

**MERCY WITHOUT LIMITS, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2022**

AND INDEPENDENT AUDITORS' REPORT THEREON

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mercy Without Limits, Inc. and Affiliates

Opinion

We have audited the accompanying consolidated financial statements of Mercy Without Limits, Inc. and Affiliates (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Mercy Without Limits, Inc. and Affiliates, as of December 31, 2022, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Mercy Without Limits - Turkey, a wholly owned subsidiary, whose statements reflect total assets constituting 4.86 percent of consolidated total assets at December 31, 2022 and total revenues constituting 6.68 percent of consolidated total revenues for the year then ended. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mercy Without Limits - Turkey, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Mercy Without Limits, Inc. and Affiliates 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mercy Without Limits, Inc. and Affiliates ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 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 Mercy Without Limits, Inc. and Affiliates' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mercy Without Limits, Inc. and Affiliates' 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for the purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

MillerMusmar



Reston, Virginia
September 11, 2024

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 4,121,965	\$ -	\$ 4,121,965
Receivables	314,774	-	314,774
Investment in Shura Foundation, LLC	30,000	-	30,000
Inventory	-	5,019,945	5,019,945
Prepaid expenses	1,077	-	1,077
Other assets	1,325	-	1,325
Total current assets	<u>4,469,141</u>	<u>5,019,945</u>	<u>9,489,086</u>
Non-current assets			
Property and equipment, net	32,640	-	32,640
Right-of-use assets	382,517	-	382,517
Security deposit	4,392	-	4,392
Total non-current assets	<u>419,549</u>	<u>-</u>	<u>419,549</u>
Total assets	<u>\$ 4,888,690</u>	<u>\$ 5,019,945</u>	<u>\$ 9,908,635</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable	\$ 121,340	\$ -	\$ 121,340
Accrued payroll	51,741	-	51,741
Accrued expenses	6,098	-	6,098
Lease liability, current	43,399	-	43,399
Total current liabilities	<u>222,578</u>	<u>-</u>	<u>222,578</u>
Non-current liabilities			
Lease liability, non-current	340,651	-	340,651
Total non-current liabilities	<u>340,651</u>	<u>-</u>	<u>340,651</u>
Total liabilities	<u>563,229</u>	<u>-</u>	<u>563,229</u>
Net assets			
Net assets without donor restrictions	4,325,461	-	4,325,461
Net assets with donor restrictions	-	5,019,945	5,019,945
Total net assets	<u>4,325,461</u>	<u>5,019,945</u>	<u>9,345,406</u>
Total liabilities and net assets	<u>\$ 4,888,690</u>	<u>\$ 5,019,945</u>	<u>\$ 9,908,635</u>

The accompanying notes are an integral part of the consolidated financial statements.

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Donations and contributions	\$ 5,256,384	\$ 2,200,063	\$ 7,456,447
Grants	3,110,370	7,500	3,117,870
In-kind contributions	-	5,019,945	5,019,945
Other income	1,080	-	1,080
Total support and revenue	<u>8,367,834</u>	<u>7,227,508</u>	<u>15,595,342</u>
Releases from restrictions	9,737,353	(9,737,353)	-
Total revenues	<u>18,105,187</u>	<u>(2,509,845)</u>	<u>15,595,342</u>
Expenses			
Program services	16,934,602	-	16,934,602
Management and general	611,087	-	611,087
Fundraising	1,024,826	-	1,024,826
Total expenses	<u>18,570,515</u>	<u>-</u>	<u>18,570,515</u>
Change in net assets	(465,328)	(2,509,845)	(2,975,173)
Net assets, beginning	4,790,789	7,529,790	12,320,579
Net assets, ending	<u>\$ 4,325,461</u>	<u>\$ 5,019,945</u>	<u>\$ 9,345,406</u>

The accompanying notes are an integral part of the consolidated financial statements.

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities	
Change in net assets	\$ (2,975,173)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation expense	33,965
Decrease/(Increase) in assets:	
Receivables	961,503
Inventory	2,509,845
Prepaid expenses	4,446
Right-of-use assets	(382,517)
Security deposits	(364)
Other assets	(225)
(Decrease)/Increase in liabilities:	
Accounts payable	(3,720)
Accrued payroll	51,204
Accrued expenses	6,098
Lease liability	384,050
Other liabilities	(488,390)
Net cash provided by/(used in) operating activities	<u>100,722</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(6,037)</u>
Net cash provide by/(used in) investing activities	<u>(6,037)</u>
Change in cash and cash equivalents	94,685
Cash and cash equivalents, beginning	<u>4,027,280</u>
Cash and cash equivalents, ending	<u>\$ 4,121,965</u>
Supplemental cash flow information related to leases	
Right-of-use lease asset	\$ (382,517)
Lease Liability	\$ 384,050
Operating cash flow from operating leases	\$ 20,949

The accompanying notes are an integral part of the consolidated financial statements.

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services							Supporting Services			Total
	Education	Emergency Response	FSL & ERO	Healthcare	Protection Program	NIF, WASH & Capacity Building	Program Services Total	Management and General	Fundraising	Supporting Services Total	
Advertising & promotional	\$ 546	\$ -	\$ -	\$ -	\$ 3,352	\$ -	\$ 3,898	\$ 52,994	\$ 340,138	\$ 393,132	\$ 397,030
Bank service charges	69,844	39,845	-	105	108,727	4,372	222,893	3,144	-	3,144	226,037
Cash distribution	-	24,481	-	3,000	847,797	-	875,278	-	-	-	875,278
Charitable contributions	69,908	126,628	10,261	-	142,584	-	349,381	-	-	-	349,381
Contract services	111,453	-	-	-	290,949	33,065	435,467	80,825	257,305	338,130	773,597
Depreciation	-	-	-	-	-	-	-	33,965	-	33,965	33,965
Domestic grants	207,500	-	-	14,400	10,000	-	231,900	-	-	-	231,900
Event sponsorship	530,714	-	50,000	-	1,765,480	-	2,346,194	-	62,017	62,017	2,408,211
Food assistance	1,322	249,712	686,723	-	5,000	-	942,757	-	-	-	942,757
Foreign currency exchange loss	-	-	-	-	(761)	-	(761)	6,545	-	6,545	5,784
General office expense	4,054	5,000	-	-	2,384	-	11,438	49,748	-	49,748	61,186
Insurance	-	-	-	-	446	-	446	4,471	-	4,471	4,917
International grants	-	338,118	-	235,000	134,258	154,420	861,796	-	-	-	861,796
Licenses & permits	-	-	-	-	-	-	-	12,257	9,487	21,744	21,744
Meals	37,144	307	99,706	-	23,863	-	161,020	2,131	727	2,858	163,878
Medical in-kind expenditure	-	-	-	7,578,670	101	-	7,578,771	-	-	-	7,578,771
Membership & dues	-	-	-	-	-	-	-	21,337	929	22,266	22,266
Payroll, taxes, and benefits	1,159,128	-	31,829	27,485	663,290	111,821	1,993,553	226,705	227,771	454,476	2,448,029
Postage & mailing services	63	-	-	-	-	-	63	5,547	15,134	20,681	20,744
Printing & publication	105,667	315	3,482	-	60,305	-	169,769	3,360	25,344	28,704	198,473
Rent	51,347	-	801	-	67,527	1,240	120,915	74,891	-	74,891	195,806
Scholarships	115,432	-	-	-	-	-	115,432	-	-	-	115,432
Supplies & small equipment	62,545	8,840	2,505	1,189	136,335	56,529	267,943	6,135	2,560	8,695	276,638
Transportation	1,029	-	-	-	1,512	-	2,541	-	-	-	2,541
Travel	10,440	307	2,586	-	29,274	-	42,607	7,255	83,414	90,669	133,276
Utilities	10,159	10,000	1,193	-	59,280	96,169	176,801	19,777	-	19,777	196,578
Water well costs	-	-	-	-	-	8,100	8,100	-	-	-	8,100
Software	16,400	-	-	-	-	-	16,400	-	-	-	16,400
Total expenses	\$ 2,564,695	\$ 803,553	\$ 889,086	\$ 7,859,849	\$ 4,351,703	\$ 465,716	\$ 16,934,602	\$ 611,087	\$ 1,024,826	\$ 1,635,913	\$ 18,570,515

The accompanying notes are an integral part of the consolidated financial statements.

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Mercy Without Limits, Inc. (the Organization) was incorporated on May 17, 2012, in the state of Kansas as a not-for-profit organization. The Organization's primary mission is to provide humanitarian aid, including health programs, educational support, and basic necessities such as food and shelter, to thousands of Syrian children orphaned by the ongoing conflict. The Organization also extends its assistance to other vulnerable communities around the world.

The organization has five board members and has two affiliated entities located in Turkey and Jordan. These affiliates are legally registered and licensed to operate in their respective countries. Mercy Without Limits USA, based in Overland Park, Kansas, is responsible for fundraising, administration, and project coordination, while the affiliates primarily focus on implementing the Organization's strategic initiatives.

- Mercy Without Limits - Turkey: The Affiliate primarily supports educational institutions in Syria, including rebuilding schools and paying teacher's salaries.
- Mercy Without Limits - Jordan: The Affiliate provides emergency assistance to orphans and widows, offering food, shelter, supplies, and medical aid. The entity also delivers humanitarian relief to needy families.

The Organization also operates in Iraq, Bangladesh, Ghana, Sierra Leone, and other countries and provides similar assistance.

For the year ended December 31, 2022, the Organization operated the following programs:

- Education Program: The Organization provides support for Aleppo University in the cities of Daraa and Aleppo. The program extends educational opportunities for Syrian refugees and subsidizes many informal elementary, middle, and high schools across rebel-controlled cities in Syria, where formal schools have become insecure. The Organization also facilitates a scholarship program called "Books, Not Bombs" in partnership with the University of Washington, Columbia University, Eastern Michigan University, University of California Berkeley, and others.
- Emergency Response: The Organization provides rapid and efficient emergency relief to communities affected by crises, both domestically and internationally. This includes delivering essential items such as food, water, and shelter.
- FSI & ERO: The Organization operates the Food Security Initiatives (FSI) program, providing nourishment and financial stability to those in need, along with the Emergency Relief Operations (ERO) aimed at addressing urgent humanitarian needs.
- Healthcare Program: This program addresses immediate healthcare needs in communities facing medical crises. Efforts include rebuilding healthcare facilities, supporting operations, and supplying medicines.

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

- **Protection Program:** The AMAN program is a comprehensive orphan support initiative. It provides orphaned children with nourishment, shelter, healthcare, and education. The program also includes access to clean water through the WASH initiative.
- **WASH and Capacity Building:** The Water, Sanitation, and Hygiene (WASH) program constructs water infrastructure to ensure access to safe water in drought and conflict affected regions. The Capacity Building initiative provides communities with training and resources to maintain sanitary conditions and utilize local resources effectively.
- **Special Project:** The Organization knows that at certain times of the year and under certain conditions, disadvantaged people around the world might need additional help. To aid beneficiaries through times that are crucial to them, the Organization collects funds to provide funding for Qurbani, food baskets during Ramadan and Eid, and clothing, heaters, blankets, and winter coats for children and adults during winter months and natural disasters.

Principles of Consolidation

The consolidated financial statements include the financial statements of Mercy Without Limits, Inc. and its Affiliates, Mercy Without Limits - Turkey and Mercy Without Limits - Jordan, collectively referred to as “the Organization”. Transactions and balances between Mercy Without Limits, Inc. and its Affiliates have been eliminated in consolidation.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At December 31, 2022, cash and cash equivalents consisted of checking accounts.

Contributions Receivable

Contributions receivables consist of promises to give made by individuals, foundations, and corporate donors. The Organization evaluates its receivables and establishes an allowance for doubtful accounts according to its historical collections. Based on management’s evaluation of collectability of the receivables, no allowance for doubtful accounts was recorded for the year ended December 31, 2022.

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

Property and Equipment

Property and equipment are capitalized and stated at cost. Assets acquired through donation are recorded at their estimated fair value at the date of the gift. Assets with values greater than or equal to \$1,000 and estimated useful lives extending beyond one year are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets which range from three to five years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, which requires lessees to recognize almost all of their leases on the balance sheet by recording a right-of-use asset and lease liability. The guidance also requires improved disclosures to help users of the financial statements better understand the amount, timing, and uncertainty of cash flows arising from leases. Additionally, the Organization elected to apply practical expedients allowing it to not reassess: 1) whether any expired or existing contracts previously assessed as not containing leases are or contain leases; 2) the lease classification for any expired or existing leases; and 3) initial direct costs for any existing leases.

A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The Organization elected to adopt the new standard on January 1, 2022, and use the effective date as the date of initial application. Consequently, financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2022.

The Organization determines if an arrangement is a lease at its inception. Operating lease right-of-use ("ROU") assets are included in "Non-current assets," and operating lease liabilities are included in "Current-liabilities" and "Non-current liabilities" as of December 31, 2022 on the balance sheet.

On adoption date the Organization recognized lease liabilities of \$384,050 and ROU asset of \$382,517.

A rate implicit in the lease when readily determinable is used in arriving at the present value of lease payments. As most of the Organization's leases do not provide an implicit rate, the Organization uses an incremental borrowing rate based on information available at lease commencement date for most of its leases. The incremental borrowing rate is based on the Organization's U.S. dollar denominated senior unsecured borrowing curves using public credit ratings adjusted down to a collateralized basis using a combination of recovery rate and credit notching approaches and translated into major contract currencies as applicable. Since the Company's borrowing rate is not readily-available, the Company elected to use the risk-free rate, which is the 20 years US Treasury rate, at the date adoption of the standard.

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. The Organization does not separate lease components from non-lease components across all lease categories. Instead, each separate lease component and non-lease component are accounted for as a single lease component. Lease expense for operating leases is recognized on a straight-line basis. The Organization did not have variable leases or finance leases.

Net Assets

The Organization follows ASC 958, *Not-for-Profit Entities*. Under ASC 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, the Organization is required to report information regarding its financial position and activities according to the following classes:

Net assets without donor restrictions:

Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Net assets with donor restrictions:

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenue Recognition

Grants and contributions - The organization recognizes grants and contributions, including unconditional promises to give in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as contributions with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as contributions without donor restrictions.

In-kind contributions - are recorded at fair value of the services or items received at the time of the donation, if the items received enhance nonfinancial assets and would otherwise need to be purchased by the Organization.

Functional Expense Allocation

Expenses directly identifiable with specific programs are charged to programs and support services. Expenses related to more than one function or program are allocated within the programs based on a reasonable estimate of time and material spent in the functional area or program. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide services for the overall support and direction of the Organization.

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
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Tax Exempt Status

The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Currently, the Organization has no obligation for any unrelated business income tax.

Management has assessed the Organization's tax positions and concluded that there are no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, year ending on or before December 31, 2018 are no longer subject to examination by federal and state taxing authorities.

2) LIQUIDITY

The Organization has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 4,121,965
Receivables	314,774
Less: current liabilities	(222,578)
Total financial assets	<u>\$ 4,214,161</u>

3) CONCENTRATION OF RISK

Financial instruments that subject the Organization to a concentration of credit risk consist of deposits in accounts with financial institutions that exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000. As of December 31, 2022, cash and cash equivalents exceeding the FDIC-insured limit were \$3,103,158. The at-risk amount changes daily based on the actual account balances with the respective financial institution. The Commission does not believe it is exposed to any significant credit risk on the uninsured amounts, nor has the Commission experienced any losses in such accounts.

4) RECEIVABLES, NET

Receivables consist of the following as of December 31:

Contributions receivable	\$ 171,363
Grants receivable	143,411
Less: Allowance for doubtful accounts	-
Receivables, net	<u>\$ 314,774</u>

There was no bad debt expense for the year ended December 31, 2022.

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

5) INVESTMENTS

The Organization holds a membership interest in a real estate holding partnership. This interest, purchased from a previous member for \$30,000, represents 1% of the total membership interest. It is classified as a non-financial asset and is recorded at cost.

6) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

Machinery and equipment	\$ 120,934
Furniture and fixtures	43,998
Lease improvements	4,929
Total	<u>169,861</u>
Less: Accumulated depreciation	<u>(137,221)</u>
Property and equipment, net	<u><u>\$ 32,640</u></u>

Depreciation expense for the year ended December 31, 2022 was \$33,965.

7) IN-KIND CONTRIBUTIONS

During the year ended December 31, 2022, the Organization received donated pharmaceutical and medical supplies from various non-profits. In-kind contributions and the corresponding inventory are reported at fair market value in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities - Revenue Recognition*, reflecting their value as of the donation date. The total value of the received donations for the year was \$5,019,945.

8) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions that are limited in use by the Organization in accordance with donor-imposed stipulations. As of December 31, 2022, the Organization's net assets with donor restrictions consist entirely of the undistributed pharmaceutical and medical supplies held in inventory. The restriction will be released as the supplies are distributed for their intended purpose.

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

9) OPERATING LEASE

The Organization has lease commitments under office operating lease expiring through fiscal year 2030. The total lease expense was \$57,614 for the year-ended December 31, 2022. The remaining lease term has a weighted average of 7.67 years, and the discount rate has a weighted average of 2.05%.

Future minimum lease payments under all operating leases are as follows:

2023	\$	50,782
2024		51,994
2025		53,205
2026		54,417
2027		55,628
Thereafter		<u>149,166</u>
Total undiscounted lease payments		415,192
Less: present value discount		<u>(31,142)</u>
Total lease liabilities	\$	<u><u>384,050</u></u>

10) RELATED PARTY TRANSACTIONS

The Organization provides operating advances to the Affiliate offices corresponding to each approved program. During the fiscal year ending December 31, 2022, the advance funds transferred to the Turkey and Jordan offices were \$5,446,597 and \$1,034,337, respectively.

11) SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 11, 2024, the date the financial statements were available to be issued. There were no events noted that required adjustments or disclosure in the financial statements.

Supplemental Information

MERCY WITHOUT LIMITS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	USA	Turkey	Jordan	Total
	Assets			
Current assets				
Cash and cash equivalents	\$ 3,741,843	\$ 366,105	\$ 14,017	\$ 4,121,965
Receivables	235,761	79,013	-	314,774
Investment in Shura Foundation, LLC	30,000	-	-	30,000
Inventory	5,019,945	-	-	5,019,945
Prepaid expenses	-	1,077	-	1,077
Other assets	1,100	-	225	1,325
Total current assets	<u>9,028,649</u>	<u>446,195</u>	<u>14,242</u>	<u>9,489,086</u>
Non-current assets				
Property and equipment, net	1,561	31,079	-	32,640
Right-of-use assets	382,517	-	-	382,517
Security deposit	-	4,392	-	4,392
Total non-current assets	<u>384,078</u>	<u>35,471</u>	<u>-</u>	<u>419,549</u>
Total assets	<u>\$ 9,412,727</u>	<u>\$ 481,666</u>	<u>\$ 14,242</u>	<u>\$ 9,908,635</u>
	Liabilities and Net Assets			
Current liabilities				
Accounts payable	\$ 63,306	\$ 58,034	\$ -	\$ 121,340
Accrued payroll	3,672	48,069	-	51,741
Accrued expenses	-	6,098	-	6,098
Lease liability, current	43,399	-	-	43,399
Total current liabilities	<u>110,377</u>	<u>112,201</u>	<u>-</u>	<u>222,578</u>
Non-current liabilities				
Lease liability, non-current	340,651	-	-	340,651
Total non-current liabilities	<u>340,651</u>	<u>-</u>	<u>-</u>	<u>340,651</u>
Total liabilities	<u>451,028</u>	<u>112,201</u>	<u>-</u>	<u>563,229</u>
Net assets				
Net assets without donor restrictions	3,941,754	369,465	14,242	4,325,461
Net assets with donor restrictions	5,019,945	-	-	5,019,945
Total net assets	<u>8,961,699</u>	<u>369,465</u>	<u>14,242</u>	<u>9,345,406</u>
Total liabilities and net assets	<u>\$ 9,412,727</u>	<u>\$ 481,666</u>	<u>\$ 14,242</u>	<u>\$ 9,908,635</u>

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MERCY WITHOUT LIMITS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	USA	Turkey	Jordan	Elimination	Total
Revenue					
Donations and contributions	\$ 6,414,844	\$ 6,488,300	\$ 1,034,237	\$ (6,480,934)	\$ 7,456,447
Grants	3,117,870	-	-	-	3,117,870
In-kind contributions	5,019,945	-	-	-	5,019,945
Other income	1,080	-	-	-	1,080
Total revenue	<u>14,553,739</u>	<u>6,488,300</u>	<u>1,034,237</u>	<u>(6,480,934)</u>	<u>15,595,342</u>
Expenses					
Program services	15,975,016	6,461,906	978,614	(6,480,934)	16,934,602
Management and general	429,779	150,949	30,359	-	611,087
Fundraising	1,024,826	-	-	-	1,024,826
Total expenses	<u>17,429,621</u>	<u>6,612,855</u>	<u>1,008,973</u>	<u>(6,480,934)</u>	<u>18,570,515</u>
Change in net assets	(2,875,882)	(124,555)	25,264	-	(2,975,173)
Net assets, beginning	11,837,581	494,020	(11,022)	-	12,320,579
Net assets, ending	<u>\$ 8,961,699</u>	<u>\$ 369,465</u>	<u>\$ 14,242</u>	<u>\$ -</u>	<u>\$ 9,345,406</u>

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