

CARE FOR AIDS, INC.

FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

AND

SUPPLEMENTARY INFORMATION

Years Ended December 31, 2015

MLR Mersereau, Lazenby & Rockas, LLC
Certified Public Accountants

Principled | Personal | Professional

CARE FOR AIDS, INC.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of CARE for AIDS, Inc. (a Georgia nonprofit corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, 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 the 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, 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.

Mersereau, Lazenby & Rockas, LLC

Mersereau, Lazenby & Rockas, LLC
Suwanee, GA
August 30, 2016

CARE FOR AIDS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2015

ASSETS

	<u>2015</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 338,403
TOTAL ASSETS	<u>\$ 338,403</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	\$ 4,622
Other current liabilities	7,927
Total current liabilities	<u>12,549</u>
NET ASSETS:	
Unrestricted: undesignated - expendable	311,790
Temporarily restricted (Note 7)	14,064
Total net assets	<u>325,854</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 338,403</u>

See notes to the financial statements

CARE FOR AIDS, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2015

	2015		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Contributions	\$ 710,164	\$ 1,082,320	\$ 1,792,484
In kind contributions (Note 5)	165,000	-	165,000
Other income	1,105	-	1,105
Net assets released from restrictions:	1,100,329	(1,100,329)	-
Total revenues and other support	1,976,598	(18,009)	1,958,589
EXPENSES			
Program services	1,450,166	-	1,450,166
Management and general	196,156	-	196,156
Fundraising	235,251	-	235,251
Total expenses and losses	1,881,573	-	1,881,573
CHANGE IN NET ASSETS	95,025	(18,009)	77,016
NET ASSETS, Beginning of year	216,765	32,073	248,838
NET ASSETS, End of year	<u>\$ 311,790</u>	<u>\$ 14,064</u>	<u>\$ 325,854</u>

See notes to the financial statements

CARE FOR AIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
Year ended December 31, 2015

	2015			
	Program services	Management and general	Fundraising	Total
Salaries and wages	\$ 58,094	\$ 87,288	\$ 172,124	\$ 317,506
Advertising and promotion	-	5,452	10,850	16,302
Conference and meetings	164	3,215	-	3,379
Dues and subscriptions	53	1,632	-	1,685
Food assistance costs	21,446	-	-	21,446
Gala direct expenses	-	-	42,657	42,657
Grant - Care for Aids Kenya	1,206,148	-	-	1,206,148
Merchandise	-	3,214	-	3,214
Miscellaneous expenses	10,034	1,845	2,429	14,308
Office expenses	170	1,434	-	1,604
Postage expense	96	-	1,462	1,558
Printing expense	-	-	5,203	5,203
Processing fees and bank charges	568	21,944	-	22,512
Professional fees	163	30,112	-	30,275
Rent	17,081	9,688	-	26,769
Repairs and maintenance	1,558	-	-	1,558
Supplies	1,868	9,153	166	11,187
Travel	131,219	20,579	360	152,158
Utilities and security	1,504	600	-	2,104
	<u>\$ 1,450,166</u>	<u>\$ 196,156</u>	<u>\$ 235,251</u>	<u>\$ 1,881,573</u>
<i>Percentage of total expenses</i>	<i>77%</i>	<i>10%</i>	<i>13%</i>	<i>100%</i>

See notes to the financial statements

CARE FOR AIDS, INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2015

	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (decrease) in net assets	\$ 77,016
(Increase) decrease in assets and liabilities:	
Accounts payable	3,538
Other current liabilities	<u>7,927</u>
Net cash provided by (used in) operating activities	<u>88,481</u>
NET INCREASE (DECREASE) IN CASH	88,481
CASH AND CASH EQUIVALENTS, Beginning of year	<u>249,922</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 338,403</u></u>

See notes to the financial statements

CARE FOR AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 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 storytelling to increase US engagement with the AIDS epidemic in Africa. The Organization provides grants to its sister entity, Care for HIV/AIDS Organization, 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. Deposits in excess of federally insured limits were approximately \$56,000 as of December 31, 2015. 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
 Year ended December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 for under this lease for the year ended December 31, 2015 was \$9,600.

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

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

	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>

CARE FOR AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2015

NOTE 5: IN KIND CONTRIBUTIONS

In kind contributions of \$165,000 have been recognized in revenue for 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. The Organization incurred expenses of \$6,0880 in 2015.

NOTE 7: SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the report which represents the date the financial statements were available to be issued.

CARE FOR AIDS, INC.

SUPPLEMENTARY INFORMATION

Year Ended December 31, 2015



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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of CARE for AIDS, Inc. as of and for the year ended December 31, 2015, and our report thereon dated August 30, 2016, 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

Mersereau, Lazenby & Rockas, LLC

Mersereau, Lazenby & Rockas, LLC
Suwanee, GA
August 30, 2016

CARE FOR AIDS, INC.
SCHEDULE OF GRANT EXPENDITURE DETAIL
Year ended December 31, 2015

	2015
Salaries and wages	\$ 332,009
Bank charges	106
Conference and meetings	2,091
Church partner appreciation	5,315
Direct support to individuals	9,949
Insurance	9,737
Food assistance costs	457,728
Miscellaneous expenses	28,846
Office expenses	6,885
Postage expense	2,329
Printing expense	196
Professional fees	3,092
Rent	11,530
Repairs and maintenance	4,748
Seminars and teaching material	36,452
Supplies	27,139
Travel	102,282
Utilities	1,703
Currency exchange	8,817
	1,050,952
Total local expenses	1,050,952
Purchases of fixed assets	11,024
Prepaid local expenses	21,788
Net change of cash in bank	122,384
	122,384
Total grant expense - Care for Aids Kenya	\$ 1,206,148

See auditor's report on supplemental information