



RAZOO FOUNDATION

**AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2011 AND 2010

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Independent Auditor's Report

Board of Directors
Razoo Foundation
Washington, D.C.

We have audited the accompanying Statements of Financial Position of **Razoo Foundation** (the "Foundation") as of December 31, 2011 and 2010, and the related Statements of Activities and Changes in Net Assets and Cash Flows for the year ended December 31, 2011 and the period from inception (April 19, 2010) to December 31, 2010. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on the 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Razoo Foundation's** internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Razoo Foundation** as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the year ended December 31, 2011 and the period from inception (April 19, 2010) to December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

Rockville, Maryland
April 30, 2012

Razoo Foundation

Statements of Financial Position

<i>December 31,</i>	2011	2010
Assets		
Current assets		
Cash and cash equivalents	\$ 4,877,208	\$ 3,309,290
Prepaid expenses	2,289	2,153
Total assets	\$ 4,879,497	\$ 3,311,443
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 78,299	\$ 96,057
Total liabilities	78,299	96,057
Net assets		
Unrestricted		
Donor advised	4,616,217	3,146,500
Undesignated	159,981	68,886
Temporarily restricted	25,000	-
Total net assets	4,801,198	3,215,386
Total liabilities and net assets	\$ 4,879,497	\$ 3,311,443

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Razoo Foundation

Statements of Activities and Changes in Net Assets

	Year Ended December 31, 2011			Period from Inception (April 19, 2010) to December 31, 2010
	Unrestricted	Temporarily Restricted	Total	Unrestricted / Total
	Unrestricted	Temporarily Restricted	Total	Total
Revenues				
Contributions to donor advised fund	\$ 30,100,951	\$ -	\$ 30,100,951	\$ 13,518,333
Corporate and foundation contributions	56,357	181,805	238,162	2,055,461
Donated website, office space, and other services	530,671	-	530,671	354,000
Contributed personnel	273,263	-	273,263	202,872
Revenue before release from restrictions	30,961,242	181,805	31,143,047	16,130,666
Net assets released from restrictions	156,805	(156,805)	-	-
Total revenues	31,118,047	25,000	31,143,047	16,130,666
Expenses				
Program services	28,975,474	-	28,975,474	12,652,803
Management and general	428,222	-	428,222	192,230
Fundraising	153,539	-	153,539	70,247
Total expenses	29,557,235	-	29,557,235	12,915,280
Change in net assets	1,560,812	25,000	1,585,812	3,215,386
Net assets, at beginning of period	3,215,386	-	3,215,386	-
Net assets, at end of period	\$ 4,776,198	\$ 25,000	\$ 4,801,198	\$ 3,215,386

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Razoo Foundation

Statements of Cash Flows

	Year Ended	Period from
	December 31, 2011	Inception
		(April 19, 2010) to
		December 31, 2010
Cash flows from operating activities		
Change in net assets	\$ 1,585,812	\$ 3,215,386
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Increase in assets		
Prepaid expenses	(136)	(2,153)
(Decrease) increase in liabilities		
Accounts payable and accrued expenses	(17,758)	96,057
Net cash provided by operating activities	1,567,918	3,309,290
Net increase in cash and cash equivalents	1,567,918	3,309,290
Cash and cash equivalents, beginning of period	3,309,290	-
Cash and cash equivalents, end of period	\$ 4,877,208	\$ 3,309,290

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Razoo Foundation

Notes to Financial Statements

1. Organization and significant accounting policies

Organization: Razoo Foundation (the “Foundation”), a public charity operating a donor advised fund, was established as a Delaware nonprofit corporation on April 19, 2010 to accept charitable contributions from donors and receive donor advisements, maintain such contributions in a separately identified fund, and make distributions to tax-exempt or other qualifying organizations under the Internal Revenue Code of 1986, as amended (the “Code”). The Foundation has been approved by the Internal Revenue Service (“IRS”) as a tax-exempt organization described in Section 501(c)(3) of the Code.

The Foundation fosters the democratization of philanthropy, promoting high volume fundraising by providing cost-efficient e-solutions for charitable giving that widely benefits the charitable sector. By using state of the art technological advancements, the Foundation provides secure donation processing e-solutions to its donors.

As a cornerstone to fostering and facilitating fundraising and grant-making, the Foundation educates both the donor public and charitable sector about e-philanthropy and supports the growth and positive reputation of e-philanthropy. The Foundation’s educational services will eventually span the globe through research, white papers, charity surveys, philanthropic compendiums, etc.

The Foundation maintains its headquarters in Washington, D.C.

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, including specialized industry practices as specified in the American Institute of Certified Public Accountants audit and accounting guide titled *Not-for-Profit Organizations*.

Cash and cash equivalents: For financial reporting purposes, the Foundation considers all highly liquid financial instruments with original maturities of three months or less when purchased to be cash equivalents. At times, cash and cash equivalents may exceed federally insured limits. However, management believes that the Foundation does not face a significant risk of loss on these accounts due to the failure of these financial institutions.

Razoo Foundation

Notes to Financial Statements

1. Organization and significant accounting policies (continued)

Classification of net assets: Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted undesignated net assets: Unrestricted undesignated net assets represent funds to be used for the furtherance of the Foundation's charitable objectives.

Unrestricted donor advised net assets: Unrestricted donor advised net assets represent donated funds earmarked by the Board for the purpose of issuing grants. On January 10, 2012, the Razoo Foundation disbursed the balance of these funds to qualified, advised nonprofit organizations per its monthly disbursement cycle.

Temporarily restricted net assets: Temporary restricted net assets represent funds subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.

Revenue recognition:

Contributions to donor advised fund: Contributions are reported as revenue on the date received. All contributions represent completed and irrevocable charitable contributions and thus are not refundable. It is the Foundation's intent that donor advised fund contributions made on its website be re-granted as per donor advisements to suggested U.S. 501(c)(3) charities. The Foundation is not bound by such donor advised fund contribution advisements, which are considered solely advisory. Re-granting decisions are made by the Foundation's staff only to qualified nonprofit organizations under delegated authority from the Board of Directors.

Corporate and foundation contributions: Corporate and foundation contributions are recognized as revenue in the period received. Contributions are recorded as unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restrictions.

Donated website, office space, and other services: Donated website, office space, and other services are reported at fair value when received.

Razoo Foundation

Notes to Financial Statements

1. Organization and significant accounting policies (continued)

Revenue recognition (continued):

Contributed personnel: Contributed personnel services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would typically be purchased if not provided by donation.

Additional contributed personnel services for customer service representatives were received from Razoo Global Corporation (see Note 2) and are estimated to be valued at \$144,000 and \$84,000 for the periods ended December 31, 2011 and 2010, respectively. The value of these contributed services does not meet the criteria for recognition and, accordingly, is not recognized in the accompanying financial statements.

Functional allocation of expenses: Expenses are allocated into functional categories depending on the ultimate purpose of the expenditure. Expenses have been summarized in the accompanying financial statements as follows:

Program services includes donor advised contributions and grants to charitable organizations and expenses incurred to educate, disseminate information, and provide a charitable vehicle to the general public.

Management and general includes expenses that are not directly related to a specific program function incurred by the Foundation in the accomplishment of its tax exempt purposes.

Fundraising includes expenses incurred to raise funds for the Foundation.

Tax status: The Foundation is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Code.

Uncertainty in income taxes: The Foundation evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of December 31, 2011 and 2010, there are no accruals for uncertain tax positions. If applicable, the Foundation records interest and penalties as a component of income tax expense. Tax years from 2010 through the current year remain open for examination by tax authorities.

Razoo Foundation

Notes to Financial Statements

1. Organization and significant accounting policies (continued)

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 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.

Reclassifications: Certain 2010 balances have been reclassified to conform with the 2011 presentation.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through April 30, 2012, which is the date the financial statements were available to be issued.

2. Related party transactions

Razoo Global Corporation (formerly known as Razoo LLC) (the “Corporation”) is a venture-funded social enterprise committed to creating a more generous world through social fundraising. The Corporation seeks to affiliate with charities that share its charitable and philanthropic goals. Among those charities is one that the Corporation helped launch that is now an independent charity while sharing the Corporation’s charitable vision and name – the Razoo Foundation. The Foundation shares space, executive and administrative personnel, and had one common board member with the Corporation until February 2011.

The Razoo website address is razoo.com (the “website”). The website, which is owned and maintained by Razoo Global Corporation, enables individuals to easily give to or fundraise for a nonprofit, and for 501(c)(3) organizations to accept online donations and fundraise.

The Foundation received donations of contributed personnel, website use, office space and professional services without charge from Razoo Global Corporation. The estimated fair value of these donations is recorded in the statements of activities and changes in net assets and allocated to program services, management and general, and fundraising according to the nature of the items or services contributed.



Independent Auditor's Report on Supplementary Information

Board of Directors
Razoo Foundation
Washington, D.C.

We have audited the financial statements of **Razoo Foundation** as of and for the year ended December 31, 2011 and as of December 31, 2010 and for the period from inception (April 19, 2010) to December 31, 2010, and our report thereon dated April 30, 2012, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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Rockville, Maryland
April 30, 2012

Razoo Foundation

Schedule of Functional Expenses

<i>Year Ended December 31, 2011</i>	Program Services	Management and General	Fundraising	Total
Grants	\$ 27,871,642	\$ -	\$ -	\$ 27,871,642
Personnel	95,642	136,632	40,989	273,263
Transaction costs	470,243	134,355	67,178	671,776
Website and database use	408,106	-	-	408,106
Legal and professional fees	88,682	126,690	38,007	253,379
Occupancy	12,407	17,724	5,317	35,448
Other expenses	3,223	4,606	1,382	9,211
Insurance expense	1,555	2,221	666	4,442
Training, education, conferences	23,974	5,994	-	29,968
Total expenses	\$ 28,975,474	\$ 428,222	\$ 153,539	\$ 29,557,235

See Independent Auditor's Report on Supplementary Information.

Razoo Foundation

Schedule of Functional Expenses

<i>Period from Inception (April 19, 2010) to December 31, 2010</i>	Program Services	Management and General	Fundraising	Total
Grants	\$ 12,007,155	\$ -	\$ -	\$ 12,007,155
Personnel	71,005	101,436	30,431	202,872
Transaction costs	220,109	62,888	31,444	314,441
Website and database use	335,000	-	-	335,000
Legal and professional fees	8,934	12,763	3,829	25,526
Occupancy	6,650	9,500	2,850	19,000
Other expenses	3,161	4,515	1,355	9,031
Insurance expense	789	1,128	338	2,255
Total expenses	\$ 12,652,803	\$ 192,230	\$ 70,247	\$ 12,915,280

See Independent Auditor's Report on Supplementary Information.