



RAZOO FOUNDATION

RAZOO FOUNDATION

**AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2015 AND 2014

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Audited Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 12
Supplementary Information	
Independent Auditor's Report on Supplementary Information	13
Schedules of Functional Expenses	14 - 15
Schedules of Donor-Advised Funds	16



Independent Auditor's Report

Board of Directors
Razoo Foundation
Washington, D.C.

We have audited the accompanying financial statements of the **Razoo Foundation** (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2015 and 2014, and the related Statements of Activities and Changes in Net Assets 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 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 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.

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Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Razoo Foundation** as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Aronson LLC

Rockville, Maryland
March, 11 2016

Razoo Foundation

Statements of Financial Position

<i>December 31,</i>	2015	2014
Assets		
Current assets		
Cash and cash equivalents (See Note 1)	\$ 6,806,771	\$ 7,515,239
Grants receivable	340,416	239,328
Prepaid expenses	4,511	1,746
Total assets	\$ 7,151,698	\$ 7,756,313
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 452,782	\$ 510,548
Total liabilities	452,782	510,548
Net assets		
Unrestricted		
Donor-advised (See Note 1)	6,434,430	6,802,611
Board designed	36,150	-
Undesignated	228,336	390,154
Temporarily restricted	-	53,000
Total net assets	6,698,916	7,245,765
Total liabilities and net assets	\$ 7,151,698	\$ 7,756,313

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Razoo Foundation

Statement of Activities and Changes in Net Assets

<i>Year Ended December 31, 2015</i>	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions to donor-advised fund	\$ 41,424,343	\$ -	\$ 41,424,343
Corporate and foundation contributions	3,335	21,500	24,835
Revenue before release from restrictions	41,427,678	21,500	41,449,178
Net assets released from restrictions	74,500	(74,500)	-
Total revenues	41,502,178	(53,000)	41,449,178
Expenses			
Program services	41,464,214	-	41,464,214
Management and general	385,045	-	385,045
Fundraising	146,768	-	146,768
Total expenses	41,996,027	-	41,996,027
Change in net assets	(493,849)	(53,000)	(546,849)
Net assets, at beginning of period	7,192,765	53,000	7,245,765
Net assets, at end of period	\$ 6,698,916	\$ -	\$ 6,698,916

The accompanying Notes to Financial Statements are an integral part to these financial statements.

Razoo Foundation

Statement of Activities and Changes in Net Assets

<i>Year Ended December 31, 2014</i>	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions to donor-advised fund	\$ 50,650,089	\$ -	\$ 50,650,089
Corporate and foundation contributions	2,890	122,000	124,890
Donated services	53,861	-	53,861
Revenue before release from restrictions	50,706,840	122,000	50,828,840
Net assets released from restrictions	69,000	(69,000)	-
Total revenues	50,775,840	53,000	50,828,840
Expenses			
Program services	52,650,379	-	52,650,379
Management and general	504,931	-	504,931
Fundraising	190,942	-	190,942
Total expenses	53,346,252	-	53,346,252
Change in net assets	(2,570,412)	53,000	(2,517,412)
Net assets, at beginning of period	9,763,177	-	9,763,177
Net assets, at end of period	\$ 7,192,765	\$ 53,000	\$ 7,245,765

The accompanying Notes to Financial Statements are an integral part to these financial statements.

Razoo Foundation

Statements of Cash Flows

<i>Years Ended December 31,</i>	2015	2014
Cash flows from operating activities		
Change in net assets	\$ (546,849)	\$ (2,517,412)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Increase (decrease) in assets		
Grants receivable	(101,088)	(228,928)
Prepaid expenses	(2,765)	16,363
(Decrease) increase in liabilities		
Accounts payable and accrued expenses	(57,766)	106,711
Net cash used by operating activities	(708,468)	(2,623,266)
Net change in cash and cash equivalents	(708,468)	(2,623,266)
Cash and cash equivalents, beginning of period	7,515,239	10,138,505
Cash and cash equivalents, end of period	\$ 6,806,771	\$ 7,515,239

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Razoo Foundation

Notes to Financial Statements

1. Organization and significant accounting policies

Organization: Razoo Foundation (the “Foundation”), a public charity operating a donor-advised fund, was established as a Delaware nonprofit corporation on April 19, 2010 to foster and promote e-philanthropy and accept charitable contributions from donors and receive donor advisements, maintain such contributions in a separately identified fund, and make distributions to tax-exempt or other qualifying organizations under the Internal Revenue Code of 1986, as amended (the “Code”). The Foundation has been approved by the Internal Revenue Service (“IRS”) as a tax-exempt organization described in Section 501(c)(3) of the Code.

The Foundation fosters the democratization of philanthropy, promoting high volume fundraising by providing cost-efficient e-solutions for charitable giving that widely benefits the charitable sector. By using state of the art technological advancements, the Foundation provides secure donation processing e-solutions to its donors.

As a cornerstone to fostering and facilitating fundraising and grant-making, the Foundation educates both the donor public and charitable sector about e-philanthropy and supports the growth and positive reputation of e-philanthropy. The Foundation’s educational services will span the globe through research, white papers, charity surveys, philanthropic compendiums, etc.

The Foundation maintains its headquarters in Washington, D.C. In January 2016 the Foundation moved to Alexandria, Virginia.

As discussed in Note 2, the Foundation receives operational support from the Razoo Global Corporation (the “Corporation”). The Foundation currently receives donor advised contributions through the use of the Corporation’s website, i.e., Razoo.com.

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, including specialized industry practices as specified in the American Institute of Certified Public Accountants audit and accounting guide titled *Not-for-Profit Organizations*.

Cash and cash equivalents: For financial reporting purposes, the Foundation considers all highly liquid financial instruments with original maturities of three months or less when purchased to be cash equivalents. At times, cash and cash equivalents may exceed federally insured limits. However, management believes that the Foundation does not face a significant risk of loss on these accounts due to the failure of these financial institutions.

Razoo Foundation

Notes to Financial Statements

Grants receivable: Grants receivable represent unconditional promises to give and are recorded at the time the promise is received by the Foundation. Grants receivable, less an appropriate allowance, if needed, are recorded at their estimated fair value. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience. At December 31, 2015 and 2014, the Foundation determined that no allowance was necessary. All amounts are expected to be received in less than one year.

Classification of net assets: Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted undesignated net assets: Unrestricted undesignated net assets represent funds to be used for the furtherance of the Foundation's charitable objectives.

Unrestricted donor-advised net assets: Unrestricted donor-advised net assets represent donated funds earmarked by the Board of Directors for the purpose of issuing grants. The Razoo Foundation disbursed \$6,413,736 and \$6,758,538 of these funds to qualified, advised nonprofit organizations on January 8, 2016 and January 9, 2015 respectively. The remaining funds on these dates represent \$15,334 and \$13,750 in donor-advised gifts not yet advised and \$5,360 and \$30,323 in un-disbursable funds which occurs if an advised organization receives an advisement but is later deemed to have lost its tax-exempt, qualified status. Adjusted donor-advised fund grants as a percentage of donor-advised contributions were 93.25% for 2015 and 94.87% for 2014.

Unrestricted board-designed educational initiatives net assets: Unrestricted board designed net asset represent funds designated by the board of directors for philanthropic education.

Temporarily restricted net assets: Temporary restricted net assets represent funds subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.

Razoo Foundation

Notes to Financial Statements

Revenue recognition:

Contributions to donor-advised fund: Contributions are reported as revenue on the date received. All contributions represent completed and irrevocable charitable contributions and thus are not refundable. It is the Foundation's intent that donor-advised fund contributions made on its website be re-granted as per donor advisements to suggested U.S. 501(c)(3) or IRS Qualified tax-exempt organizations. The Foundation is not bound by such donor-advised fund contribution advisements, which are considered solely advisory. Re-granting decisions are made by the Foundation's staff only to qualified nonprofit organizations under delegated authority from the Board of Directors.

Corporate and foundation contributions: Corporate and foundation contributions are recognized as revenue in the period received or unconditionally promised. Contributions are recorded as unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restrictions.

Donated website, office space, and other services: Donated website, office space, and other services are reported at fair value (FMV) when received and are subject to management estimates.

Contributed personnel: Contributed personnel services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would typically be purchased if not provided by donation.

Additional contributed personnel services for customer service representatives were received from Razoo Global Corporation (see Note 2) and were estimated to be valued at \$0 and \$78,600 for the years ended December 31, 2015 and 2014. The value of these contributed services did not meet the criteria for recognition and, accordingly, are not recognized in the accompanying financial statements.

Razoo Foundation

Notes to Financial Statements

Functional allocation of expenses: Expenses are allocated into functional categories depending on the ultimate purpose of the expenditure. Expenses have been summarized in the accompanying financial statements as follows:

Program services include grants to charitable organizations and expenses incurred to educate the public on implementing a life style of generous living and grass roots philanthropy, disseminate information on charitable entities and activities, and facilitate the connection between generous living and doing good through grass roots philanthropy, through the Foundation's donor-advised fund, and other educational and philanthropic vehicles.

Management and general include expenses that are not directly related to a specific program function incurred by the Foundation in the accomplishment of its tax exempt purposes.

Fundraising includes expenses incurred to raise funds for the Foundation.

Tax status: The Foundation is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

Uncertainty in income taxes: The Foundation evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of December 31, 2015 and 2014, there were no excise taxes on disbursements made to a private non-operating foundation. If applicable, the Foundation records interest and penalties as a component of income tax expense. Tax years from 2012 through the current year remain open for examination by tax authorities.

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 statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through March 11, 2016, which is the date the financial statements were available to be issued.

Razoo Foundation

Notes to Financial Statements

2. Related party transactions

Razoo Global Corporation (the “Corporation”) is a venture-funded social enterprise committed to creating a more generous world through social fundraising. The Corporation seeks to affiliate with charities that share its charitable and philanthropic goals. Among those charities is one that the Corporation helped launch that is now an independent charity while sharing the Corporation’s charitable vision and name – the Razoo Foundation. In addition to shared space, the Corporation provides a part time executive and several administrative personnel, under the supervision of the Board of Directors, to assist the Foundation in day-to-day operations. The Foundation shared two, non-concurrent common board members with the Corporation during the year ended December 31, 2014.

The Foundation maintains its educational website at www.razoofoundation.org. In addition, Razoo Global Corporation owns and maintains, at its expense, a website platform at www.razoo.com on which it permits the Foundation to receive donor-advised contributions.

Historically, the Foundation has received donations of contributed personnel, web-based donation platform, office space and professional services without charge from Razoo Global Corporation. The estimated fair value of these donations is recorded, except as disclosed in Note 1, in the Statements of Activities and Changes in Net Assets and allocated to program services, management and general, and fundraising according to the nature of the items or services contributed. Effective for the year ended 2015 the Foundation reimbursed the Corporation for all administrative and support services required for the Foundation's direct operations.

For the years ended December 31, 2015 and 2014, the Foundation paid the Corporation approximately, \$1,928,000 and \$1,331,000, respectively, for personnel, web-based donation platform, office space and professional services. As of December 31, 2015 and 2014, the Foundation owed the Corporation a total amount of \$339,608 and \$347,450, respectively.

Razoo Foundation

Notes to Financial Statements

3. Temporarily restricted net assets	As of December 31, temporarily restricted net assets are available for the following purposes:		
		2015	2014
	Everyone's Kids Giving Event (EKEG)	\$ -	\$ 3,000
	ValleyGives	-	50,000
	<hr/>		
	Net temporarily restricted net assets	\$ -	\$ 53,000

For the years ended December 31, 2015 and 2014, temporarily restricted net asset releases by program were as follows:

	2015	2014
Day for the Brave	\$ 7,500	\$ -
Everyone's Kids Giving Event (EKEG)	17,000	69,000
ValleyGives	50,000	-
	<hr/>	
Total	\$ 74,500	\$ 69,000



Independent Auditor's Report on Supplementary Information

Board of Directors
Razoo Foundation
Washington, D.C.

We have audited the financial statements of the **Razoo Foundation** as of and for the years ended December 31, 2015 and December 31, 2014, and our report thereon dated March 11, 2016 which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses and the Schedules of Donor-Advised Funds are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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Rockville, Maryland
March 11, 2016

Razoo Foundation

Schedule of Functional Expenses

<i>Year Ended December 31, 2015</i>	Program Services	Management and General	Fundraising	Total
Grants - donor advisements	\$ 38,994,395	\$ -	\$ -	\$ 38,994,395
Grants - other	92,500	-	-	92,500
Personnel	88,451	126,357	37,908	252,716
Transaction costs	577,715	165,060	82,531	825,306
Website and database use	1,626,276	-	-	1,626,276
Legal and professional fees	18,931	27,044	8,113	54,088
Occupancy	22,130	31,614	9,484	63,228
Other expenses	18,789	26,842	8,052	53,683
Insurance expense	1,587	2,268	680	4,535
Training, education, conferences	23,440	5,860	-	29,300
Total expenses	\$ 41,464,214	\$ 385,045	\$ 146,768	\$ 41,996,027

See Independent Auditor's Report on Supplementary Information.

Razoo Foundation

Schedule of Functional Expenses

<i>Year Ended December 31, 2014</i>	Program Services	Management and General	Fundraising	Total
Grants - donor advisements	\$ 50,490,103	\$ -	\$ -	\$ 50,490,103
Grants - other	122,969	-	-	122,969
Personnel	109,731	156,758	47,028	313,517
Transaction costs	769,071	219,735	109,867	1,098,673
Website and database use	1,019,269	-	-	1,019,269
Legal and professional fees	50,504	72,148	21,645	144,297
Occupancy	16,308	23,298	6,989	46,595
Other expenses	11,288	16,126	4,838	32,252
Insurance expense	1,343	1,918	575	3,836
Training, education, conferences	59,793	14,948	-	74,741
Total expenses	\$ 52,650,379	\$ 504,931	\$ 190,942	\$ 53,346,252

See Independent Auditor's Report on Supplementary Information.

Razoo Foundation

Schedules of Donor-Advised Funds

<i>Years Ended December 31,</i>	2015	2014
Contributions to donor-advised fund	\$ 41,424,343	\$ 50,650,089
The change in the amount of contributions received or promised but not yet advised (giving cards and grants receivable)	23,379	53,680
Contributions to donor-advised fund with advisement	\$ 41,447,722	\$ 50,703,769
Regrants of donor-advised contributions made in current year	\$ 38,994,394	\$ 50,490,103
Regrant adjustments due timing of grants		
Less: Prior year donor-advised contributions paid in current year	(6,758,538)	(9,148,029)
Add: Current year donor-advised contributions paid in following year	6,413,736	6,758,538
Regranted donor advisements as adjusted	\$ 38,649,592	\$ 48,100,612
Donor-Advised fund regrants as a percentage of contributions	93.25%	94.87%

See Independent Auditor's Report on Supplementary Information.