

OS AA01

Statement of details of parent law and other information for an overseas company



Companies House

✓ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

✗ **What this form is NOT for**
You cannot use this form to
an alteration of manner of
with accounting requirements.

WEDNESDAY



A06

A6XCNK6

10/01/2018

#219

COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ①

AVAAZ FOUNDATION

UK establishment
number

B R 0 1 6 3 8 8

→ Filling in this form

Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ②

Accounts - US GAAP Audited under - US auditing standards

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

Name of organisation
or body ③

Financial Accounting Standards Board

③ Please insert the name of the
appropriate accounting organisation
or body.

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to Section A5.

☒ Yes. Go to Section A4.

OS AA01

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A4 Audited accounts		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ No. Go to Part 3 'Signature' . ☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature' .	① Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ①	American Institute of Certified Public Accountants	
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. ☐ No. ☒ Yes.	
Part 3 Signature		
	I am signing this form on behalf of the overseas company.	
Signature	Signature  X	X
	This form may be signed by: Director, Secretary, Permanent representative.	

OS AA01

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Ross Palmer

Company name Sayer Vincent LLP

Address Invicta House

108-114 Golden Lane

Post town London

County/Region

Postcode E C 1 Y O T L

Country UK

DX

Telephone 020 7841 6360



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ. DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF. DX ED235 Edinburgh 1 or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG. DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

**AVAAZ FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

WEDNESDAY

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10/01/2018

#221

COMPANIES HOUSE

**AVAAZ FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Avaaz Foundation, Inc.

We have audited the accompanying financial statements of Avaaz Foundation, Inc. (the "Organization"), which comprise the 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

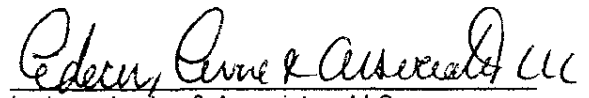
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Avaaz 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 accordance with accounting principles generally accepted in the United States of America.


Lederer, Levine & Associates, LLC

Lyndhurst, NJ
October 17, 2017

AVAAZ FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents (Notes B, J and I)	\$ 8,493,178	\$ 8,736,399
Contributions receivable (Notes B and C)	375,492	80,188
Accounts receivable and other	61,065	107,497
Prepaid expenses	124,894	128,143
Equipment, net (Notes B and D)	149,361	179,896
Other assets (Note E)	<u>31,583</u>	<u>59,112</u>
TOTAL ASSETS	<u>\$ 9,235,573</u>	<u>\$ 9,291,235</u>
 LIABILITIES		
Accounts and accrued expenses payable	\$ 483,991	\$ 868,559
Grants payable (Notes B and F)	563,000	350,000
Deferred rent (Note I)	<u>88,825</u>	<u>35,037</u>
TOTAL LIABILITIES	<u>1,135,816</u>	<u>1,253,596</u>
 COMMITMENTS AND CONTINGENCIES (NOTE I)		
 NET ASSETS		
Unrestricted	<u>8,099,757</u>	<u>8,037,639</u>
TOTAL NET ASSETS	<u>8,099,757</u>	<u>8,037,639</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,235,573</u>	<u>\$ 9,291,235</u>

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

AVAAZ FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions - net (Notes B and G)	\$ 18,151,037	\$	\$ 18,151,037	\$ 23,426,612	\$	\$ 23,426,612
In-Kind contributions (Notes B and H)	55,440		55,440	12,541		12,541
Interest income	794		794	423		423
Program income	52,841		52,841			
Rental income	4,550		4,550			
Loss on foreign currency conversions	(201,302)		(201,302)	(618,864)		(618,864)
Net assets released from restrictions				1,393,684	(1,393,684)	
TOTAL SUPPORT AND REVENUE	18,063,360		18,063,360	24,214,396	(1,393,684)	22,820,712
EXPENSES:						
Program services	14,752,500		14,752,500	18,467,893		18,467,893
Management and general	2,776,652		2,776,652	3,322,395		3,322,395
Fundraising and development	472,090		472,090	582,994		582,994
TOTAL EXPENSES	18,001,242		18,001,242	22,373,282		22,373,282
CHANGE IN NET ASSETS	62,118		62,118	1,841,114	(1,393,684)	447,430
Net Assets - Beginning of Year	8,037,639		8,037,639	6,196,525	1,393,684	7,590,209
NET ASSETS - END OF YEAR	\$ 8,099,757	\$	\$ 8,099,757	\$ 8,037,639	\$	\$ 8,037,639

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

AVAAZ FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015		
	Program Services	Management and General	Fundraising and Development	Program Services	Management and General	Fundraising and Development
			Total			Total
Salaries	\$ 2,674,848	\$ 1,129,514	\$ 204,198	\$ 2,608,963	\$ 1,315,329	\$ 204,207
Payroll taxes	187,343	129,389	14,158	179,907	135,940	14,184
Employee benefits	328,668	139,030	25,117	306,545	152,595	23,894
Total salaries and related costs	3,190,859	1,397,933	243,473	3,095,415	1,603,864	242,285
Grants expense (Note B)	4,488,328		4,488,328	6,635,893		6,635,893
Program expenses	364,165		364,165	368,919		368,919
Professional and legal fees (Note H)	13,966	182,274	59	24,025	201,267	32
Campaigner fees and consulting	3,911,610	531,603	139,668	4,469,032	657,740	213,190
Outside services	121,844	3,384	7,267	151,917	65,098	19,384
Information technology services	396,749	70,426	11,974	532,742	100,796	16,127
Advertising and publicity (Note B)	249,017	6,839	58	652,387	8,434	35
Rent and related occupancy costs	579,634	138,956	26,982	414,418	133,690	23,356
Website and technology	487,427	91,786	15,606	741,740	138,648	22,183
Office supplies and expenses	57,342	60,308	902	77,913	61,331	11,940
Computer and equipment maintenance	102,516	71,832	3,330	112,805	58,161	8,358
Telephone and communications	155,993	32,069	7,172	199,849	44,889	10,243
Travel and related costs	558,599	97,612	12,491	916,215	120,997	12,449
Insurance expense		41,967	41,967		37,951	37,951
Staff training	5,994	2,223	8,217	9,138	11,213	138
Bank and filing fees		33,175	33,175	705	63,291	
Total expenses before depreciation and amortization expense	14,684,043	2,762,387	468,982	18,403,113	3,307,370	579,720
Depreciation and amortization expense	68,457	14,265	3,108	64,780	15,025	3,274
TOTAL EXPENSES	\$ 14,752,500	\$ 2,776,652	\$ 472,090	\$ 18,467,893	\$ 3,322,395	\$ 582,994
						\$ 22,373,282

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

AVAAZ FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 62,118	\$ 447,430
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	85,830	83,079
Loss on disposition of equipment	3,771	
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(295,304)	86,490
Accounts receivable and other	46,432	(77,592)
Prepaid expenses	3,249	(7,252)
Other assets	27,529	1,403
(Decrease) increase in liabilities:		
Accounts and accrued expenses payable	(384,568)	381,302
Grants payable	213,000	350,000
Deferred rent	53,788	35,037
Net Cash (Used) Provided by Operating Activities	<u>(184,155)</u>	<u>1,299,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment acquisitions	<u>(59,066)</u>	<u>(118,808)</u>
Net Cash Used by Investing Activities	<u>(59,066)</u>	<u>(118,808)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(243,221)	1,181,089
Cash and cash equivalents - beginning of year	<u>8,736,399</u>	<u>7,555,310</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 8,493,178</u>	<u>\$ 8,736,399</u>
Supplementary Disclosure of Cash Flow Information:		
Cash Paid during the year for interest	<u>\$ -0-</u>	<u>\$ -0-</u>

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

**AVAAZ FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

Note A – Organization and Nature of Activities

Avaaz Foundation (the "Organization") has a simple democratic mission: organize citizens of all nations to close the gap between the world we have and the world most people everywhere want. The Avaaz Foundation community, operating in 17 languages, takes action by signing petitions, funding media campaigns and direct actions, emailing, calling and lobbying governments, and organizing "offline" protests and events – to ensure that the views of the world's people inform the decisions that affect us all. Avaaz is a virtual organization with staff in over 20 countries and an administrative headquarters in New York, NY USA. Avaaz is entirely funded by small, online donations from its global membership.

Avaaz Foundation is a not-for profit organization incorporated in the state of Delaware and is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting. The Organization follows accounting principles generally accepted in the United States of America ("US GAAP") which include certain specialized requirements set forth in publications of the Financial Accounting Standards Board.

Cash and Cash Equivalents

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

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated In-Kind Services and Costs

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

Equipment

Equipment is stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets on the straight line basis to operations over their estimated useful lives. The Organization capitalizes equipment with a useful life of two years or more and cost of \$1,000 or more.

Functional Expenses

The breakdown of functional expenses into program services, management and general and fundraising and development is provided by management using their best estimates as to the appropriate allocation.

Fair Value Measurements

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

AVAAZ FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

Note B – Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 17, 2017.

Accounting for Uncertainty in Income Taxes

The Organization's accounting policy is to record liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

Grants Expense

Grants expense is recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions.

Advertising and Campaign Publicity

Advertising and campaign publicity costs are expensed as incurred. Advertising and campaign publicity costs totaled \$255,914 and \$660,856 for the years ended December 31, 2016 and 2015, respectively.

Reclassification

Certain reclassifications were made to the 2015 financial statements to conform with the presentation of the 2016 financial statements.

Note C – Contributions Receivable

Contributions receivable consist of the following as of December 31:

Unconditional promises to be collected in:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ <u>375,492</u>	\$ <u>80,188</u>

Note D – Equipment

Equipment consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 189,007	\$ 297,748
Furniture and fixtures	<u>98,048</u>	<u>59,327</u>
	287,055	357,075
Less: accumulated depreciation and amortization	<u>137,694</u>	<u>177,179</u>
	\$ <u>149,361</u>	\$ <u>179,896</u>

Depreciation and amortization expense amounted to \$85,830 and \$83,079 for the years ended December 31, 2016 and 2015, respectively. During 2016 and 2015, respectively, the Organization disposed of \$129,086 and \$137,909 of equipment.

Note E – Other Assets

Other assets consist of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Security deposits	\$ <u>31,583</u>	\$ <u>59,112</u>

AVAAZ FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

Note F – Grant Payable

Grant payable consists of a grant payable as at December 31:

	<u>2016</u>	<u>2015</u>
Payable in less than one year	\$ <u>563,000</u>	\$ <u>350,000</u>

Note G – Contributions

Contributions consist of the following for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Total contributions	\$19,041,240	\$24,725,137
Less: processing fees	<u>(890,203)</u>	<u>(1,298,525)</u>
	<u>\$18,151,037</u>	<u>\$23,426,612</u>

A majority of the contributions received are processed via the internet.

Note H – In-Kind Donations

In-kind donations consisted of the following during the year ended December 31:

	<u>2016</u>	<u>2015</u>
Legal fees	\$ <u>55,440</u>	\$ <u>12,541</u>

Note I – Commitments and Contingencies

- 1a) The Organization leases real property for program and administrative purposes. In addition, the Organization rents other facilities to conduct its programs on a temporary basis. Rental expense amounted to \$714,310 and \$529,922 for the years ended December 31, 2016 and 2015, respectively. In June 2016, the Organization entered into a lease agreement from October 2016 to November 2025 for their Manhattan, NYC headquarters.

Future minimum annual rental commitments under non-cancelable lease obligations are as follows:

For the year ended December 31, 2017	\$ 376,741
2018	387,102
2019	397,747
2020	410,092
2021	423,847
Thereafter	1,829,272

The Organization recognizes rent expense on the straight line basis and the difference between rent expense and rent paid is recorded as deferred rent.

- 1b) In lieu of cash for a security deposit on the above mentioned new lease, the Organization's landlord agreed to accept an Irrevocable Standby Letter of Credit ("LOC"). In April 2015, the Organization and HSBC Bank USA N.A., entered into an LOC in which \$335,335 of the Organization's HSBC bank account is pledged as collateral.
- 2) The Organization has a line of credit with a bank up to \$250,000 related to credit card usage by various employees. At December 31, 2016 and 2015, approximately \$56,872 and \$55,142, respectively, was outstanding. The line of credit balances are included in accounts and accrued expenses payable on the statements of financial position.

**AVAAZ FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)**

Note J – Concentration of Credit Risk

The Organization maintains several bank accounts at two banks which are institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. At December 31, 2016 and 2015, the uninsured cash balances amounted to \$2,071,839 and \$3,134,552, respectively. The Organization maintains accounts in two banks in Europe which are not insured. Management believes that credit risk related to these accounts to be minimal.

In addition, the Organization uses the services of a Payment Service Provider for its online donations. Balances that are on deposit at this provider are not insured by the FDIC. The balance on deposit at December 31, 2016 and 2015 approximated \$2,371,000 and \$1,065,000, respectively. Management believes that credit risk related to these online payment service accounts to be minimal.

Note K – Resource and Staff Sharing Agreements and Agency Agreement

- 1) Avaaz Foundation has a resource and staff sharing agreement and a grant agreement with Res Publica (US) Inc., an Organization recognized by the Internal Revenue Service as tax exempt under section 501(c)(3) of the Internal Revenue Code. During the years ended December 31, 2016 and 2015, Avaaz Foundation made in-kind contributions of \$17,648 and \$24,249, respectively, of various costs to Res Publica per their resource sharing agreement.
- 2) Avaaz Foundation has a resource and staff sharing agreement and an agency agreement with Avaaz Campaigns UK (ACUK), an organization registered as a private company, limited by guarantee in England and Wales, United Kingdom.

In 2016, the following transactions took place between the two entities:

- Under the resource and staff sharing agreement:

Avaaz Foundation made in-kind contributions of \$8,071 of various costs to ACUK.

Avaaz Foundation received \$31,526 (22,186 GBP) from ACUK for use of Avaaz Foundation campaigner staff time. The amount is included in the Organization's 2016 Program Income on the statement of activities.
- Under the agency agreement:

As fiscal agent to ACUK, Avaaz Foundation transferred \$213,149 (150,056 GBP) from its accounts to ACUK. These funds were raised on the Avaaz Foundation website (avaaz.org) on behalf of ACUK.

In connection with the above transaction, ACUK paid \$21,315 (15,006 GBP) to Avaaz Foundation as an Agency Fee (10% of the funds transfer). The amount is included in the Organization's 2016 Program Income on the statement of activities.