



**RAZOO FOUNDATION**

**AUDITED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**PERIOD ENDED DECEMBER 31, 2010**

**Table of Contents**

---

	<b>Page</b>
<b>Independent Auditor’s Report</b>	1
<b>Audited Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8
<b>Supplementary Information</b>	
<b>Independent Auditor’s Report on Supplementary Information</b>	9
Schedule of Functional Expenses	10



805 King Farm Boulevard  
Suite 300  
Rockville, Maryland 20850

☎ 301.231.6200  
☎ 301.231.7630  
www.aronsonllc.com  
info@aronsonllc.com

## Independent Auditor's Report

Board of Directors  
**Razoo Foundation**  
Washington, D.C.

We have audited the accompanying Statement of Financial Position of **Razoo Foundation** (the "Foundation") as of December 31, 2010, and the related Statements of Activities and Changes in Net Assets and Cash Flows for the period from inception (April 19, 2010) to December 31, 2010. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on the 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Razoo Foundation's** internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Razoo Foundation** as of December 31, 2010, and the changes in its net assets and its cash flows for the period April 19, 2010 to December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

Rockville, Maryland  
October 31, 2011

# Razoo Foundation

## Statement of Financial Position

*December 31, 2010*

### Assets

#### Current assets

Cash and cash equivalents	\$ 3,309,290
---------------------------	--------------

<b>Total assets</b>	<b>\$ 3,309,290</b>
---------------------	---------------------

### Liabilities and Net Assets

#### Current liabilities

Accounts payable and accrued expenses	\$ 93,904
---------------------------------------	-----------

<b>Total liabilities</b>	<b>93,904</b>
--------------------------	---------------

#### Net assets

Unrestricted	
Donor advised	3,146,500
Undesignated	68,886

<b>Total net assets</b>	<b>3,215,386</b>
-------------------------	------------------

<b>Total liabilities and net assets</b>	<b>\$ 3,309,290</b>
---	---------------------

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

## Razoo Foundation

### Statement of Activities and Changes in Net Assets

*Period from Inception (April 19, 2010) to December 31, 2010*

<b>Unrestricted revenues</b>	
Contributions to donor advised fund	\$ 13,518,333
Corporate contributions	2,055,461
Donated website and office space	354,000
Contributed personnel	202,872
<b>Total unrestricted revenues</b>	<b>16,130,666</b>
<b>Expenses</b>	
Program services	12,652,803
Management and general	192,230
Fundraising	70,247
<b>Total expenses</b>	<b>12,915,280</b>
<b>Change in net assets</b>	<b>3,215,386</b>
<b>Net assets, at beginning of period</b>	<b>-</b>
<b>Net assets, at end of period</b>	<b>\$ 3,215,386</b>

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

## Razoo Foundation

### Statement of Cash Flows

*Period from Inception (April 19, 2010) to December 31, 2010*

<b>Cash flow from operating activities</b>	
Change in net assets	\$ 3,215,386
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities</b>	
<b>Increase in liabilities</b>	
Accounts payable and accrued expenses	93,904
<b>Net cash provided by operating activities</b>	<b>3,309,290</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,309,290</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 3,309,290</b>

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 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 eventually span the globe through research, white papers, charity surveys, philanthropic compendiums, etc.

The Foundation maintains its headquarters in Washington, D.C.

**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

---

### 1. Organization and significant accounting policies (continued)

**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 for the purpose of issuing grants. On January 10, 2011, the Razoo Foundation disbursed the balance of these funds to qualified, advised nonprofit organizations per its monthly disbursement cycle.

At December 31, 2010, the Foundation had no temporarily or permanently restricted net assets.

#### 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) charities. 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.

**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.



# Razoo Foundation

## Notes to Financial Statements

### 1. Organization and significant accounting policies (continued)

**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* includes donor advised contributions and grants to charitable organizations and expenses incurred to educate, disseminate information, and provide a charitable vehicle to the general public.

*Management and general* includes 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 Code and is classified as other than a private foundation within the meaning of Section 509(a)(2) of the 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, 2010 there is no accrual for uncertain tax positions. If applicable, the Foundation records interest and penalties as a component of income tax expense.

**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 October 31, 2011, which is the date the financial statements are available to be issued.

# Razoo Foundation

## Notes to Financial Statements

---

### **2. Related party transactions**

Razoo LLC (as of June 8, 2011 Razoo Global Corporation) is a venture-funded social enterprise committed to creating a more generous world through social fundraising. Razoo LLC seeks to affiliate with charities that share its charitable and philanthropic goals. Among those charities is one that Razoo LLC helped launch that is now an independent charity while sharing Razoo LLC's charitable vision and name – the Razoo Foundation. During its incubation the Foundation shares space, executive and administrative personnel, and has one common board member with Razoo LLC.

The Razoo website address is razoo.com (the “website”). The website, which is owned and maintained by Razoo LLC, enables donors to easily engage in charitable giving activities and 501(c)(3) organizations to engage in fundraising.

The Foundation received donations of contributed personnel, website use, office space and professional services without charge from Razoo LLC. The estimated fair value of these donations is recorded in the statement 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.



## Independent Auditor's Report on Supplementary Information

Board of Directors  
**Razoo Foundation**  
Washington, D.C.

We have audited the financial statements of **Razoo Foundation** as of and for the initial period ended December 31, 2010, and our report thereon dated October 31, 2011, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 10 is presented for purposes of additional analysis and is 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 audit 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.

Rockville, Maryland  
October 31, 2011

805 King Farm Boulevard  
Suite 300  
Rockville, Maryland 20850

☎ 301.231.6200  
☎ 301.231.7630  
www.aronsonllc.com  
info@aronsonllc.com

## Razoo Foundation

### Schedule of Functional Expenses

*Period from Inception  
(April 19, 2010) to  
December 31, 2010*

	Program Services	Management and General	Fundraising	Total
Grants	\$ 12,007,155	\$ -	\$ -	\$ 12,007,155
Personnel	71,005	101,436	30,431	202,872
Transaction costs	220,109	62,888	31,444	314,441
Website and database use	335,000	-	-	335,000
Legal and professional fees	8,934	12,763	3,829	25,526
Occupancy	6,650	9,500	2,850	19,000
Other expenses	3,161	4,515	1,355	9,031
Insurance expense	789	1,128	338	2,255
<b>Total expenses</b>	<b>\$ 12,652,803</b>	<b>\$ 192,230</b>	<b>\$ 70,247</b>	<b>\$ 12,915,280</b>

See Independent Auditor's Report on Supplementary Information.