



**FORTIFY**  
RIGHTS

**FORTIFY, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016



*Vredeveld Haefner LLC*

*CPA's*

# FORTIFY, INC.

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## Independent Auditors' Report

April 17, 2017

Board of Directors  
Fortify, Inc.  
Aurora, Colorado

### Report on the Financial Statements

We have audited the accompanying statement of financial position of Fortify, Inc. (a not-for-profit corporation), as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2016, 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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Fortify, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

*Vredeveld Haefner LLC*

**FORTIFY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

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**Assets**

**Current assets**

|                           |               |
|---------------------------|---------------|
| Cash and cash equivalents | \$ 798,194    |
| Grants receivable         | <u>36,191</u> |

**Total assets** **\$ 834,385**

**Liabilities and net assets**

**Current liabilities**

|                                       |                |
|---------------------------------------|----------------|
| Accounts payable and accrued expenses | \$ 17,805      |
| Deferred revenue                      | <u>389,756</u> |

**Total current liabilities** **407,561**

**Net assets**

|              |                |
|--------------|----------------|
| Unrestricted | <u>426,824</u> |
|--------------|----------------|

**Total liabilities and net assets** **\$ 834,385**

The accompanying notes are an integral part of these financial statements.

**FORTIFY, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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|                                      | <b><u>Unrestricted</u></b> |
|--------------------------------------|----------------------------|
| <b>Revenue and support</b>           |                            |
| Contributions                        | \$ 57,438                  |
| Grants                               | <u>768,140</u>             |
| <b>Total revenue and support</b>     | <u>825,578</u>             |
| <b>Expenses</b>                      |                            |
| <b>Program services</b>              | 546,257                    |
| <b>Supporting services</b>           |                            |
| Management and general               | 40,984                     |
| Resource development                 | <u>37,768</u>              |
| <b>Total expenses</b>                | <u>625,009</u>             |
| Change in net assets                 | 200,569                    |
| <b>Net assets, beginning of year</b> | <u>226,255</u>             |
| <b>Net assets, end of year</b>       | <u>\$ 426,824</u>          |

The accompanying notes are an integral part of these financial statements.

# FORTIFY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

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|                               |                         | <u>Supporting Services</u>    |                             |                   |
|-------------------------------|-------------------------|-------------------------------|-----------------------------|-------------------|
|                               | <u>Program Services</u> | <u>Management and General</u> | <u>Resource Development</u> | <u>Total</u>      |
| Salaries and related expenses | \$ 316,877              | \$ 7,850                      | \$ 37,268                   | \$ 361,995        |
| Contractual services          | 28,703                  | 6,520                         | 500                         | 35,723            |
| Investigations                | 48,448                  | -                             | -                           | 48,448            |
| Engagement                    | 70,264                  | -                             | -                           | 70,264            |
| Strengthening                 | 45,038                  | -                             | -                           | 45,038            |
| Rent                          | -                       | 12,840                        | -                           | 12,840            |
| Utilities                     | -                       | 2,222                         | -                           | 2,222             |
| Supplies                      | 915                     | 2,505                         | -                           | 3,420             |
| Administration                | -                       | 9,047                         | -                           | 9,047             |
| Insurance                     | 11,591                  | -                             | -                           | 11,591            |
| Equipment                     | 10,617                  | -                             | -                           | 10,617            |
| Dues and subscriptions        | 3,977                   | -                             | -                           | 3,977             |
| Communications                | 9,827                   | -                             | -                           | 9,827             |
|                               | <hr/>                   | <hr/>                         | <hr/>                       | <hr/>             |
| Total expenses                | <u>\$ 546,257</u>       | <u>\$ 40,984</u>              | <u>\$ 37,768</u>            | <u>\$ 625,009</u> |

The accompanying notes are an integral part of these financial statements.

**FORTIFY, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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|  |                   |
|--|-------------------|
| <b>Cash flows from operating activities</b>  |                   |
| Change in net assets   | \$ 200,569        |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities |                   |
| Changes in operating assets and liabilities which provided (used) cash                               |                   |
| Accounts receivable  | (36,191)          |
| Accounts payable and accrued expenses  | 11,947            |
| Deferred revenue   | <u>183,670</u>    |
| Net increase (decrease) in cash and cash equivalents   | 359,995           |
| <b>Cash and cash equivalents, beginning of year</b>  | <u>438,199</u>    |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ 798,194</u> |

The accompanying notes are an integral part of these financial statements.

# FORTIFY, INC.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Organization and Nature of Activities***

Fortify, Inc. (the Organization) is a 501(c)(3) not-for-profit corporation formed in 2012 that seeks to prevent and remedy human rights violations.

#### ***Basis of Presentation***

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. The Organization has no temporarily or permanently restricted net assets.

#### ***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 income and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

The Organization considers all demand and time deposits with an original maturity of 90 days or less and cash on hand to be cash and cash equivalents. The Organization's deposits are secured through FDIC insurance. At year-end and at times during the year, deposits exceed the maximum FDIC insurance coverage. Management believes the Organization is not exposed to any significant interest rate or other risk on these deposits.

#### ***Equipment and Depreciation***

Equipment is capitalized at cost or, if donated, at the estimated fair value at the date of donation. Acquisitions of property or equipment in excess of \$2,500 are capitalized while ordinary repairs are expensed. Depreciation is computed using the straight-line method over an estimated 5 year useful life of the related assets. All equipment to be utilized internationally is expensed in the period acquired.

#### ***Deferred Revenue***

Revenue that has been received by the Organization before it is earned is classified as deferred revenue on the statement of financial position.

#### ***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

# FORTIFY, INC.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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### ***Functional Allocation of Expenses***

The costs to provide the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### ***Income Taxes***

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Generally, income tax returns filed within the last three years remain open and subject to audit by regulatory authorities. The Organization concludes that there are no significant uncertain tax positions requiring recognition in the financial statements.

### ***Subsequent Events***

In preparing these financial statements, management has evaluated significant events and transactions for potential recognition or disclosure subsequent to December 31, 2016 and through the auditors' report date, the date the financial statements were available to be issued. No such events or transactions were identified.

## **2. LEASE**

The Organization leases office space in Bangkok under two month-to-month operating leases requiring monthly payments. Total rental expense under the leases amounted to \$12,840 for the year ended December 31, 2016.