

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

**YEARS ENDED  
JUNE 30, 2022 AND 2021**



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

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

YEARS ENDED JUNE 30, 2022 AND 2021

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## Independent Auditor's Report

Board of Directors  
Mission of Mercy, Inc. and Supporting Organization  
Corpus Christi, Texas

### **Opinion**

We have audited the 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, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mission of Mercy, Inc. and Supporting Organization as of June 30, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mission of Mercy, Inc. and Supporting Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mission of Mercy, Inc. and Supporting Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mission of Mercy, Inc. and Supporting Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mission of Mercy, Inc. and Supporting Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is 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 Steindam's Fritz*

Frederick, Maryland  
November 21, 2022

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,425,130	\$ 1,185,840
Beneficial interest in assets with Arizona Community Foundation	23,664	
Unconditional promises to give (less allowance for uncollectible promises of \$1,722 and \$5,249, respectively)	315,624	247,596
Use of donated facility	300,000	300,000
Inventory	802,893	945,076
Prepaid expenses	12,785	17,433
	<u>3,880,096</u>	<u>2,695,945</u>
<b>Property and equipment:</b>		
Dental equipment	116,290	121,610
Medical equipment	321,364	308,464
Office equipment	35,580	45,490
Vehicles	885,699	884,588
	<u>1,358,933</u>	<u>1,360,152</u>
Accumulated depreciation	930,212	816,664
	<u>428,721</u>	<u>543,488</u>
<b>Total property and equipment</b>	<b><u>428,721</u></b>	<b><u>543,488</u></b>
<b>Other assets:</b>		
Cash and cash equivalents restricted for acquisition of property and equipment	115,000	100,000
Security deposits	126,030	125,643
Beneficial interest in endowment with Catholic Community Foundation	249,684	5,151
Unconditional promises to give (less allowance for uncollectible promises of \$5,522 and \$18,621, respectively)	320,612	379,909
Use of donated facility (net of unamortized discount of \$338,275 and \$400,133, respectively)	2,560,629	2,798,771
	<u>3,371,955</u>	<u>3,409,474</u>
<b>Total other assets</b>	<b><u>3,371,955</u></b>	<b><u>3,409,474</u></b>
<b>Total assets</b>	<b><u><u>\$ 7,680,772</u></u></b>	<b><u><u>\$ 6,648,907</u></u></b>

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 17,579	\$ 40,970
Accrued:		
Payroll taxes	14,438	12,355
Salaries	<u>153,573</u>	<u>116,167</u>
<b>Total current liabilities</b>	<u><b>185,590</b></u>	<u><b>169,492</b></u>
<b>Total liabilities</b>	<u><b>185,590</b></u>	<u><b>169,492</b></u>
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	1,572,879	1,597,512
Board designated	<u>649,781</u>	<u>571,954</u>
Total without donor restrictions	2,222,660	2,169,466
With donor restrictions	<u>5,272,522</u>	<u>4,309,949</u>
<b>Total net assets</b>	<u><b>7,495,182</b></u>	<u><b>6,479,415</b></u>
<b>Total liabilities and net assets</b>	<u><b>\$ 7,680,772</b></u>	<u><b>\$ 6,648,907</b></u>

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Support and revenue:</b>						
Support:						
Contributions	\$ 2,958,835	\$ 1,722,305	\$ 4,681,140	\$ 2,687,927	\$ 963,838	\$ 3,651,765
Gifts in-kind:						
Drugs and supplies	3,933,736		3,933,736	3,289,315		3,289,315
Facilities, short term	183,883		183,883	111,972		111,972
Lab and x-ray services	2,712,437		2,712,437	1,349,848		1,349,848
Services	1,048,469		1,048,469	847,221		847,221
Indigent drug program	521,686		521,686	1,090,037		1,090,037
<b>Total support</b>	<b>11,359,046</b>	<b>1,722,305</b>	<b>13,081,351</b>	<b>9,376,320</b>	<b>963,838</b>	<b>10,340,158</b>
Revenue:						
Special events	288,789		288,789	240,806		240,806
Miscellaneous revenues	1,353		1,353	2,176		2,176
Interest income	5,578		5,578	1,914		1,914
<b>Total revenue</b>	<b>295,720</b>		<b>295,720</b>	<b>244,896</b>		<b>244,896</b>
Gain on disposal of assets				539		539
Restrictions satisfied by payments and expiration of time	709,873	(709,873)	-	681,483	(681,483)	-
<b>Total support, revenue and gains</b>	<b>12,364,639</b>	<b>1,012,432</b>	<b>13,377,071</b>	<b>10,303,238</b>	<b>282,355</b>	<b>10,585,593</b>

(continued)



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

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Expenses and losses:</b>						
Expenses:						
Program services	\$ 10,700,047		\$ 10,700,047	\$ 8,577,561		\$ 8,577,561
Management and general	468,034		468,034	411,770		411,770
Fundraising	814,252		814,252	741,252		741,252
Special events	102,266		102,266	89,375		89,375
Total expenses	<u>12,084,599</u>		<u>12,084,599</u>	<u>9,819,958</u>		<u>9,819,958</u>
Losses:						
Investment loss, net		\$ 36,717	36,717			
Loss on disposal of assets	<u>1,846</u>		<u>1,846</u>			
Total losses	<u>1,846</u>	<u>36,717</u>	<u>38,563</u>			
<b>Total expenses and losses</b>	<b><u>12,086,445</u></b>	<b><u>36,717</u></b>	<b><u>12,123,162</u></b>	<b><u>9,819,958</u></b>		<b><u>9,819,958</u></b>
<b>Other, transfer of funds from operations</b>	<b><u>(225,000)</u></b>	<b><u>225,000</u></b>	<b><u>-</u></b>			
<b>Change in net assets before donated long-term lease</b>	<b><u>53,194</u></b>	<b><u>1,200,715</u></b>	<b><u>1,253,909</u></b>	<b><u>483,280</u></b>	<b><u>\$ 282,355</u></b>	<b><u>765,635</u></b>

(continued)

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

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Donated long-term lease		\$ 61,858	\$ 61,858		\$ 66,527	\$ 66,527
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)
<b>Total changes in net assets from donated long-term lease</b>	<b>-</b>	<b>(238,142)</b>	<b>(238,142)</b>	<b>-</b>	<b>(233,473)</b>	<b>(233,473)</b>
<b>Change in net assets</b>	<b>53,194</b>	<b>962,573</b>	<b>1,015,767</b>	<b>483,280</b>	<b>48,882</b>	<b>532,162</b>
<b>Net assets:</b>						
Beginning of year	2,169,466	4,309,949	6,479,415	1,686,186	4,261,067	5,947,253
<b>End of year</b>	<b>\$ 2,222,660</b>	<b>\$ 5,272,522</b>	<b>\$ 7,495,182</b>	<b>\$ 2,169,466</b>	<b>\$ 4,309,949</b>	<b>\$ 6,479,415</b>

See notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022						2021					
	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 functional expenses
<b>In-kind expenses:</b>												
Donated:												
Drugs and supplies	\$ 4,071,582		\$ 4,071,582			\$ 4,071,582	\$ 3,193,166	\$ 13	\$ 3,193,179	\$ 54	\$ 893	\$ 3,194,126
Facilities	156,305	\$ 306	156,611	\$ 25,989	\$ 1,283	183,883	95,459		95,459	16,513		111,972
Lab and x-ray services	2,712,437		2,712,437			2,712,437	1,349,848		1,349,848			1,349,848
Services	1,039,313	560	1,039,873	5,669	2,927	1,048,469	830,860	994	831,854	10,400	4,967	847,221
Indigent drug program	517,360		517,360			517,360	1,154,199		1,154,199			1,154,199
<b>Total in-kind expenses</b>	<b>8,496,997</b>	<b>866</b>	<b>8,497,863</b>	<b>31,658</b>	<b>4,210</b>	<b>8,533,731</b>	<b>6,623,532</b>	<b>1,007</b>	<b>6,624,539</b>	<b>26,967</b>	<b>5,860</b>	<b>6,657,366</b>
Salaries	1,053,484	31,098	1,084,582	218,280	336,599	1,639,461	986,233	24,871	1,011,104	194,836	290,511	1,496,451
Consultants	51,348	12,750	64,098		95,197	159,295	54,445	11,912	66,357		95,197	161,554
Employee benefits	111,880	3,083	114,963	26,234	42,335	183,532	88,126	1,850	89,976	24,463	33,954	148,393
Payroll taxes	79,750	2,364	82,114	17,083	26,262	125,459	76,114	1,928	78,042	15,082	22,595	115,719
Bad debt										4,300		4,300
Depreciation	136,514	25	136,539	2,335	105	138,979	152,756	58	152,814	2,476	244	155,534
Donor development					29,481	29,481					10,821	10,821
Insurance	130,418	218	130,636	7,019	917	138,572	69,114	239	69,353	7,020	999	77,372
Medications and medical supplies	143,461	125	143,586			143,586	122,146		122,146			122,146
Occupancy	118,087	7,302	125,389	53,723	43,809	222,921	113,579	6,475	120,054	50,072	40,094	210,220
Office expenses	68,880	4,654	73,534	51,810	29,681	155,025	66,354	4,927	71,281	43,264	42,702	157,247
Postage and printing	7,345	115	7,460	14,454	36,906	58,820	6,090	96	6,186	11,151	38,945	56,282
Professional fees	77,973	3,043	81,016	20,679	151,748	253,443	45,111	3,055	48,166	21,736	151,146	221,048
Public health awareness campaign	23,720		23,720			23,720	39,600		39,600			39,600
Repairs and maintenance	63,464	491	63,955	11,241	8,407	83,603	30,453	750	31,203	5,124	3,779	40,106
Travel and entertainment	14,984	864	15,848	10,476	7,613	33,937	7,681	138	7,819	4,752	4,023	16,594
Miscellaneous	12,633	42,111	54,744	3,042	982	58,768	10,121	28,800	38,921	527	382	39,830
	<b>\$ 10,590,938</b>	<b>\$ 109,109</b>	<b>\$ 10,700,047</b>	<b>\$ 468,034</b>	<b>\$ 814,252</b>	<b>\$ 11,982,333</b>	<b>\$ 8,491,455</b>	<b>\$ 86,106</b>	<b>\$ 8,577,561</b>	<b>\$ 411,770</b>	<b>\$ 741,252</b>	<b>\$ 9,730,583</b>

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Inflows:		
Receipts from:		
Contributions	\$ 4,601,159	\$ 2,946,061
Special events	288,789	240,806
Miscellaneous receipts	1,353	2,176
Interest income received	6,914	1,763
	<u>4,898,215</u>	<u>3,190,806</u>
Outflows:		
Payments to:		
Employees	1,602,055	1,507,224
Suppliers	1,678,159	1,444,449
Payments for special events	102,266	89,375
	<u>3,382,480</u>	<u>3,041,048</u>
<b>Net cash provided by operating activities</b>	<b><u>1,515,735</u></b>	<b><u>149,758</u></b>
<b>Cash flows from investing activities:</b>		
Inflows, proceeds from sale of assets		<u>1,700</u>
Outflows:		
Purchase of property and equipment	26,058	34,628
Acquisition of beneficial interest in community foundations	250,000	
	<u>276,058</u>	<u>34,628</u>
<b>Net cash used in investing activities</b>	<b><u>(276,058)</u></b>	<b><u>(32,928)</u></b>

(continued)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows provided by financing activities, inflows, donor-restricted contributions for property and equipment</b>	<b><u>\$ 15,000</u></b>	
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>1,254,677</b>	<b>\$ 116,830</b>
<b>Cash, cash equivalents and restricted cash:</b>		
Beginning of year	<u>1,411,483</u>	<u>1,294,653</u>
<b>End of year</b>	<b><u><u>\$ 2,666,160</u></u></b>	<b><u><u>\$ 1,411,483</u></u></b>
<b>Reconciliation of cash, cash equivalents, and restricted cash to the statement of financial position:</b>		
Current assets, cash and cash equivalents	\$ 2,425,130	\$ 1,185,840
Other assets:		
Cash and cash equivalents restricted for acquisition of property and equipment	115,000	100,000
Security deposits	<u>126,030</u>	<u>125,643</u>
<b>Cash, cash equivalents and restricted cash</b>	<b><u><u>\$ 2,666,160</u></u></b>	<b><u><u>\$ 1,411,483</u></u></b>
Supplemental disclosures of noncash investing and financing activities:		
Contribution to community foundation endowment fund	\$ 56,250	\$ 5,151
The Organization received forgiveness of its Paycheck Protection Program (PPP) loan balance		373,900

See notes to consolidated financial statements.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

### **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, including cash equivalents held by community foundations.

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### **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.

##### *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, 2022 AND 2021

### **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, 2022 AND 2021

#### **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, 2022 AND 2021

#### **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, 2022 AND 2021

### **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.

#### *New Financial Accounting Standards Board (FASB) pronouncement:*

FASB has issued the following pronouncement prior to the year ended June 30, 2022 and through the date the financial statements were available to be issued that has an effective date that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following standard may have on the financial statements of the Organization:

FASB Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, will be effective for the Organization as of July 1, 2022. The objective of this standard is to improve transparency by requiring lessees to recognize a lease liability for the obligation to make lease payments and an associated right-of-use asset measured at the present value of the lease payments for leases with a term of more than 12 months. Organizations will also be required to improve the usefulness of information provided to financial statement users through qualitative and quantitative disclosures.

### **2. New accounting pronouncements adopted:**

Effective July 1, 2021, the Organization adopted the requirements of FASB ASU 2020-07, *Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Organization applied the standard prospectively effective June 30, 2022 with updated presentation of the statement of activities and disclosures.

### **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.

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### **3. Cash and cash equivalents (continued):**

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, 2022, the cash deposits exceeded the limit by \$1,867,847, representing the maximum loss risk.

#### **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>2022</u>	<u>2021</u>
Financial assets due within one year:		
Cash and cash equivalents	\$ 2,425,130	\$ 1,185,840
Beneficial interest in assets with Arizona Community Foundation	23,664	
Unconditional promises to give, current portion	<u>315,624</u>	<u>247,596</u>
Financial assets due within one year, as of June 30	2,764,418	1,433,436
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions,		
restricted by donor with time or purpose restrictions	149,059	160,828
Board designations, program development funds	<u>649,781</u>	<u>571,954</u>
	<u>\$ 1,965,578</u>	<u>\$ 700,654</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, 2023, 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, 2022), which it could draw upon. Additionally, the board has designated funds they could reclassify, if desired.

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### **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. During the year ended June 30, 2022, the Organization transferred \$225,000 of their own funds and the Catholic Community Foundation donated \$56,250 to the endowment. The purpose of this fund is to provide operational support to the Organization, specifically for the Arizona region.

The State of Arizona enacted the Management of Charitable Funds Act (MCFA) effective September 25, 2008, the provisions of which apply to the endowment funds existing on or established after that date. In review of the classifications and presentation of funds restricted in perpetuity, the Organization has determined that no reclassification of funds is necessary to meet the definition of endowment funds under the MCFA.

#### *Interpretation of relevant law:*

The Board of Directors of the Organization has interpreted the MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

All funds classified as net assets with donor restrictions remain in that classification until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of ordinary business care and prudence prescribed by the MCFA. In accordance with the MCFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic climate, including the possible effects of inflation and deflation, (4) the expected total return from income and the appreciation of investments and (5) other resources of the Organization.

#### *Funds with deficiencies:*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MCFA requires the Organization to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations occurring during the investment periods.

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### **5. Endowment fund (continued):**

*Return objectives, risk parameters, strategies for achieving objectives and spending policy:*

The Organization has adopted investment and spending policies for endowment assets that attempt to maximize return with reasonable and prudent levels of risk, while seeking to maintain the purchasing power of the current assets and any future contributions. The objective is to support operations while still having the potential to achieve a competitive rate of return on the endowment funds. To satisfy its long-term objective, the Organization targets a diversified asset allocation. The Organization's endowment fund is held by the Catholic Community Foundation. The investment strategy for all of the Organization's investments is under the oversight of the Finance and Investment committee of the Catholic Community Foundation.

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 added to the Foundation's general fund to be used in the best interest of the Roman Catholic Diocese of Phoenix, or its successor. Composition of and changes in endowment donor restricted net assets were as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Beneficial interest in endowment with Catholic Community Foundation, beginning of year	\$ 5,151	\$ -
Investment income (net), interest income, gains (losses), and fees	(36,717)	151
Principal additions	<u>281,250</u>	<u>5,000</u>
Beneficial interest in endowment with Catholic Community Foundation, end of year	<u>\$ 249,684</u>	<u>\$ 5,151</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

**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, 2022, collections were expected pertaining to multi-year commitments as follows:

Less than one year	\$ 317,346
One to five years	280,014
Thereafter	<u>74,040</u>
	671,400
Less:	
Discounts to net present value (see Note 13)	27,920
Allowance for uncollectible promises receivable (see Note 13)	<u>7,244</u>
	<u>\$ 636,236</u>

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

	<u>2022</u>	<u>2021</u>
Arizona	\$ 192,303	\$ 182,819
Maryland/Pennsylvania	347,610	347,059
Texas	<u>96,323</u>	<u>97,627</u>
	<u>\$ 636,236</u>	<u>\$ 627,505</u>

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### **7. Inventory:**

Inventory consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Purchased drugs and other medical supplies	\$ 9,909	\$ 13,877
Donated drugs and other medical supplies (see Note 11)	748,588	886,434
Indigent drugs (see Note 12)	44,396	40,070
Pharmacy gift cards		<u>4,695</u>
	<u>\$ 802,893</u>	<u>\$ 945,076</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, 2022. As of June 30, 2022, interest of 4.75% is due and payable monthly; the rate charged is equal to *The Wall Street Journal* prime rate. The line of credit matures on April 1, 2024. 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.



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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### **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, 2022 and 2021 were \$649,781 and \$571,954, respectively.

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

	2022	2021
Arizona:		
Clinics	\$ 1,073,979	\$ 115,981
Diabetes management program	90,064	104,420
Flu and Hepatitis A vaccines	16,456	13,360
Purchase of new mobile van and east valley expansion in Arizona	100,000	100,000
Target blood pressure project	6,000	
Women, children and senior care	35,000	
Mission of Mercy Arizona Health Partnership Fund, Arizona clinics	80,824	91,337
Endowment to be held in perpetuity (see Note 5)	249,684	5,151
Maryland/Pennsylvania:		
ALICE family care	5,625	
Dental clinics	15,000	60,814
Medical clinics	176,401	229,745
Medications	1,000	4,833
Partner and grow initiative		7,500
Purchase of new medical unit	5,000	
Response to substance use disorder		4,240
Senior care	11,250	20,000
Staff and volunteer appreciation		500
Sustainability and succession	334,934	295,671
Veteran care	1,403	
Texas:		
Clinics	116,998	131,652
COVID-19 relief		9,848
Dental clinics	32,275	
Diabetes kits		4,010
Full-time nurse	60,000	
Medication		11,616
Use of donated facility (see Note 11)	2,860,629	3,098,771
Other, nonprofit standards for excellence accreditation		500
	\$ 5,272,522	\$ 4,309,949

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### **10. Operating leases:**

The Organization leases office and storage space in Frederick, Maryland; 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 \$114,084 and \$102,653 for the years ended June 30, 2022 and 2021, respectively. These leases expire between December 2022 and October 2025. Future monthly lease payments range between \$2,733 and \$4,171.

The Organization also leases a number of copiers on a master lease that expires March 2026. Future monthly lease payments are \$1,378. Copier lease expense, presented in repairs and maintenance expense, totaled \$26,651 and \$9,396 for the years ended June 30, 2022 and 2021, respectively.

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

2023	\$ 76,520
2024	60,850
2025	61,991
2026	<u>29,082</u>
Total	<u>\$ 228,443</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 \$2,712,437 and \$1,349,848 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, 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 \$1,036,699 and \$826,211, respectively. The services recognized in the consolidated financial statements represent 18,794 and 13,866 hours of time contributed for the years ended June 30, 2022 and 2021, respectively. In addition, for the years ended June 30, 2022 and 2021, accountants, attorneys and other professionals donated services valued at \$11,770 and \$21,000, respectively, to the Organization.

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 11,450 and 7,914 hours for the years ended June 30, 2022 and 2021, respectively.

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

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

For the years ended June 30, 2022 and 2021, the Organization recognized revenue (support) from donated drugs and supplies, used by patients in the normal course of operations, valued at \$3,933,736 and \$3,289,315, respectively. These amounts include donated office and dental equipment, valued at \$900 and \$8,669, respectively. The donated drugs and supplies amount was also recognized as an expense, except for the change in the donated drugs and supplies inventory at year end for the years ended June 30, 2022 and 2021, respectively. Donated drugs and supplies inventory as of June 30, 2022 and 2021 was valued at \$748,588 and \$886,434, respectively (see Notes 7 and 13).

During the years ended June 30, 2022 and 2021, the Organization used short-term donated facilities valued at \$183,883 and \$111,972, 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, 2022, long-term donated facilities expense and net assets released from restrictions totaled \$300,000.

Use of donated facility will be received as follows as of June 30, 2022:

Less than one year	\$ 300,000
One to five years	1,500,000
Thereafter	<u>1,398,904</u>
	3,198,904
Less, unamortized discount to net present value	<u>338,275</u>
Net use of donated facility	<u><u>\$ 2,860,629</u></u>

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### **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, 2022 and 2021, the Organization recognized revenue from medications received from these programs of \$521,686 and \$1,090,037, respectively. This amount was also recognized as expense except for the change in the medications in inventory at year end for the years ended June 30, 2022 and 2021, respectively. Indigent drug inventory as of June 30, 2022 and 2021 was valued at \$44,396 and \$40,070, 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, 2022 and 2021: 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.

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 2 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%.

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### **13. Fair value measurements (continued):**

*Beneficial interests and savings with community foundations* (see Note 5) - Valued by the foundations holding the assets based on the values of the underlying assets in the foundations' investment pools (a level 2 measurement). The Organization believes this method appropriately values the beneficial interests and savings held with the foundations.

*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 2.98% and 1.45% as of June 30, 2022 and 2021, 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, 2022 and 2021, unconditional promises to give to the Organization were discounted by an additional 3.00% and 8.58%, 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, 2022 AND 2021

**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:

	2022	
	Level 2	Total
Donated drug inventory	\$ 748,588	\$ 748,588
Indigent drug inventory	44,396	44,396
Beneficial interest in endowment with Catholic Community Foundation	249,684	249,684
Beneficial interest in assets with Arizona Community Foundation	23,664	23,664
Savings with Catholic Community Foundation	778,525	778,525
Use of donated facility	2,860,629	2,860,629
Unconditional promises to give	636,236	636,236
	<u>\$ 5,341,722</u>	<u>\$ 5,341,722</u>
	2021	
	Level 2	Total
Donated drug inventory	\$ 886,434	\$ 886,434
Indigent drug inventory	40,070	40,070
Beneficial interest in endowment with Catholic Community Foundation	5,151	5,151
Use of donated facility	3,098,771	3,098,771
Unconditional promises to give	627,505	627,505
	<u>\$ 4,657,931</u>	<u>\$ 4,657,931</u>

**14. Concentration of contributions:**

The Organization relies entirely on public and private donations as well as significant donated services and materials to operate. Approximately 20% and 19% of the Organization's support was provided by AmeriCares Foundation, Inc. for the years ended June 30, 2022 and 2021, respectively, all of which was in the form of donated prescription medications and medical supplies.

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

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2022 AND 2021

#### **15. 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, 2022 and 2021. This plan is tax exempt and has been approved by the Internal Revenue Service.

#### **16. Subsequent events:**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 21, 2022, the date the consolidated financial statements were available to be issued.

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

CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES BY REGION  
 YEARS ENDED JUNE 30, 2022 AND 2021  
 (See independent auditor's report)

**MARYLAND/PENNSYLVANIA**

	2022						2021					
	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 functional expenses
<b>In-kind expenses:</b>												
Donated:												
Drugs and supplies	\$ 2,570,425		\$ 2,570,425			\$ 2,570,425	\$ 1,622,176	\$ 1	\$ 1,622,177	\$ 18	\$ 860	\$ 1,623,055
Facilities	74,559	\$ 17	74,576	\$ 25,080	\$ 446	100,102	35,003		35,003	16,513		51,516
Lab and x-ray services	436,136		436,136			436,136	494,062		494,062			494,062
Services	399,462	32	399,494	816	816	401,126	342,980	57	343,037	1,448	1,448	345,933
Indigent drug program							22,785		22,785			22,785
<b>Total in-kind expenses</b>	<b>3,480,582</b>	<b>49</b>	<b>3,480,631</b>	<b>25,896</b>	<b>1,262</b>	<b>3,507,789</b>	<b>2,517,006</b>	<b>58</b>	<b>2,517,064</b>	<b>17,979</b>	<b>2,308</b>	<b>2,537,351</b>
Salaries	475,115	6,660	481,775	86,406	157,843	726,024	406,508	6,284	412,792	76,565	146,366	635,723
Employee benefits	19,867	320	20,187	13,826	18,632	52,645	16,360	40	16,400	13,657	18,002	48,059
Payroll taxes	34,340	518	34,858	6,692	12,254	53,804	32,256	498	32,754	6,066	11,607	50,427
Depreciation	74,153	1	74,154	101	37	74,292	88,340	3	88,343	489	85	88,917
Donor development					1,315	1,315					216	216
Insurance	28,592	12	28,604	1,571	318	30,493	22,920	14	22,934	2,493	348	25,775
Medications and medical supplies	30,969		30,969			30,969	34,667		34,667			34,667
Occupancy	51,757	2,382	54,139	20,326	19,483	93,948	46,596	2,190	48,786	19,170	17,903	85,859
Office expenses	28,488	817	29,305	12,908	9,688	51,901	25,034	1,508	26,542	14,069	16,820	57,431
Postage and printing	2,091	7	2,098	5,820	21,709	29,627	1,683	6	1,689	7,269	27,891	36,849
Professional fees	9,457	363	9,820	4,090	27,786	41,696	6,667	541	7,208	3,675	34,108	44,991
Repairs and maintenance	40,876	35	40,911	4,915	1,949	47,775	10,691	354	11,045	2,630	1,446	15,121
Travel and entertainment	8,942	49	8,991	3,145	4,569	16,705	7,045	8	7,053	1,510	3,301	11,864
Miscellaneous	4,524	30	4,554	547	707	5,808	5,314	129	5,443	336	128	5,907
	<b>\$ 4,289,753</b>	<b>\$ 11,243</b>	<b>\$ 4,300,996</b>	<b>\$ 186,243</b>	<b>\$ 277,552</b>	<b>\$ 4,764,791</b>	<b>\$ 3,221,087</b>	<b>\$ 11,633</b>	<b>\$ 3,232,720</b>	<b>\$ 165,908</b>	<b>\$ 280,529</b>	<b>\$ 3,679,157</b>
<b>Grand total for all regions</b>	<b>\$ 10,590,938</b>	<b>\$ 109,109</b>	<b>\$ 10,700,047</b>	<b>\$ 468,034</b>	<b>\$ 814,252</b>	<b>\$ 11,982,333</b>	<b>\$ 8,491,455</b>	<b>\$ 86,106</b>	<b>\$ 8,577,561</b>	<b>\$ 411,770</b>	<b>\$ 741,252</b>	<b>\$ 9,730,583</b>

(continued)



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

CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES BY REGION (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

(See independent auditor's report)

**ARIZONA**

	2022						2021					
	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 functional expenses
<b>In-kind expenses:</b>												
Donated:												
Drugs and supplies	\$ 1,390,828		\$ 1,390,828			\$ 1,390,828	\$ 1,545,820	\$ 12	\$ 1,545,832	\$ 17	\$ 15	\$ 1,545,864
Facilities	81,255	\$ 289	81,544	\$ 433	\$ 361	82,338	60,456		60,456			60,456
Lab and x-ray services	180,465		180,465			180,465	228,237		228,237			228,237
Services	367,474	528	368,002	3,982	1,240	373,224	311,006	937	311,943	7,406	1,972	321,321
Indigent drug program							33,498		33,498			33,498
<b>Total in-kind expenses</b>	<b>2,020,022</b>	<b>817</b>	<b>2,020,839</b>	<b>4,415</b>	<b>1,601</b>	<b>2,026,855</b>	<b>2,179,017</b>	<b>949</b>	<b>2,179,966</b>	<b>7,423</b>	<b>1,987</b>	<b>2,189,376</b>
Salaries	291,537	24,438	315,975	49,820	80,985	446,780	287,962	18,587	306,549	46,202	54,314	407,065
Consultants	51,348	12,750	64,098		95,197	159,295	54,445	11,912	66,357		95,197	161,554
Employee benefits	58,471	2,763	61,234	4,483	12,856	78,573	54,207	1,810	56,017	2,526	5,923	64,466
Payroll taxes	21,830	1,846	23,676	3,754	6,075	33,505	21,704	1,430	23,134	3,511	4,138	30,783
Bad debt										4,300		4,300
Depreciation	27,618	24	27,642	91	30	27,763	24,841	55	24,896	302	68	25,266
Donor development						25,960					10,126	10,126
Insurance	36,125	206	36,331	3,070	257	39,658	28,291	225	28,516	2,951	281	31,748
Medications and medical supplies	87,924	125	88,049			88,049	80,795		80,795			80,795
Occupancy	35,794	4,920	40,714	24,931	19,054	84,699	31,313	4,285	35,598	22,485	17,210	75,293
Office expenses	16,168	3,837	20,005	22,103	9,777	51,885	17,634	3,419	21,053	15,001	11,298	47,352
Postage and printing	1,289	108	1,397	1,604	4,919	7,920	1,779	90	1,869	785	4,214	6,868
Professional fees	63,174	2,680	65,854	11,188	77,700	154,742	33,034	2,514	35,548	14,149	67,117	116,814
Public Health Awareness Campaign	23,720		23,720			23,720	39,600		39,600			39,600
Repairs and maintenance	11,849	456	12,305	1,557	1,532	15,394	11,641	396	12,037	1,041	1,016	14,094
Travel and entertainment	1,333	815	2,148	1,649	1,364	5,161	415	130	545	232	398	1,175
Miscellaneous	3,759	42,081	45,840	354	57	46,251	1,163	28,671	29,834	91	28	29,953
	<b>\$ 2,751,961</b>	<b>\$ 97,866</b>	<b>\$ 2,849,827</b>	<b>\$ 129,019</b>	<b>\$ 337,364</b>	<b>\$ 3,316,210</b>	<b>\$ 2,867,841</b>	<b>\$ 74,473</b>	<b>\$ 2,942,314</b>	<b>\$ 120,999</b>	<b>\$ 273,315</b>	<b>\$ 3,336,628</b>
<b>Grand total for all regions</b>	<b>\$ 10,590,938</b>	<b>\$ 109,109</b>	<b>\$ 10,700,047</b>	<b>\$ 468,034</b>	<b>\$ 814,252</b>	<b>\$ 11,982,333</b>	<b>\$ 8,491,455</b>	<b>\$ 86,106</b>	<b>\$ 8,577,561</b>	<b>\$ 411,770</b>	<b>\$ 741,252</b>	<b>\$ 9,730,583</b>

(continued)

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

CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES BY REGION (CONTINUED)

YEARS ENDED JUNE 30, 2022 AND 2021

(See independent auditor's report)

**TEXAS**

	2022						2021					
	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 functional expenses
<b>In-kind expenses:</b>												
Donated:												
Drugs and supplies	\$ 110,329		\$ 110,329			\$ 110,329	\$ 25,170	\$ 25,170	\$ 19	\$ 18	\$ 25,207	
Facilities	491		491	\$ 476	\$ 476	1,443						
Lab and x-ray services	2,095,836		2,095,836			2,095,836	627,549	627,549			627,549	
Services	272,377		272,377	871	871	274,119	176,874	176,874	1,546	1,547	179,967	
Indigent drug program	517,360		517,360			517,360	1,097,916	1,097,916			1,097,916	
<b>Total in-kind expenses</b>	<b>2,996,393</b>		<b>2,996,393</b>	<b>1,347</b>	<b>1,347</b>	<b>2,999,087</b>	<b>1,927,509</b>	<b>1,927,509</b>	<b>1,565</b>	<b>1,565</b>	<b>1,930,639</b>	
Salaries	286,832		286,832	82,054	97,771	466,657	291,763	291,763	72,069	89,831	453,663	
Employee benefits	33,542		33,542	7,925	10,847	52,314	17,559	17,559	8,280	10,029	35,868	
Payroll taxes	23,580		23,580	6,637	7,933	38,150	22,154	22,154	5,505	6,850	34,509	
Depreciation	34,743		34,743	2,143	38	36,924	39,575	39,575	1,685	91	41,351	
Donor development					2,206	2,206				479	479	
Insurance	65,701		65,701	2,378	342	68,421	17,903	17,903	1,576	370	19,849	
Medications and medical supplies	24,568		24,568			24,568	6,684	6,684			6,684	
Occupancy	30,536		30,536	8,466	5,272	44,274	35,670	35,670	8,417	4,981	49,068	
Office expenses	24,224		24,224	16,799	10,216	51,239	23,686	23,686	14,194	14,584	52,464	
Postage and printing	3,965		3,965	7,030	10,278	21,273	2,628	2,628	3,097	6,840	12,565	
Professional fees	5,342		5,342	5,401	46,262	57,005	5,410	5,410	3,912	49,921	59,243	
Repairs and maintenance	10,739		10,739	4,769	4,926	20,434	8,121	8,121	1,453	1,317	10,891	
Travel and entertainment	4,709		4,709	5,682	1,680	12,071	221	221	3,010	324	3,555	
Miscellaneous	4,350		4,350	2,141	218	6,709	3,644	3,644	100	226	3,970	
	<b>\$ 3,549,224</b>		<b>\$ 3,549,224</b>	<b>\$ 152,772</b>	<b>\$ 199,336</b>	<b>\$ 3,901,332</b>	<b>\$ 2,402,527</b>	<b>\$ 2,402,527</b>	<b>\$ 124,863</b>	<b>\$ 187,408</b>	<b>\$ 2,714,798</b>	
<b>Grand total for all regions</b>	<b>\$ 10,590,938</b>	<b>\$ 109,109</b>	<b>\$ 10,700,047</b>	<b>\$ 468,034</b>	<b>\$ 814,252</b>	<b>\$ 11,982,333</b>	<b>\$ 8,491,455</b>	<b>\$ 86,106</b>	<b>\$ 8,577,561</b>	<b>\$ 411,770</b>	<b>\$ 741,252</b>	<b>\$ 9,730,583</b>

See notes to consolidated financial statements.

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

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

JUNE 30, 2022

(See independent auditor's report)

ASSETS

	Mission of Mercy, Inc.	Mission of Mercy Arizona Health Partnership Fund	Eliminations	Totals
<b>Current assets:</b>				
Cash and cash equivalents	\$ 2,343,408	\$ 81,722		\$ 2,425,130
Beneficial interest in assets with Arizona Community Foundation	23,664			23,664
Unconditional promises to give (less allowance for uncollectible promises of \$1,722)	285,998	29,626		315,624
Use of donated facility	300,000			300,000
Inventory	802,893			802,893
Prepaid expenses	2,370	10,415		12,785
<b>Total current assets</b>	<b>3,758,333</b>	<b>121,763</b>		<b>3,880,096</b>
<b>Property and equipment:</b>				
Dental equipment	116,290			116,290
Medical equipment	321,364			321,364
Office equipment	35,580			35,580
Vehicles	885,699			885,699
	1,358,933			1,358,933
Accumulated depreciation	(930,212)			(930,212)
<b>Total property and equipment</b>	<b>428,721</b>			<b>428,721</b>
<b>Other assets:</b>				
Cash and cash equivalents restricted for acquisition of property and equipment	115,000			115,000
Security deposits	126,030			126,030
Beneficial interest in assets with Catholic Community Foundation	249,684			249,684
Unconditional promises to give (less allowance for uncollectible promises of \$5,522)	269,414	51,198		320,612
Use of donated facility (net of unamortized discount of \$338,275)	2,560,629			2,560,629
Promise to give due from fund	70,000		\$ (70,000)	-
<b>Total other assets</b>	<b>3,390,757</b>	<b>51,198</b>	<b>(70,000)</b>	<b>3,371,955</b>
<b>Total assets</b>	<b>\$ 7,577,811</b>	<b>\$ 172,961</b>	<b>\$ (70,000)</b>	<b>\$ 7,680,772</b>

See notes to consolidated financial statements.

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

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

JUNE 30, 2022

(See independent auditor's report)

LIABILITIES AND NET ASSETS

	Mission of Mercy, Inc.	Mission of Mercy Arizona Health Partnership Fund	Eliminations	Totals
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Current liabilities:</b>				
Accounts payable	\$ 17,579			\$ 17,579
Accrued:				
Payroll taxes	14,438			14,438
Salaries	150,926	\$ 2,647		153,573
Promise to give to supported organization		70,000	\$ (70,000)	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total current liabilities</b>	<b>182,943</b>	<b>72,647</b>	<b>(70,000)</b>	<b>185,590</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<b>182,943</b>	<b>72,647</b>	<b>(70,000)</b>	<b>185,590</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net assets:</b>				
Without donor restrictions:				
Undesignated	1,553,389	19,490		1,572,879
Board designated	649,781			649,781
	<u>          </u>	<u>          </u>		<u>          </u>
Total without donor restrictions	2,203,170	19,490		2,222,660
With donor restrictions	5,191,698	80,824		5,272,522
	<u>          </u>	<u>          </u>		<u>          </u>
<b>Total net assets</b>	<b>7,394,868</b>	<b>100,314</b>		<b>7,495,182</b>
	<u>          </u>	<u>          </u>		<u>          </u>
<b>Total liabilities and net assets</b>	<b>\$ 7,577,811</b>	<b>\$ 172,961</b>	<b>\$ (70,000)</b>	<b>\$ 7,680,772</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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)

ASSETS

	Mission of Mercy, Inc.	Mission of Mercy Arizona Health Partnership Fund	Eliminations	Totals
<b>Current assets:</b>				
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
<b>Total current assets</b>	<b>2,649,459</b>	<b>46,486</b>		<b>2,695,945</b>
<b>Property and equipment:</b>				
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
<b>Total property and equipment</b>	<b>543,488</b>			<b>543,488</b>
<b>Other assets:</b>				
Cash and cash equivalents restricted for acquisition of property and equipment	100,000			100,000
Security deposits	125,643			125,643
Beneficial interest in assets with Catholic Community Foundation	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
<b>Total other assets</b>	<b>3,348,680</b>	<b>60,794</b>		<b>3,409,474</b>
<b>Total assets</b>	<b>\$ 6,541,627</b>	<b>\$ 107,280</b>		<b>\$ 6,648,907</b>

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

See notes to consolidated financial statements.

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

CONSOLIDATING SCHEDULES OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022  
(See independent auditor's report)

	<u>Mission of Mercy, Inc.</u>	<u>Arizona Health Partnership Fund</u>	<u>Eliminations</u>	<u>Totals</u>
<b>Support, revenue and gains:</b>				
Support:				
Contributions	\$ 4,603,510	\$ 204,790	\$ (127,160)	\$ 4,681,140
Donated:				
Drugs and supplies	3,933,736			3,933,736
Facilities, short term	183,883			183,883
Lab and x-ray services	2,712,437			2,712,437
Services	1,045,039	3,430		1,048,469
Indigent drug program	521,686			521,686
Total support	<u>13,000,291</u>	<u>208,220</u>	<u>(127,160)</u>	<u>13,081,351</u>
Revenue:				
Special events	283,418	5,371		288,789
Miscellaneous revenues	1,065	288		1,353
Interest income	5,578			5,578
Total revenue	<u>290,061</u>	<u>5,659</u>		<u>295,720</u>
<b>Total support, revenue and gains</b>	<b><u>13,290,352</u></b>	<b><u>213,879</u></b>	<b><u>(127,160)</u></b>	<b><u>13,377,071</u></b>
<b>Expenses and losses:</b>				
Expenses:				
Program services	10,700,047	127,160	(127,160)	10,700,047
Management and general	447,482	20,552		468,034
Fundraising	746,486	67,766		814,252
Special events	98,912	3,354		102,266
Total expenses	<u>11,992,927</u>	<u>218,832</u>	<u>(127,160)</u>	<u>12,084,599</u>
Losses:				
Investment loss, net	36,717			36,717
Loss on disposal of assets	1,846			1,846
Total losses	<u>38,563</u>			<u>38,563</u>
<b>Total expenses and losses</b>	<b><u>12,031,490</u></b>	<b><u>218,832</u></b>	<b><u>(127,160)</u></b>	<b><u>12,123,162</u></b>
<b>Change in net assets before   donated long-term lease</b>	<b><u>1,258,862</u></b>	<b><u>(4,953)</u></b>	<b><u>-</u></b>	<b><u>1,253,909</u></b>
Donated long-term lease	61,858			61,858
Long-term donated facilities expense	(300,000)			(300,000)
<b>Total change in net assets   from donated long-term lease</b>	<b><u>(238,142)</u></b>			<b><u>(238,142)</u></b>
<b>Change in net assets</b>	<b><u>1,020,720</u></b>	<b><u>(4,953)</u></b>	<b><u>-</u></b>	<b><u>1,015,767</u></b>
<b>Net assets:</b>				
Beginning of year	6,374,148	105,267		6,479,415
<b>End of year</b>	<b><u>\$ 7,394,868</u></b>	<b><u>\$ 100,314</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,495,182</u></b>

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
<b>Support, revenue and gains:</b>				
Support:				
Contributions	\$ 3,571,943	\$ 190,742	\$ (110,920)	\$ 3,651,765
Donated:				
Drugs and supplies	3,289,315			3,289,315
Facilities, short term	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	<u>10,253,536</u>	<u>197,542</u>	<u>(110,920)</u>	<u>10,340,158</u>
Revenue:				
Special events	228,017	12,789		240,806
Miscellaneous revenues	2,176			2,176
Interest income	1,914			1,914
Total revenue	<u>232,107</u>	<u>12,789</u>		<u>244,896</u>
Gain on disposal of assets	539			539
<b>Total support, revenue and gains</b>	<b><u>10,486,182</u></b>	<b><u>210,331</u></b>	<b><u>(110,920)</u></b>	<b><u>10,585,593</u></b>
<b>Expenses and losses:</b>				
Program services	8,577,561	110,920	(110,920)	8,577,561
Management and general	387,964	23,806		411,770
Fundraising	714,646	26,606		741,252
Special events	81,603	7,772		89,375
<b>Total expenses and losses</b>	<b><u>9,761,774</u></b>	<b><u>169,104</u></b>	<b><u>(110,920)</u></b>	<b><u>9,819,958</u></b>
<b>Change in net assets before donated long-term lease</b>	<b><u>724,408</u></b>	<b><u>41,227</u></b>	<b><u>-</u></b>	<b><u>765,635</u></b>
Donated long-term lease	66,527			66,527
Long-term donated facilities expense	(300,000)			(300,000)
<b>Total change in net assets from donated long-term lease</b>	<b><u>(233,473)</u></b>			<b><u>(233,473)</u></b>
<b>Change in net assets</b>	<b><u>490,935</u></b>	<b><u>41,227</u></b>	<b><u>-</u></b>	<b><u>532,162</u></b>
<b>Net assets:</b>				
Beginning of year	5,883,213	64,040		5,947,253
<b>End of year</b>	<b><u>\$ 6,374,148</u></b>	<b><u>\$ 105,267</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,479,415</u></b>

See notes to consolidated financial statements.