

GoFundMe.org

FINANCIAL STATEMENTS


June 30, 2019



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GoFundMe.org
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
GoFundMe.org
Los Angeles, California

We have audited the accompanying financial statements of the GoFundMe.org (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses, 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 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 in the first paragraph present fairly, in all material respects, the financial position of GoFundMe.org as of June 30, 2019 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.

Emphasis of Matters

As discussed in Note 2 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, Not-for-Profit Entities (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

As part of our audit of the 2019 financial statements, we also audited the adjustments described in Note 9 that were applied to restate beginning net assets with donor restrictions. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the fiscal year 2018 financial statements of GofundMe.org other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the fiscal year 2018 financial statements as a whole.

Case, Riggs & Ingram, L.L.C.

Houston, Texas
February 28, 2020

GoFundMe.org
Statement of Financial Position

<i>June 30,</i>	2019
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Assets	
Cash and cash equivalents	\$ 539,535
Pledges receivable, net	2,298,928
Other receivables	215,378
Prepaid expense	1,596
<hr/>	
Total assets	\$ 3,055,437
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Liabilities and Net Assets	
Grants payable	\$ 43,272
Contingencies	
Net assets	
Without donor restrictions	13,508
With donor restrictions	2,998,657
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Total net assets	3,012,165
<hr/>	
Total liabilities and net assets	\$ 3,055,437
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The accompanying notes are an integral part of these financial statements.

GoFundMe.org
Statement of Activities

<i>For the year ended June 30,</i>	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 374,885	\$ 1,978,546	\$ 2,353,431
In-kind contributions	36,011	-	36,011
Net assets released from restrictions			
Satisfaction of program restrictions	4,401,742	(4,401,742)	-
Total support and revenue	4,812,638	(2,423,196)	2,389,442
Expenses			
Program services	4,406,423	-	4,406,423
Management and general	367,936	-	367,936
Fundraising	40,260	-	40,260
Total expenses	4,814,619	-	4,814,619
Change in net assets	(1,981)	(2,423,196)	(2,425,177)
Net assets beginning of year, previously stated	15,489	5,542,839	5,558,328
Prior period adjustment	-	(120,986)	(120,986)
Net assets beginning of year, as restated	15,489	5,421,853	5,437,342
Net assets at end of year	\$ 13,508	\$ 2,998,657	\$ 3,012,165

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

GoFundMe.org
Statement of Functional Expenses

<i>For the year ended June 30, 2019</i>	Program	Management and General	Fundraising	Total
Grants	\$ 4,368,777	\$ -	\$ -	\$ 4,368,777
Platform fees	-	-	442	442
Credit card processing fees	-	-	39,818	39,818
Professional services	-	284,438	-	284,438
Contract administrator	37,646	71,975	-	109,621
Miscellaneous	-	7,713	-	7,713
Bank and service fees	-	2,607	-	2,607
Subscriptions	-	1,203	-	1,203
Total expenses	\$ 4,406,423	\$ 367,936	\$ 40,260	\$ 4,814,619

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

GoFundMe.org
Statement of Cash Flows

<i>For the year ended June 30,</i>	2019
Operating activities	
Change in net assets	\$ (2,425,177)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Changes in operating assets and liabilities	
Pledges receivable, net	2,325,689
Other receivables	97,786
Prepaid expense	(1,596)
Grants payable	(11,872,773)
Net cash used in operating activities	(11,876,071)
Net change in cash and cash equivalents	(11,876,071)
Cash and cash equivalents, beginning of year	12,415,606
Cash and cash equivalents, end of year	\$ 539,535

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

NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES

GoFundMe.org (the "Organization") was organized in 2016 and chartered under the laws of the State of California. The Organization was formerly known as Direct Impact Fund with the name change effective in March 2019. While its mission is broad to include educational and other charitable initiatives, the primary purpose of the Organization is to enable the public to give to specific causes on the on-line platforms hosted by GoFundMe, Inc. under either the GOFUNDME or CROWDRISE BY GOFUNDME brands. The Organization receives funds donated through these platforms as well as direct donations from donors. Grants are made to either individuals determined to be in the charitable class impacted by the disaster, or charities providing assistance to the impacted charitable class.

In 2019, in addition to variety of other natural disasters, GoFundMe.org worked with the TIME'S UP movement and organized campaigns for Fall 2018 California Fires and furloughed workers impacted by the United States government shutdown.

Pursuant to the Bylaws, the Organization has two classes of board members – designated members and members elected by the Board. The designated member(s) are designated by GoFundMe, Inc. At no time, may designated members account for more than 49% of the total board membership.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- Disclosures have been expanded regarding the allocation of expenses by function (Note 2).
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3).

Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities in separate classes of net assets based on the existence or absence of donor-imposed restrictions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.
- Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations but may be designated for specific purpose by action of the Board of Directors.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Pledges Receivable

The pledges receivable are comprised of amounts committed from various donors for the Time's Up campaign. Pledges expected to be collected within one year are recorded at net realizable value. Pledges expected to be collected in future years are recorded at the present value of their estimated future cash flows using an appropriate discount rate commensurate with the risk involved. For the year ended June 30, 2019 the fair value discount was approximately \$84,238 (See Note 5).

An allowance reserve for refundable pledges, if any, is determined based on management's analysis of the potential for reneged donations. As of June 30, 2019, pledges receivable were considered fully collectible; therefore no allowance was required.

Other Receivables

Other receivables primarily consists of amount due from a third -party processor for on-line donations and are considered to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

As of June 30, 2019, the Organization is owed \$181,378 from the third-party credit card processor as a result of on-line donations not yet transferred to the Organization's operating account.

As of June 30, 2019, the Organization is owed \$34,000 from a foundation that received a grant from the Organization in error. Subsequent to year-end, the Organization received \$34,000 from the foundation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Payable

Grants are made in accordance with the Organization's mission. As of June 30, 2019, all grants payable were approved by the Board of Directors by June 30, 2019. All grants to either the charitable class or charities assisting the charitable class are vetted thoroughly before the Board approves payment. As a result, the Organization does not anticipate any grants will be required to be refunded by the grantee.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered restricted for the campaign contributed to by donors unless specifically noted as without restrictions by the donor.

Conditional promises to give, if any, are not included as support until the conditions are substantially met. The Organization did not have any conditional promises to give as of and for the year ended June 30, 2019.

Donated Services

The Organization recognizes donated services at their fair market value in the period received if the services received create or enhance nonfinancial assets that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchase if not provided by donation.

Functional Allocation of Expenses

The cost of providing certain activities of the Organization have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Costs identifiable to a program or supporting service are charged directly to that service. Contract administrator cost is allocated between program and supporting services based on estimated time and effort.

Federal Income Taxes

The Organization is a nonprofit, charitable organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax has been made in these financial statements.

The Organization accounts for uncertain tax position, when it is more likely than not, that such an asset or a liability will be realized. As of June 30, 2019, the Organization has determined there were no uncertain tax positions that require recognition or disclosure in the accompanying financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the 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.

Fair Value Considerations

The Organization uses fair value to measure financial and certain nonmonetary financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The Organization's financial instruments (primarily cash and cash equivalents, receivables, and grants payable) are carried in the accompanying financial statements at amounts, which reasonably approximate fair value.

Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were available for issuance on February 28, 2020. No matters were identified affecting the accompanying financial statements or related disclosures except as noted under Other Receivables above.

Recent Financial Accounting Pronouncement

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which an organization serves as a resource recipient for fiscal years beginning after December 15, 2018. The Organization is currently evaluating the impact of the guidance on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.

NOTE 3: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization manages its liquidity by operating within a prudent range of financial stability and maintaining adequate liquidity to fund near-term operations and depends on a resource sharing agreement with GoFundMe.Inc. (see Note 7)

Financial assets available for general expenditures that is, without donor or other restrictions limiting their use within one year as of June 30, 2019 include of the following:

<i>June 30,</i>	2019
Cash and cash equivalents	\$ 539,535
Pledges receivable, net	2,298,928
Other receivables	215,378
Total financial assets	3,053,841
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	(2,998,657)
Financial assets available to meet cash needs for general expenditures within one year	\$ 55,184

NOTE 4: CONCENTRATIONS OF CREDIT RISK

At various times during the year, the Organization’s cash balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents, due to the financial strength of the financial institutions where deposits are held.

For the year ended June 30, 2019, four campaigns managed by the Organization accounted for approximately 82% of total contributions received. As of June 30, 2019, four donors comprised 69% of pledges receivable. No single donor accounted for more than 10% of total revenue.

As of June 30, 2019, one foundation comprised 78% of grants payable.

NOTE 5: PLEDGES RECEIVABLE

As a result of the Time's Up campaign, pledges receivable are due to be collected as follows:

<i>Year ending June 30,</i>	
2020	\$ 2,183,166
2021	100,000
2022	100,000
	2,383,166
Less unamortized discount (2.25%)	(84,238)
Pledges receivable, net	\$ 2,298,928

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions subject to expenditure for specific purpose are as follows:

<i>June 30,</i>	2019
Time's Up	\$ 2,421,133
Girls Opportunity Alliance	446,428
Other campaign programs	131,096
Total net assets with donor restrictions	\$ 2,998,657

NOTE 7: RESOURCE SHARING AGREEMENT

Effective January 1, 2017, the Organization and GoFundMe, Inc. entered into a resource sharing agreement. The agreement may be terminated without cause by either party with a 90-day written notice to the other party.

As part of the agreement, GoFundMe, Inc. may pay for the Organization's expenses directly without expectation of reimbursement in whole or in part. GoFundMe, Inc. paid \$365,233 of expenses on behalf of the Organization's for the year ended June 30, 2019. These contributions are recorded as increases in net assets without donor restrictions with the corresponding expenses included the statement of activities and statement of functional expenses.

NOTE 7: RESOURCE SHARING AGREEMENT (Continued)

As part of this agreement, the Organization may request, with approval from GoFundMe.Inc., GoFundMe.Inc.'s employees to allocate some of their time in performing services for the Organization. In 2019, the Organization recognized revenue and related expenses of \$36,011 for contributed services from GoFundMe, Inc. GoFundMe, Inc. donated an employee's time spent on the Organization, which included setting up campaigns, vetting potential grants, following up with donation receipts and helping with the platform for the campaigns.

NOTE 8: FUNDRAISING COSTS

Contributions received on the on-line platform are processed through a third-party credit card processor. For this service, the Organization is charged a payment processor fee of 2.9% of the contribution made plus \$0.30 per transaction. Such fees are recognized as fundraising cost in the accompanying financial statements and totaled \$39,818 for the year ended June 30, 2019.

NOTE 9: PRIOR YEAR ADJUSTMENT

Net assets with donor restrictions at the beginning of 2019 have been adjusted for a pledge receivable that should not have been recognized as a contribution in a prior year based on the Organization's management research. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning net assets with donor restrictions for 2018 by \$120,986. Had the error not occurred, the change in net assets with donor restrictions for 2018 would have been decreased by \$120,986.