

CANOPY LIFE INTERNATIONAL, INC.

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2020 AND 2019

CANOPY LIFE INTERNATIONAL, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Canopy Life International, Inc.

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

We have audited the accompanying financial statements of Canopy Life International, Inc. (a nonprofit organization) (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 of 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 Canopy Life International, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Atlanta, Georgia  
April 5, 2021

*Brooks, McGinnis & Company, LLC*

CANOPY LIFE INTERNATIONAL, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 870,573	\$ 621,898
Stock in transit	10,000	-
Pledges receivable	-	5,000
Prepaid expenses	1,640	10,523
Security deposits	<u>1,593</u>	<u>1,593</u>
Total assets	<u>\$ 883,806</u>	<u>\$ 639,014</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 7,488	\$ 6,602
Deferred revenue	-	300
Government loan	<u>27,300</u>	<u>-</u>
Total liabilities	<u>34,788</u>	<u>6,902</u>
Net assets:		
Without donor restrictions	698,267	563,081
With donor restrictions	<u>150,751</u>	<u>69,031</u>
Total net assets	<u>849,018</u>	<u>632,112</u>
Total liabilities and net assets	<u>\$ 883,806</u>	<u>\$ 639,014</u>

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

CANOPY LIFE INTERNATIONAL, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2021

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changed in net assets:						
Revenues and support:						
Contributions	\$ 621,945	\$ 152,045	\$ 773,990	\$ 650,534	\$ 83,428	\$ 733,962
Tickets sales	1,837	-	1,837	4,170	-	4,170
Rental income	3,600	-	3,600	3,600	-	3,600
Other income	-	-	-	340	-	340
Interest income	13	-	13	29	-	29
Net assets released from donor restrictions	70,325	(70,325)	-	168,569	(168,569)	-
Total revenues and support	<u>697,720</u>	<u>81,720</u>	<u>779,440</u>	<u>827,242</u>	<u>(85,141)</u>	<u>742,101</u>
Expenses:						
Program Services	338,386	-	338,386	486,382	-	486,382
Supporting Services:						
General and administrative	111,801	-	111,801	90,167	-	90,167
Fundraising	112,347	-	112,347	120,379	-	120,379
Total supporting services	<u>224,148</u>	<u>-</u>	<u>224,148</u>	<u>210,546</u>	<u>-</u>	<u>210,546</u>
Total expenses	<u>562,534</u>	<u>-</u>	<u>562,534</u>	<u>696,928</u>	<u>-</u>	<u>696,928</u>
Increase (decrease) in net assets	135,186	81,720	216,906	130,314	(85,141)	45,173
Net assets, beginning of year	<u>563,081</u>	<u>69,031</u>	<u>632,112</u>	<u>432,767</u>	<u>154,172</u>	<u>586,939</u>
Net assets, end of year	<u>\$ 698,267</u>	<u>\$ 150,751</u>	<u>\$ 849,018</u>	<u>\$ 563,081</u>	<u>\$ 69,031</u>	<u>\$ 632,112</u>

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

CANOPY LIFE INTERNATIONAL, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries, benefits and taxes	\$ 42,414	\$ 35,740	\$ 89,780	\$ 167,934
Assistance to foreign organization	270,968	379	-	271,347
Program travel	16,565	-	-	16,565
Contract labor	-	21,917	2,394	24,311
Occupancy	-	23,578	40	23,618
Donor and volunteer expenses	-	540	5,418	5,958
Bank and administrative fees	359	7,228	9,025	16,612
Supplies and materials	686	8,881	3,600	13,167
Meetings and travel	4,544	7,672	1,650	13,866
Advertising and promotion	-	2,958	-	2,958
Other expenses	2,850	2,908	440	6,198
Total expenses	<u>\$ 338,386</u>	<u>\$ 111,801</u>	<u>\$ 112,347</u>	<u>\$ 562,534</u>
Percentage of total	<u>60%</u>	<u>20%</u>	<u>20%</u>	

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

CANOPY LIFE INTERNATIONAL, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31,2019

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries, benefits and taxes	\$ 36,803	\$ 21,744	\$ 68,965	\$ 127,512
Assistance to foreign organization	365,061	-	-	365,061
Program travel	71,620	-	-	71,620
Contract labor	65	16,518	21,648	38,231
Occupancy	173	21,950	34	22,157
Donor and volunteer expenses	224	32	17,489	17,745
Bank and administrative fees	2,579	5,379	7,860	15,818
Supplies and materials	1,243	6,836	1,823	9,902
Meetings and travel	2,747	5,118	1,444	9,309
Advertising and promotion	-	6,874	1,100	7,974
Other expenses	112	5,716	16	5,844
Travel for capital project	5,755	-	-	5,755
Total expenses	<u>\$ 486,382</u>	<u>\$ 90,167</u>	<u>\$ 120,379</u>	<u>\$ 696,928</u>
Percentage of total	<u>70%</u>	<u>13%</u>	<u>17%</u>	

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

CANOPY LIFE INTERNATIONAL, INC.  
STATEMENTS OF CASH FLOW  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ <u>216,906</u>	\$ <u>45,173</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in assets:		
Stock in transit	(10,000)	-
Pledges receivable	5,000	(4,659)
Prepays	8,883	(7,303)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	886	(418)
Deferred revenue	(300)	150
Total adjustments	<u>4,469</u>	<u>(12,230)</u>
Net cash provided by operating activities	<u>221,375</u>	<u>32,943</u>
Cash flows from financing activities:		
Proceeds of government loan	<u>27,300</u>	-
Net cash provided by operating activities	<u>27,300</u>	-
Net increase in cash and cash equivalents	248,675	32,943
Cash and cash equivalents, beginning of year	<u>621,898</u>	<u>588,955</u>
Cash and cash equivalents	<u>\$ <u>870,573</u></u>	<u>\$ <u>621,898</u></u>

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



CANOPY LIFE INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

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1. Nature of Organization and Significant Accounting Policies

Organization

The accompanying financial statements include the accounts of Canopy Life International, Inc. (the Organization), a nonprofit Georgia USA corporation. The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The mission is to adopt a curriculum that focuses on building a country's next generation of leaders. We do this through quality education, intentional relationships and environments that spark the imagination. Specifically, we are integrating design thinking (Stanford University), into the national Kenyan curriculum, adjusting the teaching model to promote critical thinking among the students and exposing them to the arts and other worldview experiences otherwise unreachable to students in their economic positions. We are also a Christian school, standing firmly on the values of faith, family and Jesus Christ to guide our students into strong character and purpose.

Method of Reporting

The Organization's accounts are maintained, and these statements are presented, on the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions based on stipulations made by the donor.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits and taxes and contract labor, which are allocated on the basis of estimates of time and effort. Additionally, contributions, bank fees, insurance, travel, and other support are allocated between the program and/or supporting services benefited.

CANOPY LIFE INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

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1. Nature of Organization and Significant Accounting Policies – Continued

Contributions

Unconditional contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of donor restrictions. Contributions received with donor restrictions whose restriction is met in the same year are reported as contributions without donor restrictions. Conditional promises to give are recognized as contributions or grants without donor restrictions once the conditions of the promise or grant have been substantially met.

The Organization runs a child sponsorship program where donors can choose to give on a monthly basis \$45-\$55. The basic sponsorship covers basic needs and the residential program within the school: food, school uniforms, consumable supplies, etc. There are no specific terms for the sponsorship, which can be canceled at any time. There is no way to estimate the life of any sponsorship; therefore, the sponsorship revenue is recorded when the actual payment is received by the Organization.

The Organization records gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Equipment, Material, Supplies and Services

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support 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 support 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 as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

All non-cash gifts are recorded at their estimated fair value at date of receipt. Donated services are recognized at fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No amounts have been recognized in the financial statements for general volunteer services, since these services do not meet the criteria.

CANOPY LIFE INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

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1. Nature of Organization and Significant Accounting Policies – Continued

Cash and Cash Equivalents and Concentration of Credit Risk

Cash and cash equivalents consist of demand deposits with a single major financial institution. The balances in the Organization's bank accounts (as reflected in the bank's records) are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2020 and 2019, cash balances at the bank exceeded the FDIC limits by \$519,930 and \$ 343,117, respectively.

Property and Equipment

Property and equipment are recorded at cost if purchased or at the estimated fair value at the date of gift if received by donation. The Organization capitalizes property and equipment expenditures in excess of \$5,000. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Furniture, fixtures and equipment are depreciated over three to five years. The Organization's property and equipment was fully depreciated as of December 31, 2020 and 2019.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization had no activities subject to unrelated business income, and accordingly, has no unrelated business income tax. The Organization's IRS filings for the previous three years remain subject to examination.

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.

Advertising and Marketing

Advertising and marketing costs are expensed as incurred.

Deferred Revenue

Deferred revenue as of December 31, 2019 represents prepaid rental income on a sublease agreement the Organization has with a lessee. There was no deferred revenue as of December 31, 2020.

CANOPY LIFE INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

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1. Nature of Organization and Significant Accounting Policies – Continued

Risks and Uncertainties

During the year ended December 31, 2020, the global coronavirus pandemic threatened to deeply harm global growth. This has affected the U.S. and global equity markets, as well as eroded consumer confidence and deepened unemployment. It is uncertain how this volatility in the financial markets and general economic conditions may affect the Organization’s operations in the future.

To assist in operational cash flow during the pandemic, the Organization was granted a government loan from a financial institution on May 1, 2020 in the amount of \$27,300, as further discussed in Note 3.

While the Organization believes it has the resources to continue its programs, its ability to do so, and the extent to which they each continue are heavily dependent on public support. The strength of public support may be largely dependent on current and future overall economic conditions.

2. Liquidity and Availability of Financial Assets

The Organization is substantially supported by unconditional contributions . The Organization also receives certain contributions with donor restrictions for various purposes . The Organization considers contributions with donor restrictions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures may be incurred for program, administrative, or fundraising purposes, in accordance with the donors restrictions, if applicable.

The Organization’s financial assets at December 31: (reduced by amounts not available for general use because of contractual, donor-imposed, or internal restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditures are as follows:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 880,573	\$ 621,898
Pledges receivable	-	5,000
Financial assets available to meet general expenditures within one year	\$ 880,573	\$ 626,898

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

CANOPY LIFE INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

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3. Government Loan

In May 2020, the Organization received a \$27,300 loan under the Paycheck Protection Program (“PPP”) which was established as part of the U.S. government’s coronavirus Aid, Relief and economic security Act (“CARES Act”) in March 2020. The loan bears interest at 1%, is unsecured, and may be forgiven as long as the Organization uses the loan proceeds for eligible purposes (including payroll, related benefits, rent and utilities) during a defined period. The amount of the loan forgiveness could be reduced if the Organization terminates employees or reduces salaries during the defined period. The unforgiven portion of the loan is payable over two years with a deferral of payments for the first ten months and may be prepaid at any time without penalty.

The Organization believes it has used the loan proceeds for purposes consistent with the PPP and, therefore, expects it will meet the conditions for loan forgiveness. The Organization will reduce the loan liability by the amount forgiven and record a corresponding gain on extinguishment of debt once the loan is partly or wholly forgiven and legal release is received.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions by purpose consist of the following as of December 31:

	2020	2019
Purpose restriction:		
Time restricted for general operations, septic and salaries	\$ 148,706	\$ 21,469
Travel to Kenya in subsequent year	2,045	16,715
Classroom	-	6
Generator	-	573
Vehicle	-	30,268
	\$ 150,751	\$ 69,031

Net assets released from donor restrictions totaling \$70,325 and \$168,569, respectively for the years ended 2020 and 2019 represent contributions with donor restrictions for specific purposes that were expended for the corresponding specific purpose during the years ended December 31, 2020 and 2019.

CANOPY LIFE INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
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5. Related Party Transactions

The Organization raises funds in the United States, then grants the majority of such funds to Canopy Life International Kenya, a nongovernmental organization organized under the laws of Kenya. The Organization provided \$271,347 and \$365,061, respectively in support to Canopy Life International Kenya, Inc. for the years ended December 31, 2020 and 2019.

6. Concentration of Support

For the years ended December 31, 2020 and 2019, one donor represented approximately 35% and 45% of total contributions to the Organization, respectively.

7. Operating Lease

In September 2018, the Organization entered into a three-year lease agreement for office space. The total rent expense for the years ended December 31, 2020 and 2019 was \$19,733 and \$19,110, respectively. The lease terminates in October 2021. Minimum rental payments due for 2021 total \$16,905.

8. Subsequent Events

Management has evaluated events and transactions that occurred through April 5, 2021, which is the date the financial statements were available to be issued. There were no significant subsequent events requiring recognition or disclosure.