

350.ORG

AUDITED FINANCIAL STATEMENTS

September 30, 2014

350.ORG
AUDITED FINANCIAL STATEMENTS
September 30, 2014

| | |
|---------------------------------------|------|
| Independent Auditor’s Report | 1-2 |
| Statement of Financial Position | 3 |
| Statement of Activities..... | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6-10 |



7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600
(F) 301.986.0432

1901 L STREET, NW
SUITE 750
WASHINGTON, DC 20036
(T) 202.822.0717
(F) 202.822.0739

Board of Directors
350.Org
Washington, DC

Independent Auditor's Report

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, 2014, 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.

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 of 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 financial statements referred to above present fairly, in all material respects, the financial position of 350.Org, as of September 30, 2014, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's September 30, 2013 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 11, 2014. In our opinion, the summarized comparative information presented herein as and for the year ended September 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Washington, DC
September 28, 2015

Certified Public Accountants

350.ORG
STATEMENT OF FINANCIAL POSITION
September 30, 2014
(With Summarized Financial Information for September 30, 2013)

| | 2014 | 2013 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,354,016 | \$ 4,086,276 |
| Pledges and grants receivable | 100,000 | 500,000 |
| Employee advances | 41,344 | -0- |
| Prepaid expenses and other current assets | 59,796 | 58,607 |
| TOTAL CURRENT ASSETS | 2,555,156 | 4,644,883 |
| SECURITY DEPOSITS | 18,529 | 18,529 |
| FIXED ASSETS, net | 56,782 | 38,086 |
| TOTAL ASSETS | \$ 2,630,467 | \$ 4,701,498 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 604,661 | \$ 202,976 |
| Due to 350.Org Action Fund | 63,593 | 71,996 |
| Accrued vacation | 171,688 | 74,731 |
| TOTAL CURRENT LIABILITIES | 839,942 | 349,703 |
| NET ASSETS | | |
| Unrestricted | 1,690,525 | 3,825,811 |
| Temporarily restricted | 100,000 | 525,984 |
| TOTAL NET ASSETS | 1,790,525 | 4,351,795 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 2,630,467 | \$ 4,701,498 |

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

350.ORG
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014
(With Summarized Financial Information for the Year Ended September 30, 2013)

| | Unrestricted | Temporarily Restricted | 2014 Total | 2013 Total |
|--------------------------------|---------------------|---------------------------|---------------------|---------------------|
| REVENUE | | | | |
| Grants and contributions | \$ 4,372,230 | \$ 1,376,213 | \$ 5,748,443 | \$ 6,332,569 |
| Donated services | 21,810 | | 21,810 | 29,569 |
| Interest income | 403 | | 403 | 467 |
| Gain on investments | 2,796 | | 2,796 | 3,211 |
| Other income | 5,694 | | 5,694 | 201,778 |
| Releases from restriction | 1,802,197 | (1,802,197) | -0- | -0- |
| TOTAL REVENUE | 6,205,130 | (425,984) | 5,779,146 | 6,567,594 |
| EXPENSES | | | | |
| Program services: | | | | |
| U.S. and Global Field | 5,999,010 | | 5,999,010 | 3,886,925 |
| Communications | 302,521 | | 302,521 | 456,181 |
| Digital | 840,967 | | 840,967 | 516,606 |
| Total program services | 7,142,498 | -0- | 7,142,498 | 4,859,712 |
| Supporting services: | | | | |
| Management and general | 1,032,127 | | 1,032,127 | 258,910 |
| Fundraising | 165,791 | | 165,791 | 107,269 |
| Total supporting services | 1,197,918 | -0- | 1,197,918 | 366,179 |
| TOTAL EXPENSES | 8,340,416 | -0- | 8,340,416 | 5,225,891 |
| CHANGE IN NET ASSETS | (2,135,286) | (425,984) | (2,561,270) | 1,341,703 |
| NET ASSETS, | | | | |
| BEGINNING OF YEAR | 3,825,811 | 525,984 | 4,351,795 | 3,010,092 |
| NET ASSETS, END OF YEAR | \$ 1,690,525 | \$ 100,000 | \$ 1,790,525 | \$ 4,351,795 |

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

350.ORG
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2014
(With Summarized Financial Information for the Year Ended September 30, 2013)

| | 2014 | 2013 |
|---|-----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| CHANGE IN NET ASSETS | \$ (2,561,270) | \$ 1,341,703 |
| Adjustments to reconcile change in net assets to to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 24,067 | 11,452 |
| Gain on investments | (2,796) | (3,211) |
| Loss on disposal of fixed assets | 2,316 | -0- |
| Decrease in pledges and grants receivable | 400,000 | 13,074 |
| Decrease in due from 350.Org Action Fund | -0- | 31,944 |
| Increase in employee advances | (41,344) | -0- |
| Increase in prepaid expenses and other current assets | (1,189) | (13,657) |
| Increase in security deposits | -0- | (10,079) |
| Increase in accounts payable | 401,685 | 111,559 |
| (Decrease) increase in due to 350.Org Action Fund | (8,403) | 71,996 |
| Increase in accrued vacation | 96,957 | 49,019 |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | (1,689,977) | 1,603,800 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of fixed assets | (45,079) | (38,872) |
| Donated securities received | (79,344) | (112,427) |
| Proceeds from sales of investments | 82,140 | 115,638 |
| NET CASH USED IN INVESTING ACTIVITIES | (42,283) | (35,661) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (1,732,260) | 1,568,139 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 4,086,276 | 2,518,137 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 2,354,016 | \$ 4,086,276 |

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

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization 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:

US Field: The US Field program campaigns to bring US federal and local policy in line with the scientific necessities of tackling the climate crisis. This work is accomplished through building broad and deep grassroots connections to support community level organizing nation-wide, as well as identifying key moments to elevate an issue and advocate for social change.

Global Field: The Global Field program campaigns 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 grassroots connections to support an international network of climate activists in nearly every country on Earth, 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 ruled the Organization to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and it is not 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, 2014.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income Taxes
(Continued)

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.

Cash and Cash
Equivalents

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

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.

Fixed Assets

The Organization capitalizes all fixed asset acquisitions greater than \$500. Fixed assets 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 gift and are generally sold immediately.

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.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Net Assets For financial statement purposes, net assets are recorded 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and reported amounts of revenue and expenses during that period. 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, 2013. 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, 2013, from which the summarized information was derived.

Reclassifications Certain 2013 amounts have been reclassified for comparative purposes.

NOTE B – CONCENTRATIONS

As of September 30, 2014, the pledges and grants receivable were due from one donor.

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.

350.ORG
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2014

NOTE C – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of September 30, 2014:

| Purpose | Amount |
|--|-------------------|
| Subsequent year operations | \$ 100,000 |
| Total temporarily restricted net assets | \$ 100,000 |

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors for the year ended September 30, 2014 as follows:

| Purpose | Amount |
|--|---------------------|
| US and global campaigns | \$ 665,900 |
| Tarsands | 110,000 |
| Leadership Training | 33,084 |
| Reject and Protect Action | 46,138 |
| Buses for Transportation | 150,000 |
| Peoples March | 187,115 |
| Divestment and Weakening FF Industry | 74,960 |
| Reducing Coal Use | 10,000 |
| International Donations Platforms | 25,000 |
| Subsequent year operations | 500,000 |
| Net assets released from restrictions | \$ 1,802,197 |

NOTE D – 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 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, 2014 were \$8,000.

NOTE E – 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 \$38,500 for the year ended September 30, 2014.

350.ORG
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2014

NOTE F – FIXED ASSETS

Fixed assets consisted of the following as of September 30, 2014:

| Description | Amount |
|---|------------------|
| Equipment | \$ 86,272 |
| Software | 30,015 |
| Website | 97,104 |
| | 213,391 |
| Less: accumulated depreciation and amortization | (156,609) |
| Fixed assets, net | \$ 56,782 |

NOTE G – DONATED SERVICES

The legal and marketing expenses were reported as management and general and U.S. and Global Field expenses in the amounts of approximately \$5,000 and \$17,000, respectively.

NOTE H – OPERATING LEASES

The Organization has various leases for office space and is obligated under the leases through October of 2016, including a lease signed subsequent to September 30, 2014.

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

| Years Ending December 31, | Amount |
|-------------------------------------|-------------------|
| 2015 | \$ 133,461 |
| 2016 | 75,850 |
| Total minimum lease payments | \$ 209,311 |

Rent expense for the year ended September 30, 2014 was approximately \$216,000.

NOTE I – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 28, 2015, which is the date the financial statements were available to be issued.