

**Kupona Foundation  
Financial Statements  
December 31, 2015**

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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, 2015, 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, 2015, 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 2014 financial statements, and expressed an unmodified opinion on those audited financial statements in my report dated September 8, 2015. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

June 29, 2016



**Kupona Foundation**  
**Statement of Financial Position**  
**December 31, 2015**  
**(With Summarized Financial Information for 2014)**

|                                   | <u>2015</u> | <u>2014</u> |
|-----------------------------------|-------------|-------------|
| <b>Assets</b>                     |             |             |
| Current Assets                    |             |             |
| Cash                              | \$ 79,628   | \$ 180,946  |
| Pledges receivable                | 55,000      | 87,500      |
| Total Current Assets              | 134,628     | 268,446     |
| Property and equipment, net       | 1,711       | -           |
| Total Assets                      | \$ 136,339  | \$ 268,446  |
| <b>Liabilities and Net Assets</b> |             |             |
| Current Liabilities               |             |             |
| Accounts payable                  | \$ 9,434    | \$ 8,700    |
| Total Current Liabilities         | 9,434       | 8,700       |
| Net Assets                        |             |             |
| Unrestricted                      | 71,905      | 222,246     |
| Temporarily restricted            | 55,000      | 37,500      |
| Total Net Assets                  | 126,905     | 259,746     |
| Total Liabilities and Net Assets  | \$ 136,339  | \$ 268,446  |

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

**Kuona Foundation**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**  
**(With Summarized Financial Information for 2014)**

|                                        | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total<br/>2015</u> | <u>2014</u>       |
|----------------------------------------|---------------------|-----------------------------------|-----------------------|-------------------|
| <b>Support and Revenue</b>             |                     |                                   |                       |                   |
| Contributions                          | \$ 141,983          | \$ 761,463                        | \$ 903,446            | \$ 605,422        |
| Contributions - services and in-kind   | -                   | 159,717                           | 159,717               | 15,770            |
| Less: Direct costs of special events   | (4,623)             | -                                 | (4,623)               | (13,437)          |
|                                        | <u>137,360</u>      | <u>921,180</u>                    | <u>1,058,540</u>      | <u>607,755</u>    |
| Interest Income                        | 121                 | -                                 | 121                   | 211               |
| Net assets released from restrictions: |                     |                                   |                       |                   |
| Satisfaction of program restrictions   | 903,680             | (903,680)                         | -                     | -                 |
| Total Support and Revenue              | <u>1,041,161</u>    | <u>17,500</u>                     | <u>1,058,661</u>      | <u>607,966</u>    |
| <b>Expenses</b>                        |                     |                                   |                       |                   |
| Program services                       | <u>1,034,973</u>    | -                                 | <u>1,034,973</u>      | <u>467,465</u>    |
| Supporting services:                   |                     |                                   |                       |                   |
| General and administrative             | 70,716              | -                                 | 70,716                | 39,643            |
| Fund-raising                           | 85,813              | -                                 | 85,813                | 62,087            |
| Total Supporting services              | <u>156,529</u>      | -                                 | <u>156,529</u>        | <u>101,730</u>    |
| Total expenses                         | <u>1,191,502</u>    | -                                 | <u>1,191,502</u>      | <u>569,195</u>    |
| Change in Net Assets                   | (150,341)           | 17,500                            | (132,841)             | 38,771            |
| Beginning Net Assets                   | 222,246             | 37,500                            | 259,746               | 220,975           |
| Ending Net Assets                      | <u>\$ 71,905</u>    | <u>\$ 55,000</u>                  | <u>\$ 126,905</u>     | <u>\$ 259,746</u> |

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

**Kupona Foundation**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**  
**(With Summarized Financial Information for 2014)**

|                                                                                                          | <u>2015</u>  | <u>2014</u> |
|----------------------------------------------------------------------------------------------------------|--------------|-------------|
| <b>Cash Flows from Operating Activities</b>                                                              |              |             |
| Change in Net Assets                                                                                     | \$ (132,841) | \$ 38,771   |
| Adjustment to reconcile changes in net assets<br>to net cash provided by (used in) operating activities: |              |             |
| Depreciation                                                                                             | 428          | -           |
| (Increase) decrease in operating assets:                                                                 |              |             |
| Pledges receivable                                                                                       | 32,500       | (17,500)    |
| Increase in operating liabilities:                                                                       |              |             |
| Accounts payable                                                                                         | 734          | 1,700       |
| Net cash provided by (used in) operating activities                                                      | (99,179)     | 22,971      |
| <b>Cash Flows from Investing Activities</b>                                                              |              |             |
| Purchase of property and equipment                                                                       | (2,139)      | -           |
| Net cash used in investing activities                                                                    | (2,139)      | -           |
| Increase (decrease) in Cash                                                                              | (101,318)    | 22,971      |
| Beginning Cash                                                                                           | 180,946      | 157,975     |
| Ending Cash                                                                                              | \$ 79,628    | \$ 180,946  |

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

Kupona Foundation  
Statement of Functional Expenses  
Year Ended December 31, 2015  
(With Summarized Financial Information for 2014)

|                                                                                      | Program Services | Supporting Services        |              |                                | Total 2015   | Total 2014 |
|--------------------------------------------------------------------------------------|------------------|----------------------------|--------------|--------------------------------|--------------|------------|
|                                                                                      |                  | General and Administrative | Fund-Raising | Direct Costs of Special Events |              |            |
| Salaries                                                                             | \$ 90,857        | 42,037                     | 64,537       | \$ -                           | \$ 197,431   | \$ 109,029 |
| Payroll taxes and processing fees                                                    | 9,339            | 4,264                      | 6,700        | -                              | 20,303       | 11,185     |
| Transmission of funds to CCBRT                                                       | 653,923          | -                          | -            | -                              | 653,923      | 416,418    |
| Consulting and other in-kind contributions to CCBRT                                  | 272,416          | -                          | -            | -                              | 272,416      | 16,792     |
| Insurance                                                                            | -                | 21,826                     | -            | -                              | 21,826       | 693        |
| Fundraising expense                                                                  | -                | -                          | 6,697        | 4,623                          | 11,320       | 9,358      |
| Travel, meals and meetings                                                           | 8,438            | -                          | 2,996        | -                              | 11,434       | 9,208      |
| Printing and promotion                                                               | -                | -                          | 2,723        | -                              | 2,723        | 3,624      |
| Bank charges and other fees                                                          | -                | 1,102                      | 1,102        | -                              | 2,204        | 1,161      |
| Supplies and other expenses                                                          | -                | 534                        | 533          | -                              | 1,067        | 4,161      |
| Work space rent                                                                      | -                | 525                        | 525          | -                              | 1,050        | 1,003      |
| Depreciation                                                                         | -                | 428                        | -            | -                              | 428          | -          |
|                                                                                      | 1,034,973        | 70,716                     | 85,813       | 4,623                          | 1,196,125    | 582,632    |
| Less: Direct costs of special events deducted from income on Statement of Activities | -                | -                          | -            | (4,623)                        | (4,623)      | (13,437)   |
| Total Expenses                                                                       | \$ 1,034,973     | \$ 70,716                  | \$ 85,813    | \$ -                           | \$ 1,191,502 | \$ 569,195 |

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, 2015**

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

Nature of Activities

Kupona Foundation (Kupona) seeks to solicit donations, marshal resources and raise awareness in the United States, enabling Comprehensive Community Based Rehabilitation in Tanzania (CCBRT) to unlock the potential of people and communities by improving their access to quality healthcare. As CCBRT's sister organization, Kupona convenes an ecosystem of donors, technical experts, advocates and volunteers, all with a view to enabling CCBRT's life-changing programs and sustainable growth. This collaborative partnership gives individuals and institutions in the U.S. the opportunity to foster direct, local impact, ensuring maximum return on donor investment and programmatic benefit for CCBRT and its patients.

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, 2015 there was \$55,000 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, 2015 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

**Kuona Foundation**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 1 - (Continued)**

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.

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. Kuona has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Income is recognized on an accrual basis when earned.

Pledges Receivable

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, 2015 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.

Income Taxes

Kuona 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.



**Kupona Foundation  
Notes to Financial Statements  
December 31, 2015**

**Note 1 - (Continued)**

Tax Uncertainties

The Organization's policy is to record interest expense and penalties in operating expenses. For the year ended December 31, 2015, 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, 2012, 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 20% of contributions were provided by one organizations for the year ended December 31, 2015.

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 June 29, 2016, the date the financial statements were available to be issued.

**Note 2 - Donated Services**

Donated services consisted of:

|                   |                   |
|-------------------|-------------------|
| Professional fees | \$ 149,610        |
| Supplies          | <u>10,107</u>     |
|                   | <u>\$ 159,717</u> |

**Note 3 - Property and Equipment**

Property and equipment consists of:

|                                |                 |
|--------------------------------|-----------------|
| Computer equipment             | \$ 2,139        |
| Less: accumulated depreciation | <u>(428)</u>    |
| Property and equipment, net    | <u>\$ 1,711</u> |

Depreciation expense was \$428 for the year ended December 31, 2015.

See independent auditor's report

**Kuona Foundation**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 4 - 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, 2015, all pledges receivable are expected to be collected; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2015.

**Note 5 - Temporarily Restricted Net Assets**

Temporarily restricted net assets by revenue source and changes therein for the year ended December 31, 2015, were as follows:

|                                         | <u>Balance</u><br><u>December 31,</u><br><u>2014</u> | <u>Additions</u> | <u>Releases</u><br><u>From</u><br><u>Restrictions</u> | <u>Balance</u><br><u>December 31,</u><br><u>2015</u> |
|-----------------------------------------|------------------------------------------------------|------------------|-------------------------------------------------------|------------------------------------------------------|
| <b><u>Restricted as to purpose:</u></b> |                                                      |                  |                                                       |                                                      |
| Fistula program                         | \$37,500                                             | \$308,807        | \$291,307                                             | \$55,000                                             |
| CCBRT Core program                      | -                                                    | 160,227          | 160,227                                               | -                                                    |
| Cleft lip / palate surgery              | -                                                    | 139,120          | 139,120                                               | -                                                    |
| Cataract, burn and clubfoot treatment   | -                                                    | 135,000          | 135,000                                               | -                                                    |
| Maternal and newborn healthcare program | -                                                    | 80,572           | 80,572                                                | -                                                    |
| Training Center program                 | -                                                    | 60,000           | 60,000                                                | -                                                    |
| Mabinti Center program                  | -                                                    | 31,500           | 31,500                                                | -                                                    |
| Family planning program                 | -                                                    | 5,954            | 5,954                                                 | -                                                    |
|                                         | <u>\$37,500</u>                                      | <u>\$921,180</u> | <u>\$903,680</u>                                      | <u>\$55,000</u>                                      |

**Note 6 – Related Party Transactions**

During 2015 contributions totaling \$97,112 were received from CCBRT.

**Note 7 - Employee benefits**

Kuona maintains a SIMPLE IRA retirement plan. Kuona matches 3% of eligible employee contributions to \$12,500.

Kuona contributed \$3,608 to the plan during the year ended December 31, 2015.