

MEDS & FOOD FOR KIDS

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

MEDS & FOOD FOR KIDS

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Fick, Eggemeyer & Williamson

Certified Public Accountants, PC


MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Meds & Food for Kids

We have audited the accompanying financial statements of Meds & Food for Kids (a non-profit corporation), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and cash flows for the year 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.

Auditors' 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 of 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 Meds & Food for Kids as of September 30, 2018, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Fick, Eggemeyer & Williamson, CPA's
St. Louis, Missouri
February 1, 2019

MEDS & FOOD FOR KIDS
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	3,061,640
Certificates of deposit		2,035,000
Investments		7,105
Accounts receivable		333,682
Container fees receivable		274,766
Inventory		1,058,315
Deposit on equipment		916,884
Prepaid expenses		54,621
Total current assets		7,742,013

NONCURRENT ASSETS

Fixed Assets		4,634,969
Accumulated depreciation		(1,886,446)
Total non current assets		2,748,523

Total assets	\$	10,490,536
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	25,163
Other liabilities		122,795
Deferred Revenue		59,482
Total current liabilities		207,440

NONCURRENT LIABILITIES

None		-
Total liabilities		207,440

NET ASSETS

Unrestricted		10,206,800
Temporarily restricted		76,296
Permanently restricted		-
Total net assets		10,283,096

Total liabilities and net assets	\$	10,490,536
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See accompanying notes and independent auditors' report

MEDS & FOOD FOR KIDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions (non-Gala)	\$ 685,462	\$ -	\$ -	\$ 685,462
Grants	-	938,624	-	938,624
Mamba sales	2,345,786	-	-	2,345,786
Gala income	508,978	-	-	508,978
Other income	2,210	-	-	2,210
Non-cash contributions	5,621	-	-	5,621
	<u>3,548,057</u>	<u>938,624</u>	<u>-</u>	<u>4,486,681</u>
Total support, revenue and fundraising				
Net assets released from restrictions	<u>862,328</u>	<u>(862,328)</u>	<u>-</u>	<u>-</u>
Total	4,410,385	76,296	-	4,486,681
Program expenses				
Project expenses	<u>2,860,861</u>	<u>-</u>	<u>-</u>	<u>2,860,861</u>
Total program expenses	<u>2,860,861</u>	<u>-</u>	<u>-</u>	<u>2,860,861</u>
Support expenses				
General and administration	192,091	-	-	192,091
Fundraising	<u>162,555</u>	<u>-</u>	<u>-</u>	<u>162,555</u>
Total support expenses	<u>354,646</u>	<u>-</u>	<u>-</u>	<u>354,646</u>
Total expenses	<u>3,215,507</u>	<u>-</u>	<u>-</u>	<u>3,215,507</u>
Changes in net assets from operations	1,194,878	76,296	-	1,271,174
INVESTMENT ACTIVITIES				
Dividend and interest income	25,123	-	-	25,123
Unrealized gain/(loss) on securities	<u>537</u>	<u>-</u>	<u>-</u>	<u>537</u>
Total investment activities	<u>25,660</u>	<u>-</u>	<u>-</u>	<u>25,660</u>
Change in net assets	1,220,538	76,296	-	1,296,834
Net assets - beginning of period	<u>8,986,262</u>	<u>-</u>	<u>-</u>	<u>8,986,262</u>
Net assets - end of period	<u>\$ 10,206,800</u>	<u>\$ 76,296</u>	<u>\$ -</u>	<u>\$ 10,283,096</u>

See accompanying notes and independent auditors' report

MEDS & FOOD FOR KIDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 1,296,834
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	206,217
Net unrealized (gain) loss on investments	(537)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	687,607
(Increase) decrease in container fees receivable	951,329
(Increase) decrease in inventory	57,711
(Increase) decrease in deposit on equipment	9,185
(Increase) decrease in prepaid expenses	(11,158)
Increase (decrease) in accounts payable	(152,390)
Increase (decrease) in other liabilities	122,292
Increase (decrease) in unearned revenue	59,482
Net cash provided by (used in) operating activities	<u>3,226,572</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificates of deposit	(245,000)
Purchase of securities	(6,568)
Purchase of property and equipment	<u>(644,478)</u>
Net cash provided by (used in) investing activities	<u>(896,046)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
None	<u>-</u>
Net cash provided by (used in) financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>2,330,526</u>
Cash and cash equivalents - beginning of period	<u>731,114</u>
Cash and cash equivalents - end of period	<u><u>\$ 3,061,640</u></u>

See accompanying notes and independent auditors' report

MEDS & FOOD FOR KIDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Meds & Food for Kids (“the Organization”) was incorporated on June 15, 2004 as a nonprofit corporation in the state of Missouri. The Organization is dedicated to saving the lives of children dying of malnutrition in Haiti and other developing countries by providing children with medical services, education, and a peanut butter product fortified with nutritional supplements (Mamba) that restores them to health within the family setting.

The majority of the Organization’s support is generated by cash and non-cash donations from the general public and corporations.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with auditing standards generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Organization adopted the provisions of Accounting for Uncertainty in Income Taxes on January 1, 2011. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of September 30, 2018, no amounts have been recognized for uncertain tax positions. The Organization’s tax returns filed prior to 2015 are closed.

Fixed Assets and Depreciation

Fixed assets are recorded at cost or, in the case of donated property, at their estimated fair market value at the date of the donation. Depreciation of fixed assets is provided over the estimated useful lives of the respective assets on a straight-line basis. Fixed assets are depreciated over useful lives ranging from three to twenty years.

Expenditures for repairs and maintenance are charged to operating expense as incurred. The cost of assets sold or returned and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gains or losses are included in operations.

MEDS & FOOD FOR KIDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Meds & Food for Kids, Inc. considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for financial statement purposes.

Certificates of Deposit

Certificates of deposit held at banks with original maturities in excess of three months are reported at cost, which approximates fair market value, and are not considered cash equivalents.

Receivables

All receivables are recorded at cost, and the Organization considers all accounts receivable to be fully collectable. As a result, the allowance for doubtful accounts for accounts receivables as of September 30, 2018 is \$0. The Organization pays refundable container fees to the Haitian government for materials shipped into Haiti. Subsequent to fiscal year-end, nearly all container fees receivable were refunded to the organization. As a result, the allowance for doubtful accounts for container fees receivable as of September 30, 2018 is \$0.

Basis of Presentation

The Organization's financial statement presentation complies with the recommendations of the *Financial Statements of Not-for-Profit Organizations*. Under *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets - represent resources over which the Board of Directors has unlimited discretionary control to carry out the activities of the Organization in accordance with the Articles of Incorporation and By-Laws.

Temporarily Restricted Net Assets - represent resources whose use is limited by donor-imposed restrictions that will be met either by actions of the Organization or by the passage of time.

Permanently Restricted Net Assets - are subject to donor-imposed stipulations that the net assets be retained and invested permanently. The Organization presently has no permanently restricted net assets.

MEDS & FOOD FOR KIDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Promises to Give

Contributions and grants are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions or grants are recognized. All other donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Non-cash contributions

Non-cash contributions are recorded at fair value on the date of donation. Donated services are recorded at fair value if those services require specialized skill or would otherwise need to be purchased.

Donated Services

A number of individuals volunteered their time and performed a variety of tasks that assisted the Organization with program services. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under accounting standards described in *Accounting For Contributions Received and Contributions Made*.

NOTE 2 - OPERATING LEASES

The Organization entered into a lease agreement for building space in Haiti in June 2017. The lease expires in June 2019 and provides for total remaining payments of \$6,500, as of September 30, 2018.

MEDS & FOOD FOR KIDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash in six different bank accounts located in Haiti. Those balances as of September 30, 2018 totaled \$519,822, and none of the accounts were insured by depository insurance. The Organization also maintains deposits with Bank of America and Commerce bank of \$804,565 and \$1,658,628, respectively, as of September 30, 2018. The total cash balances at both banks were in excess of the federally insured limit of \$250,000 per depositor.

NOTE 4 - FIXED ASSETS AND DEPRECIATION

A summary of fixed assets as of September 30, 2018 follows:

Equipment	\$ 1,121,029
Vehicles	227,874
Buildings	3,135,839
Furniture	<u>30,292</u>
Total Depreciable property	4,515,034
Accumulated depreciation	(1,886,446)
Land	<u>119,935</u>
Total Property and equipment	<u>\$ 2,748,523</u>

Depreciation policies are disclosed in Note 1. Depreciation expense for the year ended September 30, 2018 was \$206,217.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

As of September 30, 2018, temporarily restricted net assets consisted of the following:

Grand Challenges Canada Grant	<u>\$ 76,296</u>
Total	<u>\$ 76,296</u>

NOTE 6- SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 1, 2019, the date which the financial statements were available for issue, and noted no reportable events.

MEDS & FOOD FOR KIDS
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Project expenses	General and Administration	Fundraising	Total
Automobile	\$ 35,409	\$ -	\$ -	\$ 35,409
Depreciation	185,595	20,622	-	206,217
Expatriate expenses	29,298	-	-	29,298
Insurance	38,653	12,884	-	51,537
Mamba production	1,620,228	-	-	1,620,228
Marketing	14,436	9,624	72,182	96,243
Office supplies	8,860	5,106	432	14,398
Postage and shipping	229,288	2,132	-	231,420
Power generation	7,822	-	-	7,822
Professional fees	48,915	13,340	26,681	88,936
Other expenses	29,357	9,786	-	39,143
Repairs and maintenance	10,643	-	-	10,643
Rent	6,502	-	-	6,502
Salaries and payroll taxes	455,253	114,083	63,260	632,596
Telephone	11,095	4,513	-	15,608
Travel and meetings	129,507	-	-	129,507
TOTAL	<u>\$ 2,860,861</u>	<u>\$ 192,091</u>	<u>\$ 162,555</u>	<u>\$ 3,215,507</u>

See accompanying notes and independent auditors' report