

TUTAPONA, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tutapona, Inc.

We have audited the accompanying financial statements of Tutapona, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, the related statements of activities and cash flows for the years then ended, and the related statement of functional expenses for the year ended December 31, 2018, 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.

Auditor's 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 audits 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 Tutapona, Inc., as of December 31, 2018 and 2017, 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.

Respectfully submitted,

Lewis, Kisch & Associates, Ltd.

March 11, 2019

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND DECEMBER 31, 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u> <u>(Restated)</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 288,627	\$ 208,030
Prepaid Rent		1,500
Total Current Assets	<u>288,627</u>	<u>209,530</u>
<u>Property and Equipment</u>		
Buildings and Building Improvements	11,661	4,361
Furniture and Equipment	15,373	15,373
Vehicles	49,922	54,380
Total Property and Equipment	<u>76,956</u>	<u>74,114</u>
Less Accumulated Depreciation	<u>(25,343)</u>	<u>(15,679)</u>
Total Property and Equipment, Net	<u>51,613</u>	<u>58,435</u>
<u>Other Assets</u>		
Security Deposit	<u>278</u>	<u>278</u>
Total Other Assets	<u>278</u>	<u>278</u>
Total Assets	<u><u>\$ 340,518</u></u>	<u><u>\$ 268,243</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 14,914	\$ 5,499
Accrued Expenses	<u>25,116</u>	<u>12,875</u>
Total Current Liabilities	<u>40,030</u>	<u>18,374</u>
<u>Net Assets</u>		
Net Assets Without Donor Restrictions	<u>300,488</u>	<u>249,869</u>
Total Net Assets	<u>300,488</u>	<u>249,869</u>
Total Liabilities and Net Assets	<u><u>\$ 340,518</u></u>	<u><u>\$ 268,243</u></u>

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIESYEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>			
<u>Contributions</u>			
Contributions	\$ 704,095	\$ 96,626	\$ 800,721
Foundation and Corporate Grants	89,838		89,838
Total Contributions	793,933	96,626	890,559
<u>Investment Income</u>			
Interest and Dividends	21		21
Total Investment Income	21		21
Other Income	16,647		16,647
Net Assets Released from Restrictions	96,626	(96,626)	
Total Support and Revenue	907,227		907,227
<u>EXPENSES</u>			
Salaries and Wages	443,504		443,504
Travel	67,308		67,308
Other Employee Benefits	57,944		57,944
Payroll Taxes	38,564		38,564
Program Operational Costs	30,596		30,596
Other Professional Fees	26,766		26,766
Repairs and Maintenance	26,042		26,042
Rent	23,460		23,460
Accounting	20,158		20,158
Office Supplies	18,689		18,689
Housing	18,143		18,143
Information Technology	13,855		13,855
Advertising	11,333		11,333
Other Event	11,295		11,295
Staff Development	10,761		10,761
Depreciation	10,725		10,725
Miscellaneous	9,036		9,036
Small Equipment	6,966		6,966
Other Fees	5,283		5,283
Loss on Disposal	3,396		3,396
Dues and Registration	1,904		1,904
Utilities	833		833
Interest	27		27
Insurance	20		20
Total Expenses	856,608		856,608
Change in Net Assets	50,619		50,619
Net Assets, Beginning of Year	249,869		249,869
Net Assets, End of Year	\$ 300,488		\$ 300,488

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIESYEAR ENDED DECEMBER 31, 2017

(Restated)

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>			
<u>Contributions</u>			
Contributions	\$ 504,103		\$ 504,103
Foundation and Corporate Grants	132,104		132,104
Total Contributions	636,207		636,207
<u>Investment Income</u>			
Interest and Dividends	15		15
Total Investment Income	15		15
Other Income	3,396		3,396
Net Assets Released from Restrictions			
Total Support and Revenue	639,618		639,618
<u>EXPENSES</u>			
Salaries and Wages	352,268		352,268
Travel	44,086		44,086
Other Employee Benefits	38,656		38,656
Payroll Taxes	30,539		30,539
Program Operational Costs	19,538		19,538
Other Professional Fees	10,967		10,967
Repairs and Maintenance	31,546		31,546
Rent	24,203		24,203
Accounting	15,500		15,500
Office Supplies	10,876		10,876
Information Technology	8,305		8,305
Advertising	6,391		6,391
Staff Development	3,471		3,471
Depreciation	9,994		9,994
Miscellaneous	14,420		14,420
Small Equipment	1,888		1,888
Other Fees	5,505		5,505
Loss on Disposal	1,833		1,833
Dues and Registration	2,831		2,831
Utilities	1,794		1,794
Interest	21		21
Insurance	62		62
Total Expenses	634,694		634,694
Change in Net Assets	4,924		4,924
Net Assets, Beginning of Year, as Restated (Note 7)	244,945		244,945
Net Assets, End of Year	\$ 249,869		\$ 249,869

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSESYEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 374,876	\$ 34,314	\$ 34,314	\$ 443,504
Travel	38,889	20,496	7,923	67,308
Other Employee Benefits	52,800	3,894	1,250	57,944
Payroll Taxes	30,079	8,485		38,564
Program Operational Costs	17,466	13,068	62	30,596
Other Professional Fees		14,544	12,222	26,766
Repairs and Maintenance	22,370	3,672		26,042
Rent		23,460		23,460
Accounting		20,158		20,158
Office Supplies	16,325	2,364		18,689
Housing	14,514	3,629		18,143
Information Technology	6,766	7,089		13,855
Advertising	2,626		8,707	11,333
Other Event			11,295	11,295
Staff Development	10,761			10,761
Depreciation	2,391	8,334		10,725
Miscellaneous	3,564	4,620	852	9,036
Small Equipment		6,966		6,966
Other Fees		5,283		5,283
Loss on Disposal	3,396			3,396
Dues and Registration	1,904			1,904
Utilities		833		833
Interest		27		27
Insurance	20			20
Total Expenses	<u>\$ 598,747</u>	<u>\$ 181,236</u>	<u>\$ 76,625</u>	<u>\$ 856,608</u>

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 50,619	\$ 4,924
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	10,725	9,994
Loss on Disposal	3,396	1,833
(Increase) Decrease in Assets:		
Prepaid Rent	1,500	(1,500)
Increase (Decrease) in Liabilities:		
Accounts Payable	9,415	4,436
Accrued Expenses	12,241	1,232
Net Cash Flows From Operating Activities	<u>87,896</u>	<u>20,919</u>
<u>CASH FLOWS FROM (USED) IN INVESTING ACTIVITIES</u>		
Purchase of Property and Equipment	(7,299)	
Proceeds from Sale of Equipment		19,001
Net Cash Flows From (Used) in Investing Activities	<u>(7,299)</u>	<u>19,001</u>
Net Increase in Cash and Cash Equivalents	<u>80,597</u>	<u>39,920</u>
Cash and Cash Equivalents, Beginning of Year	208,030	168,110
Cash and Cash Equivalents, End of Year	<u>\$ 288,627</u>	<u>\$ 208,030</u>
<u>SUPPLEMENTAL INFORMATION</u>		
Interest Paid	<u>\$ 27</u>	<u>\$ 21</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. Organization

Tutapona, Inc. (the "Organization"), a Wisconsin nonprofit corporation, was started in 2008 in New Richmond, Wisconsin. Tutapona, Inc., fulfills its mission by leading individuals affected by war or conflict to emotional recovery. The Organization takes traumatized, war-affected individuals and walks them through a process in which they receive healing and transformation through trauma rehabilitation. The Organization is funded through individual donations and grants and is governed by a board of directors.

2. Summary of Significant Accounting Policies

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donors (or certain grantor) restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization had no net assets with donor restrictions at December 31, 2018 and 2017.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all cash and highly liquid financial instruments with original maturities of three months or less that are neither held for nor restricted by donors for long-term purposes to be cash and cash equivalents.

Property and Equipment – Property and equipment additions over \$100 are recorded at cost or, if donated, at fair market value at the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend useful lives of the respective assets are expensed currently.

Revenue and Revenue Recognition – Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor stipulations for their use.

Donated Services – Donated services are recognized at fair value if the services meet the recognition criteria prescribed by generally accepted accounting principles, which include: a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities. The value of this contributed time does not meet the criteria for recognition as described above and, accordingly, is not reflected in the accompanying financial statements.

Advertising Costs – Advertising costs are expensed as incurred.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2018 AND 2017**2. Summary of Significant Accounting Policies (Continued)**

Functional Allocation of Expenses – The costs of program and supporting services activities have been presented by their natural classification in the statements of activities. The statement of functional expenses for the year ended December 31, 2018, presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes – The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and similar state statutes and is not considered a private foundation. The Organization has evaluated for uncertain tax positions, and management has determined that there are no uncertain tax positions as of December 31, 2018 and 2017. Tax returns for the past three years remain open for examination by tax jurisdictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk – Financial instruments, which potentially subject the Organization to credit risk, consist primarily of cash and cash equivalents. The Organization's cash and cash equivalents have been placed in major financial institutions. At times, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits. The Organization closely monitors these balances and has not experienced credit losses.

Recently Adopted Accounting Pronouncements – In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplified and improved how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaced the three former classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions" (described above), and expanded disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization adopted ASU 2016-14 during the year ended December 31, 2018. In accordance with ASU 2016-14, previously reported net assets have been conformed to the current presentation.

Subsequent Events – Subsequent events have been evaluated through March 11, 2019, which is the date the financial statements were available to be issued.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 288,628
Total	<u>\$ 288,628</u>

As part of the Organization's liquidity management plan, it invests cash in excess of daily requirements in money market funds.

4. Leases

The Organization leases office space under various month-to-month operating leases in both Uganda and Iraq. On August 1, 2018, the Organization entered into a lease agreement in Uganda. The lease is for a period of twelve months commencing on August 1, 2018 and expiring on July 31, 2019. Future minimum lease payments are \$500 per month, payable every six months in advance. Rent expense for the years ended December 31, 2018 and 2017 totaled \$23,460 and \$24,203, respectively.

NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2018 AND 2017**5. Net Assets With Donor Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by donors as follows during the year ended December 31, 2018:

Satisfaction of purpose restrictions:	
Psychosocial support to refugee and host community populations in Uganda	\$ 96,626
Total released	<u>\$ 96,626</u>

6. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, travel, other employee benefits, payroll taxes, program operational costs, other professional fees, repairs and maintenance, office supplies, housing, information technology, advertising, depreciation expense, and miscellaneous, which are allocated on the basis of time and effort.

For the year ended December 31, 2017, program services totaled \$400,208, management and general totaled \$172,589, and fundraising totaled \$61,897.

7. Restatement

Subsequent to the original issuance of Tutapona, Inc.'s December 31, 2017, financial statements, management identified a misstatement related to fixed assets. The Organization recorded two vehicle purchases, one in 2014 and one in 2016, as expenses, instead of capitalizing them as property and equipment. The Organization's 2017 financial statements have been restated to include capitalized vehicles totaling \$33,182.

To fairly present the account balances as of and for the year ended December 31, 2017, Tutapona, Inc. made the following restatements to the December 31, 2017 financial statements:

	Balance at December 31, 2017 (As Previously Stated)	Restatement	Balance at December 31, 2017 (As Restated)
Vehicles	\$ 21,198	\$ 33,182	\$ 54,380
Net Assets, Beginning of Year	211,763	33,182	244,945
Net Assets, End of Year	216,687	33,182	249,869