

Stories from the Field

2016 Annual Report



Mercy-USA[®]

Mercy-USA for Aid and Development

“Alone we can do so little: together we can do so much.”*



Adey came into our Mogadishu Mother & Child Health and Nutrition Center, devastated and exhausted from worry for her four-year-old son, Ibrahim. The drought in Somalia had forced her to separate from her husband to seek help in the city while he stayed behind to earn what little money he could to send to her. “My life was absolutely shattered after losing all that I have known.”

Her husband’s remittances weren’t enough to buy clean water and feed Ibrahim a healthy diet. He was suffering from malnutrition and losing strength by the day when we met her. Ibrahim was evaluated, and enrolled in our nutrition program. Adey was surprised and happy to learn that the free support our health workers offered her that day would be continuous until Ibrahim had recovered.



After the massacre of Hama in 2012, Khaled Al-Said (above), his wife and children fled for their lives to an IDP camp in Idlib province seeking safety. They had nothing with them but their clothes. “When we arrived at the camp, we were in very difficult circumstances. There was no shelter, nothing. We had left everything behind—our homes, farms and our livelihoods.” Omar, the Al-Said’s oldest son, still remembers the day the family fled their home, “We left in a fearful speed; we were so afraid. Today, after all these years, I still miss our home, our village and my school.” Mercy-USA helps the Khaled Al-Said family with monthly food baskets and other vital support.

*Helen Keller

Dear Friends & Supporters,

Greetings and peace be upon you.

In 2016, with the generosity and support of our individual and institutional donors, Mercy-USA for Aid and Development was able to provide life-saving humanitarian relief and life-changing educational and economic development opportunities for almost half a million persons in need around the world.

While numbers are important, the positive impact on each individual beneficiary is measured in renewed hope and potential for a brighter future. It is their stories and those of our dedicated field staff that we highlight in this year’s annual report. You will read stories about real mothers and their children getting access to health and nutrition services, farmers getting technical support to feed their families and fuel their local economies, or students getting a leg up for college or careers. Among all these stories, you’ll find a common thread of hope for a better future.

Each of our approximately half a million beneficiaries has their own story of renewed hope and resiliency. And they, like us, are uplifted by the kindness and support of our donors.

Thank you for making all of these remarkable stories possible.

Sincerely,

Umar al-Qadi
Umar al-Qadi
President and CEO

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Aleppo, Syria: The Summer that Bled into Winter

Mercy-USA was one of the very last humanitarian organizations to be distributing food baskets in November and December of 2016. The siege on Aleppo that began last summer was horrific for the thousands of people we had been helping with food, winter warmth and medical care. When the last road into the city was blocked, the majority of our field team members refused to leave despite the admonition to evacuate. They told us that by staying they would be able to stand by and help the innocent children and their families who were trapped in Aleppo by poverty.

Stay they did, enduring unimaginable nights of bombings, missile attacks and near starvation alongside the families they vowed to serve. The team rationed and distributed food baskets; the Mercy-USA Mother and Child Health Clinic was moved due to shelling on more than one occasion and ultimately became a primary health clinic helping whomever could walk in for care.

Mercy-USA was forced to close operations in Aleppo after five years in December 2016 due to impossible security challenges. However, we followed the families who fled on the infamous green buses to other areas of northern Syria with food aid, healthcare and more.



Mercy-USA field team manager, Zein, (at left), a young single woman who has endured much for the sake of helping the most destitute in her country told us, "As the people fled the Regime in the last days of the siege, we'd see them running and carrying our food boxes. They felt the food was more important than other possessions they had."

Aleppo Mother and Child Health Clinic

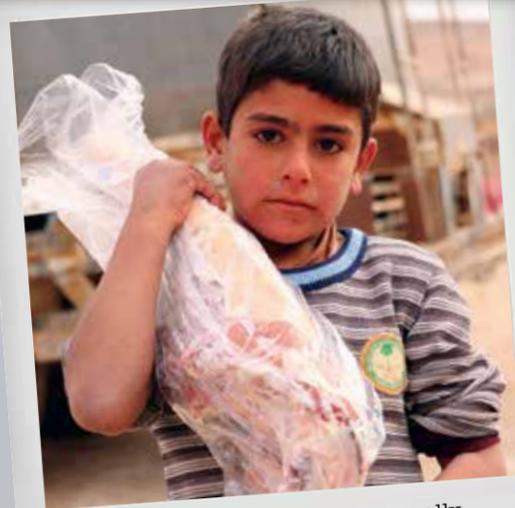
The Mercy-USA Mother and Child Health Clinic served the pre- and post-natal needs of mothers, and cared for their infants and children under the age of five. The building itself became a target of shelling like all the remaining medical facilities in Aleppo in 2016. We were forced to close, relocate and reopen on several occasions in 2016 until

finally the clinic was closed permanently in late December when residents of East Aleppo fled the city under threat from Regime forces. Three months later, in 2017, Mercy-USA opened a larger and more comprehensive Primary Health Clinic outside Aleppo.



We had to ask our beneficiary families to stagger their food basket pick-ups in the Fall of 2016. Large crowds on the street attracted missile strikes.

Filling the gaps especially when it comes to kids in Syria.



Frozen meat was distributed to internally displaced families (IDPs) living in camps in northern Syria.



Even simple things like paper and pencils were enormously important to children who have lost their schools and teachers. We gave school supplies to children living in IDP camps for encouragement.



Omar got a new set of winter clothes and shoes donated by caring communities in Michigan. We shipped and distributed the container full of much needed clothes to families in Aleppo.



When running for your life, you take only your kids and the clothes on your back. We brought blankets, mattresses and other essentials to families newly arrived from other areas under attack.



We found normally elusive smiles to be abundant when we distributed Eid toys and sweets in IDP camps in northern Syria.



Winter Warmth for Tens of Thousands in Syria

With the help of the United Nations and our donors, Mercy-USA distributed stoves and eco-friendly fuel to warm the homes of more than 35,000 vulnerable people in Syria last winter.

Tens of thousands of Syrians from small farming communities to larger cities like Hama and Aleppo were displaced from their homes. Living in tents on barren grazing land, or crowded in small dwellings in outlying villages— we found thousands of families trying to survive without heat.

The war has made winter a deadly season for families due to the severe shortage of fuel or adequate means with which to cook and warm their homes. Many resorted to unsafe methods to cook such as using dangerous primus stoves with volatile homemade fuel; many families were struggling to stay warm by burning garbage like toxic plastic in unventilated makeshift stoves. Children were especially vulnerable to illness from the cold and from breathing toxic smoke.

We tackled this serious issue by distributing cast iron stoves that burned cleaner bio-mass fuel pellets manufactured from olive oil production waste. The stoves were vented, too heavy to be tipped over and the fuel burned safer, hotter and cleaner than wood, kerosene or plastic waste.



Lebanon: Relief for Syrian Refugees

Lebanon is host to over one million refugees from Syria. According to the 2016 Vulnerability Assessment of Syrian Refugees sponsored by the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP), nearly one third of Syrian Refugees were moderately to severely food insecure. Families who fled from

Syria have drained their meager savings after years of living as refugees in a country whose resources were already limited for its own people. Refugee families, unable to work in Lebanon, are forced to rely on humanitarian aid and entrepreneurial skills to survive. This leaves many families, especially women and children, extremely vulnerable.



During 2016, in partnership with OrientHelfer, we distributed bread to over 4,000 families in the Wadi Khalid region 3 times a week. This bread bridged an important gap for these families who rely on humanitarian food vouchers that just aren't quite enough. During 2016, we distributed about 400,000 pounds of bread to these families.

Before the war in Syria, Lebanon's healthcare system was struggling to increase capacity for its own citizens. Now, the influx of over one million Syrian Refugees has left many of them and their poor host families without affordable access to doctors or medical care since the system is privatized and fee-based. Our medical projects have been operating in Lebanon for Syrian Refugees and their Lebanese host families since 2012. In 2016, our mobile medical clinic provided medical visits for free to families all throughout the Wadi Khalid area of Lebanon.

Somalia: Preventing a Famine

Famine doesn't just happen; it comes when a perfect storm of climate and political calamities collide. Because Somalia's government is still unstable and not able to respond to natural disasters, the three years of failed rains in large parts of the country created conditions ripe for a famine. Mercy-USA, with a long history of working in Somalia, was able to quickly mobilize and contribute to the prevention of another disastrous situation.

Largely pastoralist, Somali families count their wealth in how many head of sheep, goats and camels they have, and when three years of drought decimated livestock, families began to falter and fall apart.

In late 2016, we trucked in water to areas hardest hit by the drought. We constructed water catchment reservoirs, and distributed water to villages.

We talked with many mothers caring for multiple children who had separated from their husbands to seek humanitarian aid to survive while the men took their remaining camels to distant locations in search of grazing land. Many families lost track of each other, and women were forced into makeshift tents without familiar community or family nearby. Accustomed to a healthy lifestyle, working alongside their spouse, these mothers were distraught and felt lost as they stayed inside unable to change their situation.

Mercy-USA distributed food aid to these camps as well as conducted health assessments, focusing on the nutrition needs of children under five-years-old. Mothers and children found to be malnourished were enrolled in our nutrition support program.



Mercy-USA Community Health Workers assessed children in camps for malnutrition which provided emotional relief to their distressed mothers.



Mercy-USA delivered emergency food aid to areas worst hit by the drought.



We delivered water to sustain families who were trying to survive with the loss of their livestock and homes.

A Family's Story of Survival



This very strong and proud woman welcomed us to tell her story: Anab is a 29 year-old mother of four young children. Before the last year of successive drought, she and her husband were successfully raising sheep and camels in the Las Anod area of Somalia. "Once the drought began to weaken and kill our animals, diseases broke out and finished most of our livestock. We only had about 30 of our camels left

when my husband took them in search of water and grassland while I brought the children to this camp."

She told us her husband contacts her monthly and each month the news is worse. "The last time I heard from him he said if it didn't rain within the month, we'd lose the last of our animals." She told us that staying inside her makeshift hut was not what she had ever done before and it was causing her to feel shame. Watching her children slowly lose the glow of good health was terrible. Mercy-USA brought Anab and other families like hers food aid and water, and she said it turned things around for her at the moment she felt the most desperate. "The food and water really changed our life; I see my children becoming healthier and stronger now."

In Somalia, Early Intervention is Everything



We met Fatuma, (above) in one of our Mother and Child Health Centers in Somalia during her pre-natal check up.

"I am not new to Mercy-USA's facility. I was here also during my 5th pregnancy until the delivery. You know there are few public health centers in Mogadishu and most of them are far away." Fatuma visits the clinic regularly to have her pregnancy monitored and she is also enrolled in our supplemental feeding program where she is given oil and a fortified cereal to keep her pregnancy healthy. She told us, "The clinic and the feeding program for mothers really changed my life. The staff is so welcoming particularly the female staff."

Since 1993, Mercy-USA has been working in Somalia offering hope and lasting positive impacts on the people we're serving. During 2016, with generous grants from the US Agency for International Development's Office of Foreign Disaster Assistance (USAID/OFDA), the United Nations Children's Fund (UNICEF), the World Food Program (WFP) and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), we helped tens of thousands of people in Somalia.

We operate over 25 Mother and Child Health Clinics offering healthcare to mothers and their children. Women like Fatuma, featured at left, find qualified healthcare providers free of charge for themselves and their children, as well as vital health services including pre- and post natal care, immunizations and more.

Mercy-USA also operates Nutrition Support Centers across Somalia highlighted in Mano's story at right.

We operate 12 TB treatment centers in Somalia with more than half of them offering either medical treatment or referrals for HIV/AIDS. Two of our centers also test donated blood for HIV, Hepatitis and sexually transmitted diseases. In 2016, we saw over 1,700 patients in these centers combined.



Serving Needs of the Very Smallest in Somalia, Now and into the Future.

Mano Hussein is a grandmother of six very young children, including 13-month old Asisa who was suffering from acute malnutrition when we first met her in one of our Nutrition Support centers in Mogadishu.



Mano's son is disabled and can't provide for the family, so they survive on help from relatives and neighbors, but when her youngest granddaughter failed to thrive she knew that anything her tenuous support system could do would not be enough. Asisa was over a year old and weighed just 11 pounds. Mano said, "It's common for children to die here in Mogadishu



because of malnutrition, but even the private pharmacies' prescriptions didn't change her condition. She stopped eating and had frequent diarrhea." Mano's neighbor told her about our nutrition support clinic and she brought the baby in to be assessed.

We enrolled Asisa in our nutrition support program and supplied Mano with Plumpy'Nut nutrition supplement for her granddaughter. On a follow up visit (photo at right) a visibly relieved

grandma told us Asisa was eating better and on the road to good health. The therapeutic feeding is bringing the baby up to the proper weight with time and careful monitoring. Mano said the family was looking forward to seeing the toddler learn to walk as she continued gaining strength.

Mercy-USA has 15 Nutrition Centers across Somalia. In 2016, we helped over 13,000 children under the age of 5.



A good life begins with access to clean water

In Somalia, safe access to clean water saves lives in more ways than one. When a village or an urban neighborhood lacks clean water, the following happens with regularity:

- Babies and young children die from dehydration caused by waterborne diseases from contaminated water.
- Girls lose an education because they must spend half the day fetching water.
- Women are forced to leave their young children alone and unattended while they carry a 20-liter jerry can on their backs for miles.

- Women and girls are under threat of attack from wild animals and roaming gangs when they walk for miles to fetch water alone or even in small groups.

A community can't thrive when more than half of its population is consumed with fetching water. Mercy-USA built 40 new wells in Somalia during 2016, that means safe, clean water for affected populations of 35,000. To date, donors have helped Mercy-USA build over 550 wells in Somalia, providing safe water to communities with a total population of over 600,000 people.



Once we have identified a community in need of a well, it takes approximately 3 months to complete the project, including the training of community members on how to maintain it.



Veterinary Help Lifts Families in Somalia

Ibrahim Alio, his wife and their 8 kids depend on the success of his flock of livestock in Somalia. Being a pastoralist is the traditional way of life for rural Somalia, but drought and war made it increasingly difficult for Ibrahim to support his family. The worst days came when his flock of 200 goats began dying from disease—in one month his flock was reduced to just 25 goats. He had no access to veterinary help, the veterinary drugs found in his local market were often fakes and even with that the cost was out of reach without selling off some of his stock to purchase the medicine and the vicious circle resulted in desperation for the family.

Families like Ibrahim's received help when Mercy-USA stepped in and began offering veterinary support services, including quality drugs and skilled veterinary services. Ibrahim reported that the prices in the marketplace for his livestock increased by 400% in one year. Success for Ibrahim is success for his children's education and the community as a whole.



Agricultural Support Brings Opportunities to Kenyans



Siyat was a 67-year-old pastoralist in Kenya when his family was enrolled in our livelihood project.

"I had this piece

of land by the river, but in years past I only used it as grazing land for my livestock. You need skills to farm, and even though the river water is only about 100 yards away, it was useless when I couldn't pull it out."

In years past, Siyat's livestock would perish with drought conditions and force him to leave his land and village with his very large family to seek help from relief agencies and the Kenyan government.

In 2016, Mercy-USA's livelihood project helped Siyat and his family make better use of the resources they already had at their disposal. He and his two older sons were trained in basic farming techniques, and given farming tools and fertilizer. We also supplied

the family with a generator and fuel to access river irrigation water for his under-utilized farmland.

Now, Siyat is growing crops that support his family with a variety of nutritious grains and vegetables plus these are cash crops he can sell for additional income.

Siyat and other farmers in our program now grow Sudan Grass, a highly efficient fodder for livestock that is drought-resistant. The Sudan Grass strengthens his livestock and he's able to sell what he doesn't need to others for more income. "This livelihood project has made a tremendous change in our income, food security and we're all eating a better diet. I've never seen the kind of support Mercy-USA has given our village."

Projects like this agricultural support program are designed to help families like Siyat's to become more resilient to hardship and the fickle climate changes that have devastated so many in the last decades in East Africa.



The tomatoes and maize Siyat grows are cash crops that also improve his large family's diet. The Sudan Grass he grows is fodder for his cattle, as well as a commodity he sells for profit.



Indonesia: Help Where it Does the Most Good!

Mercy-USA has been helping in Indonesia since the 2004 earthquake and tsunami struck the nation. As emergency relief shifted to more sustainable development needs our field team there has worked to design programs to support struggling farmers and provide 21st century skills for youth.

Thankfully, we were ready to move back into emergency disaster relief in 2016 when another powerful earthquake struck Aceh province. We provided emergency food aid and other supplies to families who lost their homes.

We also provided seasonal food aid for Rohingya refugees from Burma (Myanmar).



Rohingya Refugee families were provided with seasonal food aid and holiday toys to bring smiles and give hope to families who have suffered much.



Mercy-USA's agricultural programs in Indonesia are designed to help poor farmers become self-sufficient through better inputs, growing technologies and needed equipment. Our program participants report much higher yields on their rice farms with our help. This allows them, many of whom are single mothers, to provide education for their children that was not affordable before. Our heifer program helps small farmers get a jump start out of poverty by giving them the use of a heifer to care for and breed. The calf is theirs to raise and continue to breed. The cow is passed on to the next farmer in our program.



Mercy-USA was quickly on the ground to offer help to victims of the devastating earthquake in Aceh province in 2016. We provided families with household start up kits and emergency food aid.



At-risk youth come to our Mercy-USA after school training center and take free classes in computer software and English. The courses last six months and help kids get a leg up for college admission or a skilled job.



Growing Futures in Bosnia

Mercy-USA has worked in Bosnia for over two decades now and our focus remains singularly on helping to grow futures. Our education programs are giving vulnerable youth and young adults after school or evening courses in English, computer skills

and career boosting courses that are designed to help them compete in the workplace so they can climb out of the poverty that has become generational since the war devastated so many families.



Mercy-USA English instructor, Melisa Trokic (above) inspires her students with congratulatory selfies posted on the school's Facebook group.

Dressed in their best dresses, these girls (featured above) come to our free English classes after school each week and work toward parity with other children who can afford tuition and expensive classes designed to help them enter college.

The men and women who attend our adult English classes earn certificates that help them in their job searches. The certificates earned are valuable additions to a young person's resume in Bosnia.

We're working to break the cycle of poverty

Amar and Izet are best friends who were both born and raised in a Bosnia Collective housing center. Their families fled Eastern Bosnia in 1995 and have never felt safe to return. Amar and Izet and their siblings have only known a difficult life of poverty and need. For these boys and many kids just like them, Mercy-USA offers them a way to see a better future. Our after school computer skills and English classes are designed to not only provide hard skills



needed to enter college or the workplace, but also mentoring and encouragement to work toward a future up and out of the collective center. These activities keep the students focused on positive activities and behavior.

We also support their families and many families just like theirs with seasonal food aid.

Our self-sustaining Agricultural Education Center has been helping to train future agronomists as well as small farmers in the latest farming techniques. Seedlings are sold to support this 10,900 square foot greenhouse (at right) and one-acre farm. A portion of the seedlings are given to displaced families and elderly folk who rely on them to grow their own nutritious produce.

Fatima (right) has lived in a collective center for the last 22 years. She, her daughter-in-law and two grandkids were never able to return to their home in Eastern Bosnia and survive on very little. Mercy-USA provides the family with seasonal food aid and seedlings for Fatima's garden.



Albania: Helping to Create Sustainable Futures



Like our work in Bosnia, Mercy-USA focuses on sustainable projects in Albania that include agricultural support for farmers and education projects that support young people with hope and hard skills to build their futures.

Since 2011, Mercy-USA has been providing thousands of books to school libraries in Albania. Access to a wider world of information with these reference and literature books give Albania's students encouragement to dream bigger!

Support for Farmers Helps to Build the Entire Community

Abdullah (below) is a wheat farmer in Albania who supports his elderly parents, wife and three



children. He's part of our agricultural program and receives support and training from our Mercy-USA agronomist (pictured above on the right), on better techniques. With our training program, Abdullah has increased his yield and been able to expand his enterprise with dairy cows. He told us, "We never

knew about wild herbs or wheat infections that were harming our yields. Also as a community team leader, I'm now able to take the knowledge I've acquired at the trainings and field demos and pass everything I've learned on to other farmers in this area. We're all seeing higher yields."

Abdullah's son, Endrit (below behind his dad in a grey sweatshirt), is now involved with the family farm and hopes to continue his father's legacy of successful farming on into the future.



Leveling the Playing Field for Orphans in Albania

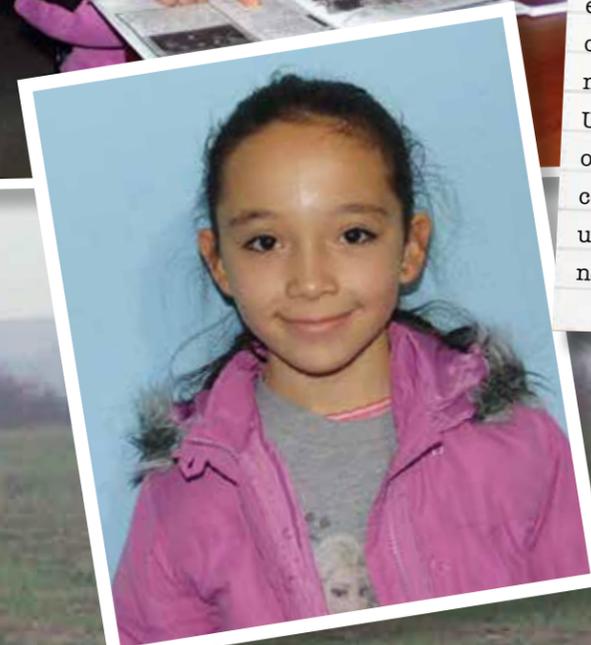
Albania's public schools are overcrowded and while available, facilities for much-needed training in English and computer skills are not adequate for mastery. Families who wish for their children to enter university, or into the skilled workforce pay for additional courses in these subjects. If you're disadvantaged, you're essentially two steps behind your more well to do peers. Mercy-USA has sought to pull children like Elisabeta (pictured below) out of a limited future with our free after school training programs. She and hundreds of children like her have come to our center

after their regular classes are finished and received additional tutoring in English and basic computer skills that will allow them to compete for university or a good job after graduation. Besides the skills training, we offer the kids motivation programs with visiting professionals and celebrate their achievements with gifts. Our programs keep children who are at risk of negative behavior on a positive track and offer a place for them to go when they need adult encouragement and guidance.



Elisabeta is a 12-year-old living in Tirana, Albania. When she was just 7, her father died suddenly plunging Elisabeta and her mother into poverty. Her mother is unemployed and the family survives on a monthly government subsidy of only \$120 (USD).

In order to compete for a college education, students in Albania can't rely on the weak public school system and those with means pay for expensive training and tutoring courses. These courses were a luxury Elisabeta's mother could never afford, until they learned about the Mercy-USA after school program for vulnerable and orphaned kids. Elisabeta arrives at our training center ready and determined to learn. She told us that she hopes to become a lawyer to help the needy in her country.



Food Aid Around the World

Each year, Mercy-USA distributes seasonal food aid to needy people for the Islamic observances of Ramadan, Eid al-Fitr and Eid al-Adha. In 2016, we served over 85,000 people. During Ramadan, special food baskets were distributed to families in Syria, India, Lebanon, Somalia, Kenya, and Indonesia. In addition, hot meals

were served to vulnerable families during Ramadan in Bosnia and Albania. For the "feast of the sacrifice" or Eid al-Adha, we distributed fresh or frozen meat to at-risk children and their families in the countries mentioned above plus the United States.



For many of the families we help, the meat distributed is one of the few times in the year they get it in their diet.

Supporting Refugees in America

When refugees come to the United States, their immediate needs are taken care of by one of nine resettlement agencies in a private/public partnership with the U.S. State Department. The resettlement agencies help the families locate affordable housing near services such as medical care, employment, and other vital services. The family is given a stipend and their rent is paid for a limited time, after that they are expected to manage on their own. This is where private organizations step in to help families locate all the resources they need to get on their feet and truly integrate into American society.

Mercy-USA funds two private organizations whose task is to assist refugees with everything from navigating the social services system, learning English, developing new job skills and finding gainful employment. Muslim Social Services Agency in Baltimore, Maryland offers refugee families a whole host of assistance in getting settled.

Their caseworker is often everything to the family from guidance counselor, translator, employment coach, housing advocate and more. He is the lifeline to these families as he locates all the resources a family needs to make a successful life.

The second Mercy-USA supported agency is Radiant Hands in Tampa, Florida. Their caseworkers help newly arriving families by partnering them with a volunteer from their community

to ease the transition. They provide food, rental and transportation assistance when needed. They also provide translators, transportation for appointments, assistance with school registration, English as Second Language (ESL) class identification and school enrollment. In addition, Radiant Hands provides counseling intakes and referrals to professional therapy if deemed appropriate to deal with cases of PTSD.

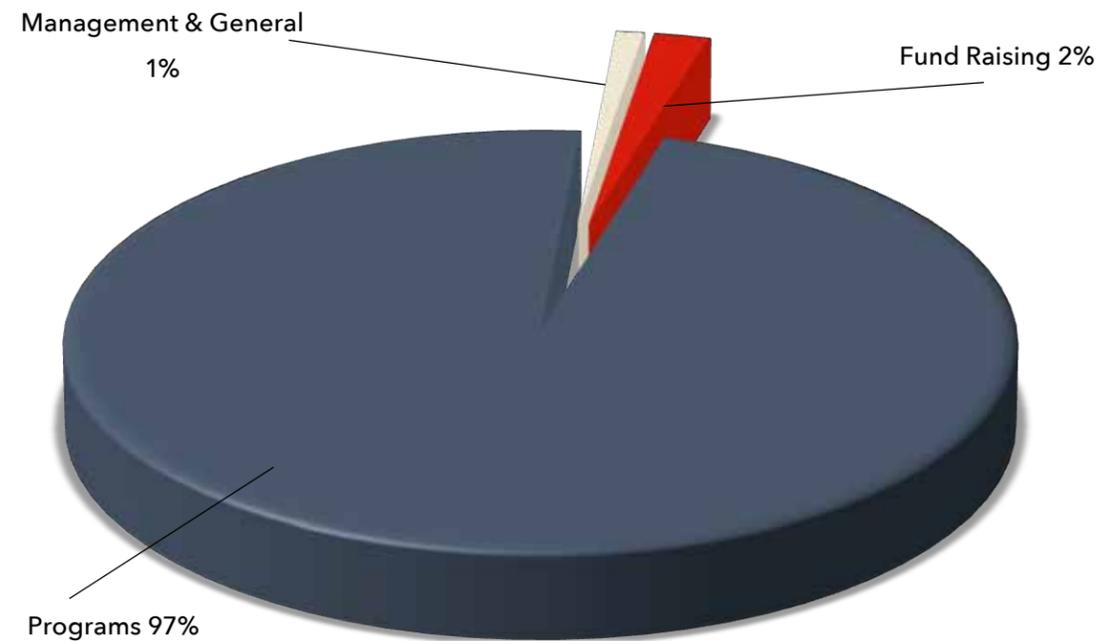
The needs are great for new refugee families, but both these agencies are rising to meet the need and contributing to promising futures for families who have been through so much before arriving to our shores.



Radiant Hands caseworker Zeyad helps a new refugee client with complicated forms. Just navigating paperwork for needed social services can be overwhelming for a new arrival to the U.S.

Functional Expenses

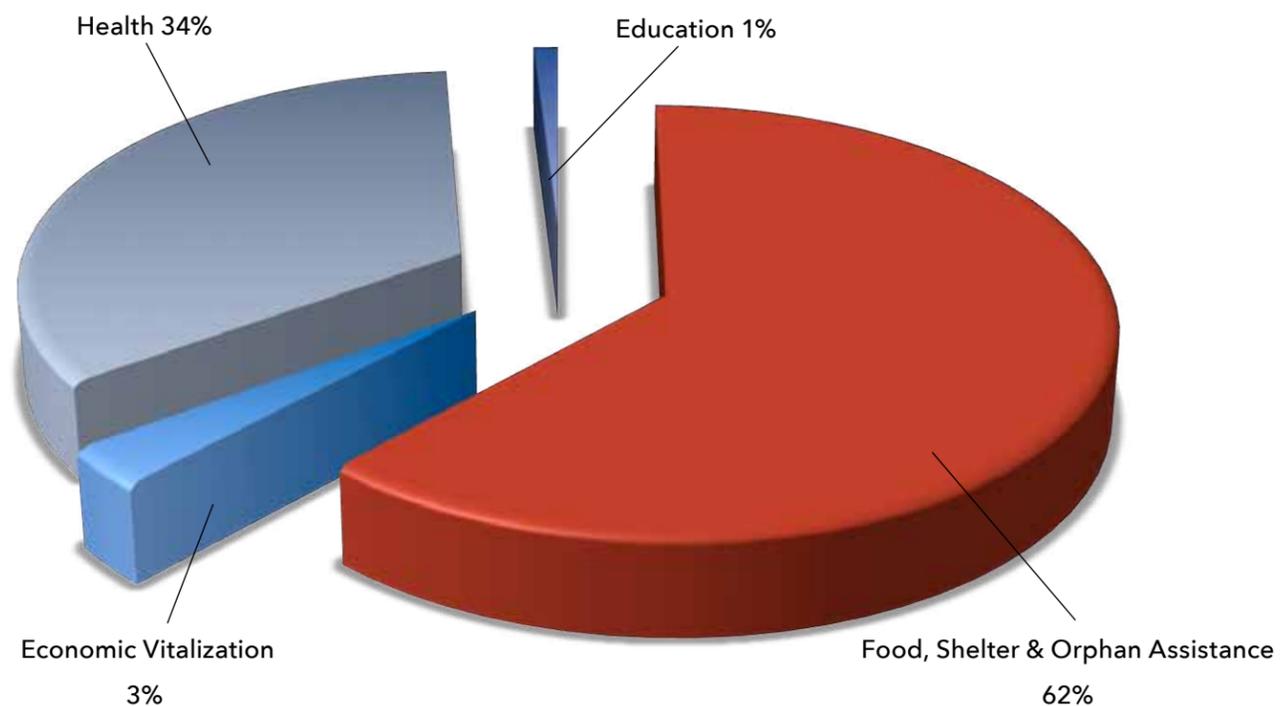
January 1 to December 31, 2016



Program Expenses

(by Service Category)

January 1 to December 31, 2016



Alan C. Young & Associates, P.C.

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INDEPENDENT AUDITOR'S 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. (a nonprofit organization) (the Organization) and its overseas operations, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, 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 Organization'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 Organization'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 Auditor's 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, 2016 and 2015, 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.

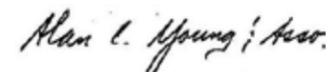
Other Matters

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, the 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 September 13, 2017 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.



Detroit, Michigan
September 13, 2017

Mercy-USA for Aid & Development, Inc.

**Consolidated Statements of Financial Position
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 4,094,895	\$ 2,909,691
Pledges & Accounts Receivable (Note 5)	912,203	808,421
Notes Receivable - Micro-lending/SED	10,000	12,000
Prepaid Insurance & Expenses	<u>20,472</u>	<u>12,074</u>
Total Current Assets	5,037,570	3,742,186
Fixed Assets:		
Building, Vehicles, Furniture & Equipment (Note 6)	1,338,381	1,189,663
Less: Accumulated Depreciation (Note 6)	<u>(403,192)</u>	<u>(346,060)</u>
Total Fixed Assets	935,189	843,603
Other Assets:		
Security Deposits	7,623	6,676
Travel Advance	<u>1,500</u>	<u>-</u>
Total Other Assets	9,123	6,676
Total Assets	<u>\$ 5,981,882</u>	<u>\$ 4,592,465</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 905,987	\$ 891,965
Deferred Revenue	715,587	79,062
Tenant Security Deposit	6,893	6,893
Accrued Payroll & Taxes	<u>2,413</u>	<u>984</u>
Total Current Liabilities	1,630,880	978,904
Net Assets:		
Unrestricted	2,454,836	1,756,148
Temporarily Restricted (Note 9)	<u>1,896,166</u>	<u>1,857,413</u>
Total Net Assets	4,351,002	3,613,561
Total Liabilities and Net Assets	<u>\$ 5,981,882</u>	<u>\$ 4,592,465</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, 2016 and 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions From Public	\$ 962,768	\$ 3,715,274	\$ 4,678,042	\$ 515,322	\$ 3,291,697	\$ 3,807,019
US Agency for International Development (USAID)	-	1,925,749	1,925,749	-	1,695,389	1,695,389
United Nation (UN) Grants	-	2,479,837	2,479,837	-	1,908,878	1,908,878
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	468,646	468,646	-	435,186	435,186
Contribution In-Kind - UN agencies (Note 4)	-	2,102,767	2,102,767	-	3,439,695	3,439,695
Rental Income	71,737	-	71,737	65,757	-	65,757
Dividend Income	9,103	-	9,103	5,330	-	5,330
Gain/Loss on Foreign Currency Fluctuation	30,095	-	30,095	50,156	-	50,156
Gain/Loss on Sale of Equipment	-	-	-	41	-	41
Program Fees	20,315	-	20,315	-	-	-
Net Assets Released From Restrictions:						
Satisfaction of Service Restrictions (Note 9)	10,653,520	(10,653,520)	-	10,576,901	(10,576,901)	-
Total Support and Revenue	11,747,538	38,753	11,786,291	11,213,507	193,944	11,407,451
EXPENSES						
Program Services:						
Food, Shelter and Orphan Assistance	6,671,110	-	6,671,110	5,491,830	-	5,491,830
Economic Vitalization	356,107	-	356,107	243,187	-	243,187
Health	3,595,215	-	3,595,215	4,721,450	-	4,721,450
Education	130,240	-	130,240	129,685	-	129,685
Total Program Services	10,752,672	-	10,752,672	10,586,152	-	10,586,152
Supporting Services:						
Management and General	94,897	-	94,897	155,829	-	155,829
Fund Raising	201,281	-	201,281	197,901	-	197,901
Total Supporting Expenses	296,178	-	296,178	353,730	-	353,730
Total Expenses	11,048,850	-	11,048,850	10,939,882	-	10,939,882
Change In Net Assets	698,688	38,753	737,441	273,625	193,944	467,569
Net Assets - Beginning of Year	1,756,148	1,857,413	3,613,561	1,482,523	1,663,469	3,145,992
Net Assets - End of Year	\$ 2,454,836	\$ 1,896,166	\$ 4,351,002	\$ 1,756,148	\$ 1,857,413	\$ 3,613,561

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, 2016 and 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 737,441	\$ 467,569
Adjustments to reconcile Change in Net Asset to Cash Provided by Operations:		
Loss (Gain) on Disposal of Assets, net	571	(41)
Depreciation	79,345	68,741
Change in:		
Prepaid Insurance and Expenses	(8,398)	7,164
Pledges and Accounts Receivable	(103,782)	(467,228)
Notes Receivable - Micro-lending/SED	2,000	-
Other Assets	(2,447)	-
Accounts Payable	14,022	429,714
Deferred Revenue	636,525	(7,002)
Accrued Payroll and Taxes	1,429	(19)
Other Liabilities	-	(3,645)
Net Cash Provided by Operating Activities	1,356,706	495,253
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(181,502)	(50,145)
Proceeds from Sale of Assets	10,000	270
Net Cash Used in Investing Activities	(171,502)	(49,875)
Net Increase in Cash	1,185,204	445,378
Cash and Cash Equivalents - Beginning of Year	2,909,691	2,464,313
Cash and Cash Equivalents - End of Year	\$ 4,094,895	\$ 2,909,691

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

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements
December 31, 2016 and 2015

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 Somalia, Syria, Kenya, Bosnia, Indonesia, Lebanon and Albania and also in the United States and other countries around the world with the help of the United States Agency for International Development (USAID), Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), 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. Consolidated branches include:

- Albania
- Bosnia
- Indonesia
- Kenya, Somalia
- Lebanon
- Turkey

Translation of Currencies

Financial statements in currencies other than United States 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.

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2016 and 2015

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

Financial Statement Presentation (Continued)

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:

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.

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2016 and 2015

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

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.

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, The Organization 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 \$1,000 and over, and a useful life in excess of one year are capitalized.

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2016 and 2015

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

Advertising:

The Organization expenses advertising costs as incurred. Advertising expense was \$106,008 and \$121,684 for the years ending December 31, 2016 and 2015, respectively.

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.

Revenue Reorganization

Funds provided under grant or contract, which are not considered contributions, are deemed to be earned and reported as revenue when the Organization has either incurred expenditures or completed the deliverables in compliance with the specific terms and conditions of the grant or contract. Grants or contract funds received for which no corresponding expenditures or performance has yet been made are accounted for as deferred revenue. Expenditures and performance made in advance of funds received are recorded as grants or accounts receivables.

Commodities are received and reported at fair value and recognized as revenue as the commodities are distributed for program purposes.

Contributions, including unconditional promises to give, are recognized initially at fair value as revenue in the period received at net realizable value.

Comparative Financial Information

The accompanying consolidated financial statements include certain prior year summarized information. With respect to the consolidated statements of functional expenses and statement of revenue and program expenses, information from the prior year is presented in the aggregate and not presented by functions. Accordingly, such information should be read in conjunction with the Organization's prior year consolidated financial statements from which the summarized information was derived.

2) CASH AND CASH EQUIVALENTS

The total cash held by the Organization at December 31, 2016 includes \$3,335,292 not covered by insurance provided by the Federal Deposit Insurance Corporation. As of December 31, 2015, the uninsured amount was \$2,185,079.

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2016 and 2015

3) PROGRAM AND SUPPORTING SERVICES

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

Program Services

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.

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.

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, 2016 and 2015

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 \$2,102,767 and \$3,439,695 in fiscal years 2016 and 2015, 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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Grants Receivable	\$ 785,896	\$ 747,483
Pledges Receivable	126,244	60,938
Others	63	-
	<u>\$ 912,203</u>	<u>\$ 808,421</u>

6) FIXED ASSETS

Fixed assets are comprised of the following:

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2016</u>
Fixed Assets:				
Building	\$ 856,410	\$ 77,700	\$ -	\$ 934,110
Office Equipment	176,120	10,525	(12,704)	173,941
Office Furniture	16,159	5,425	(1,230)	20,354
Audio Visual Equipment	9,639	4,000	(350)	13,289
Automobiles	120,740	83,852	(18,500)	186,092
Others	10,595	-	-	10,595
TOTAL	<u>1,189,663</u>	<u>181,502</u>	<u>(32,784)</u>	<u>1,338,381</u>
Less Accumulated Depreciation	(346,060)	(79,345)	22,213	(403,192)
NET FIXED ASSETS	<u>\$ 843,603</u>	<u>\$ 102,157</u>	<u>\$ (10,571)</u>	<u>\$ 935,189</u>

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2016 and 2015

6) FIXED ASSETS (Continued)

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Fixed Assets:				
Building	\$ 820,000	\$ 36,410	\$ -	\$ 856,410
Office Equipment	163,829	12,560	(269)	176,120
Office Furniture	16,159	-	-	16,159
Audio Visual Equipment	8,464	1,175	-	9,639
Automobiles	121,542	-	(802)	120,740
Others	10,595	-	-	10,595
TOTAL	1,140,589	50,145	(1,071)	1,189,663
Less Accumulated Depreciation	(278,161)	(68,741)	842	(346,060)
NET FIXED ASSETS	\$ 862,428	\$ (18,596)	\$ (229)	\$ 843,603

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 \$11,637 and \$12,347 in fiscal years 2016 and 2015, 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, 2016 and 2015 the Organization collected \$65,023 and \$82,517 respectively, on behalf of Mercy-USA for Aid & Development, (Canada) and received \$75,632 and \$143,433, respectively, from Mercy-USA for Aid & Development, (Canada). As at December 31, 2016 and 2015, an amount of \$19,700 and \$20,000, respectively, 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:

Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)
December 31, 2016 and 2015

9) TEMPORARILY RESTRICTED NET ASSETS (Continued)

Purpose restriction accomplished:

	2016	2015
Albania Programs	\$ 70,464	\$ 97,082
Bosnia Programs	67,318	98,344
Indonesia Programs	139,418	249,378
Lebanon Programs	99,910	171,762
Somalia & Kenya Programs	7,416,915	8,000,399
Syria Programs	2,693,090	1,914,497
Gaza Programs	-	5,294
United States Programs	151,172	24,169
India Programs	15,233	15,976
Total Restrictions Released	\$ 10,653,520	\$ 10,576,901

The details of the temporarily restricted net assets are as below:

	2016	2015
Albania	\$ -	\$ 6,419
Lebanon	5,879	30,157
Bosnia	-	2,760
Somalia and Kenya	177,474	32,259
India	-	2,113
Syria	768,966	889,334
Indonesia	-	17,323
Gaza	489,070	423,665
USA	1,394	-
Others	453,383	453,383
Total	\$ 1,896,166	\$ 1,857,413

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 September 13, 2017 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.

Mercy-USA for Aid & Development, Inc.

**Statement of Consolidated Functional Expenses
Year Ended December 31, 2016
(With Combined Comparative Totals for 2015)**

Expenditures	Food, Shelter & Orphan Assistance	Health	Economic Vitalization	Education	Total Program Services	Management & General	Fund Raising	Total Expenditures	2015 Total Expenditures
Grants	\$ 29,365	\$ -	\$ 80,000	\$ -	\$ 109,365	\$ -	\$ -	\$ 109,365	\$ 29,840
Salaries & Wages	1,464,517	1,271,356	101,217	45,541	2,882,631	9,003	20,794	2,912,428	2,756,262
Employee Benefits	20,125	147,016	12,802	-	179,943	17,312	-	197,255	174,989
Advertising & Promotion	-	-	-	-	-	1,097	104,911	106,008	121,684
Transportation Expenses	352,925	279,336	19,366	2,117	653,744	1,712	-	655,456	629,378
Commercial Insurance	-	-	79	-	79	259	-	338	1,158
Conference, Meeting & Seminars	-	4,602	-	-	4,602	473	1,175	6,250	3,536
Consultants & Other Professional Services	22,131	1,000	3,713	14,278	41,122	504	16,500	58,126	47,216
Dues, Subscriptions, Fees, etc.	960	3,670	-	-	4,630	511	908	6,049	6,463
Legal	5,023	2,496	211	-	7,730	126	-	7,856	2,943
Accounting	1,567	26,596	-	-	28,163	456	-	28,619	33,090
Occupancy & Warehousing	124,181	78,752	12,873	7,489	223,295	4,375	18,900	246,570	216,241
Postage & Shipping, etc.	850	1,652	542	250	3,294	1,221	-	4,515	19,809
Printing & Copying	6,363	366	1,046	81	7,856	1,484	-	9,340	18,888
Program Materials	4,058,451	900,887	47,096	24,484	5,030,918	-	-	5,030,918	5,391,563
Telephone	18,703	46,812	2,129	979	68,623	416	-	69,039	67,716
Travel	145,662	151,870	19,978	1,587	319,097	2,067	4,766	325,930	254,655
Bank Charges/Currency Adjustment	56,323	66,188	5,774	3,167	131,452	352	33,327	165,131	122,655
Office Supplies and Equipment	28,359	48,436	3,014	4,099	83,908	1,926	-	85,834	110,622
Payroll Taxes	-	486	-	-	486	1,949	-	2,435	4,460
Loss on Sale of Assets	-	-	-	-	-	571	-	571	-
Uncollectible Accounts Receivables	-	-	-	-	-	-	-	-	18,483
Indirect cost	320,727	555,102	42,628	23,015	941,472	-	-	941,472	839,490
Depreciation	14,878	8,592	3,639	3,153	30,262	49,083	-	79,345	68,741
Total	\$ 6,671,110	\$ 3,595,215	\$ 356,107	\$ 130,240	\$ 10,752,672	\$ 94,897	\$ 201,281	\$ 11,048,850	\$ 10,939,882

Mercy-USA for Aid & Development, Inc.

**Supplemental Statement of Revenue and Program Expenses
Year Ended December 31, 2016
(With Combined Comparative Totals for 2015)**

	ALBANIA	LEBANON ¹	BOSNIA	INDONESIA ²	SOMALIA ³ & KENYA	SYRIA	GAZA	INDIA	USA	NOT DESIGNATED	TOTAL	TOTAL 2015
REVENUES												
Contributions from Public:												
General	\$ 5,810	\$ 12,204	\$ 7,676	\$ 29,095	\$ 192,211	\$ 1,738,230	\$ 65,405	\$ 2,253	\$ 1,616	\$ 962,768	\$ 3,017,268	\$ 2,446,398
Food Aid	14,000	41,647	14,000	22,000	99,000	97,115	-	7,367	15,950	-	311,079	382,450
Orphan Fund	9,000	-	8,882	11,000	-	-	-	-	-	-	28,882	42,209
Education	3,235	-	4,000	-	-	-	-	-	-	-	7,235	11,448
Zakat	32,000	5,000	30,000	60,000	900,000	148,078	-	3,500	135,000	-	1,313,578	924,514
US Government Grants												
US Agency for International Development (USAID)	-	-	-	-	1,925,749	-	-	-	-	-	1,925,749	1,695,389
United Nations (UN) Grants	-	16,781	-	-	1,873,756	589,300	-	-	-	-	2,479,837	1,908,878
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	-	-	-	468,646	-	-	-	-	-	468,646	435,186
Gifts In Kind - UN Agencies	-	-	-	-	2,102,767	-	-	-	-	-	2,102,767	3,439,695
Rental Income	-	-	-	-	-	-	-	-	-	71,737	71,737	65,757
Dividend Income	-	-	-	-	-	-	-	-	9,103	-	9,103	5,330
Gain/Loss on Foreign Currency Fluctuation	-	-	-	-	-	-	-	-	30,095	-	30,095	50,156
Gain/Loss on Sale of Equipment	-	-	-	-	-	-	-	-	-	-	-	41
Events Ticket Sale	-	-	-	-	-	-	-	-	-	20,315	20,315	-
Total Revenues	\$ 64,045	\$ 75,632	\$ 64,558	\$ 122,095	\$ 7,562,129	\$ 2,572,723	\$ 65,405	\$ 13,120	\$ 152,566	\$ 1,094,018	\$ 11,786,291	\$ 11,407,451
EXPENDITURES												
Program Services:												
Food, Shelter & Orphan Assistance	\$ 16,225	\$ 72,799	\$ 17,940	\$ 66,454	\$ 3,892,144	\$ 2,529,623	\$ -	\$ 15,233	\$ 60,692	\$ -	\$ 6,671,110	\$ 5,491,830
Economic Vitalization	8,232	-	71,436	91,644	94,315	-	-	-	90,480	-	356,107	243,187
Health	-	1,292	-	-	3,430,456	163,467	-	-	-	-	3,595,215	4,721,450
Education	74,339	25,819	20,627	9,455	-	-	-	-	-	-	130,240	129,685
Total Program Services	\$ 98,796	\$ 99,910	\$ 110,003	\$ 167,553	\$ 7,416,915	\$ 2,693,090	\$ -	\$ 15,233	\$ 151,172	\$ -	\$ 10,752,672	\$ 10,586,152

1 Includes Palestinian refugees in Lebanon.
2 Includes Rohingya refugees from Myanmar/Burma
3 Includes refugees from Yemen

Mercy-USA for Aid & Development, Inc.

**Indirect Cost Allocation
Year Ended December 31, 2016**

Expenditures	Total Cost	Allowable Indirect	Unallowable Indirect	Fund Raising Cost	Program Cost	Excluded Program Cost*	Total Direct Cost
Grants	\$ 109,365	\$ -	\$ -	\$ -	\$ 109,365	\$ -	\$ 109,365
Salaries & Wages	2,912,428	9,003	-	20,794	2,882,631	-	2,903,425
Employee Benefits	197,255	17,312	-	-	179,943	-	179,943
Advertising & Promotion	106,008	1,097	-	104,911	-	-	104,911
Transportation Expenses	655,456	1,712	-	-	653,744	-	653,744
Commercial Insurance	338	259	-	-	79	-	79
Conference, Meetings & Seminars	6,250	473	-	1,175	4,602	-	5,777
Consultants & Other Professional Services	58,126	504	-	16,500	41,122	-	57,622
Dues, Subscription, Fees etc.	6,049	511	-	908	4,630	-	5,538
Legal	7,856	126	-	-	7,730	-	7,730
Accounting	28,619	456	-	-	28,163	-	28,163
Occupancy & Warehousing	246,570	4,375	-	18,900	223,295	-	242,195
Postage & Shipping	4,515	1,221	-	-	3,294	-	3,294
Printing & Copying	9,340	1,484	-	-	7,856	-	7,856
Program Materials	5,030,918	-	-	-	5,030,918	2,102,767	2,928,151
Telephone	69,039	416	-	-	68,623	-	68,623
Travel	325,930	2,067	-	4,766	319,097	-	323,863
Bank Charges/Currency Adjustment	165,131	352	-	33,327	131,452	-	164,779
Office Supplies & Equipment	85,834	1,926	-	-	83,908	-	83,908
Payroll Taxes	2,435	1,949	-	-	486	-	486
Loss on Sale of Assets	571	-	571	-	-	-	-
Indirect Cost	941,472	-	-	-	941,472	-	941,472
Depreciation	79,345	49,083	-	-	30,262	-	30,262
Total	11,048,850	94,326	571	201,281	10,752,672	2,102,767	8,851,186
Reclassify Overhead Charged to Program Costs	-	941,472	-	-	-	-	(941,472)
Total	\$ 11,048,850	\$ 1,035,798	\$ 571	\$ 201,281	\$ 10,752,672	\$ 2,102,767	\$ 7,909,714

Base = Total Direct Cost
Pool Cost \$1,035,798
Base Cost \$7,909,714
Indirect Rate 13.10%

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

Mercy-USA for Aid and Development

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Other Mercy-USA Offices

Tirana, Albania Nairobi, Kenya Antakya, Turkey
Tuzla, Bosnia Tripoli, Lebanon
Medan, Indonesia Mogadishu, Somalia

About Mercy-USA

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.

- Registered with the United States Agency for International Development (USAID)
- Special Consultative Status with the United Nations
- Member of InterAction

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