

WeiserMazars LLP

SDSN Association, Inc.
Financial Statements
For the Period from
November 10, 2015 to
June 30, 2016



SDSN Association, Inc.
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For the Period from November 10, 2015 to June 30, 2016

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Independent Auditors' Report

To the Board of Directors of
SDSN Association, Inc.

We have audited the accompanying financial statements of SDSN Association, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the period from November 10, 2015 to June 30, 2016, 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 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 SDSN Association, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the initial period from November 10, 2015 to June 30, 2016 in accordance with accounting principles generally accepted in the United States of America.



December 30, 2016

SDSN Association, Inc.
Statement of Financial Position
June 30, 2016

Assets

Cash	\$ 1,460,274
Grants and contributions receivable	874,042
Property and equipment, net	<u>7,130</u>

Total assets \$ 2,341,446

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 18,190
Amounts raised on behalf of others	<u>100,000</u>
Total liabilities	<u>118,190</u>

Net assets

Unrestricted	313,570
Temporarily restricted	<u>1,909,686</u>
Total net assets	<u>2,223,256</u>

Total liabilities and net assets \$ 2,341,446

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

SDSN Association, Inc.**Statement of Activities and Changes in Net Assets****For the Period from November 10, 2015 to June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Government grants	\$ -	\$ 119,767	\$ 119,767
Foundation and other contributions	435,155	2,118,358	2,553,513
In-kind contributions	268,627	-	268,627
Amounts raised and disbursed on behalf of others, in the amount of \$125,000	-	-	-
Net assets released from restrictions	<u>328,439</u>	<u>(328,439)</u>	<u>-</u>
Total revenue and support	<u>1,032,221</u>	<u>1,909,686</u>	<u>2,941,907</u>
Expenses			
Program services	595,050	-	595,050
Management and general	115,199	-	115,199
Fundraising	<u>8,402</u>	<u>-</u>	<u>8,402</u>
Total expenses	<u>718,651</u>	<u>-</u>	<u>718,651</u>
Change in net assets	313,570	1,909,686	2,223,256
Net assets, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of period	<u>\$ 313,570</u>	<u>\$ 1,909,686</u>	<u>\$ 2,223,256</u>

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

SDSN Association, Inc.**Statement of Functional Expenses****For the Period from November 10, 2015 to June 30, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 146,828	\$ 39,853	\$ 7,000	\$ 193,681
Payroll taxes and employee benefits	13,832	3,759	657	18,248
Technology and web services	252,167	-	-	252,167
Video production	136,900	-	-	136,900
Occupancy	9,590	3,060	-	12,650
Travel and lodging	6,945	8,507	745	16,197
Professional fees	7,338	19,000	-	26,338
Legal	-	30,195	-	30,195
Conferences	2,950	-	-	2,950
Depreciation	-	1,011	-	1,011
Dues and subscriptions	18,500	6,258	-	24,758
Office supplies and other	-	3,556	-	3,556
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 595,050</u>	<u>\$ 115,199</u>	<u>\$ 8,402</u>	<u>\$ 718,651</u>

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

SDSN Association, Inc.
Statement of Cash Flows
For the Period from November 10, 2015 to June 30, 2016

Cash flows from operating activities	
Change in net assets	\$ 2,223,256
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,011
Increase (decrease) in cash resulting from changes in operating assets and liabilities:	
Grants and contributions receivable	(874,042)
Accounts payable and accrued expenses	18,190
Amounts raised on behalf of others	100,000
Net cash provided by operating activities	<u>1,468,415</u>
 Cash flows from investing activities	
Purchase of property and equipment	<u>(8,141)</u>
Net cash used in investing activities	<u>(8,141)</u>
 Net increase in cash	1,460,274
Cash, beginning of period	<u>-</u>
Cash, end of period	<u><u>\$ 1,460,274</u></u>

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

SDSN Association, Inc.
Notes to the Financial Statements
For the Period from November 10, 2015 to June 30, 2016

1. Organization

SDSN Association, Inc. (the “Association”), is a non-profit New York corporation that was incorporated to support the UN Sustainable Development Solutions Network (“SDSN”).

SDSN was formed in August 2012 at the request of the UN Secretary-General Ban Ki Moon to mobilize global scientific and technological expertise to promote practical problem solving for sustainable development, including the design and implementation of the Sustainable Development Goals (“SDGs”). Following their adoption in 2015, SDSN is focused on supporting implementation of the SDGs at local, national and global scales. SDSN aims to accelerate joint learning and to help overcome the compartmentalization of technical and policy work by promoting integrated approaches to the interconnected economic, social and environmental challenges confronting the world. SDSN works closely with the United Nations, multilateral financing institutions, the private sector and civil society.

The Association was incorporated in Delaware in March 2014 and is based in New York City. It received its 501(c)(3) tax exempt status from the Internal Revenue Service on September 22, 2015 and is classified as a publicly supported organization described in section 509(a)(1) of the Internal Revenue Code. The Association began full operations on November 10, 2015. Through June 30, 2016, the Association hosted the SDG Academy (formerly known as SDSNedu), an online education initiative of SDSN focused on creating and curating the best educational content on the SDGs. From July 1, 2016 onwards, the Association also hosts the Secretariat of SDSN, a small team that manages the work of SDSN, previously hosted by Columbia University. The financial statements represent the operations of the Association as a host for the SDG Academy and selected SDSN activities. The financial statements for the fiscal year ending June 30, 2017 will reflect the operations of the Secretariat and the SDG Academy as full cost centers of the Association, along with general operations.

2. Summary of Significant Accounting Policies

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Association has no permanently restricted net assets at June 30, 2016.

Cash

The Association maintains cash in one bank account which, at times may exceed federally-insured limits of \$250,000. The Association has not experienced any losses in such accounts.

Grants and Contributions Receivable

Grants and contributions that are expected to be collected within one year are recorded at net realizable value. Grants and contributions due in more than one year are discounted to their present value (estimated fair value) using a rate commensurate with the risks involved.

SDSN Association, Inc.
Notes to the Financial Statements
For the Period from November 10, 2015 to June 30, 2016

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the related assets. Additions are capitalized, whereas costs of maintenance and repairs are charged to expense as incurred.

Contributions and Government Grants

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 in the statement of activities as net assets released from restrictions.

Due to the efforts generating grants and contributions by the Association, contributions intended for the benefit of others, which were disbursed to them, amounted to \$125,000 and is reflected as a component of support and revenue in the accompanying statement of activities.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services.

In-Kind Contributions

In-kind contributions for services or the use of equipment, materials or facilities at less than fair value are recorded at their fair value in accordance with accounting literature, if the services (a) create or enhance non financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association.

3. Grants and Contributions Receivable

Grants and contributions receivable expected to be collected at June 30, are as follows:

	<u>2016</u>
Amounts due in less than one year	\$ 617,198
Amounts due in one to five years	<u>256,844</u>
	<u>\$ 874,042</u>

SDSN Association, Inc.
Notes to the Financial Statements
For the Period from November 10, 2015 to June 30, 2016

4. Property and Equipment

Property and equipment consists of the following:

	<u>2016</u>	<u>Depreciation Period</u>
Computers and software	\$ 8,141	3 years
Less: Accumulated depreciation	<u>(1,011)</u>	
	<u><u>\$ 7,130</u></u>	

For the period from November 10, 2015 to June 30, 2016, depreciation amounted to \$1,011.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, consists of the following:

	<u>2016</u>
SDG Academy	\$ 966,222
Secretariat	<u>943,464</u>
	<u><u>\$ 1,909,686</u></u>

6. In-Kind Contributions

The fair value of donated legal and technology and web services included as contributions in the financial statements and the corresponding program expenses amount to \$268,627 for the period from November 10, 2015 to June 30, 2016. This amount represents services provided directly to the Association during the period.

7. Other Matters

A conditional grant in the amount of \$6,500,000 was awarded to the Association to be received over five years. The grant will be recognized when conditions are met. For the period ended June 30, 2016, approximately \$1,000,000 has been recognized as revenue and support.

8. Subsequent Events

The Association has evaluated subsequent events through December 30, 2016, the date the financial statements were available for issuance.

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