarized information was derived.

Reclassification

Certain 2015 amounts have been reclassified for comparative purposes.

2. CONCENTRATIONS

As of September 30, 2016, approximately 91% of the pledges and grants receivable were due from three donors. For the year ended September 30, 2016, approximately 51% of grants and contributions revenue were received from two donors.

The Organization maintains cash balances at a financial institution. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to a certain amount. At times during the year, the Organization's cash balance exceeded the FDIC insurance amount. Management believes the risk in this situation to be minimal.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of September 30, 2016:

<u>Purpose</u>	<u>Amount</u>
Turkey	\$ 4,044
Time Restricted	1,368,758
Total Temporarily Restricted Net Assets	<u>\$ 1,372,802</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions specified by donors for the year ended September 30, 2016, as follows:

<u>Purpose</u>	<u>Amount</u>
Analysis and Research	\$ 500
Break Free	246,335
ExxonKnew	500
Fossil Freeze	120,000
Fossil Fuel Divestment	189,727
Movement Building	571,000
Paris Climate Summit	268,322
Powershift	400
Tarsands	62,384
Turkey	39,642
Youth Leadership and Training	40,000
Time Restricted	1,074,986
Net Assets Released from Restrictions	<u>\$ 2,613,796</u>

4. RELATED PARTY TRANSACTIONS

The Organization shares office space and other related expenses and services with 350.Org Action Fund (the Fund), a nonprofit organization exempt under Section 501(c)(4) of the Internal Revenue Code. Costs have been allocated between the Organization and the Fund based upon salaries and other contractual arrangements. Total expenses allocated to the Fund for the year ended September 30, 2016, were approximately \$139,000.

5. RETIREMENT PLAN

The Organization established a 401(k) plan (the Plan), effective January 1, 2009, that covers all employees age 21 and older with 90 days of service. Matching contributions will be made on behalf of participants in an amount equal to 100% of the eligible participant's elective deferrals that do not exceed 3% of the participant's compensation and 50% of the amount of the participant's elective deferrals that exceed 3% of the participant's compensation up to 5% of the participant's compensation. The matching contribution will not exceed 4% of the participant's compensation. The Organization's contributions to the Plan were approximately \$64,000 for the year ended September 30, 2016.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30, 2016:

<u>Description</u>	<u>Amount</u>
Equipment	\$ 137,601
Software	39,251
Website	97,104
	<u>273,956</u>
Less Accumulated Depreciation and Amortization	<u>(218,897)</u>
Property and Equipment, Net	<u><u>\$ 55,059</u></u>

7. DONATED SERVICES

Donated legal services were reported as management and general expenses in the amount of approximately \$38,000.

8. OPERATING LEASES

The Organization has various leases for office space and is obligated under the leases through October 2018.

Future minimum rental payments required under the leases are as follows:

<u>For the Years Ending September 30,</u>	<u>Amount</u>
2017	\$ 86,509
2018	61,650
2019	5,150
Total Minimum Lease Payments	<u><u>\$ 153,309</u></u>

Rent expense for the year ended September 30, 2016, was approximately \$270,000.

9. PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable consisted of the following as of September 30, 2016:

<u>Description</u>	<u>Amount</u>
Receivable in Less than One Year	\$ 1,324,307
Receivable in One to Five Years	50,000
Total Pledges and Grants Receivable	<u><u>\$ 1,374,307</u></u>

10. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets (examples include equity securities);

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

10. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds); and

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities, alternate investments and split-interest agreements).

The following presents the Organization's assets measured at fair value as of September 30, 2016:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Money Market	\$ 5,005	\$ 5,005	\$ -	\$ -
Equities	17,486	17,486	-	-
Municipal Bond	47,295	-	47,295	-
Total	\$ 69,786	\$ 22,491	\$ 47,295	\$ -

The Organization's Level 2 investment is valued based on readily available pricing sources for a comparable investment.

11. SUBSEQUENT EVENTS

Subsequent events were evaluated through May 16, 2017, which is the date the financial statements were available to be issued.