

**MEDS & FOOD FOR KIDS**

**AUDITED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020**

## MEDS & FOOD FOR KIDS

### CONTENTS

-----

	<u>Pages</u>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position	1
Statement of Activities	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
Notes to Financial Statements	5-10



***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 nonprofit corporation), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the fiscal 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 auditors' 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, 2020, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Fick, Eggemeyer & Williamson".

Fick, Eggemeyer, & Williamson CPAs  
Saint Louis, Missouri  
March 19, 2021

MEDS & FOOD FOR KIDS  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,191,540
Certificates of deposit	112,000
Accounts receivable, net of allowance for doubtful accounts	544,219
Container fees receivable	1,238,907
Inventory	1,905,891
Prepaid expenses	<u>46,726</u>
Total current assets	<u>6,039,283</u>

NONCURRENT ASSETS

Property and equipment, net of accumulated depreciation	<u>3,927,954</u>
Total noncurrent assets	<u>3,927,954</u>

Total assets	<u><u>\$ 9,967,237</u></u>
--------------	----------------------------

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 33,022
Other liabilities	5,914
Note payable	<u>75,900</u>
Total current liabilities	<u>114,836</u>

NONCURRENT LIABILITIES

None	<u>-</u>
Total liabilities	<u>114,836</u>

NET ASSETS

Without donor restrictions	9,851,401
With donor restrictions	<u>1,000</u>
Total net assets	<u>9,852,401</u>

Total liabilities and net assets	<u><u>\$ 9,967,237</u></u>
----------------------------------	----------------------------

See accompanying notes and independent auditors' report

**MEDS & FOOD FOR KIDS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUE</b>			
Contributions (non-Gala)	\$ 580,096	\$ -	\$ 580,096
Grants	-	265,875	265,875
Mamba sales	3,089,501	-	3,089,501
Gala	241,119	-	241,119
Currency conversion	107,850	-	107,850
Non-cash contributions	2,886	-	2,886
Other	7,788	-	7,788
	<hr/>	<hr/>	<hr/>
Total support and revenue	4,029,240	265,875	4,295,115
 Net assets released from restrictions			
Satisfaction of restrictions	302,932	(302,932)	-
	<hr/>	<hr/>	<hr/>
Total	4,332,172	(37,057)	4,295,115
	<hr/>	<hr/>	<hr/>
<b>PROGRAM EXPENSES</b>			
Program	4,094,612	-	4,094,612
	<hr/>	<hr/>	<hr/>
Total program expenses	4,094,612	-	4,094,612
	<hr/>	<hr/>	<hr/>
Support expenses			
General and administration	164,253	-	164,253
Fundraising	304,299	-	304,299
	<hr/>	<hr/>	<hr/>
Total support expenses	468,552	-	468,552
	<hr/>	<hr/>	<hr/>
Total expenses	4,563,164	-	4,563,164
	<hr/>	<hr/>	<hr/>
Changes in net assets from operations	(230,992)	(37,057)	(268,049)
	<hr/>	<hr/>	<hr/>
<b>INVESTMENT ACTIVITIES</b>			
Unrealized gains (losses)	1	-	1
Interest income	27,880	-	27,880
	<hr/>	<hr/>	<hr/>
Total investment activities	27,881	-	27,881
	<hr/>	<hr/>	<hr/>
Change in net assets	(203,111)	(37,057)	(240,168)
	<hr/>	<hr/>	<hr/>
Net assets - beginning of year	10,054,512	38,057	10,092,569
	<hr/>	<hr/>	<hr/>
Net assets - end of year	\$ 9,851,401	\$ 1,000	\$ 9,852,401
	<hr/>	<hr/>	<hr/>

See accompanying notes and independent auditors' report

**MEDS & FOOD FOR KIDS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Program	General and Administration	Fundraising	Total
Automobile	\$ 16,478	\$ -	\$ -	\$ 16,478
Depreciation	498,676	-	-	498,676
Expatriate	26,998	-	-	26,998
Insurance	56,524	10,839	-	67,363
Mamba production	2,411,561	-	-	2,411,561
Marketing	-	-	120,710	120,710
Office supplies	24,184	18,918	2,135	45,237
Postage and shipping	355,103	1,095	1,710	357,908
Power generation	21,589	-	-	21,589
Professional fees	96,940	58,437	-	155,377
Repairs and maintenance	54,735	-	-	54,735
Rent	13,344	-	-	13,344
Salaries and payroll taxes	417,374	60,276	179,744	657,394
Interest	305	-	-	305
Telephone	7,782	3,955	-	11,737
Travel and meetings	37,226	10,733	-	47,959
Agriculture and nutrition	43,151	-	-	43,151
Other	12,642	-	-	12,642
Total	<u>\$ 4,094,612</u>	<u>\$ 164,253</u>	<u>\$ 304,299</u>	<u>\$ 4,563,164</u>

See accompanying notes and independent auditors' report

MEDS & FOOD FOR KIDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ (240,168)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	498,676
Unrealized (gains) losses on investments	(1)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable, net of allowance for doubtful accounts	140,920
(Increase) decrease in container fees receivable	(507,042)
(Increase) decrease in inventory	(352,622)
(Increase) decrease in prepaid expenses	37,000
Increase (decrease) in accounts payable	(3,313)
Increase (decrease) in other liabilities	<u>3,373</u>
Net cash provided by (used in) operating activities	<u>(423,177)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of certificates of deposit	(112,000)
Redemption of certificates of deposit	2,207,000
Purchases of property and equipment	<u>(336,908)</u>
Net cash provided by (used in) investing activities	<u>1,758,092</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from note payable	<u>75,900</u>
Net cash provided by (used in) financing activities	<u>75,900</u>

Net increase (decrease) in cash and cash equivalents	1,410,815
Cash and cash equivalents - beginning of period	<u>780,725</u>
Cash and cash equivalents - end of period	<u><u>\$ 2,191,540</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid during the year for interest	\$ 305
--	--------



MEDS & FOODS FOR KIDS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**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.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 Organization's management and the board of directors.

Net assets with donor restrictions - Net assets 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 that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

The Organization 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.

MEDS & FOODS FOR KIDS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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

Accounts Receivable

Accounts receivable are recorded at cost. An allowance for doubtful accounts has been established based on historical experience, coupled with a review of the status of existing receivables. As of September 30, 2020, an allowance has been established for \$98,529.

Inventory

Inventories, which consist primarily of raw materials and finished products, are valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Donated items are recorded at estimated fair value at the date of donation. Provisions are recorded to reduce inventory for obsolete or slow-moving inventory based on assumptions about future demand, the impact of new product introductions, inventory levels and turns, product spoilage, and specific identification of items, such as product discontinuance. As of September 30, 2020, no provisions have been established by management to reduce inventory.

Investments

The Organization has adopted "Accounting for Certain Investments Held by Non-Profit Organizations." Under the standard, investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Property and Equipment

Property and equipment 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 property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Currently, assets are depreciated over useful lives ranging from three to twenty years. Expenditures for repairs and maintenance are charged to operating expense as incurred. Depreciation expense for the fiscal year ended September 30, 2020 was \$498,676.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. For fiscal year 2020, advertising expense was \$120,710.

Non-cash contributions

The Organization receives donations of products from various sources. When such products are received, the fair market value is recorded in the financial statements at the time of the donation.

Contributed Services

The Organization receives a significant amount of contributed services from various unpaid volunteers. When such services represent specialized skills that would be otherwise purchased and the value of the services can be readily ascertained, those values are recorded as contributed services and charged to the appropriate expense category in the financial statements. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

MEDS & FOODS FOR KIDS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction, depending on the nature of the restriction, is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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, 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.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's program services and support services. Nonoperating activities are limited to resources that generate a return on investments and other activities considered to be of a more unusual or nonrecurring nature.

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, 2020, no amounts have been recognized for uncertain tax positions. The Organization's tax returns for fiscal year 2017 and prior are now closed.

**Note 2 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing programs and other activities have been summarized on a functional basis in the statement activities. Accordingly, certain costs have been allocated between general and administration, fundraising or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

MEDS & FOODS FOR KIDS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**Note 3 - CONCENTRATION OF CREDIT RISK**

The Organization maintains various deposit accounts at Sogebank and Unibank, located in Haiti. As of September 30, 2020, deposits held in banks located in Haiti totaled \$823,216 and were not insured by depository insurance.

The Organization maintains various deposit accounts at Bank of America and Commerce Bank. Each depositor is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2020, the carrying balances at Bank of America and Commerce Bank were \$616,454 and \$755,800, respectively. Bank balances totaled \$617,595 and \$763,503, exceeding the federally insured limit by \$367,595 and \$513,503, respectively.

**Note 4 - PROPERTY AND EQUIPMENT**

A summary of property and equipment as of September 30, 2020 follows:

Equipment	\$ 2,474,416
Vehicles	226,472
Buildings	3,763,185
Furniture	91,210
Total depreciable property and equipment	<u>6,555,283</u>
Accumulated depreciation	<u>(2,880,881)</u>
Depreciable property and equipment, net	3,674,402
Construction in progress	133,617
Land	119,935
Total property and equipment, net	<u><u>\$ 3,927,954</u></u>

**Note 5 - NOTE PAYABLE**

In April 2020, the Organization received loan proceeds in the amount of \$75,900 under the Paycheck Protection Program ("PPP"). The PPP is administered by the Small Business Administration. The loan and accrued interest are forgivable after eight to twenty-four weeks as long as the Organization uses the loan proceeds for eligible purposes, such as payroll, benefits, rent, and utilities. The amount of loan forgiveness may be reduced if the Organization reduces payroll during the eight to twenty-four week period. The unforgiven portion of the PPP loan is payable over a two-year period at an interest rate of 1%, with a deferral of payments for the first six months. The loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. The Organization intends to use the proceeds for purposes consistent with the PPP. The Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness. As of September 30, 2020, the Organization has not applied for loan forgiveness, and the loan balance was \$75,900.

MEDS & FOODS FOR KIDS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**Note 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of September 30, 2020 are restricted as follows:

	Purpose	Period
Solar campaign	\$ 1,000	\$ -
Total	<u>\$ 1,000</u>	<u>\$ -</u>

**Note 7 - AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at September 30, 2020:

Financial assets at year-end:	
Cash and cash equivalents	\$ 2,191,540
Certificates of deposit	112,000
Accounts receivable, net of allowance for doubtful accounts	544,219
Container fees receivable	<u>1,238,907</u>
Total financial assets at year-end	<u>4,086,666</u>
Less amounts not available for general expenditures within one year:	
Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	<u>1,000</u>
Total amounts not available to meet general expenditures within one year	<u>1,000</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,085,666</u>

**Note 8 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 19, 2021, the date which the financial statements were available for issue, and noted no reportable events.

**Note 9 - OPERATING LEASES**

On April 1, 2020, the Organization entered into a lease agreement with Network for Strong Communities for office space in Manchester, Missouri. Minimum monthly lease payments are \$1,140 for a term of three years. The lease expires on March 31, 2023.

MEDS & FOODS FOR KIDS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**Note 9 - OPERATING LEASES (Continued)**

Future lease payments are as follows:

For the fiscal year ending September 30,

2021	\$	13,680
2022		13,680
2023		<u>6,840</u>
Total	\$	<u>34,200</u>

Lease expenses incurred during fiscal year 2020 were \$6,840.