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Tom Ridenour, CPA

Member American Institute of CPAs
Member Georgia Society of CPAs

Independent Accountant's Review Report

Board of Directors
Kula Project, Inc.

We have reviewed the accompanying financial statements of Kula Project, Inc. (a nonprofit corporation) which comprise of the statement of financial position as of December 31, 2019 and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2019. A review involves primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America.

We believe that the results of our procedures provide a reasonable basis for our conclusion.

Independent Accountant's Review Report-Continued

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "T Ridenour CPA". The signature is written in a cursive style with a large, sweeping initial "T".

T Ridenour CPA, LLC
Alpharetta, Georgia
February 1, 2020

**KULA PROJECT, INC.
STATEMENT OF POSITION
DECEMBER 31, 2019**

ASSETS

Current Assets

| | |
|----------------------|----------------|
| Cash | \$ 120,554 |
| Inventory | 22,500 |
| Total current assets | <u>143,054</u> |

Total Assets

\$ 143,054

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|---------------------------|--------------|
| Credit card payable | \$ 2,768 |
| Total current liabilities | <u>2,768</u> |

Net Assets

| | |
|------------------|----------------|
| Unrestricted | 140,286 |
| Total net assets | <u>140,286</u> |

Total Liabilities and Net Assets

\$ 143,054

See accompanying notes and independent accountant's review report

KULA PROJECT, INC
STATEMENT OF ACTIVITIES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019

| | |
|-------------------------------|--------------------------|
| Revenue and Support | |
| Product sales | \$ 13,215 |
| Contributions and grants | <u>637,824</u> |
| Total revenue and support | 651,039 |
| Expenses | |
| Program services | |
| Rwanda operations | 469,222 |
| Coffee supplies | <u>1,243</u> |
| Total program services | <u>470,465</u> |
| Supporting services | |
| Management and general | 60,580 |
| Fundraising and development | <u>21,616</u> |
| Total supporting services | <u>82,196</u> |
| Total expenses | <u>552,661</u> |
| Change in net assets | <u>98,378</u> |
| Net assets, beginning of year | <u>41,908</u> |
| Net assets, end of year | <u><u>\$ 140,286</u></u> |

See accompanying notes and independent accountant's review report

KULA PROJECT, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019

| | Program Services | Management and General | Fundraising | Total |
|------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Rwanda operations | \$ 355,658 | \$ - | \$ - | \$ 355,658 |
| Salaries | 105,310 | 27,600 | - | 132,910 |
| Payroll taxes | 9,497 | 2,484 | - | 11,981 |
| Benefits and other | - | 5,800 | - | 5,800 |
| Professional fees | - | 8,432 | - | 8,432 |
| Marketing | - | - | 19,559 | 19,559 |
| Occupancy | - | 3,639 | - | 3,639 |
| Interest | - | 1,209 | - | 1,209 |
| Information technology | - | 4,628 | - | 4,628 |
| Insurance | - | 486 | - | 486 |
| Supplies | - | 2,082 | - | 2,082 |
| Bank charges | - | 3,289 | - | 3,289 |
| Postage | - | - | 2,057 | 2,057 |
| Other | - | 931 | - | 931 |
| | <u>\$ 470,465</u> | <u>\$ 60,580</u> | <u>\$ 21,616</u> | <u>\$ 552,661</u> |

See accompanying notes and independent accountant's review report

KULA PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019

Cash flows from operating activities

| | |
|--|--------------------------|
| Change in net assets | \$ 98,378 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | |
| Credit card payable | 2,678 |
| Inventory | (22,500) |
| Net cash provided by operating activities | <u>78,556</u> |
| Net change in cash | <u>78,556</u> |
| Cash - beginning of year | <u>41,998</u> |
| Cash - end of year | <u><u>\$ 120,554</u></u> |

See accompanying notes and independent accountant's review report

KULA PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – ORGANIZATION AND DESCRIPTION OF ACTIVITIES

Kula Project, Inc. (Kula) is a Georgia non-profit corporation formed in May 2012. Through Kula's fellowship providing industry training, business investment, and life and leadership skills, our Fellows are empowered to build profitable business, raise healthy families and send their children to school. Operations are concentrated Rwanda, Africa.

Kula Project's approach to eradicating poverty through the development of entrepreneurs in Rwanda is implemented through the five steps of the Kula Fellowship Program. These steps build the capacity of Fellows to create and manage viable businesses that can improve their livelihoods and allow them to maintain positive outcomes in the long-term. In addition, the steps we provide allow Fellows to build the skills necessary to create holistic impact for themselves, their families, and their communities. The Kula Fellowship is structured along a 15-month cycle, followed by a graduation model that provides support to Fellowship Alumni and allows for long-term progress evaluation.

Step One of the Fellowship is Relationship Building. Kula's Rwandan staff conducts extensive baseline assessments with our cooperatives and spends relational time with Fellows and their families to know them both quantitatively and qualitatively. Beginning the project with a baseline is critical for Kula to be able to assess whether impacts are continuously generated over time and to be informed of how best to adapt training modules to the needs of Fellows.

Step Two is Industry Training. Fellows participate in consistent and in-depth industry training, support, and follow-up to each of our fellows in their specific industry: coffee farming for Coffee Fellows and tailoring, weaving and agribusiness for Artisan Fellows. These industry trainings equip Fellows with the skills, techniques, and equipment to continue to improve the performance and productivity of their businesses.

Step Three is Life and Leadership Skills, a holistic approach to livelihood and well-being that takes place alongside step two. Kula mentors conduct intensive training and one-on-one mentorship to Fellows in areas of Household Visioning and Action Planning, Financial Literacy, Business Leadership, Family Health and Nutrition, Family and Gender Equity, Self-Esteem, and Entrepreneurship. Kula mentors also provide personalized follow-up to each Fellow as they are applying lessons learned. By providing training that is not only aimed at increasing business capacity, but also aimed at increasing equity, inclusive leadership, and personal well-being, Kula is able to ensure that Fellows have the confidence, the community support, and the creative capacities to build better futures for themselves and for those around them.

Step Four is Business Investment. After completing the training, fellows have the opportunity to submit a business plan based on their learning which meets specific investment criteria. Selected Fellows are then provided a business investment ranging from \$100 USD to \$1,000 USD upon graduation, equipping them to improve their current businesses or launch new ones.

Step Five of the Fellowship is Impact Measurement. We collect qualitative and quantitative data to monitor and evaluate the impact of our work throughout the Fellowship and after graduation. We then determine the best way to amend the Fellowship to support each person towards empowerment. As a result, Kula will be able to demonstrate in the short, medium, and long-term, the capacity of Fellows to sustain livelihood improvements independently, and to spark positive outcomes for themselves, their families, and their communities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also effect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash

Kula considers all highly liquid instruments purchased with original maturities of three months or less to be cash. The Company maintains cash balances with financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC).

From time to time throughout the year cash balances may exceed the federally insured limit. However, Kula has not experienced and does not expect to incur any losses in such accounts.

Functional Allocation of Expenses

Kula allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated by other reasonable methods.

NOTE 3 – INCOME TAXES

Kula is a non-profit organization exempt from federal income tax under Internal Revenue Code (IRC) section 501(c)(3). In addition, Kula qualifies for the charitable contribution deduction under Section 170(b)(1)(a)(vi) and has been classified as other than a private foundation under Section 509(a)(1) of the IRC.

NOTE 4 – SUBSEQUENT EVENTS

Kula was unaware of any subsequent events as of February 1, 2020, the date the financial statements were available to be issued.