

**MERCY-USA FOR AID & DEVELOPMENT, INC.
FINANCIAL REPORT
WITH ADDITIONAL INFORMATION
YEAR ENDED DECEMBER 31, 2008
(WITH COMBINED COMPARATIVE TOTALS FOR 2007)**

MERCY-USA FOR AID & DEVELOPMENT, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying 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

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

ASSETS	USA OPERATIONS	OVERSEAS OPERATIONS	TOTAL 2008	TOTAL 2007
Current Assets:				
Cash and Cash Equivalents	\$ 2,962,408	\$ 51,865	\$ 3,014,273	\$ 2,384,920
Investments	3,276	-	3,276	471,768
Pledges & Accounts Receivable	15,070	255,991	271,061	279,486
Notes Receivable - Micro-lending/SED	-	4,000	4,000	10,380
Prepaid Insurance & Expenses	5,996	-	5,996	5,624
Total Current Assets	2,986,750	311,856	3,298,606	3,152,178
Fixed Assets:				
Vehicles, Furniture & Equipment	42,771	149,993	192,764	195,094
Less: Accumulated Depreciation	(41,091)	(104,987)	(146,078)	(144,361)
Total Fixed Assets	1,680	45,006	46,686	50,733
Other Assets:				
Security Deposits	5,600	-	5,600	5,600
Total Other Assets	5,600	-	5,600	5,600
Total Assets	\$ 2,994,030	\$ 356,862	\$ 3,350,892	\$ 3,208,511
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 57,249	\$ 111,339	\$ 168,588	\$ 123,795
Deferred Revenue	-	21,109	21,109	-
Accrued Payroll & Taxes	-	15,453	15,453	-
Total Current Liabilities	57,249	147,901	205,150	123,795
Net Assets:				
Unrestricted	2,358,423	99,816	2,458,239	2,447,729
Temporarily Restricted	578,358	109,145	687,503	636,987
Total Net Assets	2,936,781	208,961	3,145,742	3,084,716
Total Liabilities and Net Assets	\$ 2,994,030	\$ 356,862	\$ 3,350,892	\$ 3,208,511

The accompanying notes are an integral part of this statement.

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	-	-	-
Gain/Loss on Foreign Currency Fluctuation	-	-	-	-	-	-	45,525	-
Realized Gain (Loss) on Investments	-	-	-	-	-	-	-	-
Unrealized Gain (Loss) on Investments	-	-	3,255	-	3,255	-	5,517	-
Gain (Loss) on Sale of Equipment	720	-	-	-	720	-	10	-
Sales	-	-	9,692	-	9,692	-	800	-
Program Fees	-	-	-	1,393,137	-	1,393,137	-	-
Transfer-In/(Out)	-	(1,393,137)	-	-	-	-	-	-
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

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	\$ 82,982	\$ -	\$ -	\$ 198,925	\$ -	\$ 281,907	\$ -	\$ -	\$ 281,907	\$ 273,375
Scholarships	-	-	-	-	-	-	-	-	-	2,640
Salaries & Wages	25,625	545,880	101,293	61,815	9,678	744,291	51,279	19,976	815,546	593,758
Employee Benefits	-	17,491	11,500	1,011	2,341	32,343	17,697	-	50,040	65,388
Advertising & Promotion	-	-	-	-	-	-	7,649	56,736	64,385	44,099
Transportation Expenses	-	-	-	-	-	-	1,255	-	153,385	87,338
Commercial Insurance	1,815	133,134	6,877	4,544	5,760	152,130	2,211	-	2,211	2,261
Conference, Meeting & Seminars	-	-	-	-	-	-	1,215	-	1,215	1,409
Consultants & Other Professional Services	6,200	25,000	140	7,403	60	38,803	-	500	39,303	20,243
Dues, Subscriptions, Fees, etc.	-	-	-	-	-	-	3,599	-	3,599	3,766
Legal	-	1,991	1,273	-	-	3,753	300	-	4,053	3,212
Accounting	5,881	5,939	-	-	489	12,560	11,708	-	24,268	13,598
Occupancy & Warehousing	340	62,825	11,146	10,541	3,192	88,044	11,851	-	99,895	77,069
Postage & Shipping, etc.	5,026	2,615	1	24	1,424	9,090	8,114	11,878	29,082	24,905
Printing & Copying	-	1,211	19	26	328	1,584	3,208	7,542	12,334	13,831
Program Materials	356,536	2,222,929	41,542	47,653	206	2,668,866	-	-	2,668,866	1,301,640
Telephone	128	25,515	6,408	355	1,852	34,258	3,249	-	37,507	24,203
Travel	14,793	71,351	17,094	16,228	1,577	121,043	1,707	-	122,750	109,462
Bank Charges/Currency Adjustment	8,464	26,128	2,149	2,438	2,912	42,091	1,516	23,545	67,152	56,324
Office Supplies and Equipment	218	32,250	1,341	1,480	755	36,044	5,795	-	41,839	21,851
Payroll Taxes	-	-	-	-	136	136	6,601	-	6,737	6,683
Realized/Unrealized Loss on Investments	-	-	-	-	-	-	121,691	-	121,691	35,065
Loss on Sale of Assets	-	-	-	-	788	788	-	-	788	-
Indirect cost	17,615	157,048	29,193	30,707	-	234,563	-	-	234,563	242,790
Depreciation	-	9,864	5,341	3,492	-	18,697	3,602	-	22,299	22,713
Total	\$ 525,623	\$ 3,341,171	\$ 235,317	\$ 386,642	\$ 32,238	\$ 4,520,991	\$ 264,247	\$ 120,177	\$ 4,905,415	\$ 3,047,623

The accompanying notes are an integral part of this statement.

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		
Change in Net Assets	\$ 61,026	\$ 496,493
Adjustments to reconcile Change in Net Asset to Cash Provided by Operations:		
(Gain)/Loss on Sale of Asset	(3,255)	(5,517)
Depreciation	22,299	22,713
Realized (Gain)/Loss from Investments	121,691	(45,525)
Unrealized (Gain)/Loss from Investments	-	35,065
Change in:		
Proceeds(Payments) from Notes Receivable	6,380	(5,880)
Prepaid Expenses/Security Deposits/Travel Advance	(372)	1,350
Pledges and Accounts Receivable	8,425	(79,784)
Accounts Payable	44,793	(13,771)
Deferred Revenue	21,109	-
Accrued Payroll Taxes	15,453	-
Net Cash Provided by Operating Activities	297,549	405,144
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	347,593	(894)
Purchase of Equipment	(21,600)	(27,372)
Proceeds from Sale of Assets	5,811	10,668
Net Cash Provided by (Used in) Investing Activities	331,804	(17,598)
Increase/(Decrease) in Cash	629,353	387,546
Cash and Cash Equivalents - Beginning of Year	2,384,920	1,997,374
Cash and Cash Equivalents - End of Year	\$ 3,014,273	\$ 2,384,920

The accompanying notes are an integral part of this statement.

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 or 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.

**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:

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

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 the existing health care infrastructure; and the provision of medicines, medical supplies and medical equipment to health care facilities.

Food and Shelter

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

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

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
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:

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

7) **PENSION PLAN**

The Organization started a 401(k) pension plan from January 1, 2000 for all employees who have attained the age of 20 ½ years. 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.

OTHER SUPPLEMENTAL INFORMATION

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	\$ 111,824	\$ 78,929	\$ 160,882	\$ 5,196	\$ 332,583	\$ 2,154	\$ 21,779	\$ 66,366	\$ 74,489	\$ -	\$ 85,960	\$ 940,162	\$ 1,091,614
Food Aid	19,000	35,000	19,000	28,000	41,000	16,000	-	16,000	-	12,000	1,085	187,085	184,135
Orphan Fund	900	200	360	-	920	-	-	-	-	-	12,684	15,034	14,184
Zakat	2,000	150,000	5,000	150,000	400,000	2,500	10,000	2,500	4,600	-	71,493	796,093	833,980
US Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
US Department of Agriculture (USDA)	-	-	-	-	571,307	-	-	-	-	-	-	571,307	81,485
US Agency for International Development (USAID)	-	-	-	2,812	76,977	-	-	-	-	-	-	79,789	165,908
United Nations (UN) Grants	-	-	-	-	209,558	-	-	-	-	-	-	209,558	184,822
Global Fund to Fight AIDS, Tuberculosis & Malaria (GFATM) Gr ^t	-	-	-	-	89,827	-	-	-	-	-	-	89,827	-
NGO/Foundation Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Gifts in Kind - Public	-	-	-	-	2,006,612	-	-	-	-	-	-	2,006,612	885,130
Gifts in Kind - UN Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-
Gifts in Kind - US Govt (USDA)	-	-	-	57	1,716	-	-	-	-	-	53,534	53,591	51,006
Dividend Income	-	-	-	-	-	-	-	-	-	-	-	1,716	45,525
Gain/Loss on Foreign Currency Fluctuation	-	-	-	-	-	-	-	-	-	-	-	-	-
Realized Gain/Loss on Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized Gain/Loss on Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain/Loss on Sale of Equipment	-	43	3,212	-	-	-	-	-	-	-	-	3,255	5,517
Sales	-	-	-	-	-	-	-	-	-	-	720	720	10
Program Fees	520	-	9,172	-	-	-	-	-	-	-	-	9,692	800
Total Revenues	\$ 134,244	\$ 264,172	\$ 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
EXPENDITURES													
Program Services:													
Food, Shelter & Orphan Assistance	\$ 22,639	\$ 26,175	\$ 38,985	\$ 28,190	\$ 215,869	\$ 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	295,164
General	6,225	8,171	9,091	6,376	2,375	-	-	-	-	-	-	32,238	223,506
Total Program Services	\$ 135,332	\$ 144,451	\$ 185,789	\$ 117,174	\$ 3,523,877	\$ 16,624	\$ 220,603	\$ 78,421	\$ 85,146	\$ 13,574	\$ -	\$ 4,520,991	\$ 2,738,142

* Includes Palestinian refugees in Lebanon.

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

Base = Total Direct Cost
Pool Cost \$ 377,119
Base Cost \$ 2,399,993
Indirect Rate 15.71%

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