

**MERCY-USA FOR AID
&
DEVELOPMENT, INC.**

FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2009
(WITH COMBINED COMPARATIVE TOTALS FOR 2008)



Mercy-USA for Aid & Development, Inc.

Contents

Page No.

INDEPENDENT AUDITORS' REPORT	1
STATEMENTS OF FINANCIAL POSITION.....	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF FUNCTIONAL EXPENSES	4
STATEMENTS OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS	6
<u>OTHER SUPPLEMENTAL INFORMATION:</u>	
SUPPLEMENTAL STATEMENTS OF REVENUES AND PROGRAM EXPENSES	13
INDIRECT COST ALLOCATION SCHEDULE	14



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mercy-USA for Aid & Development, Inc.
Plymouth, Michigan

We have audited the accompanying statements of financial position of Mercy-USA for Aid & Development, Inc. (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mercy-USA for Aid & Development, Inc. as of December 31, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The data contained in the supplemental information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2010 on our consideration of the Mercy-USA for Aid & Development, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Alan C. Young & Assoc.

July 9, 2010

Mercy-USA for Aid & Development, Inc.

Statements of Financial Position December 31, 2009 and 2008

ASSETS	USA OPERATIONS	OVERSEAS OPERATIONS	TOTAL 2009	TOTAL 2008
Current Assets:				
Cash and Cash Equivalents	\$ 3,525,902	\$ 137,428	\$ 3,663,330	\$ 3,014,273
Donated Assets Held for Sale	488	-	488	3,276
Pledges & Accounts Receivable	5,590	104,250	109,840	271,061
Notes Receivable - Micro-lending/SED	-	-	-	4,000
Prepaid Insurance & Expenses	7,139	-	7,139	5,996
Total Current Assets	3,539,119	241,678	3,780,797	3,298,606
Fixed Assets:				
Vehicles, Furniture & Equipment	42,541	134,028	176,569	192,764
Less: Accumulated Depreciation	(41,675)	(92,605)	(134,280)	(146,078)
Total Fixed Assets	866	41,423	42,289	46,686
Other Assets:				
Security Deposits	5,600	-	5,600	5,600
Total Other Assets	5,600	-	5,600	5,600
Total Assets	\$ 3,545,585	\$ 283,101	\$ 3,828,686	\$ 3,350,892
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 75,204	\$ 146,570	\$ 221,774	\$ 168,588
Deferred Revenue	-	104,019	104,019	21,109
Accrued Payroll & Taxes	4,562	4,955	9,517	15,453
Total Current Liabilities	79,766	255,544	335,310	205,150
Net Assets:				
Unrestricted	2,534,117	17,557	2,551,674	2,458,239
Temporarily Restricted	931,702	10,000	941,702	687,503
Total Net Assets	3,465,819	27,557	3,493,376	3,145,742
Total Liabilities and Net Assets	\$ 3,545,585	\$ 283,101	\$ 3,828,686	\$ 3,350,892

The accompanying notes are an integral part of these financial statements.

Mercy-USA for Aid & Development, Inc.

Statements of Activities Years Ended December 31, 2009 and 2008

	USA OPERATIONS		OVERSEAS OPERATIONS		TOTAL 2009		TOTAL 2008	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
SUPPORT AND REVENUE								
Contributions From Public	\$ 332,469	\$ 2,106,765	\$ -	\$ -	\$ 332,469	\$ 2,106,765	\$ 325,960	\$ 1,614,414
US Governmental Grants	-	-	-	687,517	-	687,517	-	571,307
US Agency for International Development (USAID)	-	-	-	203,194	-	203,194	-	79,789
United Nation (UN) Grants	-	-	-	417,328	-	417,328	-	209,558
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	-	-	38,378	-	38,378	-	89,827
NGO/Foundation Grants	-	-	-	2,335,198	-	2,335,198	-	2,006,612
Contribution In-Kind - UN agencies	-	-	-	-	-	-	-	-
Dividend Income	34,603	-	111	-	34,714	-	53,591	-
Gain/Loss on Foreign Currency Fluctuation	-	-	126	-	126	-	1,716	-
Gain (Loss) on Disposal of Equipment	-	-	-	-	-	-	3,255	-
Sales	-	-	-	-	-	-	720	-
Program Fees	-	-	600	-	600	-	9,692	-
Transfer-In/(Out)	83,096	(1,737,275)	(83,096)	1,737,275	-	-	-	-
Net Assets Released From Restrictions:								
Satisfaction of Service Restrictions	16,146	(16,146)	5,518,035	(5,518,035)	5,534,181	(5,534,181)	4,520,991	(4,520,991)
Total Support and Revenue	\$ 466,314	\$ 353,344	\$ 5,435,776	\$ (99,145)	\$ 5,902,090	\$ 254,199	\$ 4,915,925	\$ 50,516
EXPENSES								
Program Services:								
Food, Shelter and Orphan Assistance	16,146	-	354,047	-	370,193	-	525,623	-
Economic Vitalization	-	-	120,660	-	120,660	-	235,317	-
Health	-	-	4,136,407	-	4,136,407	-	3,341,171	-
Education	-	-	843,359	-	843,359	-	386,642	-
General	-	-	63,562	-	63,562	-	32,238	-
Total Program Services	16,146	-	5,518,035	-	5,534,181	-	4,520,991	-
Supporting Services:								
Management and General	117,066	-	-	-	117,066	-	264,247	-
Fund Raising	157,408	-	-	-	157,408	-	120,177	-
Total Supporting Expenses	274,474	-	-	-	274,474	-	384,424	-
Total Expenses	290,620	-	5,518,035	-	5,808,655	-	4,905,415	-
Change In Net Assets	175,694	353,344	(82,259)	(99,145)	93,435	254,199	10,510	50,516
Net Assets - Beginning of Year	2,358,423	578,358	99,816	109,145	2,458,239	687,503	2,447,729	636,987
Net Assets - End of Year	\$ 2,534,117	\$ 931,702	\$ 17,557	\$ 10,000	\$ 2,551,674	\$ 941,702	\$ 2,458,239	\$ 687,503

The accompanying notes are an integral part of these financial statements.

Mercy-USA for Aid & Development, Inc.

**Statements of Functional Expenses
Years Ended December 31, 2009 and 2008**

Expenditures	Food, Shelter & Orphan Assistance	Health	Economic Vitalization	Education	General Program	Total Program Services	Management & General	Fund Raising	Total Expenditures	2008 Total Expenditures
Grants	\$ 92,950	\$ -	\$ -	\$ 498,963	\$ -	\$ 591,913	\$ -	\$ -	\$ 591,913	\$ 281,907
Salaries & Wages	32,657	657,602	56,593	112,241	9,879	868,972	58,377	23,323	950,672	815,546
Employee Benefits	-	24,108	3,807	984	13,144	42,043	19,119	-	61,162	50,040
Advertising & Promotion	-	-	-	-	-	-	-	77,174	77,174	64,385
Transportation Expenses	3,825	225,960	2,693	6,620	2,833	241,951	602	-	242,553	153,385
Commercial Insurance	-	-	-	-	-	-	1,146	-	1,146	2,211
Conference, Meeting & Seminars	-	-	-	-	-	-	48	4,965	5,013	1,215
Consultants & Other Professional Services	5,100	14,400	2,286	28,020	-	49,806	-	400	50,206	39,303
Dues, Subscriptions, Fees, etc.	-	-	-	-	-	-	2,306	-	2,306	3,599
Legal	-	3,876	-	-	6,520	10,396	-	-	10,396	4,053
Accounting	-	18,581	-	-	500	19,081	4,012	-	23,093	24,268
Occupancy & Warehousing	839	52,999	1,946	12,775	4,544	73,103	16,039	5,000	94,142	99,895
Postage & Shipping, etc.	3,499	791	-	6,197	1,098	11,585	4,486	10,930	27,001	29,082
Printing & Copying	152	2,966	-	627	6	3,751	2,497	13,658	19,906	12,334
Program Materials	214,041	2,850,580	33,118	40,804	-	3,138,543	-	-	3,138,543	2,668,866
Telephone	418	29,250	22	3,116	4,957	37,763	1,824	-	39,587	37,507
Travel	8,316	36,344	3,820	39,388	2,228	90,096	1,198	200	91,494	122,750
Bank Charges/Currency Adjustment	993	26,517	108	7,921	7,002	42,541	133	21,758	64,432	67,152
Office Supplies and Equipment	350	37,414	392	1,726	1,968	41,850	489	-	42,339	41,839
Payroll Taxes	-	292	-	-	-	292	3,707	-	3,999	6,737
Realized/Unrealized Loss on Investments	-	-	-	-	-	-	-	-	-	121,691
Loss on Disposal of Assets	-	-	-	-	8,883	8,883	-	-	8,883	788
Indirect cost	7,053	145,983	11,704	80,702	-	245,442	-	-	245,442	234,563
Depreciation	-	8,724	4,171	3,275	-	16,170	1,083	-	17,253	22,299
Total	\$ 370,193	\$ 4,136,407	\$ 120,660	\$ 843,359	\$ 63,562	\$ 5,534,181	\$ 117,066	\$ 157,408	\$ 5,808,655	\$ 4,905,415

The accompanying notes are an integral part of these financial statements.

Mercy-USA for Aid & Development, Inc.

Statements of Cash Flows Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 347,634	\$ 61,026
Adjustments to reconcile Change in Net Asset to Cash Provided by Operations:		
(Gain)/Loss on Disposal of Assets	8,883	(3,255)
Depreciation	17,253	22,299
Realized (Gain)/Loss from Investments	-	121,691
Change in:		
Proceeds(Payments) from Notes Receivable	4,000	6,380
Prepaid Expenses	(1,143)	(372)
Pledges and Accounts Receivable	161,221	8,425
Accounts Payable	53,185	44,793
Deferred Revenue	82,911	21,109
Accrued Payroll Taxes	(5,936)	15,453
Net Cash Provided by Operating Activities	<u>668,008</u>	<u>297,549</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	3,276	347,593
Purchase of Investments	(488)	-
Purchase of Equipment	(23,439)	(21,600)
Proceeds from Disposal of Assets	1,700	5,811
Net Cash Provided by (Used in) Investing Activities	<u>(18,951)</u>	<u>331,804</u>
Increase/(Decrease) in Cash	649,057	629,353
Cash and Cash Equivalents - Beginning of Year	<u>3,014,273</u>	<u>2,384,920</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,663,330</u>	<u>\$ 3,014,273</u>

The accompanying notes are an integral part of these financial statements.

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activity

Mercy-USA for Aid & Development, Inc. is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It was incorporated in the State of Michigan on September 23, 1988. The organization is also licensed by the States of Michigan, Illinois, New Jersey and California to solicit public funds. Mercy-USA is involved in the relief and development for individuals and communities providing economic vitalization, health care, food and shelter and education mainly in Kenya, Somalia, Bosnia, Indonesia, Lebanon and Albania and also in the United States and other countries around the world with the help of the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), United States Agency for International Development (USAID), United Nations Food and Agriculture Organization (FAO), United Nations Children Fund (UNICEF) and other United Nations grants as well as through public contributions.

Basis of Accounting

The financial statements of Mercy-USA for Aid & Development, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statements include the amounts of the Organization and its various overseas locations. All significant inter-branch transactions and accounts are eliminated.

Translation of Currencies

Financial statements in currencies other than United State dollars are revalued for accounting as per FAS 52, Foreign Currency Translation. The adjustments for currency exchange rates are included in the net income for those transactions that impact cash flow and are excluded for those that do not.

Financial Statement Presentation

Mercy USA for Aid & Development follows the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding the financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

To ensure proper usage of restricted and unrestricted assets, the Organization maintains its accounting according to fund accounting principles. The assets, liabilities and net assets are classified in accordance with specified restrictions and objectives. The Organization's funds are described below and are placed in the following categories:

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

Unrestricted Fund:

Unrestricted net assets are those currently available for use of the Organization Board, and the resources invested in fixed assets. These assets are accounted for internally in the general operating fund.

Temporarily Restricted Fund:

Temporarily restricted net assets are those assets received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified as unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Under SFAS No. 116, certain restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions.

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in subsequent years are reported at the present value of their net realized value, using risk-free interest rates applicable to the years in which the promises are to be received.

Income Taxes

On January 1, 2009, the Organization adopted the FASB Accounting Standards Codification Topic, *Accounting for Uncertainty in Income Taxes*, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

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

Income Taxes (Continued)

The Organization's federal tax returns for the prior three years remain subject to examination by the Internal Revenue Service. Management determined the adoption of the new standard did not have a material impact on the consolidated financial statements.

Fair Value Measurements

The Organization uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Organization utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Organization applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

SFAS No. 157 establishes a framework for measuring fair value, which includes a hierarchy based on the quality of inputs used to measure fair value, and provides specific disclosure requirements based on the hierarchy. SFAS No. 157 requires the categorization of financial assets and liabilities, based on the inputs to valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the SFAS No. 157 fair value hierarchy are described as follows:

- Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.
- Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.
- Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

SFAS No. 157 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized.

Grants

Grant support is recognized as revenue when expenditures are incurred for the specific purpose established under the grant agencies.

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

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a program basis in the statement of activities. Costs are allocated between fund raising, management and general and the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization.

Cash and Cash Equivalents

Cash includes cash on hand and cash in checking and savings accounts. For financial statement purposes, Mercy-USA for Aid & Development, Inc. considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates market value.

Fixed Assets

Fixed assets are stated at cost or, at fair market value when received as contributions. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets.

Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished:

	<u>2009</u>	<u>2008</u>
Albania Programs	\$ 119,675	\$ 135,332
Bosnia Programs	158,518	185,789
Indonesia Programs	203,482	117,174
Lebanon Programs	122,968	144,451
Somalia & Kenya Programs	4,189,035	3,523,877
Pakistan Earthquake Programs	118,257	220,603
Gaza Programs	527,028	-
Yemen Programs	-	85,146
Bangladesh Programs	62,764	78,421
United States Programs	16,146	13,574
India Programs	16,308	16,624
Total Restrictions Released	<u>\$ 5,534,181</u>	<u>\$ 4,520,991</u>

Temporarily restricted net assets are available for specific programs and have a balance of \$941,702 at December 31, 2009.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will 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 these estimates.

2) **CASH**

The total cash held by the Organization at December 31, 2009, includes \$137,427 in monies that are not covered by insurance provided by the Federal Deposit Insurance Corporation.

3) **PROGRAM AND SUPPORTING SERVICES**

Mercy-USA for Aid & Development, Inc.'s program and supporting services are as follows:

Program Services

Economic Vitalization

The provision of ways for needy individuals and their communities to sustain themselves and to improve their quality of life; and assistance in reviving the economies of communities devastated by natural and man-made disasters.

Health Services

The improvement of individual and community health through education, immunization, nutrition support, safe water, hygiene, sanitation and other preventive measures. It also includes the operation or funding of clinics, hospitals, and other health care institutions; improvement, rehabilitation and renovation of the existing health care infrastructure; and the provision of medicines, medical supplies and medical equipment to health care facilities.

Food and Shelter

The provision of all types of food and shelter, winterization materials, and necessary household and personal items.

Orphan Assistance

The orphan assistance includes specific projects or other assistance for orphans around the world.

3) PROGRAM AND SUPPORTING SERVICES (Continued)

Education

The improvement of attendance and academic performance, especially among girls, through daily school lunch programs. It also includes construction of school buildings, as well as repairs and renovations to existing schools. Additionally, the provision of vocational and technical training especially to orphans and other vulnerable children and youth.

General Program

General program includes all ancillary program services needed to maintain and enhance the specific program sectors.

Management and General

Includes the services necessary to maintain an adequate working environment, provide proper administrative support for the Organization's programs, and manage the financial and budgeting responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure support from individuals and organizations.

4) PLEDGES AND ACCOUNTS RECEIVABLE

Accounts Receivable - Overseas Operations

Accounts receivable – Overseas operations consist of Somalia grant funding receivable from the United Nations Children's Fund (UNICEF), United Nations World Food Program (WFP) and United Nations Development Program (UNDP).

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued) Years Ended December 31, 2009 and 2008

5) FIXED ASSETS

Fixed assets are comprised of the following:

	<u>USA</u> <u>Operations</u>	<u>Overseas</u> <u>Operations</u>	<u>Total</u> <u>2009</u>	<u>Total</u> <u>2008</u>
Automobiles	\$ 17,301	\$ 58,129	\$ 75,430	\$ 74,545
Office Equipment	16,142	55,350	71,492	88,147
Office Furniture	2,620	6,347	8,967	12,997
Audio Visual Equipment	6,028	5,030	11,058	11,116
Others	450	9,172	9,622	5,959
	<u>42,541</u>	<u>134,028</u>	<u>176,569</u>	<u>192,764</u>
Less: Accumulated Depreciation	<u>(41,675)</u>	<u>(92,605)</u>	<u>(134,280)</u>	<u>(146,078)</u>
Total	<u>\$ 866</u>	<u>\$ 41,423</u>	<u>\$ 42,289</u>	<u>\$ 46,686</u>

6) PENSION PLAN

The Organization started a 401(k) pension plan from January 1, 2000 for all employees who have attained the age of 20 ½ years. Employees may join the plan on the January 1 or July 1 that coincides with or follows the date of employment after the completion of one year of service. The employer provides a 50% match on eligible employee contributions to the plan up to a maximum allowable by the plan. The Organization contributed \$9,009 and \$8,362 in the years 2009 and 2008 respectively to the plan.

7) RELATED PARTY

The Organization partners with Mercy-USA for Aid & Development, (Canada) towards providing relief and development activities. For the year ended December 31, 2009 the Organization, collected \$46,899 on behalf of Mercy-USA for Aid & Development, (Canada) and received \$77,800 from Mercy-USA for Aid & Development, (Canada).

8) SUBSEQUENT EVENTS

The Organization has evaluated events through, the date that the accompanying financial statements were available to be issued.

OTHER SUPPLEMENTAL INFORMATION

Mercy-USA for Aid & Development, Inc.

Supplemental Statements of Revenue and Program Expenses Years Ended December 31, 2009 (With Comparative Totals for 2008)

	ALBANIA	LEBANON*	BOSNIA	INDONESIA	SOMALIA & KENYA	INDIA	PAKISTAN EARTHQUAKE	BANGLADESH	Gaza	USA	NOT DESIGNATED	TOTAL	TOTAL 2008
REVENUES													
Contributions from Public:													
General	\$ 59,015	\$ 10,328	\$ 125,488	\$ 93,755	\$ 125,130	\$ 685	\$ 38,878	\$ 8,026	\$ 734,307	\$ -	\$ 214,199	\$ 1,409,811	\$ 940,162
Food Aid	21,000	39,000	21,000	33,000	35,000	8,717	-	13,000	-	14,950	-	185,667	187,085
Orphan Fund	24,189	-	520	-	2,370	-	-	-	-	-	-	27,079	15,034
Zakat	30,000	50,000	10,000	50,000	350,000	10,000	50,000	30,000	100,000	-	136,676	816,676	798,093
US Government Grants													
US Agency for International Development (USAID)	-	-	-	-	687,517	-	-	-	-	-	-	687,517	571,307
United Nations (UN) Grants	-	-	-	5,663	197,531	-	-	-	-	-	-	203,194	79,789
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	-	-	-	417,328	-	-	-	-	-	-	417,328	209,558
NGO/Foundation Grants	-	-	-	-	38,378	-	-	-	-	-	-	38,378	89,827
Gifts In Kind - UN Agencies	-	-	-	-	2,335,198	-	-	-	-	-	-	2,335,198	2,006,612
Dividend Income	-	-	-	97	15	-	-	-	-	-	-	34,715	53,591
Gain/Loss on Foreign Currency Fluctuation	126	-	-	-	-	-	-	-	-	-	34,603	126	1,716
Gain/Loss on Disposal of Equipment	-	-	-	-	-	-	-	-	-	-	-	-	3,255
Sales	-	-	-	-	-	-	-	-	-	-	-	-	720
Program Fees	600	-	-	-	-	-	-	-	-	-	-	600	9,692
Total Revenues	\$ 134,930	\$ 99,328	\$ 157,008	\$ 182,515	\$ 4,188,467	\$ 19,402	\$ 88,878	\$ 51,028	\$ 834,307	\$ 14,950	\$ 385,478	\$ 6,156,289	\$ 4,966,441
EXPENDITURES													
Program Services:													
Food, Shelter & Orphan Assistance	\$ 25,071	\$ 46,241	\$ 23,562	\$ 124,230	\$ 35,871	\$ 16,308	\$ -	\$ 62,764	\$ 20,000	\$ 16,146	\$ -	\$ 370,193	\$ 525,623
Economic Vitalization	12,777	-	101,796	6,087	-	-	-	-	-	-	-	120,680	235,317
Health	-	16,879	-	-	4,119,528	-	-	-	-	-	-	4,136,407	3,341,171
Education	74,841	53,812	13,672	60,636	15,113	-	118,257	-	507,028	-	-	843,359	386,642
General	6,986	6,036	19,488	12,529	18,523	-	-	-	-	-	-	63,562	32,238
Total Program Services	\$ 119,675	\$ 122,968	\$ 158,518	\$ 203,482	\$ 4,189,035	\$ 16,308	\$ 118,257	\$ 62,764	\$ 527,028	\$ 16,146	\$ -	\$ 5,534,181	\$ 4,520,991

* Includes Palestinian refugees in Lebanon.

Mercy-USA for Aid & Development, Inc.

Indirect Cost Allocation Year Ended December 31, 2009

<u>Expenditures</u>	<u>Total Cost</u>	<u>Allowable Indirect</u>	<u>Unallowable Indirect</u>	<u>Fund Raising Cost</u>	<u>Program Cost</u>	<u>Excluded Program Cost*</u>	<u>Total Direct Cost</u>
Grants	\$ 591,913	\$ -	\$ -	\$ -	\$ 591,913	\$ -	\$ 591,913
Salaries & Wages	950,672	58,377	-	23,323	868,972	-	892,295
Employee Benefits	61,162	19,119	-	-	42,043	-	42,043
Advertising & Promotion	77,174	-	-	77,174	-	-	77,174
Transportation Expenses	242,553	602	-	-	241,951	-	241,951
Commercial Insurance	1,146	1,146	-	-	-	-	-
Conference, Meetings & Seminars	5,013	48	-	4,965	-	-	4,965
Consultants & Other Professional Services	50,206	-	-	400	49,806	-	50,206
Dues, Subscription, Fees etc.	2,306	2,306	-	-	-	-	-
Legal	10,396	-	-	-	10,396	-	10,396
Accounting	23,093	4,012	-	-	19,081	-	19,081
Occupancy & Warehousing	94,142	16,039	-	5,000	73,103	-	78,103
Postage & Shipping	27,001	4,486	-	10,930	11,585	-	22,515
Printing & Copying	19,906	2,497	-	13,658	3,751	-	17,409
Program Materials	3,138,543	-	-	-	3,138,543	2,335,198	803,345
Telephone	39,587	1,824	-	-	37,763	-	37,763
Travel	91,494	1,198	-	200	90,096	-	90,296
Bank Charges/Currency Adjustment	64,432	133	-	21,758	42,541	-	64,299
Office Supplies & Equipment	42,339	489	-	-	41,850	-	41,850
Payroll Taxes	3,999	3,707	-	-	292	-	292
Realized/Unrealized Loss on Investments	-	-	-	-	-	-	-
Loss on Disposal of Assets	8,883	-	-	-	8,883	-	8,883
Indirect Cost	245,442	-	-	-	245,442	-	245,442
Depreciation	17,253	1,083	-	-	16,170	-	16,170
Total	5,808,655	117,066	-	157,408	5,534,181	2,335,198	3,356,391
Reclassify Overhead Charged to Program Costs	-	245,442	-	-	-	-	(245,442)
Total	\$ 5,808,655	\$ 362,508	\$ -	\$ 157,408	\$ 5,534,181	\$ 2,335,198	\$ 3,110,949
Base = Total Direct Cost							
Pool Cost	\$ 362,508						
Base Cost	3,110,949						
Indirect Rate	11.65%						

* Excluded program costs include in-kind program material expenses and administrative costs included in the indirect cost.