



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors,  
Mercy Center Foundation (U.S.A),  
P. O. Box 647, Laurel Maryland.

We have reviewed the accompanying financial statements of MERCY CENTER FOUNDATIONS (a nonprofit organization), which comprise the statement of financial position as of JULY 31<sup>st</sup> 2018 , and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

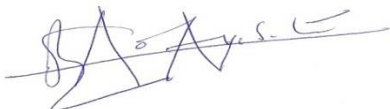
### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of A Matter**

During our review it came to our attention that Mercy Center Foundation needed to address their bookkeeping processes to ensure a much easier process of reporting assets obtained and expense incurred. This has been communicated to management. This matter does in no way affect our stated opinion in the preceding paragraph.

ARCHER SMITH LP

A handwritten signature in blue ink, appearing to read "Anan Ayibotele", written over a horizontal line.

Anan Ayibotele, CPA,  
Boonsboro, Maryland  
FEBRUARY 25<sup>th</sup> 2018

**MERCY CENTER FOUNDATION**  
**INDEPENDENT REVIEWED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JULY 31<sup>ST</sup> 2018**

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# MERCY CENTER FOUNDATION

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**MERCY CENTER FOUNDATION USA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JULY 31ST 2018**

**ASSETS**

	<u><b>2018</b></u>
<b>ASSETS</b>	
Cash	\$ 31,729
Accounts Recievable	
Prepaid expenses	
Property and equipment	\$ 1,821
Less: Accumulated depreciation	\$ 1,821
<b>TOTAL ASSETS</b>	<u><u>\$ 31,729</u></u>
<b>LIABILITIES</b>	<u><u>                    </u></u>
Net assets increase	\$ (7,736)
Fund balance prior year	\$ 39,465
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 31,729</u></u>

The Accompanying Notes to Financial statements are an integral part of these Financial Statements.

**MERCY CENTER FOUNDATION USA, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR YEAR ENDED JULY 31, 2018**

**2018**

<b>CONTRIBUTIONS AND OTHER INCOME</b>	
Faith Based Contributions	\$ 36,974
Corporate Trust and Grants	\$ 14,038
Special Events(5K Race)	\$ 14,500
Special Events(half marathon)	\$ 15,000
Individual contributions	\$ 12,632
Interest Income	
Mercy Scholarship fund	
<b>TOTAL CONTRIBUTIONS AND REVENUE</b>	<b>\$ 93,144</b>

**EXPENSES**

Program service Expense	\$ 90,409
Fundraising Expense	\$ 5,770
Management and General	\$ 4,457
Other adjustments	
<b>TOTAL EXPENSE</b>	<b>\$ 100,636</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (7,492)</b>

**MERCY CENTER FOUNDATION USA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JULY 31, 2018**

**Cash Flows From Operating Activities:**

Net income	(7,492)
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in accounts receivable	
Decrease in prepaid expense	
Increase in accounts payable	
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Net cash provided by operating activities	\$ (7,492)

**Cash Flows From Investing Activities:**

Purchase of new Plant and Equipment	\$ -
Sale of Investment	-
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Net cash provided by Investing activities	-

**Cash Flows From Financing Activities:**

Issuance of common stock	-
Payment of cash dividend	-
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Net cash provided by financing activities	-
Net increase / Decrease in cash	(7,492)
Cash, July 31, 2017	39,465
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Cash, July 31, 2018	31,972

The Accompanying Notes to Financial statements are an integral part of these Financial Statements

## NOTE 1—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

### Nature of Activities

An organization dedicated to meet the needs of the people in the Lare region of Kenya. Lare is a rural community in the rift valley region of Kenya with scarce resources to public infrastructure. The mission of (MCF USA) is to alleviate poverty within the region through self sustaining growth development projects. It is committed to providing humanitarian assistance to affordable clean water such as wells and bore holes, health care through the establishment of clinics, education with the development of a civic centre, and financial assistance through micro-finance initiatives.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

### Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.



For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTE A- TEMPORARILY RESTRICTED NET ASSETS

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of event specified by the donor were as follows:

• The Orange Crimson Holding corp.	\$	25,000
• Talitha Cumi Foundation Inc.	\$	12,000
• Commissioned by Christ	\$	26,441
• Catherine M. O'Brien	\$	8,500
	Total:	\$ <u>71,941</u>

All restricted donations were spent as of July 31, 2018.