

MARY'S MEALS USA

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2014

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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 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 12, 2015**

MARY'S MEALS USA

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 And 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 2,054,156	\$ 288,230
Accounts receivable and other assets	13,167	7,183
Computer equipment, furniture, and leasehold improvements (net of accumulated depreciation of \$2,500)	<u>14,726</u>	<u>-</u>
Total assets	<u>\$ 2,082,049</u>	<u>\$ 295,413</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 38,539	\$ 21,534
Grants payable	<u>1,750,435</u>	<u>-</u>
Total liabilities	<u>1,788,974</u>	<u>21,534</u>
NET ASSETS (Note 3)		
Unrestricted	289,833	151,239
Temporarily restricted	<u>3,242</u>	<u>122,640</u>
Total net assets	<u>293,075</u>	<u>273,879</u>
Total liabilities and net assets	<u>\$ 2,082,049</u>	<u>\$ 295,413</u>

MARY'S MEALS USA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2014 With Summarized Information For 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Revenue and Other Support				
Contributions and support	\$ 1,446,978	\$ 2,046,051	\$ 3,493,029	\$ 2,739,213
In kind goods	315	-	315	10,099
Other Income	140	-	140	930
Net assets released from restriction (<i>Note 3</i>)	<u>2,165,449</u>	<u>(2,165,449)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>3,612,882</u>	<u>(119,398)</u>	<u>3,493,484</u>	<u>2,750,242</u>
Expenses				
Program	3,217,981	-	3,217,981	2,657,200
Management and general	114,955	-	114,955	169,743
Fundraising	<u>141,352</u>	<u>-</u>	<u>141,352</u>	<u>43,328</u>
Total expenses	<u>3,474,288</u>	<u>-</u>	<u>3,474,288</u>	<u>2,870,271</u>
CHANGE IN NET ASSETS	138,594	(119,398)	19,196	(120,029)
Net Assets				
Beginning of year	<u>151,239</u>	<u>122,640</u>	<u>273,879</u>	<u>393,908</u>
End of year	<u>\$ 289,833</u>	<u>\$ 3,242</u>	<u>\$ 293,075</u>	<u>\$ 273,879</u>

MARY'S MEALS USA

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2014 And 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 19,196	\$(120,029)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:</i>		
Depreciation	2,500	-
(Increase) decrease in Accounts receivable and other assets	(5,984)	7,866
Increase in Accounts payable and accrued expenses	17,005	15,067
Grants payable	<u>1,750,435</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>1,783,152</u>	<u>(97,096)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, fixtures, and equipment	<u>(17,226)</u>	<u>-</u>
Net cash used in investing activities	<u>(17,226)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,765,926	(97,096)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>288,230</u>	<u>385,326</u>
End of year	<u>\$ 2,054,156</u>	<u>\$ 288,230</u>

MARY'S MEALS USA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2014 With Summarized Information for 2013

	2014						2013
	Child Food Program	Education & Awareness Program	Total Program Services	Management And General	Fundraising	Total	
Salaries, taxes, & benefits	\$ -	\$ 100,598	\$ 100,598	\$ 76,128	\$ 95,160	\$ 271,886	\$ 183,146
Grants	3,090,772	-	3,090,772	-	-	3,090,772	2,600,000
Professional fees	-	7,197	7,197	20,226	6,808	34,231	16,218
Occupancy	-	5,030	5,030	3,806	4,758	13,594	11,387
Transportation and travel	-	1,451	1,451	20	464	1,935	6,548
Office, IT and telephone	-	6,187	6,187	798	6,787	13,772	20,053
Printing and postage	-	5,385	5,385	413	4,972	10,770	11,153
Depreciation	-	925	925	700	875	2,500	-
Miscellaneous	-	436	436	12,864	21,528	34,828	21,766
Total expenses	\$ 3,090,772	\$ 127,209	\$ 3,217,981	\$ 114,955	\$ 141,352	\$ 3,474,288	\$ 2,870,271

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 And 2013

(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 (2011 - 2013) or expected to be taken in the Organization's 2014 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, 2014 And 2013

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:

<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.

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 2015.

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.

(3) NET ASSETS

Temporarily restricted net assets at December 31, 2014 and 2013 consist of:

	<u>2014</u>	<u>2013</u>
Program services	<u>\$3,242</u>	<u>\$122,640</u>

Net assets totaling \$2,165,449 were released from restriction in 2014 by incurring expenses which satisfied the restricted purpose.

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

(4) COMMITMENTS

The Organization leases office space in New Jersey under an operating lease which expires on February 14, 2016. Rent expense for the years ended December 31, 2014 and 2013 was \$12,025 and \$10,300, respectively.

Future minimum rental commitments under this lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 12,550
2016	<u>1,575</u>
	<u>\$ 14,125</u>

(5) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 12, 2015, have been evaluated in the preparation of the financial statements.