

POWERED BY ACTION
CHICAGO, ILLINOIS
FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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KOLNICKI



PETERSON



WIRTH

To the Board of Directors of
Powered By Action
Chicago, Illinois

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Powered By Action (a non-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, 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 audits 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 to expressing an opinion on the effectiveness of the entity's internal control.

KOLNICKI PETERSON & WIRTH, LLC
CERTIFIED PUBLIC ACCOUNTANTS

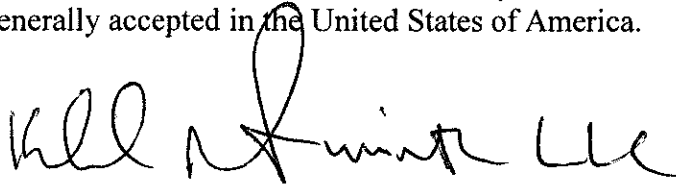
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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation 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 Powered By Action as of December 31, 2017 and 2016, 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.

A handwritten signature in black ink, appearing to read "Kolnicki, Peterson, Wirth LLC". The signature is written in a cursive, flowing style.

KOLNICKI, PETERSON, WIRTH LLC
Certified Public Accountants

Downers Grove, Illinois
May 17, 2018

POWERED BY ACTION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

Statement 1

	2017	2016
CURRENT ASSETS		
Cash	\$ 101,013	\$ 49,760
Investments	13,166	-
Other assets	32	-
Total current assets	114,211	49,760
PROPERTY AND EQUIPMENT		
Computer equipment	20,986	20,986
Furniture and office equipment	4,692	4,692
Total, at cost	25,678	25,678
Less accumulated depreciation	(15,097)	(10,231)
Net property and equipment	10,581	15,447
Total assets	\$ 124,792	\$ 65,207
CURRENT LIABILITIES		
Accounts payable	\$ 6,975	\$ -
Other liabilities	1,364	-
Total current liabilities	8,339	-
NET ASSETS		
Unrestricted	116,453	65,207
Total net assets	116,453	65,207
Total liabilities and net assets	\$ 124,792	\$ 65,207

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

POWERED BY ACTION
STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
REVENUES		
Contributions	\$ 168,894	\$ 158,946
In-kind donations	412,010	314,605
License fees	44,170	16,530
Other income	2,070	16
	627,144	490,097
EXPENSES		
Program services	539,128	354,806
Management and general	35,480	43,399
Fundraising	1,290	58,951
	575,898	457,156
Increase in net assets	51,246	32,941
Net assets at beginning of year	65,207	32,266
Net assets at end of year	\$ 116,453	\$ 65,207

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**POWERED BY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services	Management and General	Fund-raising	Total
OPERATING EXPENSES				
Accounting	\$ 8,236	\$ 4,804	\$ 687	\$ 13,727
Bank and credit card fees	789	8	-	797
Conferences	3,140	-	-	3,140
Depreciation	2,920	1,460	486	4,866
Insurance	-	5,425	-	5,425
License fees	384,360	-	-	384,360
Office expense	2,011	209	117	2,337
Occupancy	26,964	2,125	-	29,089
Professional fees	13,185	13,184	-	26,369
Payroll processing	-	1,535	-	1,535
Payroll taxes	8,007	603	-	8,610
Salaries	81,398	6,127	-	87,525
Subcontractor	6,500	-	-	6,500
Travel and meetings	1,618	-	-	1,618
Total operating expenses	\$ 539,128	\$ 35,480	\$ 1,290	\$ 575,898

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**POWERED BY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services	Management and General	Fund-raising	Total
OPERATING EXPENSES				
Accounting	\$ 3,438	\$ 2,006	\$ 287	\$ 5,731
Advertising expense	-	-	1,782	1,782
Bank and credit card fees	367	5	-	372
Conferences	3,737	-	-	3,737
Depreciation	2,978	1,452	469	4,899
Insurance	-	5,997	-	5,997
License fees	214,205	-	-	214,205
Marketing	12,500	-	12,500	25,000
Meeting expense	14	-	-	14
Office expense	1,474	161	81	1,716
Occupancy	18,223	2,125	8,741	29,089
Professional fees	21,597	21,598	-	43,195
Payroll processing	-	1,595	-	1,595
Payroll taxes	6,627	736	3,155	10,518
Salaries	65,833	7,679	31,578	105,090
Subcontractor	3,700	-	-	3,700
Training	113	45	358	516
Total operating expenses	\$ 354,806	\$ 43,399	\$ 58,951	\$ 457,156

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

POWERED BY ACTION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 51,246	\$ 32,941
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	4,866	4,899
Donation of investment	(11,183)	-
Unrealized gain on investment	(1,983)	-
Changes in operating assets and liabilities:		
Decrease in pledges receivable	-	1,660
Increase in other assets	(32)	-
Increase in accounts payable	6,975	-
Increase (decrease) in accrued expenses	1,364	(317)
	51,253	39,183
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 51,253	 39,183
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 49,760	 10,577
 CASH AND CASH EQUIVALENTS, END OF YEAR	 \$ 101,013	 \$ 49,760

These financial statements should be read only in
connection with the accompanying summary of significant
accounting policies and notes to financial statements.

**POWERED BY ACTION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2017 AND 2016**

NATURE OF OPERATIONS

Powered By Action (the Organization) is a not-for-profit organization incorporated under the laws of Illinois in 2008, and established exclusively for charitable purposes. The Organization offers the non-faith based not-for-profit sector a collaborative software solution and related consulting and change management services needed to enhance the delivery of services to the people they serve. Powered By Action amplifies the efforts of those trying to change the world by connecting people anywhere as though they were in the same room.

ACCOUNTING METHOD

Contribution revenue is recognized when the Organization is notified of the existence of a pledge or receives a contribution. The contributions are recognized as income in the period to which they relate. Expenses are recognized in the period in which the related liability is incurred.

CASH AND CASH EQUIVALENTS

The Organization considers all liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

PLEDGES RECEIVABLE

Pledges receivable are presented at the fair value of the promises and are estimated by management to be fully collectable.

IN-KIND DONATIONS

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by people with those skills, and would otherwise be purchased by the Organization. During the year ended December 31, 2017 and 2016, the Organization received in-kind donations of marketing services totaling \$0 and \$25,000, and legal services totaling \$17,954 and \$43,195, respectively.

Donations of license fees are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as increases to unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire license fees are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. In-kind donations of license fees from a related party totaled \$384,360 and \$214,205 for the years ended December 31, 2017 and 2016, respectively.

In the years ended December 31, 2017 and 2016, an officer of the Organization paid for office space and related costs for the Organization. The Organization recognized the contribution at its fair value, which is determined by the average market rate per square foot and other related costs charged to other tenants. The amounts recognized were \$9,696 and \$29,089, respectively.

POWERED BY ACTION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2017 AND 2016

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets, and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NET ASSET CLASSIFICATIONS

The financial statements have been prepared in accordance with FASB Accounting Standards Codification FASB (ASC) No. 958-210-45-9, *Not-for-Profit Entities, Balance Sheet*. FASB (ASC) No. 958-210-45-9 requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted.

INCOME TAXES

The Internal Revenue Service has ruled that the Organization is exempt from the payment of federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code as an educational and charitable organization.

The Financial Accounting Standards Board (FASB) issued ASC 740-10-05 "Accounting for Uncertainty in Income Taxes" that clarified the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization adopted the standard in 2016.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2014 through 2016. In evaluating the Organization's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations of tax planning strategies are considered. The Organization believes their estimates are based on current facts and circumstances.

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 amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or at estimated fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and office equipment	5 years
Computer equipment	5 years

POWERED BY ACTION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2017 AND 2016

INVESTMENTS

The Organization is required to provide additional information in the financial statement, based on the implementation of the FASB Accounting Standards Codification FASB (ASC) No. 820-10-35-1, *Fair Value Measurements and Disclosures*. This Standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurement.

DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through the date of this report and the date the financial statements were available to be issued was May 17, 2018.

This information is an integral part
of the accompanying financial statements.

POWERED BY ACTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017 and 2016, the Organization had no uninsured balances.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Organization received an in-kind donation of license fees from a related company. The company is owned by an officer of the Organization. At December 31, 2017 and 2016 the donations totaled \$384,360 and \$214,205, respectively.

In the years ended December 31, 2017 and 2016, the Organization received in-kind donations of occupancy and other costs paid for by an officer of the Organization. The donations totaled \$9,696 and \$34,906 respectively.

NOTE 3 - LEASE AGREEMENTS

The Organization leases its current office space on a month-to-month basis at \$1,750 per month. Rent expense totaled \$19,393 and \$0 for the years ended December 31, 2017 and 2016.

NOTE 4 – INVESTMENTS

Investments consist of the following:

	<u>December 31, 2017</u>	
	<u>Cost</u>	<u>Market</u>
Common stock	\$ 11,183	\$ 13,166
Total	<u>\$ 11,183</u>	<u>\$ 13,166</u>

The following schedule summarizes the investment return and its classification in the statement of financial position and activities for the year ended December 31, 2017:

	<u>2017</u>
Dividend and interest	\$ 119
Unrealized gain	<u>1,983</u>
Total return on investments	<u>\$ 2,102</u>

POWERED BY ACTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5 – FAIR VALUE MEASUREMENTS

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with FASB (ASC) No. 820-10-35-1. See Note 4 – Investments for additional information on the Organization's investment policies.

	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Balance as of <u>December 31, 2017</u>
Assets		
Investments in mutual funds, at fair value	\$ <u>13,166</u>	\$ <u>13,166</u>

FASB Accounting Standards Codification (ASC) No. 820-10-35-1: Fair Value Measurement and Disclosure establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three board levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Observable inputs are those that reflect the assumptions market participants would use in pricing the asset developed on market data. Level 2 inputs were only used when Level 1 inputs were not available.

NOTE 6 – CASH FLOW INFORMATION

The Organization paid no cash for interest or income taxes during 2017 and 2016.