

**MEDS & FOOD FOR KIDS**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

MEDS & FOOD FOR KIDS

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# *Fick, Eggemeyer & Williamson*

Certified Public Accountants, PC



MEMBERS OF THE  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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## 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, 2015, 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, 2015, 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.

***Other-Matter***

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*

Fick, Eggemeyer & Williamson, CPA's

St. Louis, Missouri

February 22, 2016

MEDS & FOOD FOR KIDS  
STATEMENT OF FINANCIAL POSITION

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September 30, 2015

ASSETS

Cash and cash equivalents	\$	1,576,203
Accounts receivable		648,513
Container fees receivable		328,643
Inventory		838,449
Prepaid expenses		54,014
Total current assets		3,445,822
NON-CURRENT ASSETS		
Property and equipment		
(Net of accumulated depreciation) - note 4		2,619,799
Total non-current assets		2,619,799
Total assets	\$	6,065,621

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$	74,286
Other liabilities		2,836
Unearned revenue		100,000
Deposit on land sale		105,000
Total current liabilities		282,122
NON-CURRENT LIABILITIES		
Notes payable - note 6		-
Total non-current liabilities		-
Total liabilities		282,122
Net assets		
Unrestricted		5,783,499
Temporarily restricted		-
Permanently restricted		-
Total net assets		5,783,499
Total liabilities and net assets	\$	6,065,621

See accompanying notes and independent auditors' report

MEDS & FOOD FOR KIDS  
STATEMENT OF ACTIVITIES

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For the year ended September 30,

2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue (fundraising)				
Contributions (non Gala)	\$ 417,619	\$ 238,824	\$ -	\$ 656,443
Grants	-	271,775	-	271,775
Mamba sales	2,646,907	-	-	2,646,907
Gala income	453,526	-	-	453,526
Interest income	772	-	-	772
Other income	1,767	-	-	1,767
Non-cash contributions	6,236	-	-	6,236
Total support and revenue (fundraising)	<u>3,526,827</u>	<u>510,599</u>	<u>-</u>	<u>4,037,426</u>
Net assets released from restrictions	<u>567,259</u>	<u>(567,259)</u>	<u>-</u>	<u>-</u>
Total	4,094,086	(56,660)	-	4,037,426
Program expenses				
Project expenses	<u>2,800,332</u>	<u>-</u>	<u>-</u>	<u>2,800,332</u>
Total program expenses	<u>2,800,332</u>	<u>-</u>	<u>-</u>	<u>2,800,332</u>
Support expenses				
General and administration	234,379	-	-	234,379
Fundraising	<u>181,105</u>	<u>-</u>	<u>-</u>	<u>181,105</u>
Total support expenses	<u>415,485</u>	<u>-</u>	<u>-</u>	<u>415,485</u>
Total expenses	<u>3,215,817</u>	<u>-</u>	<u>-</u>	<u>3,215,817</u>
Changes in net assets	878,269	(56,660)	-	821,609
Net assets, beginning of period	<u>4,905,230</u>	<u>56,660</u>	<u>-</u>	<u>4,961,890</u>
Net assets, end of period	<u>\$ 5,783,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,783,499</u>

See accompanying notes and independent auditors' report

MEDS & FOOD FOR KIDS  
STATEMENT OF CASH FLOWS

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For the year ended September 30,	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Changes in net assets	\$ 821,609
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	309,723
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(565,546)
(Increase) decrease in grants receivable	12,506
(Increase) decrease in container anticipation fees receivable	(248,676)
(Increase) decrease in other receivable	7,769
(Increase) decrease in inventory	(95,703)
(Increase) decrease in prepaid expenses	(12,081)
Increase (decrease) in accounts payable	31,263
Increase (decrease) in other liabilities	2,570
Increase (decrease) in interest payable	(37,014)
Increase (decrease) in unearned revenue	(32,043)
Increase (decrease) in deposit on land sale	<u>105,000</u>
Net cash provided by (used in) operating activities	<u>299,377</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	<u>(106,353)</u>
Net cash provided by (used in) investing activities	<u>(106,353)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on long term debt and debt forgiveness	<u>(732,034)</u>
Net cash provided by (used in) financing activities	<u>(732,034)</u>
Net increase (decrease) in cash and cash equivalents	<u>(539,010)</u>
Cash and cash equivalents - beginning of period	<u>2,115,213</u>
Cash and cash equivalents - end of period	<u>\$ 1,576,203</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>	
Cash paid during the year for interest	\$ 24,706

See accompanying notes and independent auditors' report

MEDS & FOOD FOR KIDS  
NOTES TO FINANCIAL STATEMENTS

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September 30, 2015

**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 both 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, 2015, no amounts have been recognized for uncertain tax positions. The Organization’s tax returns filed prior to 2013 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 of 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

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September 30, 2015

**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.

Receivables

All receivables are recorded at cost, and the Organization considers all receivables to be fully collectable. As a result, the allowance for doubtful accounts as of September 30, 2015 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. The Organization presently has no temporarily restricted net assets.

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.

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.

MEDS & FOOD FOR KIDS  
NOTES TO FINANCIAL STATEMENTS

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September 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 - CONCENTRATION OF CREDIT RISK**

The Organization maintains cash in six different accounts located in Haiti. Those balances as of September 30, 2015 totaled \$481,133, which is not insured by depository insurance.

The Organization held demand deposits with Commerce Bank of \$1,070,581 as of September 30, 2015. The total cash balance at Commerce Bank was in excess of the federally insured limit of \$250,000 per depositor.

**NOTE 3 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 22, 2016, the date which the financial statements were available for issue, and noted no reportable events.

MEDS & FOOD FOR KIDS  
NOTES TO FINANCIAL STATEMENTS

-----  
September 30, 2015

**NOTE 4 - FIXED ASSETS AND DEPRECIATION**

A summary of fixed assets as of September 30, 2015 follows:

Equipment	\$ 941,298
Vehicles	188,302
Buildings	2,322,429
Land improvements	15,047
Furniture	<u>12,240</u>
Depreciable property total	3,479,316
Less: Accumulated depreciation	(1,144,531)
Land	<u>285,014</u>
Total Property and equipment	<u>\$2,619,799</u>

Depreciation policies are disclosed in Note 1. Depreciation expense for the year ended September 30, 2015 was \$309,723.

**NOTE 5 - OPERATING LEASES**

The Organization entered into a lease agreement for building space in Haiti in January 2015. The lease expires in December 2016 and provides for total payments of \$5,460.

The Organization entered into a lease agreement for building space in Haiti in May 2015. The lease expires in May 2016 and provides for total payments of \$3,900.

The Organization entered into a lease agreement for similar building space in Haiti also in May 2015. The lease expires in May 2016 and provides for total payments of \$3,900.

The Organization entered into a lease agreement for building space in Haiti in August 2015. The lease expires in August 2016 and provides for total payments of \$8,820.

**NOTE 6 - NOTES PAYABLE**

On December 5, 2011, the Organization entered into a loan agreement with LGT Venture Philanthropy for \$732,034. The purpose of the loan was to finance factory construction costs in Haiti, and the loan accrues interest at a fixed rate of 6.75%. In April 2015, \$493,210 of principal was paid, and LGT Venture Philanthropy forgave the remaining balance of \$238,824. The balance as of September 30, 2015 was \$0.

MEDS & FOOD FOR KIDS  
SCHEDULE OF FUNCTIONAL EXPENSES

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For the year ended September 30, 2015

	Project expenses	General and Administration	Fundraising	Total
Automobile	\$ 35,072	\$ -	\$ -	\$ 35,072
Depreciation	278,751	30,972	-	309,723
Expatriate expenses	10,974	-	-	10,974
Insurance	4,851	1,617	-	6,468
Interest expense	24,706	-	-	24,706
Loss on currency conversion	-	64,006	-	64,006
Mamba production	1,447,500	-	-	1,447,500
Marketing	30,000	11,904	130,954	172,858
Office supplies	13,346	14,297	753	28,396
Penalties	-	10,028	-	10,028
Postage and shipping	173,955	1,972	104	176,031
Power generation	121,242	-	-	121,242
Professional fees	124,473	24,800	2,756	152,029
Repairs and maintenance	11,771	-	-	11,771
Rent	8,613	-	-	8,613
Salaries and payroll taxes	418,848	51,710	46,539	517,097
Telephone	10,837	5,583	-	16,420
Travel and meetings	85,393	17,490	-	102,883
<b>TOTAL</b>	<b>\$ 2,800,332</b>	<b>\$ 234,379</b>	<b>\$ 181,105</b>	<b>\$ 3,215,817</b>

See accompanying notes and independent auditors' report