

**CARE FOR LIFE, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors:

**CARE FOR LIFE, INC.**  
Gilbert, Arizona

### Opinion

We have audited the accompanying financial statements of Care For Life, Inc. (a nonprofit organization), which comprise the statement of financial position—modified cash basis as of December 31, 2020, and the related statements of activities—modified cash basis, functional expenses—modified cash basis and cash flows—modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Care For Life, Inc. as of December 31, 2020, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Care For Life, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Care For Life, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Care For Life, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Mansperger Patterson & Symmullin, PLLC*

Tempe, Arizona  
August 11, 2021

**CARE FOR LIFE, INC.**  
**STATEMENT OF FINANCIAL POSITION – MODIFIED CASH BASIS**  
**DECEMBER 31, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ <u>230,780</u>
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**PROPERTY AND EQUIPMENT**

Computers, equipment and furniture	4,855
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Building and Land	96,647
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Vehicles	<u>108,951</u>
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	210,453
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Less: accumulated depreciation	<u>(138,213)</u>
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Total property and equipment	<u>72,240</u>
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	<u><u>303,020</u></u>
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**LIABILITIES AND NET ASSETS**

**NET ASSETS**

Without donor restrictions	209,442
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With donor restrictions	<u>93,578</u>
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	303,020
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	<u><u>\$ 303,020</u></u>
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The Accompanying Notes are an Integral Part  
of These Financial Statements.

**CARE FOR LIFE, INC.**  
**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 264,183	\$ 220,000	\$ 484,183
Grant Income	-	6,767	6,767
Interest income and other income	767	-	767
Net assets released from restrictions			
Purpose restrictions met	<u>339,503</u>	<u>(339,503)</u>	<u>-</u>
Total revenues, gains, and other support	604,453	(112,736)	491,717
<b>EXPENSES</b>			
Family preservation program	471,166	-	471,166
Management and general	49,527	-	49,527
Fundraising	<u>3,839</u>	<u>-</u>	<u>3,839</u>
Total expense	524,532	-	524,532
<b>CHANGE IN NET ASSETS</b>	79,921	(112,736)	(32,815)
Net assets, beginning of year	<u>129,521</u>	<u>206,314</u>	<u>335,835</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 209,442</u>	<u>\$ 93,578</u>	<u>\$ 303,020</u>

The Accompanying Notes are an Integral Part  
of These Financial Statements.

**CARE FOR LIFE, INC.**  
**STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (32,815)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation	3,292
Increase (decrease) in:	
Accrued expense	<u>(1,288)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(30,811)</u>
 <b>DECREASE IN CASH</b>	 (30,811)
 Cash, beginning of year	 <u>261,591</u>
 <b>CASH, END OF YEAR</b>	 \$ <u><u>230,780</u></u>

The Accompanying Notes are an Integral Part  
of These Financial Statements.

**CARE FOR LIFE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>		
	<u>FAMILY PRESERVATION PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Auto	\$ 18,295	\$ -	\$ -	\$ 18,295
Banking/Finance	26,903	3,055	-	29,958
Charitable funding	181,833	-	-	181,833
Depreciation	3,292	-	-	3,292
Education	735	-	-	735
Insurance	-	1,291	-	1,291
Marketing	-	-	3,811	3,811
Meals & groceries	1,800	-	-	1,800
Miscellaneous	1,918	196	-	2,114
Payroll expenses	162,421	-	-	162,421
Postage and delivery	-	-	28	28
Printing and reproduction	640	-	-	640
Professional fees	27,907	40,500	-	68,407
Repair (building & equipment)	965	-	-	965
Software	-	3,652	-	3,652
Supplies	8,070	40	-	8,110
Travel	27,799	83	-	27,882
Utilities	8,588	710	-	9,298
	<u>8,588</u>	<u>710</u>	<u>-</u>	<u>9,298</u>
<b>Total expenses</b>	<b>\$ <u>471,166</u></b>	<b>\$ <u>49,527</u></b>	<b>\$ <u>3,839</u></b>	<b>\$ <u>524,532</u></b>

The Accompanying Notes are an Integral Part  
of These Financial Statements.



**CARE FOR LIFE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POICIES AND NATURE OF OPERATIONS**

Nature of Activities

Care For Life, Inc. (Organization), a nonprofit organization, began operations in Arizona and in Mozambique, Africa in 2001. The Organization's focus of work is the people of Mozambique and its mission is to alleviate suffering, foster self-reliance, and instill hope in the people of Mozambique. The Organization is supported primarily through donor contributions and grants.

Cash and Cash Equivalents

The Organization considers all short-term highly liquid instruments, which are readily convertible to cash with maturities of three months or less to be cash equivalents.

Foreign Currency Translation

The functional currencies of the Organization are the local currencies which is the Metical. The financial statements of the Organization have been translated into U.S. dollars in accordance with FASB ASC 830, *Foreign Currency Matters*, which establishes a framework for foreign currency matters. All assets have been translated at exchange rates in effect at the balance sheet date. Income statement activity with respect to the foreign operations are converted at the average rate for the year. Foreign currency loss for the year ended December 31, 2020 totaled \$24,754.

Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for furniture and vehicles to 39.5 years for buildings.

Depreciation expense for the year ended December 31, 2020 was \$3,292.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

**CARE FOR LIFE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)**  
**DECEMBER 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POICIES AND NATURE OF OPERATIONS, (CONTINUED)**

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Basis of Accounting

The accompanying financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis recognizes revenues when received and expenses when paid, with the exception that certain assets, such as furniture, equipment and buildings, have been capitalized and a provision for accumulated depreciation and amortization has been made.

Revenue Recognition

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs incurred during the year ended December 31, 2020 total \$3,811.

Income Taxes

The Organization is a not-for profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for federal or state income taxes. The organization is required to file tax returns with the Internal Revenue Service and other taxing authorities.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated directly to the program or support service benefited.

**CARE FOR LIFE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)**  
**DECEMBER 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POICIES AND NATURE OF OPERATIONS, (CONTINUED)**

Subsequent Event

Management has evaluated subsequent events through August 11, 2021, the date the financial statements were available to be issued.

**NOTE 2 - USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or support and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 – CASH**

The Organization maintains cash balances in banks in the U.S. and Mozambique. The U.S. bank balances are insured by the Federal Deposit Insurance Company, while Mozambique banks are not. As of December 31, 2020, the uninsured and uncollateralized cash balance was \$55,987.

**NOTE 4 – RESTRICTIONS ON NET ASSETS**

The organization received funds to repair and construct homes after Mozambique was hit by a cyclone in 2019. The organization has also received funds related to education for literacy. Net assets with donor restrictions are available for the following purposes:

Subject to expenditure for specified purpose:

Repair and construction of houses	\$ 85,523
Education	<u>8,055</u>
	<u>\$ 93,578</u>

**NOTE 5 – MAJOR DONORS**

A major donor is any donor providing donations greater than 10% of total unrestricted support. During the year ended December 31, 2020 the Organization received donations from two major donors totaling approximately \$270,000 which represents approximately 56% of unrestricted support.