

# **MARY'S MEALS USA**

## ***FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

**DECEMBER 31, 2016**

# MARY'S MEALS USA

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**Board of Directors  
Mary's Meals USA  
Bloomfield, New Jersey**

We have audited the accompanying financial statements of Mary's Meals USA (the "**Organization**") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows and functional expenses 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 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 organization'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 organization'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 Mary's Meals USA as of December 31, 2016, 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.

**Board of Directors  
Mary's Meals USA  
Bloomfield, NJ**

**Report on Summarized Comparative Information**

We have previously audited Mary's Meals USA's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Tait, Weller & Baker LLP*

**Iselin, New Jersey  
April 28, 2017**



# MARY'S MEALS USA

## STATEMENTS OF FINANCIAL POSITION

December 31, 2016 And 2015

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,360,500	\$ 2,523,669
Accounts receivable and other assets	21,109	10,773
Computer equipment, furniture, and leasehold improvements (net of accumulated depreciation of \$14,100 and \$8,300)	<u>2,500</u>	<u>8,300</u>
<b>Total assets</b>	<u>\$ 2,384,109</u>	<u>\$ 2,542,742</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 36,055	\$ 21,388
Grants payable	<u>2,073,277</u>	<u>2,057,670</u>
<b>Total liabilities</b>	<u>2,109,332</u>	<u>2,079,058</u>
<b>NET ASSETS</b>		
Unrestricted	261,280	458,833
Temporarily restricted ( <i>Note 3</i> )	<u>13,497</u>	<u>4,851</u>
<b>Total net assets</b>	<u>274,777</u>	<u>463,684</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,384,109</u>	<u>\$ 2,542,742</u>

# MARY'S MEALS USA

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2016 With Summarized Information For 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2016</u>	<u>2015</u>
<b>Revenue and Other Support</b>				
Contributions and support	\$ 2,313,045	\$ 1,729,788	\$ 4,042,833	\$ 4,161,488
In kind goods	2,358	-	2,358	17,219
Other income (losses)	280	-	280	(346)
Net assets released from restriction ( <i>Note 3</i> )	<u>1,721,142</u>	<u>(1,721,142)</u>	<u>-</u>	<u>-</u>
<b>Total revenue and other support</b>	<u>4,036,825</u>	<u>8,646</u>	<u>4,045,471</u>	<u>4,178,361</u>
<b>Expenses</b>				
Program	3,924,298	-	3,924,298	3,746,631
Management and general	133,235	-	133,235	124,518
Fundraising	<u>176,845</u>	<u>-</u>	<u>176,845</u>	<u>136,603</u>
<b>Total expenses</b>	<u>4,234,378</u>	<u>-</u>	<u>4,234,378</u>	<u>4,007,752</u>
<b>CHANGE IN NET ASSETS</b>	(197,553)	8,646	(188,907)	170,609
<b>Net Assets</b>				
Beginning of year	<u>458,833</u>	<u>4,851</u>	<u>463,684</u>	<u>293,075</u>
End of year	<u>\$ 261,280</u>	<u>\$ 13,497</u>	<u>\$ 274,777</u>	<u>\$ 463,684</u>

# MARY'S MEALS USA

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 And 2015

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	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ (188,907)	\$ 170,609
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:</i>		
Depreciation	5,800	5,800
(Increase) decrease in Accounts receivable and other assets	(10,336)	2,394
Increase (decrease) in Accounts payable and accrued expenses	14,667	(17,151)
Grants payable	<u>15,607</u>	<u>307,235</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(163,169)</u>	<u>468,887</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of equipment	<u>-</u>	<u>626</u>
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>626</u>
<b>Net increase in cash and cash equivalents</b>	(163,169)	469,513
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,523,669</u>	<u>2,054,156</u>
End of year	<u>\$ 2,360,500</u>	<u>\$ 2,523,669</u>



# MARY'S MEALS USA

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016 With Summarized Information For 2015

	2016					Total	2015
	Child Food Program	Education & Awareness Program	Total Program Services	Management And General	Fundraising		
Salaries, taxes, & benefits	\$ -	\$ 110,992	\$ 110,992	\$ 83,994	\$ 104,993	\$ 299,979	\$ 252,760
Grants	3,756,561	-	3,756,561	-	-	3,756,561	3,622,691
Professional fees	-	15,873	15,873	27,105	15,015	57,993	39,756
Occupancy	-	5,864	5,864	4,438	5,547	15,849	15,751
Transportation and travel	-	6,109	6,109	81	1,955	8,145	10,487
Office, IT and telephone	-	13,612	13,612	2,067	7,378	23,057	12,778
Printing and postage	-	12,703	12,703	764	5,642	19,109	9,912
Depreciation	-	2,146	2,146	1,624	2,030	5,800	5,800
Miscellaneous	-	438	438	13,162	34,285	47,885	37,817
<b>Total expenses - 2016</b>	<b><u>\$ 3,756,561</u></b>	<b><u>\$ 167,737</u></b>	<b><u>\$ 3,924,298</u></b>	<b><u>\$ 133,235</u></b>	<b><u>\$ 176,845</u></b>	<b><u>\$ 4,234,378</u></b>	
<b>Total expenses - 2015</b>	<b><u>\$ 3,622,691</u></b>	<b><u>\$ 123,940</u></b>	<b><u>\$ 3,746,631</u></b>	<b><u>\$ 124,518</u></b>	<b><u>\$ 136,603</u></b>		<b><u>\$ 4,007,752</u></b>

# MARY'S MEALS USA

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016 And 2015

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### (1) ORGANIZATION AND PURPOSE

Mary's Meals USA (the "*Organization*") is a not-for-profit 501(c)(3) organization that works with Mary's Meals International, a charity registered in Scotland, to make education more accessible to children suffering from chronic hunger and poverty by offering a daily meal in places of education in the developing world.

The Organization's purpose is to raise donations and support in the United States to (i) provide a daily meal in a place of education for children in the world's poorest communities; (ii) occasionally provide relief for those suffering, in any part of the world, as a result of humanitarian crises, especially by providing care for orphaned, abandoned and vulnerable children; and (iii) raise awareness of poverty issues through education. In the regular course of its operations, the Organization makes certain grants to Mary's Meals International and its programs for this purpose.

The Organization's mission is to enable people to offer their money, goods, skills, time, or prayer, and through this involvement, provide the most effective help to those suffering the effects of extreme poverty in the world's poorest communities.

The Organization's vision is that every child receives one daily meal in their place of education and that all those who have more than they need, share with those who lack even the most basic things.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *ACCOUNTING ESTIMATES*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### *INCOME TAXES*

The Organization has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization which is not a private foundation under Section 509(a) of the Code. Certain unrelated business income is subject to federal income taxes.

Management has reviewed the tax positions for each of the open tax years (2013 - 2015) or expected to be taken in the Organization's 2016 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

#### *CASH AND CASH EQUIVALENTS*

The Organization considers money market funds to be cash equivalents.

#### *CONCENTRATION OF CREDIT RISK*

The Organization occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("*ASC*") 825, "*Financial Instruments*" identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

# MARY'S MEALS USA

## NOTES TO FINANCIAL STATEMENTS – (Continued)

**December 31, 2016 And 2015**

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### ***FURNITURE AND EQUIPMENT***

Property and equipment are recorded at cost. The Organization's policy is to capitalize fixed assets with a purchase of \$1,000 or more. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The depreciation years utilized by major asset categories are as follows:

<b><u>Description</u></b>	<b><u>Year</u></b>
Leasehold improvements	2
Furniture and fixtures	5-7
Equipment	3

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts.

### ***GRANTS PAYABLE***

The Organization records grants as liabilities upon approval by the Board of Directors. All grants are due to be paid in the first quarter of 2017.

### ***NET ASSETS***

The net assets of the Organization and changes therein are classified and reported as follows:

***Unrestricted*** – represents those resources that are not subject to donor restrictions.

***Temporarily Restricted*** – include funds for which grantee-imposed restrictions have not been met.

### ***CONTRIBUTIONS***

Contributions and promises to give are considered available for unrestricted use unless specifically restricted by the donor, and are recognized as revenue in the period they are received. When a donor 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. Gifts-in-kind are recorded at fair value on the date of receipt.

### ***COMPARATIVE INFORMATION***

The financial statements include certain prior-year summarized comparative information in total, but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015 from which the summarized financial information was derived.

# MARY'S MEALS USA

## NOTES TO FINANCIAL STATEMENTS – (Continued)

**December 31, 2016 And 2015**

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### (3) NET ASSETS

Temporarily restricted net assets at December 31, 2016 and 2015 consist of:

	<u>2016</u>	<u>2015</u>
Program services	<u>\$13,497</u>	<u>\$4,851</u>

Net assets totaling \$1,721,142 were released from restriction in 2016 by incurring expenses which satisfied the restricted purpose.

### (4) COMMITMENTS

The Organization leases office space in New Jersey under an operating lease which expires on February 14, 2017. Rent expense for the years ended December 31, 2016 and 2015 was \$12,600 and \$12,550, respectively.

Future minimum rental commitments under this lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	<u>\$1,575</u>

### (5) SUBSEQUENT EVENTS

On April 3, 2017, the Organization extended the operating lease for its current office space from February 15, 2017 through February 14, 2018 with monthly rent of \$1,076. The new lease includes a one year renewal option at a 2.5% annual rent increase provided the Organization exercises the option in writing on or before January 1, 2018.

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, April 28, 2017, have been evaluated in the preparation of the financial statements. There were no material subsequent events to be disclosed other than as disclosed above.