

**Kupona Foundation
Financial Statements
December 31, 2013**

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Independent Auditor's Report

To the Board of Directors
of Kupona Foundation

I have audited the accompanying financial statements of Kupona Foundation, which comprise the statements of financial position as of December 31, 2013, and the related statements of activities, cash flows and functional expenses for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kupona Foundation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Kupona Foundation's 2012 financial statements, and expressed an unmodified opinion on those audited financial statements in my report dated September 13, 2013. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

July 17, 2014

A handwritten signature in black ink, appearing to be "J. A. Smith", written in a cursive style.

Kupona Foundation
Statements of Financial Position
December 31, 2013
(With Summarized Financial Information for 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash	\$ 157,975	\$ 217,263
Escrow	-	1,024
Pledges receivable	70,000	80,000
Total Assets	<u>\$ 227,975</u>	<u>\$ 298,287</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 7,000	\$ 7,000
Total Liabilities	<u>7,000</u>	<u>7,000</u>
Net Assets		
Unrestricted	150,975	291,287
Temporarily restricted	70,000	-
Total Net Assets	<u>220,975</u>	<u>291,287</u>
Total Liabilities and Net Assets	<u>\$ 227,975</u>	<u>\$ 298,287</u>

See independent auditor's report and accompanying notes to the financial statements.

Kupona Foundation
Statements of Activities
For the Year Ended December 31, 2013
(With Summarized Financial Information for 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>	<u>2012</u>
Support and Revenue				
Contributions	\$ 103,869	\$ 534,556	\$ 638,425	\$ 564,675
Less: Direct costs of special events	(20,389)	-	(20,389)	(14,986)
	<u>83,480</u>	<u>534,556</u>	<u>618,036</u>	<u>549,689</u>
Interest Income	648	-	648	602
Net assets released from restrictions:				
Satisfaction of program restrictions	464,556	(464,556)	-	-
Total Support and Revenue	<u>548,684</u>	<u>70,000</u>	<u>618,684</u>	<u>550,291</u>
Expenses				
Program services	<u>593,032</u>	<u>-</u>	<u>593,032</u>	<u>230,571</u>
Supporting services:				
General and administrative	46,864	-	46,864	42,044
Fund-raising	49,100	-	49,100	46,918
Total Supporting services	<u>95,964</u>	<u>-</u>	<u>95,964</u>	<u>88,962</u>
Total expenses	<u>688,996</u>	<u>-</u>	<u>688,996</u>	<u>319,533</u>
Change in net assets	(140,312)	70,000	(70,312)	230,758
Prior period adjustment - Note 3	-	-	-	(21,553)
Beginning net assets	291,287	-	291,287	82,082
Ending net assets	<u>\$ 150,975</u>	<u>\$ 70,000</u>	<u>\$ 220,975</u>	<u>\$ 291,287</u>

See independent auditor's report and accompanying notes to the financial statements.

Kupona Foundation
Statements of Cash Flows
For the Year Ended December 31, 2013
(With Summarized Financial Information for 2012)

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (70,312)	\$ 230,758
Adjustment to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Amortization	-	3,000
(Increase) decrease in operating assets:		
Escrow	1,024	(1,024)
Pledges receivable	10,000	(80,000)
Increase in operating liabilities:		
Accounts payable	-	1,000
Net cash provided by (used in) operating activities	(59,288)	153,734
Net increase (decrease) in Cash	(59,288)	153,734
Beginning Cash	217,263	63,529
Ending Cash	\$ 157,975	\$ 217,263

See independent auditor's report and accompanying notes to the financial statements.

Kupona Foundation
 Statements of Functional Expenses
 Year Ended December 31, 2013
 (With Summarized Financial Information for 2012)

	Supporting Services			Direct Costs of Special Events	Total 2013	2012
	Program Services	General and Administrative	Fund- Raising			
Salaries	\$ 16,994	\$ 29,739	\$ 38,236	-	\$ 84,969	\$ 72,500
Payroll taxes and processing fees	1,728	3,024	3,888	-	8,640	7,050
Transmission of funds to CCBRT	573,380	-	-	-	573,380	217,642
Venue, catering and other	-	-	-	14,792	14,792	11,019
Travel, meals and meetings	-	4,880	4,881	671	10,432	8,400
Professional fees	-	7,094	-	-	7,094	7,160
Printing and promotions	97	169	218	3,076	3,560	1,869
Supplies and other expenses	445	779	1,003	569	2,796	1,678
Storage	257	449	578	-	1,284	1,244
Insurance	-	500	-	701	1,201	1,888
Bank charges and other fees	131	230	296	-	657	3,549
Photography	-	-	-	580	580	520
	593,032	46,864	49,100	20,389	709,385	334,519
Less: Direct costs of special events deducted from income on Statement of Activities	-	-	-	(20,389)	(20,389)	(14,986)
Total Expenses	\$ 593,032	\$ 46,864	\$ 49,100	\$ -	\$ 688,996	\$ 319,533

Less: Direct costs of special events deducted
from income on Statement of Activities

Total Expenses

See independent auditor's report and accompanying notes to the financial statements.

Kupona Foundation
Notes to Financial Statements
December 31, 2013

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Kupona Foundation (Kupona) is committed to improving health care, particularly in the area of maternal and newborn health in Tanzania by partnering on the ground with CCBRT, a local NGO, and the Government of Tanzania. Our mission is to ensure that American support of every level and kind has maximum social impact abroad – that donations, materials, and volunteers reach the most people, save the most women and babies, and grant the most opportunities.

Kupona was incorporated in the State of Delaware in 2009.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation

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

Unrestricted net assets represent revenues and expenses related to the operations and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered unrestricted. Temporarily restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as unrestricted.

Temporarily restricted net assets represent resources available for use, but expendable only for the purpose specifically stated by the donor. As of December 31, 2013 there was \$70,000 of temporarily restricted net assets.

Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on only related investments for general or specific purpose. As of December 31, 2013 there were no permanently restricted net assets.

Use of 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 the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in major financial institutions and in funds that are currently U.S. federal government insured. Recoverability of investments is dependent upon the performance of the issuer.

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**Kupona Foundation
Notes to Financial Statements
December 31, 2013**

Note 1 - (Continued)

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less when purchased to be cash equivalents.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other 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.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and / or nature of any donor restrictions. Kupona has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Revenue is recognized on an accrual basis when earned.

Accounts and Pledges Receivable

Accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. For the year ended December 31, 2013 the allowance for doubtful accounts was \$0.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Promises to Give

Unconditional promises to give are recognized in the period received both as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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**Kupona Foundation
Notes to Financial Statements
December 31, 2013**

Note 1 - (Continued)

Income Taxes

Kupona is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Tax Uncertainties

The Organization's policy is to record interest expense and penalties in operating expenses. For the year ended December 31, 2013, there was no interest and penalties expense recorded and no accrued interest and penalties.

The Organization's Federal Forms 990 are open for examination for the years ended December 31, 2010, on.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentrations

Approximately 39% of contributions was provided by one organization for the year ended December 31, 2013.

Donated Services

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide various services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Subsequent Events

In preparing these financial statements, Kupona, has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 17, 2014, the date the financial statements were available to be issued.

Note 2 - Pledges Receivable

Pledges receivable are recorded as support when pledged unless the pledge is conditional and the conditions have not yet been met. At December 31, 2013, all pledges receivable are expected to be collected; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2013.

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**Kupona Foundation
Notes to Financial Statements
December 31, 2013**

Note 3 - Prior Period Adjustment

In 2009 Kupona erroneously capitalized legal fees as organizational costs to be amortized over 30 years. These costs should have been expensed. An adjustment of \$21,553 was made on December 31, 2012 removing the remaining net amount of those costs from Kupona's assets and reducing unrestricted net assets by this amount.

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets by revenue source and changes therein for the year ended December 31, 2013, were as follows:

	Balance December 31, 2012	Additions	Releases From Restrictions	Balance December 31, 2013
<u>Restricted by purpose:</u>				
Maternity Hospital	\$ -	\$ 58,131	\$ 58,131	\$ -
Mabinti Center	-	20,000	-	20,000
Family planning and community programs	-	48,725	48,725	-
Fistula and M-Pesa program	-	406,500	356,500	50,000
Cleft Palate Program	-	1,200	1,200	-
	<u>\$ -</u>	<u>\$ 534,556</u>	<u>\$ 464,556</u>	<u>\$ 70,000</u>

See independent auditor's report