

MARY'S MEALS USA

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2022

MARY'S MEALS USA

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

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, 2022, and the related statements of activities, cash flows and functional expenses 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 financial position of the Organization as of December 31, 2022, 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.

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 the Organization 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.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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.

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

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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited Mary's Meals USA's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Iselin, New Jersey
May 4, 2023**

MARY'S MEALS USA

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$3,711,835	\$3,213,362
Investments <i>(Note 3)</i>	1,185,219	-
Grants receivable	654,180	-
Accounts receivable and other assets	<u>24,089</u>	<u>20,972</u>
Total assets	<u>\$5,575,323</u>	<u>\$3,234,334</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 132,836	\$ 107,085
Grants payable	<u>4,551,897</u>	<u>2,270,000</u>
Total liabilities	<u>4,684,733</u>	<u>2,377,085</u>
NET ASSETS		
Without donor restrictions	846,125	843,294
With donor restrictions <i>(Note 4)</i>	<u>44,465</u>	<u>13,955</u>
Total net assets	<u>890,590</u>	<u>857,249</u>
Total liabilities and net assets	<u>\$5,575,323</u>	<u>\$3,234,334</u>

MARY'S MEALS USA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2022 With Summarized Information For 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
Revenue and Other Support				
Contributions and support	\$6,712,527	\$2,052,080	\$8,764,607	\$9,583,727
Government contract	1,131,759	-	1,131,759	200,000
Investment income	14,829	-	14,829	-
Other income	387	-	387	630
In-kind contributions	17,590	-	17,590	-
Net assets released from restriction <i>(Note 4)</i>	<u>2,021,570</u>	<u>(2,021,570)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>9,898,662</u>	<u>30,510</u>	<u>9,929,172</u>	<u>9,784,357</u>
Expenses				
Program	9,117,664	-	9,117,664	8,961,908
Management and general	470,186	-	470,186	404,154
Fundraising	<u>307,981</u>	<u>-</u>	<u>307,981</u>	<u>303,029</u>
Total expenses	<u>9,895,831</u>	<u>-</u>	<u>9,895,831</u>	<u>9,669,091</u>
CHANGE IN NET ASSETS	2,831	30,510	33,341	115,266
Net Assets				
Beginning of year	<u>843,294</u>	<u>13,955</u>	<u>857,249</u>	<u>741,983</u>
End of year	<u>\$ 846,125</u>	<u>\$ 44,465</u>	<u>\$ 890,590</u>	<u>\$ 857,249</u>

MARY'S MEALS USA

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 33,341	\$ 115,266
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Change in unrealized gains	(7,218)	-
(Increase) decrease in		
Accounts receivable and other assets	(3,117)	(2,051)
Grants receivable	(654,180)	300,000
Increase in		
Accounts payable and accrued expenses	25,751	8,884
Grants payable	<u>2,281,897</u>	<u>430,000</u>
Net cash provided by operating activities	<u>1,676,474</u>	<u>852,099</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,976,099)	-
Proceeds on sales of investments	<u>798,098</u>	<u>-</u>
Net cash used for investing activities	<u>(1,178,001)</u>	<u>-</u>
Net increase in cash and cash equivalents	498,473	852,099
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,213,362</u>	<u>2,361,263</u>
End of year	<u>\$ 3,711,835</u>	<u>\$ 3,213,362</u>

MARY'S MEALS USA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022 With Summarized Information For 2021

	2022						2021
	Child Food Program	Education & Awareness Program	Total Program Services	Management And General	Fundraising	Total	
Salaries, taxes, & benefits	\$ -	\$ 825,735	\$ 825,735	\$ 351,478	\$ 181,666	\$ 1,358,879	\$ 1,300,103
Grants	8,091,897	-	8,091,897	-	-	8,091,897	8,044,332
Professional fees	-	79,848	79,848	33,987	17,567	131,402	81,574
Occupancy	-	2,314	2,314	13,455	2,080	17,849	17,986
Transportation and travel	-	21,588	21,588	2,973	5,821	30,382	6,723
Office, IT and telephone	-	8,679	8,679	7,593	2,401	18,673	44,917
Printing, postage and promotion	-	76,854	76,854	23,345	26,739	126,938	67,150
Miscellaneous	-	10,749	10,749	37,355	71,707	119,811	106,306
Total expenses - 2022	\$ 8,091,897	\$ 1,025,767	\$ 9,117,664	\$ 470,186	\$ 307,981	\$ 9,895,831	
Total expenses - 2021	\$ 8,044,332	\$ 917,576	\$ 8,961,908	\$ 404,154	\$ 303,029		\$ 9,669,091

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 And 2021

(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 (2019 - 2021) or expected to be taken in the Organization's 2022 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.

INVESTMENTS

Investments in debt and equity securities with readily determinable fair market values are reported at fair market values with realized and unrealized gains and losses included in the statement of activities.

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

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.

FURNITURE AND EQUIPMENT

Property and equipment are recorded at cost. The Organization’s policy is to capitalize fixed assets with a purchase of \$1,500 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:

<u>Description</u>	<u>Year</u>
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. As of December 31, 2022, and 2021, all fixed assets in use were fully depreciated.

GRANTS RECEIVABLE

Grants and contracts receivable consist of grants from government agencies. At December 31, 2022, all amounts are to be received within one year, and as management considers all grants and contracts fully collectible, no allowance for uncollectible grants and contracts is recorded.

GRANTS PAYABLE

The Organization records grants as liabilities upon approval by the Board of Directors. All approved grants payable as of year-end are due to be paid in the first quarter of the subsequent year.

NET ASSETS

The net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of the Organization.

With Donor Restrictions – Net assets that are subject to donor-imposed stipulations. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as “*net assets released from restrictions.*”

REVENUE AND REVENUE RECOGNITION

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met.

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

Contributions and promises to give are considered available for general use unless specifically restricted by the donor. When a donor 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 restrictions. Gifts-in-kind are recorded at fair value on the date of receipt.

A portion of the Organization's revenue is derived from a fixed amount federal award, which is conditioned upon certain performance and milestone requirements. Amounts received are recognized as revenue when the Organization meets the performance milestones in compliance with specific award provisions. Amounts received prior to meeting the performance requirements are reported as refundable advances in the statement of financial position.

CONTRIBUTIONS IN-KIND

Services provided for online advertising and promotion of \$17,590 were donated to the Organization in 2022. The donated services are reflected as in-kind contributions on the accompanying statement of activities and changes in net assets.

FUNCTIONAL ALLOCATION OF EXPENSES

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. The Organization determined the allocation of salaries and related expenses based on time studies performed during the year, and further allocated certain other expenses based on employee job description and location.

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, 2021 from which the summarized financial information was derived.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. This ASU must be applied on a retrospective basis and was adopted by the Organization during the year ended December 31, 2022. The adoption of ASU 2020-07 did not have a material effect on the financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Topic 842 requires an organization to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The Organization implemented the provisions of ASU 2016-02 as of January 1, 2022 by applying the modified retrospective transition approach for leases existing as of the beginning of the period of adoption. The adoption of ASU 2016-02 did not have a material effect on the financial statements.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

(3) INVESTMENTS

The following is a summary of the Organization’s investments at December 31, 2022:

	<u>2022</u>	
	<u>Cost</u>	<u>Market</u>
U.S. Treasury Bills	<u>\$1,178,001</u>	<u>\$1,185,219</u>

Investments at December 31, 2022 had accumulated unrealized gains of \$7,218.

The Organization utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Organization’s investments as of December 31, 2022 is as follows:

	<u>2022</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Investments</u>				
U.S. Treasury Bills	<u>\$1,185,219</u>	<u>\$ -</u>	<u>\$1,185,219</u>	<u>\$ -</u>

(4) NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Program services	<u>\$44,465</u>	<u>\$13,955</u>

Net assets totaling \$2,021,570 were released from restriction in 2022 by incurring expenses which satisfied the restricted purpose.

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

(5) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due.

The following table reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year may include net assets with donor restrictions.

Financial Assets	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$3,711,835	\$3,213,362
Investments	1,185,219	-
Grants receivable	654,180	-
Interest receivable	<u>2,538</u>	<u>30</u>
Total financial assets available within one year	<u>\$5,553,772</u>	<u>\$3,213,392</u>

(6) LEASES

The Organization leases office space in New Jersey under an operating lease which expired on March 31, 2022. The Organization has continued to rent the space on a month-to-month basis thereafter. Rent expense for the years ended December 31, 2022 and 2021 was \$14,120 and \$14,034, respectively.

(7) PENSION PLAN

In September 2019, the Organization started a plan qualified under Section 403(b) that covers all eligible employees. Contributions to the plan are made at the discretion of the Board of Directors and are limited to a maximum of 3% of the employee's annual salary.

During the years ended December 31, 2022 and 2021, respectively, the Organization contributed \$25,155 and \$24,229 on behalf of the employees to the plan.

(8) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 4, 2023, have been evaluated in the preparation of the financial statements.