

# TWLOHA, Inc.

## Financial Statements

December 31, 2014  
and 2013



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WHITTAKER COOPER<sup>SM</sup>  
FINANCIAL GROUP

*Certified Public Accountants and Consultants  
A Professional Association*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
TWLOHA, Inc.  
Melbourne, Florida

We have audited the accompanying financial statements of TWLOHA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, 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 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 TWLOHA, Inc. as of December 31, 2014 and 2013, 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.

*Whittaker Cooper Financial Group*

Whittaker Cooper Financial Group

Melbourne, Florida

August 3, 2015

**TWLOHA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2014 and 2013

<b>ASSETS</b>	<b>2014</b>	<b>2013</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 464,954	\$ 391,271
Accounts receivable	5,238	5,775
Promises to give	-	38,941
Inventory	146,018	109,871
Prepaid expenses	35,763	22,403
Other current assets	2,717	-
	654,690	568,261
<b>PROPERTY AND EQUIPMENT, net</b>	53,160	55,870
<b>OTHER ASSETS</b>	10,456	8,443
	\$ 718,306	\$ 632,574
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payables, trade	\$ 68,923	\$ 170,357
Grants payable	5,950	8,115
Accrued expenses	7,229	6,908
Unearned event revenue	-	2,980
	82,102	188,360
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Unrestricted	636,204	444,214
	\$ 718,306	\$ 632,574

See accompanying notes.

**TWLOHA, INC.**  
**STATEMENTS OF ACTIVITIES**  
Year Ended December 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
Revenues, gains and other support:		
Contributions:		
Cash	\$ 411,152	\$ 419,758
Goods and services	8,400	6,183
Events	14,219	77,488
Grants	25,205	-
Merchandise sales	1,707,321	1,472,092
Speaking engagements	139,176	162,487
Fundraising		
Cash	114,537	19,290
Goods and services	3,157	-
Other	242,756	518
Interest	166	6,635
Total revenues, gains and other support	2,666,089	2,164,451
Net assets released from restrictions:		
Reclassifications	-	535,070
Total net assets released from restrictions	-	535,070
 Total unrestricted revenues, gains and other support	 2,666,089	 2,699,521
 Expenses:		
Program services	2,178,152	2,462,280
Management and general	268,123	228,725
Fundraising	26,281	15,796
Loss on sale of asset	1,543	570
	2,474,099	2,707,371
 <b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	 191,990	 (7,850)
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Reclassifications	-	(535,070)
<b>DECREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	-	(535,070)
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	 191,990	 (542,920)
 <b>NET ASSETS, beginning of year</b>	 444,214	 987,134
 <b>NET ASSETS, end of year</b>	 \$ 636,204	 \$ 444,214

See accompanying notes.

**TWLOHA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2014

	Program Services						Management and General	Fundraising	Total Expenses
	Events and Tours	Awareness and Education	Storytellers U Chapters	Treatment and Recovery	Interns	Total			
<b>DIRECT ASSISTANCE:</b>									
Grants	\$ -	\$ -	\$ -	\$ 107,913	\$ -	\$ 107,913	\$ -	\$ -	\$ 107,913
<b>OTHER EXPENSES:</b>									
Cost of sales	148,011	714,091	7,323	-	-	869,425	2,626	7,995	880,046
Salaries	199,709	286,628	68,810	-	37,412	592,559	138,974	4,957	736,490
Travel	105,032	15,559	36,852	956	1,377	159,776	4,524	578	164,878
Contract services	46,270	33,178	17,300	-	137	96,885	6,000	280	103,165
Occupancy	9,172	34,575	4,807	-	32,474	81,028	6,759	-	87,787
Professional fees	-	13,536	-	-	-	13,536	67,676	-	81,212
Office expenses	14,237	33,439	5,707	2,046	4,432	59,861	15,240	3,353	78,454
Event expenses	41,641	280	8,767	-	4,760	55,448	4,707	8,055	68,210
Taxes and licenses	15,286	21,954	5,165	-	2,785	45,190	10,545	371	56,106
Insurance	18,081	21,939	3,579	-	3,162	46,761	7,564	106	54,431
Promotion	1,127	26,719	-	-	-	27,846	-	586	28,432
Staff and intern development	-	-	-	-	3,222	3,222	2,927	-	6,149
	<u>598,566</u>	<u>1,201,898</u>	<u>158,310</u>	<u>3,002</u>	<u>89,761</u>	<u>2,051,537</u>	<u>267,542</u>	<u>26,281</u>	<u>2,345,360</u>
Total expenses before depreciation	598,566	1,201,898	158,310	110,915	89,761	2,159,450	267,542	26,281	2,453,273
Depreciation and amortization	<u>12,875</u>	<u>4,151</u>	<u>462</u>	<u>-</u>	<u>1,214</u>	<u>18,702</u>	<u>581</u>	<u>-</u>	<u>19,283</u>
<b>TOTAL EXPENSES</b>	<u>\$ 611,441</u>	<u>\$ 1,206,049</u>	<u>\$ 158,772</u>	<u>\$ 110,915</u>	<u>\$ 90,975</u>	<u>\$ 2,178,152</u>	<u>\$ 268,123</u>	<u>\$ 26,281</u>	<u>\$ 2,472,556</u>

See accompanying notes.

**TWLOHA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2013

	Program Services							Management and General	Fundraisng	Total Expenses
	Events and Tours	Awareness and Education	MOVE Storytellers UChapters	Treatment and Recovery	Heavy and Light Tour	Interns	Total			
<b>DIRECT ASSISTANCE:</b>										
Grants	\$ -	\$ -	\$ -	\$ 128,429	\$ -	\$ -	\$ 128,429	\$ -	\$ -	\$ 128,429
<b>OTHER EXPENSES:</b>										
Cost of sales	202,903	618,908	12,211	-	27,031	-	861,053	1,651	2,374	865,078
Salaries	167,005	222,617	79,855	-	31,473	42,604	543,554	137,384	4,883	685,821
Contract services	68,400	50,955	9,140	-	207,500	-	335,995	6,000	525	342,520
Travel	121,023	5,889	34,198	1,521	132,777	1,098	296,506	2,438	191	299,135
Office expenses	12,092	25,240	7,867	1,143	3,241	4,253	53,836	12,193	251	66,280
Occupancy	9,285	8,546	4,993	-	-	31,031	53,855	4,638	23	58,516
Taxes and licenses	13,188	17,214	6,174	-	2,783	3,345	42,704	11,044	369	54,117
Insurance	17,985	18,432	4,603	-	2,602	4,068	47,690	5,473	250	53,413
Professional fees	-	-	-	-	-	-	-	47,585	-	47,585
Event expenses	31,721	5,400	309	-	3,601	-	41,031	-	5,525	46,556
Promotion	-	23,728	440	-	7,129	-	31,297	-	1,405	32,702
Staff and intern development	26	75	96	-	-	6,744	6,941	314	-	7,255
Interest	-	-	-	-	-	-	-	5	-	5
	<u>643,628</u>	<u>997,004</u>	<u>159,886</u>	<u>2,664</u>	<u>418,137</u>	<u>93,143</u>	<u>2,314,462</u>	<u>228,725</u>	<u>15,796</u>	<u>2,558,983</u>
Total expenses before depreciation	643,628	997,004	159,886	131,093	418,137	93,143	2,442,891	228,725	15,796	2,687,412
Depreciation and amortization	10,862	3,296	961	-	-	4,270	19,389	-	-	19,389
<b>TOTAL EXPENSES</b>	<u>\$ 654,490</u>	<u>\$ 1,000,300</u>	<u>\$ 160,847</u>	<u>\$ 131,093</u>	<u>\$ 418,137</u>	<u>\$ 97,413</u>	<u>\$ 2,462,280</u>	<u>\$ 228,725</u>	<u>\$ 15,796</u>	<u>\$ 2,706,801</u>

See accompanying notes.



**TWLOHA, INC.**  
**STATEMENTS OF CASH FLOWS**  
Year Ended December 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from contributions	\$ 450,093	\$ 380,817
Cash receipts from events	11,239	80,468
Cash receipts from grants	25,205	-
Cash receipts from merchandise sales	1,707,858	1,599,078
Cash receipts from speaking engagements	139,176	162,487
Cash receipts from fundraising	114,537	19,290
Cash receipts from other income	242,756	518
Cash receipts from interest	166	6,635
Cash payments for program services	(2,300,999)	(2,184,978)
Cash payments for management and general	(272,362)	(224,836)
Cash payments for fundraising	(26,281)	(15,796)
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	91,388	(176,317)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(17,705)	(31,257)
NET CASH USED IN INVESTING ACTIVITIES	(17,705)	(31,257)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	73,683	(207,574)
CASH AND CASH EQUIVALENTS, beginning of year	391,271	598,845
CASH AND CASH EQUIVALENTS, end of year	\$ 464,954	\$ 391,271
<b>SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES</b>		
In-kind contribution of merchandise	\$ 11,557	\$ 6,183

See accompanying notes.

**TWLOHA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

TWLOHA, Inc. (Organization) is a not-for-profit corporation formed in August 2007. The Organization is dedicated to presenting hope and finding help for people struggling with depression, addiction, self-injury, and suicide. The Organization exists to encourage, inform, inspire, and also invest directly in treatment and recovery. The office facilities are located in Melbourne, Florida and assistance is available world-wide.

The Organization is supported by various grants, private donations and revenues from events, tours, speaking engagements, and merchandise sales.

**Financial Statement Presentation**

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report 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. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are satisfied 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 the purpose has been fulfilled or upon the expiration of time restrictions, temporarily restricted net assets are reclassified to unrestricted net assets. As permitted by the Standard, the Organization does not use fund accounting. The Organization had no permanently restricted net assets in 2014 and 2013.

**Promises to Give**

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 restrictions are satisfied 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.

**Contributed Goods and Services**

During the years ended December 31, 2014 and 2013, the Organization was the recipient of contributed goods and services. Contributed goods are recorded at their estimated fair market value on the date of receipt. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been paid for if not provided by donation. The value of contributed services meeting the requirements for recognition in the financial statements was \$3,500 (2014 and 2013). In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

**TWLOHA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could vary from the estimates that were used.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments and certificates of deposits purchased with a maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable are recorded when invoices are issued and are presented in the statement of financial position net of allowance for doubtful accounts. Accounts receivable consisted of amounts due from the sale of merchandise which management considered fully collectible at year-end. Based on this factor and management's experience, the Organization considered all accounts receivable collectible, therefore, the allowance for doubtful accounts was \$-0- (2014 and 2013).

**Inventory**

Inventories are stated at lower of cost or market determined by average cost or market.

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation. It is the Organization's policy to capitalize assets for items in excess of \$1,000 when their useful life exceeds one year. Depreciation of property and equipment is computed using the straight-line method over their estimated useful lives of the assets, which are generally from three to seven years.

**Contributions**

Contributions received, including unconditional promises to give, are recognized as revenue at fair value upon the receipt of the earlier of either: (i) unconditional pledges or commitments or (ii) cash or other assets. Contributions are considered available for unrestricted use unless the donors restrict the use thereof, either on a temporary or permanent basis. Contributions to be received after one year are discounted at an interest rate commensurate with the risk involved. Bequests are recognized at fair value at the time the will is declared valid.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction and/or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions.

**TWLOHA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition**

Revenue includes events, grants, merchandise sales, and speaking engagements. All revenues are recognized when received, with the exception of merchandise sales. The Organization recognizes revenue from merchandise sales when the merchandise is shipped.

**Functional Allocation of Expenses**

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting service benefited.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision has been made for income taxes for the years ended December 31, 2014 and 2013.

FASB ASC 740, *Accounting for Income Taxes*, prescribes a recognition threshold and measurement attribute of the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management evaluates the Organization's tax positions on an annual basis, both past and current. If management determines that a past or current tax position is uncertain then a tax liability is calculated to represent the increase in taxes anticipated upon examination. As of December 31, 2014, management has determined that all past and current tax positions were likely to be realizable and sustainable upon examination and that the calculation of a tax liability was not necessary.

Tax years ended December 31, 2011 through 2014 remain subject to possible examination by the Internal Revenue Service.

**Compensated Absences**

Employees of the Organization are entitled to paid vacations, paid sick days, and personal days off, depending on the job classification, length of service, and other factors. The accrual cannot be reasonably estimated, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

**Advertising Costs**

The Organization expenses advertising and promotional costs as they are incurred. Advertising and promotional costs expensed to program services was \$28,432 (2014) and \$32,702 (2013).

**Reclassifications**

Certain amounts in the 2013 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2014 financial statements.

**TWLOHA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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**NOTE 2 – CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash and cash equivalents at several financial institutions. Accounts at certain institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2014, the Organization had uninsured cash balances of \$128,943. Bank balances differ from the cash balances reflected on the financial statements due to reconciling items.

**NOTE 3 – PROPERTY AND EQUIPMENT, NET**

At December 31, 2014 and 2013, property and equipment consisted of the following:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 78,237	\$ 79,379
Vehicles	<u>51,670</u>	<u>51,670</u>
	129,907	131,049
Less accumulated depreciation	<u>76,747</u>	<u>75,179</u>
	<u>\$ 53,160</u>	<u>\$ 55,870</u>

Depreciation expense was \$18,871 (2014) and \$18,977 (2013).

**NOTE 4 – OTHER ASSETS**

At December 31, 2014 and 2013, other assets consisted of the following:

	<u>2014</u>	<u>2013</u>
Trademark costs, net	\$ 4,528	\$ 4,940
Deposits	<u>5,928</u>	<u>3,503</u>
	<u>\$ 10,456</u>	<u>\$ 8,443</u>

The Organization's policy is to amortize its trademark costs over fifteen years. As of December 31, 2014 and 2013, the accumulated amortization was \$1,647 and \$1,235, respectively. Amortization expense was \$412 (2014 and 2013).

**TWLOHA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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**NOTE 5 – CASH FLOW DISCLOSURES**

Pursuant to FASB ASC 230, *Statement of Cash Flows*, if the direct method of cash flows is used the following reconciliation must be presented showing a reconciliation of excess revenues over expenses:

	<u>2014</u>	<u>2013</u>
Increase (decrease) in net assets	\$ 191,990	\$ (542,920)
Adjustments to reconcile the increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	19,283	19,389
Loss on sale of property and equipment	1,543	570
(Increase) decrease in assets:		
Accounts receivable	537	126,986
Promises to give	38,941	(38,941)
Prepaid expenses	(13,360)	43,879
Inventories	(36,147)	34,403
Other current assets	(2,716)	-
Deposits	(2,425)	-
Increase (decrease) in liabilities:		
Payables, trade	(101,434)	165,333
Grants payable	(2,165)	8,115
Accrued expenses	321	3,889
Unearned event revenue	(2,980)	2,980
Net cash provided by (used in) operating activities	<u>\$ 91,388</u>	<u>\$ (176,317)</u>

**NOTE 6 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through August 3, 2015, the date which the financial statements were available to be issued, and is unaware of any subsequent events requiring disclosure.