

MERCY CENTER FOUNDATION USA, INC.

**Financial Statements and
Independent Accountants' Report**

**For the Fiscal Year Ended
July 31, 2022**

MERCY CENTER FOUNDATION USA, INC.

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INDEPENDENT ACCOUNTANTS' REPORT

Certified Public Accountants

To the Board of Directors

Mercy Center Foundation USA, Inc.
1500 35th Street, NW
Washington, DC 20007

We have reviewed the accompanying financial statements of Mercy Center Foundation USA, Inc. (a nonprofit organization) which comprise the accrual basis statement of assets, liabilities, and net assets as of July 31, 2022, and the related statement of support, revenue, expenditures, and changes in net assets, statement of cash flows, and statement of functional expenses for the fiscal 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 about 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 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.

Accountants' 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 the accrual basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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

A handwritten signature in blue ink that reads "ASK Int'l Inc".

Ask International, Inc.
Chantilly, VA
November 10, 2022

Mercy Center Foundation USA, Inc.

Statement of Financial Position For the Fiscal Year Ended July 31, 2022

<u>Assets</u>	
Current Assets	
Cash and Cash Equivalents	\$ 301,707
Total Current Assets	301,707
Fixed Assets	
Computer Equipment	1,822
Accumulated Depreciation	(1,822)
Net Fixed Assets	0
Total Assets	\$ 301,707
 <u>Liabilities & Net Assets</u>	
Net Assets	
Without Donor Restrictions	286,707
With Donor Restrictions	15,000
Total Net Assets	301,707
Total Liabilities & Net Assets	\$ 301,707

See the independent auditor's report and accompanying notes to the financial statements.

Mercy Center Foundation USA, Inc.

Statement of Activities & Net Assets For the Fiscal Year Ended July 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Donation Income	\$ 545,933	\$ 0	\$ 545,933
Grant Income	1,023	15,000	16,023
Program Income	34,827	0	34,827
Total Revenue	581,783	15,000	596,783
Expenses			
Scholarship and Grant Expenses	23,200	9,000	32,200
Management and General Expenses	1,967	0	1,967
Program Services	289,300	0	289,300
Special Events and Activities	2,869	0	2,869
Total Expenses	317,336	9,000	326,336
Change in Net Assets	264,447	6,000	270,447
Net Assets, Beginning of Year	22,261	9,000	31,261
Net Assets, End of Year	\$ 286,707	\$ 15,000	\$ 301,707

See the independent auditor's report and accompanying notes to the financial statements.

Mercy Center Foundation USA, Inc.

Statement of Cash Flows For the Fiscal Year Ended July 31, 2022

OPERATING ACTIVITIES	
Change in Net Assets	\$ 270,447
Adjustments to reconcile Net Income to net cash provided by operations:	0
Net cash provided by Operating Activities	<u>270,447</u>
 The net change in Cash & Equivalents	 270,447
 Cash & Equivalents, Beginning of Year	 31,261
Cash & Equivalents, End of Year	<u><u>\$ 301,707</u></u>

See the independent auditor's report and accompanying notes to the financial statements.

Mercy Center Foundation USA, Inc.

Statement of Functional Expense For the Fiscal Year Ended July 31, 2022

Functional Expense	Scholarships and Grants	Management and General Expenses	Program Services	Special Events and Activities	Total
Accounting Fees	\$ 0	\$ 572	\$ 0	\$ 0	\$ 572
Audit Fees	0	850	0	0	850
Capital - Vehicles	0	0	108,000	0	108,000
Capital/Building	0	0	110,000	0	110,000
Classroom Project	0	0	28,000	0	28,000
Financial Service Fees	0	545	0	0	545
Lare Acacia Fund	32,200	0	0	0	32,200
Moonshot Jr STEM Program	0	0	4,000	0	4,000
Operations	0	0	16,800	0	16,800
Solar Project	0	0	22,500	0	22,500
Special Events & Activities-Races	0	0	0	2,869	2,869
Total Expenses	\$ 32,200	\$ 1,967	\$ 289,300	\$ 2,869	\$ 326,336

See the independent auditor's report and accompanying notes to the financial statements.

Mercy Center Foundation USA, Inc.

Notes to Financial Statements For the Fiscal Year Ended July 31, 2022

NOTE 1: Description of the Organization

The Mercy Center Foundation USA, Inc. (MCF USA) is an organization dedicated to meeting 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 for 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 such as affordable clean water, wells, boreholes, and health care through the establishment of clinics as well as education with the development of the civic center and financial assistance through micro-finance initiatives.

NOTE 2: Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of MCF USA have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles promulgated in the United States of America (US GAAP) for Not for Profit Organizations.. Revenue is recorded when earned, not necessarily when received and expenses are recorded when incurred, not necessarily when paid. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Cash & Cash Equivalents

MCF USA considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, MCF USA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Contributions

MCF USA receives significant unrestricted contributions from donors and considers contributions for programs that are ongoing, major, and central to its annual operations to be available to meet 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.

The classification of MCF USA's net assets and its support, revenue, and expenditures is based on the existence, or absence, of donor-imposed restrictions. It requires that the amounts for each

of the two classes of net assets, with donor restrictions and without donor restrictions, be displayed in a statement of assets, liabilities, and net assets.

The two classes that comprise Net Assets are defined as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organizations management and the board of directors.

Net assets with donor restrictions: Net assets are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Income Taxes

MCF USA is exempt from income taxes under section 501 (c) (3) of the Internal Revenue Code. The MCF has no unrelated business taxable income. MCF USA has adopted the guidance under ASC Topic 740, Income Taxes, and management has evaluated MCF USA's tax positions and concluded that MCF USA has taken no uncertain tax provisions that would require adjustment to or disclosure in, the financial statements to comply with the provisions of this guidance.

NOTE 3: Availability and Liquidity

The following represents financial assets at July 31, 2022.

Cash and cash equivalents	<u>\$ 301,907.41</u>
Total financial assets	301,907.41
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(15,000.00)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 286,707.41</u>

MCF USA maintains one checking account with Capital One Bank for operating funds which are without donor restrictions and for Scholarship Fund, which is with donor restrictions.

NOTE 4: Net Assets with Donor Restrictions

Net assets with donor restrictions FY 2022 include \$ 15,000.00 for Bio-sanitation toilets from CPPS Heritage Mission Fund, which need to be installed by August 2023.

Net assets with donor restrictions on July 31, 2022, are available for the following purposes or periods:

Scholarship and Grant Income	\$ 15,000
Less Total Scholarship and Grant Expenses	(9,000)
Net Assets, beginning of the period	9,000
Total net assets with donor restrictions	\$ 15,000