

THE OPENGOV FOUNDATION
FINANCIAL STATEMENTS
December 31, 2016

THE OPENGOV FOUNDATION
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The OpenGov Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of The OpenGov Foundation, a District of Columbia nonprofit corporation, which comprise the statement of financial position as of December 31, 2016, 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 of 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 The OpenGov Foundation as of December 31, 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.

PKC Kuebler, APC

PKC Kuebler, APC
Temecula, California
September 20, 2017

THE OPENGOV FOUNDATION
STATEMENT OF FINANCIAL POSITION
December 31, 2016

	<u>2016</u>
ASSETS	
Cash and cash equivalents	\$ 11,243
Other assets	<u>4,254</u>
Total Assets	<u>\$ 15,497</u>
LIABILITIES AND NET ASSETS	
Accounts payable	\$ 1,458
Total liabilities	<u>1,458</u>
Net assets	
Unrestricted	3,439
Temporarily restricted	<u>10,600</u>
Total net assets	<u>14,039</u>
Total Liabilities and Net Assets	<u>\$ 15,497</u>

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

THE OPENGOV FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

	2016		
	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Grant and contribution income	\$ 273,864	\$ 215,175	\$ 489,039
Interest income	27	22	49
Net assets released from restrictions	472,336	(472,336)	-
Total revenue and support	<u>746,227</u>	<u>(257,139)</u>	<u>489,088</u>
Expenses:			
Program services	774,501	-	774,501
General and administrative	88,557	-	88,557
Fundraising	49,788	-	49,788
Total expenses	<u>912,846</u>	<u>-</u>	<u>912,846</u>
Change in net assets	(166,619)	(257,139)	(423,758)
Net assets at beginning of year	<u>170,058</u>	<u>267,739</u>	<u>437,797</u>
Net Assets at End of Year	<u>\$ 3,439</u>	<u>\$ 10,600</u>	<u>\$ 14,039</u>

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

THE OPENGOV FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	Program Services	Supporting Services		
	Program Expenses	General and Admin	Fundraising	Total
Salary and benefits	\$ 461,562	\$ 73,517	\$ 28,007	\$ 563,086
Consultants	173,828	-	-	173,828
Rent	35,301	-	-	35,301
Software and equipment	21,908	2,739	2,739	27,386
Travel	18,512	-	6,170	24,682
Accounting fees	9,678	9,678	-	19,356
Special event	7,052	-	7,051	14,103
Meals and entertainment	11,351	-	2,060	13,411
Dues and subscriptions	11,656	-	-	11,656
Contract services	6,627	-	-	6,627
Transportation costs	4,350	-	1,849	6,199
Conferences	4,565	-	-	4,565
Legal fees	3,147	1,049	-	4,196
Office supplies	1,743	871	871	3,485
Telephone	930	-	930	1,860
Insurance	957	169	-	1,126
Printing and copying	692	-	-	692
Job posting fees	-	354	-	354
Bank charges	208	104	35	347
Postage	152	76	76	304
Internet advertising	148	-	-	148
IT licenses and fees	106	-	-	106
Other costs	28	-	-	28
Total Expenses by Function	\$ 774,501	\$ 88,557	\$ 49,788	\$ 912,846

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

THE OPENGOV FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

	<u>2016</u>
Cash flows from operating activities:	
Change in net assets	\$ (423,758)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Other assets	328
Increase (decrease) in operating liabilities:	
Accounts payable	8
Net cash used in operating activities	<u>(423,422)</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities	<u>-</u>
Net decrease in cash	(423,422)
Cash at the beginning of the year	<u>434,665</u>
Cash at the End of the Year	<u>\$ 11,243</u>
Supplemental disclosure of cash flow information:	
Cash paid for taxes	\$ -
Cash paid for interest	\$ -

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

THE OPENGOV FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. NATURE OF FOUNDATION

The OpenGov Foundation (Foundation) is a nonprofit corporation formed on March 20, 2012 under the applicable provisions of the District of Columbia Business Organizations Act. The Foundation operates to benefit the public, and promote general welfare, by advancing and maintaining new internet technologies that enable the public to better understand and participate in the law-making process. The Foundation serves to facilitate the interaction between both the public and lawmakers regarding law-making and the legislative process, and in doing so, shall promote and enable transparency in government decision-making and more inclusive and meaningful dialogue and public participation in the law-making process.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Foundation's significant accounting policies, which were consistently applied in the preparation of the accompanying financial statements, follows.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles of the United States of America (GAAP). The Foundation reports information regarding its net assets and activities as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of external restrictions.

Unrestricted – Contributions and other inflows of assets without any restrictions imposed by external sources is reported as an increase to unrestricted net assets that are available to the Foundation for day-to-day activities.

Temporarily Restricted – Contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

Permanently Restricted – Contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the actions of the Foundation. At December 31, 2016, the Foundation did not have any permanently restricted net assets.

Use of Estimates

Preparing financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of 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.

THE OPENGOV FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Foundation considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired, to be cash equivalents. From time to time during the year, the Foundation's cash balance in financial institutions has exceeded the FDIC insurance limits. The Foundation has not experienced any losses in such accounts, and management does not believe that these balances represent a significant credit risk.

Revenue Recognition

Unrestricted contributions are recognized as revenues when they are received. Temporarily restricted contributions are recognized as the expenses stipulated in the grant agreement have been incurred.

Allocated Administrative Expenses

The costs of providing the programs and services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. As a result, no provision for income tax is included in the financial statements. The Foundation qualifies for the charitable contribution deduction allowed under Section 170(b)(1)(A) and has been determined not to be a private foundation under Section 509(a)(1).

Subsequent Events

In accordance with GAAP, the Foundation evaluated subsequent events through September 20, 2017, the date these financial statements were issued. No material subsequent events that required recognition or additional disclosure in these financial statements were identified.

NOTE 3. COMMITMENTS AND CONTINGENCIES

During 2016 the Foundation entered into several month-to-month operating leases for office space. Aggregate monthly payments approximate \$3,150, which covers rent, parking, utilities and incidental costs associated with these office spaces. Such rent amounted to \$35,301 for 2016.