

Fred Anderson, CPA

205 N. Love Street . . . Quincy, Florida . . . (850) 627-2920

SHISA, INC.

TALLAHASSEE, FLORIDA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Shisa, Inc.
Tallahassee, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of Shisa, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involved 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 risks 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

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Shisa, Inc.
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significant accounting estimates 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.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shisa, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The *Schedules of Functional Expenses on Page 6* are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated August 22, 2016, on my consideration of Shisa, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations,

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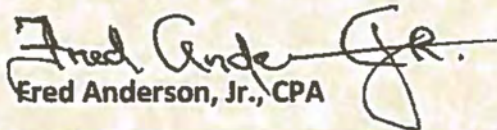
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Shisa, Inc.

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contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing; and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shisa, Inc.'s internal control over financial reporting and compliance.


Fred Anderson, Jr., CPA

August 22, 2016

SHISA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS

Cash	\$ 91,542
Accounts Receivable	85,406
Furniture & Fixtures (net) Note 4	0
Other Assets	<u>931</u>
<u>TOTAL ASSETS</u>	<u>\$ 177,879</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 19,116
Loan Payable	68,125
Deferred Revenue	0
Payroll Liability	4,135
Loan Payable –Officer	0
Line of Credit – Regions	0

TOTAL CURRENT LIABILITIES **91,376**

NON-CURRENT LIABILITIES

Commercial 0

TOTAL CURRENT AND LONG-TERM **91,376**

UNRESTRICTED NET ASSETS 86,503

TOTAL LIABILITIES AND NET ASSETS **\$ 177,879**

See Accompanying Notes

SHISA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

ASSETS

CHANGES IN UNRESTRICTED NET ASSETS

REVENUES

Grants – Department of Corrections	585,052	
Center for Disease Control	-	
Department of Health	-	
TOTAL	-	585,052
Miscellaneous Income		
Rent DOC	274,341	
Bond	-	
Other Income	13,795	<u>288,136</u>

TOTAL UNRESTRICTED REVENUES

\$ 873,188

EXPENSES

Advertising	\$ -
Indirect Costs	-
Equipment Rental	5,579
Insurance	36,065
Depreciation	-
Interest Expense	3,170
Miscellaneous	9,790
Payroll	453,894
Payroll Taxes	34,524
Property Taxes	5,305
Dues & Subscription	1,673
Postage and Delivery	1,979
Printing and Reproduction	316
Professional Fees	37,674
Rent	46,817
Repairs	23,571
Supplies - Office	8,203
Supplies – Materials	68,032
Telephone	7,559
Travel	4,677
Utilities	<u>33,817</u>

Total Expenses

782,645

INCREASE IN UNRESTRICTED NET ASSETS

90,543

BEGINNING NET ASSETS

(56,737)

ADJUSTMENT – NET ASSETS

52,697

ENDING NET ASSETS

\$ 86,503

See Accompanying Notes

SHISA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	<u>MANAGEMENT AND GENERAL</u>	<u>PROGRAM SERVICES</u>	<u>TOTAL EXPENSES</u>
Advertising	\$ 0	\$ 0	\$ 0
Indirect Costs	0	0	0
Equipment Rental	558	5,021	5,579
Insurance	3,940	32,125	36,065
Depreciation	0	0	0
Interest Expense	317	2,853	3,170
Miscellaneous	979	8,811	9,790
Payroll	55,829	398,065	453,894
Payroll Taxes	3,452	31,072	34,524
Property Taxes	531	4,775	5,305
Dues & Subscription	167	1,506	1,673
Postage & Delivery	198	1,781	1,979
Printing & Reproduction	32	284	316
Professional Fees	3,767	33,907	37,674
Rent	4,682	42,135	46,817
Repairs	148	23,423	23,571
Supplies - Office	820	7,383	8,203
Supplies – Materials	6,803	61,229	68,032
Telephone	756	6,803	7,559
Travel	468	4,209	4,677
Utilities	<u>3,382</u>	<u>30,435</u>	<u>33,817</u>
Total Expenses	<u>\$ 86,828</u>	<u>\$ 695,817</u>	<u>\$ 782,645</u>

SHISA, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2015

Cash Flow from Operating Activities	
Excess (deficit) of Public Support and Revenue Over Expenses	<u>\$ 91,542</u>
Adjustment to Reconcile Excess (deficit) to Net Cash Provided by Operating Activities:	
Depreciation	0
Decrease in Accounts Receivable	7,885
Increase in Accounts Payable	10,420
Decrease in Loan Payable	(67,478)
Decrease in Loan Payable - Other	0
Increase in Payroll Payable	0
Decrease in Deferred Revenue	0
Increase in Commerical Loan	<u>0</u>
Net Cash Provided by Operating Activites	\$42,369
Cash Flows from Investing Activities	
Cash Flows from Financing Activities	
Purchase of Equipment and Debt Reclassification	<u>(20,369)</u>
Increase (Decrease) in Cash	22,000
Cash at beginning of period	<u>69,542</u>
Cash at end of period	<u>\$ 91,542</u>

See Accompanying Notes

SHISA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - NATURE OF REPORTING ENTITY

The Shisa Corporation (Corporation) was incorporated under the laws of the State of Florida on August 11, 1995, and began operations on December 18, 1995, as a not-for-profit corporation dedicated to smart innovations and solutions to address the complex needs and issues of today's society. The Corporation may engage in any activity or business permitted under the laws of the United States and of the State of Florida. Without limiting the generality of the foregoing, the Corporation may engage in any business as a not-for-profit firm to provide services, but primarily educational and research services, to the public and private sectors. Specific focus areas of the Corporation will focus on health promotion and disease prevention, cross-cultural exchanges, and consumer education.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation prepares its financial statements on the accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The purposes for which the Corporation was organized are exclusively religious, charitable, scientific, literary, and educational within the meaning of section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the financial statements.

SHISA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Corporation's operations are funded by grants and contracts received from the State of Florida and other funding agencies. The Corporation has received \$873,188 in federal and state funds through December 31, 2015, along with some funds from other sources. Future receipt of funds under the grants are contingent upon the Corporation retaining its Section 501(c)(3) designation, and the availability of funds from the funding agencies. Depending on availability of funds, the State of Florida is scheduled to fund the program through 2015. Expenses financed by the grant are subject to audit by the grantor agency. If expenses are disallowed due to noncompliance with grant program regulations, the Corporation may be required to reimburse the grantor agency.

NOTE 4 - Furniture & Fixtures

Furniture & Fixtures consists of the following:

	Estimated Useful <u>Life's Years</u>	
Furniture	7	132,281
Office equipment	7	<u>0</u>
		132,281
Less: accumulated depreciation		<u>132,281</u>
		\$ 0

/SHISA, INC.
SCHEDULE OF EXPENDITURE OF AWARDS
Year Ended December 31, 2015

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
<u>MAJOR FEDERAL AWARD</u>			
Center For Disease Control Community Capacity Building	93.939	N/A	\$ 0
Department of Health Family Services: Health Education Risk Reduction – HIV/AIDS	93.940	COAQ5/COA9B	0
Health and Human Services SAMSHA Aids Primary Care Planning	93.230		<u>0</u>
TOTAL FEDERAL AWARDS			<u>\$ 0</u>
<u>STATE GRANT AND AID APPROPRIATION</u>			
Department of Corrections West		C2203/C2843	\$ 494,351
East		C2809	<u>288,294</u>
TOTAL GRANT AND AID APPROPRIATION			<u>\$ 782,645</u>
<u>OTHER FINANCIAL ASSISTANCE</u>			
Bond	N/A	N/A	\$ 0
Jackson State	N/A	N/A	0
Kidcare	N/A	N/A	0
Big Bend Council	N/A	N/A	0
Miscellaneous	N/A	N/A	<u>0</u>
TOTAL OTHER FINANCIAL ASSISTANCE			<u>\$ 0</u>

SHISA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued: Unqualified

Internal Control over financial reporting:

Material Weakness(es) identified? No

Reportable condition(s) identified that are not considered to be material weaknesses? No

Noncompliance material to the financial statements noted? No

State Projects

Internal Control over Major Programs:

Material Weakness(es) identified? No

Reportable Condition(s) identified that are not considered to be material weaknesses? No

Type of Auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General? No

Identification of major federal awards program:

Program

Shisa House – West (DOC) C2203/C2843

Shisa East (DOC) C2809

Dollar threshold used to distinguish between Type A and Type B programs: \$500,000

Auditee qualified as low risk auditee for federal programs? Yes

SHISA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2015

SECTION II – Financial Statement Findings and Questioned Costs

There were no current or prior year findings related to the financial statements, which are required to be reported in accordance with *Government Auditing Standards*. A management letter is not presented because there were no items related to State financial assistance required to be reported.

SECTION III – Federal Awards and State Projects Findings and Questioned Costs

There were no material findings, control deficiencies, or questioned costs during the current nor prior year, which are required to be reported pursuant to OMB Circular A-133 and Rule 10.656(3)(d)(6), of the Auditor General.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Shisa, Inc.
Tallahassee, Florida

I have audited, in accordance the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shisa, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated August 22, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Shisa, Inc.'s internal control over financial reporting (internal control) in order to determine my auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shisa, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect or correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I

Board of Directors
Shisa, Inc.
Page Two

consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shisa, Inc. financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Fred Anderson, Jr., CPA

August 22, 2016

Fred Anderson, CPA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT OF SCHEDULE OF FEDERAL AWARDS AND STATE PROJECTS REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Board of Directors
Shisa, Inc.
Tallahassee, Florida

Report on Compliance for Each Major Federal Program and State Project

I have audited Shisa, Inc., a not for profit organization, with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of Shisa, Inc.'s major Federal programs and State projects for the year ended December 31, 2015. Shisa, Inc.'s major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Shisa, Inc.'s major federal programs and state projects based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133 and Chapter 10.650 Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650 Rules of the Auditor General, require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or State project occurred. An audit includes examining, on a test basis, evidence about Shisa's compliance with those requirements and performing such other

Board of Directors
Shisa, Inc.
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procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion on compliance for each major Federal program and State project. My audit does not provide a legal determination on Shisa, Inc.'s compliance with those requirements.

Opinion on Each Major Federal Program and State Projects

In my opinion, Shisa, Inc. complied, in material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended December 31, 2015.

Report on Internal Control over Compliance

The management of Shisa, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing my audit, I considered Shisa, Inc.'s internal control over compliance requirements that could have a direct and material effect on a major federal or state project in order to determine my auditing procedures for the purpose of expressing my opinion on compliance for each major federal program and state project, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650 Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Shisa, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program and State project on a timely basis. A material weakness in internal control over compliance is deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program and State project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program and State project that is less severe a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors
Shisa, Inc.
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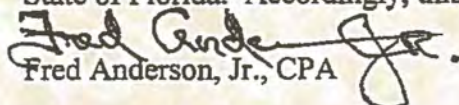
My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Schedule of Expenditures of Federal Awards and State Projects,
Required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor
General**

I have audited the financial statements of Shisa, Inc. as of and for the year ended December 31, 2015, and have issued my report thereon dated August 22, 2016, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying *Schedule of Expenditures of Federal Awards and State Projects* is presented for purposes of additional analysis as required by OMB Circular A-133; Audits of States, Local Governments, and Nonprofits Organizations; and Chapter 10.650, Rules of the Auditor General and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the *Schedule of Expenditures of Federal Award and State Projects* is fairly stated in all material respects in relation to the financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofits Organizations; and Chapter 10.650, Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose.


Fred Anderson, Jr., CPA

August 22, 2016