

MARY'S MEALS USA

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2012 AND 2011

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, 2012 and December 31, 2011, and the related statements of activities, cash flows and functional expenses 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 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Iselin, New Jersey
October 18, 2013

MARY'S MEALS USA

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 385,326	\$ 239,535
Accounts receivable and other assets	<u>15,049</u>	<u>-</u>
Total assets	<u>\$ 400,375</u>	<u>\$ 239,535</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 6,467	\$ 500
Total liabilities	<u>6,467</u>	<u>500</u>
 NET ASSETS (Note 2)		
Unrestricted	175,668	72,661
Temporarily restricted	<u>218,240</u>	<u>166,374</u>
Total net assets	<u>393,908</u>	<u>239,035</u>
Total liabilities and net assets	<u>\$ 400,375</u>	<u>\$ 239,535</u>

MARY'S MEALS USA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2012

	2012		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Contributions and support	\$ 736,609	\$ 370,505	\$ 1,107,114
In kind goods	200	-	200
Net assets released from restriction (<i>Note 2</i>)	<u>318,639</u>	<u>(318,639)</u>	<u>-</u>
Total revenue and other support	<u>1,055,448</u>	<u>51,866</u>	<u>1,107,314</u>
Expenses			
Program	883,759	-	883,759
Management and general	41,239	-	41,239
Fundraising	<u>27,443</u>	<u>-</u>	<u>27,443</u>
Total expenses	<u>952,441</u>	<u>-</u>	<u>952,441</u>
CHANGE IN NET ASSETS	103,007	51,866	154,873
Net Assets			
Beginning of year	<u>72,661</u>	<u>166,374</u>	<u>239,035</u>
End of year	<u>\$ 175,668</u>	<u>\$ 218,240</u>	<u>\$ 393,908</u>

MARY'S MEALS USA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2011

	2011		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Contributions and support	\$ 308,507	\$ 412,397	\$720,904
Net assets released from restriction (<i>Note 2</i>)	<u>282,821</u>	<u>(282,821)</u>	<u>-</u>
Total revenue and other support	<u>591,328</u>	<u>129,576</u>	<u>720,904</u>
Expenses			
Program	652,982	-	652,982
Management and general	28,931	-	28,931
Fundraising	<u>19,099</u>	<u>-</u>	<u>19,099</u>
Total expenses	<u>701,012</u>	<u>-</u>	<u>701,012</u>
CHANGE IN NET ASSETS	(109,684)	129,576	19,892
Net Assets			
Beginning of year	<u>182,345</u>	<u>36,798</u>	<u>219,143</u>
End of year	<u>\$ 72,661</u>	<u>\$ 166,374</u>	<u>\$239,035</u>

MARY'S MEALS USA

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$154,873	\$ 19,892
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:</i>		
Increase in		
Accounts receivable and other assets	(15,049)	-
Increase in		
Accounts payable and accrued expenses	<u>5,967</u>	<u>412</u>
Net cash provided by operating activities	<u>145,791</u>	<u>20,304</u>
Net increase in cash and cash equivalents	145,791	20,304
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>239,535</u>	<u>219,231</u>
End of year	<u>\$385,326</u>	<u>\$239,535</u>

MARY'S MEALS USA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2012

	2012					
	<u>Child Food Program</u>	<u>Education & Awareness Program</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes, & benefits	\$ 3,127	\$ 25,693	\$ 28,820	\$ 18,650	\$ 15,416	\$ 62,886
Grants	637,639	-	637,639	-	-	637,639
Professional fees	1,552	725	2,277	10,164	453	12,894
Occupancy	-	275	275	110	165	550
Transportation and travel	-	1,400	1,400	735	1,401	3,536
IT and telephone	-	1,711	1,711	2,038	1,026	4,775
Printing and postage	-	3,384	3,384	303	7,607	11,294
Film documentary and public outreach	-	206,994	206,994	-	-	206,994
Miscellaneous	<u>406</u>	<u>853</u>	<u>1,259</u>	<u>9,239</u>	<u>1,375</u>	<u>11,873</u>
Total expenses	<u>\$ 642,724</u>	<u>\$ 241,035</u>	<u>\$ 883,759</u>	<u>\$ 41,239</u>	<u>\$ 27,443</u>	<u>\$ 952,441</u>

MARY'S MEALS USA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2011

	2011					
	<u>Child Food Program</u>	<u>Education & Awareness Program</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes, & benefits	\$ -	\$ 23,575	\$ 23,575	\$ 9,429	\$14,144	\$ 47,148
Grants	620,000	-	620,000	-	-	620,000
Professional fees	-	840	840	7,016	504	8,360
Occupancy	-	585	585	150	-	735
Transportation and travel	-	1,019	1,019	204	815	2,038
IT and telephone	-	668	668	872	668	2,208
Printing and postage	-	5,705	5,705	1,244	2,099	9,048
Miscellaneous	<u>590</u>	<u>-</u>	<u>590</u>	<u>10,016</u>	<u>869</u>	<u>11,475</u>
Total expenses	<u>\$620,590</u>	<u>\$32,392</u>	<u>\$652,982</u>	<u>\$28,931</u>	<u>\$19,099</u>	<u>\$701,012</u>

See notes to financial statements.

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

Mary's Meals USA (the "***Organization***") works with Mary's Meals, a charity registered in Scotland, and its partnering organizations to provide daily meals in school to children in various developing countries.

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.

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 (2009 - 2011) or expected to be taken in the Organization's 2012 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.

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.

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, 2012 And 2011

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.

(2) NET ASSETS

Temporarily restricted net assets at December 31, 2012 and 2011 consist of:

	<u>2012</u>	<u>2011</u>
Program services	<u>\$218,240</u>	<u>\$166,374</u>

Net assets totaling \$318,639 and \$282,821 were released from restriction in 2012 and 2011, respectively by incurring expenses which satisfied the restricted purpose.

(3) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, October 18, 2013, have been evaluated in the preparation of the financial statements.