



INDEPENDENT ACCOUNTANT’S REVIEW REPORT

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

We have reviewed the accompanying financial statements of MERCY CENTER FOUNDATION USA Inc. (a nonprofit organization), which comprise the statement of financial position as of JULY 31st 2019 , 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.

ARCHER SMTIH LP

Anan Ayibotele, CPA,
Boonsboro, Maryland
JANUARY 29TH 2020

MERCY CENTER FOUNDATION USA Inc
INDEPENDENT REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JULY 31ST 2019

MERCY CENTER FOUNDATION USA Inc.

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
INDEPENDENT ACCOUNTANT REVIEWED REPORT.....	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows.....	4
Statement of Functional Expense	5
NOTES TO FINANCIAL STATEMENTS	6-7

MERCY CENTER FOUNDATION USA, INC.
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JULY 31, 2019 & 2018

	<u>2019</u>	<u>2018</u>
CONTRIBUTIONS AND OTHER INCOME		
Faith Based Contributions	\$ -	\$ 36,974
Corporate Trust and Grants	\$ -	\$ 14,038
Special Events(5K Race)	\$ 20,550	\$ 14,500
Special Events(Half Marathon)	\$ 20,000	\$ 15,000
Individual Contributions	\$ 62,480	\$ 12,632
Other Refund	\$ (450)	
Mercy Scholarship Fund		
TOTAL CONTRIBUTIONS AND REVENUE	\$ 102,580	\$ 93,144
EXPENSES		
Program Expense	\$ 128,433	\$ 90,409
Fundraising Expense	\$ 3,145	\$ 5,770
Management & General and Other	\$ 2,013	\$ 4,457
TOTAL EXPENSES	\$ 133,591	\$ 100,636
CHANGE IN NET ASSETS	\$ (31,011)	\$ (7,492)

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 YEARS ENDED JULY 31, 2019,2018

	<u>2019</u>	<u>2018</u>
<u>Cash Flows From Operating Activities:</u>		
Net income	(31,011)	(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		
<u>Net cash provided by operating activities</u>	<u>\$ (31,011)</u>	<u>(7,492)</u>
 <u>Cash Flows From Investing Activities:</u>		
Purchase of New Plant and Equipment		
Sale of Investment		
<u>Net cash provided by Investing activities</u>		
 <u>Cash Flows From Financing Activities:</u>		
Issuance of common stock adjustment		
Payment of cash dividend		
<u>Net cash provided by financing activities</u>		
Net decreases in cash	(31,011)	(7,492)
Cash at the beginning of the year	31,973	39,465
<u>Cash at the end of the year</u>	<u>962</u>	<u>31,973</u>

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

MCF USA Inc. is 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 Inc is to alleviate poverty within the region through self-sustaining growth development projects. It is committed to providing humanitarian assistance such as affordable clean water, wells, bore holes, health care through the establishment of clinics as well as education with the development of a civic center and financial assistance through micro-finance initiatives.

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. MCF USA Inc. has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. MCF USA Inc. has applied this ASU retroactively to all periods presented. The implementation had no impact on previously reported net assets.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following

Total Financial Assets:

Funds	<u>2019</u>	<u>2018</u>
Capital One Bank	\$ 962	\$ 31,973
Total	\$ 962	\$ 31,973

MCF USA Inc. receives significant unrestricted contributions by donors and considers contributions for programs which are ongoing, major and central to its annual operations to be available to meet the cash needs for general expenditures. It manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

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

Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles and 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

MCF USA Inc. 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.

Income Taxes

MCF USA Inc. 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.

Prior Year Adjustment

As per the note in the 2018 review report with regards to emphasis on a matter, a \$244 change of the fund balance was made, MCF USA Inc. noted that the amount was immaterial. No restatement of the 2018 financials were made.

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.