

MERCY-USA FOR AID AND DEVELOPMENT, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

AND

SINGLE AUDIT REPORT

DECEMBER 31, 2021

MERCY-USA FOR AID AND DEVELOPMENT, INC.

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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 statement of financial position as of December 31, 2021, and the related consolidated statements of activities and consolidated cash flows for the year 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

INDEPENDENT AUDITOR'S REPORT

(Continued)

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, 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, 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.

Alan C. Young, Assoc.

Detroit, Michigan
September 29, 2022

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Consolidated Statements of Financial Position December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 8,261,842	\$ 4,971,885
Pledges & Grants Receivable (Note 5)	1,159,979	1,723,052
Prepaid Insurance & Expenses	17,407	18,938
Total Current Assets	<u>9,439,228</u>	<u>6,713,875</u>
Fixed Assets (Note 6)		
Building, Vehicles, Furniture & Equipment	1,583,363	1,605,969
Less: Accumulated Depreciation	(815,503)	(735,544)
Total Fixed Assets	<u>767,860</u>	<u>870,425</u>
Other Assets		
Security Deposits	24,371	12,871
Total Other Assets	<u>24,371</u>	<u>12,871</u>
Total Assets	<u><u>\$ 10,231,459</u></u>	<u><u>\$ 7,597,171</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 1,326,778	\$ 1,269,088
Refundable Advances (Note 1)	2,669,186	1,132,801
Tenant Security Deposit	7,450	7,110
Payroll Liabilities	10,393	28,257
Accrued Payroll & Taxes	360	24,377
Advance Rent	5,750	-
Total Current Liabilities	<u>4,019,917</u>	<u>2,461,633</u>
Net Assets		
Without Donor Restrictions	4,262,360	3,602,607
With Donor Restrictions (Note 9)	1,949,182	1,532,931
Total Net Assets	<u>6,211,542</u>	<u>5,135,538</u>
Total Liabilities and Net Assets	<u><u>\$ 10,231,459</u></u>	<u><u>\$ 7,597,171</u></u>

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

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Consolidated Statements of Activities Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions From Public	\$ 1,335,642	\$ 4,644,158	\$ 5,979,800	\$ 1,199,322	\$ 4,098,952	\$ 5,298,274
US Agency for International Development (USAID)	-	4,001,235	4,001,235	-	1,450,826	1,450,826
NGO Grants	-	-	-	-	723,386	723,386
United Nation (UN) Grants	-	9,426,515	9,426,515	-	12,431,207	12,431,207
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	296,725	296,725	-	369,060	369,060
Contribution In-Kind - UN agencies (Note 4)	-	44,837,701	44,837,701	-	30,985,212	30,985,212
Rental Income	77,843	-	77,843	89,080	-	89,080
Dividend Income	6,091	-	6,091	11,840	-	11,840
Gain/Loss on Foreign Currency Fluctuation	80,779	-	80,779	114,809	-	114,809
Other Income	2,350	-	2,350	-	-	-
Net Assets Released From Restrictions:						
Satisfaction of Service Restrictions (Note 9)	62,790,083	(62,790,083)	-	49,680,145	(49,680,145)	-
Total Support and Revenue	64,292,788	416,251	64,709,039	51,095,196	378,498	51,473,694
EXPENSES						
Program Services:						
Food, Shelter and Orphan Assistance	58,536,029	-	58,536,029	44,963,797	-	44,963,797
Health	3,724,449	-	3,724,449	4,041,327	-	4,041,327
Economic Vitalization	234,662	-	234,662	246,830	-	246,830
Education	294,943	-	294,943	428,191	-	428,191
Total Program Services	62,790,083	-	62,790,083	49,680,145	-	49,680,145
Supporting Services:						
Management and General	488,461	-	488,461	528,487	-	528,487
Fund Raising	354,491	-	354,491	324,966	-	324,966
Total Supporting Expenses	842,952	-	842,952	853,453	-	853,453
Total Expenses	63,633,035	-	63,633,035	50,533,598	-	50,533,598
Change In Net Assets	659,753	416,251	1,076,004	561,598	378,498	940,096
Net Assets - Beginning of Year	3,602,607	1,532,931	5,135,538	3,041,009	1,154,433	4,195,442
Net Assets - End of Year	\$ 4,262,360	\$ 1,949,182	\$ 6,211,542	\$ 3,602,607	\$ 1,532,931	\$ 5,135,538

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, 2021 and 2020

CASH FLOWS FROM OPERATING ACTIVITIES	2021	2020
Change in Net Assets	\$ 1,076,004	\$ 940,096
Adjustments to Reconcile Change in Net Asset to Cash Provided by Operations:		
Depreciation	104,871	116,517
Loss on Deletion of Fixed Assets	2,994	-
Uncollectible Accounts Receivable	40,639	3,902
Change in:		
Prepaid Insurance and Expenses	1,531	64,548
Pledges and Grants Receivable	522,434	334,306
Notes Receivable - Micro-lending/SED	-	4,000
Other Assets	-	3,362
Accounts Payable	57,690	(234,833)
Refundable Advances	1,536,385	536,541
Security Deposits	(11,500)	-
Accrued Payroll and Taxes	(41,881)	(8,435)
Tenant Security Deposits	340	-
Advance Rent	5,750	(5,700)
Net Cash Provided by Operating Activities	<u>3,295,257</u>	<u>1,754,304</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>(5,300)</u>	<u>(21,687)</u>
Net Cash Used in Investing Activities	<u>(5,300)</u>	<u>(21,687)</u>
Net Increase in Cash	3,289,957	1,732,617
Cash and Cash Equivalents - Beginning of Year	<u>4,971,885</u>	<u>3,239,268</u>
Cash and Cash Equivalents - End of Year	<u>\$ 8,261,842</u>	<u>\$ 4,971,885</u>

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

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Statement of Consolidated Functional Expenses Year Ended December 31, 2021 (With Combined Comparative Totals for 2020)

Expenditures	Food, Shelter & Orphan Assistance	Health	Economic Vitalization	Education	Total Program Services	Management & General	Fundraising	Total Expenditures	2020 Total Expenditures
Grants	\$ 193,113	\$ -	\$ -	\$ 163,749	\$ 356,862	\$ -	\$ -	\$ 356,862	\$ 545,306
Salaries & Wages	4,771,364	1,902,717	59,093	42,556	6,775,730	229,605	22,487	7,027,822	7,622,503
Employee Benefits	138,542	122,377	22,423	-	283,342	80,436	-	363,778	307,350
Advertising & Promotion	-	-	-	-	-	30	230,146	230,176	189,400
Transportation Expenses	894,759	218,675	11,401	1,037	1,125,872	681	-	1,126,553	1,673,398
Commercial Insurance	4,550	46,067	-	-	50,617	722	-	51,339	44,479
Conference, Meeting & Seminars	-	-	3,571	-	3,571	578	-	4,149	3,084
Consultants & Other Professional Services	43,066	21,406	11,426	9,108	85,006	1,270	21,746	108,022	63,589
Dues, Subscriptions, Fees, etc.	638	7,958	861	-	9,457	3,420	-	12,877	37,704
Legal	3,957	345	1,829	38	6,169	1,016	-	7,185	2,762
Accounting	30,745	8,700	-	-	39,445	2,699	-	42,144	44,886
Occupancy & Warehousing	349,422	119,853	10,367	11,028	490,670	12,666	-	503,336	351,747
Postage & Shipping, etc.	2,029	52	327	338	2,746	2,597	-	5,343	24,910
Printing & Copying	12,046	9,339	2,176	7	23,568	2,438	-	26,006	43,425
Program Materials	50,798,038	714,339	58,720	33,270	51,604,367	-	-	51,604,367	37,778,081
Telephone	38,918	20,047	1,325	1,130	61,420	2,606	-	64,026	72,159
Travel	134,845	51,833	8,508	-	195,186	4,188	-	199,374	159,165
Bank Charges/Currency Adjustment	67,371	75,798	17,883	2,594	163,646	8,777	80,112	252,535	286,430
Office Supplies and Equipment	136,084	53,922	8,318	696	199,020	5,947	-	204,967	200,220
Payroll Taxes	114,202	525	-	6,012	120,739	24,254	-	144,993	118,415
Loss on Deletion of Fixed Assets	-	-	-	-	-	2,994	-	2,994	-
Uncollectible Accounts Receivables	-	-	-	-	-	40,639	-	40,639	3,902
Indirect Cost	781,252	327,611	16,434	23,380	1,148,677	-	-	1,148,677	844,166
Depreciation	21,088	22,885	-	-	43,973	60,898	-	104,871	116,517
Total	\$ 58,536,029	\$ 3,724,449	\$ 234,662	\$ 294,943	\$ 62,790,083	\$ 488,461	\$ 354,491	\$ 63,633,035	\$ 50,533,598

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, 2021 and 2020

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, 2021 and 2020

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, 2021, or 2020, 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, 2021 and 2020, 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, 2021 or 2020. 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, 2021 and 2020. Accordingly, a provision for income taxes has not been established in the accompanying financial statements. The Organization's federal tax returns for the prior three years remain subject to examination by the Internal Revenue Service.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a program basis in the statement of activities. Costs are allocated between fund raising, management and general and the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2021 and 2020

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 \$230,176 and \$189,400 for the years ending December 31, 2021 and 2020, 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.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2021 and 2020

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, 2021, and 2020.

Refundable Advances - On December 31, 2021, and 2020, the Organization had refundable advances on grants and contracts for sponsored projects of \$2,669,186 and \$1,132,801, 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.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2021 and 2020

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

Accounting Pronouncement Adopted in Fiscal Year 2020

For the year ended December 31, 2020, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the prior revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Organization adopted Accounting Standards Codification (ASC) 606 effective January 1, 2020, using the modified retrospective transition method. The adoption of ASU No. 2014-09 did not have a material impact on the 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) total \$8,270,648 and \$4,595,533 of which \$7,520,648 and \$3,903,021 is not insured through federal depository insurance in fiscal years 2021 and 2020, 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, 2021 and 2020

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) 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 \$44,837,701 and \$30,985,212 in fiscal years 2021 and 2020, respectively.

5) PLEDGES AND GRANTS RECEIVABLE

Accounts receivable consist of Somalia, Kenya and Syria grant funding receivable from the USAID and the United Nations Grant agencies. Details of Accounts Receivable as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Grants Receivable	\$ 1,053,357	\$ 1,614,317
Pledges Receivable	<u>106,622</u>	<u>108,735</u>
	<u>\$ 1,159,979</u>	<u>\$ 1,723,052</u>

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2021 and 2020

6) FIXED ASSETS

Fixed assets are comprised of the following:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 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

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Fixed Assets				
Building	\$ 1,120,403	\$ 1,450	\$ -	\$ 1,121,853
Office Equipment	192,984	5,237	(510)	197,711
Office Furniture	11,467	-	-	11,467
Audio Visual Equipment	7,225	-	-	7,225
Automobiles	243,805	15,000	-	258,805
Others	16,633	-	(7,725)	8,908
TOTAL	1,592,517	21,687	(8,235)	1,605,969
Less Accumulated Depreciation	(627,262)	(116,517)	8,235	(735,544)
Net Fixed Assets	\$ 965,255	\$ (94,830)	\$ -	\$ 870,425

Depreciation expense was \$104,871 and \$116,517 for the year ended December 31, 2021 and 2020, respectively.

7) PENSION PLAN

The Organization started a 401(k)-pension plan on January 1, 2000 for all employees in the headquarters in the USA, who have attained the age of 20 ½ years. Employees may join the plan on January 1 or July 1 that coincides with or follows the date of employment after the completion of one year of service. The employer provides a 100% match on eligible employee contributions to the plan up to a maximum allowable by the plan. This was increased from 50% match in the previous years. The Organization contributed \$65,272 and \$58,335 in fiscal years 2021 and 2020, respectively, to the plan.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2021 and 2020

8) RELATED PARTY TRANSACTIONS

The Organization partners with Mercy-USA for Aid & Development, (Canada) towards providing relief and development activities. For the years ended December 31, 2021 and 2020 the Organization collected \$50,824 and \$29,575 respectively, on behalf of Mercy-USA for Aid & Development, (Canada) and received \$65,223 and \$59,068, respectively, from Mercy-USA for Aid & Development, (Canada). As at December 31, 2021 and 2020, an amount of \$1,820 and \$2,219, respectively, was payable to Mercy-USA for Aid and Development, (Canada) and no amount was receivable from them.

9) DONOR RESTRICTED NET ASSETS

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

Purpose restriction accomplished:

	<u>2021</u>	<u>2020</u>
Albania Programs	\$ 105,206	\$ 118,333
Bosnia Programs	99,523	113,907
Indonesia Programs	190,818	186,230
Lebanon Programs	526,339	332,878
Somalia & Kenya Programs	13,038,447	13,733,789
Syria Programs	48,415,571	34,652,452
United States Programs	55,300	55,928
Gaza Programs	276,537	159,666
Rohingya Refugees Program	42,930	-
Pakistan	31,309	172,325
Yemen	-	154,637
Bangladesh	8,103	-
Total Restrictions Released	<u>\$ 62,790,083</u>	<u>\$ 49,680,145</u>

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

	<u>2021</u>	<u>2020</u>
Albania	\$ 6,731	\$ 696
Bosnia	8,167	1,146
Indonesia	19,090	2,408
Lebanon	86,876	30,209
Somalia and Kenya	28,452	6,269
Syria	543,804	315,835
USA	35,764	34,780
Gaza	303,518	302,673
Rohingya Refugees	282,836	279,775
Pakistan	192,946	188,871
Yemen	436,424	367,592
Bangladesh	1,897	-
Other	2,677	2,677
Total	<u>\$ 1,949,182</u>	<u>\$ 1,532,931</u>

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2021 and 2020

10) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

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

	<u>2021</u>	<u>2020</u>
Current Assets, at Year End	\$ 9,439,228	\$ 6,713,875
Less:		
Prepaid Insurance Expenses	(17,407)	(18,938)
Assets with Donor Restrictions	<u>(1,949,182)</u>	<u>(1,532,931)</u>
Financial assets available within one year to meet needs for general expenditures within one year	<u>\$ 7,472,639</u>	<u>\$ 5,162,006</u>

11) CONTINGENCY

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

12) NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending December 31, 2022 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The effect of applying the new lease guidance on the consolidated financial statements has not yet been determined but is expected to significantly increase long-term assets and lease liabilities upon adoption. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Consolidated Financial Statements (Continued)
December 31, 2021 and 2020

13) SUBSEQUENT EVENTS

The Organization has evaluated events through September 29, 2022, 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.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2021

<u>Federal/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identifying Number</u>	<u>Award Amount</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Agency for International Development (USAID)					
Emergency Food Security Program in Syria	98.001	72DFFP20GR00044	\$ 4,048,914	\$ -	\$ 2,539,892
Provision of Integrated Food Assistance, ERMS and Nutrition in NW Syria	98.001	720BHA21GR00203	<u>\$ 9,558,825</u>	<u>\$ -</u>	<u>\$ 1,461,343</u>
Total Federal Financial Assistance			<u>\$ 13,607,739</u>	<u>\$ -</u>	<u>\$ 4,001,235</u>

See Notes to Schedule of Expenditures of Federal Awards.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Notes to Schedule of Expenditures of Federal Awards December 31, 2021

1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs of Mercy-USA for Aid & Development, Inc. (the Organization) for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3) EXPENDITURE REPORTS

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

4) INDIRECT COST RATE

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

5) SUBSEQUENT EVENTS

All subsequent events related to the major programs were evaluated through September 29, 2022, the date the accompanying reports were available to be issued. No significant event was noted that required adjustment or disclosure in the accompanying reports.



Alan C. Young & Associates, P.C.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mercy-USA for Aid & Development (a nonprofit organization) (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2022.

Report on Internal Control over Financial Reporting

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

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

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

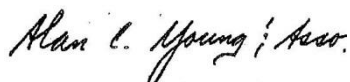
**Independent Auditor's Report On Internal Control
Over Financial Reporting And On Compliance
And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With
Government Auditing Standards
(Continued)**

Report on Compliance and Other Matters

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

Purpose of This Report

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



Detroit, Michigan
September 29, 2022



Alan C. Young & Associates, P.C.

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mercy-USA for Aid & Development, Inc's, (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Alan C. Young, Assoc.

Detroit, Michigan
September 29, 2022

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Schedule of Findings and Questioned Costs Year Ended December 31, 2021

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

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

Federal Awards

Internal Control over Major Program(s):

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

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

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

Identification of Major Program(s):

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
98.001	U.S. Agency for International Development (USAID) Emergency Food Security Program in Syria

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

Auditee Qualified as Low-Risk Auditee? X Yes _____ No

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

No Financial Audit Findings.

SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

No Federal Program Audit Findings.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Status of Prior Year Findings
Year Ended December 31, 2021

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

None

SECTION III - FEDERAL PROGRAM AUDIT FINDINGS

None

OTHER SUPPLEMENTAL INFORMATION

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Supplemental Statement of Revenues and Program Expenses Year Ended December 31, 2021 (With Combined Comparative Totals for 2020)

	ALBANIA	BOSNIA	INDONESIA	LEBANON ¹	SOMALIA & KENYA	SYRIA	USA	GAZA	ROHINGYA REFUGEES	PAKISTAN	Bangladesh	YEMEN	OTHER	NOT DESIGNATED	TOTAL	TOTAL 2020
REVENUES																
Contributions from Public:																
General	\$ 17,741	\$ 25,044	\$ 8,239	\$ 96,827	\$ 386,354	\$ 977,032	\$ 26,284	\$ 228,207	\$ 20,991	\$ 15,076	\$ -	\$ 68,832	\$ -	\$ -	\$ 1,870,627	\$ 2,834,977
Food Aid	16,500	16,500	19,000	52,581	152,500	100,639	15,000	-	-	-	-	-	-	1,335,642	1,708,362	441,178
Orphan Fund	5,000	5,000	261	-	-	-	-	-	-	-	-	-	-	-	10,261	22,557
Education	2,000	-	-	-	-	-	-	19,175	-	-	-	-	-	-	21,175	6,239
Zakat	70,000	60,000	180,000	100,000	960,000	870,000	15,000	30,000	25,000	20,308	10,000	-	-	-	2,340,308	1,947,470
COVID-19	-	-	-	-	18,991	-	-	-	-	-	-	-	-	-	18,991	45,853
Health and Nutrition	-	-	-	-	-	10,076	-	-	-	-	-	-	-	-	10,076	-
US Government Grants																
US Agency for International Development (USAID)	-	-	-	-	-	4,001,235	-	-	-	-	-	-	-	-	4,001,235	1,450,826
NGO Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	723,386
United Nations (UN) Grants	-	-	-	333,598	3,992,409	5,100,508	-	-	-	-	-	-	-	-	9,426,515	12,431,207
Global Fund to Fight AIDS, Tuberculosis & Malaria																
(GFATM) Grants	-	-	-	-	296,725	-	-	-	-	-	-	-	-	-	296,725	369,060
Gifts In Kind - UN Agencies	-	-	-	-	7,253,651	37,584,050	-	-	-	-	-	-	-	-	44,837,701	30,985,212
Rental Income	-	-	-	-	-	-	-	-	-	-	-	-	-	77,843	77,843	89,080
Dividend Income	-	-	-	-	-	-	-	-	-	-	-	-	-	6,091	6,091	11,840
Gain/Loss on Foreign Currency Fluctuation	-	-	-	-	-	-	-	-	-	-	-	-	-	80,779	80,779	114,809
Gain/Loss on Sale of Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	2,350	2,350	-
Events Ticket Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 111,241	\$ 106,544	\$ 207,500	\$ 583,006	\$ 13,060,630	\$48,643,540	\$ 56,284	\$ 277,382	\$ 45,991	\$ 35,384	\$ 10,000	\$ 68,832	\$ -	\$ 1,502,705	\$ 64,709,039	\$51,473,694
EXPENDITURES																
Program Services:																
Food, Shelter & Orphan Assistance	\$ 24,517	\$ 19,688	\$ 21,013	\$ 110,059	\$ 10,802,671	\$47,341,112	\$ 40,967	\$ 100,000	\$ 42,930	\$ 24,969	\$ 8,103	\$ -	\$ -	\$ -	\$ 58,536,029	\$44,963,797
Economic Vitalization	3,281	59,510	169,805	2,066	-	-	-	-	-	-	-	-	-	-	234,662	246,830
Health	-	-	-	414,214	2,235,776	1,074,459	-	-	-	-	-	-	-	-	3,724,449	4,041,327
Education	77,408	20,325	-	-	-	-	14,333	176,537	-	6,340	-	-	-	-	294,943	428,191
Total Program Services	\$ 105,206	\$ 99,523	\$ 190,818	\$ 526,339	\$ 13,038,447	\$48,415,571	\$ 55,300	\$ 276,537	\$ 42,930	\$ 31,309	\$ 8,103	\$ -	\$ -	\$ -	\$ 62,790,083	\$49,680,145

¹ Includes Palestinian refugees in Lebanon.

MERCY-USA FOR AID AND DEVELOPMENT, INC.

Indirect Cost Allocation Year Ended December 31, 2021

<u>Expenditures</u>	<u>Total Cost</u>	<u>Allowable Indirect</u>	<u>Unallowable Indirect</u>	<u>Fund Raising Cost</u>	<u>Program Cost</u>	<u>Excluded Program Cost*</u>	<u>Total Direct Cost</u>
Grants	\$ 356,862	\$ -	\$ -	\$ -	\$ 356,862	\$ -	\$ 356,862
Salaries & Wages	7,027,822	229,605	-	22,487	6,775,730	-	6,798,217
Employee Benefits	363,778	80,436	-	-	283,342	-	283,342
Advertising & Promotion	230,176	30	-	230,146	-	-	230,146
Transportation Expenses	1,126,553	681	-	-	1,125,872	-	1,125,872
Commercial Insurance	51,339	722	-	-	50,617	-	50,617
Conference, Meetings & Seminars	4,149	578	-	-	3,571	-	3,571
Consultants & Other Professional Services	108,022	1,270	-	21,746	85,006	-	106,752
Dues, Subscription, Fees etc.	12,877	3,420	-	-	9,457	-	9,457
Legal	7,185	1,016	-	-	6,169	-	6,169
Accounting	42,144	2,699	-	-	39,445	-	39,445
Occupancy & Warehousing	503,336	12,666	-	-	490,670	-	490,670
Postage & Shipping	5,343	2,597	-	-	2,746	-	2,746
Printing & Copying	26,006	2,438	-	-	23,568	-	23,568
Program Materials	51,604,367	-	-	-	51,604,367	44,837,701	6,766,666
Telephone	64,026	2,606	-	-	61,420	-	61,420
Travel	199,374	4,188	-	-	195,186	-	195,186
Bank Charges/Currency Adjustment	252,535	8,777	-	80,112	163,646	-	243,758
Office Supplies & Equipment	204,967	5,947	-	-	199,020	-	199,020
Payroll Taxes	144,993	24,254	-	-	120,739	-	120,739
Uncollectible Accounts Receivables	40,639	-	40,639	-	-	-	-
Loss on deletion of fixed assets	2,994	-	2,994	-	-	-	-
Indirect Cost	1,148,677	-	-	-	1,148,677	-	1,148,677
Depreciation	104,871	60,898	-	-	43,973	-	43,973
Total	63,633,035	444,828	43,633	354,491	62,790,083	44,837,701	18,306,873
Reclassify Overhead Charged to Program Costs	-	1,148,677	-	-	-	-	(1,148,677)
Total	\$ 63,633,035	\$ 1,593,505	\$ 43,633	\$ 354,491	\$ 62,790,083	\$ 44,837,701	\$ 17,158,196

Base = Total Direct Cost

Pool Cost \$ 1,593,505

Base Cost \$ 17,158,196

Indirect Rate 9.29%

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