MERCY AND SHARING

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

MERCY AND SHARING

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Mercy and Sharing
Aspen, Colorado

We have reviewed the accompany statement of financial position of Mercy and Sharing (the "Organization") as of March 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

Marcum LLP

Fort Lauderdale, FL
November 21, 2012

MARCUMGROUP
MEMBER

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MERCY AND SHARING

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2012

Assets		
Current Assets		
Cash and cash equivalents	$ 215,226	
Investments	78,215	
Goods pending distribution	67,153	
Other current assets	13,811	
Total Current Assets		$ 374,405
Fixed Assets, Net		1,531,729
Other Assets		1,063
Total Assets		$ 1,907,197
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 6,735	
Accrued expenses	18,139	
Deferred revenue	54,915	
Total Current Liabilities		$ 79,789
Commitments and Contingencies		
Net Assets		
Unrestricted		1,827,408
Total Liabilities and Net Assets		$ 1,907,197

See accompanying notes and independent accountants' review report.

MERCY AND SHARING

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2012

Revenue and Other Support		
Contributions - cash	$ 1,206,894	
Contributions - gifts in-kind	232,625	
Private grants	411,638	
Program service fees	28,401	
Net investment income	151	
Total Revenue and Other Support		$ 1,879,709
Expenses		
Program Services		
Orphanages	973,878	
Nutrition	140,720	
Education	527,737	
Medical	99,912	
Total Program Services		1,742,247
Supporting Services		
General and administrative	339,804	
Fundraising	171,588	
Total Supporting Services		511,392
Total Expenses		2,253,639
Change in Net Assets		(373,930)
Unrestricted Net Assets - Beginning of Year		2,201,338
Unrestricted Net Assets - End of Year		$ 1,827,408

See accompanying notes and independent accountants' review report.

MERCY AND SHARING

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2012

	Program Services					Supporting Services			
	Orphanages	Nutrition	Education	Medical	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Program and Supporting Services
Salaries and Related Expenses									
Salaries	$ 500,730	$ 72,353	$ 271,341	$ 48,997	$ 893,421	$ 58,571	$ 39,541	$ 98,112	$ 991,533
U.S. and Haiti payroll taxes	16,798	2,427	9,103	1,644	29,972	2,213	1,475	3,688	33,660
Employee benefits	704	102	381	69	1,256	126	--	126	1,382
Total Salaries and Related Expenses	518,232	74,882	280,825	50,710	924,649	60,910	41,016	101,926	1,026,575
Food and supplies	250,014	36,126	135,481	24,464	446,085	56,300	68,838	125,138	571,223
Travel and meetings	35,648	5,151	19,317	3,488	63,604	61,734	61,734	123,468	187,072
Utilities	54,426	7,864	29,493	5,326	97,109	32,370	--	32,370	129,479
Professional fees	19,224	2,778	10,418	1,881	34,301	54,522	--	54,522	88,823
Temporary and contract labor	50,071	7,235	27,133	4,899	89,338	--	--	--	89,338
Depreciation	28,154	4,068	15,257	2,755	50,234	8,865	--	8,865	59,099
Rent	15,005	2,168	8,131	1,468	26,772	8,924	--	8,924	35,696
Computer services	--	--	--	--	--	25,788	--	25,788	25,788
Bank and credit card fees	--	--	--	--	--	9,553	--	9,553	9,553
Office expenses and supplies	--	--	--	--	--	7,408	--	7,408	7,408
Advertising	--	--	--	--	--	6,468	--	6,468	6,468
Miscellaneous	--	--	--	--	--	5,116	--	5,116	5,116
Medical procedures	--	--	--	4,617	4,617	--	--	--	4,617
Repairs and maintenance	1,822	264	988	179	3,253	1,084	--	1,084	4,337
Property taxes	1,282	184	694	125	2,285	762	--	762	3,047
Total	$ 973,878	$ 140,720	$ 527,737	$ 99,912	$ 1,742,247	$ 339,804	$ 171,588	$ 511,392	$ 2,253,639

See accompanying notes and independent accountants' review report.

MERCY AND SHARING

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2012

Cash Flows From Operating Activities		
Change in net assets		$ (373,930)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	$ 59,099	
Contribution of goods and services for construction of dormitory	(72,299)	
Change in operating assets and liabilities:		
Goods pending distribution	(67,153)	
Other current assets	(3,927)	
Accounts payable	1,338	
Accrued expenses	8,490	
Deferred revenue	54,915	
Total Adjustments		(19,537)
Net Cash Used In Operating Activities		(393,467)
Cash Flows From Investing Activities		
Purchases of equipment		(34,505)
Purchases of investments		(7,201)
Net Cash Used In Investing Activities		(41,706)
Net Change in Cash and Cash Equivalents		(435,173)
Cash and Cash Equivalents - Beginning of Year		650,399
Cash and Cash Equivalents - End of Year		$ 215,226
Supplemental Schedule of Non-Cash Investing Activities		
Construction of dormitory with contributed goods and services		$ 72,299

See accompanying notes and independent accountants' review report.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE ORGANIZATION

Mercy and Sharing (the "Organization") is a not-for-profit corporation that provides care and education to abandoned, orphaned and disabled children in Haiti. The Organization rescues the abused, abandoned and disabled and provides them with care, rehabilitation, education, hope and opportunity. The Organization's headquarters are located in Aspen, Colorado.

The Organization receives its funding principally from public donations and private grants throughout the United States of America. The Organization uses these donations and grants to principally fund its Haiti operations. The Organization's Board of Directors make donations the Organization in order to principally fund the headquarter operations (Note 7).

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted
Net assets which are free of donor-imposed restrictions; all revenues and expenses that are not changes in permanently or temporarily restricted net assets are considered to be unrestricted net assets.

Temporarily Restricted
Net assets which are limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations. The Organization had no temporarily restricted net assets as of March 31, 2012.

Permanently Restricted
Net assets which are limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets as of March 31, 2012.

CASH EQUIVALENTS

All highly liquid cash investments with original maturities of three months or less are considered to be cash equivalents.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

The Organization’s investments consist of a corporate common stock and a money market fund and are reported at fair value based on quoted market prices. The investment goal of the Organization is to convert all donations of investments into cash equivalents as soon as possible to minimize the risk of loss. Net investment income includes dividends, interest, realized and unrealized gains and losses. Purchases and sales are accounted for on the trade-date basis.

CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially expose the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains these balances in what it believes to be a high quality financial institution and an investment brokerage firm, which it believes limits it credit risk.

Cash and Cash Equivalents

The Organization’s deposit accounts were fully insured at March 31, 2012 under a temporary federal insurance program, which is in effect from December 31, 2010 through December 31, 2012. Under this program, there is no limit to the amount of insurance for eligible accounts. Beginning in 2013, the insurance coverage will revert back to the $250,000 per depositor at each financial institution.

Investments

The Organization’s investments are held at an investment brokerage firm. Under insurance through the Securities Investor Protection Corporation (“SIPC”), investments are covered up to $500,000 per investment holder at each investment brokerage firm. As of March 31, 2012, the Organization’s investments were fully insured under the SIPC.

GOODS PENDING DISTRIBUTION

The Organization's goods that are pending distribution consist principally of donated goods. Donated goods are valued at their estimated fair value at the date of donation.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS

Fixed assets valued in excess of $500 with a life greater than one year are capitalized. Fixed assets are recorded at cost or, if donated, at fair value at the date of donation. Major renewals and improvements are capitalized, while repairs and maintenance expenditures are expensed as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting gains or losses are recognized. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets.

The estimated useful lives of each asset group are as follows:

Asset Group	Estimated Useful Lives
Buildings and Improvements	40 years
Vehicles	5 years
Furniture and Equipment	3-7 years

CONTRIBUTIONS

Contributions and gifts received with no restrictions or specified uses identified by the donor are included in unrestricted revenue in the statement of activities when received. Contributions received with donor stipulations that limit the use of donated assets are reported as either temporarily or permanently restricted revenue in the statement of activities when received.

When donor restrictions expire or are fulfilled by actions of the Organization, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted revenue in the accompanying financial statements.

PRIVATE GRANTS

Grants from private foundations are recognized as revenue as the grant funds are expended in accordance with the grant provisions of the respective agreements.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED REVENUE

Deferred revenue represents advances under private grants to be used for future program expenditures. Deferred revenue is recognized as revenue when the related expenditures are incurred.

PROGRAM SERVICE FEES

Program service fees represent user charges for services offered by the Organization. Program service fees generally are recognized as revenue when services are provided.

FUND-RAISING ACTIVITIES

The Organization’s financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958 “Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that Included Fund Raising”. FASB ASC 958 establishes criteria for accounting and reporting for any entity that solicits contributions.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities has been detailed in the accompanying statement of functional expenses and is summarized on a functional basis in the accompanying statement of activities. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on the time spent.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTED GOODS AND SERVICES

Contributed goods and services are reflected in the accompanying financial statements at their estimated fair value, if reasonably determined. The contributions of services are recognized if the services received (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. For the year ended March 31, 2012, the Organization reported approximately $233,000 in non-cash contributions.

Services provided by volunteers throughout the year are not recognized as contributions in the accompanying financial statements since these services are not susceptible to objective measurement or valuation.

FAIR VALUE MEASUREMENTS

In accordance with GAAP, the Organization defines fair value as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1
Observable inputs, such as quoted market prices in active markets for the identical asset or liability that are accessible at the measurement date.

Level 2
Inputs, other than quoted market prices included in Level 1, that are observable either directly or indirectly for the asset or liability.

Level 3
Unobservable inputs that reflect the entity's own assumptions about the exit price of the asset or liability. Unobservable inputs may be used if there is little or no market data for the asset or liability at the measurement date.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Corporate common stock: Shares of the corporate common stock are valued at quoted prices in active markets.

Money market fund: Shares of the money market fund are valued at quoted market prices, which represent the net asset value of shares held by the Organization at year end.

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value measurements and the fair value hierarchy level for the Organization's assets measured at fair value as of March 31, 2012 are as follows:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Corporate common stock	$ 7,195	$ --	$ --	$ 7,195
Money market fund	71,020	--	--	71,020
Assets at Fair Value	$ 78,215	$ --	$ --	$ 78,215

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Organization is exempt from Federal income tax on all income, except for unrelated business income, under Internal Revenue Code Section 501(c)(3). For the year ended March 31, 2012, the Organization had no unrelated business income. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization accounts for uncertainty in income taxes in accordance with GAAP, which requires recognition in the accompanying financial statements of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Organization had no material unrecognized tax benefits and no adjustments to its financial position, activities or cash flows were required. The Organization does not expect that unrecognized tax benefits will increase within the next twelve months. The Organization's tax returns for the years ended March 31, 2009 through March 31, 2012 remain subject to examination by federal and state tax jurisdictions. The Organization recognizes accrued interest and penalties, if any, related to uncertain tax positions as income tax expense.

USE OF ESTIMATES

The preparation of the accompanying financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

NOTE 2 – CONCENTRATIONS OF RISK

SUPPORT FROM MAJOR CONTRIBUTORS

The Organization received approximately 10% of total revenue and other support from one private grant during the year ended March 31, 2012.

NOTE 3 – INVESTMENTS

Investments at March 31, 2012 consist of the following:

	Cost	Fair Value
Corporate common stock	$ 7,755	$ 7,195
Money market fund	71,020	71,020
Total	$ 78,775	$ 78,215

For the year ended March 31, 2012, net investment income was approximately $150.

NOTE 4 – FIXED ASSETS

Fixed assets at March 31, 2012 consist of the following:

Buildings and improvements	$ 1,182,685
Vehicles	209,942
Furniture and equipment	49,220
	1,441,847
Less: accumulated depreciation	(215,676)
	1,226,171
Land	305,558
Total	$ 1,531,729

Substantially all of the fixed assets are located in Haiti.

For the year ended March 31, 2012, depreciation expense amounted to approximately $59,000.

NOTE 5 – COMMITMENTS

The Organization leases space for its headquarters under a non-cancellable operating lease, which expires in January 2013. The lease requires monthly base rent payments of approximately $1,100 plus the Organization’s pro-rata assessment of real estate taxes, condominium fees and common area maintenance.

NOTE 5 – COMMITMENTS (CONTINUED)

For the year ended March 31, 2013, the estimated minimum annual non-cancelable commitment on this lease is approximately $11,000.

For the year ended March 31, 2012, rent expense for all leases amounted to approximately $36,000.

NOTE 6 – CONTINGENCIES

PRIVATE GRANTS

The Organization participates in private grant programs that are subject to audit by the respective grantor agencies. Any disallowed funds received or to be received under these programs may constitute a liability in the amount of the disallowed funds. Management does not believe that any potential disallowed funds would have a significant effect on the financial statements.

LEGAL MATTERS

From time to time, the Organization is subject to legal proceedings and claims that arise in the ordinary course of business. In the management's opinion, the outcome of any such actions would not have a material adverse effect on the Organization's financial position or results of the operations.

NOTE 7 – RELATED PARTY TRANSACTIONS

During the year ended March 31, 2012, the Board of Directors made approximately $494,000 in cash contributions to principally fund the general and administrative activities of the Organization's headquarters (Note 1). Additionally, the Board of Directors made approximately $100,000 in non-cash contributions, of which $72,000 were contributed goods and services towards the construction of a dormitory in Haiti. The contributed construction goods and services are included in the buildings and improvements asset group in fixed assets (Note 4).

NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 21, 2012, which is the date the financial statements were available to be issued. There were no significant events subsequent to March 31, 2012.