CORPORATE ACCOUNTABILITY INTERNATIONAL

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

O'Connor & Drew P.C.
Certified Public Accountants

CORPORATE ACCOUNTABILITY INTERNATIONAL

Financial Statements

June 30, 2015 and 2014

CONTENTS

O'Connor & Drew P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Corporate Accountability International
Boston, Massachusetts

Report on Financial Statements

We have audited the accompanying financial statements of Corporate Accountability International (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 of 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 auditors' 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.

25 Braintree Hill Office Park • Suite 102 • Braintree, MA 02184 • P:617.471.1120 • F:617.472.7560
27 Church Street • Winchester, MA 01890 • P:781.729.4949 • F:781.729.5247
www.ocd.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corporate Accountability International as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited Corporate Accountability International's 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 30, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

O'Connor and Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

November 17, 2015

CORPORATE ACCOUNTABILITY INTERNATIONAL

Statements of Financial Position

June 30, 2015 and 2014

CORPORATE ACCOUNTABILITY INTERNATIONAL

Statements of Financial Position

June 30,

Assets

	2015	2014
Current Assets:		
Cash and equivalents	$ 2,363,181	$ 1,229,020
Pledges receivable	320,000	686,388
Prepaid expenses	3,850	6,234
Total Current Assets	2,687,031	1,921,642
Property and Equipment, net	47,780	60,368
Other Asset:		
Deposits	69,391	69,391
Total Assets	$ 2,804,202	$ 2,051,401

Liabilities and Net Assets

	2015	2014
Current Liabilities:		
Accounts payable	$ 88,921	$ 54,805
Accrued expenses	9,000	8,700
Accrued vacation	35,068	47,874
Total Current Liabilities	132,989	111,379
Net Assets:		
Unrestricted	2,285,756	1,228,792
Temporarily restricted	385,457	711,230
Total Net Assets	2,671,213	1,940,022
Total Liabilities and Net Assets	$ 2,804,202	$ 2,051,401

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

CORPORATE ACCOUNTABILITY INTERNATIONAL

Statements of Activities and Changes in Net Assets

For the Year Ended June 30, 2015
(with comparative totals for the year ended June 30, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Revenues:				
Contributions	$ 5,090,124	$ 584,160	$ 5,674,284	$ 4,676,631
Interest income	74	-	74	3,973
Other income	1,353	-	1,353	27,888
Released from restriction	909,933	(909,933)	-	-
Total Revenues	6,001,484	(325,773)	5,675,711	4,708,492
Expenses:				
Program services	4,611,934	-	4,611,934	4,600,786
Management and general	139,110	-	139,110	107,129
Fundraising	193,476	-	193,476	280,708
Total Expenses	4,944,520	-	4,944,520	4,988,623
Changes in Net Assets	1,056,964	(325,773)	731,191	(280,131)
Net Assets, Beginning of Year	1,228,792	711,230	1,940,022	2,220,153
Net Assets, End of Year	$ 2,285,756	$ 385,457	$ 2,671,213	$ 1,940,022

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

CORPORATE ACCOUNTABILITY INTERNATIONAL

Statements of Cash Flows

For the Years Ended June 30,

	2015	2014
Cash Flows from Operating Activities:		
Changes in net assets	$ 731,191	$ (280,131)
Adjustments to reconcile changes in net assets to net cash provided by (applied to) operating activities:		
Depreciation	30,808	37,693
Changes in assets and liabilities:		
Pledges receivable	366,388	(168,035)
Prepaid expenses	2,384	(6,234)
Deposits	-	(1,531)
Accounts payable	34,116	11,747
Accrued expenses	300	200
Accrued vacation	(12,806)	21,086
Net Adjustments	421,190	(105,074)
Net Cash Provided by (Applied to) Operating Activities	1,152,381	(385,205)
Cash Flows from Investing Activity:		
Purchases of property and equipment	(18,220)	(20,166)
Net Increase (Decrease) in Cash and Equivalents	1,134,161	(405,371)
Cash and Equivalents, Beginning of Year	1,229,020	1,634,391
Cash and Equivalents, End of Year	$ 2,363,181	$ 1,229,020

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

CORPORATE ACCOUNTABILITY INTERNATIONAL

Notes to the Financial Statements

June 30, 2015 and 2014

Note 1 - **Summary of Significant Accounting Policies**

Nature of Activities
Corporate Accountability International (the Organization) is a not-for-profit organization with the goal to educate the public about life-threatening abuses by global corporations, including interference in public policymaking. The Organization's headquarters are in Boston, Massachusetts, with offices in both North and South America.

Basis of Accounting
The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Equivalents
Cash and equivalents include all monies in banks and highly liquid investments with original maturities of three months or less. The carrying value of cash and equivalents approximates fair value because of the short maturities of those financial instruments.

Pledges Receivable
Unconditional promises to give are included in the financial statements as pledges receivable and revenue for the appropriate net asset category. Pledges are recorded at the present value of the expected future cash flows using a risk-free interest rate commensurate with the date of the donation. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Property and Equipment
Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Presentation of Net Assets
The Organization reports information regarding its assets, net assets, revenues, expenses, and other changes in net assets according to three classes:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

CORPORATE ACCOUNTABILITY INTERNATIONAL

Notes to the Financial Statements - Continued

June 30, 2015 and 2014

Note 1 - **Summary of Significant Accounting Policies - Continued**

Presentation of Net Assets - Continued

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Organization. No permanently restricted assets were received or held during 2015 and 2014 and accordingly, these financial statements do not reflect any activity related to this class of net assets.

Contributions

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Temporarily restricted contributions received during the year meeting donor-imposed stipulations are recorded as unrestricted contributions. All other contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Advertising

The Organization charges the cost of advertising to expense as incurred. For the years ended June 30, 2015 and 2014, advertising costs amounted to $1,375 and $1,195, respectively.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CORPORATE ACCOUNTABILITY INTERNATIONAL

Notes to the Financial Statements - Continued

June 30, 2015 and 2014

Note 1 - **Summary of Significant Accounting Policies - Continued**

Financial Instruments
Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and equivalents, and pledges receivable. The Organization maintains its cash and equivalents in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. Exposure to credit risk and deposit risk is reduced by placing such deposits in high quality financial institutions.

The carrying amounts of certain financial instruments including cash and equivalents, and pledges receivable approximate fair value as of June 30, 2015 because of the relatively short maturity of these instruments.

Income Taxes
The Organization has been notified by the Internal Revenue Service that it meets the qualifications to be classified as a tax exempt entity under section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(VI). As a not-for-profit entity exempt from income taxes, the Organization may, however, be subject to tax on unrelated business income.

Accounting principles generally accepted in the United States of America require an entity to assess the probability that a tax position has a "more likely than not" (MLTN) sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances the statute of limitations may remain open indefinitely.

Reclassification
Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

CORPORATE ACCOUNTABILITY INTERNATIONAL

Notes to the Financial Statements - Continued

June 30, 2015 and 2014

Note 2 - **Pledges Receivable**

Pledges receivable consist of unconditional promises to be received by the Organization in future years. Pledge receivable is as follows at June 30:

	2015	2014
Pledges receivable	**$ 320,000**	$ 709,630
Less: discount at 5.00%	**-**	23,242
Total pledge receivable, net	**$ 320,000**	$ 686,388

Note 3 - **Property and Equipment**

A summary of the major components of property and equipment at June 30, is as follows:

	2015	2014
Leasehold improvements	**$ 151,850**	$ 133,630
Furniture and equipment	**196,724**	196,724
	348,574	330,354
Less: accumulated depreciation	**300,794**	269,986
Net property and equipment	**$ 47,780**	$ 60,368

Note 4 - **Line of Credit**

The Organization secured a $500,000 revolving line of credit from a financial institution in April 2015. At June 30, 2015, the balance on the line of credit was $-0-, and the Organization did not draw down on the line of credit during the fiscal year. Interest is payable monthly at the financial institution's base rate which can fluctuate at the bank's discretion based on economic conditions.

CORPORATE ACCOUNTABILITY INTERNATIONAL

Notes to the Financial Statements - Continued

June 30, 2015 and 2014

Note 5 - **Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of amounts received for the Real Food Media Project and pledged contributions that are expected to be received in future years.

For the years ended June 30, 2015 and 2014 the Organization released $243,545 and $284,795, respectively, of temporarily restricted net assets for expenditure purposes related to the Real Food Media Project. For the years ended June 30, 2015 and 2014 the Organization released $666,388 and $291,595, respectively, of temporarily restricted net assets related to the satisfaction of pledge receivable time restrictions.

Note 6 - **Leasing Activity**

The Organization leases its Boston, Massachusetts headquarters under a lease agreement with escalating monthly payments concluding in December 2025. During April 2015, the Organization renegotiated their lease agreement to expand their headquarters. The remainder of the Organization's leases of additional office spaces are under lease agreements and tenant-at-will arrangements. Rent expense for the years ended June 30, 2015 and 2014, amounted to $337,347 and $331,818, respectively. Historically, rent expense has represented 3% - 7% of total expenses and management expects future rent expense will remain at, or below, the aforementioned percentages.

Future minimum lease payments subsequent to June 30, 2015 are as follows:

Years Ending June 30,	Lease Payments
2016	$ 363,593
2017	522,200
2018	536,807
2019	551,414
2020	566,021
Thereafter	3,264,665
Total	$ 5,804,700

CORPORATE ACCOUNTABILITY INTERNATIONAL

Notes to the Financial Statements - Continued

June 30, 2015 and 2014

Note 7 - **Retirement Plan**

The Organization maintains a 401(k) plan covering all eligible employees. Employer contributions for the years ended June 30, 2015 and 2014, totaled $46,465 and $33,175, respectively.

Note 8 - **Risks and Uncertainties**

Cash

The Organization periodically maintains cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) insurable limits. Management monitors the financial condition of banking institutions, along with its cash balances, to keep this potential risk to a minimum. At June 30, 2015 and 2014, uninsured cash balances in excess of FDIC insurable limits was approximately $483,000 and $496,000, respectively.

Note 9 - **Management Acceptance of Financial Statements**

Management has evaluated subsequent events through November 17, 2015, the date the financial statements were available for issuance.