



PANZI FOUNDATION
(A California not-for-profit corporation)

AUDITED FINANCIAL STATEMENTS
As of December 31, 2017

With comparative statements for the year ended December 31, 2016

TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

PANZI FOUNDATION
(A California not-for-profit corporation)

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To the Board of Directors
Panzi Foundation
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Panzi Foundation, which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, functional expenses and cash flow for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's 2016 financial statements and in the report dated March 28, 2017; an unmodified opinion was expressed on those 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Panzi Foundation as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2018 on our consideration of Panzi Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Panzi Foundation's internal control over financial reporting and compliance.

JZ CPAs Inc

Long Beach, California
March 10, 2018

PANZI FOUNDATION
STATEMENT OF FINANCIAL POSITION
As of December 31, 2017
(With comparatives as of December 31, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 235,830	\$ 318,632
Accounts receivable	347,088	664,706
Other assets	<u>236</u>	<u>72</u>
Total current assets	<u>583,154</u>	<u>983,410</u>
Property and equipment:		
Furniture and equipment (Note 2)	424	424
Less: accumulated depreciation (Note 2)	<u>(294)</u>	<u>(210)</u>
Net property and equipment	<u>130</u>	<u>214</u>
TOTAL ASSETS	<u>\$ 583,284</u>	<u>\$ 983,624</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ <u>165,511</u>	\$ <u>657,955</u>
Total current liabilities	<u>165,511</u>	<u>657,955</u>
Total liabilities	<u>165,511</u>	<u>657,955</u>
Net assets:		
Unrestricted	<u>417,773</u>	<u>325,669</u>
Total net assets	<u>417,773</u>	<u>325,669</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 583,284</u>	<u>\$ 983,624</u>

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

PANZI FOUNDATION
STATEMENT OF ACTIVITIES
For the year ended December 31, 2017
(With comparative totals for the year ended December 31, 2016)

	2017	2016
SUPPORT AND REVENUES:		
Corporate and foundation grants	\$ 403,922	\$ 631,619
Individual and small business contributions	509,606	627,685
Donated goods and services	8,767	16,942
Total support and revenues	922,294	1,276,246
EXPENSES:		
Program services	737,782	981,801
Management and general	39,997	39,683
Fundraising	52,412	60,382
Total expenses	830,191	1,081,866
Increase in net assets	92,104	194,380
Net assets, beginning of the year	325,669	131,289
Net assets, end of the year	\$ 417,773	\$ 325,669

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

PANZI FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2017
(With comparative totals for the year ended December 31, 2016)

	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total expenses</u>	<u>2016 Total</u>
EXPENSES					
Awards and grants	\$ 524,298	\$	\$	\$ 524,298	\$ 824,675
Salaries and wages	78,557	11,145	41,295	130,997	126,366
Payroll taxes	6,217	1,264	3,308	10,789	6,477
Contract service expenses	5,249	9,069		14,318	32,269
Contingency					3,807
Travels and meetings expenses	113,095	2,769	6,121	121,985	45,694
Printing and copying	388	500	729	1,617	5,290
Website and database		5,244		5,244	5,014
Insurance		550		550	700
Postage, shipping, and mailing services		854		854	3,091
Supplies	1,046	423		1,469	575
Telephone and telecommunications		60		60	646
Advertising expenses					287
Bank fees		6,058	959	7,017	6,312
Donated goods and services	8,767			8,767	16,942
Depreciation expense		84		84	84
Other expenses	165	1,977		2,142	3,637
Total expenses	<u>\$ 737,782</u>	<u>\$ 39,997</u>	<u>\$ 52,412</u>	<u>\$ 830,191</u>	<u>\$ 1,081,866</u>

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

PANZI FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2017
(With comparative totals for the year ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in net assets	\$ 92,104	\$ 194,380
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	84	84
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	317,618	(543,572)
Other assets	(164)	(72)
Increase (decrease) in liabilities:		
Accounts payable	<u>(492,444)</u>	<u>538,807</u>
Net cash provided by operating activities	<u>(82,802)</u>	<u>189,627</u>
Net increase/(decrease) in cash	<u>(82,802)</u>	<u>189,627</u>
Cash - beginning of the year	<u>318,632</u>	<u>129,005</u>
Cash - end of the year	<u><u>\$ 235,830</u></u>	<u><u>\$ 318,632</u></u>

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

PANZI FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES

ORGANIZATION

Panzi Foundation (also referred to as Panzi Foundation USA) is a California Not-For-Profit Corporation to raise funds and to engage in policy advocacy to support the mission of Panzi Foundation DRC and Panzi Hospital in the Democratic Republic of the Congo (DRC). For most of the past 20 years, the DRC has been devastated by war and an epidemic of sexualized violence. Since its founding in 1999, Dr. Denis Mukwege and the other doctors of Panzi Hospital have treated more than 50,000 of these survivors, becoming internationally recognized experts in fistula repair. After survivors' physical wounds heal, they receive holistic care: transitional housing, therapeutic counseling, literacy and education services, legal aid, and job training. Panzi Hospital programs are crucial in providing whole-woman healing, a holistic model developed by Panzi Hospital that has been recognized worldwide as the best-in-class service to support survivors.

Panzi Foundation USA engages in strategic advocacy to end violence against women in eastern Congo and around the world, and provides grants to Panzi Hospital and Panzi Foundation DRC to heal women and restore their lives. Panzi Foundation USA works with its counterparts in the DRC to amplify credible, expert Congolese voices addressing the root causes of violence against women and girls, and ensure those voices are at the forefront of the policy, advocacy and philanthropic conversations here in the US.

About Panzi Hospital:

Dr. Denis Mukwege founded Panzi Hospital in 1999 as a response to the devastating war that engulfed his community in the eastern provinces of the Democratic Republic of Congo. As a direct outcome of the war, maternal mortality was on the rise, and Dr. Mukwege, a French-trained pediatrician and gynecological surgeon, hoped to improve access to cesarean sections and other obstetric interventions.

His first patient, however, was not a mother in labor; she was a survivor of rape, whose body and reproductive organs had been brutally destroyed. As violence against women and girls escalated dramatically in the context of Congo's wars, Dr. Mukwege and the staff of Panzi Hospital dedicated significant hospital resources to treating women with fistulas (an injury that ruptures the barrier between the vaginal canal and the bladder and/or colon that then leaks causing infection and other health and social problems) and other complex gynecological injuries - both traumatic (caused by sexual violence) and obstetric (caused by absence of, or poor, maternal care).

PANZI FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES (continued)

While it is world-renowned for its best-in-class service treating survivors of sexual violence and complex gynecological injuries, Panzi Hospital's impact on the community runs much deeper. For 15 years, Panzi Hospital has pursued the mission of assuring quality holistic care for the population of South Kivu in the DRC through improved health care service delivery, community outreach activities, and advocacy. The hospital is located 8 kilometers (5 miles) from the center of Bukavu in eastern DRC. It is the recognized general reference hospital for the Ibanda Health Zone and accepts patients from throughout the region.

Over the years, the hospital has expanded its services in response to the needs of the population. It now has 4 main departments:

- Department of General Internal Medicine, including cardiology, pulmonology, rheumatology, and a dialysis unit;
- Department of Surgery, including an anesthesiology service and an intensive care unit;
- Department of Gynecology and Obstetrics, including a maternity ward;
- Department of Pediatrics, including a neonatology unit.

Additionally, the following services are offered at the hospital:

- Outpatient clinics for family medicine, ear, nose and throat (ENT), dermatology, a dental clinic and an Optometrist;
- A radiology unit including a mammography unit and echography;
- Endoscopy unit;
- Laboratory;
- Blood bank;
- Psychotherapeutic.

The Panzi Response: Caring for the Whole Woman and Whole Community

Though ravaged by conflict, the women of Congo are strong, resilient, and their country's best and brightest hope. They have the ability to reconstruct their broken society - but to do so they must be protected, they must be empowered, and they must be trained. Panzi Hospital treats approximately 3,000 women a year with complex gynecological injuries, including obstetric and traumatic fistula, as well as other injuries from rape and sexualized violence. The hospital currently has 450 beds, 250 of which are reserved for survivors of sexual violence. Treating fistula often involves multiple delicate surgeries, followed by a prolonged period of recovery.

PANZI FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES (continued)

Forty to sixty percent of the women treated at Panzi Hospital are unable to return home after medical treatment. Many are abandoned by their husbands and rejected by their families and villages due to the stigma associated with rape and/or fistula. Some are displaced due to the destruction of their homes or villages and some have no surviving family members. Others may be unable to live independently due to injuries or illnesses such as HIV/AIDS. With no place to go, most used to attempt to live somewhere in the vicinity of the hospital. They were unable to afford school fees and adequate housing, putting their children in a cycle of vulnerability to continued violence.

Panzi's holistic model of care now provides survivors of sexual violence with services that meet the full spectrum of their needs: physical recovery, emotional recovery, education and vocational training, community reintegration support, and legal assistance. In addition, we make critical investments in building the capacity of civil society organizations doing the grassroots work to rebuild their communities on principles of human rights and partnership between men and women.

Current programs include:

Maison Dorcas - Innovative and Holistic Aftercare for Survivors:

A critical component of Panzi Hospital's services is the innovative after-care provided at Maison Dorcas. At Maison Dorcas, located adjacent to Panzi Hospital, women and girls who are otherwise unable to return home after their medical treatment receive housing, meals, and access to the full slate of holistic recovery support provided by Panzi, all in a protected, collaborative and supportive environment. These programs include therapeutic counseling, job skills training, literacy and numeracy classes, micro-grants and loans for small businesses, and outreach projects to rural communities. At any one time, Maison Dorcas can accommodate 180 vulnerable women and children. The ultimate goal of the Maison Dorcas staff is to heal and build the resilience of the whole woman, her whole family, and her whole community, setting the entire region on a course towards lasting peace.

Women stay on average for three months, in clean, safe and comfortable dormitory-style rooms. Maison Dorcas is able to make accommodations for women with dependent children, determined on a case-by case basis, so that all women who can benefit from Panzi Hospital's therapeutic and community-reintegration services can access those programs without concern for child care. Women and girls living at Maison Dorcas receive a hygiene kit and clean clothing upon arrival, and are asked to contribute to the facility's upkeep - this is to emphasize that the facility is their home, for which they have responsibility. They also receive a reintegration kit upon graduation from the Maison Dorcas training programs, which allows them to launch income generating activities and start down the road to economic independence.

PANZI FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES (continued)

Music Therapy - Recovery and Empowerment through Artistry:

In partnership with the Canadian NGO Make Music Matter, and with support from the Humanitarian Innovation Fund, Panzi Foundation USA has embarked upon an innovative new program to support psychosocial healing for survivors, vulnerable community members, children and staff - a Music Therapy Program. The program began at Maison Dorcas, and, in May 2017, the first rural facility for the music therapy program was opened at a Panzi-affiliated rural health center in the village of Mulamba. This program moves beyond traditional music therapy techniques by treating each participant as a true artist and integrating songwriting, production, and performance of music into the treatment pathway. Survivors of sexualized violence, children (also residents at Maison Dorcas and Mulamba), vulnerable community members, and Panzi staff members work with both a music producer and a dedicated psychologist to write powerful, expressive songs about their feelings, experiences, and vulnerabilities in a professional, fully-equipped music studio built just for this purpose on the Panzi and Mulamba campuses. Participants' songs are disseminated both locally and internationally through radio broadcasts, community concerts, and partner outreach in North America and Europe. The participants themselves retain the rights to their music.

Badilika - Investment in Community and Civil Society:

Panzi's innovative Badilika ("Change" in Swahili) Program works to increase the accountability of the Congolese government and local authorities to protect human rights, reduce women's vulnerability, and practice good governance. By making critical investments in local Congolese civil society organizations and providing them with technical support and training Badilika staff is working to ensure that more Congolese citizens are aware of their rights, their responsibilities, and the accountability they should be able to insist on and expect from their leaders. By supporting coalitions, the Badilika team is building civil society's capacity to address the root causes of violence and rebuild Congolese communities on principles of human rights and gender equality.

ICART - Data-Driven Research and Program Evaluation:

A joint initiative between our partners at Panzi Foundation DRC and the Evangelical University in Africa (UEA), the International Center for Advanced Research and Training (ICART) aims to improve research capacity at Panzi Hospital by training physicians and staff on research methods, conducting ethical research on human subjects, management and analysis, scientific writing and presentations, and publication. Staff and faculty will gain the skills necessary to become strong voices and leaders in the international research community, addressing the needs and future direction of DRC with data-driven, evidence-based recommendations for both the policy and philanthropic communities.

PANZI FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES (continued)

Panzi's Platform to Protect: Addressing Root Causes through Policy Advocacy

The driving motivation of the Panzi Hospital and Foundations family is the fight to end the brutal sexual violence against women and girls in eastern Congo. To do so, we must move on two fronts: in Congo, we must provide relief, recovery, and restorative opportunities for vulnerable communities, especially women and girls. But we must go further. We believe strongly that without addressing the root causes of violence in DRC directly, new survivors of sexual violence will continue to arrive on our Hospital's doorsteps each day. Here in the USA, Panzi Foundation USA works to raise awareness about the crisis in Congo and the scourge of violence against women more broadly. We inspire, organize, and activate individuals and groups in effective advocacy campaigns in support of policies that can help end the conflicts at the root of this violence.

With very real concerns about security, most operational organizations on the ground in DRC are often reluctant to participate in advocacy. Simultaneously, Congolese civil society organizations struggle under the weight of their front-line work to build the capacity of the communities in which they operate, leaving them little if any time to communicate their needs, policy objectives, and solutions to Western audiences who - if aware of and informed by those voices - could help push those objectives to the front of the policy conversation in the West.

The end result too often is that authentic, credible voices from Congo are missing from the policy debate and the advocacy movement. With few exceptions - including the growing spotlight on Dr. Mukwege - those voices and the effective models and solutions they have championed in their communities remain unavailable and inaccessible to policy makers, media, and the activist community. Instead, too often US policy towards DRC is defined without fully taking into account the solutions that Congolese experts and practitioners are developing for themselves.

Panzi Foundation USA works to bridge this gap. In DRC, our landmark Badilika ("Change") program is making critical investments in building the capacity of civil society organizations doing the grassroots work to rebuild their communities on principals of human rights and gender equality. And our medical, psychosocial, and community reintegration staff members at Panzi Hospital and Maison Dorcas have developed internationally-recognized programs bringing best-in-class services to survivors of sexual violence. Our partners on the ground in DRC are ready to bring the best practices and solutions they have developed to the forefront of the US policy discussion.

PANZI FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES (continued)

Panzi Foundation USA is the critical liaison between these critical voices and the American policy and advocacy community. Panzi Foundation USA has experienced significant success in this regard. In November 2014, Panzi Foundation USA facilitated the publication of an opinion piece by Dr. Mukwege in Newsweek. In April 2015, we secured contributing writer status for Dr. Mukwege in the New York Times, which published his op-ed on the important issue of exploitation of Congo’s conflict minerals, the illicit extraction of which funds armed groups committing atrocities in Congo. In doing so, Dr. Mukwege became the first prominent Congolese voice to publish widely on the issue - until then, the US conversation about conflict minerals had been dominated by US-based NGOs, academics, and activists.

The piece garnered significant attention at a critical juncture, when the European Parliament was preparing to vote on important legislation about conflict minerals. Dr. Mukwege’s thought piece on the issue, coupled with appearances in Europe and high-level meetings while there, influenced several Members of the European Parliament and contributed to a strengthening of their law on this issue. In March 2016, we worked to secure Dr. Mukwege’s place as one of the 50 Greatest Leaders named by Fortune Magazine. In April 2016, we helped secure Dr. Mukwege’s status as an Icon on the TIME Magazine 100 Most Influential People list. In January 2017, Dr. Mukwege, staff, patients, and vulnerable community members were featured in our collaboration with Radical Media and renowned photographer Platon for the seventh episode of “ABSTRACT: The Art of Design.”

Moving forward, Panzi Foundation USA intends to use its platform not only to strengthen Dr. Mukwege’s voice, but to prominently position Panzi Hospital and Foundations’ doctors, nurses, and practitioners as thought-leaders and experts, bringing forward Congolese solutions to Congolese challenges. Through video, print, and photographic assets, Panzi Foundation USA will support the US advocacy and policy community in ensuring that the solutions put forward are homegrown in the Congo and contextually relevant.

Lasting change for women in Congo is possible - if they are supported in accessing opportunity, amplifying their voices, and provided with a chance to control their own economic resources. Girls and women find that hope and opportunity today at Panzi Hospital. They triumph there—over violence, rape, fistula, stigma, broken bodies and spirits. It is in these girls and women, in whose holistic and communal recovery one can witness the unparalleled potential of Congo that hope resides. Together, we can support them in reaching their full potential and, in partnership, build a stronger, more peaceful Congo.

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA’s Audit and Accounting Guide, “Not-for-Profit Organizations.”

PANZI FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, Panzi Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in totals but not by net asset classes. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Panzi Foundation's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

PROPERTY AND EQUIPMENT

Property and equipment is capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life.

Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

INCOME TAXES

Panzi Foundation is a not-for-profit organization that is exempt from Federal and state income taxes under the Internal Revenue Code Section 501(c) (3) and the California State Revenue and Taxation Code 23701 (d) except on net income derived from unrelated business activities. Panzi Foundation's management believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements

PANZI FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Panzi Foundation’s Forms 990, Return of Organization Exempt from Income Tax for the years ending December 31, 2015, 2016, and 2017 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

CONTRIBUTED GOODS AND SERVICES

The accompanying financial statements include amounts of materials, equipment and services donated to Panzi Foundation. The basis of valuation of these donations is generally in-house appraisal or fair market value as indicated by the person or agency making the donation. Included in revenue and expenses are \$8,767 of in-kind contributions for the year ended December 31, 2017.

ALLOCATED EXPENSES

The costs of providing 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 based upon salary expenses.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at December 31, 2017:

<u>Description</u>	<u>Cost</u>	<u>Accum. Deprec.</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 424	\$ (294)	\$ 130
Net property and equipment	\$ <u>424</u>	\$ <u>(294)</u>	\$ <u>130</u>

Depreciation expense for the year ended December 31, 2017 was \$84.

NOTE 4 - SUBSEQUENT EVENTS

Panzi Foundation’s management has evaluated subsequent events for the period from January 1, 2018 through March 10, 2018, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.

**SUPPLEMENTARY INFORMATION SECTION REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



To the Board of Directors
Panzi Foundation
Los Angeles, California

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

We have audited, in accordance with the auditing standards generally accepted in the United States of American 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 Panzi Foundation, which comprise the statement of financial position as of December 31, 2017, 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 our report thereon dated March 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Panzi Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Panzi Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Panzi Foundation'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 and 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 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.

Our 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 our audit we did not identify any deficiencies in internal control that we 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 Panzi Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JZ CPAs Inc

Long Beach, California

March 10, 2018