



Financial Statements
For the Year Ended
December 31, 2016

Independent Auditors' Report

Board of Directors
La Isla Foundation
Ada, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of La Isla Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2016, 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.

Independent Auditors' 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 auditor 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 Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are 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 La Isla Foundation as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Holtz, P.C.

September 25, 2017

**Statement of Financial Position
December 31, 2016**

Assets

Current Assets

Cash \$ 331,488

Total Current Assets 331,488

Total Assets \$ 331,488

Liabilities and Net Assets

Current Liabilities

Accounts Payable \$ 2,854

Accrued Interest 1,532

Related Party Debt 6,500

Total Current Liabilities 10,886

Net Assets

Unrestricted Net Assets 320,602

Total Liabilities and Net Assets \$ 331,488

**Statement of Activities
For the Year Ended December 31, 2016**

Revenues and Support

Contributions and Grants	\$ 759,551
In-Kind Contributions	<u>549,026</u>
Total Revenue and Support	1,308,577

Expenses

Program Services	970,973
Supporting Services Management & General	<u>50,331</u>
Total Expenses	<u>1,021,304</u>

Change in Net Assets

287,273

Net Assets, Unrestricted, Beginning of Year

33,329

Net Assets, Unrestricted, End of Year

\$ 320,602

Statement of Cash Flows
For the Year Ended December 31, 2016

Cash Flows From Operating Activities

Change in Net Assets	\$ 287,273
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Non-Cash Contribution Received	(10,000)
Changes in Operating Assets and Liabilities Which Provided (Used) Cash:	
Grants Receivable	9,590
Accounts Payable	865
Accrued Interest	<u>413</u>
Net Cash Provided by Operating Activities, Equal to Net Increase in Cash	288,141
Cash at Beginning of Year	<u>43,347</u>
Cash at End of Year	<u><u>\$ 331,488</u></u>

Notes to Financial Statements For the Year Ended December 31, 2016

1. Nature of Organization and Significant Accounting Policies

Nature of Organization

La Isla Foundation (the "Foundation"), a Delaware not-for-profit corporation, was incorporated on April 10, 2008. The Foundation operates from a single office located in Ada, Michigan, and was established as a public health and policy non-governmental organization addressing the fatal epidemic of Chronic Kidney Disease of non-traditional causes ("CKDnT") among sugarcane workers in Latin America. The Foundation has a single program.

Concentration Risks

Three grantors accounted for approximately 60% of the Foundation's total contributions for 2016. There were no contributions receivable from these grantors as of December 31, 2016.

Basis of Accounting

The accompanying financial statements have been prepared to focus on the Foundation as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets - unrestricted, temporarily restricted, and permanently restricted net assets.

Net assets and contributions are classified based on the existence or absence of donor-imposed restrictions.

- * Unrestricted Net Assets represent expendable funds currently available at the discretion of the Board of Directors for support of Foundation operations.
- * Temporarily Restricted Net Assets represent expendable funds restricted by a donor, grantor or other outside party for a particular operating purposes or funds for use in a specified future period. These funds are reported as support when the Foundation receives the funds and are transferred to Unrestricted Net Assets when the purpose restriction or time restrictions have been met. The Foundation had no Temporarily Restricted Net Assets at December 31, 2016.
- * Permanently Restricted Net Assets represent funds with donor-imposed restrictions that the principal be maintained intact in perpetuity and only the income be used for purposes specified by the donor. The Foundation had no Permanently Restricted Net Assets at December 31, 2016.

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**Notes to Financial Statements
For the Year Ended December 31, 2016**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 year. Actual results could differ from those estimates.

Cash

Cash consists of demand deposits in banks. During the normal course of business, the Foundation maintains cash on deposit with financial institutions in excess of federally insured limits. Management does not believe the Foundation is exposed to significant financial risk as a result of these deposits.

Grants Receivable

A portion of the Foundation's funding is received through exchange contracts in which the Foundation and grantor agency each receive and sacrifice approximately equal value. Such grant revenue is recognized as earned when actual expenditures are incurred which meet the specific terms of the grant. Earned grant revenue is recognized at the time the service is provided.

Revenue Recognition - Grants

Revenue from grants and contracts is recognized as reimbursable costs are incurred. Revenue from grants with private funders is recognized as either applicable direct and indirect costs are incurred.

Contributions

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires into the same reporting period in which the support is recognized.

In-Kind Contributions

In-kind contributions are recorded as revenue on the date of the receipt at estimated fair market value. In-kind contributions relating to lab fees of \$549,026 were included in revenues and support during 2016. This revenue was offset by expenses shown on the Statement of Activities according to the nature of the donation.

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**Notes to Financial Statements
For the Year Ended December 31, 2016**

Income Taxes

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from similar state and local taxes. Although the Foundation was granted income tax exemption by the Internal Revenue Service (IRS), such exemption does not apply to "unrelated business taxable income." The Foundation has not been classified as a private foundation.

The Foundation analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions. The Foundation treats interest and penalties attributed to income taxes, and reflects any charges for such, to the extent they arise, as a component of its management and general expenses.

The Foundation has evaluated its income tax filing positions for years 2013 through 2016, the years which remain subject to examination as of December 31, 2016. The Foundation concluded that there are no significant uncertain tax positions requiring recognition in the Foundation's financial statements. The Foundation does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Foundation does not have any amounts accrued for interest and penalties related to UTBs at December 31, 2016, and is not aware of any claims for such amounts by federal or state income tax authorities.

Functional Allocation of Expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited based on the nature of the underlying expense.

Subsequent Events

In preparing these financial statements, Foundation management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2016, the most recent statement of financial position presented herein, through September 25, 2017, the date these financial statements were available to be issued. No significant such events or transactions were identified.

(Concluded)

**Notes to Financial Statements
For the Year Ended December 31, 2016**

2. Debt (Including Related Party)

Debt consists of a note payable to a related party with interest charged at 2.50%. The agreement expired in May 2015, without repayment and is now due on demand. During 2016, \$10,000 of the note payable was forgiven and recognized as contribution revenue on the Statement of Activities. As of December 31, 2016, \$6,500 of the note payable remains outstanding.