

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

**AND**

**SINGLE AUDIT REPORT**

**DECEMBER 31, 2019**

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

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# *Alan C. Young & Associates, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740  
Detroit, MI 48202

(313) 873-7500 (Tel.)  
(313) 873-7502 (Fax)  
[www.alancyoung.com](http://www.alancyoung.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Mercy-USA for Aid and 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, 2019 and 2018, the related consolidated statements of activities, and cash flows for the years then ended, functional expenses for the year ended December 31, 2019 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 audit. We conducted our audit 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, 2019 and 2018, 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.

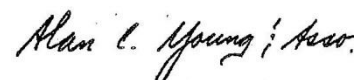
**Other Matters**

**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, 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 30, 2020 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 the effectiveness of the Organization's 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 30, 2020

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

## Consolidated Statements of Financial Position December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents (Note 2)	\$ 3,239,268	\$ 3,556,687
Pledges & Accounts Receivable (Note 5)	2,061,260	953,537
Advance to Subcontractor	3,362	-
Notes Receivable - Micro-lending/SED (Note 1)	4,000	6,000
Prepaid Insurance & Expenses	83,486	13,012
<b>Total Current Assets</b>	<u>5,391,376</u>	<u>4,529,236</u>
<b>Fixed Assets (Note 6)</b>		
Building, Vehicles, Furniture & Equipment	1,592,517	1,473,879
Less: Accumulated Depreciation	<u>(627,262)</u>	<u>(513,800)</u>
<b>Total Fixed Assets</b>	965,255	960,079
<b>Other Assets</b>		
Security Deposits	12,871	9,169
<b>Total Other Assets</b>	<u>12,871</u>	<u>9,169</u>
<b>Total Assets</b>	<u>\$ 6,369,502</u>	<u>\$ 5,498,484</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 1,503,921	\$ 702,143
Deferred Revenue (Note 1)	596,260	453,906
Tenant Security Deposit	7,110	5,610
Payroll Liabilities	24,126	-
Accrued Payroll & Taxes	36,943	4,768
Advance Rent	5,700	4,200
<b>Total Current Liabilities</b>	<u>2,174,060</u>	<u>1,170,627</u>
<b>Net Assets</b>		
Without Donor Restrictions	3,041,009	3,021,813
With Donor Restrictions (Note 9)	1,154,433	1,306,044
<b>Total Net Assets</b>	<u>4,195,442</u>	<u>4,327,857</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 6,369,502</u>	<u>\$ 5,498,484</u>

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

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

## Consolidated Statements of Activities Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions From Public	\$ 912,119	\$ 3,733,521	\$ 4,645,640	\$ 875,388	\$ 3,821,015	\$ 4,696,403
US Agency for International Development (USAID)	-	2,967,621	2,967,621	-	4,547,106	4,547,106
NGO Grants	-	1,231,106	1,231,106	-	197,617	197,617
United Nation (UN) Grants	-	6,247,954	6,247,954	-	3,738,333	3,738,333
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	352,197	352,197	-	322,583	322,583
Contribution In-Kind - UN agencies (Note 4)	-	14,001,626	14,001,626	-	5,772,680	5,772,680
Rental Income	82,070	-	82,070	81,153	-	81,153
Dividend Income	19,876	-	19,876	13,298	-	13,298
Gain/Loss on Foreign Currency Fluctuation	61,344	-	61,344	85,790	-	85,790
Events Ticket Sale	1,500	-	1,500	9,171	-	9,171
<b>Net Assets Released From Restrictions:</b>						
Satisfaction of Service Restrictions (Note 9)	28,685,636	(28,685,636)	-	18,638,170	(18,638,170)	-
<b>Total Support and Revenue</b>	<u>29,762,545</u>	<u>(151,611)</u>	<u>29,610,934</u>	<u>19,702,970</u>	<u>(238,836)</u>	<u>19,464,134</u>
<b>EXPENSES</b>						
<b>Program Services:</b>						
Food, Shelter and Orphan Assistance	22,196,935	-	22,196,935	12,556,265	-	12,556,265
Health	5,702,612	-	5,702,612	5,940,023	-	5,940,023
Economic Vitalization	251,033	-	251,033	244,345	-	244,345
Education	850,860	-	850,860	573,649	-	573,649
<b>Total Program Services</b>	<u>29,001,440</u>	<u>-</u>	<u>29,001,440</u>	<u>19,314,282</u>	<u>-</u>	<u>19,314,282</u>
<b>Supporting Services:</b>						
Management and General	480,057	-	480,057	269,706	-	269,706
Fund Raising	261,852	-	261,852	295,230	-	295,230
<b>Total Supporting Expenses</b>	<u>741,909</u>	<u>-</u>	<u>741,909</u>	<u>564,936</u>	<u>-</u>	<u>564,936</u>
<b>Total Expenses</b>	<u>29,743,349</u>	<u>-</u>	<u>29,743,349</u>	<u>19,879,218</u>	<u>-</u>	<u>19,879,218</u>
Change In Net Assets	19,196	(151,611)	(132,415)	(176,248)	(238,836)	(415,084)
Net Assets - Beginning of Year	<u>3,021,813</u>	<u>1,306,044</u>	<u>4,327,857</u>	<u>3,198,061</u>	<u>1,544,880</u>	<u>4,742,941</u>
<b>Net Assets - End of Year</b>	<u>\$ 3,041,009</u>	<u>\$ 1,154,433</u>	<u>\$ 4,195,442</u>	<u>\$ 3,021,813</u>	<u>\$ 1,306,044</u>	<u>\$ 4,327,857</u>

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

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

## Consolidated Statements of Cash Flows Years Ended December 31, 2019 and 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2019</b>	<b>2018</b>
Change in Net Assets	\$ (132,415)	\$ (415,084)
Adjustments to Reconcile Change in Net Asset to Cash Used in Operations:		
Depreciation	116,162	99,931
Uncollectible Accounts Receivable	12,614	-
<b>Change in:</b>		
Prepaid Insurance and Expenses	(70,474)	2,088
Pledges and Grants Receivable	(1,120,337)	75,381
Notes Receivable - Micro-lending/SED	2,000	12,857
Other Assets	(7,064)	250
Accounts Payable	801,778	(98,242)
Deferred Revenue	142,354	276,593
Accrued Payroll and Taxes	56,301	1,247
Tenant Security Deposits	1,500	(1,283)
Advance Rent	1,500	2,690
<b>Net Cash Used in Operating Activities</b>	<b>(196,081)</b>	<b>(43,572)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(121,338)	(31,583)
<b>Net Cash Used in Investing Activities</b>	<b>(121,338)</b>	<b>(31,583)</b>
Net Decrease in Cash	(317,419)	(75,155)
Cash and Cash Equivalents - Beginning of Year	3,556,687	3,631,842
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 3,239,268</b>	<b>\$ 3,556,687</b>

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

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

## Statement of Consolidated Functional Expenses Year Ended December 31, 2019 (With Combined Comparative Totals for 2018)

Expenditures	Food, Shelter & Orphan Assistance	Health	Economic Vitalization	Education	Total Program Services	Management & General	Fund Raising	Total Expenditures	2018 Total Expenditures
Grants	\$ 342,315	\$ 20,145	\$ 64,998	\$ 193,512	\$ 620,970	\$ -	\$ -	\$ 620,970	\$ 460,460
Salaries & Wages	3,556,439	2,321,369	77,278	108,081	6,063,167	151,015	28,823	6,243,005	4,802,357
Employee Benefits	76,462	250,208	22,335	11,095	360,100	83,967	-	444,067	426,779
Advertising & Promotion	-	-	-	-	-	930	154,636	155,566	143,010
Transportation Expenses	594,920	538,958	4,648	14,989	1,153,515	1,825	-	1,155,340	986,166
Commercial Insurance	14,920	21,173	-	-	36,093	3,220	-	39,313	11,194
Conference, Meeting & Seminars	910	165	-	-	1,075	6,022	9,150	16,247	21,572
Consultants & Other Professional Services	44,363	4,770	2,410	12,311	63,854	2,140	15,050	81,044	163,575
Dues, Subscriptions, Fees, etc.	373	8,084	-	-	8,457	13,587	-	22,044	13,175
Legal	24,620	3,816	84	-	28,520	1,032	-	29,552	9,503
Accounting	5,150	28,260	-	-	33,410	12,600	-	46,010	38,617
Occupancy & Warehousing	140,894	174,149	10,152	31,024	356,219	23,610	3,309	383,138	324,052
Postage & Shipping, etc.	1,291	4,780	744	283	7,098	13,877	44	21,019	20,045
Printing & Copying	8,803	2,966	178	428	12,375	11,924	5,509	29,808	20,283
Program Materials	16,727,861	1,254,883	24,605	414,569	18,421,918	-	-	18,421,918	10,516,773
Telephone	45,571	51,618	1,753	1,054	99,996	3,831	-	103,827	93,164
Travel	199,584	229,839	16,019	25,116	470,558	26,689	-	497,247	456,705
Bank Charges/Currency Adjustment	61,914	117,729	8,667	13,896	202,206	4,666	45,190	252,062	226,022
Office Supplies and Equipment	56,679	86,101	1,233	2,026	146,039	25,377	141	171,557	211,802
Payroll Taxes	43,286	656	-	5,448	49,390	16,455	-	65,845	13,541
Uncollectible Accounts Receivables	-	-	-	-	-	12,614	-	12,614	-
Indirect cost	228,406	559,175	12,850	14,563	814,994	-	-	814,994	820,492
Depreciation	22,174	23,768	3,079	2,465	51,486	64,676	-	116,162	99,931
<b>Total</b>	<b>\$ 22,196,935</b>	<b>\$ 5,702,612</b>	<b>\$ 251,033</b>	<b>\$ 850,860</b>	<b>\$ 29,001,440</b>	<b>\$ 480,057</b>	<b>\$ 261,852</b>	<b>\$ 29,743,349</b>	<b>\$ 19,879,218</b>

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



# MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Financial Statements  
December 31, 2019 and 2018

## 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), United Nations Office for Coordination of Humanitarian Affairs (OCHA) 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

A new branch was being set up in Canada during the year. There was no operational activity in Canada during the year.

### 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.

### Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Financial Statements (Continued)  
December 31, 2019 and 2018

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

### Basis of Presentation (Continued)

Net Assets Without Donor Restriction—Net assets that are not subject to or are no longer subject to donor imposed stipulations.

Net Assets With Donor Restriction—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

### Financial Instruments

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, pledges receivable, accounts payable and accrued liabilities, are stated at carrying cost at December 31, 2019 and 2018, which approximates fair value due to the relatively short maturity of these instruments.

### Income Taxes

The Organization is organized as a nonprofit corporation and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization follows the guidance of ASC-740-10, Accounting for Uncertainty in Income Taxes. The Organization recognizes the tax (benefit) expense from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities. The Organization had no uncertain tax positions at December 31, 2019 or 2018. The Organization files an exempt organization return with the Internal Revenue Service (IRS). The Organization had no taxable unrelated business income for the years ended December 31, 2019 and 2018. Accordingly, a provision for income taxes has not been established in the accompanying financial statements. The Organization's federal tax returns for the prior three years remain subject to examination by the Internal Revenue Service.

### 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.

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

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Notes to Financial Statements (Continued)  
December 31, 2019 and 2018

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

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

### Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$155,566 and \$143,010 for the years ending December 31, 2019 and 2018, 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 Recognition

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. Deferred revenue was \$596,260 and \$453,906 for the years ending December 31, 2019 and 2018, respectively. 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.

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Financial Statements (Continued)  
December 31, 2019 and 2018

## 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.

### Microfinance Loans Receivable

Microfinance loans receivable are recorded in the consolidated statements of financial position at their unpaid principal balances net of allowance for loan losses. Interest income is accrued based on the outstanding principal amount and contractual terms of each individual loan. A loan is considered impaired when, based on current information, it is probable that the organization will not receive all amounts due in accordance with the contractual terms of the underlying loan agreement. When an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan receivable and the present value of the estimated future cash flows, including amounts recoverable from guarantees and collateral discounted at the loan receivable's original effective interest rate. All loan receivable losses are recognized in the consolidated statements of activities. When a loan is uncollectible, it is written off against the related reserve for loan impairment. Loan balances are written off when management determines that the loans are uncollectible and when all necessary steps to collect the loan are exhausted. The balance outstanding as of December 31, 2019, and 2018, were \$4,000 and \$6,000, respectively. There was no allowance for uncollectible against these loans.

Microfinance loans receivable were concentrated in the following country as of December 31:

	<u>2019</u>	<u>2018</u>
Bosnia	<u>\$ 4,000</u>	<u>\$ 6,000</u>

### Reclassification

Certain reclassifications have been made to the 2018 consolidated financial statements to conform to the 2019 presentation.

### Prepaid Expenses

Prepaid expenses primarily represent cash payments made in advance of when the related expenditures are recognized for financial statement purposes.

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Financial Statements (Continued)  
December 31, 2019 and 2018

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

### Accounting Pronouncement Adopted in Fiscal Year 2018

During the year ended December 31, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016- 14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 10).

In November 2016, the Financial Accounting Standards Board (FASB) published Accounting Standards Update (ASU) No. 2016-18, to add or clarify the *Guidance on the Classification and Presentation of Restricted Cash in the Statement of Cash Flows*. The standard requires that change in all cash when reconciling the beginning and ending cash balances shown on the statement of cash flows. The standard does not change the definitions of restricted cash or restricted cash equivalents. Previous U.S. GAAP allowed changes in restricted cash to be shown as investing activities. The adoption of ASU No. 2016-09 did not have a material impact on the financial statements.

### Accounting Pronouncement Adopted in Fiscal Year 2019

On January 1, 2019, the Organization adopted a new accounting standard for Financial Instruments (ASU 2016-01) which requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. Upon adoption, equity securities previously classified as available for sale will be presented separately on the balance sheet as Equity securities. The amount of unrealized gain/(loss), net of tax, related to these securities will be reclassified from accumulated other comprehensive to retained earnings. The investment that the Organization had as of December 31, 2018 did not include any available for sale investments. Accordingly, no adjustment to beginning retained earnings was necessary.

In June 2018, FASB issued ASU 2018-08, to improve the scope and accounting guidance for contributions received and contributions made. The standard should be used to assist entities in 1) evaluating whether transactions should be accounted for as contributions or as other exchange guidance subject to other guidance. The implementation of this standard did not have a material impact on the Organization's financial statements. Accordingly, no adjustments were necessary.

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Financial Statements (Continued)  
December 31, 2019 and 2018

## 2) CASH AND CASH EQUIVALENTS

The total cash held by the organization in the bank accounts (excluding outstanding checks and deposit in transit) total \$3,550,611 and \$4,014,726 of which \$2,932,910 and \$3,306,283 is not insured through federal depository insurance in fiscal years 2019 and 2018, respectively.

## 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.

#### 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.

#### 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.

#### 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 AND DEVELOPMENT, INC.

Notes to Financial Statements (Continued)  
December 31, 2019 and 2018

## 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 \$14,001,626 and \$5,772,680 in fiscal years 2019 and 2018, respectively.

## 5) PLEDGES AND GRANTS 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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Grants Receivable	\$ 2,034,134	\$ 914,644
Pledges Receivable	27,126	38,451
Others	-	442
	<u>\$ 2,061,260</u>	<u>\$ 953,537</u>

## 6) FIXED ASSETS

Fixed assets are comprised of the following:

	<u>Balance January 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2019</u>
<b>Fixed Assets</b>				
Building	\$ 1,071,903	\$ 48,500	\$ -	\$ 1,120,403
Office Equipment	153,553	42,131	(2,700)	192,984
Office Furniture	10,024	1,443	-	11,467
Audio Visual Equipment	7,225	-	-	7,225
Automobiles	218,311	25,494	-	243,805
Others	12,863	3,770	-	16,633
<b>TOTAL</b>	<u>1,473,879</u>	<u>121,338</u>	<u>(2,700)</u>	<u>1,592,517</u>
Less Accumulated Depreciation	(513,800)	(116,162)	2,700	(627,262)
<b>Net Fixed Assets</b>	<u>\$ 960,079</u>	<u>\$ 5,176</u>	<u>\$ -</u>	<u>\$ 965,255</u>

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Financial Statements (Continued)  
December 31, 2019 and 2018

## 6) FIXED ASSETS (Continued)

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Fixed Assets</b>				
Building	\$ 1,071,903	\$ -	\$ -	\$ 1,071,903
Office Equipment	125,748	31,583	(3,778)	153,553
Office Furniture	10,024	-	-	10,024
Audio Visual Equipment	7,225	-	-	7,225
Automobiles	218,311	-	-	218,311
Others	13,168	-	(305)	12,863
<b>TOTAL</b>	1,446,379	31,583	(4,083)	1,473,879
Less Accumulated Depreciation	(417,952)	(99,931)	4,083	(513,800)
<b>Net Fixed Assets</b>	<u>\$ 1,028,427</u>	<u>\$ (68,348)</u>	<u>\$ -</u>	<u>\$ 960,079</u>

Depreciation expense was \$116,162 and \$99,931 for the year ended December 31, 2019 and 2018, respectively.

## 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 100% match on eligible employee contributions to the plan up to a maximum allowable by the plan. This was increased from 50% match in the previous years. The Organization contributed \$54,017 and \$45,506 in fiscal years 2019 and 2018, 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, 2019 and 2018 the Organization collected \$25,930 and \$26,661 respectively, on behalf of Mercy-USA for Aid & Development, (Canada) and received \$57,425 and \$77,064, respectively, from Mercy-USA for Aid & Development, (Canada). As at December 31, 2019 and 2018, an amount of \$195 and \$335, respectively, was payable to Mercy-USA for Aid and Development, (Canada) and no amount was receivable from them.



# MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Financial Statements (Continued)  
December 31, 2019 and 2018

## 9) DONOR RESTRICTED NET ASSETS

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

Purpose restriction accomplished:

	<u>2019</u>	<u>2018</u>
Albania Programs	\$ 143,165	\$ 117,600
Bosnia Programs	147,954	97,824
Indonesia Programs	118,711	298,045
Lebanon Programs	311,500	196,867
Somalia & Kenya Programs	14,312,211	14,205,799
Syria Programs	12,914,218	3,291,283
Gaza Programs	162,268	136,715
Rohingya Refugees Program	182,831	165,315
United States Programs	158,277	41,679
Pakistan	56,547	43,651
Yemen	163,492	28,801
India Programs	14,462	14,591
<b>Total Restrictions Released</b>	<u>\$ 28,685,636</u>	<u>\$ 18,638,170</u>

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

	<u>2019</u>	<u>2018</u>
Albania	\$ -	\$ 2,054
Lebanon	-	3,351
Bosnia	-	2,030
Somalia and Kenya	-	117,473
Indonesia	2,399	4,602
Gaza	373,069	449,395
India	-	57
Rohingya Refugees	262,283	336,351
USA	58,408	-
Yemen	131,562	9,047
Pakistan	326,712	381,684
<b>Total</b>	<u>\$ 1,154,433</u>	<u>\$ 1,306,044</u>

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Financial Statements (Continued)  
December 31, 2019 and 2018

## 10) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's working capital and cash flows have variations during the year attributable to the timing of grants and contribution receipts. Monthly cash outflows vary each year based on the specific requirements of the events and programs that year.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by the amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions.

	<u>2019</u>	<u>2018</u>
Current Assets, at Year End	\$ 5,391,376	\$ 4,529,236
Less:		
Prepaid Insurance Expenses	(83,486)	(13,012)
Assets with Donor Restrictions	<u>(1,154,433)</u>	<u>(1,306,044)</u>
Financial assets available within one year to meet needs for general expenditures within one year	<u>\$ 4,153,457</u>	<u>\$ 3,210,180</u>

## 11) 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.

## 12) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, in May 2014. The objectives of this ASU are to improve upon revenue recognition requirements by providing a single comprehensive model to determine the measurement of revenue and timing of recognition. The core principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This ASU also requires expanded qualitative and quantitative disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

FASB extended the effective date to the year ending December 31, 2020.

# **MERCY-USA FOR AID AND DEVELOPMENT, INC.**

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**Notes to Financial Statements (Continued)**  
**December 31, 2019 and 2018**

## **12) NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

In February 2016, the FASB issued ASU No. 2016-02, Leases. The standard amends the existing lease accounting guidance and requires lessees to recognize a lease liability and a right-of-use asset for all leases on their balance sheets. Lessees of operating leases will continue to recognize lease expense in a manner like current accounting. For lessors, accounting for leases under the new guidance is substantially the same as in prior periods but eliminates current real estate-specific provisions and changes the treatment of initial direct costs. The standard will become effective for the Organization on January 1, 2022.

The Organization is currently evaluating the effect that the updated standard will have on the consolidated financial statements and related disclosures.

## **13) SUBSEQUENT EVENTS**

The Organization has evaluated events through September 30, 2020, 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.

### **COVID 19**

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2019

<u>Federal/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identifying Number</u>	<u>Award Amount</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. Agency for International Development (USAID)</b>					
Integrated Health, Nutrition, WASH and Agriculture and Food Security Program in Somalia	98.001	720FDA18GR00257	\$ 3,098,618	\$ -	\$ 2,571,393
Integrated Agriculture and Food Security, Nutrition and WASH Intervention in Garissa County	98.001	720FDA18GR00125	749,974	-	396,228
<b>Total Federal Financial Assistance</b>			<u>\$ 3,848,592</u>	<u>\$ -</u>	<u>\$ 2,967,621</u>

See Notes to Schedule of Expenditures of Federal Awards.

# **MERCY-USA FOR AID AND DEVELOPMENT, INC.**

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## **Notes to Schedule of Expenditures of Federal Awards December 31, 2019**

### **1) BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs of Mercy-USA for Aid & Development, Inc. (the Organization) for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

### **2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

### **3) EXPENDITURE REPORTS**

Management has reconciled the expenditures reported in the Schedule of Expenditures of Federal Awards to those amounts reported in the annual or final cost reports.

### **4) INDIRECT COST RATE**

The Organization has elected not to use the percent de minimis indirect cost rate allowed under the Uniform Guidance.

### **5) SUBSEQUENT EVENTS**

All subsequent events related to the major programs were evaluated through September 30, 2020, the date the accompanying reports were available to be issued. No significant event was noted that required adjustment or disclosure in the accompanying reports.



# *Alan C. Young & Associates, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740  
Detroit, MI 48202

(313) 873-7500 (Tel.)  
(313) 873-7502 (Fax)  
[www.alancyoung.com](http://www.alancyoung.com)

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the financial statements of Mercy-USA for Aid & Development, Inc. (the Organization), which comprise the consolidated statements of financial position as of December 31, 2019 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2020.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on An  
Audit of Financial Statements Performed in  
Accordance With Government Auditing Standards  
(Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Alan C. Young & Assoc.*

Detroit, Michigan  
September 30, 2020



# *Alan C. Young & Associates, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740  
Detroit, MI 48202

(313) 873-7500 (Tel.)  
(313) 873-7502 (Fax)  
[www.alanycyoung.com](http://www.alanycyoung.com)

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

### Report on Compliance for Each Major Federal Program

We have audited Mercy-USA for Aid & Development, Inc.'s (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2019. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.



**Independent Auditor's Report on Compliance  
for Each Major Program and on  
Internal Control Over Compliance  
Required by Uniform Guidance  
(Continued)**

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

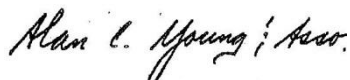
Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Detroit, Michigan  
September 30, 2020

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2019

## SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

- Material Weakness(es) Identified?  Yes  No
- Significant Deficiency(ies) Identified  Yes  None Reported
- Noncompliance Material to Financial Statements Noted?  Yes  No

#### Federal Awards

Internal Control over Major Program(s):

- Material Weakness(es) Identified?  Yes  No
- Significant Deficiency(ies) Identified  Yes  None Reported

Type of auditor's report issued on compliance for major program(s): Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)  Yes  No

#### Identification of Major Program(s):

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
98.001	U.S. Agency for International Development (USAID) Integrated Health, Nutrition and WASH Program for Somalia

Dollar Threshold used to Distinguish Between Type A and Type B programs: \$750,000

Auditee Qualified as Low-Risk Auditee?  Yes  No

# **MERCY-USA FOR AID AND DEVELOPMENT, INC.**

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Schedule of Findings and Questioned Costs (Continued)  
Year Ended December 31, 2019

## **SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS**

No Financial Audit Findings.

## **SECTION III – FEDERAL PROGRAM AUDIT FINDINGS**

No Federal Program Audit Findings.

# **MERCY-USA FOR AID AND DEVELOPMENT, INC.**

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Status of Prior Year Findings  
Year Ended December 31, 2019

## **SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS**

None

## **SECTION III - FEDERAL PROGRAM AUDIT FINDINGS**

None

## **OTHER SUPPLEMENTAL INFORMATION**

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

## Supplemental Statement of Revenues and Program Expenses Year Ended December 31, 2019 (With Combined Comparative Totals for 2018)

	ALBANIA	LEBANON <sup>1</sup>	BOSNIA	INDONESIA	SOMALIA & KENYA	SYRIA	GAZA	INDIA	ROHINGYA REFUGEES	USA	PAKISTAN	YEMEN	NOT DESIGNATED	TOTAL	TOTAL 2018
<b>REVENUES</b>															
Contributions from Public:															
General	\$ 16,769	\$ 67,964	\$ 12,924	\$ 43,908	\$ 304,164	\$ 538,737	\$ 85,942	\$ -	\$ 108,763	\$ 216,685	\$ 1,575	\$ 271,007	\$ 912,119	\$ 2,580,557	\$ 2,638,964
Food Aid	14,000	33,334	14,000	19,000	86,000	158,055	-	12,240	-	-	-	15,000	-	351,629	338,943
Orphan Fund	4,045	-	4,000	1,600	-	-	-	-	-	-	-	-	-	9,645	38,177
Education	6,297	-	7,500	2,000	-	-	-	-	-	-	-	-	-	15,797	20,181
Zakat	100,000	183,000	107,500	50,000	360,000	885,347	-	2,165	-	-	-	-	-	1,688,012	1,660,138
US Government Grants															
US Agency for International Development (USAID)	-	-	-	-	2,967,621	-	-	-	-	-	-	-	-	2,967,621	4,547,106
NGO Grants	-	-	-	-	1,231,106	-	-	-	-	-	-	-	-	1,231,106	197,617
United Nations (UN) Grants	-	23,851	-	-	4,061,919	2,162,184	-	-	-	-	-	-	-	6,247,954	3,738,333
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	-	-	-	352,197	-	-	-	-	-	-	-	-	352,197	322,583
Gifts In Kind - UN Agencies	-	-	-	-	4,831,731	9,169,895	-	-	-	-	-	-	-	14,001,626	5,772,680
Rental Income	-	-	-	-	-	-	-	-	-	-	-	-	82,070	82,070	81,153
Dividend Income	-	-	-	-	-	-	-	-	-	-	-	-	19,876	19,876	13,298
Gain/Loss on Foreign Currency Fluctuation	-	-	-	-	-	-	-	-	-	-	-	-	61,344	61,344	85,790
Gain/Loss on Sale of Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Events Ticket Sale	-	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500	9,171
<b>Total Revenues</b>	<b>\$ 141,111</b>	<b>\$ 308,149</b>	<b>\$ 145,924</b>	<b>\$ 116,508</b>	<b>\$ 14,194,738</b>	<b>\$12,914,218</b>	<b>\$ 85,942</b>	<b>\$ 14,405</b>	<b>\$ 108,763</b>	<b>\$ 216,685</b>	<b>\$ 1,575</b>	<b>\$ 286,007</b>	<b>\$ 1,076,909</b>	<b>\$ 29,610,934</b>	<b>\$19,464,134</b>
<b>EXPENDITURES</b>															
<b>Program Services:</b>															
Food, Shelter & Orphan Assistance	\$ 28,660	\$ 247,995	\$ 22,056	\$ 50,078	\$ 8,783,133	\$12,623,083	\$ -	\$ 15,057	\$ 182,831	\$ 67,882	\$ 12,668	\$ 163,492	\$ -	\$ 22,196,935	\$12,556,265
Economic Vitalization	10,417	9,289	97,452	68,256	-	-	-	-	-	65,619	-	-	-	251,033	244,345
Health	-	43,980	-	-	5,188,060	450,427	-	-	-	20,145	-	-	-	5,702,612	5,940,023
Education	104,478	15,436	31,631	377	488,160	-	162,268	-	-	4,631	43,879	-	-	850,860	573,649
<b>Total Program Services</b>	<b>\$ 143,555</b>	<b>\$ 316,700</b>	<b>\$ 151,139</b>	<b>\$ 118,711</b>	<b>\$ 14,459,353</b>	<b>\$13,073,510</b>	<b>\$ 162,268</b>	<b>\$ 15,057</b>	<b>\$ 182,831</b>	<b>\$ 158,277</b>	<b>\$ 56,547</b>	<b>\$ 163,492</b>	<b>\$ -</b>	<b>\$ 29,001,440</b>	<b>\$19,314,282</b>

<sup>1</sup> Includes Palestinian refugees in Lebanon.

# MERCY-USA FOR AID AND DEVELOPMENT, INC.

## Indirect Cost Allocation Year Ended December 31, 2019

Expenditures	Total Cost	Allowable Indirect	Unallowable Indirect	Fund Raising Cost	Program Cost	Excluded Program Cost*	Total Direct Cost
Grants	\$ 620,970	\$ -	\$ -	\$ -	\$ 620,970	\$ -	\$ 620,970
Salaries & Wages	6,243,005	151,015	-	28,823	6,063,167	-	6,091,990
Employee Benefits	444,067	83,967	-	-	360,100	-	360,100
Advertising & Promotion	155,566	930	-	154,636	-	-	154,636
Transportation Expenses	1,155,340	1,825	-	-	1,153,515	-	1,153,515
Commercial Insurance	39,313	3,220	-	-	36,093	-	36,093
Conference, Meetings & Seminars	16,247	6,022	-	9,150	1,075	-	10,225
Consultants & Other Professional Services	81,044	2,140	-	15,050	63,854	-	78,904
Dues, Subscription, Fees etc.	22,044	13,587	-	-	8,457	-	8,457
Legal	29,552	1,032	-	-	28,520	-	28,520
Accounting	46,010	12,600	-	-	33,410	-	33,410
Occupancy & Warehousing	383,138	23,610	-	3,309	356,219	-	359,528
Postage & Shipping	21,019	13,877	-	44	7,098	-	7,142
Printing & Copying	29,808	11,924	-	5,509	12,375	-	17,884
Program Materials	18,421,918	-	-	-	18,421,918	14,001,626	4,420,292
Telephone	103,827	3,831	-	-	99,996	-	99,996
Travel	497,247	26,689	-	-	470,558	-	470,558
Bank Charges/Currency Adjustment	252,062	4,666	-	45,190	202,206	-	247,396
Office Supplies & Equipment	171,557	25,377	-	141	146,039	-	146,180
Payroll Taxes	65,845	16,455	-	-	49,390	-	49,390
Uncollectible Accounts Receivables	12,614	-	12,614	-	-	-	-
Indirect Cost	814,994	-	-	-	814,994	-	814,994
Depreciation	116,162	64,676	-	-	51,486	-	51,486
<b>Total</b>	<b>29,743,349</b>	<b>467,443</b>	<b>12,614</b>	<b>261,852</b>	<b>29,001,440</b>	<b>14,001,626</b>	<b>15,261,666</b>
Reclassify Overhead Charged to Program Costs	-	814,994	-	-	-	-	(814,994)
<b>Total</b>	<b>\$ 29,743,349</b>	<b>\$ 1,282,437</b>	<b>\$ 12,614</b>	<b>\$ 261,852</b>	<b>\$ 29,001,440</b>	<b>\$ 14,001,626</b>	<b>\$ 14,446,672</b>
<b>Base = Total Direct Cost</b>							
<b>Pool Cost</b>	\$ 1,282,437						
<b>Base Cost</b>	\$ 14,446,672						
<b>Indirect Rate</b>	8.88%						

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