

# Mercy News



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

December 2010

Dear Friends and Supporters,

Greetings and peace be upon you.

It is with great pleasure that I write you at the end of another year during which Mercy-USA has been able to serve those in need of assistance. I was very fortunate to have the opportunity to visit Mercy-USA's office in Nairobi, Kenya this past July. My time was very short but the staff in Nairobi managed to arrange visits with two of Mercy-USA's projects in Nairobi and the surrounding area. I was greatly impressed by the team spirit of our staff "on the ground" and by the dedication exhibited by each and every staff member and volunteer.

One program involves running health clinics for the nomadic population surrounding Nairobi—as well as in other areas. The program provides prenatal care and screens children from ages six months to five years old for signs of malnutrition. Depending on the severity of malnutrition, supplemental formulas are prepared and given to the families on a weekly or biweekly basis for their children.



*Ms. Iman Elkadi (center), Mercy-USA Chairperson, visiting with mothers and children in our Kenya nutrition program.*

What struck me is that the mothers and children sometimes have to walk five miles each way to come to the clinics which are located in isolated areas, are very rudimentary and often do not have running water. This means extra work and coordination efforts for our staff and volunteers who provide the services. I was also greatly moved by the friendly atmosphere at the clinics and by the warm welcome I received from the staff, the volunteers, and the population we serve. This program is being funded by the US Agency for International Development (USAID) and is administered in collaboration with the Kenyan Ministry of Health.

Another project in the Nairobi neighborhood of Kariobangi is a school feeding program that serves children at two levels: the pre-K level (ages three to five) and the primary and middle school level. The program provides two meals, breakfast and lunch, to the students. The younger students come from families who cannot afford adequate nutrition while the older students are orphans who have no means of supporting themselves. Without the feeding program, the students are physically weak and consequently unable to focus on learning. The smiles on the children's faces and the appreciation expressed by the school staff were truly heartwarming. This program is carried out in partnership with the local community and is funded through the generous contributions of our individual private donors.

The visit to Nairobi has been a memorable experience for me and makes me proud to be a part of an organization that has the alleviation of human suffering as its goal.

Thank you for your kind support, and may the year 2011 be another opportunity for our work to continue making a difference in the lives of so many.

Sincerely,

A handwritten signature in black ink, reading "Iman Elkadi".

*Iman A. Elkadi*  
Chairperson, Board of Directors

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and

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### Albania

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Medan

### Kenya

Nairobi

### Bosnia

Tuzla

### Lebanon

Sidon

### Somalia

Mogadishu

## Helping the Survivors of Devastating Floods in Pakistan

From September to November 2010, Mercy-USA for Aid and Development, through its local partner Humanity Hope, has provided food, water and hygiene packages to families left homeless by severe flooding in the northwestern Khyber Pakhtunkhwa Province (KPK). Approximately 10,900 persons received either family packages or fresh qurbani meat.

During September, about 6,200 persons (1,000 displaced families) in Kabul River Qala located in KPK's Nowshera District received family packages. Each family package contained: 88 pounds of wheat flour, 11 lb. of rice, 11 lb. of pulses, 11 lb. of dates, 2.2 lb. of sugar, 2.2 lb. of dry milk, 3 liters of cooking oil, 2.2 lb. of salt, 3.3 lb. of tea, matches, one 20-liter water cooler, water purification tablets, 2 large towels, toothpaste, 5 toothbrushes, one fingernail clipper, 2 combs and 6 large bars of soap.

In November, during the Muslim Eid ul-Adha celebration, 667 flood-affected families (about 4,700 persons) in Kabul River village and Nowshera town in KPK received fresh meat. Each family received approximately 8.25 pounds of Eid qurbani meat.

Mercy-USA is also planning for longer term rehabilitation and reconstruction assistance.

Severe flooding throughout Pakistan in late summer and early fall 2010 killed about 2,000 persons, affected more than 20 million others and destroyed or damaged about 1.9 million homes.



Flood survivors in Pakistan receiving Mercy-USA funded family packages.

## *Mercy-USA Receives US Government Grant in 2010 to Help Vulnerable Women and Children in Somalia*



*A baby in Somalia being weighed at a Mercy-USA MCH clinic and nutrition center funded by USAID.*

In January 2010, Mercy-USA for Aid and Development received a new \$1,264,400 grant from the United States Agency for International Development (USAID). This funding has helped us to provide health, nutrition, fresh water and sanitation assistance to approximately 118,000 vulnerable persons in eight districts in south-central Somalia. Beneficiaries include 28,200 children under five, over 5,600 pregnant women and nursing mothers, as well as about 11,800 internally displaced persons.

This new grant has supported seven Mother/Child Health (MCH) Clinics. It has also supported nine feeding centers for moderately and severely malnourished children. Additionally, from January to September 2010, Mercy-USA constructed 20 new water wells and rehabilitated 12 others, as well as constructing 54 sanitary latrines with hand-washing stations.

From December 2010 to January 2011, Mercy-USA is digging 21 additional new wells and supporting community clean-up campaigns. In November and December 2010, the USAID grant is also funding the establishment of five new MCH clinics and nutrition programs in the regions of Galgadud and Mudug.

## *Improving the Education and Nutrition of Children in Gaza*



*School girls in Gaza enjoying snacks provided by Mercy-USA.*

Since December 2009, Mercy-USA for Aid and Development has been partnering with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to provide daily school lunches to approximately 6,200 children attending 8 elementary and preparatory schools in Gaza. This project is helping to improve the overall nutritional status of the children, as well as their academic performance.



*A teacher distributing school lunch to students in Gaza.*

From March to July 2009, Mercy-USA partnered with UNRWA to provide daily school lunches/snacks to approximately 18,900 children attending 22 elementary and preparatory schools in Gaza.

## *Keeping Vulnerable Families in Bangladesh Warm*



In January and February 2010, Mercy-USA for Aid and Development, through our local partner Assistance for Humanitarian Development (AHD), implemented a winterization program to mitigate the suffering of cold victims in four districts of Bangladesh, namely Rangpur, Tangail, Sirajgonj and Mymensingh. This program benefited approximately 9,975 vulnerable persons through the distribution of 1,720 blankets to 1,720 vulnerable families and 1,010 sweaters to men and women. Mercy-USA, through AHD, also provided new winter jackets and sweaters to 2,085 children.

From December 2009 to February 2010, more than 1,200 people in Bangladesh died of cold and cold-related diseases (fever, pneumonia, asthma and respiratory complications).



*Orphans and other vulnerable children in Bangladesh receiving blankets and warm clothing.*

## US Government Grant Supports Mercy-USA's Nutrition Program in Kenya

In April 2010, Mercy-USA for Aid and Development received approximately \$300,000 in additional funding from the United States Agency for International Development (USAID) to provide life-saving assistance to malnourished children in Kenya. The added funding increases our USAID Kenya nutrition grant to over \$570,000 from August 2009 to March 2011.



*Children in Kenya being examined for malnutrition.*

Mercy-USA and the Kenyan Ministry of Health (MoH) - with the support of USAID, as well as earlier grants from UNICEF and the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) - have set up 27 sites in the Kajiado District of Kenya to treat malnourished children less than five years of age, as well as pregnant women and nursing mothers. Over a 20-month period, Mercy-USA expects to treat and counsel approximately 3,600 children and 5,400 women. This life-saving nutrition program is being implemented in primarily pastoral (livestock herding) communities affected by a prolonged drought.

As of October 31, 2010, about 4,015 children under the age of five suffering from moderate acute malnutrition (MAM) and 1,163 suffering from severe acute malnutrition (SAM) have been admitted into the selective feeding program. In addition, 640 pregnant women and nursing mothers have also been admitted. The children with SAM are given ready to use therapeutic foods like Plumpy'Nut weekly, while those with MAM are given UNIMIX biweekly. Both are specialized food for malnourished children.

## Educating Vulnerable Children in Bangladesh



*Children in Bangladesh studying at a Mercy-USA funded school.*

From July 2010 to June 2011, Mercy-USA for Aid and Development is supporting five community-based primary schools run by our local partner, Assistance for Humanitarian Development (AHD), in Bangladesh. These schools, located in very low-income areas in Kakua, Tangail, Rangpur, Sirajgonj and Delda, are providing free education for 888 vulnerable children.

Mercy-USA's support includes rebuilding the Kakua Community School that was destroyed by severe flooding in 2007 and repairs and maintenance to the structures and furniture at the other four schools. Our assistance also includes providing education materials like textbooks, chalk, pens and pencils, paper, etc. and covering the salaries of the 22 teachers and five other staff members at the five schools.

# Restoring the Livelihoods of Earthquake-Affected Farming Families in Indonesia

From January to February 2010, Mercy-USA for Aid and Development distributed 19,800 pounds of rice seed, 825 lb. of maize seed and 407,000 lb. of fertilizer to small farmers affected by the September 30 and October 1, 2009 earthquakes on the island of Sumatra in Indonesia.



*Earthquake-affected family farmers in Indonesia receiving training on planting and caring for maize.*

These agricultural inputs, provided by the United Nations Food and Agriculture Organization (FAO), were distributed to 2,050 earthquake-affected farming families (over 9,600 persons) in 11 villages in the districts of Padang Pariaman and Agam. Mercy-USA also provided technical assistance and training to the beneficiary farmers.

Combined, these agricultural inputs and training are helping these 2,050 earthquake-affected families to support themselves.



*An earthquake-affected farmer in Western Sumatra, Indonesia receiving seeds.*

## Helping Earthquake-Affected Children and Families in Haiti

Mercy-USA for Aid and Development has partnered with the United Nations Children's Fund (UNICEF) to help earthquake-affected children in Haiti. Through a \$40,000 grant, Mercy-USA is helping to support UNICEF's child-centered projects focused on health, nutrition, education, child protection, water, sanitation and hygiene for these children and their families.



*© UNICEF/NYHQ2010-1310/Marta Ramoneda Haiti, 2010*

*On 16 June, girls receive UNICEF-provided school supplies at a temporary classroom in a park in Port-au-Prince, the capital. Their school, Saint Gerard, was destroyed in the earthquake. Their schoolbooks bear the UNICEF logo.*

## Helping Orphans in Bosnia to Help Themselves

In November 2010, Mercy-USA for Aid and Development began providing three-month computer office software training courses to orphans and other vulnerable youth in the Tuzla Canton of Bosnia. Trainees are also receiving education in important life skills and character-building combined with awareness of the danger of slipping into crimes (drugs, prostitution, theft, etc.). Topics under character-building include the value of work versus waiting for handouts from others, respect for self and others, confidence, the value of helping others, honesty and integrity. The orphans are also being provided with a nutritious meal/snack during each class. This project is being done in cooperation with local orphanages and municipalities.

## Digging Safe Water Sources for Kenya's Children and Their Families

From October 2010 to January 2011, Mercy-USA for Aid and Development is digging three water boreholes in the Bodhai Division of Ijara District of Kenya's North Eastern Province.

Bodhai Division has an approximate population of 5,000 and suffers from unreliable water-source infrastructure and a high poverty rate. The residents are mostly agro-pastoralists and subsistence farmers.

From September 2009 to February 2010, Mercy-USA dug five boreholes to provide safe drinking water to about 4,000 persons in the greater Mombasa area.



*Families in Ijara District, Kenya collecting fresh water from a new borehole dug by Mercy-USA.*

## Vocational Training for Orphans and other Vulnerable Palestinian Youth in Lebanon

From August 2010 to May 2011, Mercy-USA for Aid and Development is supporting vocational training programs for orphans and other vulnerable youth carried out by the Women's/Community Development Centers in Al-Beddawi and Nahr Al-Bared Palestinian refugee camps near Tripoli in the north of the country.



*The baking and pastry chef course in Al-Beddawi Camp.*

Mercy-USA's support is allowing the Community Development Center in Al-Beddawi to add a baking and pastry chef course to their vocational training curriculum; this vocation is in high demand making it easier for graduates to obtain employment. Required equipment has been purchased and the remaining assistance is allowing 30 to 40 youth to receive training for the duration of the nine-month course.



*Mohamed Ahmed (left), Mercy-USA Director of International Programs, visiting the baking and pastry chef project in Al-Beddawi Palestinian refugee camp in Lebanon.*

In Nahr Al-Bared, Mercy-USA is supporting the expansion of the existing baking and pastry chef course carried out by the local Women's Center. Twenty youth are being trained over a nine-month period in baking and pastry preparation. In addition, forty other orphans/vulnerable youth are being trained in photography and hairdressing (20 in each) for the six-month duration of these courses.

## Providing Safe Water to Vulnerable Communities in Somalia



*Workers laying plastic sheeting at the bottom of the water reservoir in Buhodle, Somalia.*



*Goats being watered at a new well dug by Mercy-USA in Mudug, Somalia.*

From March to September 2010, Mercy-USA dug, repaired and rehabbed 32 wells in Somalia. Thirteen wells were dug and rehabbed in the Hiraan region and 19 wells were dug/repaired in the Galgadud region.

These 32 vital water sources are now providing safe drinking water to communities with populations totaling approximately 18,000 persons, as well as to over 70,000 livestock. Many of the beneficiaries are pastoralists or agro-pastoralists and thus depend on raising and herding livestock to make their living.

From May to September 2010, Mercy-USA constructed a water reservoir near the northern town of Buhodle. This reservoir will collect water from the semi-annual rainy seasons, and if filled to its capacity of over 2.5 million gallons, could provide safe drinking water to about 10,000 persons for three months during the dry season.

From October to December 2010, Mercy-USA is digging 8 new wells to provide fresh water to 7,600 persons in two villages in the Mudug region.

Since 1997, Mercy-USA has played a vital role in providing safe drinking water in Somalia, digging and repairing 214 wells. Communities with a combined population of over 458,000 persons are benefiting from this safe water program. According to studies carried out by UNICEF, only about one-third of families in Somalia have access to clean drinking water.

## *Primary Health Care for Somalia's Vulnerable Women and Children*



*A girl being examined at a Mercy-USA MCH clinic in Somalia.*

Mercy-USA for Aid and Development, with the support of the United States Agency for International Development (USAID), operated seven Mother and Child Health Clinics (MCHs) that, from January 2010 to September 2010, received approximately 27,700 visits from women and children seeking treatment, including about 17,500 visits from children under the age of five. These MCHs also provided about 8,200 vitamin A, iron and folic acid tablets to women and children, as well as providing approximately 8,300 OB/GYN services to women in their 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. Health education activities focus on training and promoting awareness of best practices at the household level to prevent common illnesses and infections. USAID and UNICEF supported these clinics.

In November and December 2010, Mercy-USA, with USAID and UNICEF support, is opening five new MCHs in the regions of Mudug and Galgadud. These new clinics are serving approximately 41,000 women and children in the towns of Hobyo, Wisil, Ceel Dibir and Gawan in Mudug and the town of Abudwak located in Galgadud.

## *Food Aid and Clothing Provided Around the World*

During August and September 2010, Mercy-USA for Aid and Development provided meat, rice, pasta, beans, cooking oil, flour, other food items and clothing to approximately 26,000 vulnerable persons. These distributions took place in Albania, Bangladesh, Bosnia, India, Indonesia, Kenya, Lebanon and Somalia, 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.



*Families in various countries receiving Ramadan food packages and Eid clothing.*

## Fighting Malnutrition in Somalia

Mercy-USA for Aid and Development is assisting malnourished children and their families in Somalia. Mercy-USA, with the support of the United States Agency for International Development (USAID), the United Nations Children's Fund (UNICEF) and the UN World Food Programme (WFP), set-up ten supplemental and therapeutic feeding centers that, from January 2010 to September 2010, examined and treated about 1,000 severely malnourished children. These children and their families also received take home food rations provided by UNICEF and WFP.



*A Mercy-USA nutrition worker examining a malnourished child in Somalia.*

## Your Employer May Match Your Donations to Mercy-USA

Your employer may increase your gift through its corporate matching program. Many companies in the US and Canada will match the donations of their employees, retirees, and employees' spouses. Mercy-USA for Aid and Development has received matching gifts from companies like American Express, Cisco Systems, Citicorp, Ericson, Microsoft, Pfizer, Sun Microsystems, etc.

Corporate matching gifts are a very easy way to stretch the benefits of your contribution. Please ask your employer today, if they have such a matching gift program.

Also, if your company has a "United Way" campaign that allows you to direct your contribution to charities other than United Way, please take advantage of the opportunity to do so. If your company restricts giving to a list of "approved" charities, please ask your human resources department how you can add Mercy-USA to that list.

We have found that merely having an employee ask to include his or her special charity to the list is usually all it takes. For more information on this and other alternative ways to give, please call us at 1-800-55-MERCY.

## Your Used Vehicle Can Help Those in Need

Mercy-USA for Aid and Development participates in the Charity Motors Car Donation Program. This program accepts vehicle donations (including cars, trucks, motor homes, boats and motorcycles) in most States and provides free towing services. Your donation is tax deductible. Charity Motors will issue a tax receipt to you for the fair market value of your vehicle.

The process is simple. Just contact Charity Motors toll free at 1-888-908-2277 and designate Mercy-USA for Aid and Development as the charity to receive the proceeds from the sale of your vehicle.

## *Mercy-USA is participating in the CFC and State Employee Campaigns in California, Illinois, Michigan and New Jersey*

For the twelfth consecutive year, Mercy-USA for Aid and Development (CFC identification number 10914) is participating in the Combined Federal Campaign (CFC), an annual campaign that encourages United States government employees to contribute to their favorite eligible charities.

Mercy-USA is also participating in the annual campaigns for State government employees in California, Illinois, Michigan and New Jersey. If you are a US government employee or an employee of CA, IL, MI or NJ, kindly choose Mercy-USA for Aid and Development as your designated charity and encourage your colleagues to do the same.

Please contact the CFC/State Campaign representative in your office or on your base for more information on how to participate. If you do not work for the US government or one of those four states but know friends or family who do, please ask them to designate Mercy-USA as their charity.

# For Your Information

- Mercy-USA for Aid and Development is certified as one of the Best in America: The Independent Charities Seal of Excellence is awarded to the members of Independent Charities of America that have, upon rigorous independent review, been able to certify, document, and demonstrate on an annual basis that they meet the highest standards of public accountability, and program and cost effectiveness. These standards include those required by the US Government for inclusion in the Combined Federal Campaign, probably the most exclusive fund drive in the world. Of the 1,000,000 charities operating in the United States today, it is estimated that fewer than 50,000, or 5 percent, meet or exceed these standards, and, of those, fewer than 2,000 have been awarded this Seal.
- The privacy of our donors is of paramount importance to Mercy-USA. Therefore, we do not sell, lend or share our mailing or email lists with anyone.
- Mercy-USA sends donation receipts monthly. However, if you would like to receive your receipt on an annual basis, please let us know.
- To make your giving experience as easy as possible, Mercy-USA is able to accept donations by many methods. However, automatic withdrawal from your bank account is the easiest and the least expensive way to give. If you would like to use this easy cost-saving method, please fill out and return the form on the back of this newsletter.
- If you move, please provide Mercy-USA with a complete updated address and telephone number. This will help us serve you better.
- Please let us know if you receive duplicate mailings. This will save us time and money and help your gift to have an even greater impact on those who need it most.
- Providing us with your Donor ID number (the number on your tax receipt and on the exterior envelope above your name) saves us time and money in processing your donation.
- Mercy-USA has developed a very thorough and comprehensive listing with GuideStar (<http://www.guidestar.org>). GuideStar provides a comprehensive Web-based reference tool on charities. Major Web portals use GuideStar information for their online donation systems.



*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.*

**Special ways to join  
Mercy-USA in  
"Helping People Help  
Themselves"™**

These special ways of joining  
M-USA in this vital effort  
include:

- 1) encouraging your employer  
to match your donation, or
- 2) donating stocks, or
- 3) making a bequest.

Please call us at

**1-800-55MERCY**  
(1-800-556-3729)  
to discuss options.

You may also participate in the  
Automatic Giving Program; a gift  
of your choice is automatically  
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 \_\_\_\_\_ Apt/Ste# \_\_\_\_\_

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

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**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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## 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)

	USA OPERATIONS	OVERSEAS OPERATIONS	TOTAL 2010	TOTAL 2009
<b>ASSETS</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>	3,697,862	248,284	3,946,146	3,780,797
<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>	2,876	31,077	33,953	42,289
<b>Other Assets</b>				
Security Deposits	5,600	-	5,600	5,600
<b>Total Other Assets</b>	5,600	-	5,600	5,600
<b>Total Assets</b>	\$ 3,706,338	\$ 279,361	\$ 3,985,699	\$ 3,828,686
<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>	74,902	250,655	325,557	335,310
<b>Total Liabilities</b>	74,902	250,655	325,557	335,310
<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>	3,631,436	28,706	3,660,142	3,493,376
<b>Total Liabilities and Net Assets</b>	\$ 3,706,338	\$ 279,361	\$ 3,985,699	\$ 3,828,686

*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 59,650	-	1,520,731 59,650	-	687,517 203,194
Contribution In-Kind - UN agencies	-	-	-	380,145	-	380,145	-	417,328
Dividend Income	10,184	-	43	-	10,227	-	34,714	-
Gain/Loss on Foreign Currency Fluctuation	-	-	-	3,423	-	3,423	126	-
Program Fees	-	-	-	-	-	-	600	-
Transfer-In/(Out)	4,739	(1,759,893)	(4,739)	1,759,893	-	-	-	-
<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</u> <u>Operations</u>	<u>Overseas</u> <u>Operations</u>	<u>Total</u> <u>2010</u>	<u>Total</u> <u>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.