

2022 Annual Report



Mercy-USA®

Mercy-USA for Aid and Development

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Mercy-USA®

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Food Security

Hunger is still a prevailing problem in most of the countries where Mercy-USA works. If you are a parent and aren't able to provide even the basics of nutrition for your children, nothing else matters until they're fed. In 2022, Mercy-USA provided significant food aid in Syria and Somalia where food insecurity is a major concern.

Food Aid Does More Than Feed a Family-It Lends to its Future.



Fatuma Abdi Harun, a 40-year-old and mother of nine lives in a camp for internally displaced people in Somalia. They've been living in this situation for five years due to recurrent droughts.



"We left our village where I was born, married and where most of my children were born. We had a big house and a small shop. My husband cared for our livestock which produced 20 liters of milk every day that I sold in our shop. We were happily living our lives in our village until the drought destroyed the

livestock and forced us to flee and look for humanitarian assistance in this camp."

"Life has changed when we first arrived here, now, there is no way to earn any income at all, everyone is poor. My husband lives in a rural area struggling to keep what livestock we still have alive. I tried to earn money by making brooms and selling them on the streets but I was unsuccessful."

"We wouldn't have been able to afford their education without this help."

Now, Fatuma receives \$60 per quarter from the Cash Based Transfer program Mercy-USA implements

through generous support from the World Food Programme. The money she receives allows her to purchase food items that help keep her children fed and healthy. In addition, Fatuma also receives monthly rations of the fortified Corn Soya Blend to ensure her pregnancy is healthy from Mercy-USA's nearby Mother and Child Health and Nutrition Center.

"We have been getting this assistance for the last three years. I typically use the money I receive to purchase milk, wheat flour, rice and oil. I also managed to buy some chickens for my young boys and we sell the eggs and the profits cover the monthly school fees for my children studying in lower primary. We wouldn't have been able to afford their education without this help."

Since its launch in 2019, this cash voucher system, in cooperation with the Federal Government of Somalia plays a continuing role in social safety net provisions for families facing chronic poverty and the worsening impacts of climate change.





Shelter

In NW Syria, lack of decent and dignified shelter is a huge problem for the more than 3 million internally displaced people. These families have picked up and moved, or in many cases, fled with nothing more than the clothes on their backs, multiple times as government forces target small towns and villages outside of the somewhat safer area around Idlib.

Tents that are designed to be a one year temporary solution have been in use for 5 or more years in many instances. They are cold in the winter, hot in the summer, they offer no protection from the inevitable mud and flooding that happen each winter, nor do they keep out snakes and scorpions in the summer. There is no security, no bathrooms or kitchens.

Mercy-USA came up with a more dignified solution with the modular shelter homes that have a bathroom, kitchen and sleeping room. The shelters are connected to electricity and the bathroom has plumbing, the doors and windows lock and they are raised off the ground to keep winter rains from washing the family's possessions away. In 2022, we built 950 shelters, one camp at a time. The shelters are gifted to a family to keep so that if they are able to return to their land or want to move, they can disassemble the unit and relocate it for use elsewhere.



Families living in dilapidated tent homes had to cook and eat outside as much as possible despite weather conditions to avoid cooking smoke, pests and other problems in the same space they would sleep at night.



A dignified shelter home provides safety, comfort and security for families who have lost their homes in Syria.

We are pleased to provide a dwelling that is sturdy and far more dignified than a canvas tent to families who have endured so much hardship.

With generous support from the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), and private donors thousands of Syrians are safe in their own dignified shelter home.

Winterization

While winters may be somewhat shorter in Lebanon than in other parts of the world, the cold months are brutal for those who struggle with poverty.

Lebanon began suffering financially even before the invasion of Ukraine, but after this event, the country's

under-served population began suffering beyond what even they could imagine. Vital expenditures such as fuel or warm clothes for children began to be a luxury a family couldn't prioritize over the skyrocketing cost of food and rent.

Mercy-USA provided winter clothing

packs to kids in Lebanon. They received coats, boots, hats and more.

We also provided three-months' worth of fuel for families who were struggling to heat their shelters throughout the winter months.



Healthcare



Mercy-USA provides healthcare to families in Syria, Lebanon and Somalia. Often, our health centers, and mobile medical units are the only way a sick person has access to a physician and medical care.

In Syria, our Primary Health Clinic provided free comprehensive healthcare for all ages in northwest Syria. The clinic features a lab, pharmacy and a birthing center.



Our Rapid Response Teams travel through camps for internally displaced people and while their primary focus is identifying and treating malnutrition among women and their children, our healthcare teams also offer primary care for anyone in need. These teams are often the only contact these families have with healthcare providers.



In Lebanon, our mobile medical unit was a life-line for Syrian refugee and Lebanese families living in the impoverished valley of Wadi Khalid. We provided free primary healthcare and prescriptions to people of all ages. The healthcare system in Lebanon has been on the verge of collapse so having free access to care is vital.

Many families have no transportation, or own just a motorcycle to travel the winding roads, the mobile unit brings the free healthcare to them directly.



Mercy-USA also supported individuals by providing costly prescription drugs for chronic diseases such as high blood pressure, diabetes and more, free of charge in Lebanon. Patients reported that prior to this program, medicine cost their family half of their monthly salary.



In Somalia, we offered free healthcare in the form of mother and child healthcare clinics where mothers and their children could access free vaccinations, primary care and birthing services.

We also operated fourteen TB health centers throughout the country and a HIV/AIDS center in Mogadishu with generous support from the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Our cure rate for TB was 80%. We are equally focused on prevention of these diseases through patient counseling and community outreach and information campaigns.

Nutrition

Providing emergency nutrition services to children, pregnant and nursing mothers saves lives and helps to maintain a resilient and vibrant community wherever crises such as war, climate change and conflict exist.

Children are the most vulnerable to suffer from long term consequences of malnutrition. A poor diet during the first five years of life can be detrimental to a child for the rest of their life. One of the major impacts of malnutrition is stunting. According to UNICEF, “Children affected by stunting, – some 419 million under the age of 5 globally – are too short for their age, and their brains may never develop to their full cognitive potential, hindering their ability to learn as children, earn as adults, and contribute fully to their societies.”

Severe wasting, also known as severe acute malnutrition, is malnutrition’s most deadly form. Children affected by wasting – some 45 million under the age of 5 around the world – are dangerously thin for their height due to malnutrition, have weakened immune systems, and face an increased risk of disease and death. These children require urgent treatment and care to survive.

Pregnant and lactating mothers need just as much nutritional support as their children so we prioritize and provide care to moms also.

Mercy-USA provided comprehensive nutrition services for children and their mothers in Somalia, Syria and Lebanon where food insecurity is endemic.

Amina carried her very weak and feverish 2-year-old daughter, Bisharo, twenty miles from her village to Mercy-USA’s Health and Nutrition Center in Bulo Burte, Somalia.



Bisharo was immediately admitted to the center’s Stabilization Center due to her extremely precarious condition. Amina said, “My daughter had been sick for a month and a few days before coming here. She had stopped drinking and became so dehydrated I almost gave up and accepted that

she would die.” Mercy-USA staff screened Bisharo and her weight was only eleven pounds and her middle upper arm circumference indicated that

“My daughter had been sick for a month before coming here. she had stopped drinking and became so dehydrated I almost gave up and accepted that she would die.”

she was suffering from Severe Acute Malnutrition. She was also diagnosed with pneumonia. She was immediately admitted and started on therapeutic nutritional treatment, as well as the necessary care for her pneumonia.

After 17 days of treatment in our Stabilization Center, Bisharo gained 3.3 pounds. Her improved health allowed her to be transferred to our Out-Patient Therapeutic program.

Amina said, “The treatment she received from the first day in the health center until now has made a huge difference. She’s now drinking milk and has slept well for the past nights. She’s still a bit weak and needs more care but it looks like she will make a full recovery. I have also received training in better hygiene practices and the best ways to feed a malnourished child.”

With generous support from the UNOCHA and the Somalia Health Fund (SHF), Mercy-USA provided life-saving nutrition and healthcare programs to the crisis-affected populations in the Hiran region of Somalia.



Safe Water

According to UNICEF in October, 2022, “There have been four failed rainy seasons; the forecast for the fifth is looking pretty grim... Things are bad and every sign indicates that they are going to get worse.” Two years of drought, considered the worst in 40 years, is killing the weakest and youngest in Somalia. Lack of clean, safe drinking water is a huge contributor to the movement of Somali families into crowded and unsanitary camps for internally displaced people.

Families will stay on their land if it’s possible to survive but if there’s no longer a safe source of clean water for their children or even their livestock, they must leave in search of support and water.

Mothers may do their best to boil what water they can find, but their children are still falling sick with diarrhea that causes severe malnutrition and more often, death. Now, cholera has been reported in parts of the country. Climate change, distant wars that created grain and oil shortages and internal political instability have created a perfect storm of suffering that isn’t expected to change soon.

Since 1997, Mercy-USA has played a vital role in providing safe drinking water in Somalia, digging and repairing over 800 wells. Communities with a combined population of over 750,000 persons are benefiting from this safe water program.



Education



Mercy-USA has been supporting important education projects in the Balkans and in Gaza for many years. In both Bosnia and Albania, we provide books for public school libraries of which there is a lack of accessible classic literature, poetry and research for children who attend the public schools. We also conduct after school classes for children to learn basic computer skills and English needed

for higher education. Children from struggling households can get the same additional tutoring that their wealthier peers attend through our free programs. We also provide new kindergartners in Bosnia with new backpacks filled with the expected school supplies that some families simply can't afford. In Gaza, our support of the RCVI school for the Blind and Visually

Impaired provides this unique and much needed school with resources the children need for their learning as well as infrastructure improvements such as covered walkways. The kids receive instruction early on so that they can enter mainstream schools by age 8. This mainstreaming helps integrate Palestinians with differences into society at a young age for everyone's benefit.

Agriculture



Mercy-USA for Aid and Development, with support from a local milling company Miell Tirana, helps small or sustenance wheat farmers in Albania with valuable technical support from an agronomist and quality inputs such as seed and fertilizer. In addition to the technical training, the farmers in the program are also provided with business and marketing training to help build success farming businesses.

A Struggling Farmer Finds Success with Help from Mercy-USA

Festim, a father of six, is a small farmer who works about 192 acres in Albania. Just a bit more than 8 acres are Festim's land and he rents the rest of the fertile land. His goal to grow his farming business is fast becoming a reality as he benefits from the knowledge he gained from being in our Agro program in 2019-2020. Since finding success in our program, Festim had the confidence to rent more land, heavy machinery and has hired more labor. Because the Albanian government has no support for farmers akin to the U.S. Dept of Agriculture, small farmers like Festim are left to compete with wealthier farmers. Those who have access to modern

farming practices and inputs resilient to increasing occurrences of drought and other extreme weather events in the age of climate change are those who find success in agriculture. Bolstered with new techniques and skills, Festim, his oldest son and sometimes even his wife and daughter-in-law help out in the field. During certain critical periods in the growing cycle, Festim says he works 12 hour days, but without complaint. Festim took his newly gained skills and not only expanded his farm, in 2022, he had a 10% higher yield than his neighboring farmers. He still consults with the Mercy-USA agronomist, Ilir Mehmeti when he has questions and concerns about his farm. His requests are welcome and he gets the advice and help he needs.



In turn, Festim has become a mentor of sorts to his neighboring farmers, who are now also benefiting from the training Festim received. He stated that the other farmers have been able to see the new techniques put into practice and his results are the best motivator for them. "My tangible example of a successful crop is more valuable to a struggling farmer than a theoretical discussion." This sharing of best practices and knowledge is the best outcome from our agriculture program. Festim said with happy satisfaction, "my family and I are hungry to learn more about the new technologies in wheat farming. This knowledge has improved the quality of life for my entire family."

Emergency Relief



In 2022, Mercy-USA responded to multiple natural disasters caused by extreme weather events.

Unprecedented flooding in Pakistan killed approximately 1,700 people. Millions more were severely affected. Mercy-USA delivered urgently needed food packages and vital hygiene kits. The category 5 Atlantic Hurricane Ian made landfall on the Ft. Myers region in Florida. Mercy-USA's emergency response team rallied volunteers and supplies to serve the needs of the most vulnerable, elderly displaced from senior care facilities, displaced laborers and service workers with hygiene kits, cleaning supplies and cash assistance to help with recovery.

In Bangladesh, severe flooding left 4 million people homeless. We provided relief including food aid and other emergency non-food item assistance. Displaced families were provided an emergency kit containing food, water purification tablets, hygiene products, first aid essentials and more.

Historic floods ripped through rural parts of Eastern Kentucky leaving thousands homeless. Mercy-USA gathered volunteers from Louisville and Lexington to pull together desperately needed items like diapers, hygiene and cleaning supplies. Mercy-USA's team distributed refrigerators, microwaves and other appliances to replace destroyed equipment so that families could survive while they cleaned out the mud and rebuilt their homes. We also distributed \$500 Lowes gift cards to affected families rebuild.

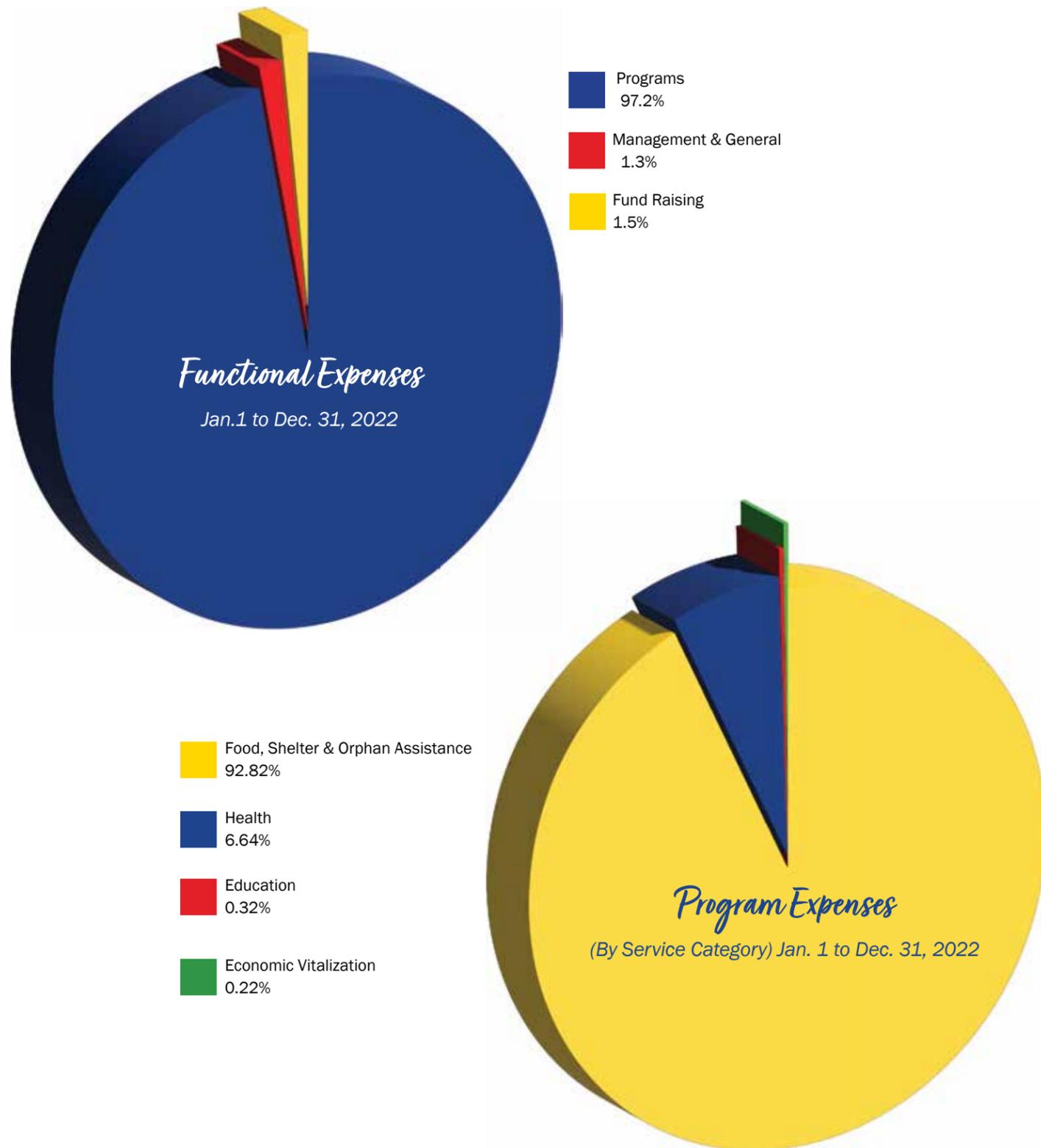
Seasonal Food Aid



Mercy-USA provided seasonal food aid for needy families around the world and the USA in observance of Ramadan, Eid Al Fitr and Eid Al Adha. In 2022, we provided food to families in 10 countries in all.

Since our founding, Mercy-USA has served hundreds of thousands of needy people each year for these special observances.





INDEPENDENT AUDITOR’S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Mercy-USA for Aid and Development, Inc (a nonprofit organization) (the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, consolidated functional expenses and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization’s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

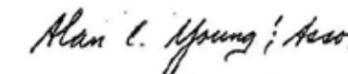
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other supplemental information as identified in the table of contents are fairly stated, in all material respects, in relation to the 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 October 1, 2023, 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 solely 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 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 Organization's internal control over financial reporting and compliance.



Detroit, Michigan
October 1, 2023

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Consolidated Statements of Financial Position December 31, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 7,640,293	\$ 8,261,842
Investments (Note 4)	10,588	-
Pledges & Grants Receivable (Note 6)	2,097,129	1,159,979
Prepaid Insurance & Expenses	15,825	17,407
Total Current Assets	9,763,835	9,439,228
Fixed Assets (Note 7)		
Building, Vehicles, Furniture & Equipment	1,656,051	1,583,363
Less: Accumulated Depreciation	(925,736)	(815,503)
Total Fixed Assets	730,315	767,860
Other Assets		
Security Deposits	15,371	24,371
Total Other Assets	15,371	24,371
Total Assets	\$ 10,509,521	\$ 10,231,459
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 2,070,788	\$ 1,326,778
Refundable Advances (Note 1)	1,790,727	2,669,186
Tenant Security Deposit	8,325	7,450
Payroll Liabilities	21,689	10,393
Accrued Payroll & Taxes	2,721	360
Advance Rent	-	5,750
Total Current Liabilities	3,894,250	4,019,917
Net Assets		
Without Donor Restrictions	4,659,653	4,262,360
With Donor Restrictions (Note 10)	1,955,618	1,949,182
Total Net Assets	6,615,271	6,211,542
Total Liabilities and Net Assets	\$ 10,509,521	\$ 10,231,459

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, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions From Public	\$ 1,391,222	\$ 5,503,039	\$ 6,894,261	\$ 1,335,642	\$ 4,644,158	\$ 5,979,800
US Agency for International Development (USAID)	-	9,688,714	9,688,714	-	4,001,235	4,001,235
United Nation (UN) Grants	-	16,208,495	16,208,495	-	9,426,515	9,426,515
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	306,022	306,022	-	296,725	296,725
Contribution In-Kind - UN Agencies (Note 5)	-	32,817,080	32,817,080	-	44,837,701	44,837,701
Rental Income	90,500	-	90,500	77,843	-	77,843
Dividend Income	19,998	-	19,998	6,091	-	6,091
Gain/Loss on Foreign Currency Fluctuation	430,103	-	430,103	80,779	-	80,779
Other Income	-	-	-	2,350	-	2,350
Net Assets Released From Restrictions:						
Satisfaction of Service Restrictions (Note 10)	64,516,914	(64,516,914)	-	62,790,083	(62,790,083)	-
Total Support and Revenue	66,448,737	6,436	66,455,173	64,292,788	416,251	64,709,039
EXPENSES						
Program Services:						
Food, Shelter and Orphan Assistance	60,019,691	-	60,019,691	58,536,029	-	58,536,029
Health	4,291,070	-	4,291,070	3,724,449	-	3,724,449
Economic Vitalization	140,740	-	140,740	234,662	-	234,662
Education	208,051	-	208,051	294,943	-	294,943
Total Program Services	64,659,552	-	64,659,552	62,790,083	-	62,790,083
Supporting Services:						
Management and General	533,513	-	533,513	488,461	-	488,461
Fundraising	858,379	-	858,379	354,491	-	354,491
Total Supporting Expenses	1,391,892	-	1,391,892	842,952	-	842,952
Total Expenses	66,051,444	-	66,051,444	63,633,035	-	63,633,035
Change In Net Assets	397,293	6,436	403,729	659,753	416,251	1,076,004
Net Assets - Beginning of Year	4,262,360	1,949,182	6,211,542	3,602,607	1,532,931	5,135,538
Net Assets - End of Year	\$ 4,659,653	\$ 1,955,618	\$ 6,615,271	\$ 4,262,360	\$ 1,949,182	\$ 6,211,542

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, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 403,729	\$ 1,076,004
Adjustments to Reconcile Change in Net Asset to Cash Provided by (Used in) Operations:		
Depreciation	112,077	104,871
Loss on Deletion of Fixed Assets	-	2,994
Uncollectible Accounts Receivable	63,271	40,639
Unrealized Loss on Investments	9,359	-
Change in:		
Prepaid Insurance and Expenses	1,582	1,531
Pledges and Grants Receivable	(1,000,421)	522,434
Accounts Payable	744,010	57,690
Refundable Advances	(878,459)	1,536,385
Security Deposits	9,000	(11,500)
Accrued Payroll and Taxes	13,657	(41,881)
Tenant Security Deposits	875	340
Advance Rent	(5,750)	5,750
Net Cash Provided by (Used in) Operating Activities	(527,070)	3,295,257
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(19,947)	-
Purchase of Fixed Assets	(74,532)	(5,300)
Net Cash Used in Investing Activities	(94,479)	(5,300)
Net Increase (Decrease) in Cash and Cash Equivalents	(621,549)	3,289,957
Cash and Cash Equivalents - Beginning of Year	8,261,842	4,971,885
Cash and Cash Equivalents - End of Year	\$ 7,640,293	\$ 8,261,842

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

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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, and New Jersey 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 consolidated 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 consolidated 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
- Canada

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 consolidated 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 restrictions and net assets with donor restrictions.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2022 and 2021

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

Basis of Presentation (Continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Organization did not have board designated net assets as of December 31, 2022, or 2021, respectively.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

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, 2022 and 2021, 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, 2022 or 2021. 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, 2022 and 2021. 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.

**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 \$3,000 and a useful life in excess of one year are capitalized.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$538,279 and \$230,176 for the years ending December 31, 2022 and 2021, 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

Contributions - Contribution revenue is accounted for under FASB Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as contributions with donor restrictions. These contributions also increase net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Contributions are reported at fair value, which is net of estimated uncollectible amounts. The Organization uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

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

Conditional promises to give, including those received under multi-year grant agreements are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before the Organization is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise.

Grant Revenue - Under ASU 2018-08, these arrangements constitute contributions since the customer does not receive commensurate value for the consideration received by the Organization; rather, the purpose of an arrangement is for the benefit of the general public. Therefore, Organization management concluded that the agreements are conditional due to rights of return/ release and barriers to entitlement to funds. Revenue is recognized when the condition is satisfied. Because the nature of conditions is either based on incurring qualifying expenses or satisfying a milestone or other deliverable, the pattern of revenue recognition remained consistent with previous years. Under ASU 2018-08, a refundable advance is recorded when the Organization receives assets (i.e., cash) in advance of the satisfaction of the conditions within these arrangements.

Contributed Services - Contributed services are recognized as revenue if the services received create or enhance nonfinancial assets, require specialized skills provided by individuals possessing those skills and typically need to be purchased if not provided by donation. Contributed services are recorded at the fair market value of the services provided. There were no contributed services for the years ended December 31, 2022, and 2021.

Refundable Advances - On December 31, 2022, and 2021, the Organization had refundable advances on grants and contracts for sponsored projects of \$1,790,727 and \$2,669,186, respectively. These balances are recognized as liabilities and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Prepaid Expenses

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

Fair Value Measurements

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

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2022 and 2021

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

Fair Value Measurements (Continued)

ASC 820 establishes a framework for measuring fair value, which includes a hierarchy based on the quality of inputs used to measure fair value, and provides specific disclosure requirements based on the hierarchy, ASC 820 requires the categorization of financial assets and liabilities, based on the inputs to valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the ASC 820 fair value hierarchy are described as follows:

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

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement falls is categorized.

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

Equities: These investments are common stocks. These are listed on the stock exchange and are valued at their quoted market prices held at year end.

Accounting Pronouncement Adopted in Fiscal Year 2022

The Organization adopted the Financial Accounting Standards Board (FASB) ASU No. 2016-02, Leases. The effects on the results of operations are not considered to be significant, as recognition and measurement of expenses and cash flows for leases are substantially the same under the new standard. Refer to Note 13 for additional information pertaining to lessor arrangements.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2022 and 2021

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

New Accounting Pronouncements

During June 2016, FASB issued AS No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. FASB has issued subsequent standards to clarify and correct errors in or improve this guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022 (2023). The Organization is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its financial statements.

2) CASH AND CASH EQUIVALENTS

The total cash held by the Organization in the bank accounts (excluding outstanding checks and deposit in transit) totalled \$7,493,195 and \$8,270,648 of which \$6,743,195 and \$7,520,648 is not insured through federal depository insurance in fiscal years 2022 and 2021, 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.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2022 and 2021

3) PROGRAM AND SUPPORTING SERVICES (Continued)

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.

4) INVESTMENTS

Investments consist of mutual funds and equities and are carried at fair value at December 31, 2022. The investments are considered Level 1.

	Fair Value Measurements			Total
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Cash and Cash Equivalents	\$ 118	\$ -	\$ -	\$ 118
Equity	10,470	-	-	10,470
Total	\$ 10,588	\$ -	\$ -	\$ 10,588

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2022 and 2021

5) 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 statements of activities are based on fair value of the goods received at the time of donation. The Organization received \$32,817,080 and \$44,837,701 in fiscal years 2022 and 2021, respectively.

6) PLEDGES AND GRANTS RECEIVABLE

Accounts receivable consist of Somalia, Lebanon and Syria grant funding receivable from the USAID and the United Nations Grant agencies. Details of Accounts Receivable as of December 31, 2022 and 2021 are as follows:

	2022	2021
Grants Receivable	\$ 1,997,343	\$ 1,053,357
Pledges Receivable	99,786	106,622
	<u>\$ 2,097,129</u>	<u>\$ 1,159,979</u>

7) FIXED ASSETS

Fixed assets are comprised of the following:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Fixed Assets				
Building	\$ 1,121,853	\$ -	\$ -	\$ 1,121,853
Office Equipment	198,021	17,132	(500)	214,653
Office Furniture	11,467	-	-	11,467
Audio Visual Equipment	7,225	-	-	7,225
Automobiles	235,889	57,400	(1,344)	291,945
Others	8,908	-	-	8,908
TOTAL	1,583,363	74,532	(1,844)	1,656,051
Less Accumulated Depreciation	(815,503)	(112,077)	1,844	(925,736)
Net Fixed Assets	<u>\$ 767,860</u>	<u>\$ (37,545)</u>	<u>\$ -</u>	<u>\$ 730,315</u>

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2022 and 2021

7) FIXED ASSETS (Continued)

	Balance January 1, 2021		Balance December 31, 2021	
	2021	Additions	Deletions	2021
Fixed Assets				
Building	\$ 1,121,853	\$ -	\$ -	\$ 1,121,853
Office Equipment	197,711	5,300	(4,990)	198,021
Office Furniture	11,467	-	-	11,467
Audio Visual Equipment	7,225	-	-	7,225
Automobiles	258,805	-	(22,916)	235,889
Others	8,908	-	-	8,908
TOTAL	1,605,969	5,300	(27,906)	1,583,363
Less Accumulated Depreciation	(735,544)	(104,871)	24,912	(815,503)
Net Fixed Assets	\$ 870,425	\$ (99,571)	\$ (2,994)	\$ 767,860

Depreciation expense was \$112,077 and \$104,871 for the year ended December 31, 2022 and 2021, respectively.

8) 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. The Organization contributed \$84,158 and \$65,272 in fiscal years 2022 and 2021, respectively, to the plan.

9) 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, 2022 and 2021 the Organization collected \$72,190 and \$50,824 respectively, on behalf of Mercy-USA for Aid & Development, (Canada) and received \$84,495 and \$65,223 respectively, from Mercy-USA for Aid & Development, (Canada). As at December 31, 2022 and 2021, an amount of \$338 and \$1,820 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 Consolidated Financial Statements (Continued)
December 31, 2022 and 2021

10) 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:

	2022	2021
Albania Programs	\$ 103,784	\$ 105,206
Bosnia Programs	92,300	99,523
Indonesia Programs	50,114	190,818
Lebanon Programs	2,401,670	526,339
Somalia & Kenya Programs	13,415,040	13,038,447
Syria Programs	47,700,029	48,415,571
United States Programs	212,158	55,300
Gaza Programs	67,925	276,537
Rohingya Refugees Program	82,065	42,930
Pakistan	185,402	31,309
Yemen	165,229	-
Bangladesh	41,198	8,103
Total Restrictions Released	\$ 64,516,914	\$ 62,790,083

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

	2022	2021
Albania	\$ 8,743	\$ 6,731
Bosnia	12,541	8,167
Indonesia	-	19,090
Lebanon	69,834	86,876
Somalia and Kenya	-	28,452
Syria	179,791	543,804
USA	-	35,764
Gaza	342,950	303,518
Rohingya Refugees	257,390	282,836
Pakistan	366,874	192,946
Yemen	702,727	436,424
Bangladesh	12,091	1,897
Other	2,677	2,677
Total	\$ 1,955,618	\$ 1,949,182

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2022 and 2021

11) 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>2022</u>	<u>2021</u>
Current Assets, at Year End	\$ 9,763,835	\$ 9,439,228
Less:		
Prepaid Insurance Expenses	(15,825)	(17,407)
Assets with Donor Restrictions	<u>(1,955,618)</u>	<u>(1,949,182)</u>
Financial assets available within one year to meet needs for general expenditures within one year	<u>\$ 7,792,392</u>	<u>\$ 7,472,639</u>

12) 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.

13) RENTAL INCOME

Leases prior to January 1, 2022 were accounted for under FASB's Topic 840. The leases were classified as operating leases under Topic 840. Rental income and other lease activity was recognized substantially the same as under Topic 842.

Effective January 1, 2022, the Organization adopted ASU No. 2016-02, *Leases (Topic 842)* and all related amendments. The Organization's accounting for leases resulted in making significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Organization applied assumptions in the evaluation of whether certain tenants are likely to exercise extension or renewal options, determined whether the collectability of lease payments is probable, based on factors such as tenant creditworthiness, economic conditions and the Organization's historical experience with tenants. For any operating leases for which collectability is not deemed probable, the Organization recognizes an adjustment as a reduction to lease revenue and, subsequently, lease revenue is recognized only to the extent lease payments are received. There were no operating leases for which the Organization deemed collectability not probable.

The Organization's rental operations consist primarily of leases of facilities which are classified as operating leases. These leases are typically for terms ranging from 1 day to 5 years.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2022 and 2021

13) RENTAL INCOME (Continued)

Rental income is recognized on a straight-line basis over the applicable noncancellable lease term. Straight-line rent receivable represents the difference between rental revenue recognized on a straight-line basis and cash received under the applicable lease provisions. Rental payments and other supplemental income payments received in advance are deferred and recognized in the period in which services are provided.

The table below summarized the Organization's future undiscounted cash flows to be received for years ending December 31:

<u>Years Ending December 31,</u>	<u>Amount</u>
2023	\$ 95,700
2024	95,700
2025	96,400
2026	92,900
2027	<u>65,750</u>
Total Lease Payments to be Received	<u>\$ 446,450</u>

14) SUBSEQUENT EVENTS

The Organization has evaluated events through October 1, 2023, 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 except as noted below.

In January 2023, the World Food Program (WFP) informed Mercy-USA that a former employee of Mercy-USA Türkiye had made allegations to WFP of improper actions by Mercy-USA Türkiye in connection with a WFP-funded food assistance program in Northwest Syria. On August 31, 2023, the WFP Sanctions Committee sent Mercy-USA Türkiye a letter notifying it that the WFP Office of Inspections and Investigation (OIGI) had opened an investigation, that the Committee was placing Mercy-USA Türkiye under temporary suspension while the investigation proceeds, and that "OIGI estimates the presumptive loss to WFP for 2022" at \$2,062,032. Per WFP procedures, "if upon completing its investigation OIGI determines that there is sufficient evidence to confirm the allegations that" Mercy-USA "has engaged in a 'Sanctionable Action,'" and if after a review of OIGI's findings and evidence the Sanctions Committee determines there is such sufficient evidence and sanctions may be warranted, the Committee will then initiate a Sanctions Proceeding. If the Sanctions Committee does not endorse OIGI findings and conclusions, the matter is closed.

The Organization has been conducting its own investigation of the complainant's allegation and has found no evidence to date supporting them. The Organization has contested the temporary suspension, and has requested additional information from OIGI regarding the investigation, but have not received any response. Due to the lack of information from WFP and OIGI, the potential loss/liability is not estimable at this time.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

**Statement of Consolidated Functional Expenses
Year Ended December 31, 2022
(With Combined Comparative Totals for 2021)**

Expenditures	Food, Shelter & Orphan Assistance	Health	Economic Vitalization	Education	Total Program Services	Management & General	Fundraising	Total Expenditures	2021 Total Expenditures
Grants	\$ 287,025	\$ -	\$ -	\$ 65,992	\$ 353,017	\$ -	\$ -	\$ 353,017	\$ 356,862
Salaries & Wages	6,110,177	1,971,855	57,468	44,739	8,184,239	266,437	-	8,450,676	7,027,822
Employee Benefits	396,940	194,785	-	22,390	614,115	87,433	-	701,548	363,778
Advertising & Promotion	-	-	-	-	-	-	538,279	538,279	230,176
Transportation Expenses	1,247,427	233,062	3,726	3,969	1,488,184	57	-	1,488,241	1,126,553
Commercial Insurance	6,263	-	3,233	-	9,496	243	-	9,739	51,339
Conference, Meeting & Seminars	1,762	700	576	-	3,038	217	-	3,255	4,149
Consultants & Other Professional Services	179,963	80,321	5,939	6,981	273,204	96	106,252	379,552	108,022
Dues, Subscriptions, Fees, etc.	4,114	10,477	7	-	14,598	2,676	-	17,274	12,877
Legal	29,517	2,643	1,220	6	33,386	712	-	34,098	7,185
Accounting	36,112	8,700	-	238	45,050	5,700	-	50,750	42,144
Occupancy & Warehousing	403,733	86,840	6,250	14,547	511,370	3,440	-	514,810	503,336
Postage & Shipping, etc.	4,530	120	455	217	5,322	1,225	164	6,711	5,343
Printing & Copying	19,676	3,280	918	30	23,904	1,163	-	25,067	26,006
Program Materials	49,043,700	1,183,282	38,427	31,255	50,296,664	-	-	50,296,664	51,604,367
Telephone	36,825	18,804	843	1,699	58,171	563	-	58,734	64,026
Travel	223,093	74,636	8,037	5	305,771	841	45,347	351,959	199,374
Bank Charges/Currency Adjustment	143,798	48,461	1,777	2,308	196,344	1,866	168,337	366,547	252,535
Office Supplies and Equipment	250,994	51,405	1,858	137	304,394	9,166	-	313,560	204,967
Payroll Taxes	365,903	897	-	6,144	372,944	17,128	-	390,072	144,993
Gain/Loss	-	-	-	-	-	-	-	-	2,994
Uncollectible Accounts Receivables	-	-	-	-	-	63,271	-	63,271	40,639
Unrealized Gain/Loss	-	-	-	-	-	9,359	-	9,359	-
Indirect Cost	1,199,523	299,261	10,006	7,394	1,516,184	-	-	1,516,184	1,148,677
Depreciation	28,616	21,541	-	-	50,157	61,920	-	112,077	104,871
Total	\$ 60,019,691	\$ 4,291,070	\$ 140,740	\$ 208,051	\$ 64,659,552	\$ 533,513	\$ 858,379	\$ 66,051,444	\$ 63,633,035

MERCY-USA FOR AID AND DEVELOPMENT, INC.

**Supplemental Statement of Revenues and Program Expenses
Year Ended December 31, 2022
(With Combined Comparative Totals for 2021)**

	ALBANIA	BOSNIA	INDONESIA	LEBANON ¹	SOMALIA & KENYA & ETHIOPIA	SYRIA	USA	GAZA	ROHINGYA REFUGEES	PAKISTAN	Bangladesh	YEMEN	NOT DESIGNATED	TOTAL	TOTAL 2021
REVENUES															
Contributions from Public:															
General	\$ 13,796	\$ 14,674	\$ 12,391	\$ 88,952	\$ 962,539	\$ 811,477	\$ 136,544	\$ 101,111	\$ 33,779	\$ 339,330	\$ 36,552	\$ 377,532	\$ 1,391,222	\$ 4,319,899	\$ 1,870,627
Food Aid	15,000	15,000	8,383	78,456	104,000	63,000	24,850	-	22,840	10,000	4,840	54,000	-	400,369	1,708,362
Orphan Fund	5,000	5,000	250	4,000	10,000	-	-	-	-	-	-	-	-	24,250	10,261
Education	2,000	2,000	-	-	-	-	-	6,246	-	-	-	-	-	10,246	21,175
Zakat	70,000	60,000	10,000	920,000	780,000	254,381	15,000	-	-	10,000	10,000	-	-	2,129,381	2,340,308
COVID-19	-	-	-	-	1,527	-	-	-	-	-	-	-	-	1,527	18,991
Health and Nutrition	-	-	-	4,000	-	4,589	-	-	-	-	-	-	-	8,589	10,076
US Government Grants															
US Agency for International Development (USAID)	-	-	-	-	-	9,688,714	-	-	-	-	-	-	-	9,688,714	4,001,235
NGO Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,426,515
United Nations (UN) Grants	-	-	-	1,289,220	4,886,274	10,033,001	-	-	-	-	-	-	-	16,208,495	-
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	-	-	-	306,022	-	-	-	-	-	-	-	-	306,022	296,725
Gifts in Kind - UN Agencies	-	-	-	-	6,336,226	26,480,854	-	-	-	-	-	-	-	32,817,080	44,837,701
Rental Income	-	-	-	-	-	-	-	-	-	-	-	-	90,500	90,500	77,843
Dividend Income	-	-	-	-	-	-	-	-	-	-	-	-	19,998	19,998	6,091
Gain/Loss on Foreign Currency Fluctuation	-	-	-	-	-	-	-	-	-	-	-	-	430,103	430,103	80,779
Gain/Loss on Sale of Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,350
Total Revenues	\$ 105,796	\$ 96,674	\$ 31,024	\$ 2,384,628	\$ 13,386,588	\$ 47,336,016	\$ 176,394	\$ 107,357	\$ 56,619	\$ 359,330	\$ 51,392	\$ 431,532	\$ 1,931,823	\$ 66,455,173	\$ 64,709,039
EXPENDITURES															
Program Services:															
Food, Shelter & Orphan Assistance	\$ 26,404	\$ 22,010	\$ 9,006	\$ 1,613,815	\$ 11,063,806	\$ 46,572,769	\$ 238,979	\$ -	\$ 82,065	\$ 184,410	\$ 41,198	\$ 165,229	\$ -	\$ 60,019,691	\$ 58,536,029
Economic Vitalization	3,537	6,165	131,038	-	-	-	-	-	-	-	-	-	-	140,740	234,662
Health	-	-	-	787,855	2,375,955	1,127,260	-	-	-	-	-	-	-	4,291,070	3,724,449
Education	73,843	64,125	-	-	-	-	1,166	67,925	-	992	-	-	-	208,051	294,943
Total Program Services	\$ 103,784	\$ 92,300	\$ 140,044	\$ 2,401,670	\$ 13,439,761	\$ 47,700,029	\$ 240,145	\$ 67,925	\$ 82,065	\$ 185,402	\$ 41,198	\$ 165,229	\$ -	\$ 64,659,552	\$ 62,790,083

¹ Includes Palestinian refugees in Lebanon.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

**Indirect Cost Allocation
Year Ended December 31, 2022**

Expenditures	Total Cost	Allowable Indirect	Unallowable Indirect	Fundraising Cost	Program Cost	Excluded Program Cost*	Total Direct Cost
Grants	\$ 353,017	\$ -	\$ -	\$ -	\$ 353,017	\$ -	\$ 353,017
Salaries & Wages	8,450,676	266,437	-	-	8,184,239	-	8,184,239
Employee Benefits	701,548	87,433	-	-	614,115	-	614,115
Advertising & Promotion	538,279	-	-	538,279	-	-	538,279
Transportation Expenses	1,488,241	57	-	-	1,488,184	-	1,488,184
Commercial Insurance	9,739	243	-	-	9,496	-	9,496
Conference, Meetings & Seminars	3,255	217	-	-	3,038	-	3,038
Consultants & Other Professional Services	379,552	96	-	106,252	273,204	-	379,456
Dues, Subscriptions, Fees etc.	17,274	2,676	-	-	14,598	-	14,598
Legal	34,098	712	-	-	33,386	-	33,386
Accounting	50,750	5,700	-	-	45,050	-	45,050
Occupancy & Warehousing	514,810	3,440	-	-	511,370	-	511,370
Postage & Shipping	6,711	1,225	-	164	5,322	-	5,486
Printing & Copying	25,067	1,163	-	-	23,904	-	23,904
Program Materials	50,296,664	-	-	-	50,296,664	32,817,080	17,479,584
Telephone	58,734	563	-	-	58,171	-	58,171
Travel	351,959	841	-	45,347	305,771	-	351,118
Bank Charges/Currency Adjustment	366,547	1,866	-	168,337	196,344	-	364,681
Office Supplies & Equipment	313,560	9,165	-	-	304,395	-	304,395
Payroll Taxes	390,072	17,128	-	-	372,944	-	372,944
Uncollectible Accounts Receivables	63,271	-	63,271	-	-	-	-
Unrealized Gain/Loss	9,359	9,359	-	-	-	-	-
Indirect Cost	1,516,184	-	-	-	1,516,184	-	1,516,184
Depreciation	112,077	61,920	-	-	50,157	-	50,157
Total	66,051,444	470,241	63,271	858,379	64,659,553	32,817,080	32,700,852
Reclassify Overhead Charged to Program Costs	-	1,516,184	-	-	-	-	(1,516,184)
Total	\$ 66,051,444	\$ 1,986,425	\$ 63,271	\$ 858,379	\$ 64,659,553	\$ 32,817,080	\$ 31,184,668
Base = Total Direct Cost							
Pool Cost	\$ 1,986,425						
Base Cost	\$ 31,184,668						
Indirect Rate	6.37%						

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

Mercy-USA for Aid and Development

44450 Pinetree Drive, Suite 201 • Plymouth, Michigan 48170-3869

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Other Mercy-USA Offices

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

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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