

MARY'S MEALS USA

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2021

MARY'S MEALS USA

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1-2
FINANCIAL STATEMENTS	
<i>Statements of Financial Position,</i> December 31, 2021 and 2020	3
<i>Statement of Activities and Changes in Net Assets,</i> Year ended December 31, 2021 with summarized information for 2020	4
<i>Statements of Cash Flows,</i> Years ended December 31, 2021 and 2020	5
<i>Statement of Functional Expenses,</i> Year ended December 31, 2021 with summarized information for 2020	6
<i>Notes to Financial Statements</i>	7

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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 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 11, 2022**

MARY'S MEALS USA

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 3,213,362	\$ 2,361,263
Grants receivable	-	300,000
Accounts receivable and other assets	<u>20,972</u>	<u>18,921</u>
Total assets	<u>\$ 3,234,334</u>	<u>\$ 2,680,184</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 107,085	\$ 98,201
Grants payable	<u>2,270,000</u>	<u>1,840,000</u>
Total liabilities	<u>2,377,085</u>	<u>1,938,201</u>
NET ASSETS		
Without donor restrictions	843,294	696,663
With donor restrictions (<i>Note 3</i>)	<u>13,955</u>	<u>45,320</u>
Total net assets	<u>857,249</u>	<u>741,983</u>
Total liabilities and net assets	<u>\$ 3,234,334</u>	<u>\$ 2,680,184</u>

MARY'S MEALS USA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2021 With Summarized Information For 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
Revenue and Other Support				
Contributions and support	\$ 7,408,133	\$ 2,175,594	\$ 9,583,727	\$ 8,713,072
Government grants	200,000	-	200,000	500,000
Other income	630	-	630	2,908
Net assets released from restriction <i>(Note 3)</i>	<u>2,206,959</u>	<u>(2,206,959)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>9,815,722</u>	<u>(31,365)</u>	<u>9,784,357</u>	<u>9,215,980</u>
Expenses				
Program	8,961,908	-	8,961,908	8,490,029
Management and general	404,154	-	404,154	433,322
Fundraising	<u>303,029</u>	<u>-</u>	<u>303,029</u>	<u>167,565</u>
Total expenses	<u>9,669,091</u>	<u>-</u>	<u>9,669,091</u>	<u>9,090,916</u>
CHANGE IN NET ASSETS	146,631	(31,365)	115,266	125,064
Net Assets				
Beginning of year	<u>696,663</u>	<u>45,320</u>	<u>741,983</u>	<u>616,919</u>
End of year	<u>\$ 843,294</u>	<u>\$ 13,955</u>	<u>\$ 857,249</u>	<u>\$ 741,983</u>

MARY'S MEALS USA

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 115,266	\$ 125,064
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
(Increase) decrease in		
Accounts receivable and other assets	(2,051)	(2,003)
Grants receivable	300,000	(300,000)
Increase in		
Accounts payable and accrued expenses	8,884	20,350
Grants payable	<u>430,000</u>	<u>324,449</u>
Net cash provided by operating activities	<u>852,099</u>	<u>167,860</u>
Net increase in cash and cash equivalents	852,099	167,860
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,361,263</u>	<u>2,193,403</u>
End of year	<u>\$3,213,362</u>	<u>\$2,361,263</u>

MARY'S MEALS USA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021 With Summarized Information For 2020

	2021						
	<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>	<u>2020</u>
Salaries, taxes, & benefits	\$ -	\$ 790,019	\$ 790,019	\$ 336,275	\$ 173,809	\$ 1,300,103	\$ 1,086,087
Grants	8,044,332	-	8,044,332	-	-	8,044,332	7,722,249
Professional fees	-	43,671	43,671	28,295	9,608	81,574	44,826
Occupancy	-	2,331	2,331	13,559	2,096	17,986	18,027
Transportation and travel	-	4,777	4,777	658	1,288	6,723	7,583
Office, IT and telephone	-	21,124	21,124	18,010	5,783	44,917	55,599
Printing, postage and promotion	-	48,984	48,984	-	18,166	67,150	73,347
Miscellaneous	-	6,670	6,670	7,357	92,279	106,306	83,198
Total expenses - 2021	<u>\$ 8,044,332</u>	<u>\$ 917,576</u>	<u>\$ 8,961,908</u>	<u>\$ 404,154</u>	<u>\$ 303,029</u>	<u>\$ 9,669,091</u>	
Total expenses - 2020	<u>\$ 7,722,249</u>	<u>\$ 767,780</u>	<u>\$ 8,490,029</u>	<u>\$ 433,322</u>	<u>\$ 167,565</u>		<u>\$ 9,090,916</u>

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 And 2020

(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 (2018 - 2020) or expected to be taken in the Organization's 2021 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, 2021 And 2020

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, 2021, and 2020, all fixed assets in use were fully depreciated.

GRANTS RECEIVABLE

Grants and contracts receivable consist of grants from government agencies. At December 31, 2020, 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 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.

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.

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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

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, 2020 from which the summarized financial information was derived.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Organization plans to adopt the new ASU at the required implementation date.

(3) NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Program services	<u>\$13,955</u>	<u>\$45,320</u>

Net assets totaling \$2,206,959 were released from restriction in 2021 by incurring expenses which satisfied the restricted purpose.

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(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, 2021 and 2020, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,213,362	\$ 2,361,263
Grants receivable	-	300,000
Interest receivable	<u>30</u>	<u>17</u>
Total financial assets available within one year	<u>\$ 3,213,392</u>	<u>\$ 2,661,280</u>

(5) COMMITMENTS

The Organization leases office space in New Jersey under an operating lease which expired on March 31, 2022. The Organization continues to rent the space on a month-to-month basis thereafter. Rent expense for the years ended December 31, 2021 and 2020 was \$14,034 and \$13,641, respectively.

Future minimum rental commitments under this lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	<u>\$3,530</u>

(6) 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, 2021 and 2020, respectively, the Organization contributed \$24,229 and \$20,534 on behalf of the employees to the plan.

(7) CONTINGENCY

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern". This outbreak has affected virtually every industry and has created volatility in the stock markets throughout the world. Many federal and state governments have implemented numerous restrictions, mandated various closures and quarantine requirements in connection with the COVID-19 outbreak. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on the Organization's funders, donors, employees and vendors, all of which are uncertain and cannot be predicted.

MARY'S MEALS USA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(8) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 11, 2022, have been evaluated in the preparation of the financial statements.