



**REPORT ON  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

**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, 2019, and the related statements of activities, functional expenses 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.

**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, I 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, 2019 and the changes in its net assets and its cash flows for the year then ended 2019, in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

I have previously audited Lantuun Dohio's 2018 financial statements, and my report dated October 4, 2019, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Emphasis of Matter

As discussed in Note 2 to the financial statements, in the year ended December 31, 2019, Lantuun Dohio adapted and retrospectively applied ASU 2014-09, Revenue from Contracts with Customers, as amended, (Topic 606) and Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Non-for-Profit Entities* (Topic 958); Clarifying the scope and Accounting Guidance for Contributions Received and Contributions Made, in 2019. My opinion is not modified with respect to this matter.

No. 2019 SIOG

Washington, DC

October 5, 2020

LANTUUN DOHIO

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

ASSETS

	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents-checking (note 2)	\$ 13,306	\$ 5,086
Cash and cash equivalents-savings (note 2)	96,240	88,249
Accounts receivable	120	-
Inventory	4,969	6,511
Total Current Assets	<u>114,635</u>	<u>99,846</u>
<b>OTHER ASSETS</b>		
Intangible assets - Website cost	7,500	-
Less: Amortization	(833)	-
Intangible Assets, Net	<u>6,667</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 121,302</b></u>	<u><b>\$ 99,846</b></u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 106	\$ 872
Total Current Liabilities	<u>106</u>	<u>872</u>
<b>Total Liabilities</b>	<u><b>106</b></u>	<u><b>872</b></u>
<b>NET ASSETS</b>		
Without donor restrictions	121,196	93,138
With donor restrictions	-	5,836
Total Net Assets	<u>121,196</u>	<u>98,974</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 121,302</b></u>	<u><b>\$ 99,846</b></u>

LANTUUN DOHIO

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
<b>REVENUE</b>				
Corporate contributions	\$ 25,885	\$ -	\$ 25,885	\$ 19,249
Individual donations	81,451	-	81,451	59,900
Magic Brothers and Sisters	-	87,776	87,776	89,732
Fundraising and gala events	10,270	-	10,270	10,411
Interest income	1,549	-	1,549	464
Merchandise sale	201	-	201	-
Other income	1,500	-	1,500	-
In-Kind contribution of inventory	-	-	-	6,511
In-Kind contributions of services	13,300	-	13,300	2,100
Net assets released from restrictions:				
Satisfaction of program restriction	87,776	(87,776)	-	-
<b>TOTAL REVENUE</b>	<b>221,932</b>	<b>-</b>	<b>221,932</b>	<b>188,367</b>
<b>EXPENSES</b>				
Program Expenses:				
Latuun Dohio Mongolia	3,780	-	3,780	6,990
Magic Mongolia	165,911	-	165,911	83,896
Total Program Expenses	169,691	-	169,691	90,886
Support Expenses:				
Management and General	22,184	-	22,184	7,086
Fundraising and Development	7,835	-	7,835	1,477
Total Support Expenses	30,019	-	30,019	8,563
<b>TOTAL EXPENSES</b>	<b>199,710</b>	<b>-</b>	<b>199,710</b>	<b>99,449</b>
<b>CHANGE IN NET ASSETS</b>	<b>22,222</b>	<b>-</b>	<b>22,222</b>	<b>88,918</b>
Net assets, beginning of year	98,974	-	98,974	10,056
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 121,196</b>	<b>\$ -</b>	<b>\$ 121,196</b>	<b>\$ 98,974</b>

See accompanying notes to the financial statements

**LANTUUN DOHIO**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<b>Lantuun Dohio MGL</b>	<b>Magic Mongolia</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2019</b>	<b>2018</b>
Accounting fees	\$ -	\$ -	\$ 4,500	\$ -	\$ 4,500	\$ -
Advertising	-	-	-	-	-	160
Amortization expense	-	-	833	-	833	-
Bank fees	-	3,689	47	-	3,736	3,386
Computer supplies and software	-	-	2,110	-	2,110	1,245
Dues and subscriptions	-	-	274	-	274	-
Gala and other fundraising events	-	-	-	6,587	6,587	-
Grants	3,780	160,520	-	-	164,300	79,000
Merchandise	-	-	2,583	-	2,583	130
Gifts and awards	-	809	-	1,219	2,028	3,390
Office expense	-	173	752	2	927	3,453
Postage	-	720	926	27	1,673	2,354
Printing	-	-	97	-	97	187
Taxes and licenses	-	-	262	-	262	25
Travel	-	-	-	-	-	4,019
<b>Total expenses, before In-kind</b>	<b>3,780</b>	<b>165,911</b>	<b>12,384</b>	<b>7,835</b>	<b>189,910</b>	<b>97,349</b>
Rent	-	-	4,200	-	4,200	2,100
Accounting services	-	-	5,600	-	5,600	-
<b>Total In-kind expenses</b>	<b>-</b>	<b>-</b>	<b>9,800</b>	<b>-</b>	<b>9,800</b>	<b>2,100</b>
<b>TOTAL EXPENSES</b>	<b>\$ 3,780</b>	<b>\$ 165,911</b>	<b>\$ 22,184</b>	<b>\$ 7,835</b>	<b>\$ 199,710</b>	<b>\$ 99,449</b>

See accompanying notes to the financial statements

LANTUUN DOHIO

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from foundations and corporations	\$ 25,885	\$ 18,025
Cash received from individual donations	81,211	59,901
Cash received from Magic Brothers and Sisters	87,776	89,732
Cash received from gala and for fundraising events	13,483	10,411
Interest income received	-	464
Cash paid to grantors	(164,300)	(79,000)
Cash paid for fundraising events including gifts	(9,170)	(7,735)
Cash paid to suppliers and vendors	(14,674)	(9,019)
<b>Net cash provided by operating activities</b>	<b><u>20,211</u></b>	<b><u>82,779</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cost development of website	(4,000)	-
<b>Net cash used for investing activities</b>	<b><u>(4,000)</u></b>	<b><u>-</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>16,211</b>	<b>82,779</b>
Cash and cash equivalent, beginning of year	93,335	10,556
<b>CASH &amp; CASH EQUIVALENT, END OF YEAR</b>	<b><u>\$ 109,546</u></b>	<b><u>\$ 93,335</u></b>



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 1 center protects children who need immediate shelter from abusive and violent families, 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 1 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.

While Magic Mongolia 1 center has been successfully operating in Bayankhoshuu district, in 2019 construction of the second center started in Bayanzurkh, the district with the highest crime rate and one of those most polluted areas of Ulaanbaatar city. Magic Mongolia 2 center is twice bigger as the Magic Mongolia 1 center. Comparing to Magic Mongolia 1 center, Magic Mongolia 2 center will be focusing more on prevention, education, development, and mental health.

The center will have the following amenities and services:

- Magic forest - community family park
- Classroom for children with disability (capacity 15 children)
- Playground for up to 150 children
- Mental Health center
- Magic Cafe – book cafe with more than 10'000 books

# LANTUUN DOHIO

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

### 1. ORGANIZATION AND ACTIVITIES (CONTINUED)

#### Magic Mongolia(continued)

- 3 preschool classes with 80 children capacity
- Training center for kids and adults

As a result of the establishment of the center, there will be substantial changes in the attitude and tendency of parents and neighbors who live in that location. We strongly believe that if the number of people increases who eliminate their bad habits, it will influence greatly to solve the major problems, such as domestic violence, child abuse, gender-based violence, and alcoholism.

#### 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 2018-2019, 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.

### 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.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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, 2019, 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

**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.

**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.

**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.

**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, 2019

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.

**Adopted Accounting Pronouncement**

During fiscal 2019, Lantuun Dohio adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance provided in this ASU will assist in evaluating whether transactions should be accounted for as contributions (Nonreciprocal transactions) or as exchange (reciprocal) transactions and whether a contribution is conditional.

As required by ASU 2018-08, Lantuun Dohio applied requirements on a modified prospective basis to agreements that either are not completed as of January 1, 2019 or entered into after January 1, 2019.

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.

**Adopted Accounting Pronouncement(continued)**

On January 1, 2019, Lantuun Dohio adopted ASU 2014-09, using modified retrospective approach. Lantuun Dohio applied the five step revenue model stipulated by ASDC 606 to all of its significant revenue streams in order to determine when revenue is earned and recognized. The five step model requires Lantuun Dohio to:

1. Identify contracts with customers,
2. Identify performance obligations related to those contracts,
3. Determine the transaction price,
4. Allocate that transaction price to each performance obligation, and
5. Recognize revenue when or as Lantuun Dohio satisfies a performance obligation.

The adoption of this ASU 2014-09 did not materially impact the timing of revenue recognized by Lantuun Dohio in the financial statements.

**Recently Issued Accounting Pronouncement**

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use and lease liability, initially measured at present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2021.

LANTUUN DOHIO

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 2019 and 2018, 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>2019</u>	<u>2018</u>
Cash and cash equivalents – checking	\$ 13,306	\$ 5,086
Cash and cash equivalents – savings	96,240	88,249
Financial assets, at year end	109,546	93,335
Less: contractual or donor imposed restrictions	-	-
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b><u>\$ 109,546</u></b>	<b><u>\$ 93,335</u></b>

4. 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.

5. 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.

6. SUBSEQUENT EVENTS

In preparing these financial statements, The Organization has evaluated events and transactions for potential recognition or disclosure through October 5, 2020, the date the financial statements were issued.