

CARE FOR AIDS, INC.
FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT
AND
SUPPLEMENTARY INFORMATION
Years Ended December 31, 2017 and 2016

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, 2017 and 2016, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 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, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mersereau, Lazenby & Rockas, LLC

Mersereau, Lazenby & Rockas, LLC

Certified Public Accountants

Suwanee, Georgia

August 16, 2018

CARE FOR AIDS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

ASSETS		
	2017	2016
CURRENT ASSETS		
Cash	\$ 1,268,367	\$ 810,451
Grant receivable, net (Note 5)	40,000	40,000
Other current assets	29	328
Total current assets	1,308,396	850,779
 LONG-TERM GRANT RECEIVABLE, net (Note 5)	 -	 40,000
 TOTAL ASSETS	 \$ 1,308,396	 \$ 890,779
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 24,738	\$ 11,408
Other current liabilities	898	1,003
Total current liabilities	25,636	12,411
 NET ASSETS		
Unrestricted - expendable	1,242,760	793,434
Temporarily restricted (Note 6)	40,000	84,934
Total net assets	1,282,760	878,368
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,308,396	 \$ 890,779

See auditors' report and accompanying notes to the financial statements

CARE FOR AIDS, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Contributions	\$ 769,059	\$ 2,589,642	\$ 3,358,701	\$ 606,385	\$ 1,941,278	\$ 2,547,663
In kind contributions (Note 3)	-	-	-	-	72,500	72,500
Other income	6,335	-	6,335	3,608	-	3,608
Net assets released from restrictions:						
Satisfaction of program restrictions	2,634,576	(2,634,576)	-	1,942,908	(1,942,908)	-
Total revenue	<u>3,409,970</u>	<u>(44,934)</u>	<u>3,365,036</u>	<u>2,552,901</u>	<u>70,870</u>	<u>2,623,771</u>
EXPENSES						
Program services	2,397,403	-	2,397,403	1,566,918	-	1,566,918
Management and general	279,866	-	279,866	245,358	-	245,358
Fundraising	283,375	-	283,375	258,981	-	258,981
Total expenses	<u>2,960,644</u>	<u>-</u>	<u>2,960,644</u>	<u>2,071,257</u>	<u>-</u>	<u>2,071,257</u>
CHANGE IN NET ASSETS	449,326	(44,934)	404,392	481,644	70,870	552,514
NET ASSETS, Beginning 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>
NET ASSETS, End of year	<u>\$ 1,242,760</u>	<u>\$ 40,000</u>	<u>\$ 1,282,760</u>	<u>\$ 793,434</u>	<u>\$ 84,934</u>	<u>\$ 878,368</u>

See auditors' report and accompanying notes to the financial statements

CARE FOR AIDS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2017 and 2016

	2017				2016			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries and benefits	\$ 112,779	\$ 167,852	\$ 182,274	\$ 462,905	\$ 83,450	\$ 132,166	\$ 205,034	\$ 420,650
Advertising and promotion	-	11,028	15,029	26,057	-	1,539	4,734	6,273
Computers and software	-	100	-	100	-	5,279	-	5,279
Donor cultivation	-	-	3,321	3,321	-	-	7,733	7,733
Donor events	-	-	51,557	51,557	-	-	27,497	27,497
Dues and subscriptions	-	2,428	-	2,428	-	1,993	-	1,993
Grant - Care for Aids Kenya	1,899,980	-	-	1,899,980	1,224,538	-	-	1,224,538
Insurance	-	5,248	-	5,248	-	2,292	-	2,292
Miscellaneous	5,255	-	-	5,255	2,122	-	-	2,122
Office supplies	-	3,398	-	3,398	-	1,743	-	1,743
Printing, reproduction, and postage	-	10,980	-	10,980	-	15,328	-	15,328
Processing fees and bank charges	-	18,594	-	18,594	-	24,736	-	24,736
Professional fees	-	31,987	18,000	49,987	-	31,034	-	31,034
Professional development	24,654	16,251	1,527	42,432	13,257	17,248	1,000	31,505
Rent	-	9,600	-	9,600	20,149	9,600	-	29,749
Travel	354,735	-	11,667	366,402	223,402	-	12,983	236,385
Utilities and security	-	2,400	-	2,400	-	2,400	-	2,400
	<u>\$ 2,397,403</u>	<u>\$ 279,866</u>	<u>\$ 283,375</u>	<u>\$ 2,960,644</u>	<u>\$ 1,566,918</u>	<u>\$ 245,358</u>	<u>\$ 258,981</u>	<u>\$ 2,071,257</u>
<i>Percentage of total expenses</i>	80.9%	9.5%	9.6%	100.0%	75.7%	11.8%	12.5%	100.0%

See auditors' report and accompanying notes to the financial statements

CARE FOR AIDS, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 404,392	\$ 552,514
Change in assets and liabilities		
Decrease (increase) in grants receivable	40,000	(80,000)
Decrease (increase) in other current assets	299	(329)
Increase in accounts payable	13,330	6,785
(Decrease) in current liabilities	(105)	(6,922)
Net cash provided by operating activities	457,916	472,048
NET INCREASE IN CASH	457,916	472,048
CASH, Beginning of year	810,451	338,403
CASH, End of year	\$ 1,268,367	\$ 810,451

See auditors' report and accompanying notes to the financial statements

CARE FOR AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Activities

CARE for AIDS, Inc. (the "Organization") is a not-for-profit organization that exists to empower people to live a life beyond AIDS. This is accomplished through grant making, advocacy and storytelling 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 non-governmental organization (NGO). The Kenyan NGO operates life-transforming centers in East African churches that meet the physical, spiritual, emotional, social, and economic needs of HIV-positive men and women. Clients participate in a nine-month program where they receive counseling, medical and nutritional support, vocational training, spiritual care, and more. Through this process, clients are empowered to live long, healthy, productive lives and are able to raise and educate their children. Other activities to accomplish our mission include community HIV education and testing. Through these individual and community interventions, stigma is decreased and economic productivity is increased. The Organization is supported primarily through donor contributions.

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 ("US GAAP").

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

Cash includes all monies in banks. Accounts maintained by banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017 and 2016, deposits in excess of federally insured limits were approximately \$823,000 and \$443,000, respectively. Management believes it is not exposed to any significant credit risk on cash, although its balance has, 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 years reimbursement available for new computer purchases, but the reimbursement is expensed when paid. The Organization leases a furnished office.

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.

CARE FOR AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Assets

Donated marketable securities and other in kind 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, though subject to tax on income unrelated to its exempt purpose, unless that income is specifically excluded by the 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 US GAAP 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.

Fair Value Measurements

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. US GAAP establish a hierarchy of inputs to valuation of that price using three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the organization can access at the measurement date. Level 2 inputs are those other than Level 1 inputs which are either directly or indirectly observable. Level 3 inputs are unobservable to the organization. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of investments. The fair value of cash, receivables, and payables approximate the carrying value due to their short-term nature. All CFA assets subject to the hierarchy are Level 1.

NOTE 2: 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 was \$9,600 for the years ended December 31, 2017 and 2016.

CARE FOR AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

NOTE 3: IN KIND CONTRIBUTIONS

In kind contributions of \$-0- and \$72,500 for the years ended December 31, 2017 and 2016, respectively, have been recognized in revenue. The \$72,500 recognized in 2016 was for 290,000 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. Several volunteers have made significant contributions of their time to CFA's mission. These services are not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

NOTE 4: 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 2017 and 2016, the Organization incurred expenses of \$9,659 and \$9,028, respectively.

NOTE 5: GRANT RECEIVABLE

The Organization records grants receivable for multi-year grant awards, which represent an unconditional promise to give. A three-year grant receivable of \$40,000 per year, previously recognized in revenue, is expected to be completely collected in 2018.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

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

	Balance December 31, 2016	Restricted Contributions	Releases	Balance December 31, 2017
Specific aids relief centers	\$ 84,934	\$ 488,601	\$ (533,535)	\$ 40,000
Kenya - regional operations	-	1,716,330	(1,716,330)	-
Impact trips	-	384,711	(384,711)	-
	<u>\$ 84,934</u>	<u>\$ 2,589,642</u>	<u>\$ (2,634,576)</u>	<u>\$ 40,000</u>

	Balance December 31, 2015	Restricted Contributions	Releases	Balance 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	-	306,466	(306,466)	-
	<u>\$ 14,064</u>	<u>\$ 2,013,778</u>	<u>\$ (1,942,908)</u>	<u>\$ 84,934</u>

NOTE 7: REVENUE CONCENTRATION

One contributor was responsible for approximately 11% and 13% of overall revenue for the years ended December 31, 2017 and 2016, respectively.

CARE FOR AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

NOTE 8: 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 51 and 37 program centers at December 31, 2017 and 2016, respectively. The attached supplemental Schedule of Grant Expenditure Detail provides detail of 2017 and 2016 expenditures. It also provides reconciliation information, such as changes in CFA-Kenya cash and other balance sheet accounts, to grant expenditures reported in the financial statements.

NOTE 9: RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with current year presentation. Total changes in net assets were not affected.

NOTE 10: SUBSEQUENT EVENTS

CFA has evaluated subsequent events through August 16, 2018, which is the date the financial statements were available to be issued. CFA is not aware of any material subsequent events that require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION



Mersereau, Lazenby & Rockas, LLC

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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, 2017 and 2016, and our report thereon dated August 16, 2018, 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, nor do we provide any assurance on it.

Mersereau, Lazenby & Rockas, LLC

Mersereau, Lazenby & Rockas, LLC
Certified Public Accountants
Suwanee, Georgia
August 16, 2018

CARE FOR AIDS, INC.
SCHEDULE OF GRANT EXPENDITURE DETAIL
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Salaries and wages	\$ 572,855	\$ 433,272
Center set up costs	31,391	12,540
General and administrative	123,836	61,237
Direct food assistance costs	449,667	429,598
Graduation	26,829	30,364
Medicine	62,704	44,166
Professional fees	14,387	38,715
Repairs and maintenance	24,656	5,695
Seminars and teaching material	258,697	101,152
Staff development	60,705	50,769
Travel and impact trip	<u>194,948</u>	<u>90,470</u>
Total local expenses	1,820,675	1,297,978
Purchases of fixed assets	33,500	629
Prepaid local expenses	(7,494)	9,088
Net change of cash in bank	<u>53,299</u>	<u>(83,157)</u>
Total grant expense - Care for Aids Kenya	<u>\$ 1,899,980</u>	<u>\$ 1,224,538</u>

See auditors' report and accompanying notes to the financial statements