



**IAN
SOMERHALDER
FOUNDATION**

Financial Statements
December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ian Somerhalder Foundation

We have audited the accompanying financial statements of Ian Somerhalder Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, 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.

Auditors' 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 the Foundation as of December 31, 2015 and 2014, 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.



Long Beach, California
May 16, 2016

IAN SOMERHALDER FOUNDATION
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2015	2014
ASSETS		
Cash and equivalents	\$ 763,874	\$ 887,358
Accounts receivable	36,217	141,461
Land	1,020,000	1,020,000
Website development costs	79,950	25,000
Other assets	-	8,759
TOTAL ASSETS	\$ 1,900,041	\$ 2,082,578

LIABILITIES AND NET ASSETS

LIABILITIES		
Note payable	\$ 960,000	\$ 960,000
NET ASSETS		
Unrestricted	940,041	1,122,578
TOTAL LIABILITIES AND NET ASSETS	\$ 1,900,041	\$ 2,082,578

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

IAN SOMERHALDER FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	For the Year Ended December 31,	
	2015	2014
CHANGE IN UNRESTRICTED ASSETS:		
REVENUE AND SUPPORT		
Contributions	\$ 374,731	\$ 357,272
Fundraising campaign	254,550	667,946
Other revenue	28,678	33,525
Interest income	87	47
Total Revenue and Support	<u>658,046</u>	<u>1,058,790</u>
EXPENSES		
Program	545,710	402,570
General and administrative	109,177	131,821
Fundraising	185,696	246,561
Total Expenses	<u>840,583</u>	<u>780,952</u>
CHANGE IN NET ASSETS	(182,537)	277,838
NET ASSETS AT BEGINNING OF YEAR	<u>1,122,578</u>	<u>844,740</u>
NET ASSETS AT END OF YEAR	<u>\$ 940,041</u>	<u>\$ 1,122,578</u>

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

IAN SOMERHALDER FOUNDATION

STATEMENTS OF CASH FLOWS

	For the Year Ended	
	December 31,	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (182,537)	\$ 277,838
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in operating assets and liabilities:		
Accounts receivable	105,244	(141,461)
Other assets	<u>8,759</u>	<u>(8,440)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(68,534)</u>	<u>127,937</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of certificate of deposit	-	3,771
Purchase of land	-	(60,000)
Website development costs	<u>(54,950)</u>	<u>(25,000)</u>
Net Cash Used In Investing Activities	<u>(54,950)</u>	<u>(81,229)</u>
NET CHANGE IN CASH AND EQUIVALENTS	(123,484)	46,708
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>887,358</u>	<u>840,650</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 763,874</u>	<u>\$ 887,358</u>

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

IAN SOMERHALDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

NOTE 1 – Nature of Organization

Ian Somerhalder Foundation (the Foundation) was established in November 2010 as a California nonprofit corporation. The purpose of the Foundation is to advance science; promote the conservation of natural resources, such as forests, lands, and wildlife, for the benefit of the entire community; provide relief to the poor, distressed, and underprivileged; and support other organizations conducting activities under Section 501(c)(3) of the Internal Revenue Code. The Foundation aims to empower, educate, and collaborate with people and projects to positively impact the planet and its creatures by providing programs and services, conducting fundraising events and providing financial disbursements to other tax-exempt organizations whose ultimate purposes are to conserve the environment and protect animals.

NOTE 2 – Summary of Significant Accounting Policies

The financial statements of the Foundation have been prepared on the accrual basis in accordance with principles generally accepted in the United States of America. The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

Under Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements*, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2015 and 2014, the Foundation had no temporarily or permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

IAN SOMERHALDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Contributions are recognized as support in the period received or pledged.

During the years ended December 31, 2015 and 2014, the Foundation contracted with a third party to conduct a fundraising campaign on behalf of the Foundation. Campaign contributions are recorded in the period received by the fundraising agent. Promotional costs and professional fundraising expenses relating to the campaign are recorded within fundraising expenses on the accompanying statements of activities.

Noncash Contributions

A substantial number of volunteers make significant contributions of their time in the furtherance of the Foundation's purpose. The value of this contributed time is not reflected in the accompanying financial statements, as they do not meet the recognition criteria for contributed services.

IAN SOMERHALDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Cash and Equivalents

The Foundation considers cash equivalents to be all highly liquid debt instruments purchased with an initial maturity of three months or less. Cash and equivalents includes cash deposits with a bank and a treasury note.

Accounts Receivable

Accounts receivable consists of contributions collected by the Foundation's contracted fundraising agent, but not yet remitted to the Foundation, and are reported at the net amount expected to be received after considering related campaign expenses incurred by the fundraising agent. Management believes accounts receivable are collectible in full and, therefore, no allowance for doubtful collections has been established at December 31, 2015 and 2014. As of December 31, 2015 all accounts receivable are expected to be collected during 2016.

Land

Land is carried at cost and is not depreciated. Land is evaluated annually for impairment indicators. As of December 31, 2015, there were no indicators of impairment.

Website Development Costs

Website development costs related to data consulting services, site configuration, and conceptual design are capitalized. Costs related to planning the project are expensed as incurred. Capitalized costs are amortized over a three-year expected life using the straight-line method.

Allocation of Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

IAN SOMERHALDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Foundation has received tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code.

The Foundation recognizes the financial statement benefit of tax positions, such as its position of being tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and state purposes is generally three and four years, respectively.

Reclassifications

Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year's format.

Subsequent Events

The Foundation's management has evaluated subsequent events and transactions for potential recognition or disclosure through May 16, 2016, the date the financial statements were available to be issued.

NOTE 3 – Land

During the year ended December 31, 2014, the Foundation purchased approximately 100 acres of undeveloped land in Louisiana. Approximately 70 acres is preserved by zoning laws in Louisiana. The land will be utilized as a nature preserve, and educational and other programs will be developed by the Foundation.

NOTE 4 – Website Development Costs

Website development costs consist of costs incurred for an upgrade of the Foundation's website. As of December 31, 2015 and 2014, development costs totaling \$79,950 and \$25,000, respectively, have been capitalized relating to this effort. Amortization will commence upon completion of the website development, which is expected to occur during 2016.

IAN SOMERHALDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 5 – Note Payable

The note payable consists of the following:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Note payable to a financial institution, guaranteed by a Board member, payable in monthly installments of \$8,206 including interest at 5.5%, beginning in January 2016 through December 2019	<u>\$ 960,000</u>	<u>\$ 960,000</u>

The following is a schedule of future principal maturities:

<u>Year Ending December 31,</u>	
2016	\$ 48,845
2017	49,488
2018	52,279
2019	55,228
2020	58,343
Thereafter	<u>695,817</u>
	<u>\$ 960,000</u>

NOTE 6 – Supplemental Disclosure of Cash Flow Information

Noncash Investing and Financing Activities

During the year ended December 31, 2014, the Foundation acquired land under a note payable totaling \$960,000.