



## INDEPENDENT AUDITORS REPORT

To the Board of Directors,  
Mercy Center Foundation Inc.  
Silver Spring Maryland.

We have audited the accompanying financial statement of Mercy Center Foundation Inc. (a nonprofit organization), which comprise the statements of financial position as of JULY 31, 2017 , and the related statements of activities and cash flows 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.

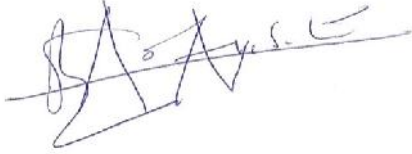
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 Mercy Center Foundation Inc. as of July 31st, 2017 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.

A handwritten signature in blue ink, appearing to read "Anan Ayibotele". The signature is stylized and somewhat cursive, with a horizontal line extending to the right.

Anan Ayibotele, CPA  
Boonsboro, Maryland  
SEPTEMBER 25<sup>TH</sup>, 2017

**MERCY CENTER FOUNDATION**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JULY 31<sup>ST</sup> 2017**

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# MERCY CENTER FOUNDATION

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**MERCY CENTER FOUNDATION USA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JULY 31ST 2017**

**ASSETS**

<b>ASSETS</b>	<u><b>2017</b></u>
Cash	\$ 39,465
Accounts Recievable	\$ 4,043
Prepaid expenses	
Property and equipment	\$ 1,821
Less: Accumulated depreciation	\$ 1,821
<b>TOTAL ASSETS</b>	<u><u>\$ 43,508</u></u>

**LIABILITIES**

	<u><u>\$</u></u>
Net assets increase	\$ 12,905
Fund balance prior year	\$ 30,603
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 43,508</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, 2017**

2017

<b>CONTRIBUTIONS AND OTHER INCOME</b>	
Faith Based Contributions	\$ 50,129
Corporate Trust and Grants	\$ 61,600
Special Events	\$ 12,495
Individual contributions	\$ 23,885
Interest Income	\$ -
Mercy Scholarship fund	\$ 500
<b>TOTAL CONTRIBUTIONS AND REVENUE</b>	<u>\$ 148,610</u>

**EXPENSES**

Program service Expense	\$ 123,100
Fundraising Expense	\$ 1,248
Management and General	\$ 2,546
Other adjustments	\$ 8,810
<b>TOTAL EXPENSE</b>	<u>\$ 135,704</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 12,905</u>

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

**MERCY CENTER FOUNDATION USA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JULY 31, 2017**

**Cash Flows From Operating Activities:**

Net income	12,905
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in accounts receivable	(4,043)
Decrease in prepaid expense	
Increase in accounts payable	
<hr/>	
Net cash provided by operating activities	\$ 8,862

**Cash Flows From Investing Activities:**

Purchase of new Plant and Equipment	\$ -
Sale of Investment	-
<hr/>	
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	8,862
Cash, July 31, 2016	30,603
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Cash, July 31, 2017	39,465

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.



### Cash and Cash Equivalents

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.	\$	50,000
Franklin P and Arthur W. Perdue Foundation, Inc.	\$	6,000
St Luke Catholic Church	\$	11,128
Commissioned by Christ	\$	17,150
Patrick Lynch	\$	8,500
Kathleen Ausley	\$	10,000
Total:	\$	<u>102,778</u>

All restricted donations were spent as of July 31, 2017.

### Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 25<sup>th</sup>, 2017, the date which the financial statements were available to be issued.