

CHAR500

Annual Filing Checklist

Simply submit the certified CHAR500 with no fee, schedule, or additional attachments IF:

- Your organization is registered as 7A only and you marked the 7A filing exemption in Part 3.
- Your organization is registered as EPTL only and you marked the EPTL filing exemption in Part 3.
- Your organization is registered as DUAL and you marked both the 7A and EPTL filing exemption in Part 3.

Checklist of Schedules and Attachments

Check the schedules you must submit with your CHAR500 as described in Part 4:

- If you answered "yes" in Part 4a, submit Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsel (FRC), Commercial Co-Venturers (CCV)
- If you answered "yes" in Part 4b, submit Schedule 4b: Government Grants

Check the financial attachments you must submit with your CHAR500:

- IRS Form 990, 990-EZ, or 990-PF, and 990-T if applicable
- All additional IRS Form 990 Schedules, including Schedule B (Schedule of Contributors).
- Our organization was eligible for and filed an IRS 990-N e-postcard. We have included an IRS Form 990-EZ for state purposes only.

If you are a 7A only or DUAL filer, submit the applicable independent Certified Public Accountant's Review or Audit Report:

- Review Report if you received total revenue and support greater than \$250,000 and up to \$750,000.
- Audit Report if you received total revenue and support greater than \$750,000
- No Review Report or Audit Report is required because total revenue and support is less than \$250,000
- We are a DUAL filer and checked box 3a, no Review Report or Audit Report is required

Calculate Your Fee

For 7A and DUAL filers, calculate the 7A fee:

- \$0, if you checked the 7A exemption in Part 3a
- \$25, if you did not check the 7A exemption in Part 3a

For EPTL and DUAL filers, calculate the EPTL fee:

- \$0, if you checked the EPTL exemption in Part 3b
- \$25, if the NET WORTH is less than \$50,000
- \$50, if the NET WORTH is \$50,000 or more but less than \$250,000
- \$100, if the NET WORTH is \$250,000 or more but less than \$1,000,000
- \$250, if the NET WORTH is \$1,000,000 or more but less than \$10,000,000
- \$750, if the NET WORTH is \$10,000,000 or more but less than \$50,000,000
- \$1500, if the NET WORTH is \$50,000,000 or more

Is my Registration Category 7A, EPTL, DUAL or EXEMPT?

Organizations are assigned a Registration Category upon registration with the NY Charities Bureau:

7A filers are registered to solicit contributions in New York under Article 7-A of the Executive Law ("7A")**EPTL** filers are registered under the Estates, Powers & Trusts Law ("EPTL") because they hold assets and/or conduct activities for charitable purposes in NY.**DUAL** filers are registered under both 7A and EPTL.**EXEMPT** filers have registered with the NY Charities Bureau and meet conditions in **Schedule E - Registration Exemption for Charitable Organizations**. These organizations are not required to file annual financial reports but may do so voluntarily.Confirm your Registration Category and learn more about NY law at www.CharitiesNYS.com**Where do I find my organization's NET WORTH?**

NET WORTH for fee purposes is calculated on:

- IRS Form 990 Part I, line 22
- IRS Form 990 EZ Part I, line 21
- IRS Form 990 PF, calculate the difference between Total Assets at Fair Market Value (Part II, line 16(c)) and Total Liabilities (Part II, line 23(b)).

Send Your Filing

Send your CHAR500, all schedules and attachments, and total fee to:

NYS Office of the Attorney General
 Charities Bureau Registration Section
 120 Broadway
 New York, NY 10271

DEMOCRACY WORKS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP
551 FIFTH AVENUE, 4TH FLOOR, NEW YORK, NEW YORK 10176
212-697-2299 FAX: 212-949-1768

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Democracy Works, Inc.

We have audited the accompanying financial statements of Democracy Works, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities 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 of 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.

LUTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Democracy Works, 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.

Lutz + Carr, LLP

New York, New York
October 31, 2017

DEMOCRACY WORKS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

	2016	2015
Assets		
Cash (Note 5)	\$313,596	\$ 212,857
Accounts receivable (Note 1d)	164,221	32,527
Unconditional promises to give (Notes 1b and 3a)		
Unrestricted	9,500	1,072,220
Temporarily restricted	27,000	-
Prepaid expenses and other assets	36,873	27,483
Security deposit	47,946	47,946
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 4)	8,332	14,049
Total Assets	<u>\$607,468</u>	<u>\$1,407,082</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 33,054	\$ 36,948
Deferred rent liability (Note 1f)	7,749	4,827
Deferred revenue (Note 1g)	119,557	1,875
Total Liabilities	<u>160,360</u>	<u>43,650</u>
Commitment and Contingency (Notes 7a and 7c)		
Net Assets		
Unrestricted	362,707	116,160
Temporarily restricted (Note 2)	84,401	1,247,272
Total Net Assets	<u>447,108</u>	<u>1,363,432</u>
Total Liabilities and Net Assets	<u>\$607,468</u>	<u>\$1,407,082</u>

See independent auditors' report and notes to financial statements.

DEMOCRACY WORKS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016		2015	
	Unrestricted	Temporarily Restricted	Total	Unrestricted
				Temporarily Restricted
Changes in Net Assets				
Revenue and Public Support (Note 7b)				
Foundation grants	\$ 175,000	\$ 382,000	\$ 557,000	\$ 51,750
Contributions	398,406	(20,000)	398,406 (20,000)	125,929
Reversal of prior year grant	-	-	-	-
In-kind contributions (Notes 1c and 6)	319,808	-	319,808	50,913
Program fees	1,807,489	-	1,807,489	922,016
Mailings	18,252	-	18,252	4,710
Investment income	699	-	699	1,523
	<u>2,719,654</u>	<u>362,000</u>	<u>3,081,654</u>	<u>1,156,841</u>
Net assets released from restrictions				
Satisfaction of time and program restrictions	1,524,871	(1,524,871)	-	1,253,754
	<u>4,244,525</u>	<u>(1,162,871)</u>	<u>3,081,654</u>	<u>2,410,595</u>
Total Revenue and Public Support				
Expenses				
Program Services	3,738,434	-	3,738,434	2,267,474
Supporting Services				2,267,474
Management and general	213,896	-	213,896	253,061
Fundraising	45,648	-	45,648	48,584
Total Supporting Services	<u>259,544</u>	<u>-</u>	<u>259,544</u>	<u>301,645</u>
Total Expenses				
	<u>3,997,978</u>	<u>-</u>	<u>3,997,978</u>	<u>2,569,119</u>
Increase (decrease) in net assets				
Net assets, beginning of year				
	<u>246,547</u>	<u>(1,162,871)</u>	<u>(916,324)</u>	<u>(158,524)</u>
	<u>116,160</u>	<u>1,247,272</u>	<u>1,363,432</u>	<u>274,684</u>
Net Assets, End of Year	<u>\$ 362,707</u>	<u>\$ 84,401</u>	<u>\$ 447,108</u>	<u>\$ 116,160</u>
				<u>\$ 1,247,272</u>
				<u>\$1,363,432</u>

See independent auditors' report and notes to financial statements.

DEMOCRACY WORKS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$ (916,324)	\$(461,153)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	5,717	8,809
Bad debt expense	43,500	17,001
(AIncrease) decrease in:		
Accounts receivable	(175,194)	158,511
Unconditional promises to give	1,035,720	400,780
Prepaid expenses and other assets	(9,390)	(2,922)
Security deposit	-	(47,946)
Increase in:		
Accounts payable and accrued expenses	(3,894)	31,922
Deferred rent liability	2,922	4,827
Deferred revenue	117,682	1,375
Net Cash Provided By Operating Activities	<u>100,739</u>	<u>111,204</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(7,750)
Net increase in cash	100,739	103,454
Cash, beginning of year	<u>212,857</u>	<u>109,403</u>
Cash, End of Year	<u>\$ 313,596</u>	<u>\$ 212,857</u>

See independent auditors' report and notes to financial statements.

DEMOCRACY WORKS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Note 1 - Organization and Summary of Significant Accounting Policies**a - Organization**

Democracy Works, Inc. ("Democracy Works") is a nonpartisan, 501(c)(3) nonprofit organization dedicated to the idea that voting should fit the way we live. Democracy Works is a team of software developers, public policy wonks, and civic organizers building the tools needed to upgrade the infrastructure of our democracy and improve the voting experience for voters and election officials alike. Our vision is straightforward: make voting a simple, seamless experience for all Americans so that no one misses an election.

Democracy Works' first offering was TurboVote, an online service to help every American vote in every election - local, state, and national. Users who need to register or vote by mail receive completed forms with an addressed, stamped envelope to make voting easier. All users who opt in get text and email reminders with important election information, key dates, and deadlines.

Ballot Scout, Democracy Works' second product, helps local election administrators track absentee ballots by the tens of thousands as they travel through the mail, providing transparency in the vote-by-mail process and making it easier to follow up when things go awry. The Organization also works with the Pew Charitable Trusts and Google to ensure that the Voting Information Project's data is up-to-date and ready from one election to the next, for the millions and millions of voters who rely on it.

b - Contributions and Unconditional Promises to Give

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to Democracy Works, that is, in substance, unconditional. Donor-restricted contributions 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.

The Organization uses the allowance method to determine uncollectible promises to give. Such allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

c - Donated Services

Donated services are recognized as contributions at fair value if the services require specialized skills, are performed by people with those skills, and would otherwise be purchased.

d - Accounts Receivable

Democracy Works does not anticipate any losses on accounts receivable at December 31, 2016.

DEMOCRACY WORKS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Note 1 - Organization and Summary of Significant Accounting Policies (continued)**e - Property and Equipment**

Purchased property and equipment acquired are recorded at cost. Property and equipment are being depreciated using the straight-line method over the estimated useful life of the asset. Democracy Works has a policy to capitalize purchases of over \$5,000 that have a useful life of more than a year.

f - Deferred Rent

The aggregate of the total minimum lease payments is required to be recorded on a straight-line basis over the term of the lease. The difference between the straight-line expense and amounts paid in accordance with the terms of its lease is recorded as deferred rent in the statement of financial position.

g - Program Fees

Program fees are deferred when received and recognized as revenue in the period the services are provided.

h - Financial Statement Presentation

Democracy Works reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

i - Estimates

Democracy Works uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses.

j - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services in reasonable ratios determined by management.

k - Tax Status

Democracy Works, Inc. is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

l - Subsequent Events

Democracy Works has evaluated subsequent events through October 31, 2017, the date that the financial statements are considered available to be issued.

DEMOCRACY WORKS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets are designated by the donors for future periods and programs.

Note 3 - Promises to Give**a - Unconditional Promises to Give**

Unconditional promises to give are temporarily restricted and are due as follows:

	<u>2016</u>	<u>2015</u>
Due within one year	\$36,500	\$ 810,720
Due in one to five years	<u>-</u>	<u>261,500</u>
	<u>\$36,500</u>	<u>\$1,072,220</u>

Approximately 74% of unconditional promises to give as of December 31, 2016 are due from one corporation. Approximately 83% of unconditional promises to give as of December 31, 2015 are due from two donors. Uncollectable promises to give are expected to be insignificant.

b - Conditional Grant

During 2015, Democracy Works was awarded a grant totaling \$600,000, of which \$300,000 is conditional on achieving specific goals and programmatic metrics for the period ending November 30, 2016. These conditions were satisfied and this amount was recognized in March 2017.

Note 4 - Property and Equipment

Property and equipment consists of the following:

	<u>Life</u>	<u>2016</u>	<u>2015</u>
Website	3 years	\$31,975	\$31,975
Software	3 years	12,500	12,500
Leasehold Improvements	5 years	7,750	7,750
		<u>52,225</u>	<u>52,225</u>
Less: Accumulated depreciation		<u>(43,893)</u>	<u>(38,176)</u>
		<u>\$ 8,332</u>	<u>\$14,049</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$5,717 and \$8,809, respectively.

DEMOCRACY WORKS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 5 - Concentration of Credit Risk

Democracy Works maintains its cash balances with two financial institutions. Cash balances, at times, may exceed federally insured limits.

Note 6 - In-Kind Contributions

In-kind contributions consist of the following donated services, materials and occupancy:

	<u>2016</u>	<u>2015</u>
Legal	\$319,808	\$44,477
Rent	-	5,224
Office, telephone and postage	-	1,103
Technology	-	109
	<u>\$319,808</u>	<u>\$50,913</u>

Note 7 - Commitment, Concentration and Contingency

a - Democracy Works occupies office space under a lease which expires January 31, 2020. The lease provides for minimum annual rentals as follows:

<u>Year Ending December 31,</u>	
2017	\$90,165
2018	92,870
2019	95,659
Thereafter, one month ending January 31, 2020	7,991

Democracy Works also occupies other office space on a month-to-month basis at a monthly cost of \$750. Rent expense for 2016 and 2015 totaled \$116,577 and \$103,251, respectively. In 2015, there was donated rent of \$44,477.

b - For 2016, Democracy Works received approximately 37% of its total revenue and public support from three donors. For 2015, Democracy Works received approximately 65% of its total revenue and public support from three donors.

c - Certain projects are subject to audit by the granting agency.

Application for Automatic Extension of Time To File an Exempt Organization Return

OMB No. 1545-1709

Department of the Treasury
Internal Revenue Service

► File a separate application for each return.
► Information about Form 8868 and its instructions is at www.irs.gov/form8868.

Electronic filing (e-file). You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile, click on Charities & Non-Profits, and click on e-file for Charities and Non-Profits.

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number

Type or print	Name of exempt organization or other filer, see instructions. DEMOCRACY WORKS, INC.	Employer identification number (EIN) or 27-2460359
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 20 JAY STREET, NO. 824	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. BROOKLYN, NY 11201	

Enter the Return Code for the return that this application is for (file a separate application for each return) **0 11**

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► _____
Telephone No. ► _____ Fax No. ► _____
- If the organization does not have an office or place of business in the United States, check this box _____ ►
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ► . If it is for part of the group, check this box ► and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 6-month extension of time until **NOVEMBER 15, 2017**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

► calendar year **2016** or
► tax year beginning _____, and ending _____

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

3a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0.
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.

Caution: If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

LHA For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form 8868 (Rev. 1-2017)

Product: Exempt Extension **Category:** **IRS Center:**
Name: DEMOCRACY WORKS, INC. **e-PostMark:**
FEIN: *****0359 **Notification:**
Fiscal Year Begin Date: 1/1/2016 **Fiscal Year End Date:** 12/31/2016 **eSigned:**

Date	Type of Activity	Submission ID	Refund/(Due)	Updated By
5/3/2017	Upload Started			
5/3/2017	Ready to Release by Customer			
5/4/2017	Released for Transmission - Validation in Progress			759420
5/4/2017	Ready to transmit - Validation Complete			
5/4/2017	Transmitted to FD	13332120171240331e25		
5/4/2017	Accepted by FD on 5/4/2017			