

# **MARY'S MEALS USA**

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

**DECEMBER 31, 2018**

# 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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 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 2, 2019**

# MARY'S MEALS USA

## STATEMENTS OF FINANCIAL POSITION

December 31, 2018 And 2017

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	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,792,634	\$ 2,222,751
Accounts receivable and other assets	<u>16,112</u>	<u>1,514,023</u>
<b>Total assets</b>	<u>\$ 2,808,746</u>	<u>\$ 3,736,774</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 37,787	\$ 34,525
Grants payable	<u>2,500,000</u>	<u>3,361,323</u>
<b>Total liabilities</b>	<u>2,537,787</u>	<u>3,395,848</u>
<b>NET ASSETS</b>		
Without donor restrictions	270,959	233,933
With donor restrictions ( <i>Note 3</i> )	<u>-</u>	<u>106,993</u>
<b>Total net assets</b>	<u>270,959</u>	<u>340,926</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,808,746</u>	<u>\$ 3,736,774</u>

# MARY'S MEALS USA

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2018 With Summarized Information For 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2018</u>	<u>2017</u>
<b>Revenue and Other Support</b>				
Contributions and support	\$2,696,357	\$ 2,505,683	\$5,202,040	\$5,850,009
Government grants	217,658	-	217,658	-
In kind goods	-	-	-	23,760
Other income	6,699	-	6,699	1,174
Net assets released from restriction ( <i>Note 3</i> )	<u>2,612,676</u>	<u>(2,612,676)</u>	<u>-</u>	<u>-</u>
<b>Total revenue and other support</b>	<u>5,533,390</u>	<u>(106,993)</u>	<u>5,426,397</u>	<u>5,874,943</u>
<b>Expenses</b>				
Program	5,101,898	-	5,101,898	5,386,324
Management and general	153,392	-	153,392	179,794
Fundraising	<u>241,074</u>	<u>-</u>	<u>241,074</u>	<u>242,676</u>
<b>Total expenses</b>	<u>5,496,364</u>	<u>-</u>	<u>5,496,364</u>	<u>5,808,794</u>
<b>CHANGE IN NET ASSETS</b>	37,026	(106,993)	(69,967)	66,149
<b>Net Assets</b>				
Beginning of year	<u>233,933</u>	<u>106,993</u>	<u>340,926</u>	<u>274,777</u>
End of year	<u>\$ 270,959</u>	<u>\$ -</u>	<u>\$ 270,959</u>	<u>\$ 340,926</u>

# MARY'S MEALS USA

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 And 2017

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	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ (69,967)	\$ 66,149
<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	1,497,911	(1,492,914)
Increase (decrease) in Accounts payable and accrued expenses	3,262	(1,530)
Grants payable	<u>(861,323)</u>	<u>1,288,046</u>
<b>Net cash provided by (used for) operating activities</b>	<u>569,883</u>	<u>(137,749)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	569,883	(137,749)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,222,751</u>	<u>2,360,500</u>
End of year	<u>\$2,792,634</u>	<u>\$ 2,222,751</u>

# MARY'S MEALS USA

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018 With Summarized Information For 2017

	2018					2017	
	<u>Child Food Program</u>	<u>Education &amp; Awareness Program</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>		<u>Total</u>
Salaries, taxes, & benefits	\$ -	\$ 133,345	\$ 133,345	\$ 100,910	\$ 126,137	\$ 360,392	\$ 372,440
Grants	4,878,132	-	4,878,132	-	-	4,878,132	5,174,329
Professional fees	-	30,482	30,482	29,268	28,834	88,584	108,248
Occupancy	-	5,991	5,991	4,534	5,667	16,192	16,062
Transportation and travel	-	20,394	20,394	1,457	7,283	29,134	14,265
Office, IT and telephone	-	13,948	13,948	1,175	7,709	22,832	18,720
Printing and postage	-	19,094	19,094	286	20,845	40,225	35,083
Depreciation	-	-	-	-	-	-	2,500
Miscellaneous	-	512	512	15,762	44,599	60,873	67,147
<b>Total expenses - 2018</b>	<u>\$ 4,878,132</u>	<u>\$ 223,766</u>	<u>\$ 5,101,898</u>	<u>\$ 153,392</u>	<u>\$ 241,074</u>	<u>\$ 5,496,364</u>	
<b>Total expenses - 2017</b>	<u>\$ 5,174,329</u>	<u>\$ 211,995</u>	<u>\$ 5,386,324</u>	<u>\$ 179,794</u>	<u>\$ 242,676</u>		<u>\$ 5,808,794</u>

# MARY'S MEALS USA

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 And 2017

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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 (2015 - 2017) or expected to be taken in the Organization's 2018 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, 2018 And 2017

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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:

<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, 2018 and 2017, all fixed assets in use were fully depreciated.

### ***GRANTS PAYABLE***

The Organization records grants as liabilities upon approval by the Board of Directors. All 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.”***

### ***CONTRIBUTIONS***

Contributions and promises to give are considered available for general 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, 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.

### ***FUNCTIONAL ALLOCATION OF EXPENSES***

The cost of providing the Organization's various programs and supporting services has been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

# MARY'S MEALS USA

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### 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, 2017 from which the summarized financial information was derived.

### RECENT ACCOUNTING PRONOUNCEMENTS

In 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, Presentation of the Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include the presentation of two classes of net assets versus the previously required three. This guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of December 31, 2017 is as follows:

<u>Net Asset Classifications</u>	<u>ASU 2016-14 Classification</u>		<u>Total Net Assets</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
As previously presented:			
Unrestricted	\$ 233,933	\$ -	\$ 233,933
Temporarily Restricted	<u>-</u>	<u>106,993</u>	<u>106,993</u>
Net assets as reclassified	<u>\$ 233,933</u>	<u>\$ 106,993</u>	<u>\$ 340,926</u>

### NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied retrospectively in the year the ASU is first applied. The Organization plans to adopt the new ASU at the required implementation date.

# MARY'S MEALS USA

## NOTES TO FINANCIAL STATEMENTS – (Continued)

### December 31, 2018 And 2017

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In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), to improve the scope and the accounting guidance for contributions received and contributions made. The amendments will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of the Topic, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional which effects the timing of revenue recognition. The ASU is effective for private entities for fiscal years beginning after December 15, 2018. The ASU should be applied on a modified prospective basis, in the first set of financial statements following the effective date the amendments should be applied, to agreements that are either not completed as of the effective date or entered into after the effective date. The Organization plans to adopt the new ASU at the required implementation date.

#### **RECLASSIFICATIONS**

Certain reclassifications were made to the 2017 financial statements to conform to the 2018 presentation.

#### **(3) NET ASSETS**

Net assets with donor restrictions are available for the following purposes at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Program services	\$ <u>      -</u>	<u>\$106,993</u>

Net assets totaling \$2,612,676 were released from restriction in 2018 by incurring expenses which satisfied the restricted purpose.

#### **(4) 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, 2018, 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>2018</u>
Cash and cash equivalents	\$2,792,634
Interest receivable	<u>      1,229</u>
Total financial assets available within one year	<u>\$2,793,863</u>

# MARY'S MEALS USA

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2018 And 2017

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### (5) COMMITMENTS

The Organization leases office space in New Jersey under an operating lease which expired on February 14, 2018. The Organization is currently renting this office space on a month-to-month basis. Rent expense for the years ended December 31, 2018 and 2017 was \$13,130 and \$12,836, respectively.

### (6) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 2, 2019, have been evaluated in the preparation of the financial statements.