



**REPORT ON
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

LANTUUN DOHIO
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SALTI & ASSOCIATES, LLC
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lantuun Dohio

I have audited the accompanying financial statements of Lantuun Dohio, which comprise the statements of financial position as of December 31, 2018 and 2017, 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

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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amount 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 estimated 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.

INDEPENDENT AUDITOR'S REPORT

(continued)

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lantuun Dohio as of December 31, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended 2018 and 2017, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in the year ended December 31, 2018, Lantuun Dohio adapted and retrospectively applied Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Non-for-Profit Entities* (Topic 958); *Presentation of Financial Statements of Non-for-Profit Entities*. My opinion is not modified with respect to this matter.

No. 2019 S&A

Washington, DC
October 4, 2019

LANTUUN DOHIO

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents-checking (note 2)	\$ 5,086	\$ 10,056
Cash and cash equivalents-savings (note 2)	88,249	-
Inventory	6,511	-
Total Current Assets	<u>99,846</u>	<u>10,056</u>
TOTAL ASSETS	<u>\$ 99,846</u>	<u>\$ 10,056</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	872	-
Total Current Liabilities	<u>872</u>	<u>-</u>
Total Liabilities	<u>872</u>	<u>-</u>
NET ASSETS		
Without donor restrictions	93,138	10,056
With donor restrictions	5,836	-
Total Net Assets	<u>98,974</u>	<u>10,056</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 99,846</u>	<u>\$ 10,056</u>

LANTUUN DOHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	2018
REVENUE			
Corporate contributions	\$ 19,249	\$ -	\$ 19,249
Individual donations	59,900	-	59,900
Magic Brothers and Sisters	-	89,732	89,732
Fundraising events	10,411	-	10,411
In-Kind contribution of inventory	6,511	-	6,511
Interest income	464	-	464
In-Kind contributions	2,100	-	2,100
Net assets released from restrictions:			
Satisfaction of program restriction	83,896	(83,896)	-
TOTAL REVENUE	182,531	5,836	188,367
EXPENSES			
Program Expenses:			
Latuun Dohio Mongolia	6,990	-	6,990
Magic Mongolia	83,896	-	83,896
Total Program Expenses	90,886	-	90,886
Support Expenses:			
Management and General	7,086	-	7,086
Fundraising and Development	1,477	-	1,477
Total Support Expenses	8,563	-	8,563
TOTAL EXPENSES	99,449	-	99,449
CHANGE IN NET ASSETS	83,082	5,836	88,918
Net assets, beginning of year	10,056	-	10,056
NET ASSETS, END OF YEAR	\$ 93,138	\$ 5,836	\$ 98,974

See accompanying notes to the financial statements

LANTUUN DOHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	2017
REVENUE			
Corporate contributions	\$ 22,475	\$ -	\$ 22,475
Individual donations	37,470	-	37,470
Magic Brothers and Sisters	-	2,957	2,957
Fundraising events	622	-	622
Other income	174	-	174
Interest income	-	-	-
In-Kind contributions	-	-	-
Net assets released from restrictions:			
Satisfaction of program restriction	2,957	(2,957)	-
TOTAL REVENUE	63,698	-	63,698
EXPENSES			
Program Expenses:			
Latuun Dohio Mongolia	2,425	-	2,425
Magic Mongolia	48,113	-	48,113
Total Program Expenses	50,538	-	50,538
Support Expenses:			
Management and General	1,660	-	1,660
Fundraising and Development	1,936	-	1,936
Total Support Expenses	3,596	-	3,596
TOTAL EXPENSES	54,134	-	54,134
CHANGE IN NET ASSETS	9,564	-	9,564
Net assets, beginning of year	992	-	992
NET ASSETS, END OF YEAR	\$ 10,556	\$ -	\$ 10,556

See accompanying notes to the financial statements

LANTUUN DOHIO

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Lantuun Dohio MGL	Magic Mongolia	Management and General	Fundraising	2018
Advertising	\$ -	\$ 60	\$ 100	\$ -	\$ 160
Bank fees	-	3,325	37	24	3,386
Computer supplies and software	-	-	1,245		1,245
Dues and subscriptions	-	-	25	-	25
Grants	6,990	72,010			79,000
Miscellaneous	-	130	-	-	130
Events	-	2,309	12	1,069	3,390
Office expense	-	2,286	1,098	69	3,453
Postage expenses	-	19	2,335	-	2,354
Printing	-	-	134	53	187
Travel	-	3,757	-	262	4,019
Total expenses, before In-kind	6,990	83,896	4,986	1,477	97,349
Rent	-		2,100	-	2,100
Total In-Kind expenses	-	-	2,100	-	2,100
TOTAL EXPENSES	\$ 6,990	\$ 83,896	\$ 7,086	\$ 1,477	\$ 99,449

See accompanying notes to the financial statements

LANTUUN DOHIO

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Lantuun Dohio MGL	Magic Mongolia	Management and General	Fundraising	2017
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -
Bank fees	-	240	16	-	256
Computer supplies and software	-	-	1,300	-	1,300
Dues and subscriptions	-	-	25	-	25
Grants	2,425	46,075			48,500
Miscellaneous	-	-	-	-	-
Events	-	-	-	1,814	1,814
Office expense	-	198	319	-	517
Postage expenses	-	1,600	-	122	1,722
Printing	-	-	-	-	-
Travel	-	-	-	-	-
Total expenses, before In-kind	2,425	48,113	1,660	1,936	54,134
Rent	-	-	-	-	-
Total In-Kind expenses	-	-	-	-	-
TOTAL EXPENSES	\$ 2,425	\$ 48,113	\$ 1,660	\$ 1,936	\$ 54,134

See accompanying notes to the financial statements

LANTUUN DOHIO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from foundations and corporations	\$ 18,025	\$ 22,475
Cash received from individual donations	59,901	37,470
Cash received from Magic Brothers and Sisters	89,732	2,957
Cash received for fundraising events	10,411	622
Interest income received	464	-
Cash paid to grantors	(79,000)	(48,500)
Cash paid for fundraising events including gifts	(7,735)	(1,814)
Cash paid to suppliers and vendors	(9,019)	(3,146)
Net cash provided by operating activities	<u>82,779</u>	<u>10,064</u>
Net increase in cash and cash equivalents	82,779	10,064
Cash and cash equivalent, beginning of year	10,556	492
CASH & CASH EQUIVALENT, END OF YEAR	<u>\$ 93,335</u>	<u>\$ 10,556</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. ORGANIZATION AND ACTIVITIES

Organization

Lantuun Dohio is a Virginia registered 501(c)3 nonprofit organization, located in Vienna, VA. Its mission is to eradicate human trafficking and protect children from violence, neglect, abuse and exploitation in Mongolia and around the world. We believe a child who grows up in a loving and caring environment is less susceptible to become a victim of human trafficking and/or turn out to be an abuser. Furthermore, we also believe child abuse and human trafficking are linked to unemployment, alcoholism, poor education, and family dysfunction. Based on our beliefs, we developed our programs to work with children in vulnerable areas from very young age, and increase public awareness of child abuse and human trafficking.

Our major program activities include:

- Providing assistance to child development center in Mongolia,
- Educating, raising awareness, and organizing workshops for the unemployed, alcohol addicted and abusive parents, and
- Working together with child protection center, which provides a temporary shelter and legal assistance to human trafficking victims in Mongolia and educating and increasing awareness for the general public.

Activities

Magic Mongolia

Magic Mongolia program protects children who need an immediate shelter from abusive and violent families and educates and develops minors who live in the most secluded and under-developed area, Bayankhoshuu, in Ulaanbaatar. Since its establishment at the end of 2017, Magic Mongolia center had served over 60-70 children daily and directly and indirectly reached over 2,000 children. While its operation, Magic Mongolia also organizes a series of workshops to the parents of those children and employs and trains some of them.

Lantuun Dohio Mongolia

Lantuun Dohio Mongolia is a program that focuses on educating youth and raises awareness about human trafficking and child abuse in Mongolia. Since 2013, it has had series of short- and long-term initiatives, including publishing series of children's comic books, joining the "Open Your Eyes" campaign, and organizing and delivering of the annual "Magic Bag" project. Lantuun Dohio Mongolia publishes children's comic books to educate young children about the hidden dangers of social media and the potential crime of human trafficking. In 2018, Lantuun Dohio joined the national movement, "Open Your Eyes", which was to raise awareness of sexual abuse of the most vulnerable age group, minors. In addition, Lantuun Dohio organizes annual "Magic Bag" campaign, which not only delivers gifts to thousands of children during the holiday season in the outskirts of Mongolia, where the poorest families are concentrated but it also does the necessary research and to collect data to understand the real situations of those children.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Lantuun Dohio and changes therein are classified and reported as:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of Lantuun Dohio or by passage of time.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash on hand and cash in the bank with less than three-months maturity to be cash equivalents. Cash equivalents include checking and savings accounts deposited with major financial institution. At times, cash and cash equivalents may exceed federally insured limits.

Uncertain Tax Position

The Financial Accounting Standard Board (FASB) released FASB ASC 740-10, Income Taxes, that provide guidance for reporting uncertainty in income taxes. For the year ended December 31, 2018, Lantuun Dohio has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax provisions qualify for either recognition or disclosure in the financial statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists of donated goods and purchased goods of village-crafted items for gifts and awards. Donated goods are recorded at fair value at date of donation. Purchased merchandise are recorded at cost. Inventory values have been recorded at the lower cost or net realizable value based on average cost.

Income Taxes

The Organization is exempt from income tax under Internal Revenue Code Section 501(c) (3) and Virginia Revenue Code Section : 58.1-3703(c)(18). The Organization is not considered a private foundation under section 509(a) of the Internal Revenue Service.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

Lantuun Dohio implemented FASB ASU 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily and permanently restricted net assets have been combined into a single net asset class called net assets *with donor restrictions*
- The unrestricted net assets class has been renamed net assets *without donor restrictions*.
- The format of the statement of cash flows has changed to the direct method of reporting cash flows from operations, which I believe to be more understandable for the users of our financial statements.
- The financial statements include a disclosure about liquidity and availability of resources (note 3)

Contributions

All contributions are considered to be without donor restrictions unless specifically communicated by the donor. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When restrictions are fulfilled in the same time period as the contribution is received, Lantuun Dohio presents such contributions in the net assets without donor restrictions.

Lantuun Dohio has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Contributed Goods and Services

Contributed goods and services, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt.

Functional Expenses

Lantuun Dohio has divided its expenses between programs, management and general, and fundraising. The allocation is based on the assumptions that 100% of direct spending on programs will be allocated to programs and all other expenses are allocated to the three functional areas based on the average percentage of time spent by employees on each area, averaged across the organization.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

2. 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 reported amounts of assets, liabilities, revenues and expenses and in the disclosures of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncement

In May 2014, the FASB issued ASU 2014-09 Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2014-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 31, 2018. Lantuun Dohio is currently evaluating the impact the adoption of this guidance will have on its financial statements.

3. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

Lantuun Dohio maintains sufficient liquid financial assets in checking and savings accounts in order to readily meet general expenditures and obligations as they become due.

The following represents Lantuun Dohio's financial assets at December 2018 and 2017, reduced by amounts not available for general use because of the contractual or donor-imposed restrictions within one year of the balance sheet date.

Assets Without Donor Restrictions Available Within 12 Months:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents – checking	\$ 5,086	\$10,056
Cash and cash equivalents – savings	<u>88,249</u>	<u>-</u>
Financial assets, at year end	93,335	10,056
Less: contractual or donor imposed restrictions	<u>(5,836)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$87,499</u></u>	<u><u>\$10,056</u></u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31, 2018:

Magic Brothers and Sisters	<u>\$ 5,836</u>
TOTAL	<u>\$ 5,836</u>

5. METHODS OF ALLOCATING GENERAL MANAGEMENT

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Management determined in the absence of reasonable method of allocating these expenses, Management allocated these expenses based on actual cost incurred by each program. These expenses include under general and management computer supplies and software, bank fees, and postage.

6. CONTRIBUTED SERVICES

The value of contributed non-cash services from *members of the board of directors* is not reflected in the accompanying financial statements. When there is no objective basis available by which to measure the value of such services, such contributions are not reflected in these financial statements.

7. SUBSEQUENT EVENTS

In preparing these financial statements, The Organization has evaluated events and transactions for potential recognition or disclosure through October 4, 2019, the date the financial statements were issued