

**MERCY-USA FOR AID & DEVELOPMENT, INC.
FINANCIAL REPORT
WITH ADDITIONAL INFORMATION
YEAR ENDED DECEMBER 31, 2004
(WITH COMBINED COMPARATIVE TOTALS FOR 2003)**

**Alan C. Young & Associates, P.C.
Certified Public Accountants**

MERCY-USA FOR AID & DEVELOPMENT, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of Mercy-USA For Aid & Development, Inc. (a nonprofit organization) as of December 31, 2004 and 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Mercy-USA For Aid & Development, Inc. as of December 31, 2004 and 2003 and the results of operations and changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2005 on our consideration of the Mercy-USA For Aid & Development, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



May 11, 2005

MERCY - USA FOR AID & DEVELOPMENT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

ASSETS	USA OPERATIONS	OVERSEAS OPERATIONS	TOTAL 2004	TOTAL 2003
Current Assets:				
Cash and Cash Equivalents (Note 2)	\$1,925,792	\$817,795	\$2,743,587	\$3,473,226
Investments (Note 4)	406,103	0	406,103	364,591
Pledges & Accounts Receivable (Note 5)	9,058	216,448	225,506	133,287
Advances to Sub-Contractor	0	15,309	15,309	15,308
Notes Receivable - Micro-lending/SED	0	1,000	1,000	8,600
Inventory (Note 8)	0	1,820,595	1,820,595	0
Prepaid Insurance & Expenses	8,219	0	8,219	4,840
Total Current Assets	2,349,172	2,871,147	5,220,319	3,999,852
Fixed Assets:				
Vehicles, Furniture & Equipment (Note 6)	50,326	166,598	216,924	219,550
Less: Accumulated Depreciation	(36,981)	(104,430)	(141,411)	(130,516)
Total Fixed Assets	13,345	62,168	75,513	89,034
Other Assets:				
Travel Advance	0	3,471	3,471	0
Security Deposits	5,600	0	5,600	5,600
Total Other Assets	5,600	3,471	9,071	5,600
Total Assets	\$2,368,117	\$2,936,786	\$5,304,903	\$4,094,486
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$147,207	\$354,556	\$501,763	\$131,989
Deferred Revenue (Note 9)	0	2,305,475	2,305,475	1,711,018
Accrued Payroll & Taxes	356	0	356	0
Total Current Liabilities	147,563	2,660,031	2,807,594	1,843,007
Net Assets:				
Unrestricted	2,215,205	270,738	2,485,943	2,249,231
Temporarily Restricted	5,349	6,017	11,366	2,248
Total Net Assets	2,220,554	276,755	2,497,309	2,251,479
Total Liabilities and Net Assets	\$2,368,117	\$2,936,786	\$5,304,903	\$4,094,486

MERCY - USA FOR AID & DEVELOPMENT, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	USA OPERATIONS		OVERSEAS OPERATIONS		TOTAL		TOTAL	
	Temporarily		Temporarily		2004		2003	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
SUPPORT AND REVENUE								
Contributions From Public	\$303,456	\$1,198,033	\$0	\$6,801	\$303,456	\$1,204,839	\$313,709	\$845,433
US Governmental Grants	0	0	0	2,328,133	0	2,328,133	0	832,604
US Department of Agriculture (USDA)	0	0	0	0	0	0	0	285,073
US Agency for International Development (USAID)	0	0	0	0	0	0	0	0
United Nation (UN) Grants	0	0	0	4,697	0	4,697	0	0
UNMIK/CA/MEST	0	0	0	0	0	0	0	73,413
UNMIK/CA/MPS	0	0	0	150,609	0	150,609	0	127,285
UNMIK/CA/MLSW	0	0	0	0	0	0	0	11,059
Other UN Grants	0	0	0	8,175	0	8,175	0	88,483
Organization for Security & Cooperation in Europe (OSCE) Grants	0	0	0	0	0	0	0	0
NGO/Foundations Grants	0	0	0	44,231	0	44,231	0	31,608
Contribution in-Kind - Public	0	0	0	0	0	0	0	321,890
Contribution in-Kind - UN agencies	0	0	0	0	0	0	0	0
Contribution in-Kind - NGO/Foundations	0	0	0	0	0	0	0	0
Contribution in-Kind - US Government (USDA)	0	0	0	1,014,299	0	1,014,299	0	0
Dividend Income	20,422	0	235	6,694	20,657	6,694	16,494	30,082
Gain/Loss on Foreign Currency Fluctuation	0	0	37,786	0	37,786	0	161,595	0
Unrealized Gain (Loss) on Investments	54,811	0	0	0	54,811	0	54,648	0
Gain (Loss) on Sale of Equipment	100	0	1,610	0	1,710	0	4,530	0
Sales	40	0	0	0	40	0	120	0
Program Fees	0	0	630	0	630	0	490	0
Transfer-In/(Out)	551,000	(1,251,127)	(561,000)	1,251,127	0	0	0	0
Net Assets Released From Restrictions (Note 1):	46,249	(45,249)	4,705,310	(4,705,310)	4,752,559	(4,752,559)	4,092,767	(4,092,767)
Satisfaction of Service Restrictions	395,078	(99,338)	4,185,571	108,456	5,171,848	9,118	4,644,353	(1,440,747)
Total Support and Revenue								
EXPENSES								
Program Services:								
Food, Shelter and Orphan Assistance	0	0	497,629	0	497,629	0	341,181	0
Economic Vitalization	0	0	2,042,728	0	2,042,728	0	812,485	0
Health	0	0	253,300	0	253,300	0	449,584	0
Education	0	0	1,396,949	0	1,396,949	0	2,072,562	0
General	0	0	224,593	0	224,593	0	224,505	0
Total Program Services	0	0	4,415,289	0	4,415,289	0	3,900,347	0
Management and General								
Fund Raising	427,919	0	0	0	427,919	0	396,564	0
Total Supporting Expenses	519,648	0	0	0	519,648	0	476,807	0
Total Expenses	519,648	0	4,415,289	0	4,934,937	0	4,377,154	0
Change In Net Assets	466,430	(69,338)	(229,718)	108,456	236,712	9,118	267,199	(1,440,747)
Net Assets - Beginning of Year	1,743,775	104,687	500,456	(102,439)	2,249,231	2,246	1,982,032	1,442,995
Net Assets - End of Year	\$2,215,205	\$5,349	\$270,738	\$6,017	\$2,486,943	\$11,366	\$2,249,231	\$2,246

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

MERCY - USA FOR AID & DEVELOPMENT, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 YEAR ENDED DECEMBER 31, 2004
 (WITH COMPARATIVE TOTALS FOR 2003)

Expenditures	Food, Shelter & Orphan Assistance	Health	Economic Vitalization	Education	General Program	Total Program Services	Management & General	Fund Raising	Total 2004 Expenditures	Total 2003 Expenditures
Grants	\$155,920	\$58,000	\$0	\$0	\$0	\$213,920	\$0	\$0	\$213,920	\$26,430
Scholarships	0	0	0	2,640	0	2,640	0	0	2,640	1,950
Salaries & Wages	25,748	89,834	137,738	118,116	142,394	513,830	192,265	0	706,095	499,767
Employee Benefits	1,027	1,997	15,332	8,166	6,602	33,124	40,353	0	73,477	52,667
Advertising & Promotion	0	0	0	0	0	0	29,522	24,755	54,280	22,147
Transportation Expenses	4,876	4,111	17,089	18,887	9,489	54,452	879	0	55,331	72,399
Commercial Insurance	0	0	0	0	0	0	6,519	0	6,519	8,321
Conference, Meeting & Seminars	0	0	0	0	0	0	2,802	0	2,802	2,202
Consultants & Other Professional Services	2,956	95	26,825	5,381	149	35,416	0	0	35,416	5,790
Dues, Subscriptions, Fees, etc.	0	0	0	0	0	0	7,358	0	7,358	7,570
Legal	325	1,138	2,050	1,628	1,949	7,060	20,385	0	27,478	2,374
Accounting	0	0	2,473	0	0	2,473	31,250	0	33,723	31,947
Occupancy & Warehousing	6,929	17,789	9,211	19,665	18,456	72,060	33,249	0	105,299	80,630
Postage & Shipping, etc.	0	0	881	244	537	1,662	7,868	19,357	28,887	24,818
Printing & Copying	209	0	567	839	51	1,566	8,685	7,132	17,483	19,044
Program Materials	280,602	67,130	1,771,245	1,151,190	6,056	3,276,223	0	0	3,276,223	3,243,005
Telephone	3,200	3,209	10,896	20,122	7,429	44,856	4,604	0	49,460	49,451
Travel	13,834	7,419	12,600	15,698	20,461	70,012	5,811	26,938	102,781	78,471
Bank Charges/Currency Adjustment	687	2,661	7,406	598	(19,941)	(8,589)	11,888	13,524	16,823	52,017
Office Supplies and Equipment	1,305	7	7,467	5,243	8,571	23,594	3,910	0	27,504	45,594
Payroll Taxes	0	0	0	0	0	0	16,675	0	16,675	16,904
Loss on Sale of Assets	0	0	0	0	1,897	1,897	0	0	1,897	0
Indirect cost	0	0	20,948	28,532	0	49,480	0	0	49,480	26,983
Depreciation	0	0	0	0	19,393	19,393	3,893	0	23,286	26,573
Total	\$497,629	\$253,390	\$2,042,728	\$1,396,949	\$224,593	\$4,415,289	\$427,919	\$91,729	\$4,934,937	\$4,377,154

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

MERCY - USA FOR AID & DEVELOPMENT, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$245,830	(\$1,173,548)
Adjustments to reconcile change in net asset to cash provided by operations		
(Gain) Loss on Sale of Asset	(1,710)	(4,530)
Depreciation	23,286	26,573
Unrealized (Gain)/Loss from Investments	(54,811)	(54,648)
Change in:		
Inventory	(1,820,595)	1,464,016
Prepaid Insurance and Expenses	(3,379)	(248)
Pledges and Accounts Receivable	(92,219)	42,724
Advances to Sub Contractor	(1)	114,873
Accounts Payable	369,774	8,399
Deferred Revenue	594,457	1,516,405
Accrued Payroll Taxes	356	(643)
Net Cash Provided by (Used in) Operating Activities	<u>(739,012)</u>	<u>1,939,373</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	0	(4,666)
Purchase of Equipment	(17,665)	(32,750)
Proceeds from Sale of Assets	19,438	10,288
Net Cash Provided by (Used in) Investing Activities	<u>1,773</u>	<u>(27,128)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds(Payments) from Notes Receivable	7,600	(6,400)
Net Cash Provided by (Used in) Financing Activities	<u>7,600</u>	<u>(6,400)</u>
Increase/(Decrease) in Cash	(729,639)	1,905,845
Cash and Cash Equivalents - Beginning of Year	<u>3,473,226</u>	<u>1,567,381</u>
Cash and Cash Equivalents - End of Year	<u><u>\$2,743,587</u></u>	<u><u>\$3,473,226</u></u>

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

MERCY-USA FOR AID & DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activity

Mercy-USA For Aid & Development, Inc. is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It was incorporated in the State of Michigan on September 23, 1988. The organization is also licensed by the states of Michigan, Illinois and California to solicit public funds. Mercy-USA is involved in the relief and development for individuals and communities providing economic vitalization, health care, food and shelter and education mainly in Kenya, Somalia, Bosnia, Kosovo and Albania and also in the United States and other countries around the world with the help of United States Department of Agriculture (USDA), United Nations Interim Administration Mission in Kosovo (UNMIK), United Nations Children Fund (UNICEF) and other United Nations grants as well as through public contributions.

Basis of Accounting

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

Financial Statement Presentation

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

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

Unrestricted Fund:

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

Temporarily Restricted Fund:

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

MERCY-USA FOR AID & DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003
(Continued)

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

Contributions

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

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

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

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

Grants

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

Inventory

Inventory consists of equipment, consumable supplies and pharmaceuticals items, which were donated and are stated at their estimated fair value at the date of donation. Obsolete items are written down to their net realizable value.

Investments

The Organization has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Accordingly, donated marketable securities are recorded as contributions at their estimated fair market values at the date of donation. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage or time or by use) in the reporting period in which the income and gains are recognized.

MERCY-USA FOR AID & DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003
(Continued)

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

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a program basis in the statement of activities.

Costs are allocated between fund raising, management and general and the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization.

Cash and Cash Equivalents

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

Fixed Assets

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

Temporarily Restricted Net Assets

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

Purpose Restriction Accomplished:

Albania Programs	\$1,543,176
Bosnia Programs	2,344,679
Kosovo Programs	295,613
Somalia & Kenya Programs	304,715
Bangladesh Programs	99,694
Chechen Refugees	20,718
India Programs	128,998
Other Programs	14,966
Total Restrictions Released	<u><u>\$4,752,559</u></u>

MERCY-USA FOR AID & DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003
(Continued)

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

Temporarily restricted net assets are available for specific programs and have a balance of \$11,366 at December 31, 2004.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2) **CASH**

The total cash held by the Organization at December 31, 2004, includes \$2,434,393 in monies that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

3) **PROGRAM AND SUPPORTING SERVICES**

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

Program Services

Economic Vitalization

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

Health Services

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

Food and Shelter

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

MERCY-USA FOR AID & DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003
(Continued)

3) **PROGRAM AND SUPPORTING SERVICES (Continued)**

Refugee and Orphan Assistance

The refugee and orphan assistance includes specific projects or other assistance for orphans around the world and refugees residing in North America.

Civil Society

The support of initiatives that encourage fair and representative governance structures and strengthen citizen participation in society.

General Program

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

Management and General

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

Fundraising

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

4) **INVESTMENTS**

Investments consist of money market funds, stocks and Corporate Fixed Income and are carried at fair value at December 31, 2004. Dividends and capital gains earned on the shares are reinvested in the fund.

Any change in investment market values has been recorded as unrealized gain or loss.

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Cash & Money Market Funds	\$16,177	\$16,177	\$0
Stocks	311,151	365,874	54,723
Corporate Fixed Income	23,964	24,052	88
Total	<u>\$351,292</u>	<u>\$406,103</u>	<u>\$54,811</u>

5) **PLEDGES AND ACCOUNTS RECEIVABLE**

Accounts Receivable / Pledges Receivable – USA Operations

Accounts receivable at December 31, 2004 were collected in 2005. Unconditional pledges receivable at December 31, 2003 and 2004 were collected in 2004 and 2005, respectively.

MERCY-USA FOR AID & DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003
(Continued)

5) **PLEDGES AND ACCOUNTS RECEIVABLE (Continued)**

Accounts Receivable - Overseas Operations

Accounts receivable – Overseas operations consist of Albania and Bosnia grant funding receivable from the United States Department of Agriculture (USDA) and Kosovo grant funding receivable from the United Nations Interim Administration Mission in Kosovo (UNMIK).

6) **FIXED ASSETS**

The fixed assets comprised of the following:

	USA Operations	Overseas Operations	Total 2004	Total 2003
Automobiles	\$17,301	\$96,661	\$113,962	\$115,199
Office Equipment	23,372	56,736	80,108	83,135
Office Furniture	2,620	4,997	7,617	5,862
Audio Visual	6,583	4,009	10,592	10,709
Others	450	4,195	4,645	4,645
	<u>50,326</u>	<u>166,598</u>	<u>216,924</u>	<u>219,550</u>
Less: Accumulated Depreciation	<u>(36,981)</u>	<u>(104,430)</u>	<u>(141,411)</u>	<u>(130,516)</u>
Total	<u>\$13,345</u>	<u>\$62,168</u>	<u>\$75,513</u>	<u>\$89,034</u>

7) **PENSION PLAN**

The Organization started a 401(k) pension plan from January 1, 2000 for all employees who have attained the age of 20 ½ years. Employee 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. Employer provides a 50% match on eligible employee contributions to the plan up to a maximum allowable by the plan. The Organization contributed \$7,306 and \$7,313 in the year 2004 and 2003 respectively to the Plan.

8) **INVENTORY**

Inventory consists of in-kind contributions of wheat, rice, beans & vegetable oil received from the United States Department of Agriculture (USDA) for distribution in Albania.

9) **DEFERRED REVENUE**

Deferred revenue shows advances from grants awarded for assistance programs in Albania, Bosnia, and Somalia.

MERCY - USA FOR AID & DEVELOPMENT, INC.
SUPPLEMENTAL STATEMENTS OF REVENUES AND PROGRAM EXPENSES
YEAR ENDED DECEMBER 31, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	REVENUES							NOT DESIGNATED	TOTAL 2004	TOTAL 2003
	ALBANIA	KOSOVO	BOSNIA	SOMALIA & KENYA	INDIA	BANGLADESH	CHECHEN REFUGEES			
REVENUES										
Contributions from Public:										
General	\$126,982	\$47,134	\$156,047	\$63,341	\$7,326	\$101,129	\$3,082	\$202,636	\$113,220	\$598,343
Food Aid	28,000	26,000	23,000	24,000	8,000	8,667	9,153	0	24,230	140,059
Orphan Fund	500	0	360	1,720	0	0	500	0	6,550	11,645
Zakat	25,000	0	100,000	200,000	25,000	5,000	1,000	0	170,897	413,095
US Government Grants										
US Department of Agriculture (USDA)	325,468	0	2,001,665	0	0	0	0	0	0	832,694
US Agency for International Development (USAID)	0	0	0	0	0	0	0	0	0	286,073
UN Grants										
UNMIK/AMEST	0	4,607	0	0	0	0	0	0	0	4,697
UNMIK/AMPS	0	0	0	0	0	0	0	0	0	73,413
UNMIK/AMLSW	0	150,609	0	0	0	0	0	0	0	150,609
Other UN Grants	0	0	0	0	0	0	0	0	0	11,059
Organization for Security & Cooperation in Europe (OSCE)	0	5,175	0	0	0	0	0	0	0	88,483
NGO/Foundation Grants	0	0	0	0	0	0	0	0	0	0
Gifts in Kind - Public	0	0	0	0	0	0	0	0	0	0
Gifts in Kind - UN Agencies	0	0	0	0	0	0	0	0	0	31,608
Gifts in Kind - NGO/Foundation	0	0	0	44,232	0	0	0	0	0	321,890
Gifts in Kind - US Govt (USDA)	0	0	0	0	0	0	0	0	0	0
Dividend Income	1,014,299	0	0	0	0	0	0	0	0	0
Gain/Loss on Foreign Currency Fluctuation	0	235	6,694	0	0	0	0	0	0	46,575
Unrealized Gain/Loss on Investments	109	(2,174)	39,851	0	0	0	0	0	20,422	27,351
Gain/Loss on Sale of Equipment	0	0	0	0	0	0	0	0	0	37,786
Sales	0	0	110	1,500	0	0	0	0	54,811	54,848
Program Fees	630	0	0	0	0	0	0	0	100	4,530
									40	120
									0	490
Total Revenues	\$1,521,988	\$234,676	\$2,327,727	\$334,793	\$40,326	\$114,916	\$13,745	\$202,636	\$390,060	\$3,203,505
EXPENDITURES										
Program Services:										
Food, Shelter & Orphan Assistance	\$48,059	\$205,312	\$20,649	\$43,297	\$80,000	\$75,920	\$20,230	\$4,162	\$0	\$497,629
Economic Vitalization	151	0	2,042,577	0	0	0	0	0	0	2,042,728
Health	0	18,072	0	177,318	48,000	10,000	0	0	0	253,390
Education	1,385,474	5,663	5,792	0	0	0	0	0	0	1,396,949
General	80,083	43,307	25,954	75,239	0	0	0	0	0	224,593
Total Program Services	\$1,513,767	\$272,374	\$2,094,992	\$295,854	\$128,000	\$85,920	\$20,230	\$4,162	\$0	\$4,415,289
										\$3,900,347

* Primarily Indian Ocean Tsunami and Earthquake.

MERCY - USA FOR AID & DEVELOPMENT, INC.
 INDIRECT COST ALLOCATION SCHEDULE
 YEAR ENDED DECEMBER 31, 2004

Expenditures	Total Cost	Allowable Indirect	Fund Raising Cost	Program Cost	Excluded Program Cost*	Total Direct Cost
Grants	\$213,920	\$0	\$0	\$213,920	\$0	\$213,920
Scholarships	2,640	0	0	2,640	0	2,640
Salaries & Wages	706,095	192,265	0	513,830	0	513,830
Employee Benefits	73,477	40,353	0	33,124	0	33,124
Advertising & Promotion	54,280	29,522	24,758	0	0	24,758
Transportation Expenses	55,331	879	0	54,452	0	54,452
Commercial Insurance	6,519	6,519	0	0	0	0
Conference, Meetings & Seminars	2,802	2,802	0	0	0	0
Consultants & Other Professional Services	35,416	0	0	35,416	0	35,416
Dues, Subscription, Fees etc.	7,358	7,358	0	0	0	0
Legal	27,478	20,388	0	7,090	0	7,090
Accounting	33,723	31,250	0	2,473	0	2,473
Occupancy & Warehousing	105,299	33,249	0	72,050	0	72,050
Postage & Shipping	28,887	7,868	19,357	1,662	0	21,019
Printing & Copying	17,483	8,685	7,132	1,666	0	8,798
Program Materials	3,276,223	0	0	3,276,223	(1,058,531)	2,217,692
Telephone	49,460	4,604	0	44,856	0	44,856
Travel	102,781	5,811	26,958	70,012	0	96,970
Bank Charges/Currency Adjustment	16,823	11,888	13,524	(8,589)	0	4,935
Office Supplies & Equipment	27,604	3,910	0	23,694	0	23,694
Payroll Taxes	16,675	16,675	0	0	0	0
Loss on Sale of Assets	1,897	0	0	1,897	0	1,897
Indirect Cost	49,480	0	0	49,480	(36,635)	12,845
Depreciation	23,286	3,893	0	19,393	0	19,393
Total	4,934,937	427,919	91,729	4,415,289	(1,085,166)	3,411,852
Reclassify Overhead Charged to Program Costs	0	36,635	0	0	0	0
Total	\$4,934,937	\$484,554	\$91,729	\$4,415,289	(\$1,095,166)	\$3,411,852

Base = Total Direct Cost
 Pool Cost \$464,554
 Base Cost \$3,411,852
 Indirect Rate 13.62%

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