TOMORROW CLUBS INTERNATIONAL, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT

DECEMBER 31, 2017

TABLE OF CONTENTS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Tomorrow Clubs International, Inc.
Eagan, Minnesota

We have reviewed the accompanying financial statements of Tomorrow Clubs International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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'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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement 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.

Accountant's Conclusion

Based on our review, 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.

Respectfully submitted,

Lewis, Kisch & Associates, Ltd.

June 21, 2018

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS		
Current Assets		
Cash	$	102,677
Prepaid Expenses		1,749
Total Assets	$	104,426
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payroll Taxes Payable	$	1,862
Net Assets		
Unrestricted Net Assets		102,564
Total Liabilities and Net Assets	$	104,426

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Unrestricted
REVENUES AND SUPPORT	
Individual Contributions	$ 402,609
Mission Trip Sponsorships	53,561
Foundation Contributions	24,491
Miscellaneous Income	159
Total Revenues and Support	480,820
EXPENSES	
Program Service	302,750
Management and General	47,933
Fundraising	36,172
Total Expenses	386,855
Change in Unrestricted Net Assets	93,965
Unrestricted Net Assets, Beginning of Year	8,599
Unrestricted Net Assets, End of Year	$ 102,564

See independent accountant's review report and accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Total
Program Funding	$ 188,411			$ 188,411
Contract Services	23,125		$ 36,000	59,125
Salary and Wages	27,500	$ 27,500		55,000
Mission Trips	45,591			45,591
Conferences and Meetings	6,867			6,867
Credit Card Processing Fees		6,552		6,552
Payroll Taxes	2,104	2,104		4,208
Travel	3,034	935		3,969
Employee Benefits	2,508	536		3,044
Bank Charges and Fees	2,026	532		2,558
Marketing and Promotion		2,425	47	2,472
Telephone and Internet	761	1,496		2,257
Printing	276	1,172	125	1,573
Postage and Delivery	68	1,325		1,393
Office Supplies and Software	46	853		899
Computers and Office Equipment	200	507		707
Donor Relations		645		645
State Registrations		363		363
Interest Paid		356		356
Training and Staff Development	233	111		344
Payroll Services		235		235
Website and Hosting		226		226
Accounting		60		60
Total Expenses	$ 302,750	$ 47,933	$ 36,172	$ 386,855

See independent accountant's review report and accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	93,965
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
(Increase) Decrease in Prepaid Expenses		(1,749)
Increase (Decrease) in Payroll Taxes Payable		1,862
Net Cash from Operating Activities		94,078
Net Increase in Cash		94,078
Cash, Beginning of Year		8,599
Cash, End of Year	$	102,677
SUPPLEMENTAL DISCLOSURE		
Interest Paid	$	356

See independent accountant's review report and accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. Organization

Tomorrow Clubs International, Inc. (the "Organization"), began in 1997 as part of HOPE International's outreach programming in Ukraine. The Organization became a separate entity in 2016, committed to fulfilling the Great Commission by helping children learn to follow Jesus. The Organization provides weekly Bible clubs to children and teenagers throughout Eastern Europe, bringing them salvation, hope, and – most importantly – long-term discipleship.

At the heart of the Organization's ministry are the relationships that develop as leaders engage with kids at weekly club meetings, teaching them by example what it means to follow Jesus. Kids memorize scripture and learn biblical principles as they work through the Tomorrow Clubs curriculum, and leaders teach valuable life skills in hobby classes such as cooking, woodworking, music, and English language. Each club is run by volunteers from a local church as an outreach to the community, with the goal of connecting kids and their families to the local congregation. Many of the 2,400 volunteer Tomorrow Club leaders started as club members and now want to invest in the next generation.

Supported by charitable contributions and sponsorship of mission trips, the Organization serves more than 16,000 children each week. Most of these children come from unchurched families, often in remote villages where there is little if any opportunity to hear the Gospel. The Tomorrow Clubs are now working in nine Eastern European countries: Ukraine, Russia, Moldova, Romania, Armenia, Georgia, Hungary, Bosnia, and Belarus, with about 600 clubs meeting every week.

2. Summary of Significant Accounting Policies

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to not-for-profit organizations. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and the changes therein are classified and reported as follows:

Unrestricted Net Assets – Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

Temporarily Restricted Net Assets – Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had no temporarily restricted net assets at December 31, 2017.

Permanently Restricted Net Assets – Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31, 2017.

Revenues and Revenue Recognition – Contributions and mission trip sponsorships, which may include unconditional promises to give ("pledges"), are recognized as revenues in the period received. These revenues are measured at their fair value and reported as increases in net assets. Contributions and sponsorships received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. They are considered available for unrestricted use unless specifically restricted by the donor. Those contributions and sponsorships that are temporarily restricted by the donor are recorded as increases in unrestricted net assets if the restrictions expire during the fiscal year in which the contributions or sponsorships are received.

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment – Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Purchases of less than $1,000 are expensed in the year purchased. Depreciation is computed using the straight-line method and charged to expense over the estimated useful lives of the assets. Costs of maintenance and repairs that do not improve or extend the useful life of the respective assets are expensed currently. As of December 31, 2017, the Organization had no capitalized property or equipment.

Advertising – Advertising costs, including marketing and promotion, are expensed as incurred.

Functional Allocation of Expenses – The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. When appropriate, costs are allocated on a direct-cost basis to the various programs or supporting services they benefit. In some cases, expenses are incurred that support the work performed under more than one function. Such expenses are allocated based on estimates determined by management.

Income Taxes – The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and similar state statutes and is not considered a private foundation. Management has evaluated for uncertain tax positions and has determined there are no uncertain tax positions as of December 31, 2017. Tax returns for the past three years remain open for examination by tax jurisdictions.

Estimates – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk – Financial instruments, which potentially subject the Organization to credit risk, consist primarily of cash. The Organization's cash balances have been placed with major financial institutions. At times, such amounts may exceed Federal Deposit Insurance Corporation limits. The Organization closely monitors these balances and has not experienced credit losses.

Subsequent Events – The Organization has performed an evaluation of subsequent events through June 21, 2018, which is the date the financial statements were available to be issued.

3. Related-Party Transactions

During the year ended December 31, 2017, the Organization received $24,200 from a member of the Organization's board of directors.

4. Concentrations

During the year ended December 31, 2017, contributions to one organization comprised 21.2% of the Organization's total expenses. Discontinuation of the Organization's support of this entity could significantly affect the Organization's operations.

5. Subsequent Event

The Organization entered into a credit agreement with a related organization on May 16, 2018. Per the terms of this agreement, the related organization will loan the Organization $200,000. The Organization shall use the proceeds of this loan to invest in equity in a microfinance institution in Ukraine that operates as a subsidiary of the lending organization. There is no stated interest rate on this loan, and it has no maturity date, but shall be callable at any time by the lender with notice of at least 180 days.