

Mercy USA

2008 Annual Report



A Publication of Mercy - USA for Aid and Development, Inc.



2008 Annual Report

Mercy-USA Receives Million Dollar US Government Grant to Help Women and Children in Somalia



A Mercy-USA nutrition worker giving high protein/high calorie food to a malnourished child in Somalia.



Women in Somalia collecting fresh water for their families from a USAID-funded well built by Mercy-USA.

In July 2008, Mercy-USA for Aid and Development received new funding from the United States Agency for International Development (USAID). This grant of over \$1 million has helped us to provide health, nutrition, fresh water and sanitation assistance to approximately 185,000 vulnerable persons in eight districts in south-central Somalia. Beneficiaries include 30,000 children under five, over 4,300 pregnant women and nursing mothers, as well as over 20,000 internally displaced persons.

The grant has allowed us to open four new Mother/Child Health Clinics (three in 2007 and one in 2008). It is also supporting eleven feeding centers (including eight new ones in 2008) for moderately and severely malnourished children. Additionally, Mercy-USA constructed fourteen new water wells and rehabilitated fourteen others.

The four Maternal and Child Health (MCH) centers are in the districts of Buloburte, Jalalaqsi and Beletweyne in the Hiraan Region and in the district of Jowhar in the Middle Shabelle Region. These MCH centers are primarily serving 2,900 pregnant and lactating women and 14,600 children in these isolated communities. Medical services provided include prevention and treatment of malaria, diarrhea and other infectious diseases, immunization, pre-natal and post-natal care, as well as health education. The education activities focus on best practices at the household level to prevent common illnesses and infections.

The seven Outpatient Therapeutic Feeding Program (OTP) centers and four Supplemental Feeding Program (SFP) centers are in the districts of Buloburte, Jalalaqsi and Beletweyne in the Hiraan Region and in the district of Jilib in the Middle Juba Region respectively. These OTP and SFP centers are primarily serving 29,400 children and 4,320 pregnant and lactating women in these isolated communities. The services provided include emergency and therapeutic feeding for moderately and severely malnourished children, de-worming, provision of vitamins, immunization and nutrition education activities. To promote improved feeding practices, Mercy-USA carries out food demonstration exercises to train mothers on the preparation of balanced meals using locally available food.

Twenty-eight newly constructed and rehabilitated wells are providing safe drinking water to communities with over 46,000 persons and an estimated 365,000 livestock in the districts of Jowhar, Aadan Yaabale and Mahadaay in the Middle Shabelle Region and in Ceel Bur District in the Galgadud Region. Mercy-USA also chlorinates these wells and other water sources in Hiraan, Middle Juba, Galgadud and Middle Shabelle that provide safe drinking water to over 193,000 people. Additionally, Mercy-USA is providing hygiene education to communities and helping them to dig garbage disposal pits and arrange clean up campaigns in areas around the newly constructed or rehabilitated water points. Communities are also assisted to form water and sanitation committees to supervise all hygiene-related matters.

The United Nations Children's Fund (UNICEF) is providing the medicines, vaccines, vitamins, specialized food for malnourished children, and other medical and nutritional supplies free of charge.

Somalia has one of the highest child and maternal mortality rates in the world. One in eight children dies before reaching the age of five and 1,600 women die for every 100,000 live births. Various UNICEF studies report that other social indicators for children are among the worst in the world: one in three children is chronically malnourished, hardly a third of families have access to clean drinking water, just 30 per cent of children go to school and on average people only live to the age of 47.

A recent study by UNICEF estimates that 83,000 children in the central and southern parts of the country, where M-USA is working, are suffering from malnutrition and 13,500 of these children are severely malnourished and at risk of dying.

Vocational Training for Orphans and Other Vulnerable Palestinian Refugee Youth

From April 2008 to March 2009, Mercy-USA for Aid and Development, in partnership with the Women's Program Center in the Beddawi Palestinian Refugee Camp near Tripoli, Lebanon, provided vocational training to orphans and other vulnerable youth. During 2008, about 315 students were enrolled in various courses at the center that range in length from three to six months. Approximately 240 graduated, and about 160 of these graduates are currently employed.

Courses included basic computer software, computer and cell phone maintenance, hair cutting, photography, secretarial skills, sewing and basic accounting. In April 2008, Mercy-USA also provided the women's center with an electric generator, two computers, a copy machine, two heat/air-conditioning units, and supplies specific for the vocational training courses.



Mohamed Ahmed, Director of International Programs, visiting a sewing class during his tour of the Mercy-USA funded Women's Program Center at the Beddawi Palestinian Refugee Camp.

Helping Orphans in Indonesia to Support Themselves

From November 2007 to December 2008, Mercy-USA for Aid and Development carried out training courses for orphans in Aceh Province, Indonesia. They studied English or commonly used office computer software (Word, Excel, PowerPoint and internet skills). The objective of these courses was to provide the orphans with knowledge that will assist them in finding employment. About 70 orphans from the Muhammadiyah, Penyantun Islam and Al-Azziziyah Orphan Centers successfully completed these courses.



Orphans in Banda Aceh enjoying a moment with their English teacher:



A computer software class for orphans in Aceh, Indonesia.

Pediatric and Obstetric Care for Vulnerable Lebanese Villagers



A gynecologist examining a patient at the Mercy-USA funded clinic in Kfar Chouba, Lebanon.

Since May 2008, Mercy-USA for Aid and Development has been supporting enhanced pediatric and obstetric care for vulnerable women and children in the village of Kfar Chouba in south Lebanon. Mercy-USA is providing the local clinic with a pediatrician and an obstetrician, as well as needed medicines.

In April 2008, Mercy-USA provided the Kfar Chouba clinic with an ultrasound examination machine and related peripherals, an examination chair for women, a delivery chair, a Doppler pulse monitor for checking fetal heartbeats, and other obstetric and gynecological equipment.

In December 2008 and January 2009, Mercy-USA repaired the clinic's roof, which had been leaking. The repair involved pouring a new 1,415 square-foot layer of cement and then covering this cement with a new layer of asphalt as insulation.

Helping Cyclone Survivors in Bangladesh to Rebuild

From May to September 2008, Mercy-USA for Aid and Development, through our local partner Assistance for Humanitarian Development (AHD), helped 951 families (approximately 5,746 persons) severely affected by Cyclone Sidr to rebuild their lives. This project involved the construction of 41 new homes, the digging of 77 water wells and the building of 140 sanitary latrines. Families in two districts benefited.

The table below has more details on this project.

Name of District	Name of Sub-District	Name of Village	Adult Population Benefiting		Children Benefiting	
			Male	Female	Ages (10-15)	Ages (0-10)
Patuakhali	Patuakhali Sadar	Mati Banga	150	154	207	153
		Tush Khali	235	194	168	195
		Kul Tala	210	271	222	190
		Tit Kati	191	181	202	281
Bagerhat	Morelganj	Kachu Bunia	128	129	165	131
		Nabbai Roshi	158	113	167	152
		Chingra Khali	123	125	208	163
		Khawlia	208	218	172	182
Total beneficiaries			Male	Female	Children	Children
			1403	1385	1511	1447



A family in Bangladesh standing outside of their new Mercy-USA funded home.



Families in Bangladesh collecting fresh water from a new tube well.

In November 2007, Cyclone Sidr struck Bangladesh with winds in excess of 150 miles per hour and a 16-foot tidal surge. This devastating storm, the worst to strike Bangladesh since 1991, killed about 3,500 people and left approximately three million others homeless.

Saving Malnourished Children in Somalia



A nutrition worker weighing a child in Somalia.

Mercy-USA for Aid and Development -with the support of USAID, UNICEF, the UN World Food Programme (WFP) and our generous individual private donors- is saving malnourished children in southern and central Somalia.

Mercy-USA operates fifteen supplemental and therapeutic feeding centers in Jilib District and the Hiraan Region. These centers identify and treat malnourished children, distribute food and provide immunization and vitamin A.

From January 2007 to December 2008, Mercy-USA's feeding centers examined and treated over 21,765 malnourished children. These children and their families are also supplied with take-home food rations provided by UNICEF and WFP.

In addition, M-USA's nutrition workers educate pregnant women and nursing mothers about proper nutrition through demonstration exercises that focus on the preparation of well-balanced meals using locally available nutritious foods.



Mercy-USA nutrition workers measuring the height of a malnourished child.

Helping Displaced Persons in Somalia

During June 2008, Mercy-USA for Aid and Development, with funding from CARE International and USAID, provided household kits to 3,000 displaced families (over 18,000 persons) sheltered in twelve villages. Each kit contained three blankets, one plastic sheet, two sleeping mats, one kitchen set (a cooking pan, two plates and a plastic washing basin), eighteen bars of soap and two jerry cans.

Mercy-USA, with funding from the Italian NGO COSV and the European Union, is supplying emergency water and sanitation services to two camps (Marino and Nucman) for internally displaced people (IDPs). During April and May 2008, M-USA constructed two water wells and ten sanitary latrines for 1,000 IDP families - about 6,000 persons.

Mercy-USA also established a health post in the Nucman camp that is providing immunization, pre-natal and post-natal care, and other health services to the 400 IDP families present there. Additionally, M-USA has organized hygiene and sanitation awareness campaigns for families in both camps.

Months of clashes in Mogadishu and other areas have displaced hundreds of thousands, according to the United Nations, worsening the humanitarian crisis that has ravaged the country for seventeen years.



A displaced mother in Somalia carrying Mercy-USA provided household items for her family.



Mercy-USA distributing household kits to IDP families in Bala'd.

Controlling Tuberculosis and HIV/AIDS in Somalia



A nurse examining a child suffering from TB.

During 2008, Mercy-USA for Aid and Development continued carrying out its well-recognized tuberculosis (TB) treatment and prevention program in Somalia. This program consists of specialized treatment centers with public education and community outreach.

Opened in 1994, Mercy-USA's center in Mogadishu was the first specialized TB treatment facility to begin operation in Somalia after the outbreak of civil war in 1990. M-USA's second center opened in the northeastern city of Bossaso in 1995, and the third began in 1999 at our mother/child health clinic (MCH) in the southern town of Jilib. Mercy-USA's fourth center opened in 2005 in the northern city

of Las Anod, and our fifth TB center opened in the northern city of Buhodle on the border with Ethiopia in 2008. The five centers are supported by a sub-grant from the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM).

These five centers, which have a cure rate of about 80%, treated approximately 1,500 TB patients in 2008. M-USA utilizes the most effective TB treatment strategy, the Directly Observed Treatment Short-course (DOTS) method.

In addition to treatment, our centers educate their local communities about TB prevention. During 2008, approximately 45,000 persons benefited directly or indirectly through health education seminars and educational radio programs conducted by Mercy-USA health personnel.

Since 2007, M-USA's TB centers are also providing HIV/AIDS and STI testing, treatment and counseling. In 2008, approximately 1,200 persons were tested, treated and counseled at Mercy-USA's centers. This project is being supported by UNICEF and GFATM.

Additionally, through an agreement with WFP, Mercy-USA's Bossaso and Mogadishu Centers are providing food for TB patients and their families. Since 1994, the World Health Organization (WHO) has been supplying M-USA with all TB medicines free-of-charge.



A TB patient taking her daily medicine in the presence of a nurse.

Protecting the Health of Mothers and Children in Somalia



A nurse immunizing an infant against polio at Mercy-USA's Jilib MCH.

Since 1997, Mercy-USA for Aid and Development has operated a mother/child health clinic (MCH) in the Jilib District of southern Somalia. The MCH not only serves mothers, children, and women of childbearing age, but also the general public.

The clinic provides curative services, labor and delivery, pre-natal and post-natal care, immunizations, and micronutrients like vitamin A supplements. In 2008, the MCH treated over 7,500 children under the age of five and about 4,500 women. Many of these patients were also immunized against measles, diphtheria, pertussis, tetanus, polio or tuberculosis. Mercy-USA also distributed vitamins (especially vitamin A) and provided health and nutrition seminars to mothers and pregnant women.

Additionally, Mercy-USA continues to chlorinate over 100 wells and other water sources in Jilib and around Somalia's capital city Mogadishu to prevent waterborne illnesses like cholera. UNICEF provides M-USA with vaccines, medicines, chlorine and other medical supplies.

Since 1990, Somalia has not had a widely recognized or strong central government, and has been ravaged by intermittent civil war, famine, drought and flooding. This tragic situation has led to a total collapse of the country's fragile public infrastructure, including the health care system. Non-governmental organizations, like Mercy-USA, have been filling the gap left by the absence of government institutions. M-USA is primarily responsible for health services in the Jilib District.



Mothers and children waiting to be examined at the MCH.

Helping School Children in Kenya

Since January 2007, Mercy-USA for Aid and Development, in partnership with the local community, has been providing daily breakfast and lunch to over 500 pre-school, kindergarten and primary school children in two schools in the Kariobangi slum area of Nairobi, Kenya. The objectives of this program are to improve the children's nutrition and to increase attendance, reduce dropout rates and improve overall academic performance, especially among girls.

Below is specific information on the participating schools:

Watoto Weto School

This school focuses on orphans, whose parents died from HIV/AIDS. It has a total student population of approximately 230 children.

Kariobangi Day Nursery School (KDNS)

This school was established as an initiative by the community self-help group. Currently, it has a student population of approximately 280 children, ranging from three to six years of age. The daycare allows the parents to work and thus support their families.

From March to July 2008, Mercy-USA provided the children at KDNS with 250 new chairs, repainted 60 other chairs and 70 tables and installed new playground equipment. The children now have a slide, seesaw and five new swings, as well as a repainted climbing frame. During 2007, KDNS and Watoto Weto received new kitchen utensils and serving containers; M-USA also repaired damaged kitchen counters.

For many of these children, the two meals provided by Mercy-USA are the only ones that they consistently eat daily.



Children in Kariobangi, Kenya enjoying their new playground slide.



A pre-school class at KDNS near Nairobi supported by Mercy-USA.

Rebuilding a Girls' High School in Pakistan Destroyed by the October 2005 Earthquake



High schoolers in Shamdhara, Pakistan attending class in their newly constructed campus.

From September 2007 to September 2008, Mercy-USA for Aid and Development and its local partner Humanity Hope built a new high school for girls in the Northwest Frontier Province (NWFP) of Pakistan. The original high school was severely damaged in the devastating earthquake that struck the region in October 2005, killing over 75,000 people and leaving three million persons homeless.

The new high school, located in the village of Shamdhara in the Mansehra District of NWFP, has an enrollment of over 400 girls from this village and several surrounding villages. The campus consists of two buildings with 5 classrooms each, a third with an examination hall and laboratory, and a fourth with administrative offices (the only original structure assessed to be still useable after the devastating earthquake). All three new structures are earthquake resistant, utilizing a light steel design.

The school was formally inaugurated on September 20, 2008 by Mr. Ahmad Khan, the Special Secretary of Education in the NWFP government, and officials from the Pakistani Government's Earthquake Reconstruction and Rehabilitation Authority (ERRA). The ceremony was also attended by local government officials, other NGOs, representatives from the United Nations Development Program (UNDP), community members, teachers and students. The students performed the Pakistani national anthem and held a debate on the importance of education.

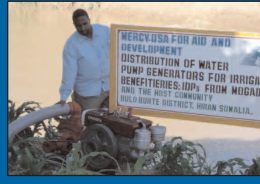
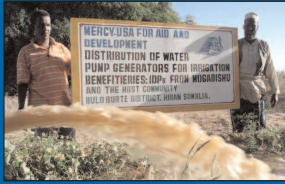


A partial view of the new Girls' High School campus in Shamdhara.



A class at the newly built Girls' High School in Shamdhara Village, NWFP.

Agricultural Support and Food Security for Displaced and Host Families in Somalia



Mercy-USA providing water pumps and hoses for irrigation to IDP farming families in Buloburte District, Somalia.

In December 2008 and January 2009, Mercy-USA for Aid and Development assisted 60 small farming families in the Buloburte District of Hiraan by distributing generators, water pumps and water hoses for irrigation. Forty-eight of these families have been displaced by fighting in Mogadishu and other areas, while the other twelve families are from the host community.

Mercy-USA also assisted them in installing the new irrigation system. Water is now pumped from the river to the small farms, while hand dug canals carry the water throughout all sections of these farms. The objective of this project is to allow the beneficiary families to increase their crop production, which will provide food for their daily consumption, as well as excess production to sell at the market so they can purchase other necessary items for their children.

Helping to Restore the Livelihoods of Tsunami-Affected Farmers in Indonesia

From September 2007 to July 2008, with the support of the United Nations Food and Agriculture Organization (FAO), Mercy-USA for Aid and Development distributed 1,200 packages of vegetable/fruit seeds (rice, chili and watermelon), 40 livestock, 13 water pumps and 140 fish production packages to over 1,560 tsunami-affected farming families in East Aceh District in Indonesia.

Mercy-USA also provided these families with training specific to the particular material received and assisted them in marketing their produce and in forming cooperatives. This project is helping these families to support themselves once again.



A Mercy-USA training session for preserving fish for transportation and sale in local markets in East Aceh District, Indonesia.

Preventing the Spread of Malaria in Somalia



A mother and her young child in Somalia under an ITN that protects them from mosquito bites and likely malaria infection.

Mercy-USA for Aid and Development is preventing the spread of malaria and protecting children in Somalia from becoming infected with this deadly and debilitating disease. Mercy-USA is achieving this through the distribution of insecticide-treated bed nets (ITNs) to pregnant women and families with children under five years of age. In October 2008, M-USA distributed 15,000 ITNs in the Hiraan Region's Jalalaqsi District.

Mercy-USA's five Mother and Child Health Clinics in Hiraan, Middle Shabelle and Jilib are also testing patients for potential malaria infection and treating those infected. USAID is providing



Mercy-USA distributing ITNs to families in Jalalaqsi District, Somalia.

major funding support, while UNICEF is providing us with ITNs, testing kits and anti-malarial drugs.

Since 2001, Mercy-USA has distributed over 28,960 ITNs to families with pregnant women and children under age five in Jilib and Hiraan. Bed netting is a very effective method of preventing malaria infection.

Hygiene Education and Improving Sanitary Conditions for School Children in Albania

During the 2007-2008 school year, Mercy-USA for Aid and Development trained elementary school children in four districts of Albania (Lezha, Shkoder, Tirana and Elbasan) about proper hygiene and the importance of caring for the environment. M-USA also made necessary improvements to the sanitation facilities in the participating schools.

Mercy-USA covered topics such as hand washing and other personal hygiene, water and food safety, the dangers of alcohol, tobacco and drugs, as well as protecting the environment and keeping schools and neighborhoods clean. The program included lectures, practical demonstrations, and competitions between the participating schools in each district. Over 2,800 students, teachers and their families in rural areas directly benefited from this project.



A Mercy-USA hygiene and health awareness class for elementary students in Albania.

Training for Small Farmers in Albania



A Mercy-USA technical training seminar for small farmers in Albania.

From October 2007 to September 2008, Mercy-USA for Aid and Development provided technical training to small farmers in four districts of Albania (Shkoder, Kavaja, Berat and Tirana). The objectives of this training were to improve local

agricultural production, stimulate the local economy, increase food security and promote the establishment of farmers' cooperatives in these four districts.

Workshops covered topics such as fruit, vegetable, olive and maize production. Farmers were trained in basic production methods and new developments, effective ways of fighting crop infections and infestations, as well as simple management and marketing techniques. Approximately 280 farmers attended the twelve seminars held.

Agriculture Education Center in Bosnia

This Agriculture Education Center (AEC), located in the Brcko District of Bosnia, is being carried out in cooperation with Brcko district authorities, who donated approximately one acre of farmland, and the Agriculture Institute of Sarajevo, which is providing technical assistance.

The AEC, which includes a 10,900 square-foot greenhouse, is serving as a theoretical and practical training center for all farmers in and around the Brcko District. This project was funded by a US Department of Agriculture (USDA) grant and the generous support of Mercy-USA's private donors.



A training session at Mercy-USA's AEC in Brcko, Bosnia.

Seasonal Food Aid and Clothing Provided Around the World

During 2008, Mercy-USA for Aid and Development provided meat, rice, pasta, beans, cooking oil, flour, other food items and clothing to approximately 38,000 vulnerable persons. These distributions took place in Albania, Bangladesh, Bosnia, India, Indonesia, Kenya, Lebanon, Somalia, the United States, as well as to Palestinian refugees in Lebanon.

Mercy-USA distributed the above food items and clothing to orphans, the elderly, displaced individuals, refugees, persons with disabilities and those living in poverty. Food was provided as hot meals and food packages during the Muslim fasting month of Ramadan, while the clothing was distributed as gifts during Eid ul-Fitr, the holiday that marks the end of the fast. Fresh qurbani meat was distributed during the Muslim holiday of Eid ul-Adha.



Computer Software, English Language and Job Search Training in Bosnia

Since 1998, through a mobile center (computers and other training materials are moved from one fixed site to another), Mercy-USA for Aid and Development has been providing computer software training to individuals in towns throughout the Tuzla Canton. Three-month training courses are given in the leading basic office software, Windows, Microsoft Word and Excel.

At the end of each training session, students are tested, and if they have mastered the required skills, they receive a certificate. As of December 2008, over 1,400 persons have graduated from this program.

In 2004, Mercy-USA initiated a series of intensive English language courses in Srebrenik Municipality in northeastern Bosnia. As of December 2008, over 535 persons have successfully completed these courses.

Graduates of M-USA's computer and English courses are also offered job search skills training. They are instructed on proper techniques for developing a resume, how to find job openings and interview skills.



A Mercy-USA computer office software training course near Tuzla, Bosnia.

Food Packages and Household Kits to Homeless Flood Survivors in Hadramout, Yemen



Mercy-USA providing mattresses to families displaced by severe flooding in Yemen.



Mercy-USA distributing household kits and food packages to flood-affected families in Sheher, Yemen.

In November 2008, Mercy-USA for Aid and Development's Disaster Response Team distributed food packages and household kits to over 4,600 persons left homeless by severe flash floods in the Hadramout Region of Yemen.

The team distributed food packages and household kits to 325 displaced families (over 1,900 persons) in the towns of Broum, Sheher and Tiwila, as well as to families housed in the Siddiq School in the city of Al-Mukalla. In addition, Mercy-USA distributed food packages to 2,730 homeless persons in the Tareem area.

The food packages contained rice, pasta, sugar, cooking oil, dry milk, canned tuna, beans, cheese, tomato paste, tea and a protein-enriched sweet. The household kits consisted of blankets, mattresses, laundry detergent, bar soap, diapers and feminine hygiene pads.



Adel Adam, Mercy-USA Disaster Response Team leader, distributing household kits to flood-affected families in Yemen.

In late October 2008, severe flash floods in the Hadramout and Al-Mahrah regions of Yemen killed about 200 persons, and left up to 25,000 others homeless.

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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, 2008 and 2007, 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, 2008 and 2007 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 June 22, 2009 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.

June 22, 2009

Audit Letter from Certified Public Accountants

**Year Ended
December 31, 2008**

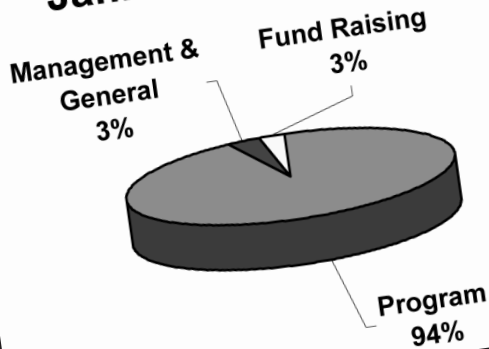
**Statement of
Financial Position
December 31, 2008**

**MERCY - USA FOR AID & DEVELOPMENT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

	USA OPERATIONS	OVERSEAS OPERATIONS	TOTAL 2008	TOTAL 2007
ASSETS				
Current Assets:	\$ 2,962,408	\$ 51,865	\$ 3,014,273	\$ 2,384,920
Cash and Cash Equivalents	3,276	-	3,276	471,768
Investments	15,070	255,991	271,061	279,486
Pledges & Accounts Receivable	-	4,000	4,000	10,380
Notes Receivable - Micro-lending/SED	5,996	-	5,996	5,624
Prepaid Insurance & Expenses	2,986,750	311,856	3,298,606	3,152,178
Total Current Assets				
Fixed Assets:			192,764	195,094
Vehicles, Furniture & Equipment	42,771	149,993	(146,078)	(144,361)
Less: Accumulated Depreciation	(41,091)	(104,987)	46,686	50,733
Total Fixed Assets			5,600	5,600
Other Assets:	5,600	-	5,600	5,600
Security Deposits	5,600	-	-	-
Total Other Assets				
Total Assets	\$ 2,994,030	\$ 356,862	\$ 3,350,892	\$ 3,208,511
LIABILITIES AND NET ASSETS				
Current Liabilities:	\$ 57,249	\$ 111,339	\$ 168,588	\$ 123,795
Accounts Payable	-	21,109	21,109	-
Deferred Revenue	-	15,453	15,453	-
Accrued Payroll & Taxes	57,249	147,901	205,150	123,795
Total Current Liabilities				
Net Assets:	2,358,423	99,816	2,458,239	2,447,729
Unrestricted	578,358	109,145	687,503	636,987
Temporarily Restricted	2,936,781	208,961	3,145,742	3,084,716
Total Net Assets				
Total Liabilities and Net Assets	\$ 2,994,030	\$ 356,862	\$ 3,350,892	\$ 3,208,511

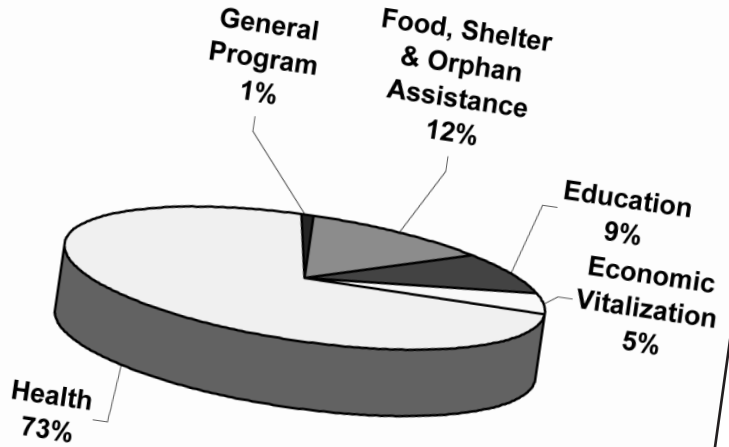
2008 Financial Audit

Functional Expenses Jan.1 to Dec. 31, 2008



**Graphs of Functional Expenses and Program Service Expenses
Year Ended December 31, 2008**

Program Expenses (By Service Category) Jan. 1 to Dec. 31, 2008



MERCY - USA FOR AID & DEVELOPMENT, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	USA OPERATIONS		OVERSEAS OPERATIONS		TOTAL 2008		TOTAL 2007	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
SUPPORT AND REVENUE								
Contributions From Public	\$ 325,960	\$ 1,614,414	\$ -	\$ -	\$ 325,960	\$ 1,614,414	\$ 368,156	\$ 1,755,757
US Governmental Grants	-	-	-	571,307	-	571,307	-	81,485
US Agency for International Development (USAID)	-	-	-	79,789	-	79,789	-	165,908
United Nation (UN) Grants	-	-	-	209,558	-	209,558	-	184,822
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Grants	-	-	-	89,827	-	89,827	-	-
NGO/Foundation Grants	-	-	-	2,006,612	-	2,006,612	-	885,130
Contribution In-Kind - UN Agencies	53,534	-	57	-	53,591	-	51,006	-
Dividend Income	-	-	1,716	-	1,716	-	45,625	-
Gain/Loss on Foreign Currency Fluctuation	-	-	-	-	-	-	-	-
Realized Gain (Loss) on Investments	-	-	-	-	-	-	-	5,517
Unrealized Gain (Loss) on Investments	-	-	3,255	-	3,255	-	-	10
Gain (Loss) on Sale of Equipment	720	-	-	-	720	-	-	800
Sales	-	-	9,692	-	9,692	-	-	-
Program Fees	-	(1,393,137)	-	1,393,137	-	-	-	-
Transfer-In/(Out)	-	-	-	-	-	-	-	-
Net Assets Released From Restrictions:								
Satisfaction of Service Restrictions	13,574	(13,574)	4,507,417	(4,507,417)	4,520,991	(4,520,991)	2,732,940	(2,732,940)
Total Support and Revenue	393,788	207,703	4,522,137	(157,187)	4,915,925	50,516	3,203,954	340,162
EXPENSES								
Program Services:								
Food, Shelter and Orphan Assistance	13,574	-	512,049	-	525,623	-	625,128	-
Economic Vitalization	-	-	235,317	-	235,317	-	383,701	-
Health	-	-	3,341,171	-	3,341,171	-	1,210,643	-
Education	-	-	386,642	-	386,642	-	295,164	-
General	-	-	32,238	-	32,238	-	223,506	-
Total Program Services	13,574	-	4,507,417	-	4,520,991	-	2,738,142	-
Supporting Services:								
Management and General	264,247	-	-	-	264,247	-	216,248	-
Fund Raising	120,177	-	-	-	120,177	-	93,233	-
Total Supporting Expenses	384,424	-	-	-	384,424	-	309,481	-
Total Expenses	397,998	-	4,507,417	-	4,905,415	-	3,047,623	-
Change In Net Assets	(4,210)	207,703	14,720	(157,187)	10,510	50,516	156,331	340,162
Net Assets - Beginning of Year	2,362,633	370,655	85,096	266,332	2,447,729	636,987	2,291,398	296,825
Net Assets - End of Year	\$ 2,358,423	\$ 578,358	\$ 99,816	\$ 109,145	\$ 2,458,239	\$ 687,503	\$ 2,447,729	\$ 636,987

Statement of Activities Year Ended December 31, 2008

2008 Financial Audit

MERCY - USA FOR AID & DEVELOPMENT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

Expenditures	Food, Shelter & Orphan Assistance	Health	Economic Vitalization	Education	General Program	Total Program Services	Management & General	Fund Raising	Total Expenditures	2007 Total Expenditures
Grants										
Scholarships	\$ 82,982	\$ -	\$ -	\$ 198,925	\$ -	\$ 281,907	\$ -	\$ -	\$ 281,907	\$ 273,375
Salaries & Wages	-	545,880	-	61,815	9,678	618,373	17,897	19,978	815,546	2,640
Employee Benefits	25,625	-	-	-	2,341	27,966	-	-	30,307	65,388
Advertising & Promotion	-	17,491	101,293	1,011	-	119,795	51,279	-	171,074	593,758
Transportation Expenses	-	-	11,500	-	-	11,500	7,649	-	19,149	44,999
Commercial Insurance	1,815	-	-	6,877	4,544	12,236	2,211	-	21,368	87,338
Conference, Meeting & Seminars	-	133,134	-	-	5,760	138,894	1,265	56,736	196,895	64,385
Consultants & Other Professional Services	-	-	-	-	-	-	2,211	-	2,211	153,385
Dues, Subscriptions, Fees, etc.	6,200	25,000	-	-	-	31,200	1,215	-	32,415	2,261
Legal	-	-	140	7,403	-	7,543	-	-	7,543	1,215
Accounting	-	1,991	-	-	60	2,051	-	-	2,051	2,261
Occupancy & Warehousing	5,881	5,939	1,273	-	-	12,093	-	500	12,593	1,409
Postage & Shipping, etc.	340	62,825	-	-	489	63,654	3,599	-	67,253	20,243
Printing & Copying	5,026	2,615	11,146	10,541	740	29,068	300	-	29,368	3,766
Program Materials	-	1,211	19	24	3,192	4,446	11,708	-	19,353	4,053
Telephone	356,536	2,222,929	41,542	47,853	1,424	2,629,688	11,851	-	2,641,539	24,288
Travel	128	25,515	19	26	328	26,006	8,114	-	34,120	13,598
Bank Charges/Currency Adjustment	14,793	71,351	6,408	16,228	1,852	102,572	3,249	-	105,821	77,069
Office Supplies and Equipment	8,464	26,128	2,149	2,438	1,577	34,756	1,707	7,542	44,042	24,905
Payroll Taxes	218	32,250	1,341	1,480	755	37,342	1,516	23,545	62,188	13,831
Realized/Unrealized Loss on Investments	-	-	-	-	136	136	-	-	136	67,162
Loss on Sale of Assets	-	-	-	-	-	-	-	-	-	109,462
Indirect cost	-	-	-	-	-	-	-	-	-	56,324
Depreciation	17,615	157,048	29,193	30,707	788	205,251	6,601	-	211,851	6,683
Total	\$ 625,623	\$ 3,341,171	\$ 235,317	\$ 386,642	\$ 32,238	\$ 4,520,991	\$ 264,247	\$ 120,177	\$ 4,905,415	\$ 3,047,623

Statement of Functional Expenses Year Ended December 31, 2008

MERCY - USA FOR AID & DEVELOPMENT, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 61,026	\$ 496,493
Change in Net Assets		
Adjustments to reconcile Change in Net Asset to Cash Provided by Operations:		
(Gain)/Loss on Sale of Asset	121,691	(45,525)
Depreciation	-	35,065
Realized (Gain)/Loss from Investments	6,380	(5,880)
Unrealized (Gain)/Loss from Investments	(372)	1,350
Change in:		
Proceeds (Payments) from Notes Receivable	8,425	(79,784)
Prepaid Expenses/Security Deposits/Travel Advance	44,793	(13,771)
Pledges and Accounts Receivable	21,109	-
Accounts Payable	15,453	-
Deferred Revenue	297,549	405,144
Accrued Payroll Taxes	-	-
Net Cash Provided by Operating Activities	297,549	405,144
CASH FLOWS FROM INVESTING ACTIVITIES	347,593	(894)
Proceeds from Sale of Investments	(21,600)	(27,372)
Purchase of Equipment	5,811	10,668
Proceeds from Sale of Assets	331,804	(17,598)
Net Cash Provided by (Used in) Investing Activities	629,353	387,546
Increase/(Decrease) in Cash	2,384,920	1,997,374
Cash and Cash Equivalents - Beginning of Year	\$ 3,014,273	\$ 2,384,920
Cash and Cash Equivalents - End of Year	\$ 5,399,193	\$ 4,382,294

Statement of Cash Flows Year Ended December 31, 2008

Notes To The Financial Statements – Year Ended December 31, 2008

MERCY-USA FOR AID & DEVELOPMENT, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2008 AND 2007

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 States Department of Agriculture (USDA), 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.

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 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:

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, 2008 AND 2007
 (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.

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 of time or by use) in the reporting period in which the income and gains are recognized.

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.

Notes To The Financial Statements – Year Ended December 31, 2008

MERCY-USA FOR AID & DEVELOPMENT, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2008 AND 2007
 (Continued)

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

Functional Allocation of Expenses (Continued)

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:

	\$	135,332
Albania Programs		185,789
Bosnia Programs		117,174
Indonesia Programs		144,451
Lebanon Programs		3,523,877
Somalia & Kenya Programs		220,603
Pakistan Earthquake Programs		85,146
Yemen Programs		78,421
Bangladesh Programs		13,574
United States Programs		16,624
India Programs		_____
Total Restrictions Released	\$	4,520,991

MERCY-USA FOR AID & DEVELOPMENT, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2008 AND 2007
 (Continued)

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

Temporarily restricted net assets are available for specific programs and have a balance of \$687,503 at December 31, 2008.

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, 2008, includes \$96,326 in monies that are not covered by insurance provided by the federal government.

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 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.

2008 Financial Audit

Notes To The Financial Statements – Year Ended December 31, 2008

**MERCY-USA FOR AID & DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(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.

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.

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 cash and stocks and are carried at fair value at December 31, 2008.

	Cost	Fair Value	Unrealized Gain (Loss)
Cash & Stocks	\$ 3,276	\$ 3,276	\$ -

**MERCY-USA FOR AID & DEVELOPMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

5) **PLEDGES AND ACCOUNTS RECEIVABLE**

Accounts Receivable - Overseas Operations

Accounts receivable – Overseas operations consist of Albania grant funding receivable from the United States Department of Agriculture (USDA) and Somalia grant funding receivable from the United Nations Children's Fund (UNICEF), United Nations World Food Program (WFP) and United Nations Development Program (UNDP).

6) **FIXED ASSETS**

The fixed assets comprised of the following:

	USA Operations	Overseas Operations	Total 2008	Total 2007
Automobiles				
Office Equipment	\$ 17,301	\$ 57,244	\$ 74,545	\$ 77,660
Office Furniture	16,372	71,775	88,147	90,541
Audio Visual Equipment	2,620	10,377	12,997	8,517
Others	6,028	5,088	11,116	12,416
	450	5,509	5,959	5,960
Less: Accumulated Depreciation	42,771	149,993	192,764	195,094
	(41,091)	(104,987)	(146,078)	(144,361)
Total	\$ 1,680	\$ 45,006	\$ 46,686	\$ 50,733

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. 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 \$8,362 and \$8,304 in the years 2008 and 2007 respectively to the plan.

2008 Financial Audit

Supplemental Statement of Revenues and Program Expenses

Year Ended
December 31,
2008

MERCY - USA FOR AID & DEVELOPMENT, INC.
SUPPLEMENTAL STATEMENTS OF REVENUES AND PROGRAM EXPENSES
YEAR ENDED DECEMBER 31, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	ALBANIA	LEBANON*	BOSNIA	INDONESIA	SOMALIA & KENYA	INDIA	PAKISTAN EARTHQUAKE	BANGLADESH	Yemen	USA	NOT DESIGNATED	TOTAL	TOTAL 2007
REVENUES													
Contributions from Public:													
General													
Food Aid													
Orphan Fund	\$ 111,824	\$ 78,929	\$ 180,882	\$ 5,198	\$ 332,583	\$ 2,154	\$ 21,779	\$ 66,366	\$ 74,489	\$ -	\$ 85,960	\$ 940,162	\$ 1,091,614
Zakat	19,000	35,000	19,000	28,000	41,000	16,000	-	16,000	-	12,000	1,085	187,085	184,135
US Government Grants	900	300	360	-	920	-	-	-	-	-	12,654	15,034	14,184
US Department of Agriculture (USDA)	2,000	150,000	5,000	150,000	400,000	2,500	-	-	-	-	-	768,093	833,980
US Agency for International Development (USAID)	-	-	-	-	-	-	10,000	2,500	4,600	-	-	17,100	-
United Nations (UN) Grants	-	-	-	-	-	-	-	-	-	-	-	12,654	-
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Gr	-	-	-	2,812	571,307	-	-	-	-	-	-	71,493	-
NGO/Foundation Grants	-	-	-	-	76,977	-	-	-	-	-	-	-	-
Gifts in Kind - Public	-	-	-	-	209,558	-	-	-	-	-	-	-	-
Gifts in Kind - UN Agencies	-	-	-	-	89,827	-	-	-	-	-	-	-	-
Gifts in Kind - US Govt (USDA)	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	2,006,612	-	-	-	-	-	-	-	-
Gain/Loss on Foreign Currency Fluctuation	-	-	-	-	-	-	-	-	-	-	-	-	-
Realized Gain/Loss on Investments	-	-	-	57	-	-	-	-	-	-	-	-	-
Unrealized Gain/Loss on Investments	-	-	-	-	1,716	-	-	-	-	-	-	-	-
Gain/Loss on Sale of Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Program Fees	-	43	3,212	-	-	-	-	-	-	-	53,534	53,591	51,008
Total Revenues	520	-	9,172	-	-	-	-	-	-	-	-	1,716	45,525
EXPENDITURES	\$ 134,244	\$ 284,172	\$ 197,626	\$ 186,065	\$ 3,730,500	\$ 20,654	\$ 31,779	\$ 84,866	\$ 79,089	\$ 12,000	\$ 225,446	\$ 4,966,441	\$ 3,544,116
Program Services:													
Food, Shelter & Orphan Assistance	\$ 22,639	\$ 26,175	\$ 38,965	\$ 28,190	\$ 215,969	\$ 16,624	\$ -	\$ 78,421	\$ 85,146	\$ 13,574	\$ -	\$ 525,623	\$ 625,128
Economic Vitalization	60,723	-	118,610	45,595	10,389	-	-	-	-	-	-	235,317	383,701
Health	-	66,723	-	-	3,274,448	-	-	-	-	-	-	3,341,171	1,210,643
Education	45,745	43,382	19,103	37,013	20,796	-	220,603	-	-	-	-	386,642	296,184
General	9,225	8,171	9,091	6,376	2,375	-	-	-	-	-	-	32,238	229,506
Total Program Services	\$ 135,332	\$ 144,451	\$ 185,789	\$ 117,174	\$ 3,523,877	\$ 16,624	\$ 220,603	\$ 78,421	\$ 85,146	\$ 13,574	\$ -	\$ 4,520,981	\$ 2,738,142

* Includes Palestinian refugees in Lebanon.

2008 Financial Audit

MERCY - USA FOR AID & DEVELOPMENT, INC. INDIRECT COST ALLOCATION SCHEDULE YEAR ENDED DECEMBER 31, 2008

Expenditures	Total Cost	Allowable Indirect	Unallowable Indirect	Fund Raising Cost	Program Cost	Excluded Program Cost*	Total Direct Cost
	\$ 281,907	\$ -	\$ -	\$ -	\$ 281,907	\$ -	\$ 281,907
Grants	-	-	-	-	-	-	764,267
Scholarships	815,546	51,279	-	19,976	744,291	-	32,343
Salaries & Wages	50,040	17,697	-	-	32,343	-	56,736
Employee Benefits	64,385	7,649	-	-	-	-	-
Advertising & Promotion	153,385	1,255	-	56,736	152,130	-	152,130
Transportation Expenses	2,211	2,211	-	-	-	-	-
Commercial Insurance	1,215	1,215	-	500	38,803	-	39,303
Conference, Meetings & Seminars	39,303	-	-	-	-	-	3,753
Consultants & Other Professional Services	3,599	3,599	-	-	3,753	-	12,560
Dues, Subscription, Fees etc.	4,053	300	-	-	12,560	-	88,044
Legal	24,268	11,708	-	-	88,044	-	20,968
Accounting	99,895	11,851	-	11,878	9,090	-	9,126
Occupancy & Warehousing	29,082	8,114	-	7,542	1,584	2,006,612	662,254
Postage & Shipping	12,334	3,208	-	-	2,668,866	-	34,258
Printing & Copying	2,668,866	-	-	-	34,258	-	121,043
Program Materials	37,507	3,249	-	-	121,043	-	65,636
Telephone	122,750	1,707	-	23,545	42,091	-	36,044
Travel	67,152	1,516	-	-	36,044	-	136
Bank Charges/Currency Adjustment	41,839	5,795	-	-	136	-	-
Office Supplies & Equipment	6,737	6,601	121,691	-	-	-	788
Payroll Taxes	121,691	-	-	-	788	-	234,563
Realized/Unrealized Loss on Investments	788	-	-	-	234,563	-	18,697
Loss on Sale of Assets	234,563	3,602	-	-	18,697	2,006,612	2,634,556
Indirect Cost	22,299	142,556	121,691	120,177	4,520,991	-	(234,563)
Depreciation	4,905,415	234,563	-	-	-	-	-
Total	4,905,415	377,119	121,691	120,177	4,520,991	2,006,612	2,399,993
Reclassify Overhead Charged to Program Costs	-	-	-	-	-	-	-
Total	\$ 4,905,415	\$ 377,119	\$ 121,691	\$ 120,177	\$ 4,520,991	\$ 2,006,612	\$ 2,399,993
Base = Total Direct Cost	\$ 377,119						
Pool Cost	\$ 2,399,993						
Base Cost	15.71%						
Indirect Rate							

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

Indirect Cost Allocation Schedule Year Ended December 31, 2008

Board of Directors

Ms. Zakia Mahasa, *Chairperson*

Mr. Faizil Baksh
Dr. Ali El-Menshawi

- *All members of the Board of Directors serve as volunteers.*

Mr. Umar al-Qadi, *President & CEO*
Mr. Anas Alhaidar, *CFO*

Independent Financial Auditors
Alan C. Young & Associates, P.C.
Certified Public Accountants

MERCY-USA FOR AID AND DEVELOPMENT

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Bosnia
Tuzla

Indonesia
Banda Aceh

Kenya
Nairobi

Lebanon
Sidon

Somalia
Mogadishu

*Mercy-USA for
Aid and Development
(M-USA) is a nonprofit relief and
development organization dedicated
to alleviating human suffering and
supporting individuals and their
communities in their efforts to become
more self-sufficient. Incorporated in
1988, M-USA's projects focus on
improving health and promoting
economic and educational growth
around the world.*

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deducted monthly from your
bank or major credit card
account (please clip the
adjoining form and mail it along
with a voided check).

Contribution / Pledge Form

Personal Information

Name _____

Address _____

City _____

State/Province _____ Zip/Postal Code _____

Country _____ Work Phone _____

Home Phone _____ Fax _____

E-mail _____

One Time Donation Monthly Donation

\$10 \$25 \$50 \$100 \$250 Other \$ _____

Check

Credit Card (Fill out Section A)

Bank Auto Withdrawal (Fill out Section B)

Pledge

I give my permission to Mercy-USA/Mercy-USA (Canada) to
withdraw from my **Credit Card** or **Bank Account** the amount I
have indicated above. I also understand that I may change or end a
monthly donation agreement at any time with a written notice.

A) Credit Card Information (Charged in US Currency)



Account No. _____

Expiration Date _____ Sec. Code _____

Signature _____

B) Banking Information (For Banks in the US Only)

Please include a voided check to avoid any delays due to
inaccurate data.

Checking Account

Savings Account

Bank Route (ABA) No. (9 digits) _____

Account No. _____

Starting with the ____/____/20____

Signature _____

Date _____

Important!

Please fill out the Personal Information section.
Kindly send your tax deductible donation made payable to:
Mercy-USA for Aid and Development

US Federal Tax # 38-2846307

44450 Pinetree Drive, Suite 201, Plymouth, MI 48170-3869

or

Mercy-USA for Aid and Development (Canada)

Canadian Federal Tax # 89458-5553-RR0001

Fiesta RPO P.O. Box 56102, 102 Hwy. #8, Stoney Creek, ON L8G 5C9
Canada

Telephone 734-454-0011 1-800-55-MERCY (1-800-556-3729)

Facsimile 734-454-0303

e-mail mercyusa@mercyusa.org <http://www.mercyusa.org>