



Mercy-USA

FOR AID AND DEVELOPMENT

2013 ANNUAL REPORT



Dear Friends & Supporters,

Greetings and peace be upon you.

With your generosity and support and the dedication and tireless efforts of our staff worldwide in 2013, Mercy-USA was able to make a difference in the lives of over 250,000 vulnerable persons in the Balkans, East Africa, the Middle East, South Asia and the Far East.

The year 2013, our 26th year of service to humanity, was one of expansion and tragedy. The year began with the expansion of our operational presence inside northern Syria, securing the daily food needs of over 5,000 at-risk persons in Aleppo and the surrounding area, but ended with the tragic loss of Abir Al-Shab, our field team leader in that same city.

As an organization, we had been spared this kind of tragedy until that fateful day on December 23, 2013. Despite our history of providing relief and comfort to children and their families in some of the most dangerous places in the world, our dedicated staff, knowing the risks, had, with the mercy of God, been blessed to accomplish our mission in relative safety.

Abir, like all of our staff worldwide, had dedicated her life to the service of others and made the ultimate sacrifice doing so. We pray for her kind and gentle soul and ask that you continue to remember and honor her sacrifice as well.

Sincerely,

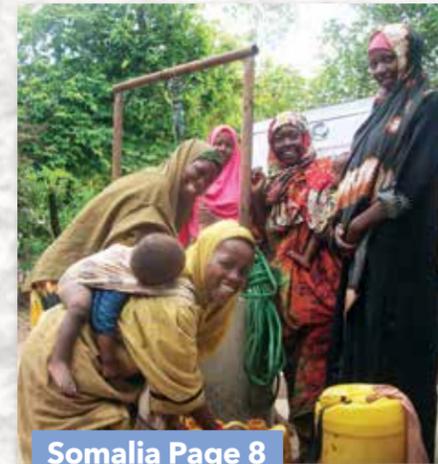
Umar al-Qadi

Umar al-Qadi
President and CEO

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2013 SYRIA RELIEF...OFFERING COMFORT WHERE THERE'S LITTLE TO BE FOUND.

By the end of 2013, there were at least 6.45 million internally displaced people inside Syria. Other U.S. government reports show there were 9.3 million people in need of humanitarian assistance within Syria's borders, and 2.8 million Syrian refugees who had fled to neighboring countries.

The situation for the Syrian people becomes more desperate by the day as access to food, and medical services and supplies becomes scarce due to the deadly armed conflict.



Since October 2012, Mercy-USA for Aid and Development's Syrian relief workers have been providing consistent and reliable food aid inside Syria. During

2013, we provided at least 1,000 displaced and vulnerable families with monthly food baskets and infant formula in and around the city of Aleppo - including the neighborhoods of Al-Marjeh, Aqyoul, Bab El-Nayreb and

Azmarin (a locality in Idlib Province not far from Aleppo City). Activities in Azmarin had to be halted in early September 2013 due to security concerns, allowing more families in Aleppo to receive the food aid instead.



Syria 2013*:

6.5 Million Internally Displaced Persons

9.3 Million Syrians were Need of Aid

2.8 Million Syrian Refugees in Neighboring Countries

*UNOCHA

Every **2** minutes
8 children inside Syria are
forced to flee their homes.*

*UNICEF



Every food basket delivered in Syria contained the following commodities for survival:

Rice	11 pounds
Bulgur Wheat	11 pounds
Sugar	6.6 pounds
Olive Oil	2 Liters
Corn Oil	4 Liters
Tomato Paste	2.2 pounds
Chickpeas	2.2 pounds
Lentils	4.4 pounds
Pasta	5.5 pounds
Salt	1.7 pounds
Tea	1.1 pounds
Halva	1.4 pounds
Thyme	2.2 pounds
Jam	1.9 pounds



WADI KHALID, LEBANON... LIFE WAS ALREADY A STRUGGLE BEFORE THOUSANDS OF SYRIAN REFUGEES SOUGHT SHELTER.

The Wadi Khalid region is an already impoverished mountainous region of Lebanon bordering Syria reeling from an influx of thousands of



Syrian refugees. The region lacks adequate medical services, and the refugee crisis has strained the Wadi Khalid health service infrastructure beyond its capacity. In 2013, Mercy-USA addressed these serious threats to the refugees and their host families' health and well-being by providing health services to over 8,000 Syrian refugees, including delivery services for pregnant women.

Since February 2012, Mercy-USA has funded a mobile clinic

operated by Makassed Charitable Organization that travels four days per week to villages in Wadi Khalid where local families are hosting Syrian refugees. This modern mobile clinic provides disease-preventing vaccines, pre- and post-natal care, and regular medical exams.

In Wadi Khalid, the closest hospital is a 30-minute drive away on poorly maintained roads. Mercy-USA has repaired



and rehabilitating the stationary health clinic serving the Wadi Khalid region. By modernizing and improving the clinic, operated by Makassed Charitable



Organization, the locals and Syrian refugees now have better access sorely needed basic emergency health services. Labor and delivery services are offered to unregistered Syrian expectant mothers at the clinic. In 2012, Mercy-USA purchased an ambulance to serve the villages of Wadi Khalid, providing comprehensive and emergency transportation and medical services.



At the end of 2013 there were
858,000
Syrian Refugees living in Lebanon.*

*UNHCR



BREAD DISTRIBUTION TO THOUSANDS

Bread is a basic life-sustaining staple in Lebanese and Syrian homes. Mercy-USA is currently covering the daily fresh bread needs of about 15,000 vulnerable Syrian refugees and their Lebanese hosts in Wadi Khalid, Lebanon, as well as about 6,000 Palestinian refugees from Syria now living in Lebanon. Fresh bread is distributed three times a week to 11 different distribution points in the Wadi Khalid region and once a week in the Beddawi Palestinian refugee camp.



2013 SOMALIA SAFE WATER: SAFE TO DRINK AND SAFE TO FETCH

Mercy-USA for Aid and Development has been installing and rehabilitating water wells throughout Somalia since 1997. To date, communities in Somalia with a combined population of over 550,000 people have safe access to clean water thanks to the generous support of our donors. In 2013, we dug 23 new wells with the generous support of private donors and rehabilitated 18 other wells with funding from the US Agency for International Development's Office of Foreign Disaster Assistance (USAID/OFDA).

Many Somali women and girls must walk up to 6 miles to get water in dangerous conditions. Mothers are forced to leave children unattended to fetch water, and walk long distances while carrying heavy water cans leaving them vulnerable to attack from strangers or wild animals. Young girls, often responsible for this task, are too exhausted from a half-day journey in the hot African sun to attend school. Both girls

and women are at risk of having their water stolen from them as they trek back home, or find it contaminated by grazing animals allowed to water at the same source, causing dehydration and death from diarrhea and cholera.

Well construction, conducted by Mercy-USA with funds provided by private donations, has changed the lives of tens of thousands in Somalia.

Working with the Communities We Serve

Mercy-USA field staff come from a similar or the very same cultural point of reference as the people they are serving in Somalia, making them best suited to aid in



the lasting development legacy of a life-sustaining well. Our staff identifies a community that is in need of a well and ensures that the community is willing and able to take on the responsibility of maintaining the new water source. Once the assessment is made, field officers work with the community members to involve them in the details of the well construction and all possible future management demands. This initial component of community ownership of the well-to-be is a critical element for sustainability of the water source. The community is closely involved in site selection so that the well will safely serve the needs of the entire community, especially women and children, far into the future.

Education and Leadership Training

After a well is dug or rehabilitated, Mercy-USA's responsibility to the community is not complete until we conduct comprehensive training on maintaining sanitation for the continued health of the community. We also teach how

diarrhea and other waterborne diseases are spread and how to break the chain of contamination and prevent re-occurrences. We help the community learn how to manage and treat diarrhea by instructing them on how to safely prepare and use oral rehydration solution from various sources.

Somalia has one of the highest infant mortality rates in the world. It is believed that contaminated water resulting in waterborne disease is the second leading cause for death among children under five in Somalia. According to UNICEF, only 30% of Somalis have access to safe water and this situation only increases the risk of outbreaks of waterborne diseases. Cholera is endemic and claims hundreds of lives annually, particularly in densely populated areas. A nearby source of clean water restores health to a community and brings hope and dignity back to the lives of women and children in Somalia.

Only **30%** people have access to clean water in Somalia.

19% of children under the age of five die from waterborne diseases like diarrhea.*

*UNICEF

Somalia Safe Water 2013:

41 wells dug or rehabilitated in **28** villages

12,500 received access to safe water in 2013



SOMALIA HEALTH PROJECTS

The most innocent victims of war and environmental disaster are children and their mothers. According to UNICEF, Somalia has one of the highest child and maternal mortality rates in the world. One in eight children dies before reaching the age of five and 1,600 women die for every 100,000 live births. Other social indicators for children are also among the worst in the world.

Health and Nutrition Support for Somalia's Most Vulnerable—Women and Children

Mercy-USA is currently providing nutrition support and health services for children, pregnant women and nursing mothers in Somalia. Mercy-USA, with the support of the United States Agency for International Development (USAID), the United Nations Children's Fund (UNICEF) and the UN World Food Program (WFP), has set-up nine therapeutic feeding centers, six supplemental feeding centers and two stabilization/in-patient centers.

Therapeutic Feeding Stations

During 2013, over 9,700 children under the age of five suffering



from moderate acute malnutrition (MAM) and over 3,260 suffering from severe acute malnutrition (SAM) were admitted into the selective feeding program. In addition, over 3,850 pregnant women and nursing mothers were also admitted into the program.

The children with SAM are given ready-to-use therapeutic foods like Plumpy'Nut weekly, while those with MAM are given UNIMIX biweekly; both are specialized food for malnourished children.

Disease Prevention

Mercy-USA is also preventing disease through the immunization of children and women, distribution of vitamin A and iron folate. Additionally, Mercy-USA

distributed 2,500 hygiene kits - including 20-Liter containers for water collection, water purification tablets and soap - in 2013 to 2,500 families with children suffering from SAM admitted into the nutrition program. We also provided health, nutrition and hygiene education to vulnerable communities as an effective means of disease prevention.

Mother and Child Health Clinics

During 2013, Mercy-USA's 13 Mother and Child Health Clinics (MCHs) received approximately 50,000 visits from women and children seeking treatment. These MCHs provided reproductive health services - including pre-natal, delivery and post-natal services - to approximately 10,000 women in their communities. Over 1,100 newborns were also examined and treated and immunizations provided to about 3,400 children under five.



Tuberculosis Treatment and Prevention

In Somalia, tuberculosis (TB) is a serious public health problem and is one of the most common communicable diseases in the country.



Since 1994, we have been conducting a well-recognized TB treatment and prevention program in Somalia. This program consists of six Mercy-USA specialized treatment centers with public education and community outreach. The program also includes training of nurses and other health care professionals in TB treatment and prevention.

During 2013, these six centers, treated approximately 1,450 TB patients, and saw a cure rate of 86% in the patients that completed the 6-9 month treatment plan. Mercy-USA utilizes the most effective TB treatment strategy, the Directly Observed Treatment Short-course (DOTS) method. In addition to treatment, our centers educate their local communities about TB prevention. The Global Fund to Fight AIDS, TB and Malaria (GFATM) supports our TB treatment and prevention activities.

With the support of UNICEF and GFATM, Mercy-USA's TB centers are also providing HIV/AIDS and STI testing, treatment and counseling. Two of our centers also test donated blood for HIV, Hepatitis and STIs.

ALBANIA EDUCATION PROJECTS

In the early 1990's Albania emerged from decades of communist rule; since then the nation has been struggling to transition to a more modern open-market economy, and remains one of the poorest countries in Europe.

Computer Training, English Instruction & Mentorship

Since January 2009, Mercy-USA for Aid and Development has been providing three-month computer office software and English language training courses to orphans in Albania.

In addition to the technical training these orphans receive,



they are mentored by caring Mercy-USA staff members who teach essential life skills that will serve the students as they enter adulthood. These mentors provide character development training that nurtures the whole child and teaches the values of honesty, hard work, and integrity. The program is designed to give students the confidence to join the workplace after their schooling is complete. The trainees are also provided with a nutritious meal or snack during each class. This project is being done in cooperation with local orphanages.

As of December 31, 2013, approximately 720 orphaned Albanians have enrolled in and have completed these courses. Competitions were held to encourage retention of knowledge and gifts of clothes, watches and shoes were awarded in addition to the certificates awarded to all who complete the courses.

"Read To Succeed!"

As Albania emerges from the legacy of communist rule, free access to information through the printed word is still lacking. Since 2011, Mercy-USA has been assisting schools in Albania to open or expand libraries, providing almost 10,000 students with over 10,700 new books.

During the 2013-14 school year, a total of 12 elementary, middle and high schools combined were provided with over 4,300 new books (about 50 different titles). Almost 4,000 children attending these schools gained access to important reference material, novels, poems and short stories to broaden their horizons and encourage them to "Read to Succeed!"



Somalia

1 in 8 Somali children dies before reaching five years old.

1,600 Somali women die for every 100,000 live births.*

*UNICEF

RURAL EDUCATION SUPPORT IN BANGLADESH

Poverty in Bangladesh has been significantly improved in the last ten years; however, much of this good news has not reached rural Bangladesh. According to The International Fund for Agricultural Development, IFAD, the poverty rate in Bangladesh is highest in rural areas, at 36%, compared with 28% in urban areas. Many people have an inadequate diet and suffer from periods of food shortages. Half of all rural children are chronically malnourished and 14% suffer from acute malnutrition.



Mercy-USA supported five rural schools and two orphanages in Bangladesh in 2013 by providing everything from meals, uniforms, teacher salaries and more. Boys and girls, who might not have had access to any education at all, are able to go to school and look toward a better future for themselves and their families.

The daily meals provided at the schools are often the only source of good nutrition these children have; Mercy-USA knows that learning doesn't happen when a child is hungry.

The five schools Mercy-USA

supports are run by our local partner, Assistance for Humanitarian Development (AHD), in Bangladesh. These schools - located in impoverished rural areas in the districts of Tangail, Rangpur and Mymensingh - are providing free education to over 1,600 vulnerable children, with girls representing about 55% of the student body. Mercy-USA's support includes the following:

- School lunches for the children
- Uniforms
- Education materials
- Teacher training workshops
- Sports activities and field trips
- Repairs and maintenance of the school facilities and furniture
- Salaries for all teachers and support staff

Together, Mercy-USA and AHD are helping these schools and communities by providing their children with, a safe and nurturing place to learn and grow with well-maintained school buildings, trained teaching staff, quality learning materials and opportunities for sports and field trips.



ROHINGYA REFUGEES

According to the UN Refugee Agency, UNHCR, 1.3 million Rohingya people in Myanmar (Burma) were either stateless or internally displaced within the country at the end of 2013. In 2013, tens of thousands fled violence and ethnic intimidation. Many made the treacherous land trek into India.



Mercy-USA, with our local humanitarian aid partner, the Foundation for Economic and Educational Development (FEED), helped 100 of these families when they arrived into the camp in Hyderabad, India. We provided "Fresh Start Kits" containing basic necessities for a family—some cooking pots, food staples like rice, wheat and grams, oil, a few rupees cash for daily fresh vegetables and milk for the children, plus hygiene items like tooth powder, soap and washing detergent, and finally, clothes to replace the only ones they carried into the country on their backs.

BOSNIA AND HERZEGOVINA

Still recovering from the war that ended almost two decades ago in Bosnia and Herzegovina; the struggle with a poor economy and the devastating legacy of war has left many Bosnians without a clear vision for a better future. According to the latest report from the World Bank, Bosnia and Herzegovina has crippling high unemployment, especially among young people; the current unemployment rate among 15-24 year olds is a staggering 47%. These numbers signal that the current labor market is offering few opportunities for secondary school graduates to find employment. Yet, the same report states that, "83% of firms have an unfilled need for workers, citing a lack of supply of qualified applicants as the reason for unfilled positions."¹

Mercy-USA has been in the country working specifically with orphaned youth and at-risk teens and young adults to help them develop skills for gainful

1 Source: USAID/Bosnia and Herzegovina Country Development Cooperation Strategy 2012-2016; January 2012

employment and a better future.

Adult Continuing Education and Training

Since 1998, Mercy-USA has been providing training to unemployed, or underemployed men and women in English and current, and in-demand office software.



This training gives the participants the language, office, clerical and computer skills needed to compete for gainful employment and is contributing to much needed stability for families and communities. Over 2,800 persons have graduated from this program, which also includes training in job-search skills.

Orphaned and At-Risk Youth and Young Adult Training and Mentoring

Since November 2010, Mercy-USA for Aid and Development has been providing three-month

computer office software training courses to orphans and other at-risk teens and young adults in the Tuzla Canton of Bosnia. In addition to the technical training these young people receive, they are mentored by caring Mercy-USA staff members who teach essential life skills that will serve the students as they enter adulthood. Mercy-USA mentors provide character development training that teaches the values of honesty, hard work, and integrity. This character training encourages the at-risk youth and young adults to avoid criminal responses to hardship, and gives them confidence to join the workplace after their schooling is complete. The trainees are also provided with a nutritious meal or snack during each class; the extra nutrition provided helps them stay motivated and focused on their training.

As of the reporting period through December 2013, about 200 orphans and other at-risk youth have enrolled in and have completed these courses.

INDONESIA: ECONOMIC GROWTH AND INCOME GENERATION

Since March 2011, Mercy-USA for Aid and Development has been providing livestock, feed-production machines, rice, corn and sweet



potato seeds, fertilizer, and training to farming families in three provinces of Indonesia. Mercy-USA is also supporting and assisting these farmers to form cooperatives.

These agricultural inputs and training are helping these farmers and their families to feed themselves and increase their production and income. As of December 2013, approximately 630 farming families (about 2,500 persons) have been supported.

GROWTH FOR THE FUTURE: AGRONOMIC AID AND DEVELOPMENT PROGRAMS IN BOSNIA AND ALBANIA

Sustained Agronomic Development–Bosnia

Since 1994, Mercy-USA has been working with and has impacted thousands of families directly through the distribution of agricultural inputs and seedlings, as well as the provision of technical training. In addition, thousands more have indirectly benefited through general improvements to the Brcko District's environment. Mercy-USA has already helped returnee and formerly displaced families take an important step towards a return to self-sufficiency in the near and long term by facilitating the production of food at home.

The Agriculture Education Center (AEC)

Since 2007, Mercy-USA has been operating an Agriculture Education Center (AEC) in the Brcko District of Bosnia. This AEC is being carried out in cooperation with Brcko District authorities, who donated approximately one acre of farmland, and the Agriculture Institute of Sarajevo, which is providing technical assistance.

The AEC project, supported by Mercy-USA's private donors, includes a 10,900 square-foot greenhouse and serves as a theoretical and practical training center for farmers in and around the Brcko District and students from the local agriculture school. Local farmers and agriculture students are learning the most efficient methods to farm, and take those skills back to local farms where they implement what they've learned for the benefit of the local community's economy.

In addition to providing help to farmers and agriculture students, the AEC completes the circle of support by distributing a portion of the seedlings grown in the greenhouse to area families who need assistance. Since 2009, Mercy-USA's AEC has distributed over 93,000 vegetable and fruit seedlings to over 2,000 internally displaced families (about 6,000 persons) living in the greater Tuzla area. This innovative initiative provides a dignified means for vulnerable families to grow their own fresh and wholesome fruits and vegetables from the seedlings throughout the growing season.



Economic Growth and Income Generation - Albania

Since 2009, Mercy-USA, with support from a local milling company Miell Tirana, is assisting wheat farmers in Albania and Kosovo. The farmers are provided with seed and fertilizer, as well as technical training and business and marketing skills.

In 2013, 18 wheat farmers, their families and employees benefited from this program. They saw harvest and income increases of about 15% over the previous year despite adverse weather events. The participants' harvest was about 60% higher than those of non-participating farmers in the same area.

These projects not only assist the direct recipients of the agricultural inputs and training but also allow them to expand and employ more persons, increase their demand for services and products from local vendors, and, in general, help to stimulate the economy within their communities.

AID TO PALESTINIAN REFUGEES IN LEBANON

Since 2008, Mercy-USA for Aid and Development has supported vocational training for Palestinian refugees in Lebanon. The project, which focuses on orphans and other vulnerable youth and young adults, is being carried out in partnership with the Women's Program/Community Development Centers in the Beddawi and Nahr Al-Bared Palestinian Refugee Camps near Tripoli.



The vocational training courses, which range in length from two to nine months each, include pastry and sweet baking, ice cream making, English language, photography and video production, office administration training, basic computer software,

computer and cell phone maintenance, hair cutting/styling and sewing.

Trainees are also given workshops on important life and social skills (respect for time, goal setting, personal and family responsibility, etc.), career planning and resume and job interview preparation, as well as employment search counseling. Additionally, Mercy-USA has provided the women's centers with electric generators, computers, other office equipment, heat/air-conditioning units, and supplies

specific for the training courses.

In 2013, approximately 100 Palestinian youth and young adults successfully graduated from the various training programs.

In addition, Mercy-USA supported the Eid holiday celebration carried out by the Nahr Al-Bared Women's Center for children. The celebration, that ran for three days, included clowns, games, gifts, singing and dancing with popcorn treats. Over 3,800 children participated in this program.



GAZA: LUNCHES FOR LEARNING

From 2009 to 2013, Mercy-USA, in partnership with the United Nations Relief and Works Agency for Palestine Refugees (UNRWA), provided daily school lunches/snacks to children in Gaza.

A residual benefit to this program was that the food items used to make the daily meals were purchased locally, which helped to create and sustain jobs and benefit the devastated Gaza economy.

During the 2012/2013 academic year, Mercy-USA's support provided more than 1.4 million meals to 8,891 children (4,162 boys and 4,729 girls) attending 10 elementary and preparatory schools

in Gaza. These nutritious meals boosted the students' ability to focus, improved their overall nutritional status, as well as their academic performance.



FEEDING VULNERABLE SCHOOL CHILDREN IN KENYA

Poverty is the first enemy of a solid education. According to UNICEF, in many countries, especially in Africa, more than 30% of primary school-age children are not enrolled in large part because of hunger.

Parents, struggling daily to survive may feel they have to choose between school for their children or having them be a source of income for the family doing menial labor, but if the children are provided with one or two good meals per day at school, the education becomes a vehicle for immediate and long-term benefit.

From January 2007 until December 2013, Mercy-USA

for Aid and Development, in partnership with the local community, provided daily breakfast and lunch to over 500 pre-school, kindergarten and primary school children in two schools in the Kariobangi slum area of Nairobi, Kenya. The objectives of this program were to improve the children's nutrition and to increase attendance, reduce dropout rates and improve overall academic performance, especially among girls.

Mercy-USA also provided the children with new chairs and installed new playground equipment, as well as providing new kitchen utensils and serving containers, and rehabilitating kitchen workspaces.



NUTRITION AND HEALTH IMPROVEMENT FOR MOTHERS AND CHILDREN IN KENYA



Still reeling from a drought that devastated the Horn of Africa in 2011 and long-term severe poverty, pregnant or nursing women and children are suffering from moderate to severe malnutrition in many parts of Kenya. Through June 2013, Mercy-USA ran 200 outpatient sites and 10 inpatient locations to treat malnourished children in four counties (Garissa, Kajiado, Kwale and Mwingi) within Kenya with grant funding from the US Agency for International Development/Office of Foreign Disaster Assistance (USAID/OFDA) and the UN Children's Fund (UNICEF). This nutrition program, which is carried out in partnership with the Kenyan Ministry of Health (MoH),

also treats malnourished pregnant women and nursing mothers. Since July 2013, Mercy-USA is managing 38 outpatient and 5 in-patient sites after the Kenyan MoH was able to run the remaining sites without assistance.

Services provided include outreach trips to more isolated villages to identify and treat malnourished children and women who would not otherwise be helped. Mercy-USA's nutrition workers and volunteers also train the caregivers of admitted children, as well as the general community on factors that affect nutrition including diet, breastfeeding, hygiene, sanitation and access to safe water.

STATISTICS THAT MATTER

By the end of 2013, over 31,000 children under the age of five suffering from moderate acute malnutrition (MAM) and 12,500 suffering from severe acute malnutrition (SAM) were admitted into a selective feeding program run by Mercy-USA. In addition, 12,000 pregnant women and nursing mothers were also admitted into the program. The children with SAM are given ready to use therapeutic foods like Plumpy'Nut weekly, while those with MAM are given UNIMIX biweekly. Both are specialized food for malnourished children.



KENYA: WATER, SANITATION AND HYGIENE

Diarrhea is widespread in rural Kenya, where 43% of the population gets their drinking water from nearby springs that are often contaminated by the lack of hygiene stations and adequate latrines. According to UNICEF, more than 250,000 children under the age of five die from diarrheal diseases in Africa each year.

In 2013, Mercy-USA, with grant funding from the US Agency for International Development/Office of Foreign Disaster Assistance (USAID/OFDA), distributed over 1,300 hygiene kits to families of children suffering from severe acute malnutrition admitted into our Therapeutic Feeding Program. Each kit contained three 20-liter Jerri Cans, hand-washing and bathing soap and water

purification supplies.

A comprehensive training program was conducted for adults in the community through the health centers, radio programs and text messaging, while students within the community received training at their schools. Over 15,000 persons were reached through these programs.

Previously in 2012, we had constructed water storage tanks, latrines and hand-washing stations at 24 elementary and pre-schools. The children continue to have access to clean water and proper sanitation facilities and are taught vital hygiene practices reducing their risk of infectious disease.



SEASONAL FOOD AID-WORLDWIDE

Mercy-USA provides food and other essential items to families in need during Ramadan and Eid ul-Adha. Iftar food packages or Iftar meals were served, as well as food packages (Fitra) were distributed to needy families in most of the countries where we operate. Meat was distributed during Eid ul-Adha.

In 2013, Mercy-USA's donors provided over 90,000 people with this vital food aid. Persons helped included orphans, the elderly, persons with disabilities, refugees and those living in poverty in Albania, Bangladesh, Bosnia, India, Indonesia, Kenya, Lebanon, Somalia, Syria and the United States.



THE SWEETNESS OF SERVICE AND DEVASTATION OF LOSS

Toward the end of 2013, the situation in Syria had made the Aleppo neighborhoods of Al-Marjeh, Aqyoul or Bab Al Nayreb some of the most dangerous places on earth. The daily death toll from barrel bombings were estimated to be 30 to 40 persons including children.

In the last weeks in December 2013, in the Al-Marjeh neighborhood, families—too poor to have escaped the danger earlier by traveling to another country—were stuck with few choices. They were disadvantaged even before the war began: widowed or abandoned women with children, families caring for disabled children, and the elderly. The commonality between these families is that they have all been rendered virtually helpless due to the fighting.

While the families waited for something to change, their bodies still needed food and warmth, and Mercy-USA's local aid workers continued to deliver food baskets and baby formula. Despite the threats to their own safety, they continued to do the work to which they've dedicated their lives.

Abir, newly hired by Mercy-USA just a month before her death, had spent her life helping her community, and had seen her new job as a way to broaden her reach of service to the most vulnerable families and children in Aleppo. Three days after her 37th birthday, on December 23, 2013, Abir had spent the morning

visiting families and assessing their need for the aid that Mercy-USA distributes in Al-Marjeh. Later that afternoon, she was killed by a barrel bomb attack as she walked down the street toward her next workday task. The news stunned Mercy-USA staff around the world, leaving everyone worried for not only Abir's family, but also the remaining Aleppo field staff and the people of Syria.



The risk an aid worker like Abir takes in Aleppo is incredibly high. These workers are humanitarians—not soldiers or activists, and they're risking their lives to care for the most vulnerable people. A bloody tie that binds the field staff to the people they're helping is the war trauma they're all experiencing. Everyone has friends or relatives who have been killed, and each day brings the horror-filled prospect of more painful news.

"It's security chaos," reports one of Mercy-USA's senior staff who wishes to remain anonymous for safety reasons. "It doesn't matter who's who, we base our

assessments on pure need. We don't ask affiliations or religion, we only want to know if they're hungry or destitute; and if they are, we give the aid." This puts the workers in danger on a daily basis. Relief work has no agenda when aiding hunger and suffering, and that's the grave risk field staff take daily.

The risks taken on by relief aid workers in dangerous conflict zones like Syria and other places around the world is known to all, and Abir has given the ultimate sacrifice that all our dedicated Mercy-USA field staff are willing to make every day as they conduct field assessments, and distribute aid.

During a field staff meeting days after Abir's untimely death, Mercy-USA's senior leadership team expressed concern for the worker's safety as the situation became even more dangerous. All of the field workers said that even if the commodities Mercy-USA delivers were to dry up, they'd still stay and do what they could to help the thousands who are relying on them for help. "We're staying. It's our country, and these are our people. Who else will help them if we don't?" While most of their own families fled the country long ago for safer havens, these humanitarians refuse to leave those who have no other choice but to wait for the day when life in Syria becomes once again livable.

We continue to pray for Abir and her good and generous soul.



Alan C. Young & Associates, P.C.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mercy-USA for Aid and Development, Inc (the Organization) and its overseas operations, which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, and cash flows for the years 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report
(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, statement of functional expense and other supplemental information as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

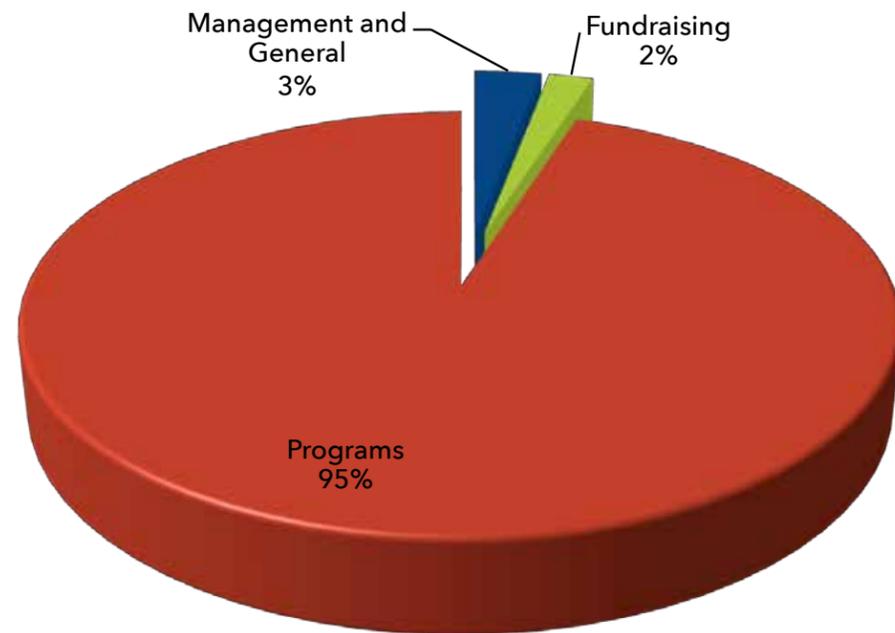
In accordance with Government Auditing Standards, we have also issued our report dated July 7, 2014 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Alan C. Young; Assoc.

Detroit, Michigan
July 7, 2014

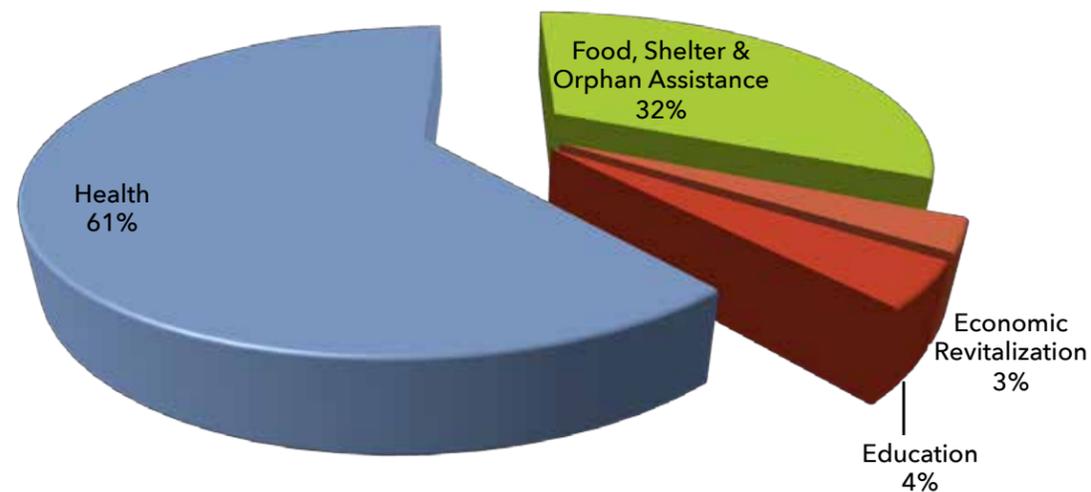
FUNCTIONAL EXPENSES

January 1, 2013 - December 31, 2013



PROGRAM EXPENSES BY SERVICE CATEGORIES

January 1, 2013 - December 31, 2013



Mercy-USA for Aid & Development, Inc.

Consolidated Statements of Financial Position
December 31, 2013 and 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,703,731	\$ 3,291,369
Pledges & Accounts Receivable	713,218	730,988
Notes Receivable - Micro-Lending/SED	-	6,000
Prepaid Insurance & Expenses	11,263	10,377
Total Current Assets	3,428,212	4,038,734
Fixed Assets:		
Building, Vehicles, Furniture & Equipment	1,105,972	1,058,240
Less: Accumulated Depreciation	(247,631)	(195,656)
Total Fixed Assets	858,341	862,584
Other Assets:		
Security Deposits	500	500
Total Other Assets	500	500
Total Assets	\$ 4,287,053	\$ 4,901,818
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 718,244	\$ 830,944
Deferred Revenue	80,743	356,861
Tenant Security Deposit	6,625	6,625
Accrued Payroll & Taxes	2,576	353
Advance Rent	-	1,283
Total Current Liabilities	808,188	1,196,066
Net Assets:		
Unrestricted	1,351,708	1,535,800
Temporarily Restricted	2,127,157	2,169,952
Total Net Assets	3,478,865	3,705,752
Total Liabilities and Net Assets	\$ 4,287,053	\$ 4,901,818

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

Mercy-USA for Aid & Development, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (226,887)	\$ (150,946)
Adjustments to reconcile Change in Net Asset to Cash Provided by (Used in) Operations:		
Loss (Gain) on Disposal of Assets	-	(46)
Depreciation	57,432	53,287
Uncollectable Accounts Receivable	164,162	-
Change in:		
Repayments from/(Payments for) Notes Receivable	6,000	4,000
Prepaid Insurance and Expenses	(886)	(340)
Pledges and Accounts Receivable	(146,392)	(649,921)
Other Assets	-	5,100
Accounts Payable	(112,700)	389,157
Deferred Revenue	(276,118)	58,550
Accrued Payroll and Taxes	2,223	20
Other Liabilities	(1,283)	7,908
Net Cash Used in Operating Activities	<u>(534,449)</u>	<u>(283,231)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment/Building	(53,189)	(854,840)
Proceeds from Sale of Assets	-	110
Net Cash Used in Investing Activities	<u>(53,189)</u>	<u>(854,730)</u>
Net Decrease in Cash	(587,638)	(1,137,961)
Cash and Cash Equivalents - Beginning of Year	<u>3,291,369</u>	<u>4,429,330</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,703,731</u>	<u>\$ 3,291,369</u>

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

Mercy-USA for Aid & Development, Inc.

Consolidated Statements of Activities
Years Ended December 31, 2013 and 2012

	2013			2012		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE						
Contributions From Public	\$ 333,307	\$ 2,315,893	\$ 2,649,200	\$ 333,002	\$ 2,305,999	\$ 2,639,001
US Agency for International Development (USAID)	-	2,953,498	2,953,498	-	3,032,110	3,032,110
United Nation (UN) Grants	-	1,217,897	1,217,897	-	1,620,833	1,620,833
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	277,727	277,727	-	273,899	273,899
Contribution In-Kind - UN agencies	-	1,792,170	1,792,170	-	2,099,922	2,099,922
Rental Income	72,600	-	72,600	27,769	-	27,769
Dividend Income	3,543	-	3,543	3,458	-	3,458
Gain/Loss on Foreign Currency Fluctuation	6,146	-	6,146	19,121	-	19,121
Gain/Loss on Sale of Equipment	-	-	-	110	-	110
Program Fees	500	-	500	1,000	-	1,000
Net Assets Released From Restrictions:						
Satisfaction of Service Restrictions	8,599,980	(8,599,980)	-	9,516,175	(9,516,175)	-
Total Support and Revenue	<u>\$ 9,016,076</u>	<u>\$ (42,795)</u>	<u>\$ 8,973,281</u>	<u>\$ 9,900,635</u>	<u>\$ (183,412)</u>	<u>\$ 9,717,223</u>
EXPENSES						
Program Services:						
Food, Shelter and Orphan Assistance	\$ 2,797,042	\$ -	\$ 2,797,042	\$ 1,224,989	\$ -	\$ 1,224,989
Economic Vitalization	217,707	-	217,707	205,726	-	205,726
Health	5,354,849	-	5,354,849	7,528,404	-	7,528,404
Education	365,620	-	365,620	606,457	-	606,457
Total Program Services	<u>\$ 8,735,218</u>	<u>\$ -</u>	<u>\$ 8,735,218</u>	<u>\$ 9,566,576</u>	<u>\$ -</u>	<u>\$ 9,566,576</u>
Supporting Services:						
Management and General Fund Raising	\$ 247,146	\$ -	\$ 247,146	\$ 134,882	\$ -	\$ 134,882
Total Supporting Expenses	<u>\$ 247,804</u>	<u>\$ -</u>	<u>\$ 247,804</u>	<u>\$ 167,711</u>	<u>\$ -</u>	<u>\$ 167,711</u>
Total Expenses	<u>\$ 9,200,168</u>	<u>\$ -</u>	<u>\$ 9,200,168</u>	<u>\$ 9,866,169</u>	<u>\$ -</u>	<u>\$ 9,866,169</u>
Change in Net Assets	(184,092)	(42,795)	(226,887)	32,466	(183,412)	(150,946)
Net Assets - Beginning of Year	1,535,800	2,169,952	3,705,752	1,503,334	2,353,364	3,856,698
Net Assets - End of Year	<u>\$ 1,351,708</u>	<u>\$ 2,127,157</u>	<u>\$ 3,478,865</u>	<u>\$ 1,535,800</u>	<u>\$ 2,169,952</u>	<u>\$ 3,705,752</u>

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

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements
December 31, 2013 and 2012

1) **NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activity

Mercy-USA for Aid & Development, Inc. (the Organization) 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 Children Fund (UNICEF), World Food Program (WFP) 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 FASB Accounting Standards Codification Topic 830, *Foreign Currency Matters*. 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

In accordance with accounting standards applicable to 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.

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:

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2013 and 2012

1) **NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Unrestricted Fund:

Unrestricted net assets are those currently available for use of the Organization's Board.

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.

The Organization does not have any permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or the nature of any donor restrictions.

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

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 interim periods. The Organization's federal tax returns for the prior three years remain subject to examination by the Internal Revenue Service.

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2013 and 2012

1) **NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Grants

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

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 if purchased 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. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. Assets with an individual cost of \$ 250 and over are capitalized.

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 AND CASH EQUIVALENTS**

The total cash held by the Organization at December 31, 2013, includes \$1,313,049 not covered by insurance provided by the Federal Deposit Insurance Corporation. As of December 31, 2012 the uninsured amount was \$456,265.

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2013 and 2012

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.

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.

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.

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2013 and 2012

4) CONTRIBUTIONS IN-KIND

These consist of food, medicines and medical supplies etc. provided by UNICEF and World Food Program for distribution to needy people. The amounts recognized in the statement of activities are based on fair value of the goods received at the time of donation. The Organization received \$1,792,170 and \$2,099,922 in fiscal years 2013 and 2012, respectively.

5) PLEDGES AND ACCOUNTS RECEIVABLE

Accounts receivable consist of Somalia/Kenya grant funding receivable from the USAID and the United Nations Grant agencies. Details of Accounts Receivable as of December 31, 2013 and 2012 are as follows:

	2013	2012
Grants Receivable	\$ 696,540	\$ 709,527
Pledges Receivable	16,678	21,461
	<u>\$ 713,218</u>	<u>\$ 730,988</u>

During the year, \$164,162 was written off as uncollectibles.

6) FIXED ASSETS

Fixed assets are comprised of the following:

	2013	2012
Automobiles	\$ 93,629	\$ 75,129
Office Equipment	157,125	133,563
Office Furniture	16,159	11,194
Audio Visual Equipment	8,464	8,464
Building	820,000	820,000
Others	10,595	9,890
	<u>1,105,972</u>	<u>1,058,240</u>
Less: Accumulated Depreciation	<u>(247,631)</u>	<u>(195,656)</u>
Total	<u>\$ 858,341</u>	<u>\$ 862,584</u>

The depreciation for the years ended December 31, 2013 and 2012 was \$ 57,432 and \$53,287 respectively.

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2013 and 2012

7) PENSION PLAN

The Organization started a 401(k) pension plan on January 1, 2000 for all employees in the headquarters in the USA, who have attained the age of 20 ½ years. Employees may join the plan on 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 \$10,183 and \$9,882 in fiscal years 2013 and 2012, respectively, to the plan.

8) RELATED PARTY TRANSACTIONS

The Organization partners with Mercy-USA for Aid & Development, (Canada) towards providing relief and development activities. For the years ended December 31, 2013 and 2012 the Organization, collected \$40,024 and \$68,208 respectively, on behalf of Mercy-USA for Aid & Development, (Canada) and received \$58,343 and \$87,204, respectively, from Mercy-USA for Aid & Development, (Canada). As at December 31, 2013, an amount of \$ 951 was payable to Mercy- USA for Aid and Development, (Canada) and no amount was receivable from them.

9) 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:

Albania Programs	\$ 87,058
Bosnia Programs	89,014
Indonesia Programs	51,245
Lebanon Programs	165,669
Somalia & Kenya Programs	6,697,866
Syria Programs	1,285,137
Gaza Programs	122,181
Bangladesh Programs	62,492
United States Programs	15,000
India Programs	22,764
Other Programs	1,554
Total Restrictions Released	<u>\$ 8,599,980</u>

Temporarily restricted net assets are available for specific programs and have a balance of \$2,127,157 and \$2,169,952 at December 31, 2013 and 2012 respectively.

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2013 and 2012

10) CONTINGENCY

The Organization is the recipient of several grants. The expenditures for each program are subject to audit by appropriate agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any to be immaterial.

11) SUBSEQUENT EVENTS

The Organization has evaluated events through July 7, 2014 the date that the accompanying financial statements were available to be issued. No significant subsequent event was noted that required adjustment or disclosure in the financial statements.

Since the end of the year, the Organization has established an office in Turkey.

Mercy-USA for Aid & Development, Inc.

Statement of Functional Expenses
Year Ended December 31, 2013
(With Combined Comparative Totals for 2012)

Expenditures	Food, Shelter & Orphan Assistance	Health	Economic Vitalization	Education	Total Program Services	Management & General	Fund Raising	Total Expenditures	2012 Total Expenditures
Grants	\$ 59,000	-	-	\$ 145,879	\$ 204,879	-	-	\$ 204,879	\$ 493,989
Salaries & Wages	284,103	1,832,947	74,448	59,673	2,251,171	15,551	7,082	2,273,804	2,117,237
Employee Benefits	2,282	157,233	12,391	590	172,496	14,424	-	186,920	190,126
Advertising & Promotion	-	-	-	-	-	508	162,124	162,632	105,369
Transportation Expenses	8,285	800,379	12,961	4,309	825,934	1,271	-	827,205	935,807
Commercial Insurance	-	-	-	-	-	992	-	992	1,877
Conference, Meeting & Seminars	-	-	1,774	-	1,774	1,083	2,685	5,542	5,102
Consultants & Other Professional Services	9,225	14,287	1,380	10,820	35,712	-	4,500	40,212	25,516
Dues, Subscriptions, Fees, etc.	243	53	-	61	357	988	-	1,345	9,585
Legal	7,323	65	11	1,217	8,616	-	-	8,616	4,919
Accounting	517	23,769	-	517	24,803	1,953	-	26,756	26,892
Occupancy & Warehousing	5,042	140,405	4,779	9,429	159,655	5,460	-	165,115	168,410
Postage & Shipping, etc.	93	5,179	384	388	6,044	407	11,107	17,558	13,559
Printing & Copying	1,980	1,670	278	240	4,168	293	7,857	12,318	16,128
Program Materials	2,247,141	1,535,815	64,895	91,096	3,938,947	-	-	3,938,947	4,742,353
Telephone	2,760	63,038	2,685	1,795	70,278	2,270	-	72,548	69,975
Travel	50,081	199,411	14,717	1,493	265,702	1,925	217	267,844	258,483
Bank Charges/Currency Adjustment	13,345	54,712	3,975	1,972	74,004	353	22,232	96,589	105,068
Office Supplies and Equipment	4,179	140,158	1,208	1,273	146,818	467	-	147,285	122,929
Payroll Taxes	-	1,165	-	-	1,165	2,431	-	3,596	5,574
Loss on Sale of Assets	-	-	-	-	-	-	-	-	64
Uncollectible Accounts Receivables	-	-	-	-	-	164,162	-	164,162	-
Indirect cost	98,878	365,907	19,851	33,235	517,871	-	-	517,871	395,920
Depreciation	2,565	18,656	1,970	1,633	24,824	32,608	-	57,432	53,287
Total	<u>\$ 2,797,042</u>	<u>\$ 5,354,849</u>	<u>\$ 217,707</u>	<u>\$ 365,620</u>	<u>\$ 8,735,218</u>	<u>\$ 247,146</u>	<u>\$ 217,804</u>	<u>\$ 9,200,168</u>	<u>\$ 9,868,169</u>

Mercy-USA for Aid & Development, Inc.

**Supplemental Statement of Revenue and Program Expenses
Year Ended December 31, 2013
(With Combined Comparative Totals for 2012)**

	ALBANIA	LEBANON*	BOSNIA	INDONESIA	SOMALIA & KENYA	SYRIA	BANGLADESH	GAZA	INDIA	USA	OTHERS**	NOT DESIGNATED	TOTAL	TOTAL 2012
REVENUES														
Contributions from Public:														
General	\$ 4,570	\$ 3,248	\$ 2,098	\$ 3,245	\$ 118,231	\$ 829,863	\$ 8,600	\$ 27,414	\$ 8,442	\$ -	\$ 11,290	\$ 333,307	\$ 1,350,308	\$ 1,525,836
Food Aid	13,820	41,000	12,000	21,000	50,000	112,000	936	-	8,019	15,000	-	-	273,775	257,668
Orphan Fund	5,775	1,838	4,473	7,000	740	-	-	-	-	-	-	-	19,826	18,596
Zakat	60,000	50,000	20,000	20,000	9,291	740,000	-	100,000	6,000	-	-	-	1,005,291	838,901
US Government Grants														
US Agency for International Development (USAID)	-	-	-	-	2,953,498	-	-	-	-	-	-	-	2,953,498	3,032,110
United Nations (UN) Grants	-	-	-	-	1,217,897	-	-	-	-	-	-	-	1,217,897	1,620,833
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	-	-	-	277,727	-	-	-	-	-	-	-	277,727	273,889
Gifts in Kind - UN Agencies	-	-	-	-	1,792,170	-	-	-	-	-	-	-	1,792,170	2,099,922
Rental Income	-	-	-	-	-	-	-	-	-	-	-	72,600	72,600	27,769
Dividend Income	-	-	-	-	-	-	-	-	-	-	-	3,543	3,543	3,458
Gain/Loss on Foreign Currency Fluctuation	-	-	-	-	-	-	-	-	-	-	-	6,146	6,146	19,121
Gain/Loss on Sale of Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	110
Program Fees	-	-	-	-	-	-	-	-	-	-	-	500	500	1,000
Total Revenues	\$ 84,165	\$ 96,086	\$ 38,571	\$ 51,245	\$ 6,419,554	\$ 1,681,863	\$ 9,536	\$ 127,414	\$ 22,461	\$ 15,000	\$ 11,290	\$ 416,096	\$ 8,973,281	\$ 9,717,223
EXPENDITURES														
Program Services:														
Food, Shelter & Orphan Assistance	\$ 18,100	\$ 54,396	\$ 19,344	\$ 17,624	\$ 1,374,519	\$ 1,249,532	\$ 23,000	\$ -	\$ 22,764	\$ 16,209	\$ 1,554	\$ -	\$ 2,797,042	\$ 1,224,989
Economic Vitalization	11,198	-	67,365	139,144	-	-	-	-	-	-	-	-	217,707	205,726
Health	-	16,632	-	5,302,612	35,605	-	-	-	-	-	-	-	5,354,849	7,628,404
Education	65,915	94,641	20,880	1,776	20,735	-	39,492	122,181	-	-	-	-	365,620	608,457
Total Program Services	\$ 95,213	\$ 165,669	\$ 107,589	\$ 158,544	\$ 6,697,866	\$ 1,285,137	\$ 62,492	\$ 122,181	\$ 22,764	\$ 16,209	\$ 1,554	\$ -	\$ 8,735,218	\$ 9,565,576

Independent Financial Auditors
Alan C. Young & Associates, P.C.
Certified Public Accountants

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Mercy-USA for Aid and Development is a nonprofit relief and development organization dedicated to alleviating human suffering and supporting individuals and their communities in their efforts to become more self-sufficient.

Incorporated in 1988, Mercy-USA's projects focus on improving health, nutrition and access to safe water, as well as promoting economic and educational growth around the world.

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- Member of InterAction

Mercy-USA for Aid and Development

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