

**CARE for AIDS, Inc.**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**Years Ended December 31, 2016 and 2015**

**MLR** Mersereau, Lazenby & Rockas, LLC  
*Certified Public Accountants*

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**CARE FOR AIDS, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
CARE for AIDS, Inc.  
Atlanta, Georgia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of CARE for AIDS, Inc. (a Georgia not-for-profit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows, for the years 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**

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, 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 CARE for AIDS, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Mersereau, Lazenby & Rockas, LLC". The signature is written in a cursive style with a light blue background behind it.

Mersereau, Lazenby & Rockas, LLC  
Certified Public Accountants  
Suwanee, Georgia  
September 1, 2017

CARE FOR AIDS, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2016 and 2015

ASSETS

	2016	2015
CURRENT ASSETS:		
Cash and cash equivalents	\$ 810,451	\$ 338,403
Grants receivable, net (Note 7)	80,000	-
Other current assets	328	-
Total current assets	890,779	338,403
TOTAL ASSETS	\$ 890,779	\$ 338,403

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 11,408	\$ 4,622
Other current liabilities	1,003	7,927
Total current liabilities	12,411	12,549
NET ASSETS:		
Unrestricted:		
Undesignated - expendable	793,434	311,790
Temporarily restricted (Note 4)	84,934	14,064
Total net assets	878,368	325,854
TOTAL LIABILITIES AND NET ASSETS	\$ 890,779	\$ 338,403

See notes to financial statements

CARE FOR AIDS, INC.  
STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Contributions	\$ 606,385	\$ 1,941,278	\$ 2,547,663	\$ 710,164	\$ 1,082,320	\$ 1,792,484
In kind contributions	72,500		72,500	165,000	-	\$ 165,000
Other income	3,610		3,610	1,105	-	\$ 1,105
Net assets released from restrictions:	1,870,408	(1,870,408)	-	1,100,329	(1,100,329)	\$ -
Total revenues and other support	<u>2,552,903</u>	<u>70,870</u>	<u>2,623,773</u>	<u>1,976,598</u>	<u>(18,009)</u>	<u>1,958,589</u>
EXPENSES						
Program services	1,566,917		1,566,917	1,450,166		1,450,166
Management and general activities	245,359		245,359	196,156		196,156
Fundraising activities	258,983		258,983	235,251		235,251
Total expenses and losses	<u>2,071,259</u>	<u>-</u>	<u>2,071,259</u>	<u>1,881,573</u>	<u>-</u>	<u>1,881,573</u>
CHANGE IN NET ASSETS	481,644	70,870	552,514	95,025	(18,009)	77,016
NET ASSETS, Beginning of year	<u>311,790</u>	<u>14,064</u>	<u>325,854</u>	<u>216,765</u>	<u>32,073</u>	<u>248,838</u>
NET ASSETS, End of year	<u>\$ 793,434</u>	<u>\$ 84,934</u>	<u>\$ 878,368</u>	<u>\$ 311,790</u>	<u>\$ 14,064</u>	<u>\$ 325,854</u>

See notes to financial statements

CARE FOR AIDS, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 Years ended December 31, 2016 and 2015

	2016				2015			
	Program	Management & general	Fundraising	Total	Program	Management & general	Fundraising	Total
Salaries and benefits	\$ 83,450	\$ 132,165	\$ 205,036	\$ 420,651	\$ 58,094	\$ 85,220	\$ 172,124	\$ 315,438
Advertising and promotion	-	1,539	4,734	6,273	-	5,452	10,850	16,302
Computers and software	-	5,279	-	5,279	-	-	-	-
Donor events	-	-	27,497	27,497	164	1,204	40,205	41,573
Donor cultivation	-	-	7,733	7,733	-	-	2,452	2,452
Dues and subscriptions	-	1,993	-	1,993	53	1,632	-	1,685
Grant - Care for Aids Kenya	1,224,537	-	-	1,224,537	1,227,594	-	-	1,227,594
Insurance	-	2,292	-	2,292	-	2,068	-	2,068
Merchandise	-	-	-	-	-	3,214	-	3,214
Miscellaneous expenses	2,122	-	-	2,122	10,034	1,845	2,429	14,308
Office expenses	-	1,744	-	1,744	170	1,434	-	1,604
Printing, reproduction, postage expense	-	15,328	-	15,328	96	-	6,665	6,761
Processing fees and bank charges	-	24,736	-	24,736	568	21,944	-	22,512
Professional fees	-	31,035	-	31,035	163	30,112	-	30,275
Professional development	13,257	17,248	1,000	31,505	-	2,011	-	2,011
Rent	20,149	9,600	-	29,749	17,081	9,688	-	26,769
Repairs and maintenance	-	-	-	-	1,558	-	-	1,558
Supplies	-	-	-	-	1,868	9,153	166	11,187
Travel	223,402	-	12,983	236,385	131,219	20,579	360	152,158
Utilities and security	-	2,400	-	2,400	1,504	600	-	2,104
<b>Total expenses</b>	<b>\$ 1,566,917</b>	<b>\$ 245,359</b>	<b>\$ 258,983</b>	<b>\$ 2,071,259</b>	<b>\$ 1,450,166</b>	<b>\$ 196,156</b>	<b>\$ 235,251</b>	<b>\$ 1,881,573</b>
<i>Percentage of total expenses</i>	<i>76%</i>	<i>12%</i>	<i>13%</i>	<i>100%</i>	<i>77%</i>	<i>10%</i>	<i>13%</i>	<i>100%</i>

See notes to financial statements

CARE FOR AIDS, INC.  
STATEMENTS OF CASH FLOWS  
Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 552,514	\$ 77,016
Change in assets and liabilities:		
(increase) in grants receivable	(80,000)	-
(increase)/decrease in other current assets	(329)	7,927
increase in accounts payable	6,785	3,538
(decrease) in current liabilities	(6,922)	-
Net cash provided by operating activities	<u>472,048</u>	<u>88,481</u>
NET INCREASE IN CASH	472,048	88,481
CASH AND CASH EQUIVALENTS, Beginning of year	<u>338,403</u>	<u>249,922</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 810,451</u></u>	<u><u>\$ 338,403</u></u>

See notes to financial statements



CARE FOR AIDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years ended December 31, 2016 and 2015

**NOTE 1: NATURE OF ORGANIZATION**

CARE for AIDS, Inc. (the Organization) is a not-for-profit organization that exists to mobilize the church in caring for families affected by HIV/AIDS in Africa. This is accomplished through grant making, advocacy and story-telling to increase US engagement with the AIDS epidemic in Africa. The Organization provides grants to its sister entity, Care for HIV/AIDS Organization ("CFA-Kenya"), a Kenyan NGO, which operates life-transforming centers in local churches that meet the physical, spiritual, emotional, social, and economic needs of HIV-positive men and women throughout Kenya. Through a nine-month program, CARE for AIDS clients are empowered to live long, healthy, and productive lives, so they can raise and educate their children. The Organization views their program as a form of orphan prevention. Services include counseling, medical and nutritional support, vocational training, support group formation, and spiritual care. The Organization is supported primarily through donor contributions.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

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.

*Classification of Net Assets*

The Organization's net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets are not subject to donor-imposed purpose or time restrictions. Unrestricted contributions increase, and expenses decrease this class of net assets.

Temporarily Restricted Net Assets are subject to donor-imposed purpose or time restrictions. Net assets in this class include contributions and gifts for restricted purposes (such as a specific center or impact trip).

*Cash and Cash Equivalents*

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of less than three months. Accounts maintained by banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016, deposits in excess of federally insured limits were approximately \$443,000 (2015: \$56,000). Management believes it is not exposed to any significant credit risk on cash and cash equivalents, although its balances have, at times, exceeded federally insured limits.

*Promises to Give*

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received.

*Property and Equipment*

The Organization has not capitalized any property and equipment because it does not own long-lived assets. The Organization operates under a bring-your-own-device IT policy where employees provide their own computers. There is a \$500 per employee, once every five year reimbursement available for new computer purchases, but the reimbursement is expensed when paid. The Organization leases a furnished office.

CARE FOR AIDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years ended December 31, 2016 and 2015

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Functional Expenses*

Costs incurred are reported according to the functions--program, management and general, and fundraising--which they benefit. Salaries and benefits are allocated to functions based on personnel time and responsibilities. Other costs are recorded according to their function when incurred.

*Donated Assets*

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

*Income Taxes*

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the Georgia Revenue and Taxation Code.

The Organization has not recognized any liability for unrecognized tax benefits, as it has no known uncertain tax positions that would subject them to any material income tax exposure.

*Use of 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.

*Revenue Recognition*

Contributions are recorded as unrestricted, or temporarily restricted support when an unconditional promise to give is received, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

All donor-restricted support is reported as an increase in temporarily restricted net assets. 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.

**NOTE 3: OPERATING LEASES**

The Organization leases office space two and a half days a week under a 12 month lease for \$800 per month. Rental expense under this lease for the year ended December 31, 2016 was \$9,600 (2015: \$9,600).

CARE FOR AIDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years ended December 31, 2016 and 2015

**NOTE 4: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets balances, contributions, and reclassifications were as follows:

	Balance			Balance		
	December 31, 2015	Contributions	Reclassifications	December 31, 2016		
Specific aids relief centers	\$ 14,064	\$ 643,262	\$ (572,392)	\$ 84,934		
Kenya - regional operations	-	1,064,050	(1,064,050)	-		
Impact Trips	-	233,966	(233,966)	-		
Total temporarily restricted net assets	<u>\$ 14,064</u>	<u>\$ 1,941,278</u>	<u>\$ (1,870,408)</u>	<u>\$ 84,934</u>		

	Balance			Balance		
	December 31, 2014	Contributions	Reclassifications	December 31, 2015		
Specific aids relief centers	\$ 32,073	\$ 429,218	\$ (447,227)	\$ 14,064		
Kenya - regional operations	-	505,893	(505,893)	-		
Gala	-	4,000	(4,000)	-		
Impact Trips	-	143,209	(143,209)	-		
Total temporarily restricted net assets	<u>\$ 32,073</u>	<u>\$ 1,082,320</u>	<u>\$ (1,100,329)</u>	<u>\$ 14,064</u>		

**NOTE 5: IN KIND CONTRIBUTIONS**

In-kind contributions of \$72,500 (2015: \$165,000) have been recognized in revenue for 290,000 (2015: 660,000) meals worth of food donated to the Organization. The food is distributed to program participants during the course of their time in the program. A matching expense is reported as a component of grant expense.

**NOTE 6: RETIREMENT BENEFITS**

The Organization provides retirement benefits through a SIMPLE IRA arrangement. Eligible employees may receive up to a 3% of salary employer matching contribution. In 2016, the Organization incurred expenses of \$9,028 (2015: \$6,088).

**NOTE 7: GRANTS RECEIVABLE**

The Organization records grants receivable for multi-year grant awards, which represent an unconditional promise to give. Grants receivable are expected to be collected at a rate of \$40,000 per year in 2017 and 2018.

**NOTE 8: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 1, 2017, which represents the date the financial statements were available to be issued.

CARE FOR AIDS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years ended December 31, 2016 and 2015

**NOTE 9: GRANT EXPENSE - CARE FOR AIDS KENYA**

Grant - Care for Aids Kenya expense represents cash and in-kind food sent to Africa for program operations. As described in Note 1, CFA-Kenya operated 37 program centers at December 31, 2016 (2015: 31 centers). The attached supplemental Schedule of Grant Expenditure Details reports details of 2016 cash expenditures of \$1,297,977 (2015: \$1,072,398), and provides reconciliation information--such as changes in CFA-Kenya cash and other balance sheet accounts--to grant expenditures in the financial statements.

## **Supplemental Information**



Mersereau, Lazenby & Rockas, LLC

*Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors  
CARE for AIDS, Inc.  
Atlanta, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of CARE for AIDS, Inc. as of December 31, 2016 and 2015, and our report thereon dated September 1, 2017, which expressed an unqualified opinion on those financial statements appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of grant Expenditure Details, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Mersereau, Lazenby & Rockas, LLC  
Certified Public Accountants  
Suwanee, Georgia  
September 1, 2017

CARE FOR AIDS, INC.  
SCHEDULE OF GRANT EXPENDITURE DETAIL  
Years ended December 31, 2016 and 2015

	2016	2015
Salaries and wages	\$ 433,271	\$ 332,009
Bank charges	-	106
Center set up costs	12,540	-
Conference and meetings	-	2,091
Church partner appreciation	-	5,315
Direct support to individuals	-	9,949
Insurance	-	9,737
General and administrative	61,237	-
Direct food assistance costs	429,598	477,728
Graduation	30,364	-
Medicine	44,166	-
Miscellaneous expenses	-	28,846
Office expenses	-	6,885
Postage expense	-	2,329
Printing expense	-	196
Professional fees	38,715	3,092
Rent	-	11,530
Repairs and maintenance	5,695	4,748
Seminars and teaching material	101,152	36,452
Staff development	50,769	-
Supplies	-	27,139
Travel and impact trip	90,470	103,728
Utilities	-	1,703
Currency exchange	-	8,817
	1,297,977	1,072,398
Total local expenses		
Purchases of fixed assets	629	11,024
Prepaid local expenses	9,088	21,788
Net change of cash in bank	(83,157)	122,384
	\$ 1,224,537	\$ 1,227,594
Total grant expense - Care for Aids Kenya		

See auditor's report on supplemental information