

**Kupona Foundation
(a Not-for-Profit Corporation)
Financial Statements
December 31, 2019**

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Index

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10

Independent Auditor's Report

To the Board of Directors of
Kupona Foundation

We have audited the accompanying financial statements of Kupona Foundation (a Not-for-Profit Corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 Kupona Foundation (a Not-for-Profit Corporation) as of December 31, 2019, 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

We have previously audited Kupona Foundation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

April 14, 2020



Kupona Foundation
(a Not-for-Profit Corporation)
Statement of Financial Position
As of December 31, 2019
(With Summarized Financial Information for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 128,380	\$ 430,003
Grants and pledges receivable	9,606	43,700
Total Current Assets	137,986	473,703
Other Assets		
Property and equipment, net	-	428
Total Other Assets	-	428
Total Assets	\$ 137,986	\$ 474,131
Liabilities and Net Assets		
Current Liabilities		
Grants payable	\$ -	\$ 230,696
Accounts payable	10,108	29,520
Total Current Liabilities	10,108	260,216
Net Assets		
Without donor restrictions	115,247	138,439
With donor restrictions	12,631	75,476
Total Net Assets	127,878	213,915
Total Liabilities and Net Assets	\$ 137,986	\$ 474,131

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

Kupona Foundation
(a Not-for-Profit Corporation)
Statement of Activities
For the Year Ended December 31, 2019
(With Summarized Financial Information for 2018)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2019</u>	<u>2018</u>
Support and Revenue				
Grants and contributions	\$ 248,545	\$ 621,699	\$ 870,244	\$ 1,105,773
Contributions - services	43,300	-	43,300	42,225
Less: Direct costs of special events	(14,777)	-	(14,777)	(6,756)
	<u>277,068</u>	<u>621,699</u>	<u>898,767</u>	<u>1,141,242</u>
Interest Income	114	-	114	138
Net assets released from restrictions	684,544	(684,544)	-	-
Total Support and Revenue	<u>961,726</u>	<u>(62,845)</u>	<u>898,881</u>	<u>1,141,380</u>
Expenses				
Program services	<u>804,802</u>	<u>-</u>	<u>804,802</u>	<u>977,893</u>
Supporting services:				
General and administrative	50,533	-	50,533	39,701
Fund-raising	129,583	-	129,583	111,303
Total Supporting services	<u>180,116</u>	<u>-</u>	<u>180,116</u>	<u>151,004</u>
Total expenses	<u>984,918</u>	<u>-</u>	<u>984,918</u>	<u>1,128,897</u>
Change in Net Assets	(23,192)	(62,845)	(86,037)	12,483
Beginning Net Assets	138,439	75,476	213,915	201,432
Ending Net Assets	<u>\$ 115,247</u>	<u>\$ 12,631</u>	<u>\$ 127,878</u>	<u>\$ 213,915</u>

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

Kupona Foundation
(a Not-for-Profit Corporation)
Statement of Functional Expenses
Year Ended December 31, 2019
(With Summarized Financial Information for 2018)

	Supporting Services				Direct Costs of Special Events	Total 2019	2018
	Program Services	General and Administrative	Fund- Raising				
Salaries	\$ 27,489	\$ 27,489	\$ 82,465	\$ -	\$ -	137,443	\$ 97,500
Payroll taxes and processing fees	2,478	2,478	7,434	-	-	12,390	9,072
Employee benefits	4,925	4,925	14,774	-	-	24,624	29,218
Transmission of Funds to CCBRT	633,964	-	-	-	-	633,964	889,214
Grant expense	73,350	-	-	-	-	73,350	-
Consulting and other in-kind contributions to CCBRT	59,949	-	-	-	-	59,949	52,274
Consulting and professional fees	-	13,620	7,524	-	-	21,144	36,750
Fundraising expense	-	-	2,725	12,623	-	15,348	8,054
Bank charges and other fees	-	2	6,456	-	-	6,458	437
Travel, meals and meetings	2,646	-	1,674	1,592	-	5,912	8,388
Printing and promotion	-	-	4,941	562	-	5,503	1,098
Supplies and other expenses	-	916	916	-	-	1,832	1,870
Work space rent	-	675	675	-	-	1,350	1,350
Depreciation	-	428	-	-	-	428	428
	<u>804,802</u>	<u>50,533</u>	<u>129,583</u>	<u>14,777</u>		<u>999,695</u>	<u>1,135,653</u>
Less: Direct costs of special events deducted from income on Statement of Activities	-	-	-	(14,777)		(14,777)	(6,756)
Total Expenses	<u>\$ 804,802</u>	<u>\$ 50,533</u>	<u>\$ 129,583</u>	<u>\$ -</u>		<u>\$ 984,918</u>	<u>\$ 1,128,897</u>

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
(a Not-for-Profit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2019
(With Summarized Financial Information for 2018)

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (86,037)	\$ 12,483
Adjustment to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	428	428
Increase in operating assets:		
Grants and pledges receivable	34,094	(4,500)
Increase (Decrease) in operating liabilities:		
Accounts payable	(19,412)	319
Grants payable	(230,696)	230,696
Net cash provided by (used in) operating activities	(301,623)	239,426
Increase (decrease) in Cash	(301,623)	239,426
Beginning Cash	430,003	190,577
Ending Cash	\$ 128,380	\$ 430,003

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

Kupona Foundation
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2019

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

Nature of Activities

Kupona Foundation (the Organization) empowers people and communities living in poverty in Tanzania to realize their full potential by improving their access to quality healthcare. Kupona mobilizes support and activates awareness to enable the continuation and sustainable growth of the life changing programs implemented by their sister organization, CCBRT (Comprehensive Community Based Rehabilitation in Tanzania). By convening a community of donors, technical experts, advocates and volunteers, Kupona gives individuals and institutions in the United States the opportunity to have a direct impact on the lives of people and communities living in poverty in Tanzania.

The Organization 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 two classes of net assets: without donor restrictions and donor restricted net assets.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors. Donor restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as without donor restrictions.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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.

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.

Kupona Foundation
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2019

Note 1 - (Continued)

Revenue Recognition

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and / or nature of any restrictions the donor has placed on the contributions.

Income is recognized on an accrual basis when earned.

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.

Grants and contributions

Grants and 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 net assets without donor restrictions if the restriction expires in the same reporting period in which the contributions are recognized. All other donor restricted contributions are reported as increases in donor restricted net assets. When a restriction expires donor restricted net assets are reclassified to net assets without donor restrictions.

Grants and pledges receivable

Grants and pledges receivable are recorded as support when pledged unless the pledge is conditional and the conditions have not yet been met.

Grants 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, 2019 the allowance for doubtful accounts was \$0.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the approximate fair value at the date of donation. Depreciation is provided on the straight line method over the estimated useful lives of the assets as follows:

Equipment	5 years
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Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the assets, are capitalized.

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.

See independent auditor's report

Kupona Foundation
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2019

Note 1 - (Continued)

Reclassifications

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

Concentrations

Approximately 26% of contributions were provided by one organization during year ended December 31, 2019.

Income Taxes

The Organization 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.

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities. Certain expenses have been classified based on direct expenditures, other cost were allocated based on estimates made by management such as time spent, quantities of items consumed and the proportion of physical space used.

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, some of which are not recognized as contributions in the financial statements since the recognition criteria were not met.

Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through April 14, 2020, the date the financial statements were available to be issued.

Fair Value Measurements and Disclosures

Carrying values of financial instruments, including cash and cash equivalents, prepaid expenses, and accrued expenses, approximated their fair values due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the year ending December 31, 2019.

See independent auditor's report

Kupona Foundation
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2019

Note 1 - (Continued)

Change in Accounting Principle

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 2 - Property and Equipment

Property and equipment consists of:

Computer equipment	\$ 2,139
Less: accumulated depreciation	<u>(2,139)</u>
Property and equipment, net	<u>\$ -</u>

Depreciation expense was \$428 for the year ended December 31, 2019.

Note 3 - Employee benefits

The Organization maintains a SIMPLE IRA retirement plan. The Organization matches 3% of eligible employee contributions to \$13,000.

The Organization contributed \$2,925 to the plan during the year ended December 31, 2019. This amount is included in employee benefits on the statement of functional expenses.

Note 4 – Liquidity and Availability of Financial Assets

The Organization’s working capital and cash flows have seasonal variations during the year attributable to the timing of program and fundraising activities. Monthly cash outflows vary each year based on the specific requirements of the program activities. To manage liquidity the Organization budgets cash flow and conducts fundraising and program activities that are timed according to expected requirements.

The following reflects the Organization’s financial assets as of the balance sheet date:

Cash	\$ 128,380
Grants and pledges receivable	<u>9,606</u>
Total Financial assets	137,986
 Less: Net assets restricted as to purpose	 <u>(12,631)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 125,355</u>

See independent auditor’s report

Kupona Foundation
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2019

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions by revenue source and changes therein for the year ended December 31, 2019, were as follows:

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Releases From Restrictions</u>	Balance December 31, <u>2019</u>
Fistula Program and Mabinti Center	\$ -	\$ 500,444	\$ 500,444	\$ -
CCBRT Ophthalmology and Sustainable Vision	75,476	-	75,476	-
Maternal and Newborn Healthcare Program and Family Planning	-	17,259	10,508	6,751
CCBRT Core Program	-	80,246	74,366	5,880
Physical Rehabilitation for Children	-	23,750	23,750	-
	<u>\$ 75,476</u>	<u>\$ 621,699</u>	<u>\$ 684,544</u>	<u>\$ 12,631</u>

See independent auditor's report