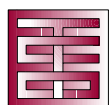


MOBILE GIVING FOUNDATION, INC.

FINANCIAL REPORT

December 31, 2016



Tremper & Co., LLP
Certified Public Accountants

Mobile Giving Foundation, Inc.

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December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mobile Giving Foundation, Inc.
Bellevue, Washington

We have audited the accompanying financial statements of Mobile Giving Foundation, Inc. (a nonprofit organization), which comprise statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mobile Giving Foundation, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Tremper & Co., LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants

October 16, 2017

Mobile Giving Foundation, Inc.

Statements of Financial Position

December 31, 2016 and 2015

	ASSETS	2016	2015
CURRENT ASSETS:			
Cash		\$ 102,476	\$ 134,847
Trust account		158,312	229,678
Accounts receivable, net		68,594	62,724
Contributions receivable		10,285	730
Prepaid expenses and other current assets		22,159	22,234
TOTAL CURRENT ASSETS		361,826	450,213
PROPERTY AND EQUIPMENT:			
Furniture and equipment		12,926	11,377
(less) Accumulated depreciation		(6,265)	(6,594)
TOTAL PROPERTY AND EQUIPMENT (net)		6,661	4,783
TOTAL ASSETS		\$ 368,487	\$ 454,996
	LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:			
Accounts payable and other current liabilities		\$ 47,183	\$ 31,714
Remittances payable		168,460	230,295
Deferred contribution revenue		8,963	2,727
TOTAL CURRENT LIABILITIES		224,606	264,736
NET ASSETS		143,881	190,260
TOTAL LIABILITIES AND NET ASSETS		\$ 368,487	\$ 454,996

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

Mobile Giving Foundation, Inc.

Statements of Activities

For the Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
REVENUE:		
Program income	\$ 573,711	\$ 676,296
MGF Canada operations	47,880	48,000
Contributions	20	177
Interest and misc. income	1,450	2,272
	<u>623,061</u>	<u>726,745</u>
TOTAL REVENUE	623,061	726,745
EXPENSE:		
Program services	624,320	625,422
Management and general	38,079	34,134
Fundraising	7,041	2,466
	<u>669,440</u>	<u>662,022</u>
TOTAL EXPENSE	669,440	662,022
(DECREASE) INCREASE IN NET ASSETS	(46,379)	64,723
NET ASSETS, <i>beginning of year</i>	<u>190,260</u>	<u>125,537</u>
NET ASSETS, <i>end of year</i>	\$ 143,881	\$ 190,260

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

Mobile Giving Foundation, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2016

	Total Program Services	Management and General	Fundraising	Total
Wages	\$ 251,117	\$ 11,210	\$ 4,846	\$ 267,173
Platform expense	84,000	-	-	84,000
Short codes	72,000	-	-	72,000
Payroll taxes and benefits	58,466	2,610	1,128	62,204
Professional services	25,300	22,272	-	47,572
Messaging and billing service	47,062	-	-	47,062
Travel and meetings	20,691	-	209	20,900
Insurance	16,521	738	319	17,578
Bad debt	12,630	-	-	12,630
Telephone	8,638	386	167	9,191
Facilities and equipment	7,435	332	144	7,911
Registration fees and testing	7,784	-	-	7,784
Office and miscellaneous	4,874	218	94	5,186
Bank fees and transaction charges	2,201	98	42	2,341
Subscriptions	1,964	88	38	2,090
Depreciation	1,883	84	36	2,003
Postage and delivery	956	43	18	1,017
Marketing	798	-	-	798
TOTAL EXPENSES AND LOSSES	\$ 624,320	\$ 38,079	\$ 7,041	\$ 669,440

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

Mobile Giving Foundation, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2015

	Total Program Services	Management and General	Fundraising	Total
Wages	\$ 253,491	\$ 11,379	\$ 1,610	\$ 266,480
Platform expense	103,000	-	-	103,000
Short codes	84,000	-	-	84,000
Payroll taxes and benefits	57,418	2,578	365	60,361
Messaging and billing service	38,293	-	-	38,293
Professional services	9,686	17,932	-	27,618
Travel and meetings	17,212	-	174	17,386
Insurance	15,213	683	97	15,993
Telephone	10,749	482	68	11,299
Facilities and equipment	8,697	390	55	9,142
Registration fees and testing	8,435	-	-	8,435
Bank fees and transaction charges	7,133	320	45	7,498
Office and miscellaneous	3,738	168	24	3,930
Forum event expense	3,343	-	-	3,343
Subscriptions	1,988	89	13	2,090
Postage and delivery	1,176	53	7	1,236
Depreciation	1,103	49	7	1,159
Marketing	513	-	-	513
Loss on disposition of assets	234	11	1	246
TOTAL EXPENSES AND LOSSES	\$ 625,422	\$ 34,134	\$ 2,466	\$ 662,022

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

Mobile Giving Foundation, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) Increase in net assets	\$ (46,378)	\$ 64,723
Adjustments to reconcile (decrease) increase in net assets to net cash (used) provided by operating activities:		
Depreciation	2,003	1,159
Loss on disposition of assets	-	246
Change in receivable from trust account	9,531	(506)
Change in accounts receivable	(5,870)	72,737
Change in contributions receivable	(9,555)	415
Change in prepaid expenses and other current assets	75	(935)
Change in accounts payable and other current liabilities	15,469	8,364
Change in deferred revenue	6,236	(29,356)
Total Adjustments	<u>17,889</u>	<u>52,124</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(28,489)	116,847
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(3,881)	(4,236)
NET CASH USED BY INVESTING ACTIVITIES	<u>(3,881)</u>	<u>(4,236)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(32,370)	112,611
BEGINNING CASH AND CASH EQUIVALENTS	134,847	22,236
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 102,477</u>	<u>\$ 134,847</u>

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

Mobile Giving Foundation, Inc.

Notes to Financial Statements

December 31, 2016 and 2015

Note 1. Summary of Significant Accounting Policies:

Nature of business

Mobile Giving Foundation, Inc. (the “Foundation”), a nonprofit organization, headquartered in Issaquah, Washington, was established to enable the mobile channel for charitable giving in support of good causes by using the convenience, security, and ubiquity of text messaging and other wireless based billing systems. The Foundation provides a platform that tracks charitable contributions made via SMS text messaging and receives contributions collected by wireless carriers which are then remitted to the appropriate charitable organizations. The Foundation provides direct services to charitable organizations and also connects charitable organizations with Application Services Providers (ASPs) who establish and operate mobile giving campaigns for the charitable organizations. Foundation support comes primarily through program service fees, donor contributions, corporate sponsorships, and grants. In 2014 the Foundation added an additional advisory service to the charity sector through the creation of the Mobile Giving Alliance, designed to optimize the mobile channel charities in a mobile first world. In early 2015 the Foundation added a Donor Advise Fund Service offered to digital publishers.

Basis of accounting

Assets, liabilities, and revenues and expenses are recognized on the accrual basis of accounting.

Classification of cash equivalents

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

Trust account

The Foundation collects contributions from the customers of wireless carriers, via the carriers, on behalf of charitable organizations. These contributions are held in a separate checking account until they are remitted to the proper charitable organizations. The Foundation also records a liability for funds received from wireless carriers and not yet remitted to charitable organizations.

Accounts receivable

Accounts receivable result from the performance of program services and are reported at the amount management expects to collect on balances outstanding at year-end. An allowance for uncollectible accounts of \$4,700 at December 31, 2016 has been recorded (\$10,500 - 2015). Management closely monitors outstanding balances and records all balances that have been deemed uncollectible as of the financial statement report date.

Depreciation and amortization

Property and equipment are stated at cost if purchased and fair market value if contributed. Depreciation is computed using straight line methods over the estimated useful lives of seven years for office equipment and furnishings and seven to five years for computer equipment. Expenditures for normal maintenance and repairs are expensed as incurred. Leasehold improvements are amortized using the straight line method over the remaining life of the lease.

Mobile Giving Foundation, Inc.

Notes to Financial Statements

December 31, 2016 and 2015

Note 1. **Summary of Significant Accounting Policies - *continued*:**

Program service income and contributions

Program service fees in the form of monthly and annual fees charged to ASPs and charitable organizations comprise the majority of the Foundation's annual revenue. ASPs are charged a monthly fee determined by volume of events (campaigns or extra keywords) and transactions occurring in the prior month. Revenue from the monthly ASP fees is recognized in the month in which the service is performed. Charitable organizations pay a one-time registration fee and then an annual renewal fee. Revenue for the registration and renewal fees is recognized when billed.

The Foundation accounts for contributions in accordance with recommendations of the Financial Accounting Standards Board in FASB ASC 958 Accounting for Contributions Received and Contributions Made. In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statements of activities as net assets released from restrictions. Restricted contributions received whose restrictions are met in the same reporting period are recorded as unrestricted support. The Foundation does not currently hold any donor restricted funds.

Contributed goods received are recognized in the accompanying financial statements as in-kind contributions. Donated goods are recorded at their estimated fair market value at the date of receipt.

Income taxes

The Foundation is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities. The Foundation is subject to routine audits by taxing jurisdictions. The Foundation is currently undergoing a routine and random review of its exemption status by the Internal Revenue Service. Management believes it is no longer subject to income tax examinations for years prior to 2013.

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 amount 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.

Mobile Giving Foundation, Inc.

Notes to Financial Statements

December 31, 2016 and 2015

Note 2. Credit Risk:

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation does not consider this to be a significant credit risk.

The Foundation occasionally grants credit to its service providers and customers. Such receivables are unsecured.

Note 3. Platform agreement:

On January 1, 2012 the Foundation entered into a one year service agreement with Cellfish Media, LLC. The agreement automatically renewed at the end of one year for six months and then automatically renewed for successive one month periods unless either party provides thirty day prior written notice to terminate the agreement. Under the agreement Cellfish Media, LLC is to provide and maintain the platform that tracks charitable contributions made via SMS text messaging. The Foundation was to pay a minimum monthly fee of \$26,000 for this service (\$26,000 - 2015), additional fees would be charged for additional services when incurred. Effective February 2015, the Foundation terminated its agreement with Cellfish Media, LLC and has contracted to use the technology platform of Mobile Giving Foundation Canada (a non-related party). Monthly fees under the new agreement are \$7,000. Total payments made under the platform agreements during the year ended December 31, 2016 totaled \$84,000 (\$103,000).

Note 4. Joint Costs:

For the years ended December 31, 2016 and 2015, the Foundation conducted activities that included program service as well as management and general and fundraising components. Those activities included educating not-for-profit entities about the benefits of using the mobile channel for charitable giving, assisting not-for-profit entities in using the mobile channel for charitable giving, and fundraising and operational activities. The costs of conducting those activities included a total of \$376,694 for the year ended December 31, 2016 (\$379,431 - 2015) of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>2016</u>	<u>2015</u>
Program services	\$ 354,056	\$ 360,935
Management and general	15,805	16,203
Fundraising	<u>6,833</u>	<u>2,293</u>
Total	<u>\$ 376,694</u>	<u>\$ 379,431</u>

Mobile Giving Foundation, Inc.

Notes to Financial Statements

December 31, 2016 and 2015

Note 5. Transactions With Related Parties:

The Foundation maintained an operating agreement (terminated February 2015) for the text to give tracking platform with a company which employed a member of the Foundation's Board of Trustees, through May 2012, at which time he was moved to a non-voting ex officio member. During the year ended December 31, 2016 no payments were made to the company (\$26,000 - 2015). As a condition of a grant agreement, a representative of Syniverse will be a member of the Foundation's Board of Trustees. As a condition of a \$100,000 grant agreement in 2012, a representative of Verizon will serve on the Foundation's Board of Trustees.

On March 24, 2015, the Foundation entered into a non-statutory stock option agreement with Causemo Inc. This agreement gave the Foundation the ability to purchase 47,067 total shares of Causemo Inc. at \$.10 per share. The ability to purchase these shares vests at 25% annually beginning December 31, 2015. As of December 31, 2016 the Foundation has not exercised its right to purchase these shares. Management does not believe that these shares hold any value to the Foundation as of December 31, 2016 and as such has not booked a corresponding asset. The Foundation recorded revenues from Causemo Inc. during the year ended December 31, 2016 totaling \$84,000 (2015 - \$91,000).

Note 6. Contingencies:

The Board of Directors of the Foundation continuously monitors the Foundation's financial health and evaluates the Foundation's ability to continue to serve its exempt purpose. The Board believes the Foundation has adequate resources to continue operations for at least the year following the audit report date. Of primary concern to the Board is the Foundation's ability to generate revenue through program service fees and donations, both of which are inherently uncertain revenue sources. If at any time the Board determines the Foundation is not able to continue to serve its exempt purpose, the Foundation will cease operations or transfer operations to a likeminded entity.

The Foundation is currently undergoing an audit by the Internal Revenue Service. There has been no indication as to the outcome of the audit as of the date the financial statements were available to be issued.

Note 7. Subsequent Event:

Due to a significant number of natural and man-made disasters occurring during 2017, management anticipates a significant increase in Program Service Revenues from transaction fees.

Management has evaluated subsequent events through October 16, 2017, the date on which the financial statements were available to be issued.