TUTAPONA, INC.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

Lewis, Kisch & Associates, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS

Carol J. Sailer, CPA
Thomas A. Madsen, CPA
Diana L. Weddigen, CPA

1125 South Frontage Road, Suite 1
Hastings, MN 55033
T (651) 437-3356
F (651) 437-3808
www.lewiskisch.com

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, 2017 and 2016, 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.

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, 2017 and 2016, 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.

August 13, 2018

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND DECEMBER 31, 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 208,030	$ 168,110
Prepaid Rent	1,500	
Total Current Assets	209,530	168,110
Property and Equipment		
Buildings and Building Improvements	4,361	4,361
Furniture and Equipment	15,373	15,373
Vehicles	21,198	46,199
Total Property and Equipment	40,932	65,933
Less Accumulated Depreciation	(15,679)	(9,852)
Total Property and Equipment, Net	25,253	56,081
Other Assets		
Security Deposit	278	278
Total Other Assets	278	278
Total Assets	$ 235,061	$ 224,469
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 5,499	$ 1,063
Accrued Expenses	12,875	11,643
Total Current Liabilities	18,374	12,706
Net Assets		
Unrestricted Net Assets	216,687	211,763
Total Net Assets	216,687	211,763
Total Liabilities and Net Assets	$ 235,061	$ 224,469

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Total
Contributions			
Contributions	$ 504,103		$ 504,103
Foundation and Corporate Grants	132,104		132,104
Total Contributions	636,207		636,207
Investment Income			
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
EXPENSES			
Salaries and Wages	352,268		352,268
Travel	44,086		44,086
Other Employee Benefits	38,656		38,656
Repairs and Maintenance	31,546		31,546
Payroll Taxes	30,539		30,539
Rent	24,203		24,203
Program Operational Costs	19,538		19,538
Accounting	15,500		15,500
Miscellaneous	14,420		14,420
Other Professional Fees	10,967		10,967
Office Supplies	10,876		10,876
Depreciation Expense	9,994		9,994
Information Technology	8,305		8,305
Advertising	6,391		6,391
Other Fees	5,505		5,505
Staff Development	3,471		3,471
Dues and Registration	2,831		2,831
Small Equipment	1,888		1,888
Loss on Disposal	1,833		1,833
Utilities	1,794		1,794
Insurance	62		62
Interest Expense	21		21
Total Expenses	634,694		634,694
Change in Net Assets	4,924		4,924
Net Assets, Beginning of Year	211,763		211,763
Net Assets, End of Year	$ 216,687		$ 216,687

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Total
Contributions			
Contributions	$ 314,453	$ 30,000	$ 344,453
Foundation and Corporate Grants	164,300		164,300
Total Contributions	478,753	30,000	508,753
Investment Income			
Interest and Dividends	113		113
Total Investment Income	113		113
Other Income			
Net Assets Released from Restrictions	30,000	(30,000)	
Total Support and Revenue	508,866		508,866
EXPENSES			
Salaries and Wages	257,226		257,226
Travel	37,830		37,830
Other Employee Benefits	3,233		3,233
Repairs and Maintenance	27,675		27,675
Payroll Taxes	16,071		16,071
Rent	16,501		16,501
Program Operational Costs	33,622		33,622
Accounting	7,914		7,914
Miscellaneous	4,980		4,980
Other Professional Fees			
Office Supplies	5,185		5,185
Depreciation Expense	4,709		4,709
Information Technology	4,350		4,350
Advertising	2,002		2,002
Other Fees	3,034		3,034
Staff Development	2,821		2,821
Dues and Registration	4,179		4,179
Small Equipment	1,200		1,200
Loss on Disposal			
Utilities	1,282		1,282
Insurance	1,779		1,779
Interest Expense	39		39
Total Expenses	435,632		435,632
Change in Net Assets	73,234		73,234
Net Assets, Beginning of Year	138,529		138,529
Net Assets, End of Year	$ 211,763		$ 211,763

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Change in Net Assets	$ 4,924	$ 73,234
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	9,994	4,709
Loss on Sale of Equipment	1,833	
(Increase) Decrease in Assets:		
Security Deposit		833
Prepaid Rent	(1,500)	
Increase (Decrease) in Liabilities:		
Accounts Payable	4,436	(221)
Accrued Expenses	1,232	7,809
Net Cash Flows from Operating Activities	20,919	86,364
CASH FLOWS FROM (USED) IN INVESTING ACTIVITIES		
Purchase of Property and Equipment		(51,395)
Proceeds from Sale of Equipment	19,001	
Net Cash Flows Used in Investing Activities	19,001	(51,395)
Net Increase in Cash and Cash Equivalents	39,920	34,969
Cash and Cash Equivalents, Beginning of Year	168,110	133,141
Cash and Cash Equivalents, End of Year	$ 208,030	$ 168,110
SUPPLEMENTAL INFORMATION		
Interest Paid	$ 21	$ 39

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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:

Unrestricted Net Assets – Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. The Organization had no temporarily restricted net assets at December 31, 2017 and 2016.

Permanently Restricted Net Assets – Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

Cash and Cash Equivalents – We consider 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. Depreciation expense for the years ended December 31, 2017 and 2016, was $9,994 and $4,709, respectively.

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.

Donated Services – Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Advertising Costs – Advertising costs are expensed as incurred and were $6,391 and $2,002 during the years ended December 31, 2017 and 2016, respectively.

Functional Allocation of Expenses – The statement of activities presents expenses by natural classification. Note 4 presents total expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. Summary of Significant Accounting Policies (Continued)

Income Taxes – The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Organization has evaluated for uncertain tax positions, and management has determined that there are no uncertain tax positions as of December 31, 2017 and 2016. Tax returns for the past three years remain open for examination by tax jurisdictions.

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.

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.

Reclassifications – Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation. These reclassifications had no impact on the change in net assets or net asset balances.

Subsequent Events – Subsequent events have been evaluated through August 13, 2018, which is the date the financial statements were available to be issued.

3. Leases

The Organization leases office space under various month-to-month operating leases in both Uganda and Iraq. Total monthly rent expenses for the years ended December 31, 2017 and 2016, were $2,142 and $1,375, respectively. On August 5, 2017, the Organization entered into a lease agreement in Uganda. The lease is for a period of twelve months commencing on September 1, 2017 and expiring on August 30, 2018. Future minimum lease payments are $500 per month, payable every six months in advance.

4. Functionalized Expenses

Total expenses by function were as follows for the year ended December 31, 2017:

Program Services	$	400,208
Supporting Services		
Administrative		172,589
Fundraising		61,897
Total Functionalized Expenses	$	634,694

Total expenses by function were as follows for the year ended December 31, 2016:

Program Services	$	305,097
Supporting Services		
Administrative		96,916
Fundraising		33,619
Total Functionalized Expenses	$	435,632