

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

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2010  
(WITH COMBINED COMPARATIVE TOTALS FOR 2009)

**Mercy-USA for Aid & Development, Inc.**

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**Contents**

Page No.

Independent Auditor’s Report..... 1

Statement of Financial Position ..... 2

Statement of Activities ..... 3

Statement of Functional Expenses..... 4

Statement of Cash Flows ..... 5

Notes to Financial Statements..... 6

**Other Supplemental Information:**

Supplemental Statement of Revenues and Program Expenses ..... 13

Indirect Cost Allocation Schedule ..... 14



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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 statements of financial position of Mercy-USA for Aid & Development, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these 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 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, 2010 and 2009 and the 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 audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The data contained in the supplemental information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 October 28, 2011 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

*Alan C. Young; Assoc.*

October 28, 2011

# Mercy-USA for Aid & Development, Inc.

## Statement of Financial Position Year Ended December 31, 2010 (With Combined Comparative Totals for 2009)

<b>ASSETS</b>	<b>USA OPERATIONS</b>	<b>OVERSEAS OPERATIONS</b>	<b>TOTAL 2010</b>	<b>TOTAL 2009</b>
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 3,672,850	\$ 122,908	\$ 3,795,758	\$ 3,663,330
Investments	-	-	-	488
Pledges & Accounts Receivable	14,870	113,376	128,246	109,840
Notes Receivable - Micro-lending/SED	-	12,000	12,000	-
Prepaid Insurance & Expenses	10,142	-	10,142	7,139
<b>Total Current Assets</b>	<b>3,697,862</b>	<b>248,284</b>	<b>3,946,146</b>	<b>3,780,797</b>
<b>Fixed Assets</b>				
Vehicles, Furniture & Equipment	43,698	130,926	174,624	176,569
Less: Accumulated Depreciation	(40,822)	(99,849)	(140,671)	(134,280)
<b>Total Fixed Assets</b>	<b>2,876</b>	<b>31,077</b>	<b>33,953</b>	<b>42,289</b>
<b>Other Assets</b>				
Security Deposits	5,600	-	5,600	5,600
<b>Total Other Assets</b>	<b>5,600</b>	<b>-</b>	<b>5,600</b>	<b>5,600</b>
<b>Total Assets</b>	<b>\$ 3,706,338</b>	<b>\$ 279,361</b>	<b>\$ 3,985,699</b>	<b>\$ 3,828,686</b>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 74,902	\$ 191,426	\$ 266,328	\$ 221,774
Deferred Revenue	-	-	-	104,019
Accrued Payroll & Taxes	-	59,229	59,229	9,517
<b>Total Current Liabilities</b>	<b>74,902</b>	<b>250,655</b>	<b>325,557</b>	<b>335,310</b>
<b>Total Liabilities</b>	<b>74,902</b>	<b>250,655</b>	<b>325,557</b>	<b>335,310</b>
 <b>Net Assets:</b>				
Unrestricted	2,587,072	12,861	2,599,933	2,551,674
Temporarily Restricted	1,044,364	15,845	1,060,209	941,702
<b>Total Net Assets</b>	<b>3,631,436</b>	<b>28,706</b>	<b>3,660,142</b>	<b>3,493,376</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,706,338</b>	<b>\$ 279,361</b>	<b>\$ 3,985,699</b>	<b>\$ 3,828,686</b>

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

# Mercy-USA for Aid & Development, Inc.

## Statement of Activities Year Ended December 31, 2010 (With Combined Comparative Totals for 2009)

	USA OPERATIONS		OVERSEAS OPERATIONS		TOTAL 2010		TOTAL 2009	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
<b>SUPPORT AND REVENUE</b>								
Contributions From Public US Governmental Grants US Agency for International Development (USAID)	\$ 304,400	\$ 1,891,023	\$ -	\$ -	\$ 304,400	\$ 1,891,023	\$ 332,469	\$ 2,106,765
United Nation (UN) Grants Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants NGO/Foundation Grants	-	-	-	1,520,731	-	1,520,731	-	687,517
Contribution In-Kind - UN agencies	-	-	-	59,650	-	59,650	-	203,194
Dividend Income	10,184	-	43	380,145	-	380,145	-	417,328
Gain/Loss on Foreign Currency Fluctuation	-	-	-	2,844,435	-	2,844,435	-	38,378
Program Fees	-	-	-	-	-	-	-	2,335,198
Transfer-In/(Out)	4,739	(1,759,893)	(4,739)	2,844,435	-	2,844,435	-	-
<b>Net Assets Released From Restrictions:</b>								
Satisfaction of Service Restrictions	18,468	(18,468)	6,562,432	(6,562,432)	6,580,900	(6,580,900)	5,534,181	(5,534,181)
<b>Total Support and Revenue</b>	<b>\$ 337,791</b>	<b>\$ 112,662</b>	<b>\$ 6,557,736</b>	<b>\$ 5,845</b>	<b>\$ 6,895,527</b>	<b>\$ 118,507</b>	<b>\$ 5,902,090</b>	<b>\$ 254,199</b>
<b>EXPENSES</b>								
<b>Program Services:</b>								
Food, Shelter and Orphan Assistance	\$ 18,468	\$ -	\$ 389,714	\$ -	\$ 408,182	\$ -	\$ 370,193	\$ -
Economic Vitalization	-	-	126,200	-	126,200	-	120,660	-
Health	-	-	5,207,840	-	5,207,840	-	4,136,407	-
Education	-	-	820,965	-	820,965	-	843,359	-
General	-	-	17,713	-	17,713	-	63,562	-
<b>Total Program Services</b>	<b>18,468</b>	<b>-</b>	<b>6,562,432</b>	<b>-</b>	<b>6,580,900</b>	<b>-</b>	<b>5,534,181</b>	<b>-</b>
<b>Supporting Services</b>								
Management and General	122,666	-	-	-	122,666	-	117,066	-
Fund Raising	143,702	-	-	-	143,702	-	157,408	-
<b>Total Supporting Expenses</b>	<b>266,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>266,368</b>	<b>-</b>	<b>274,474</b>	<b>-</b>
<b>Total Expenses</b>	<b>284,836</b>	<b>-</b>	<b>6,562,432</b>	<b>-</b>	<b>6,847,268</b>	<b>-</b>	<b>5,808,655</b>	<b>-</b>
Change In Net Assets	52,955	112,662	(4,696)	5,845	48,259	118,507	93,435	254,199
Net Assets - Beginning of Year	2,534,117	931,702	17,557	10,000	2,551,674	941,702	2,458,239	687,503
<b>Net Assets - End of Year</b>	<b>\$ 2,587,072</b>	<b>\$ 1,044,364</b>	<b>\$ 12,861</b>	<b>\$ 15,845</b>	<b>\$ 2,599,933</b>	<b>\$ 1,060,209</b>	<b>\$ 2,551,674</b>	<b>\$ 941,702</b>

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

# Mercy-USA for Aid & Development, Inc.

## Statement of Functional Expenses Year Ended December 31, 2010 (With Combined Comparative Totals for 2009)

Expenditures	Food, Shelter & Orphan Assistance	Health	Economic Vitalization	Education	General Program	Total Program Services	Management & General	Fund Raising	Total Expenditures	2009 Total Expenditures
Grants	\$ 161,000	\$ -	\$ -	\$ 491,738	\$ -	\$ 652,738	\$ -	\$ -	\$ 652,738	\$ 591,913
Salaries & Wages	40,093	821,769	51,070	115,185	5,583	1,033,700	51,101	11,754	1,096,555	950,672
Employee Benefits	-	138,183	17,599	-	2,925	158,707	19,172	-	177,879	61,162
Advertising & Promotion	-	-	-	-	-	-	-	85,080	85,080	77,174
Transportation Expenses	918	351,801	6,589	9,355	408	369,071	1,107	-	370,178	242,553
Commercial Insurance	-	-	-	-	-	-	1,207	-	1,207	1,146
Conference, Meeting & Seminars	-	1,758	-	-	-	1,758	1,926	500	4,184	5,013
Consultants & Other	-	-	-	-	-	-	-	-	-	-
Professional Services	16,000	1,053	20	11,600	-	28,673	-	1,000	29,673	50,206
Dues, Subscriptions, Fees, etc.	-	91	-	-	-	91	4,797	-	4,888	2,306
Legal	-	2,631	151	(1,266)	26	1,542	2,565	-	4,107	10,396
Accounting	-	24,500	-	-	-	24,500	2,740	-	27,240	23,093
Occupancy & Warehousing	692	49,324	5,572	14,784	203	70,575	9,143	-	79,718	94,142
Postage & Shipping, etc.	4,560	764	234	3,599	-	9,157	7,711	14,234	31,102	27,001
Printing & Copying	-	880	-	15	-	895	3,223	9,102	13,220	19,906
Program Materials	153,546	3,488,240	28,097	48,822	-	3,718,705	-	-	3,718,705	3,138,543
Telephone	957	19,634	1,274	6,274	-	28,139	2,591	-	30,730	39,587
Travel	16,563	39,084	3,236	29,135	3,544	91,562	3,358	2,384	97,304	91,494
Bank Charges	2,494	32,625	976	9,723	4,196	50,014	164	19,648	69,826	64,432
Office Supplies and Equipment	48	37,409	479	2,731	828	41,495	2,154	-	43,649	42,339
Payroll Taxes	-	390	-	-	-	390	6,562	-	6,952	3,999
Loss on Sale of Assets	-	-	-	-	-	-	1,830	-	1,830	8,883
Indirect cost	11,311	189,613	9,902	76,720	-	287,546	-	-	287,546	245,442
Depreciation	-	8,091	1,001	2,550	-	11,642	1,315	-	12,957	17,253
<b>Total</b>	<b>\$ 408,182</b>	<b>\$ 5,207,840</b>	<b>\$ 126,200</b>	<b>\$ 820,965</b>	<b>\$ 17,713</b>	<b>\$ 6,580,900</b>	<b>\$ 122,666</b>	<b>\$ 143,702</b>	<b>\$ 6,847,268</b>	<b>\$ 5,808,655</b>

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

# Mercy-USA for Aid & Development, Inc.

## Statement of Cash Flows Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 166,766	\$ 347,634
Adjustments to reconcile Change in Net Asset to Cash Provided by Operations:		
(Gain)/Loss on Disposal of Assets	1,830	8,883
Depreciation	12,957	17,253
<b>Change in:</b>		
Proceeds(Payments) from Notes Receivable	(12,000)	4,000
Prepaid Expenses	(3,003)	(1,143)
Pledges and Accounts Receivable	(18,406)	161,221
Accounts Payable	44,554	53,185
Deferred Revenue	(104,019)	82,911
Accrued Payroll Taxes	49,712	(5,936)
<b>Net Cash Provided by Operating Activities</b>	<u>138,391</u>	<u>668,008</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	488	3,276
Purchase of Investments	-	(488)
Purchase of Equipment	(6,451)	(23,439)
Proceeds from Disposal of Assets	-	1,700
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(5,963)</u>	<u>(18,951)</u>
Increase/(Decrease) in Cash	132,428	649,057
Cash and Cash Equivalents - Beginning of Year	<u>3,663,330</u>	<u>3,014,273</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 3,795,758</u>	<u>\$ 3,663,330</u>

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

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, New Jersey and California to solicit public funds. Mercy-USA is involved in the relief and development for individuals and communities providing economic vitalization, health care, food and shelter and education mainly in Kenya, Somalia, Bosnia, Indonesia, Lebanon and Albania and also in the United States and other countries around the world with the help of the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), United States Agency for International Development (USAID), United Nations Food and Agriculture Organization (FAO), 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.

The financial statements include the amounts of the Organization and its various overseas locations. All significant inter-branch transactions and accounts are eliminated.

Translation of Currencies

Financial statements in currencies other than United State dollars are revalued for accounting as per FASB Accounting Standards Codification Topic 830-20, *Foreign Currency Translations*. The adjustments for currency exchange rates are included in the net income for those transactions that impact cash flow and are excluded for those that do not.

Financial Statement Presentation

In accordance with accounting standards applicable to not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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



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

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.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or the nature of any donor restrictions.

Certain restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions.

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

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

Income Taxes

On January 1, 2009, the Organization adopted the FASB Accounting Standards Codification Topic, *Accounting for Uncertainty in Income Taxes*, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

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

Income Taxes (Continued)

The Organization's federal tax returns for the prior three years remain subject to examination by the Internal Revenue Service. Management determined the adoption of the new standard did not have a material impact on the consolidated financial statements.

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.

Accounting Standards Codification (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 three levels of the ASC 820 fair value hierarchy are described as follows:

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.

The use of observable market data is required, 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 is categorized.

Grants

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

# Mercy-USA for Aid & Development, Inc.

Notes to Financial Statements (Continued)  
Years Ended December 31, 2010 and 2009

## 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:

	<u>2010</u>	<u>2009</u>
Albania Programs	\$ 109,572	\$ 119,675
Bosnia Programs	134,302	158,518
Indonesia Programs	125,409	203,482
Lebanon Programs	152,177	122,968
Somalia & Kenya Programs	5,252,357	4,189,035
Pakistan Programs	268,656	118,257
Gaza Programs	385,721	527,028
Bangladesh Programs	63,630	62,764
United States Programs	18,468	16,146
Haiti	51,086	-
India Programs	19,522	16,308
<b>Total Restrictions Released</b>	<b><u>\$ 6,580,900</u></b>	<b><u>\$ 5,534,181</u></b>

Temporarily restricted net assets are available for specific programs and have a balance of \$1,060,209 and \$941,702 at December 31, 2010 and 2009 respectively.

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

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, 2010, includes \$273,077 not covered by insurance provided by the Federal Deposit Insurance Corporation. As of December 31, 2009 the uninsured amount was \$137,427.

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, 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.

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.

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

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) PLEDGES AND ACCOUNTS RECEIVABLE**Accounts Receivable - Overseas Operations

Accounts receivable – Overseas operations consist of Somalia/Kenya grant funding receivable from the US AID and the United Nations Grant agencies. Details of Accounts Receivable as of December 31, 2010 are as follows:

	<u>2010</u>	<u>2009</u>
Grants Receivable	\$ 113,376	\$ 104,250
Pledges Receivable	14,870	5,590
	<u>\$ 128,246</u>	<u>\$ 109,840</u>

# Mercy-USA for Aid & Development, Inc.

## Notes to Financial Statements (Continued) Years Ended December 31, 2010 and 2009

### 5) **FIXED ASSETS**

Fixed assets are comprised of the following:

	<u>USA Operations</u>	<u>Overseas Operations</u>	<u>Total 2010</u>	<u>Total 2009</u>
Automobiles	\$ 17,301	\$ 58,129	\$ 75,430	\$ 75,430
Office Equipment	17,299	51,638	68,937	71,492
Office Furniture	2,620	6,347	8,967	8,967
Audio Visual Equipment	6,028	5,030	11,058	11,058
Others	450	9,782	10,232	9,622
	<u>43,698</u>	<u>130,926</u>	<u>174,624</u>	<u>176,569</u>
Less: Accumulated Depreciation	<u>(40,822)</u>	<u>(99,849)</u>	<u>(140,671)</u>	<u>(134,280)</u>
<b>Total</b>	<u>\$ 2,876</u>	<u>\$ 31,077</u>	<u>\$ 33,953</u>	<u>\$ 42,289</u>

The depreciation for the years ended December 31, 2010 and 2009 was \$ 12,957 and \$17,253 respectively.

### 6) **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. Employees may join the plan on the January 1 or July 1 that coincides with or follows the date of employment after the completion of one year of service. The employer provides a 50% match on eligible employee contributions to the plan up to a maximum allowable by the plan. The Organization contributed \$9,663 and \$9,009 in the years 2010 and 2009 respectively to the plan.

### 7) **RELATED PARTY**

The Organization partners with Mercy-USA for Aid & Development, (Canada) towards providing relief and development activities. For the years ended December 31, 2010 and 2009 the Organization, collected \$29,530 and \$46,899, respectively, on behalf of Mercy-USA for Aid & Development, (Canada) and received \$45,179 and \$77,800, respectively, from Mercy-USA for Aid & Development, (Canada).

### 8) **SUBSEQUENT EVENTS**

The Organization has evaluated events through, 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.

## **OTHER SUPPLEMENTAL INFORMATION**

# Mercy-USA for Aid & Development, Inc.

## Supplemental Statement of Revenue and Program Expenses Years Ended December 31, 2010 (With Combined Comparative Totals for 2009)

	ALBANIA	LEBANON	BOSNIA	INDONESIA	SOMALIA & KENYA	INDIA	PAKISTAN	BANGLADESH	Gaza	Haiti	USA	NOT DESIGNATED	TOTAL	TOTAL 2009
<b>REVENUES</b>														
Contributions from Public:														
General	\$ 15,258	\$ 67,628	\$ 111,733	\$ 2,427	\$ 105,741	\$ 128	\$ 612,183	\$ 4,300	\$ 203,391	\$ 51,086	\$ -	\$ 190,361	\$ 1,364,236	\$ 1,409,811
Food Aid	14,195	30,000	13,426	25,000	34,000	12,500	-	14,500	-	-	15,000	18,851	177,472	185,667
Orphan Fund	16,219	400	620	400	900	-	-	-	40	-	-	-	18,579	27,079
Zakat	10,000	25,000	4,000	30,000	350,000	5,000	15,000	15,000	100,000	-	-	81,136	635,136	816,676
US Government Grants														
US Agency for International Development (USAID)	-	-	-	-	1,520,731	-	-	-	-	-	-	-	1,520,731	687,517
United Nations (UN) Grants	-	-	-	16,366	43,284	-	-	-	-	-	-	-	59,650	203,194
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	-	-	-	380,145	-	-	-	-	-	-	-	380,145	417,328
NGO/Foundation Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	38,378
Gifts In Kind - UN Agencies	-	-	-	-	2,844,435	-	-	-	-	-	-	-	2,844,435	2,335,198
Dividend Income	-	-	-	43	-	-	-	-	-	-	-	10,184	10,227	34,715
Gain/Loss on Foreign Currency Fluctuation	-	-	-	-	-	-	-	-	-	-	-	3,423	3,423	126
Gain/Loss on Sale of Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	600
<b>Total Revenues</b>	<b>\$ 55,672</b>	<b>\$ 123,028</b>	<b>\$ 129,779</b>	<b>\$ 74,236</b>	<b>\$ 5,279,236</b>	<b>\$ 17,628</b>	<b>\$ 627,183</b>	<b>\$ 33,800</b>	<b>\$ 303,431</b>	<b>\$ 51,086</b>	<b>\$ 15,000</b>	<b>\$ 303,955</b>	<b>\$ 7,014,034</b>	<b>\$ 6,156,289</b>
<b>EXPENDITURES</b>														
<b>Program Services:</b>														
Food, Shelter & Orphan Assistance	\$ 30,379	\$ 47,721	\$ 25,110	\$ 34,393	\$ 35,200	\$ 19,522	\$ 84,275	\$ 46,392	\$ 15,636	\$ 51,086	\$ 18,468	\$ -	\$ 408,182	\$ 370,193
Economic Vitalization	10,408	-	85,777	30,015	-	-	-	-	-	-	-	-	126,200	120,660
Health	-	17,851	-	-	5,189,989	-	-	-	-	-	-	-	5,207,840	4,136,407
Education	68,785	86,605	18,066	61,001	14,804	-	184,381	17,238	370,085	-	-	-	820,965	843,359
General	-	-	5,349	-	12,364	-	-	-	-	-	-	-	17,713	63,562
<b>Total Program Services</b>	<b>\$ 109,572</b>	<b>\$ 152,177</b>	<b>\$ 134,302</b>	<b>\$ 125,409</b>	<b>\$ 5,252,357</b>	<b>\$ 19,522</b>	<b>\$ 268,656</b>	<b>\$ 63,630</b>	<b>\$ 385,721</b>	<b>\$ 51,086</b>	<b>\$ 18,468</b>	<b>\$ -</b>	<b>\$ 6,580,900</b>	<b>\$ 5,534,181</b>

\* Includes Palestinian refugees in Lebanon.



# Mercy-USA for Aid & Development, Inc.

## Indirect Cost Allocation Year Ended December 31, 2010

<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	\$ 652,738	\$ -	\$ -	\$ -	\$ 652,738	\$ -	\$ 652,738
Salaries & Wages	1,096,555	51,101	-	11,754	1,033,700	-	1,045,454
Employee Benefits	177,879	19,172	-	-	158,707	-	158,707
Advertising & Promotion	85,080	-	-	85,080	-	-	85,080
Transportation Expenses	370,178	1,107	-	-	369,071	-	369,071
Commercial Insurance	1,207	1,207	-	-	-	-	-
Conference, Meetings & Seminars	4,184	1,926	-	500	1,758	-	2,258
Consultants & Other Professional Services	29,673	-	-	1,000	28,673	-	29,673
Dues, Subscription, Fees etc.	4,888	4,797	-	-	91	-	91
Legal	4,107	2,565	-	-	1,542	-	1,542
Accounting	27,240	2,740	-	-	24,500	-	24,500
Occupancy & Warehousing	79,718	9,143	-	-	70,575	-	70,575
Postage & Shipping	31,102	7,711	-	14,234	9,157	-	23,391
Printing & Copying	13,220	3,223	-	9,102	895	-	9,997
Program Materials	3,718,705	-	-	-	3,718,705	2,844,435	874,270
Telephone	30,730	2,591	-	-	28,139	-	28,139
Travel	97,304	3,358	-	2,384	91,562	-	93,946
Bank Charges/Currency Adjustment	69,826	164	-	19,648	50,014	-	69,662
Office Supplies & Equipment	43,649	2,154	-	-	41,495	-	41,495
Payroll Taxes	6,952	6,562	-	-	390	-	390
Loss on Sale of Assets	1,830	-	1,830	-	-	-	-
Indirect Cost	287,546	-	-	-	287,546	-	287,546
Depreciation	12,957	1,315	-	-	11,642	-	11,642
<b>Total</b>	<b>6,847,268</b>	<b>120,836</b>	<b>1,830</b>	<b>143,702</b>	<b>6,580,900</b>	<b>2,844,435</b>	<b>3,880,167</b>
Reclassify Overhead Charged to Program Costs	-	287,546	-	-	-	-	(287,546)
<b>Total</b>	<b>\$ 6,847,268</b>	<b>\$ 408,382</b>	<b>\$ 1,830</b>	<b>\$ 143,702</b>	<b>\$ 6,580,900</b>	<b>\$ 2,844,435</b>	<b>\$ 3,592,621</b>
<b>Base = Total Direct Cost</b>							
<b>Pool Cost</b>	\$ 408,382						
<b>Base Cost</b>	\$ 3,592,621						
<b>Indirect Rate</b>	11.37%						

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