

**MISSION OF MERCY, INC. AND
SUPPORTING ORGANIZATION**

**YEARS ENDED
JUNE 30, 2021 AND 2020**



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

YEARS ENDED JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

	Page
Independent auditor's report	1-2
Financial statements:	
Consolidated statements of financial position	3-4
Consolidated statements of activities	5-6
Consolidated statements of functional expenses	7
Consolidated statements of cash flows	8-9
Notes to financial statements	10-25
Supplementary information:	
Consolidated schedules of functional expenses by region	26-28
Consolidating schedules of financial position	29-32
Consolidating schedules of activities	33-34



Independent Auditor's Report

Board of Directors
Mission of Mercy, Inc. and Supporting Organization
Gettysburg, Pennsylvania

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mission of Mercy, Inc. (a nonprofit organization) and Supporting Organization, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mission of Mercy, Inc. and Supporting Organization as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedules of functional expenses by region, the consolidating schedules of financial position and the consolidating schedules of activities on pages 26-34 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Brown Schultz Steindler & Fritz

Frederick, Maryland
November 2, 2021

(THIS PAGE INTENTIONALLY LEFT BLANK)

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 1,185,840	\$ 1,049,107
Unconditional promises to give (less allowance for uncollectible promises of \$5,249 and \$4,115, respectively)	247,596	188,861
Use of donated facility	300,000	300,000
Inventory	945,076	903,827
Prepaid expenses	17,433	2,795
Total current assets	2,695,945	2,444,590
Property and equipment:		
Vehicle under construction		142,593
Dental equipment	121,610	115,809
Medical equipment	308,464	299,676
Office equipment	45,490	51,073
Vehicles	884,588	723,457
	1,360,152	1,332,608
Accumulated depreciation	816,664	667,053
Total property and equipment	543,488	665,555
Other assets:		
Cash and cash equivalents restricted for acquisition of property and equipment	100,000	120,693
Security deposits	125,643	124,853
Investments, endowment fund	5,151	
Unconditional promises to give (less allowance for uncollectible promises of \$18,621 and \$15,874, respectively)	379,909	116,140
Use of donated facility (net of unamortized discount of \$400,133 and \$466,660, respectively)	2,798,771	3,032,244
Total other assets	3,409,474	3,393,930
Total assets	\$ 6,648,907	\$ 6,504,075

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

LIABILITIES AND NET ASSETS

	2021	2020
Current liabilities:		
Accounts payable	\$ 40,970	\$ 46,481
Accrued:		
Payroll taxes	12,355	9,501
Salaries	116,167	126,940
Current portion of Paycheck Protection Program loan		175,549
Total current liabilities	169,492	358,471
Long-term liabilities, Paycheck Protection Program loan		198,351
Total liabilities	169,492	556,822
Net assets:		
Without donor restrictions:		
Undesignated	1,597,512	1,298,593
Board designated	571,954	387,593
Total without donor restrictions	2,169,466	1,686,186
With donor restrictions	4,309,949	4,261,067
Total net assets	6,479,415	5,947,253
Total liabilities and net assets	\$ 6,648,907	\$ 6,504,075

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue:						
Support:						
Contributions	\$ 2,683,627	\$ 963,838	\$ 3,647,465	\$ 2,815,202	\$ 666,219	\$ 3,481,421
Donated:						
Drugs and supplies	3,289,315		3,289,315	2,992,686		2,992,686
Facilities	111,972		111,972	111,160		111,160
Lab and x-ray services	1,349,848		1,349,848	1,613,613		1,613,613
Services	847,221		847,221	1,442,290		1,442,290
Indigent drug program	1,090,037		1,090,037	1,203,648		1,203,648
Total support	9,372,020	963,838	10,335,858	10,178,599	666,219	10,844,818
Revenue:						
Special events	240,806		240,806	255,218		255,218
Miscellaneous revenues	2,176		2,176	10,526		10,526
Investment income	1,914		1,914	2,481		2,481
Total revenue	244,896		244,896	268,225		268,225
Gain on disposal of assets	539		539	150,816		150,816
Restrictions satisfied by payments and expiration of time	681,483	(681,483)	-	689,661	(689,661)	-
Total support, revenue and gains	10,298,938	282,355	10,581,293	11,287,301	(23,442)	11,263,859

(continued)

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

	2021		2020			
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses:						
Program services	\$ 8,577,561		\$ 8,577,561	\$ 9,374,744		\$ 9,374,744
Management and general	407,470		407,470	436,326		436,326
Fundraising	741,252		741,252	645,594		645,594
Special events	89,375		89,375	99,240		99,240
Total expenses	9,815,658		9,815,658	10,555,904		10,555,904
Change in net assets before donated long-term lease	483,280	\$ 282,355	765,635	731,397	\$ (23,442)	707,955
Donated long-term lease		66,527	66,527		71,105	71,105
Lease restrictions satisfied by expiration of time	300,000	(300,000)	-	300,000	(300,000)	-
Long-term donated facilities expense	(300,000)		(300,000)	(300,000)		(300,000)
Total changes in net assets from donated long-term lease	-	(233,473)	(233,473)	-	(228,895)	(228,895)
Change in net assets	483,280	48,882	532,162	731,397	(252,337)	479,060
Net assets:						
Beginning of year	1,686,186	4,261,067	5,947,253	954,789	4,513,404	5,468,193
End of year	\$ 2,169,466	\$ 4,309,949	\$ 6,479,415	\$ 1,686,186	\$ 4,261,067	\$ 5,947,253

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Inflows:		
Receipts from:		
Contributions	\$ 2,946,061	\$ 3,307,530
Special events	240,806	255,218
Miscellaneous receipts	2,176	10,526
Interest income received	1,763	2,481
	<u>3,190,806</u>	<u>3,575,755</u>
Outflows:		
Payments to:		
Employees	1,507,224	1,582,739
Suppliers	1,444,449	1,332,520
Payments for:		
Special events	89,375	99,240
Interest		13,969
	<u>3,041,048</u>	<u>3,028,468</u>
Net cash provided by operating activities	<u>149,758</u>	<u>547,287</u>
Cash flows from investing activities:		
Inflows:		
Insurance proceeds		266,658
Proceeds from sale of assets	1,700	2,000
	<u>1,700</u>	<u>268,658</u>
Outflows, purchase of property and equipment	<u>34,628</u>	<u>202,444</u>
Net cash provided by (used in) investing activities	<u>(32,928)</u>	<u>66,214</u>

(continued)

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from financing activities:		
Inflows:		
Donor-restricted contributions for property and equipment		\$ 57,495
Proceeds from Paycheck Protection Program		373,900
Outflows, net change on line of credit		300,000
Net cash provided by financing activities		131,395
Net increase in cash, cash equivalents and restricted cash	\$ 116,830	744,896
Cash, cash equivalents and restricted cash:		
Beginning of year	1,294,653	549,757
End of year	\$ 1,411,483	\$ 1,294,653
Reconciliation of cash, cash equivalents, and restricted cash to the statement of financial position:		
Current assets, cash and cash equivalents	\$ 1,185,840	\$ 1,049,107
Other assets:		
Cash and cash equivalents restricted for acquisition of property and equipment	100,000	120,693
Security deposits	125,643	124,853
Cash, cash equivalents and restricted cash	\$ 1,411,483	\$ 1,294,653
Supplemental disclosures of noncash investing and financing activities:		
Investment in community foundation endowment fund	\$ 5,151	
During 2021, the Organization received forgiveness of it's Paycheck Protection Program (PPP) loan balance of \$373,900	373,900	

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

1. Summary of accounting policies:

Principles of consolidation:

The consolidated financial statements of Mission of Mercy, Inc. (the Organization) include the activities of Mission of Mercy, Inc. and its Supporting Organization, the Mission of Mercy Arizona Health Partnership Fund (the Fund). All intra-entity transactions have been eliminated in consolidation.

Nature of activities:

The Organization is a nonprofit organization which seeks to restore dignity, "healing through love" by providing free healthcare. The primary service program is the provision of basic health services at no charge via mobile healthcare units and an office in Texas with a team of licensed healthcare workers. The Organization currently operates clinic sites located in Arizona, Maryland, Pennsylvania and Texas. The Organization relies entirely on public and private donations, as well as significant donated services and materials to operate.

The Organization also operates a community connections program in Maryland, Pennsylvania and Arizona that works to connect needy individuals with additional resources from other partner organizations. The community connections program promotes general health literacy and provides education in disease management and prevention. The community connections program also helps pre-qualify individuals for other public health assistance programs.

The Internal Revenue Service recognized the Fund as a public charity as of August 2, 2016, which is also the date the Fund was created. The Fund operates exclusively for the benefit of its parent organization, Mission of Mercy, Inc. Contributions to the Fund qualify for the *Credit for Contributions to Qualifying Charitable Organizations* for Arizona personal income tax purposes.

Basis of accounting:

The consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Cash and cash equivalents:

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

1. Summary of accounting policies (continued):

Unconditional promises to give:

Contributions are recognized at their fair value when the donor makes a promise to give to the Organization that is, in substance, unconditional. Gains and losses from changes in fair value are included in the contributions line of the consolidated statements of activities. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows, as management believes that this is the most accurate method of reporting the receivables and related revenues. The effect of the change in the market interest rate and historical trends of collection and the corresponding changes in fair value of unconditional promises to give resulted in a decrease in contributions revenue of \$1,986 for the year ended June 30, 2021 and an increase in contributions revenue of \$13,028 for the year ended June 30, 2020.

Inventory:

Inventory of medications is maintained by the Organization and is stated at cost, using the first-in, first-out method for purchased inventories. Donated and indigent inventories are stated at quoted wholesale or discount supplier prices.

Property and equipment:

The Organization capitalizes all property and equipment purchases over \$1,000. Property and equipment is depreciated using the straight-line method over the estimated useful life of each asset, typically five to seven years.

Donations of property and equipment are recorded as revenue (support) at their estimated fair value at the date of donation. Such donations are reported as without donor restrictions revenue (support) unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as revenue (support) with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Net assets:

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

1. Summary of accounting policies (continued):

Net assets:

Net assets without donor restrictions are resources available to support operations.

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Resources may also be received with donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction, nor by the passage of time.

Contributions:

Support and revenue are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Revenues are recorded as services are provided.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increase the applicable net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions. Long-term donated facilities leases are recorded as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions over the term of the lease.

All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

Similarly, all income, gains and losses from investments of restricted contributions are recognized as unrestricted unless specified as restricted by the donor.

Management has determined the Organization's contributions are considered nonexchange transactions, and therefore, are recognized when a promise to give becomes unconditional.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

1. Summary of accounting policies (continued):

Special events:

The Organization hosts several fundraising events throughout the year. Revenue generated from these events consist of exchange and nonexchange transactions. Exchange transactions generally consist of tickets and registrations for fundraising events and are recognized as revenue the date the event takes place. Nonexchange transactions typically consist of sponsorships and donations received and are recognized when the Organization's right to the funds is unconditional.

Donated drugs and supplies:

The Organization values donated medications, medical supplies and other supplies at wholesale or discount supplier prices.

Donated facilities:

The Organization uses property leased at below market value or free of charge to provide its services. Management estimates the fair market value of these donated facilities using rates published by real estate brokers in each applicable region and the square footage donated. Donated leases for more than one year are recorded as restricted contributions at their fair value at the start date of the lease and are reported as increases in net assets with donor restrictions. These restrictions expire based on the terms of the lease agreements, and the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated lab and x-ray services:

The consolidated financial statements include donations of laboratory services and x-rays provided by hospitals and laboratories. The services are valued by the Organization at each specific service providers' current rates.

Donated services:

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Donated services are valued based on salary surveys performed by independent entities in each of the three regions the Organization operates and the volunteer hours. The Organization also recognizes donated services from accountants and attorneys and values these services using the specific charitable write-downs from professional services invoices. Volunteers also provided administrative and fundraising services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria was not met.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

1. Summary of accounting policies (continued):

Indigent drug program:

The Organization receives medications through indigent drug programs that are sponsored by various drug manufacturers. The Organization values the medications based on quoted wholesale or discount supplier prices.

Functional expenses:

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification of expenses by function.

Expenses are charged to program services, management and general and fundraising on the basis of actual invoices received. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Certain administrative personnel expenses such as salaries, professional fees and travel and entertainment are allocated to each functional expense category based upon the responsibilities of the administrative personnel. Rent and utilities are allocated to each functional expense category based upon the use of the space during the applicable year which factors in the responsibilities of the personnel utilizing the space.

Tax-exempt status:

Mission of Mercy, Inc. and Mission of Mercy Arizona Health Partnership Fund are incorporated under the laws of the State of Arizona as nonprofit organizations. Mission of Mercy, Inc. and Mission of Mercy Arizona Health Partnership Fund have elected under provisions of Internal Revenue Code (IRC) Section 501(c)(3) and state income tax statutes to be excluded from taxes on exempt function income. Therefore, no provision is made for taxes on income.

Mission of Mercy Arizona Health Partnership Fund is a Type I supporting organization under IRC Section 509(a)(3). Mission of Mercy Arizona Health Partnership Fund is operated, supervised and controlled by Mission of Mercy, Inc.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

1. Summary of accounting policies (continued):

Estimates:

Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Reclassifications:

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current year statements.

2. New accounting pronouncements adopted:

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts and Customers (Accounting Standards Codification 606)* is effective for the Organization's year ended June 30, 2021 and identifies specific steps to be applied to properly recognize revenue from customer contracts. Under the standard, revenue recognition is determined using a five-step model which identifies customer contracts, identifies performance obligations in each contract, determines transaction price, allocates transaction price to performance obligations and recognizes revenue when or as the performance obligations are satisfied. The standard permits the use of either the retrospective or cumulative effect transition method. All exchange revenue streams were evaluated, and the adoption of ASU 2014-09 has no impact on the financial statements.

Effective July 1, 2020, the Organization adopted the requirements of FASB ASU 2018-13, *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which modified the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*, based on the consideration of costs and benefits. The Organization applied the standard retrospectively to the year ended June 30, 2020 with no changes to financial statement presentation or disclosure.

3. Cash and cash equivalents:

The Organization invests in fairly liquid, high quality securities that are broker insured, Federal Deposit Insurance Corporation (FDIC) insured and/or are U.S. government securities. If the Organization receives donated stock, it is liquidated at the first opportunity.

The Organization maintains its cash deposits in several financial institutions. Cash deposits are insured by the FDIC up to \$250,000. As of June 30, 2021, the cash deposits exceeded the limit by \$662,434, representing the maximum loss risk.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

4. Financial assets and liquidity resources:

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, within one year of June 30:

	<u>2021</u>	<u>2020</u>
Financial assets due within one year:		
Cash and cash equivalents	\$ 1,185,840	\$ 1,049,107
Unconditional promises to give, current portion	<u>247,596</u>	<u>188,861</u>
Financial assets due within one year, as of June 30	1,433,436	1,237,968
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions,		
restricted by donor with time or purpose restrictions	160,828	213,405
Board designations, program development funds	<u>571,954</u>	<u>387,593</u>
	<u>\$ 700,654</u>	<u>\$ 636,970</u>

The Organization receives significant contributions restricted by donors. They consider contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for expenditures. Most of the Organization's unconditional promises to give are donor-restricted due to the timing of receipt, but are otherwise unrestricted. As these promises are received during the year ended June 30, 2022, they are available for general expenditure. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$500,000 (all of which was available as of June 30, 2021), which it could draw upon. Additionally, the board has designated funds they could reclassify, if desired.

5. Endowment fund:

The Organization's Board of Directors oversees an endowment fund with the Catholic Community Foundation (the Foundation). The original contribution was \$5,000. The purpose of this fund is to provide operational support to the Organization, specifically for the Arizona region.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

5. Endowment fund (continued):

The Foundation has the right to accept subsequent contributions to the fund from the Organization and other individuals, corporations, associations, trusts, partnerships and other entities. Should the Organization cease to exist, the fund shall be used to support another charitable organization with goals similar to those of the Organization. Composition of and changes in endowment net assets were as follows for the years ended December 31:

	2021
Investment, endowment, beginning of year	\$ -
Investment income (net), interest income, gains, and fees	151
Principal additions	<u>5,000</u>
Investment, endowment, end of year	<u>\$ 5,151</u>

6. Unconditional promises to give:

The Organization uses a fundraising model that has resulted in receiving unconditional promises to give over time to benefit the Organization. As of June 30, 2021, collections were expected pertaining to multi-year commitments as follows:

Less than one year	\$ 252,845
One to five years	331,745
Thereafter	<u>85,281</u>
	669,871
Less:	
Discounts to net present value (see Note 13)	18,496
Allowance for uncollectible promises receivable (see Note 13)	<u>23,870</u>
	<u>\$ 627,505</u>

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

6. Unconditional promises to give (continued):

Net unconditional promises to give by region were as follows as of June 30:

	2021	2020
Arizona	\$ 182,819	\$ 120,615
Maryland/Pennsylvania	347,059	144,028
Texas	97,627	40,358
	<u>\$ 627,505</u>	<u>\$ 305,001</u>

7. Inventory:

Inventory consisted of the following as of June 30:

	2021	2020
Purchased drugs and other medical supplies	\$ 13,877	\$ 8,350
Donated drugs and other medical supplies (see Note 11)	886,434	791,245
Indigent drugs (see Note 12)	40,070	104,232
Pharmacy gift cards	4,695	
	<u>\$ 945,076</u>	<u>\$ 903,827</u>

8. Line of credit:

The Organization has a revolving line of credit with a financial institution for \$500,000. The line of credit is secured by all business assets. The Organization had \$500,000 in available funds as of June 30, 2021. As of June 30, 2021, interest of 3.25% is due and payable monthly; the rate charged is equal to the *The Wall Street Journal* prime rate. The line of credit renews annually subject to the financial institution's approval. The revolving line of credit is due on demand.

The line of credit is subject to a financial covenant. Management is not aware of any violations of the covenant.

9. Net assets:

The board has designated net assets without donor restrictions as program development funds in order to have cash readily available to facilitate growth opportunities as they arise. The program development funds as of June 30, 2021 and 2020 were \$571,954 and \$387,593, respectively.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

9. Net assets (continued):

Net assets with donor restrictions are available for the following purposes as of June 30:

	2021	2020
Arizona:		
Clinics	\$ 115,981	\$ 134,970
Diabetes management program	104,420	82,709
Equipment repairs		5,181
Flu vaccine	8,000	
Hepatitis A vaccine	5,360	5,360
Purchase of new mobile van and east valley expansion in Arizona	100,000	128,949
Mission of Mercy Arizona Health Partnership Fund, Arizona clinics	91,337	38,977
Endowment to be held in perpetuity (see note 5)	5,151	
Maryland/Pennsylvania:		
COVID-19 relief		10,787
Dental clinics	60,814	92,307
Dental initiative		121,958
Front line nurses		1,000
Medical clinics	229,745	67,154
Medications	4,833	
Partner and grow initiative	7,500	7,500
Response to substance use disorder	4,240	6,000
Senior care	20,000	25,000
Staff and volunteer appreciation	500	2,284
Sustainability and succession	295,671	
Telemedicine/teledentistry		10,000
Texas:		
Clinics	131,652	145,358
COVID-19 relief	9,848	26,845
Diabetes kits	4,010	
Medication	11,616	10,984
Technology upgrade		3,256
Vision clinic equipment		1,744
Use of donated facility (see Note 11)	3,098,771	3,332,244
Other, nonprofit standards for excellence accreditation	500	500
	<u>\$ 4,309,949</u>	<u>\$ 4,261,067</u>

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

10. Operating leases:

The Organization leases office and storage space in Frederick, Maryland; Gettysburg, Pennsylvania; Fairfield, Pennsylvania and Phoenix, Arizona. The Organization also utilizes office space in Corpus Christi, Texas, with a donated lease (see Note 11). Office rent expense, presented in occupancy expense, totaled \$102,653 and \$102,580 for the years ended June 30, 2021 and 2020, respectively. These leases expire between November 2021 and December 2022. Future monthly lease payments range between \$850 and \$3,731.

The Organization also leases a number of copiers on master lease that expires March 2026. Future monthly lease payments are \$1,378. Copier lease expense, presented in repairs and maintenance expense, totaled \$9,396 and \$15,871 for the years ended June 30, 2021 and 2020, respectively.

A summary of total future minimum operating lease payments by fiscal year is as follows:

2022	\$ 79,590
2023	32,386
2024	16,536
2025	16,536
2026	<u>12,402</u>
Total	<u>\$ 157,450</u>

11. Donated facilities, services and drugs and supplies:

The consolidated financial statements include donations of lab (laboratory) services and x-rays provided to patients by hospitals and laboratories in the amount of \$1,349,848 and \$1,613,613 for the years ended June 30, 2021 and 2020, respectively. The donated lab and x-ray services are recorded as revenue (support) and expense in the consolidated financial statements.

A large number of volunteers donate significant amounts of their time to the Organization's activities that relate to the Organization's mission. For the years ended June 30, 2021 and 2020, the value of contributed medical services provided by healthcare professionals has been recorded in the consolidated financial statements as donated services revenue (support) and expense of \$826,221 and \$1,423,498, respectively. The services recognized in the consolidated financial statements represent 13,866 and 25,624 hours of time contributed for the years ended June 30, 2021 and 2020, respectively. In addition, for the years ended June 30, 2021 and 2020, accountants, attorneys and other professionals donated services valued at \$21,000 and \$18,792, respectively, to the Organization.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

11. Donated facilities, services and drugs and supplies (continued):

Additional services for administrative, fundraising and other purposes were not recorded in the consolidated financial statements because they did not meet the criteria for recognition under accounting rules. These services represent an estimated 7,914 and 13,003 hours for the years ended June 30, 2021 and 2020, respectively.

For the years ended June 30, 2021 and 2020, the Organization recognized revenue (support) from donated drugs and supplies valued at \$3,289,315 and \$2,992,686, respectively, which included donated office and dental equipment, valued at \$8,669 and \$0, respectively. The donated drugs and supplies amount was also recognized as expense, except for the change in the donated drugs and supplies inventory at year end, and a loss of supplies and medication from a fire of \$0 and \$61,655 for the years ended June 30, 2021 and 2020, respectively. Donated drugs and supplies inventory as of June 30, 2021 and 2020 was valued at \$886,434 and \$791,245, respectively (see Notes 7 and 13).

During the years ended June 30, 2021 and 2020, the Organization used short-term donated facilities valued at \$111,972 and \$111,160, respectively, for storage of mobile healthcare units and pharmacy items, clinic space and office space. The donated facilities are recorded as revenue (support) and expense in the consolidated financial statements.

The Organization entered into a 15-year lease beginning February 2018 for medical clinics and office space in Corpus Christi, Texas. The lease expires in February 2033 with one 15-year option to renew. The lease requires the Organization to pay for all utility services over the term of the lease and all costs for insurance on the building after the first three years of the lease. Additionally, the Organization must maintain a maintenance reserve account of \$120,000 to be used for repair, maintenance and replacement costs of the building and other improvements over \$5,000, subject to approval by the landlord. Should the value of the account fall to less than \$50,000, the Organization must make monthly deposits into the account until the balance reaches \$50,000. Upon the termination of the lease for any reason, all remaining funds in the maintenance reserve account will be paid to the landlord at end of lease unless the landlord decides to release it to the Organization. The \$120,000 is presented on the consolidated statements of net position in security deposits. In connection with this lease agreement, the Organization discounted the value of the 15-year initial term of the lease and recorded a restricted contribution for the year ended June 30, 2018 of \$4,500,000. For the year ended June 30, 2021, long-term donated facilities expense and net assets released from restrictions totaled \$300,000.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

11. Donated facilities, services and drugs and supplies (continued):

Use of donated facility will be received as follows as of June 30, 2021:

Less than one year	\$ 300,000
One to five years	1,500,000
Thereafter	<u>1,698,904</u>
	3,498,904
Less, unamortized discount to net present value	<u>400,133</u>
Net use of donated facility	<u><u>\$ 3,098,771</u></u>

12. Indigent drug program:

The Organization participates in indigent drug programs sponsored by various drug manufacturers. These programs provide medications to low income patients suffering from chronic illness. The Organization helps the patient complete and submit the application to the drug manufacturers. The medications are sent to the Organization, which distributes them to the patient. Since the Organization has set up the medical program to provide ongoing treatment and assessment of the patient, the doctors of the Organization have discretion on what medications are prescribed. The Organization meets this discretion requirement and records the medications as revenue (support) and a corresponding expense in the consolidated financial statements. For the years ended June 30, 2021 and 2020, the Organization recognized revenue from medications received from these programs of \$1,090,037 and \$1,203,648, respectively. This amount was also recognized as expense except for the change in the medications in inventory at year end and a fire loss of \$0 and \$8,525 for the years ended June 30, 2021 and 2020, respectively. Indigent drug inventory as of June 30, 2021 and 2020 was valued at \$40,070 and \$104,232, respectively (see Notes 7 and 13).

13. Fair value measurements:

The Organization uses a framework for measuring fair value that prioritizes the inputs to valuation techniques used to measure fair value using a fair value hierarchy. The following are the major categories of assets measured at fair value on a recurring basis during the years ended June 30, 2021 and 2020: those using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2) and significant unobservable inputs (Level 3).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

13. Fair value measurements (continued):

The following is a description of the valuation methodologies used for assets measured at fair value:

Donated and indigent drug inventories (see Notes 7, 11 and 12) - Valued at current unadjusted quoted wholesale or discount supplier prices (a Level 1 measurement).

Use of donated facility (see Note 11) - The income approach utilizes valuation techniques (the present value method, a Level 2 measurement) to convert future amounts to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. The Organization discounted the value of the 15-year lease and recorded a restricted contribution for the year ended June 30, 2018 of \$4,500,000. The Organization discounted the value of the lease by the discount interest rate for the United States on February 27, 2018, the start date of the lease, which was 2.00%.

Investment, endowment fund (see Note 5) - Value at amounts reported directly by the foundation holding the investments, a Level 3 input. The Organization believes this method appropriately values the interest in the endowment fund.

Unconditional promises to give (see Note 6) - The income approach utilizes valuation techniques (the present value method, a Level 2 measurement) to convert future amounts to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. The Organization discounted future cash flows by the risk-free interest rate of 1.45% and .66% as of June 30, 2021 and 2020, respectively, to determine the net present value of the promises to give.

The carrying amount of these unconditional promises to give is reduced by an additional valuation allowance that reflects the Organization's best estimate of collectability, determined principally on the basis of historical experience while also recognizing the good faith and reliability of its donors. As of June 30, 2021 and 2020, unconditional promises to give to the Organization were discounted by an additional 8.58% and 11.58%, respectively.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

13. Fair value measurements (continued):

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30:

	2021			Total
	Level 1	Level 2	Level 3	
Donated drug inventory	\$ 886,434			\$ 886,434
Indigent drug inventory	40,070			40,070
Investments, endowment fund			\$ 5,151	5,151
Use of donated facility		\$ 3,098,771		3,098,771
Unconditional promises to give		627,505		627,505
Total assets at fair value	<u>\$ 926,504</u>	<u>\$ 3,726,276</u>	<u>\$ 5,151</u>	<u>\$ 4,657,931</u>
	2020			Total
	Level 1	Level 2	Level 3	
Donated drug inventory	\$ 791,245			\$ 791,245
Indigent drug inventory	104,232			104,232
Use of donated facility		\$ 3,332,244		3,332,244
Unconditional promises to give		305,001		305,001
Total assets at fair value	<u>\$ 895,477</u>	<u>\$ 3,637,245</u>		<u>\$ 4,532,722</u>

14. Paycheck Protection Program loan:

In April 2020, the Organization received unsecured funding totaling \$373,900 from the Paycheck Protection Program, a government program authorizing loans to small businesses and charitable not-for-profit organizations to cover payroll costs, rent and utility costs over a 24-week period. The loan may become due if the Organization uses funds for anything besides these costs or does not incur enough of qualified costs. The loan terms required monthly payments of \$19,926 beginning October 2020, including principal and interest at 1% per annum, and would mature in April 2022. However, because the Organization applied for forgiveness in August 2020, principal and interest payments were not due until the Small Business Administration remits the loan forgiveness amount or states that no loan forgiveness is allowed. In November 2020, the Organization was informed that the loan was forgiven in full and was recognized as contribution revenue as of that date.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

15. Concentration of contributions:

The Organization relies entirely on public and private donations as well as significant donated services and materials to operate. Approximately 19% and 20% of the Organization's support was provided by AmeriCares Foundation, Inc. for the years ended June 30, 2021 and 2020, respectively, all of which was in the form of donated prescription medications and medical supplies.

16. Risks and uncertainties:

During the COVID-19 pandemic, the Organization's services have generally been considered essential in nature and have not been materially interrupted. As the situation continues to evolve, the Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of their business, including how it impacts their patients, community, vendors and employees; in addition to how the COVID-19 pandemic impacts their ability to provide services to patients. The Organization believes the ultimate impact of the COVID-19 pandemic on their operating results, cash flows and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of its control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially and financially adversely impact the Organization's business.

17. Retirement plan:

The Organization operates a 401(k) plan that is funded by participant salary reductions and, if approved by the Board of Directors, discretionary contributions by the employer. The plan covers substantially all employees, although eligibility criteria are maintained. The Organization did not make any contributions for the years ended June 30, 2021 and 2020. This plan is tax exempt and has been approved by the Internal Revenue Service.

18. Subsequent events:

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 2, 2021, the date the consolidated financial statements were available to be issued.

CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES BY REGION
YEARS ENDED JUNE 30, 2021 AND 2020
(See independent auditor's report)

Grand total for all regions

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES BY REGION (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020 (See independent auditor's report)

	ARIZONA											
	2021					2020						
	Program services			Supporting services		Program services			Supporting services			
	Health Services Program	Community Connections Program	Total program	Management and general	Fundraising	Total Functional expenses	Health Services Program	Community Connections Program	Total program	Management and general	Fundraising	Total expenses
In-kind expenses:												
Donated:												
Drugs and supplies	\$ 1,545,820	\$ 12	\$ 1,545,832	\$ 17	\$ 15	\$ 1,545,864	\$ 791,272		\$ 791,272			\$ 791,272
Facilities	60,456		60,456			60,456	60,648		60,648			60,648
Lab and x-ray services	228,237		228,237			228,237	258,008		258,008			258,008
Services	311,006	937	311,943	7,406	1,972	321,321	598,911	\$ 868	599,779	\$ 5,301	\$ 1,084	606,164
Indigent drug program	33,498		33,498			33,498	22,461		22,461			22,461
Total in-kind expenses	2,179,017	949	2,179,966	7,423	1,987	2,189,376	1,731,300	868	1,732,168	5,301	1,084	1,738,553
Salaries	287,962	18,587	306,549	46,202	54,314	407,065	317,029	32,633	349,662	60,550	75,419	485,631
Consultants	54,445	11,912	66,357		95,197	161,554	35,572	10,438	46,010	7,000	20,999	74,009
Employee benefits	54,207	1,810	56,017	2,526	5,923	64,466	62,979	5,720	68,699	7,413	11,612	87,724
Payroll taxes	21,704	1,430	23,134	3,511	4,138	30,783	23,880	2,458	26,338	4,573	5,672	36,583
Depreciation	24,841	55	24,896	302	68	25,266	15,288	70	15,358	422	87	15,867
Donor development					10,126	10,126					1,789	
Insurance	28,291	225	28,516	2,951	281	31,748	27,901	72	27,973	2,616	164	30,753
Interest												
Medications and medical supplies	80,795		80,795			80,795	47,934	4,676	52,610	5,642		5,642
Occupancy	31,313	4,285	35,598	22,485	17,210	75,293	36,579	6,571	43,150	20,277	14,515	52,610
Office expenses	17,634	3,419	21,053	15,001	11,298	47,352	16,861	3,526	20,387	16,088	8,072	77,942
Postage and printing	1,779	90	1,869	785	4,214	6,868	2,767	69	2,836	104	3,898	44,547
Professional fees	33,034	2,514	35,548	14,149	67,117	116,814	20,210	9,238	29,448	11,967	56,021	97,436
Public Health Awareness Campaign	39,600		39,600			39,600	18,790		18,790			18,790
Repairs and maintenance	11,641	396	12,037	1,041	1,016	14,094	16,617	350	16,967	974	962	18,903
Travel and entertainment	415	130	545	232	398	1,175	880	472	1,352	733	1,572	3,657
Miscellaneous	1,163	28,671	29,834	91	28	29,953	3,233	7,787	11,020	492	204	11,716
	\$ 2,867,841	\$ 74,473	\$ 2,942,314	\$ 116,699	\$ 273,315	\$ 3,332,328	\$ 2,377,820	\$ 84,948	\$ 2,462,768	\$ 144,152	\$ 202,070	\$ 2,808,990
Grand total for all regions	\$ 8,491,455	\$ 86,106	\$ 8,577,561	\$ 407,470	\$ 741,252	\$ 9,726,283	\$ 9,265,065	\$ 109,679	\$ 9,374,744	\$ 436,326	\$ 645,594	\$ 10,456,664

(continued)

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES BY REGION (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020 (See independent auditor's report)

	TEXAS									
	2021					2020				
	Program services		Supporting services			Program services		Supporting services		
	Health Services Program	Community Connections Program	Total program	Management and general	Fundraising	Health Services Program	Community Connections Program	Total program	Management and general	Fundraising
In-kind expenses:										
Donated:										
Drugs and supplies	\$ 25,170	\$	\$ 25,170	\$	\$ 18	\$ 25,207	\$ 6,774	\$ 6,774	\$	\$ 6,774
Facilities							609	609		
Lab and x-ray services	627,549		627,549			627,549	1,047,112	1,047,112		
Services	176,874		176,874	1,546	1,547	179,967	329,856	329,856	\$ 1,431	\$ 1,432
Indigent drug program	1,097,916		1,097,916			1,097,916	1,118,687	1,118,687		
Total in-kind expenses	1,927,509		1,927,509	1,565	1,565	1,930,639	2,503,038	2,503,038	1,431	1,432
Salaries	291,763		291,763	72,069	89,831	453,663	306,754	306,754	72,250	73,362
Employee benefits	17,559		17,559	8,280	10,029	35,868	49,117	49,117	6,807	9,414
Payroll taxes	22,154		22,154	5,505	6,850	34,509	23,182	23,182	5,466	5,551
Depreciation	39,575		39,575	1,685	91	41,351	36,139	36,139	1,808	113
Donor development					479	479				1,697
Insurance	17,903		17,903	1,576	370	19,849	15,349	15,349	757	165
Medications and medical supplies	6,684		6,684			6,684	11,198	11,198		11,198
Occupancy	35,670		35,670	8,417	4,981	49,068	33,193	33,193	9,534	5,710
Office expenses	23,686		23,686	14,194	14,584	52,464	24,801	24,801	13,049	12,986
Postage and printing	2,628		2,628	3,097	6,840	12,565	4,006	4,006	1,115	5,209
Professional fees	5,410		5,410	3,912	49,921	59,243	5,951	5,951	3,604	48,123
Repairs and maintenance	8,121		8,121	1,453	1,317	10,891	5,766	5,766	930	927
Travel and entertainment	221		221	3,010	324	3,555	795	795	2,409	669
Miscellaneous	3,644		3,644	100	226	3,970	8,724	8,724	1,520	418
	\$ 2,402,527		\$ 2,402,527	\$ 124,863	\$ 187,408	\$ 2,714,798	\$ 3,028,013	\$ 3,028,013	\$ 120,680	\$ 165,776
Grand total for all regions	\$ 8,491,455	\$ 86,106	\$ 8,577,561	\$ 407,470	\$ 741,252	\$ 9,726,283	\$ 9,265,065	\$ 9,374,744	\$ 436,326	\$ 645,594
										\$ 10,456,664

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

JUNE 30, 2021

(See independent auditor's report)

ASSETS

	Mission of Mercy, Inc.	Mission of Mercy Arizona Health Partnership Fund	Eliminations	Totals
Current assets:				
Cash and cash equivalents	\$ 1,169,897	\$ 15,943		\$ 1,185,840
Unconditional promises to give (less allowance for uncollectible promises of \$5,249)	217,053	30,543		247,596
Use of donated facility	300,000			300,000
Inventory	945,076			945,076
Prepaid expenses	17,433			17,433
Total current assets	2,649,459	46,486		2,695,945
Property and equipment:				
Dental equipment	121,610			121,610
Medical equipment	308,464			308,464
Office equipment	45,490			45,490
Vehicles	884,588			884,588
	1,360,152			1,360,152
Accumulated depreciation	(816,664)			(816,664)
Total property and equipment	543,488			543,488
Other assets:				
Cash and cash equivalents restricted for acquisition of property and equipment	100,000			100,000
Security deposits	125,643			125,643
Investments, endowment fund	5,151			5,151
Unconditional promises to give (less allowance for uncollectible promises of \$18,621)	319,115	60,794		379,909
Use of donated facility (net of unamortized discount of \$400,133)	2,798,771			2,798,771
Total other assets	3,348,680	60,794		3,409,474
Total assets	\$ 6,541,627	\$ 107,280		\$ 6,648,907

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

JUNE 30, 2021

(See independent auditor's report)

LIABILITIES AND NET ASSETS

	Mission of Mercy, Inc.	Mission of Mercy Arizona Health Partnership Fund	Eliminations	Totals
Current liabilities:				
Accounts payable	\$ 40,970			\$ 40,970
Accrued:				
Payroll taxes	12,355			12,355
Salaries	114,154	\$ 2,013		116,167
Total current liabilities	167,479	2,013		169,492
Net assets:				
Without donor restrictions:				
Undesignated	1,583,582	13,930		1,597,512
Board designated	571,954			571,954
Total without donor restrictions	2,155,536	13,930		2,169,466
With donor restrictions	4,218,612	91,337		4,309,949
Total net assets	6,374,148	105,267		6,479,415
Total liabilities and net assets	\$ 6,541,627	\$ 107,280		\$ 6,648,907

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

JUNE 30, 2020

(See independent auditor's report)

ASSETS

	Mission of Mercy, Inc.	Mission of Mercy Arizona Health Partnership Fund	Eliminations	Totals
Current assets:				
Cash and cash equivalents	\$ 1,023,340	\$ 25,767		\$ 1,049,107
Unconditional promises to give (less allowance for uncollectible promises of \$4,115)	174,214	14,647		188,861
Use of donated facility	300,000			300,000
Inventory	903,827			903,827
Prepaid expenses	2,795			2,795
Total current assets	2,404,176	40,414		2,444,590
Property and equipment:				
Vehicle under construction	142,593			142,593
Dental equipment	115,809			115,809
Medical equipment	299,676			299,676
Office equipment	51,073			51,073
Vehicles	723,457			723,457
	1,332,608			1,332,608
Accumulated depreciation	667,053			667,053
Total property and equipment	665,555			665,555
Other assets:				
Cash and cash equivalents restricted for acquisition of property and equipment	120,693			120,693
Security deposits	124,853			124,853
Unconditional promises to give (less allowance for uncollectible promises of \$15,874)	91,810	24,330		116,140
Use of donated facility (net of unamortized discount of \$466,660)	3,032,244			3,032,244
Total other assets	3,369,600	24,330		3,393,930
Total assets	\$ 6,439,331	\$ 64,744		\$ 6,504,075

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

JUNE 30, 2020

(See independent auditor's report)

LIABILITIES AND NET ASSETS

	Mission of Mercy, Inc.	Mission of Mercy Arizona Health Partnership Fund	Eliminations	Totals
Current liabilities:				
Accounts payable	\$ 46,369	\$ 112		\$ 46,481
Accrued:				
Payroll taxes	9,501			9,501
Salaries	126,348	592		126,940
Current portion of Paycheck Protection Program loan	175,549			175,549
Total current liabilities	357,767	704		358,471
Long-term liabilities, Paycheck Protection Program loan	198,351			198,351
Total liabilities	556,118	704		556,822
Net assets:				
Without donor restrictions:				
Undesignated	1,273,530	25,063		1,298,593
Board designated	387,593			387,593
Total without donor restrictions	1,661,123	25,063		1,686,186
With donor restrictions	4,222,090	38,977		4,261,067
Total net assets	5,883,213	64,040		5,947,253
Total liabilities and net assets	\$ 6,439,331	\$ 64,744		\$ 6,504,075

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

(See independent auditor's report)

	Mission of Mercy, Inc.	Mission of Mercy Arizona Health Partnership Fund	Eliminations	Totals
Support, revenue and gains:				
Support:				
Contributions	\$ 3,571,943	\$ 186,442	\$ (110,920)	\$ 3,647,465
Donated:				
Drugs and supplies	3,289,315			3,289,315
Facilities	111,972			111,972
Lab and x-ray services	1,349,848			1,349,848
Services	840,421	6,800		847,221
Indigent drug program	1,090,037			1,090,037
Total support	10,253,536	193,242	(110,920)	10,335,858
Revenue:				
Special events	228,017	12,789		240,806
Miscellaneous revenues	2,176			2,176
Investment income	1,914			1,914
Total revenue	232,107	12,789		244,896
Gain on disposal of assets	539			539
Total support, revenue and gains	10,486,182	206,031	(110,920)	10,581,293
Expenses and losses:				
Program services	8,577,561	110,920	(110,920)	8,577,561
Management and general	387,964	19,506		407,470
Fundraising	714,646	26,606		741,252
Special events	81,603	7,772		89,375
Total expenses and losses	9,761,774	164,804	(110,920)	9,815,658
Change in net assets before donated long-term lease	724,408	41,227	-	765,635
Donated long-term lease	66,527			66,527
Long-term donated facilities expense	(300,000)			(300,000)
Total change in net assets from donated long-term lease	(233,473)			(233,473)
Change in net assets	490,935	41,227	-	532,162
Net assets:				
Beginning of year	5,883,213	64,040		5,947,253
End of year	\$ 6,374,148	\$ 105,267	\$ -	\$ 6,479,415

See notes to consolidated financial statements.

MISSION OF MERCY, INC. AND SUPPORTING ORGANIZATION

CONSOLIDATING SCHEDULES OF ACTIVITIES YEAR ENDED JUNE 30, 2020 (See independent auditor's report)

	Mission of Mercy, Inc.	Mission of Mercy Arizona Health Partnership Fund	Eliminations	Totals
Support, revenue and gains:				
Support:				
Contributions	\$ 3,445,320	\$ 133,568	\$ (97,467)	\$ 3,481,421
Donated:				
Drugs and supplies	2,992,686			2,992,686
Facilities	111,160			111,160
Lab and x-ray services	1,613,613			1,613,613
Services	1,438,290	4,000		1,442,290
Indigent drug program	1,203,648			1,203,648
Total support	10,804,717	137,568	(97,467)	10,844,818
Revenue:				
Special events	255,218			255,218
Miscellaneous revenues	10,526			10,526
Investment income	2,481			2,481
Total revenue	268,225			268,225
Gain on disposal of assets	150,816			150,816
Total support, revenue and gains	11,223,758	137,568	(97,467)	11,263,859
Expenses and losses:				
Program services	9,374,744	97,467	(97,467)	9,374,744
Management and general	414,190	22,136		436,326
Fundraising	638,080	7,514		645,594
Special events	99,240			99,240
Total expenses and losses	10,526,254	127,117	(97,467)	10,555,904
Change in net assets before donated long-term lease	697,504	10,451	-	707,955
Donated long-term lease	71,105			71,105
Long-term donated facilities expense	(300,000)			(300,000)
Total change in net assets from donated long-term lease	(228,895)			(228,895)
Change in net assets	468,609	10,451	-	479,060
Net assets:				
Beginning of year	5,414,604	53,589		5,468,193
End of year	\$ 5,883,213	\$ 64,040	\$ -	\$ 5,947,253

See notes to consolidated financial statements.