YEARS ENDED JUNE 30, 2021 AND 2020



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

YEARS ENDED JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

	Page
ndependent 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



A Professional Corporation

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

Brown Schultz Skindan's Fritz

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.

Frederick, Maryland November 2, 2021

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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	\$ 1,100,040	Ф 1,0 4 9,107
uncollectible promises of \$5,249 and \$4,115, respectively)	247,596	188,86 1
Use of donated facility	300,000	300,000
Inventory	945,076	903,827
Prepaid expenses	17,433	2,795
Tepara experises	17,755	
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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

LIABILITIES AND NET ASSETS

	2021		2020
Current liabilities: Accounts payable Accrued: Payroll taxes Salaries Current portion of Paycheck Protection Program loan	\$ 40,970 12,355 116,167	\$	46,481 9,501 126,940 175,549
Total current liabilities	169,492		358,471
Long-term liabilities, Paycheck Protection Program loan	 	<u></u>	198,351
Total liablities	 169,492		556,822

Net assets:	
Without donor	re

Total liabilities and net assets	\$ 6,648,907	\$ 6,504,075
Total net assets	6,479,415	5,947,253
With donor restrictions	4,309,949	4,261,067
Total without donor restrictions	2,169,466	1,686,186
Without donor restrictions: Undesignated Board designated	1,597,512 571,954	1,298,593 387,593

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

		2021			2020	
	Without donor	With donor		Without donor	With donor	
	restrictions	restrictions	Total	restrictions	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 satisifed by payments and expiration of time	681,483	(681,483)	ı	689,661	(689,661)	ı
Total support, revenue and gains	10,298,938	282,355	10,581,293	11,287,301	(23,442)	11,263,859

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

		2021			2020	
	Without donor	With donor		Without donor	With donor	
	restrictions	restrictions	Total	restrictions	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		
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 Lease restrictions satisfied by		66,527	66,527		71,105	71,105
expiration of time	300,000	(300,000)	ı	300,000	(300,000)	r
Long-term donated facilities expense	(300,000)		(300,000)	(300,000)		(300,000)
Total changes in net assets from						
uonated 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
		The state of the s				

See notes to consolidated financial statements.

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

Program services Program ser			Pondram conjuct	2021						50	2020		
Health Services Connections Floridations Program Program Total program Analogement Program			Community		unloddne	ig services			Program services		Supportin	g services	
\$ 3,193,166 \$ 113,193,166 \$ 113,193,166 \$ 113,193,166 \$ 3,193,166 \$ 3,193,166 \$ 3,193,166 \$ 3,193,166 \$ 1,193,172 9,4647 \$ 1,153,133 \$ 1,154,192 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 1,136,139 \$ 4,004 \$ \$ 4,004 \$ 1,136,139 \$ 4,004 \$ \$ 4,004 \$ \$ 4,004 \$ \$ 4,004 \$ \$ 4,004 \$ \$ \$ \$ 1,120,139 \$ 1,130,139 \$ 1,130,139 \$ 1,130,139 \$ 1,130,139 \$<		Health Services Program	Connections Program	Total program	Management and general	Fundraising	Total functional expenses	Health Services Program	Connections Program	Total program	Management and general	Fundraising	Total functional expenses
\$ 3193,166 \$ 13,93,166 \$ 1,93,166 \$ 3,193,176 \$ 3,193,176 \$ 3,193,176 \$ 3,193,176 \$ 3,193,177 \$ 4,647 \$ 1,613,613 <th< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th<>													
1,154,199 1,54,199	S	\$ 3,193,166		3,193,1	\$ 54	\$ 893	\$ 3,194,126	\$ 3,036,571		\$ 3.036.571			¥רז אַכּט כ
1,124,196 1,12		95,459		95,459	16,513		111,972	94,647		94 647	\$ 16513		3,030,571
6.623_532 1,136,199 16,21,99 1,135,199 1,135,199 1,135,199 1,135,199 1,135,199 1,1320,991 4,004 7,007 4,967 1,154,199 1,220,991 1,1320,991 1,1320,991 1,1320,991 4,004 7,134,199 1,1320,991 1,1320,991 4,004 7,134,199 1,1320,991 1,1320,991 4,004 7,134,199 1,1320,991 1,1320,991 4,004 7,134,199 1,1320,991 4,004 7,009 2,005 4,004 7,000 2,005 4,004 7,000 2,005 4,004 7,000 2,005 4,004 7,000 2,005 4,004 7,000 2,005 2,005 2,005 2,005 2,005 2,005 2,005 2,005 2,005 2,006 2,005 2,00	ices	1,349,848		1,349,848			1,349,848	1,613,613		1.613.613	515,01		1612613
6,623,532 1,007 6,624,539 26,967 5,860 6,637,366 7,393,220 1,315 7,394,535 26,006 4,004 7 986,233 2,4871 1,011,104 194,836 290,511 1,496,451 1,013,470 48,010 1,061,480 206,449 205,591 5,446 1,912 66,357 2,4463 3,954 146,354 35,72 10,438 46,010 7,000 20,999 76,114 1,928 8,8976 2,4463 3,954 146,354 3,517 10,438 46,010 7,000 20,999 76,114 1,928 78,042 15,082 22,595 115,719 7,688 15,919 20,999 76,114 1,928 78,042 15,082 22,595 115,719 7,688 2,914 3,905 69,114 2,396 69,353 7,020 999 7,746 62,847 10,909 20,945 11,138 3,905 13,906 13,906 13,906 13,906 13,906 13,906 </td <td>E</td> <td>830,860 1,154,199</td> <td>994</td> <td>831,854 1,154,199</td> <td>10,400</td> <td>4,967</td> <td>847,221</td> <td>1,427,398</td> <td>\$ 1,315</td> <td>1,428,713</td> <td>9,573</td> <td></td> <td>1,442,290</td>	E	830,860 1,154,199	994	831,854 1,154,199	10,400	4,967	847,221	1,427,398	\$ 1,315	1,428,713	9,573		1,442,290
986,233 24,871 1,011,104 194,836 290,511 1,496,451 1,013,470 48,010 1,061,480 206,449 295,591 1,013,470 54,445 11,912 66,337 24,463 33,934 161,554 35,572 10,438 46,010 7,000 20,999 88,126 1,820 88,976 24,463 33,934 148,393 152,815 6,508 159,233 25,919 39,992 76,114 1,928 78,042 15,082 22,595 115,719 76,885 3,630 80,485 15,699 22,475 152,756 1,928 16,823 16,823 115,719 76,885 3,630 80,485 15,919 3,919 152,756 1,821 1,6821 16,823 16,823 1,6583 2,445 3,919 152,146 2,476 2,4463 33,934 19,821 1,696 13,888 2,914 306 113,279 4,477 2,484 12,724 40,024 112,746 37,138	es	6,623,532	1,007	6,624,539	26,967	5,860	6,657,366	7,393,220	1,315	7,394,535	26,086	4,004	7.424,625
54,445 11,912 66,337 33,954 148,333 1,013,410 1,0101,480 206,449 295,591 1,1 88,126 1,480 89,76 24,463 33,954 148,333 152,812 6,608 199,323 25,919 20,999 88,126 1,480 89,76 24,463 33,954 148,333 152,812 6,608 159,323 25,919 20,999 152,756 18 152,814 2,476 24,463 33,954 16,825 3,630 80,485 15,699 22,425 152,756 18 16,821 2,558 16,719 7,685 3,630 80,485 15,699 22,425 69,114 239 69,353 7,020 999 7,737 62,847 109 62,956 4,371 31,869 113,579 6,475 120,048 210,220 112,729 9,159 121,888 48,371 33,468 6,090 66,354 4,977 4,094 210,220 112,729 9,159 </td <td></td> <td>986,233</td> <td>24.871</td> <td>1.011.104</td> <td>194.836</td> <td>290 511</td> <td>1 406 451</td> <td>017</td> <td>2</td> <td></td> <td>:</td> <td></td> <td></td>		986,233	24.871	1.011.104	194.836	290 511	1 406 451	017	2		:		
83,442 1,712 60,357 96,397 161,554 33,572 10,438 46,010 7,000 20,999 7,116 1,850 89,976 24,463 33,954 148,393 15,2815 6,508 159,323 25,919 39,192 76,114 1,928 76,814 2,476 24,463 33,954 148,385 15,632 25,919 39,192 75,756 8 152,814 2,476 24 15,534 138,782 106 138,888 2,914 39,192 152,746 2 24 16,821 10,821 65,847 109 62,956 4,371 514 122,146 2 2 10,821 10,821 10,821 13,869 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 14,772 12,146 93,720 46,76 93,17 46,56 84,379 14,660 14,760 35,992 44,505 33,468 46,76 11,749 12,744 4		FA 440			2	10,000	1,440,451	1,013,4/0	48,010	1,061,480	206,449	295,591	1,563,520
88,14b 1,850 89,976 24,463 33,954 148,393 15,2815 6,508 15,9323 25,919 39,192 76,114 1,928 78,042 15,082 22,595 115,719 7,685 3,630 80,485 15,559 22,425 152,756 58 152,814 2,476 2,476 10,821 10,821 106 138,88 2,914 308 69,114 239 6,353 7,020 999 77,372 62,847 109 62,956 4,371 514 112,796 6,475 120,054 5,072 40,094 210,220 4,676 98,396 48,379 37,16 6,534 4,927 7,281 42,002 40,094 210,220 112,729 9,159 42,178 34,68 6,090 96 6,186 11,151 38,945 56,282 9,139 72,399 44,505 33,992 45,11 3,055 48,166 21,736 15,146 37,20 40,590		34,445	716,11	66,357		95,197	161,554	35,572	10,438	46,010	2,000	20,999	74.009
76,114 1,928 78,042 15,082 22,595 115,719 76,855 3,630 80,485 15,659 22,425 152,756 58 15,2814 2,476 244 155,534 138,782 106 138,888 2,914 308 69,114 239 69,353 7,020 999 77,372 62,847 109 62,956 4,371 514 122,146 135,79 6,475 120,054 50,072 40,094 210,220 112,729 9,159 17,188 48,379 37,116 66,354 4,927 71,281 43,264 42,702 157,247 67,086 5,313 72,399 44,505 33,468 6,09 6,186 11,151 38,945 56,282 9,113 104 9,217 6,642 35,992 45,111 3,055 48,166 21,736 15,146 32,104 30,280 10,310 40,590 18,790 18,790 30,453 7,081 39,000 34,00		98,126	1,850	89,976	24,463	33,954	148,393	152,815	6,508	159,323	25,919	39.192	774.434
152,756 58 152,814 2,476 244 155,534 138,782 106 138,888 2,914 308 3,905 3,9		/6,114	1,928	78,042	15,082	22,595	115,719	76,855	3,630	80,485	15,659	22,425	118,569
69,114 239 69,353 7,020 999 77,372 62,847 109 62,956 4,371 514 122,146 122,146 122,146 93,720 4,676 98,396 13,969 13,969 113,579 6,475 120,054 5,0072 40,094 210,220 112,729 9,159 121,888 48,379 37,116 20 66,354 4,927 71,281 43,264 42,702 157,247 67,086 5,313 72,399 44,505 33,468 16 6,030 96 6,186 11,151 38,945 56,282 9,113 104 9,217 6,642 35,992 45,111 3,055 48,166 21,736 151,146 221,048 30,280 10,310 40,590 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 12,734 12,734 40,750 12,744 13,790 18,790 18,790 18,790 18,790 18,790		152,756	28	152,814	2,476	244	155,534	138,782	106	138,888	2,914	308	142.110
69,114 239 69,553 7,020 999 77,372 62,847 109 62,956 4,371 514 122,146 122,146 122,146 93,720 4,676 98,396 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 13,969 14,505 13,969 14,505 13,468 14,505						10,821	10,821					3.905	3 905
122,146 122,146 93,720 4,676 98,396 13,969 113,579 6,475 120,054 50,072 40,094 210,220 112,729 4,676 98,396 48,379 37,116 2 6,934 4,927 71,281 43,264 42,702 157,247 67,086 5,313 72,399 48,379 37,116 2 6,090 96 6,186 11,151 38,945 56,282 9,113 104 9,217 6,642 35,992 45,111 3,055 48,166 21,736 151,146 221,048 30,280 10,310 40,590 18,597 138,754 1 39,600 30,453 750 31,203 5,124 3,779 40,106 33,298 1,150 34,448 6,537 4,532 7,681 18 7,881 7,248 3,741 3,409 7,835 10,121 28,800 38,921 327 39,30 19,240 8,171 3,409 7,835 <td></td> <td>69,114</td> <td>239</td> <td>69,353</td> <td>7,020</td> <td>666</td> <td>77,372</td> <td>62,847</td> <td>109</td> <td>62,956</td> <td>4,371</td> <td>514</td> <td>67,841</td>		69,114	239	69,353	7,020	666	77,372	62,847	109	62,956	4,371	514	67,841
122,146	the state of the s	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		•							13,969		13,969
113,579 6,475 120,054 50,072 40,094 210,220 112,729 9,159 121,888 48,379 37,116 2 66,354 4,927 71,281 43,264 42,702 157,247 67,086 5,313 72,399 44,505 33,468 1 6,090 96 6,186 11,151 38,945 56,282 9,113 104 9,217 6,642 35,992 45,111 3,055 48,166 21,736 151,146 221,048 30,280 10,310 40,590 18,597 138,754 1 30,453 750 31,000 5,124 37,79 40,106 33,298 1,150 34,488 6,537 4,532 7,681 138,790 31,203 5,124 3,779 40,106 33,298 1,150 34,488 6,537 4,532 7,681 188 4,752 4,023 19,594 7,248 5,549 7,835 10,121 28,800 38,921 527	eacai supplies	122,146		122,146			122,146	93,720	4,676	98,396			98.396
66,334 4,927 71,281 43,264 42,702 157,247 67,086 5,313 72,399 44,505 33,468 17 6,090 96 6,186 11,151 38,945 56,282 9,113 104 9,217 6,642 35,992 45,111 3,055 48,166 21,736 15,146 221,048 30,280 10,310 40,590 18,557 138,754 1 39,430 39,430 15,146 221,048 30,280 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,522 4,523 4,523 4,523 4,523 4,523 4,523 4,523 4,523 4,523 4,523 3,503 19,240 8,171 27,411 3,40 6,		9/4/5/1	6,475	120,054	50,072	40,094	210,220	112,729	9,159	121,888	48,379	37.116	207.383
6,090 96 6,186 11,151 38,945 56,282 9,113 104 9,217 6,642 35,992 45,111 3,055 48,166 21,736 15,146 221,048 30,280 10,310 40,590 18,957 138,754 139,750 30,453 750 31,24 3,779 40,106 33,298 1,150 34,448 6,537 4,532 7,885 10,121 28,800 38,921 5,7 382 39,830 19,240 8,171 27,411 3,900 6,500 6		66,354	4,927	71,281	43,264	42,702	157,247	62,086	5,313	72,399	44,505	33.468	150 372
45,111 3,055 48,166 21,736 15,146 221,048 30,280 10,310 40,590 18,957 138,754 1 39,600 39,600 18,790	ent)	060'9	96	6,185	11,151	38,945	56,282	9,113	104	9,217	6,642	35,997	51.851
39,600 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 18,790 19,791 18		45,111	3,055	48,166	21,736	151,146	221,048	30.280	10.310	40.590	18 957	138.754	100,10
30,453 750 31,203 5,124 3,779 40,106 33,288 1,150 34,448 6,537 4,532 7,681 138 7,819 4,752 4,023 16,594 7,248 680 7,928 5,549 7,835 10,121 28,800 38,921 527 382 39,830 19,240 8,171 27,411 3,90 o.co	ness campaign	39,600		39,600			39,600	18.790	1	18 790	refe.	1000	100,000
7,681 138 7,819 4,752 4,023 16,594 7,248 680 7,928 5,549 7,835 10,121 28,800 38,921 527 382 39,830 19,240 8,171 27,411 3,940 0,540	hance	30,453	750	31,203	5,124	3,779	40 106	33.298	1 150	34 448	6 537	7 537	10,730
28,800 38,921 527 382 39,830 19,240 8,171 27,411 3,400 oca	ıment	7,681	138	7,819	4,752	4,023	16.594	7.248	089	7 978	65.5	7007	45,517
		10,121	28,800	38,921	527	382	39,830	19,240	8.171	27.411	390	050	215,12

10,456,664

9,265,065 \$ 109,679 \$ 9,374,744 \$ 436,326 \$ 645,594 \$

\$ 8,491,425 \$ 86,106 \$ 8,577,561 \$ 407,470 \$ 741,252 \$ 9,726,283 \$

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
	3,190,806	3,575,755
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
	3,041,048	3,028,468
Net cash provided by operating activities	149,758	547,287
Cash flows from investing activities: Inflows:		
Insurance proceeds		266,658
Proceeds from sale of assets	1,700	2,000
	1,700	268,658
Outflows, purchase of property and equipment	34,628	202,444
Net cash provided by (used in) investing activities	(32,928)	66,214

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 Proceeds from Paycheck Protection Program			\$	57,495 373,900
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	<u>\$</u>	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	<u>\$</u>	1,294,653
Supplemental disclosures of noncash investing and financing activities: Investment in community foundation endowment fund During 2021, the Organization received forgiveness of it's Paycheck Protection	\$	5,151		
Program (PPP) loan balance of \$373,900		373,900		

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.

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.

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.

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.

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.

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.

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:

	2021	2020
Financial assets due within one year: Cash and cash equivalents Unconditional promises to give, current portion	\$ 1,185,840 247,596	\$ 1,049,107 188,861
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	571,954	387,593
	\$ 700,654	\$ 636,970

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.

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	\$	5 -
Investment income (net), interes income, gains, and fees		151
Principal additions		5,000
Investment, endowment, end of year	_\$ 	5,151

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

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

Unconditional promises to give (continued):

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

		2021	2020
	Arizona Maryland/Pennsylvania Texas	\$ 182,819 347,059 97,627	\$ 120,615 144,028 40,358
		\$ 627,505	\$ 305,001
7.	Inventory:		
	Inventory consisted of the following as of June 30:		
		2021	2020
	Purchased drugs and other medical supplies Donated drugs and other medical supplies (see Note 11) Indigent drugs (see Note 12) Pharmacy gift cards	\$ 13,877 886,434 40,070 4,695	\$ 8,350 791,245 104,232
		\$ 945,076	\$ 903,827

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.

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:

	Martin	2021		2020
Arizona:			11	
Clinics	\$	115 001	.	124070
Diabetes management program	Ф	115,981 104,420	\$	134,970
Equipment repairs		104,420		82,709
Flu vaccine		9.000		5,181
Hepatitis A vaccine		8,000		F 260
Purchase of new mobile van and east valley expansion in Arizona		5,360		5,360
Mission of Mercy Arizona Health Partnership Fund, Arizona clinics		100,000		128,949
Endowment to be held in perpetuity (see note 5)		91,337		38,977
		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		20,043
Medication		11,616		10,984
Technology upgrade		11,010		3,256
Vision clinic equipment				1,744
Use of donated facility (see Note 11)	3	,098,771	2	,332,244
, , , , , , , , , , , , , , , , , , , ,	,	,030,771	5	,332,244
Other, nonprofit standards for excellence accreditation	-	500		500
	\$ 4	,309,949	\$ 4	,261,067

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	12,402
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.

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.

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	1,698,904
Local transportion of the	3,498,904
Less, unamortized discount to net present value	400,133
Net use of donated facility	_\$ 3,098,771

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.

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.

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:

	***	202	1	
	Level 1	Level 2	Level 3	Total
Donated drug inventory Indigent drug inventory Investments, endowment fund	\$ 886,434 40,070		¢ E 1E1	\$ 886,434 40,070
Use of donated facility		\$ 3,098,771	\$ 5,151	5,151 3,098,771
Unconditional promises to give		627,505		627,505
Total assets at fair value	\$ 926,504	\$ 3,726,276	\$ 5,151	\$ 4,657,931
		202	0	
	Level 1	Level 2	Level 3	Total
Donated drug inventory Indigent drug inventory Use of donated facility Unconditional promises to give	\$ 791,245 104,232	\$ 3,332,244 305,001		\$ 791,245 104,232 3,332,244 305,001
Total assets at fair value	\$ 895,477	\$ 3,637,245		\$ 4,532,722

14. Paycheck Protection Program Ioan:

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.

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)

MARYLAND/PENNSYLVANIA

					AKYLAND/PE	MAKYLAND/PENNSYLVANIA						
			2021	21					2020			
	o.	Program services		Supporti	Supporting services		ā	Program services		Supporting services	zservices	
	Health Services	Connections		Management		Total functional	Health Services	Community		, and a second		ŀ
	Program	Program	Total program	and general	Fundraising	expenses	Program	Program	Total program	and general	Fundraising	lotal expenses
In-kind expenses:												
Drugs and supplies	\$ 1,622,176	÷	\$ 1,622,177	\$	\$ 860	\$ 1.623.055	\$ 2238525		מכים פכר כר			
Facilities	35,003		35,003	16,513		51,516	33,390		33,390	\$ 16.513		\$ 2,238,525 49,903
Lab and x-ray services	494,062		494,062			494,062	308,493		308,493			308,493
Services	342,980	57	343,037	1,448	1,448	345,933	498,631	\$ 447	499,078	2.841	1 488	503,407
indigent andg program	22,785		22,785			22,785	79,843		79,843	:) i		79,843
Total in-kind expenses	2,517,006	28	2,517,064	17,979	2,308	2,537,351	3,158,882	447	3,159,329	19,354	1.488	3.180.171
Salaries	406,508	6,284	412,792	76.565	146.366	635 723	799 086	450 34				
Employee benefits	16,360	40	16.400	13657	18,000	27,000	100,600	175,01	40,504	/3,649	146,810	625,523
Payroll taxes	32 256	408	אשר כב	1000	10,002	46,039	40,719	788	41,507	11,699	18,166	71,372
Depreciation	88 340	,	#C / 20 E / C 00	0,000	11,607	50,427	29,793	1,172	30,965	5,620	11,202	47,787
Donor development		,	242,50	404	0 50 0 7	716'88	87,355	36	87,391	684	108	88,183
Insurance	026.62	14	120 65	7,400	212	276					419	419
Interest			400177	2,493	348	22/1/5	19,597	37	19,634	866	185	20,817
Medications and medical supplies	34.667		34 667			1				8,327		8,327
Occupancy	46 596	7 197	200,40	6		34,65/	34,588		34,588			34,588
Office expenses	25.034	1,508	26 5/12	14.060	17,503	82,829	42,957	2,588	45,545	18,568	16,891	81,004
Postage and printing	1.683	9	1680	14,003	19,020	57,431	25,424	1,787	27,211	15,368	12,410	54,989
Professional fees	6.667	. 152	200,1 80c 7	207'/	27,691	35,849	2,340	32	2,375	5,423	26,885	34,683
Repairs and maintenance	10 691	777	11,045	0,000	34,108	44,991	4,119	1,072	5,191	3,386	34,610	43,187
Travel and entertainment	7 045	ָרְ סְּ	100	2,030	1,445	15,121	10,915	800	11,715	4,633	2,643	18,991
Miscellaneous	540,7 540,7	0 5	55N'/	012,1	3,301	11,864	5,573	208	5,781	2,407	5,594	13.782
	2,314	67	5,443	336	128	5,907	7,283	384	7,667	1,378	337	9,382
	\$ 3,221,087	\$ 11,633	\$ 3,232,720	\$ 165,908	\$ 280,529	\$ 3,679,157	\$ 3,859,232	\$ 24,731	\$ 3,883,963	\$ 171,494	\$ 277,748	\$ 4,333,205
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	\$ 645 504	¢ 10 456 664
						=	27777			1	460,000	+00'00+'01

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

					ARIZONA	AN						
				2021					2020			
		Program services	S	Supportin	Supporting services		ď	Program services		Sunnorting services	y spruices	
	Health Services	Community		Management		Total Functional	Hoolth Compose	Community			6	
	Program	Program	Total program	and general	Fundraising	expenses	Program	Program	Total program	Management and general	Fundraising	Total
In-kind expenses: Donated:												
Drugs and supplies	\$ 1,545,820	\$ 12	\$ 1,545,832	\$ 17	\$ 15	\$ 1,545,864	\$ 791.272		5 701 272			4
Facilities	60,456		60,456			60,456	60,648		60.648			2/7,18/ *
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	226,000
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	898	1,732,168	5,301	1,084	1,738,553
Safaries	287.962	18.587	306 549	505.30	7,07,0	100	1	;				
Consultants	54 445	11 912	50000	40,202	410,40	407,065	317,029	32,633	349,662	60,550	75,419	485,631
Frankovee henefits	56.507	2 6 6	700'00	9	761,58	161,554	35,572	10,438	46,010	7,000	20,999	74,009
Payroll taxes	707/tC	1,810	720,037	2,526	5,923	64,466	62,979	5,720	669'89	7,413	11,612	87.724
Pepreciation	21,704	1,430	23,134	3,511	4,138	30,783	23,880	2,458	26,338	4,573	5,672	36.583
Donor development	74,041	ņ	24,896	302	89	25,266	15,288	70	15,358	422	87	15.867
Insurance	100 80	, c		į	10,126	10,126					1,789	1,789
Interest	167'07	C77	415,82	2,951	281	31,748	27,901	72	27,973	2,616	164	30,753
Medications and medical supplies	80.795		307.09			1	!			5,642		5,642
Occupancy	31 313	20C P	002.70	100	,	80,795	47,934	4,676	52,610			52,610
Office expenses	17.634	027/2	00,000	22,485	012,/1	75,293	36,579	6,571	43,150	20,277	14,515	77,942
Postage and printing	977.1	n c	21,033	100,61	11,298	47,352	16,861	3,526	20,387	16,088	8,072	44,547
Professional fees	6774- 820.58	06 07 07	988,1	8	4,214	6,868	2,767	69	2,836	194	3,898	6,838
Public Health Awareness Campaign	ממש מכי	41.0.7	35,048	14,149	67,117	116,814	20,210	9,238	29,448	11,967	56,021	97,436
Renairs and maintenance	11,641	C	39,600			39,600	18,790		18,790			18,790
Travel and constainment	140,11	S :	12,037	1,041	1,016	14,094	16,617	320	16,967	974	962	18 903
Mirrollanderin	414	130	545	232	398	1,175	880	472	1,352	733	1.572	3,657
MISCERNIECUS	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		NV_ NZE 0 \$	4 456 376		
					\$) ()	2	=======================================	6/2/521	P	07C'0CH +	\$ 045,594	\$ 10,455,654

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

					TEXAS	s						
				2021					חבטכ			
	Pro	Program services	2	Supporti	Supporting services		n	Program convices				
		Community						Community		Sapporting services	s services	
	Health Services Program	Connections Program	Total program	Management and general	Fundraising	Total Functional expenses	Health Services Program	Connections Program	Total program	Management and general	Fundraising	Total
In-kind expenses:	3										0	
Donated:												
Drugs and supplies Facilities	\$ 25,170		\$ 25,170	\$ 19	\$ 18	\$ 25,207	\$ 6,774		\$ 6,774			\$ 6.774
Lab and x-ray services	627 549		077 543				609		609			609
Services	A 10 27 1		640,720	;		627,549	1,047,112		1,047,112			1.047,112
Indigent drug program	1,00,014		1/b,8/4	1,546	1,547	179,967	329,856		329,856	\$ 1,431	\$ 1,432	332,719
	1,037,916		1,097,916			1,097,916	1,118,687		1,118,687			1,118,687
Total in-kind expenses	1,927,509		1,927,509	1.565	1.565	1 930 629	200 003 0					
				!	2000	Cep'ore'	2,500,505,056		2,503,038	1,431	1,432	2,505,901
Salaries	291,763		291,763	72,069	89.831	453,663	306 754		11.000	i d	1	
Employee benefits	17,559		17 559	8 280	00004	מסיורל	300,04		306,754	72,250	73,362	452,366
Payroli taxes	22 154		22,45	0,200	10,029	33,868	49,117		49,117	6,807	9,414	65,338
Depreciation	39 676		451,24 70,737	טוכיט	058,4	34,509	23,182		23,182	5,466	5,551	34,199
Donor development	010,00		3,5,5	7,685	<u>6</u>	41,351	36,139		36,139	1,808	113	38,060
Insurance	500 71		100	į	479	479					1,697	1,697
Medications and medical supplies	505,7:		506'/!	1,5/6	370	19,849	15,349		15,349	757	165	16 273
Occupanov	ליים ה ליים ה		6,684			6,684	11,198		11,198			11 198
Office expenses	0/9/00		35,670	8,417	4,981	49,068	33,193		33,193	9,534	5.710	48 437
Doctors and principa	23,000		23,686	14,194	14,584	52,464	24,801		24.801	13.049	12 986	50,00
Professional face	2,628		2,628	3,097	6,840	12,565	4,006		4,006	1.115	5.209	10,330
Don't and maintain	5,410		5,410	3,912	49,921	59,243	5,951		5,951	3,604	48 123	0CE,01
Terrain and mannenance	8,121		8,121	1,453	1,317	10.891	5,766		7,766	teoti	100	0,070
iravei and entertainment	221		221	3,010	324	3.555	795		200	7 400	176	1,023
Miscellaneous	3,644		3,644	100	226	3 970	, a		5 t	2,409	699	3,873
		•					+7710	•	6,724	1,520	418	10,662
	\$ 2,402,527	11	\$ 2,402,527	\$ 124,863	\$ 187,408	\$ 2,714,798	\$ 3,028,013	,	\$ 3,028,013	\$ 120,680	\$ 165,776	\$ 3,314,469
Grand total for all regions	\$ 8.491.455 \$	86 106	9 577 564									***************************************
,	- ::	20,100	10C'//C'0 +	\$ 40/,4/U	\$ /41,252	\$ 9,726,283	\$ 9,265,065	\$ 109,679	\$ 9,374,744	\$ 436,326	\$ 645.594	\$ 10,456,664

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 Unconditional promises to give (less allowance for	\$ 1,169,897	\$ 15,943		\$ 1,185,840
uncollectible promises of \$5,249)	217,053	30,543		247,596
Use of donated facility	300,000	30,343		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) Use of donated facility (net of unamortized discount of	319,115	60,794		379,909
\$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

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 Accrued:	\$ 40,970			\$ 40,970
Payroll taxes Salaries	12,355 114,154	\$ 2,013		12,355 116,167
Total current liabilities	167,479	2,013		169,492
Net assets:				
Without donor restrictions: Undesignated Board designated	1,583,582 571,954	13,930		1,597,512 571,954
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

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 Unconditional promises to give (less allowance for	\$ 1,023,340	\$ 25,767		\$ 1,049,107
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
w		***************************************		
Total current assets	2,404,176	40,414		2,444,590
Property and equipment:				
Vehicle under construction	4.42.500			
Dental equipment	142,593			142,593
Medical equipment	115,809			115,809
Office equipment	299,676			299,676
Vehicles	51,073			51,073
va.nates	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 acqusition of property				
and equipment	120,693			120.602
Security deposits	124,853			120,693
Unconditional promises to give (less allowance for	12-7,022			124,853
uncollectible promises of \$15,874)	91,810	24,330		116 140
Use of donated facility (net of	21,010	24,330		116,140
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

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 Accrued:	\$ 46,369	\$ 112		\$ 46,481
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

CONSOLIDATING SCHEDULES OF ACTIVITIES YEAR ENDED JUNE 30, 2021 (See independent auditor's report)

Support: revenue and gains: Support: Contributions \$ 3,571,943 \$ 186,442 \$ (110,920) \$ 3,647,465 Donated: 3,289,315 \$ 186,642 \$ (110,920) \$ 3,647,465 Drugs and supplies 3,289,315 \$ 111,972 \$ 111,972 \$ 111,972 \$ 111,972 \$ 111,972 \$ 143,484 \$ 6,800 \$ 847,221 \$ 111,992 \$ 447,221 \$ 10,903,037		Mission of Mercy, Inc.		A	ission of Mercy Arizona Health Irtnership Fund	Eliminations		Totals
Contributions \$ 3,571,943 \$ 186,442 \$ (110,920) \$ 3,647,465 Donated: 3,289,315 3,289,315 3,289,315 3,289,315 3,289,315 3,289,315 111,972 111,990,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,900,937 10,930,932 10,930	Support, revenue and gains:							
Donated: 3,289,315 3,289,315 3,289,315 3,289,315 111,972 111,972 111,972 111,972 111,972 114,98,484 1,349,848 1,349,848 1,349,848 1,349,848 840,421 6,800 847,221 1,090,037 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000 1,091,000	Support:							
Donated: 3,289,315 3,289,315 3,289,315 3,289,315 3,289,315 3,289,315 111,972 1111,972 1111,972 1111,972 1111,972 1111,972 1111,972 1111,972 1111,972 111,972 111,972 111,972 111,972 111,972 111,972 111,972 111,972 111,972 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 10,90,933 240,806 10,90,803 10,90 10,933,5858 10,90 10,90,803 10,90 10,90,803 10,90 10,90 240,806 10,90 </td <td>Contributions</td> <td>\$</td> <td>3,571,943</td> <td>\$</td> <td>186.442</td> <td>\$ (110.920)</td> <td>¢</td> <td>3 647 465</td>	Contributions	\$	3,571,943	\$	186.442	\$ (110.920)	¢	3 647 465
Facilities 111,972 111,972 Lab and x-ray services 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 2,178 2,176 Investment income 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 66,527 Long-term donated facilities expense (300,000) Total change in net assets from donated long-term lease (233,473) 41,227 532,162 Net assets: Beginning of year 5,883,213 64,040 5,947,255	Donated:			7	100,442	4 (110,320)	4	3,047,403
Facilities 111,972 111,972 111,972 111,972 111,972 111,972 111,972 111,972 111,972 111,972 111,972 111,972 111,972 12,49,848 1,349,848 1,349,848 1,349,848 1,090,037 10,090,000 10,090,000 10,090,000 10,090,000 10,090,000 10,090,000 10,090,000 10,090,000,000 10,090,000,000 10,090,000,000,000,000,000 10,090,000,000,000,000,000 10,090,000,000,000,000,000,000,000,000,0	Drugs and supplies		3,289,315					3 780 315
Lab and x-ray services 1,349,848 840,421 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: Revenue: Special events 228,017 12,789 240,806 Miscellaneous revenues 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 337,964 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 66,527 Long-term donated facilities expense (300,000) Total change in net assets from donated long-term lease (233,473) Change in net assets from donated long-term lease (233,473) Change in net assets From donated long-term lease (233,473) Change in net assets From donated long-term lease (300,000) Total expenses Special events (300,000) Total expenses Special events (300,000) Total expenses Special events (300,000) Special events (300,000) Special events (300,000) Total expense Special events (300,000) Special events (300,000)	Facilities							
Services 840,421 6,800 847,221 Indigent drug program 1,090,037 1,090,037 1,090,037 Total support 10,253,536 193,242 (110,920) 10,335,858 Revenue: 28,017 12,789 240,806 Special events 2,176 1,914 1,914 Investment income 1,914 1,914 1,914 Total revenue 232,107 12,789 244,896 Gain on disposal of assets 539 244,896 Gain on disposal of assets 539 10,942 10,581,293 Expenses and losses: 8,577,561 110,920 10,581,293 Expenses and losses: 8,577,561 110,920 8,577,561 Management and general 387,964 19,506 407,470 Fundralsing 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	Lab and x-ray services							
Indigent drug program 1,090,037 1,090,037 Total support 10,253,536 193,242 (110,920) 10,335,858 Revenue: 228,017 12,789 240,806 Miscellaneous revenues 2,176 2,176 1,914 Investment income 1,914 12,789 244,896 Gain on disposal of assets 539 244,896 Gain on disposal of assets 539 10,920 10,581,293 Total support, revenue and gains 10,486,182 206,031 (110,920) 8,577,561 Special events 8,577,561 110,920 8,577,561 407,470 <t< td=""><td></td><td></td><td></td><td></td><td>6.800</td><td></td><td></td><td></td></t<>					6.800			
Revenue: Special events 228,017 12,789 240,806 Miscellaneous revenues 2,176 2,176 2,176 Investment income 1,914 1,914 1,914 Total revenue 232,107 12,789 244,896 Gain on disposal of assets 539 206,031 (110,920) 10,581,293 Expenses and lossests 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 66,527 66,527 66,527 Long-term donated facilities expense (300,000) (300,000) (233,473) Change in net assets from donated long-term lease (233,473) 41,227 532,162 <td< td=""><td>Indigent drug program</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Indigent drug program							
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 26,031 (110,920) 10,581,293 Total support, revenue and gains 10,486,182 206,031 (110,920) 10,581,293 Expenses and losses: 8,577,561 110,920 (110,920) 8,577,561 Program services 8,577,561 110,920 (110,920) 8,577,561 Management and general 387,964 19,506 407,470 408,470 407,470 407,470 407,470 407,470 408,470 407,470	Total support		10,253,536		193,242	(110,920)		10,335,858
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 26,031 (110,920) 10,581,293 Total support, revenue and gains 10,486,182 206,031 (110,920) 10,581,293 Expenses and losses: 8,577,561 110,920 (110,920) 8,577,561 Program services 8,577,561 110,920 (110,920) 8,577,561 Management and general 387,964 19,506 407,470 408,470 407,470 407,470 407,470 407,470 408,470 407,470	Revenue:							
Miscellaneous revenues Investment income 2,176 Investment Income 2,244,896 Gain on disposal of assets 539 206,031 (110,920) 10,581,293 Total support, revenue and gains 10,486,182 206,031 (110,920) 8,577,561 Expenses and losses: 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 66,527 66,527 66,527 Long-term donated facilities expense (300,000) (300,000) (300,000) Total change in net assets from donated long-term lease			220 017		12.700			21222
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: 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 66,527 66,527 66,527 Long-term donated facilities expense (300,000) (300,000) (300,000) Total change in net assets from donated long-term lease (233,473) (233,473) (233,473) Change in net assets 490,935 41,227 532,162 Net assets: 8eginning of year 5,883,213 64,040 5,947,253					12,/89			
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 89,375 99,601 events 81,603 7,772 89,375 99,601 events 81,603 7,772 89,375 99,761,774 164,804 (110,920) 9,815,658 99,761,774 164,804 (110,920) 9,815,658 99,761,774 164,804 (110,920) 9,815,658 99,761,774 164,804 (110,920) 9,815,658 99,761,774 164,804 (110,920) 9,815,658 99,761,774 164,804 (110,920) 9,815,658 99,761,774 164,804 (110,920) 9,815,658 99,761,774 99,761,774 99,772 99,815,658 99,761,774 99,772 99,								
Gain on disposal of assets 539 244,896 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 Fundraising 387,964 19,506 407,470 741,252 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 66,527 66,527 66,527 Long-term donated facilities expense (300,000) (300,000) (300,000) Total change in net assets from donated long-term lease (233,473) (233,473) (233,473) Change in net assets 490,935 41,227 532,162 Net assets: 8eginning of year 5,883,213 64,040 5,947,253			1,514	- —				1,914
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 Administration of Fundralsing Special events 387,964 19,506 407,470 Fundralsing 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 66,527 56,527 66,527 Donated long-term lease Suppense (300,000) (300,000) (300,000) Total change in net assets from donated facilities expense (233,473) 41,227 532,162 Net assets: 99,935 41,227 532,162 Net assets: 5,883,213 64,040 5,947,253	Total revenue		232,107		12,789			244,896
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 66,527 66,527 66,527 Long-term donated facilities expense (300,000) (300,000) (300,000) Total change in net assets from donated long-term lease (233,473) (233,473) (233,473) Change in net assets 490,935 41,227 532,162 Net assets: 8eginning of year 5,883,213 64,040 5,947,253	Gain on disposal of assets		539	-				539
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 (300,000) (300,000) Total change in net assets from donated facilities expense (233,473) (233,473) (233,473) Change in net assets 490,935 41,227 - 532,162 Net assets: 8eginning of year 5,883,213 64,040 5,947,253	Total support, revenue and gains	P	10,486,182		206,031	(110,920)		10,581,293
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 (300,000) (300,000) Total change in net assets from donated facilities expense (233,473) (233,473) (233,473) Change in net assets 490,935 41,227 - 532,162 Net assets: 8eginning of year 5,883,213 64,040 5,947,253	Expenses and losses:					-		
Management and general Fundraising 387,964 19,506 407,470 Fundraising 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 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: 8eginning of year 5,883,213 64,040 5,947,253			8 577 561		110 020	(110.020)		0 577 561
Fundraising Special events 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 66,527 (300,000) (300,000) (300,000) (300,000) (233,473) (233,473) (233,473) Change in net assets 490,935 41,227 - 532,162 Net assets: 8eginning of year 5,883,213 64,040 5,947,253 5,947,253	Management and general					(110,920)		
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: 8eginning of year 5,883,213 64,040 5,947,253								
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 Long-term donated facilities expense 66,527 66,527 (300,000) (300,000) Total change in net assets from donated long-term lease (233,473) (233,473) (233,473) Change in net assets 490,935 41,227 - 532,162 Net assets: 8eginning of year 5,883,213 64,040 5,947,253	Special events							
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	Total expenses and losses		9,761,774		164,804	(110,920)		9,815,658
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	Change in net assets before							
Donated long-term lease 66,527 66,527 Long-term donated facilities expense (300,000) (300,000) Total change in net assets (233,473) (233,473) Change in net assets 490,935 41,227 - 532,162 Net assets: 8eginning of year 5,883,213 64,040 5,947,253	_		724,408		41.227	_		765 635
Long-term donated facilities expense (300,000) 60,327 Total change in net assets (233,473) (233,473) Change in net assets 490,935 41,227 - 532,162 Net assets: 8eginning of year 5,883,213 64,040 5,947,253	Donated long-term longs			_				
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								
from donated long-term lease (233,473) (233,473) Change in net assets 490,935 41,227 - 532,162 Net assets: 8eginning of year 5,883,213 64,040 5,947,253	25/18 certif donated facilities expense		(300,000)					(300,000)
Change in net assets 490,935 41,227 - 532,162 Net assets: Beginning of year 5,883,213 64,040 5,947,253	Total change in net assets							
Net assets: 5,883,213 64,040 5,947,253 End of year 1,883,213 1,040 1,040	from donated long-term lease		(233,473)					(233,473)
Beginning of year 5,883,213 64,040 5,947,253	Change in net assets		490,935		41,227	<u>-</u>		532,162
End of year	Net assets:							
End of year \$ 6,374,148 \$ 105,267 \$ - \$ 6,479,415	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.

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

	Mission of Mercy, Inc.		Ari	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:			•	. 22,200	*	(37,407)	4	3,401,421
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				
Indigent drug program		1,203,648		1,000				1,442,290 1,203,648
Total support		10,804,717		137,568		(97,467)		10,844,818
Revenue:			-					
Special events		255.046						
Miscellaneous revenues		255,218						255,218
Investment income		10,526						10,526
		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		(07.467)		0.074.744
Management and general		414,190		22,136		(97,467)		9,374,744
Fundraising		638,080		7,514				436,326
Special events		99,240		7,514				645,594 99,240
Total expenses and losses		10,526,254		127,117		(97,467)	1	10,555,904
Change in net assets before	1 	· · · · · · · · · · · · · · · · · · ·		***************************************				
donated long-term lease		697,504		10,451		-		707,955
Donated long-term lease		71 105						
Donated long-term lease Long-term donated facilities expense		71,105 (300,000)						71,105
	******							71,105 (300,000)
Long-term donated facilities expense								(300,000)
Long-term donated facilities expense Total change in net assets	******	(300,000)		10,451				
Long-term donated facilities expense Total change in net assets from donated long-term lease Change in net assets		(300,000)		10,451				(300,000)
Long-term donated facilities expense Total change in net assets from donated long-term lease		(300,000)		10,451 53,589		-		(300,000)

See notes to consolidated financial statements.