KPMG

MERCY CORPS AND AFFILIATES

Consolidated Financial Statements
and Supplemental Schedules

June 30, 2016
(With comparative Information as of and
for the Year Ended June 30, 2015)

(With Independent Auditors' Report Thereon)

MERCY CORPS AND AFFILIATES

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KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

The Board of Directors
Mercy Corps and affiliates:

We have audited the accompanying consolidated financial statements of Mercy Corps and affiliates, which comprise the consolidated statement of financial position as of June 30, 2016, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mercy Corps and affiliates as of June 30, 2016, and the changes in their net assets, cash flows, and functional expenses for the year then ended, in accordance with U.S. generally accepted accounting principles.

KPMG

Report on Summarized Comparative Information

We have previously audited Mercy Corps and affiliates 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated November 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information included in schedules I and II 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.

KPMG LLP

Portland, Oregon
December 7, 2016

MERCY CORPS AND AFFILIATES

Consolidated Statement of Financial Position

June 30, 2016
With comparative financial information as of June 30, 2015

(In thousands)

Assets		**2016**	**2015**
Cash	$	114,476	73,883
Financial instruments and derivatives, net		2,050	2,851
Grants and accounts receivable		45,402	20,641
Microfinance loans receivable, net		62,364	72,525
Due from unconsolidated affiliates, net		—	14,268
Inventories and material aid		2,765	6,890
Prepaid expenses, deposits, and other assets		7,776	7,199
Pledges receivable, net		616	1,260
Investments		15,635	9,984
Program-related investments		4,494	5,496
Property and equipment, net		40,704	40,108
Total assets	$	296,282	255,105
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	39,794	41,547
Deferred revenue		68,070	40,976
Subsidiary and subordinated debt for microfinancing activities		79,786	71,108
Long-term debt		10,017	10,260
Total liabilities		197,667	163,891
Net assets:			
Unrestricted			
Controlling interests		70,547	58,890
Non-controlling interests		6,997	7,413
Total unrestricted		77,544	66,303
Temporarily restricted		21,071	24,911
Total net assets		98,615	91,214
Total liabilities and net assets	$	296,282	255,105

See accompanying notes to consolidated financial statements.

MERCY CORPS AND AFFILIATES

Consolidated Statement of Activities

Year ended June 30, 2016
With summarized financial information for the year ended June 30, 2015

(In thousands)

		Unrestricted	Temporarily restricted	Totals	2015 Total
Operating support and revenue:					
Public support and revenue:					
Government grants	$	279,625	—	279,625	219,503
Material aid		4,928	—	4,928	16,149
Material aid – monetized		1,860	—	1,860	—
Total public support and revenue		286,413	—	286,413	235,652
Other support and multilateral revenue:					
Other grants		82,305	—	82,305	54,908
Contributions		30,053	11,894	41,947	40,850
Gifts in kind – services		663	—	663	509
Total other support and multilateral revenue		113,021	11,894	124,915	96,267
Other revenue:					
Interest income		24,386	—	24,386	28,952
Other revenue		909	—	909	2,749
Total other revenue		25,295	—	25,295	31,701
Net assets released from restriction		15,734	(15,734)	—	—
Total operating support and revenue		440,463	(3,840)	436,623	363,620
Operating expenses:					
Program services:					
Humanitarian assistance – relief		162,553	—	162,553	116,303
Humanitarian assistance – recovery		15,152	—	15,152	15,033
Livelihood/economic development		118,587	—	118,587	87,734
Civil society and education		50,384	—	50,384	44,000
Health		30,502	—	30,502	38,696
Total program services		377,178	—	377,178	301,766
Supporting services:					
General and administrative		41,790	—	41,790	35,452
Resource development		15,849	—	15,849	14,235
Total supporting services		57,639	—	57,639	49,687
Total operating expenses		434,817	—	434,817	351,453
Change in net assets from operations		5,646	(3,840)	1,806	12,167
Nonoperating revenue and losses net:					
Foreign currency exchange loss, net		(1,879)	—	(1,879)	(4,228)
Realized and unrealized gain (loss) on investments, net		3,973	—	3,973	(29)
Unrealized loss on swap agreements		(3,463)	—	(3,463)	(5,039)
Other nonoperating increase in net assets		—	—	—	6,268
Total nonoperating revenue and losses, net		(1,369)	—	(1,369)	(3,028)
Change in net assets before other interests		4,277	(3,840)	437	9,139
Purchase of interest by noncontrolling shareholder		567	—	567	8,045
Contribution from Mercy Corps Europe		6,397	—	6,397	
Change in net assets		11,241	(3,840)	7,401	17,184
Net assets at beginning of year		66,303	24,911	91,214	74,030
Net assets at end of year	$	77,544	21,071	98,615	91,214

See accompanying notes to consolidated financial statements.

MERCY CORPS AND AFFILIATES

Consolidated Statement of Cash Flows

Year ended June 30, 2016
With summarized financial information for the year ended June 30, 2015

(In thousands)

		2016	2015
Cash flows from operating activities:			
Change in net assets	$	7,401	17,184
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		3,502	3,841
Provision for loan losses		693	765
Net realized and unrealized (gain) loss on investments		(2,993)	4,257
Stock purchase by non-controlling interest		—	(8,045)
Forgiveness of debt		447	—
Unrealized gain on foreign exchange arrangements and financial instruments		3,545	1,015
Contribution from MCE		20,812	—
Net assets acquired in acquisition		—	(6,268)
Loss on disposition of fixed assets		705	1,355
Changes in assets and liabilities:			
Grants and accounts receivable		(14,512)	(4,655)
Due from unconsolidated affiliates, net		(352)	(6,395)
Inventories		4,125	(1,057)
Prepaid expenses, deposits, and other assets		(449)	(151)
Pledges receivable		643	1,253
Accounts payable and accrued liabilities		(5,869)	1,870
Deferred revenue		12,106	2,381
Net cash provided by operating activities		29,804	7,350
Cash flows from investing activities:			
Purchase of investments		(10,649)	(5,367)
Proceeds from sale of investments		8,195	284
Issuances of microfinance loans		(97,016)	(116,979)
Repayments payments on microfinance loans		106,038	123,250
Acquisition of property and equipment		(5,222)	(4,847)
Disposition of property and equipment		442	—
Net cash used in investing activities		1,789	(3,659)
Cash flows from financing activities:			
Issuance of common stock		567	8,045
Proceeds from borrowings by microfinance entities		70,124	55,886
Repayments on borrowings of microfinance entities		(61,404)	(66,104)
Issuance of long term debt		120	10,260
Repayments on long-term debt		(406)	(7,056)
Net cash provided by financing activities		9,001	1,031
Net increase in cash and cash equivalents		40,594	4,722
Cash at beginning of year		73,883	69,161
Cash at end of year	$	114,477	73,883
Supplemental disclosures:			
Interest paid during the year	$	8,869	9,592
Noncash contributions		7,368	16,512

See accompanying notes to consolidated financial statements.

MERCY CORPS AND AFFILIATES

Consolidated Statement of Functional Expenses

Year ended June 30, 2016
With summarized financial information for the year ended June 30, 2015

(In thousands)

	Program services						Support services			
	Humanitarian assistance – relief	Humanitarian assistance – recovery	Livelihood/ economic development	Civil society and education	Health	Total program services	General and administration	Resource development	Total expenses	2015 Total
Personnel	$ 36,707	4,461	38,636	17,310	10,122	107,236	28,964	6,157	142,357	100,327
Professional services	8,706	768	6,374	1,438	786	18,072	1,839	1,761	21,672	15,012
Travel and vehicle expense	6,339	801	5,383	2,453	1,816	16,792	4,592	409	21,793	17,919
Office and occupancy expense	5,584	586	6,944	2,044	1,877	17,035	3,112	4,409	24,556	18,049
Other operating expenses	1,361	337	639	435	288	3,060	1,848	2,900	7,808	6,404
Material aid	2,903	212	189	—	1,883	5,187	—	—	5,187	10,101
Materials and supplies	49,116	1,175	5,112	2,983	1,648	60,034	5	—	60,039	59,665
Construction, nonowned assets	5,811	502	3,250	8,844	2,705	21,112	(33)	—	21,079	11,836
Training, monitoring, and evaluation	2,698	1,058	5,108	4,618	1,919	15,401	26	—	15,427	10,598
Subgrants	43,091	5,181	33,759	9,842	7,284	99,157	—	—	99,157	73,185
Microfinancing activity	—	—	12,207	—		12,207	—	—	12,207	24,516
Depreciation	237	71	986	417	174	1,885	1,437	213	3,535	3,841
	$ 162,553	15,152	118,587	50,384	30,502	377,178	41,790	15,849	434,817	351,453

See accompanying notes to consolidated financial statements.

(1) Organization and Purpose

(a) Business and Organization

Mercy Corps' mission is to alleviate suffering, poverty, and oppression by helping people build secure, productive, and just communities around the globe.

Mercy Corps is a global organization, 5,000 strong, powered by the belief that a better world is possible. Mercy Corps helps people survive and get back on their feet when natural disaster strikes, economies collapse or conflict erupts. Where there are chronic threats to peace and progress, Mercy Corps partners with communities to overcome obstacles and thrive.

Mercy Corps employees live and work in more than 40 countries facing the world's toughest challenges. For more than three decades, Mercy Corps has worked alongside more than 170 million extraordinary people to strengthen their communities from within. In everything we do, Mercy Corps looks for moments of transition to connect people to resources and expertise that can catalyze transformative change.

The consolidated financial statements include the accounts of Mercy Corps Global and its controlled affiliates or affiliates under common control. Mercy Corps and affiliates a/k/a Mercy Corps Global, a Washington nonprofit corporation (MCG) and Mercy Corps Europe f/k/a Mercy Corps Scotland, a nonprofit company limited by guarantee organized under the Scottish charity laws (MCE), are collectively referred to herein as the Organization. All material intercompany transactions and balances have been eliminated. Consolidated affiliates include:

Mercy Corps Europe (added July 1, 2015)
Asian Credit Public Fund
Hunchun Association for Poverty Alleviation in the Tumen River Area
Kompanion Development Institution
Kompanion Financial Group Microfinance Closed Joint Stock Company
MC Morocco, LLC
MC Nigeria (Limited by Guarantee)
Mercy Corps China Holdings, LLC
Mercy Corps Condominium Association
Mercy Corps Development Holdings, LLC
Mercy Corps Foundation
Mercy Corps India, Not For Profit, Joint Stock Company
Mercy Corps International, Jordan
Mercy Corps Liaoning Holdings, LLC
Mercy Enterprise Corporation d/b/a Mercy Corps Northwest
Yanbian Association for Poverty Alleviation in the Tumen River Area
Yayasan Microfinance Innovation & Resource Center Foundation
Yayasan Mercy Corps Indonesia

(Dollars in thousands)

Entities dissolved or in dissolution as of June 30, 2016:

MC Egypt, LLC (in dissolution June 2016)
Mercy Corps Investment Fund, LLC (dissolved June 2016)
Mercy Corps Headquarters Manager, Inc. (dissolved June 2015)
Mercy Corps Headquarters Building, LLC (dissolved June 2015)
Mercy Corps Master Tenant Manager, LLC (dissolved June 2015)
Mercy Corps Headquarters Master Tenant Manager, LLC (dissolved June 2015)
Custom Clouds Public Benefit Corporation (dissolved December 2015)

(b) Mercy Corps Europe Consolidation

Effective on July 1, 2015, MCG and MCE entered into a new Governance Agreement pursuant to which the two entities are now under common control of members who are the same for both entities and who elect the respective boards of each. The two entities continue to be parties to a Memorandum of Understanding to coordinate joint activities and projects in those countries funded by European donors that allocates the duties, liabilities, and flow of funds between the two entities. The financial position and results of operations of MCE have been included in the consolidated financial statements of the organization since July 1, 2015.

The change in governance structure has been accounted for under Accounting Standards Codification (ASC) Subtopic 958-805, *Not-for-Profit Entities – Business Combinations*. No consideration was paid from one entity to another as a condition of consummating this affiliation.

The following table summarizes the fair value estimates of the MCE assets and liabilities assumed as of July 1, 2015:

Current assets	$	37,163
Tangible assets		23
Liabilities		(30,789)
Net assets	$	6,397

The following are the financial results of MCE included in Mercy Corps' 2016 consolidated statement of activities since July 1, 2015:

Total income from charitable activities	$	86,956
Total expenses		(84,814)
Total nonoperating income		3,382
Net income		5,525

(Dollars in thousands)

The following pro forma financial information presents Mercy Corps' results as if MCE had been consolidated as of the beginning of fiscal year 2015:

		2015	
		Actual	**Pro forma (including MCE)**
Operating support and revenue	$	363,620	448,782
Change in net assets from operations		12,167	13,621
Nonoperating revenue and losses net		(3,028)	(3,028)
Total net assets		91,214	97,611

(2) Summary of Significant Accounting Principles

(a) Basis of Accounting

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.
- Temporarily restricted net assets – Net assets that are subject to donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.
- Permanently restricted net assets – Net assets that are subject to donor-imposed restrictions that are maintained in perpetuity by the Organization unless an action by the donor or courts removes the restriction.

(b) Use of Estimates

The preparation of consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates in the Organization's consolidated financial statements include loan loss reserves, fair value of investments, functional expense allocations, and net realizable value of pledges receivables. Actual results may differ from those estimates.

(c) Revenue Recognition

Contributions, including unconditional promises to give, are recognized initially at fair value as revenue in the period received at net realizable value. Contribution revenue is reported as increases in unrestricted net assets unless its use is limited by donor-imposed restrictions.

(Continued)

Funds provided under grant or contract, which are not considered contributions, are deemed to be earned and reported as revenue when the organization has either incurred expenditures or completed the deliverables in compliance with the specific terms and conditions of the grant or contract. Grant or contract funds received for which no corresponding expenditure or performance has yet been made are accounted for as deferred revenue. Expenditures and performance made in advance of funds received are recorded as grants or accounts receivable.

Donated services that meet the criteria for recognition in accordance with generally accepted accounting principles are reported as gift-in-kind services and expenses in amounts equal to their estimated fair value on the date of receipt. Approximately $593 and $364 of legal services were provided pro bono to the Organization in 2016 and 2015, respectively.

Commodities are received and reported at fair value and recognized as revenue as the commodities are distributed for program purposes.

Gifts in kind and contributions of fixed assets and materials are reported as contributions at their estimated fair values on the date of receipt and reported as expense when utilized.

(d) Functional Allocation of Expenses

The Organization allocates expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are charged directly. Other expenses that are common to several functions are allocated by various statistical bases.

(e) Change in Net Assets from Operations

Change in net assets from operations excludes activities that the Organization considers to be outside the scope of its primary business, as defined by their mission statement.

(f) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on reporting dates, and revenue and expenses are translated at rates that approximate the average rate for the period in which the transactions occurred. Net transaction and translation gains and losses are included in the accompanying consolidated statements of activities in the nonoperating revenue and expenses section as foreign currency exchange gain or loss.

(g) Income Taxes

Mercy Corps Global has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and corresponding sections of the state of Washington provisions as a publicly supported Organization, which is not a private foundation.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed tax positions taken by the Organization and has concluded that as of June 30, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no IRS audits for any tax periods in progress. The Organization's management believes it is no longer subject to income tax examinations for years prior to 2013.

(h) Cash

Cash consist of short-term, highly liquid investments with original maturities of three months or less at the date of acquisition.

Per donor terms and internal processes, project related cash is held in accounts separate from our primary operating accounts. These types of segregated accounts totaled $53,124 and $18,433 at June 30, 2016 and 2015, respectively.

(i) Investments

The Organization holds various types of investments, including money market accounts, mutual funds and managed accounts. Investments are recorded at fair value. Interest earned on funds is included in interest income. Dividends are included in other revenue. There are no significant concentrations as the investment portfolio is diversified among issuers.

(j) Charitable Gift Annuities

The Organization has a certificate of authority from the state of Oregon and from the state of Washington and a few other states to receive transfers of money or property upon agreement to pay an annuity. The annuity liability included in accounts payable and accrued liabilities as of June 30, 2016 and 2015 was $728 and $337, respectively. The Organization maintains segregated accounts for all gift annuities. The amounts in the accounts were $883 and $658 as of June 30, 2016 and 2015, respectively. No annuity contracts have been issued in the state of Washington as of June 2016.

(k) Derivative Financial Instruments

Derivative financial instruments held by our subsidiaries include back-to-back loans, which have the contractual effect of a currency swap or interest rate swap. The swap counter-parties to these transactions have no recourse to the Organization. Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value are recognized currently as an unrealized gain or loss on swap agreements in nonoperating revenue and expenses, net.

(l) Fair Value Measurements

The Organization applies the accounting standard ASC Topic 820, *Fair Value Measurement*, that established a framework for measuring fair value. This standard defines the fair value as the amount that would be exchanged for an asset or to transfer a liability in an orderly transaction between market participants at the measurement date.

(Continued)

The standard establishes a three-level fair value hierarchy that prioritizes the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the whole term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available.

The Organization used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the consolidated financial statements:

Investments – Fair values for these investments are based on quoted market prices (Level 1).

Derivative financial instruments – The fair value of the Microfinance Institution's (MFI) derivatives is based on estimates using standard pricing models that take into account the present value of future cash flows as of the date of the consolidated statement of financial position. The fair values of the interest and currency rate swaps are based on models that rely on observable market-based data (Level 2).

(m) Grants and Accounts Receivable

The majority of the Organization's grants and accounts receivable are due from government and multilateral agencies and private foundations. Grants and accounts receivable are expected to be collected within one year and are recorded at net realizable value.

Pledges receivable and notes receivable that are expected to be collected in future years are recorded at fair value at the date of the contribution, as determined using the net present value of estimated future cash flows. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discounts is recorded as additional contribution revenue.

(n) Microfinance Loans Receivable

Financial services are an essential element of the Organization's integrated approach to helping people. In this sector, the Organization has established MFIs, structured loan guarantee programs, built capacity in existing MFIs and created service organizations to contribute to the development of the overall microfinance industry. Activities from these services are reported as livelihood/economic development program expense in the consolidated statements of activities, and it is the Organization's intent to reinvest all proceeds generated back into mission-related programs.

The Organization owns or controls 50% or more of the following MFIs and MFI technical assistance organizations and they are thus consolidated in the accompanying consolidated financial statements.

Kompanion Financial Group Microfinance Closed Joint Stock Company (Kompanion), a for-profit entity, was formed in 2004 in the Kyrgyz Republic to engage in microfinance activities. The Organization is the Founder and majority shareholder of Kompanion. In February 2015, Kompanion issued additional shares to a third party resulting in a reduction in ownership from 100% to 65% ownership interest for the Organization.

Hunchun Association for Poverty Alleviation in the Tumen River Area and the Yanbian Association for Poverty Alleviation in the Tumen River Area (collectively, the PATRAs) were formed in 2002 and 2003, respectively, as a means toward the alleviation of poverty and suffering in certain areas in China. These organizations are registered under Chinese law and are considered local projects of Mercy Corps. Under a Memorandum of Understanding, the Organization controls the PATRA entities.

In 2001, the Organization established Mercy Enterprise Corporation (MEC), dba Mercy Corps Northwest, as a nonprofit corporation under the laws of the state of Oregon in order to provide economic development services to low-income populations in the states of Oregon and Washington. The Organization maintains control of the board of directors along with control and management of MEC's programs.

Microfinance loans receivable are recorded in the consolidated statement of financial position at their unpaid principal balances net of allowance for loan losses. Interest income is accrued based on the outstanding principal amount and contractual terms of each individual loan. The affiliated organizations review their loans to assess impairment on a regular basis. A loan is considered impaired when, based on current information; it is probable that the MFIs will not receive all amounts due in accordance with the contractual terms of the underlying loan agreement. When an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan receivable and the present value of the estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan receivable's original effective interest rate. All loan receivable losses are recognized in the consolidated statement of activities. When a loan is uncollectible, it is written off against the related reserve for loan impairment. Loan balances are written off when management determines that the loans are uncollectible and when all necessary steps to collect the loan are exhausted.

(o) Inventories and Material Aid

The Organization receives agricultural commodities from governments for distribution via Organization programs and for monetization in which proceeds of the commodity sale are to be used to fund Organization programs. Commodities received for distribution are recorded at estimated fair value as inventory and deferred revenue. Revenue is recognized as inventory is distributed, and is recorded in the consolidated statement of activities as “Material Aid.” Funds received from monetization of commodities are deferred until utilized in program activities.

Material Aid commodities received from the U.S. government that are held for sale are valued at the lesser of the fair value on the contribution date or the expected sales price in the foreign location, if impaired. Material Aid commodities held for distribution and not for sale are valued at estimated fair value.

(p) Program-Related Investments

Program-related investments represent the Organization’s investments in domestic and overseas organizations that do not meet the standard of control for consolidation under U.S. generally accepted accounting principles. The investments are typically in the form of equity investments funded with grants or the Organization’s unrestricted funds. The primary purpose of these investments is the furtherance of the Organization’s mission rather than the generation of income. Investments are recorded on either the cost or equity method, depending on the Organization’s level of ownership and influence over the entities.

(q) Property and Equipment, Net

Land, buildings, and equipment are stated at acquisition cost or fair value on date of contribution. Depreciation is computed on a straight-line basis over the shorter of the estimated useful lives of the respective assets or the related lease term. The estimated useful lives by asset class are as follows:

	Years
Buildings	30–39
Leasehold improvements	3–30
Furniture, fixtures, and equipment	3–10
Vehicles	3–5

The Organization has adopted a policy of applying a time restriction that expires over the useful life of the long-lived assets acquired, or constructed with contributions restricted for that purpose, and therefore, releases amounts from temporarily restricted net assets ratably over the same useful life.

(r) Reclassifications

Certain reclassifications have been made to prior years’ amounts to conform to the current year presentation.

(s) Comparative Financial Information

The accompanying consolidated financial statements include certain prior year summarized information. With respect to the consolidated statement of functional expenses, information from the prior year is presented in the aggregate and not presented by function. Accordingly, such information should be read in conjunction with the Organization's prior year consolidated financial statements from which the summarized information was derived.

(Dollars in thousands)

(3) Fair Value of Financial Instruments and Investments

Fair value measurements for the assets measured at fair value on a recurring basis at June 30, 2016 consisted of the following:

	Level 1	Level 2	Total
Assets:			
Investments:			
Mutual Funds – equity	$ 4,955	—	4,955
Mutual Funds – fixed income	5,254	—	5,254
Foreign government securities	5,131	—	5,131
Real estate investment trust	295	—	295
Total investments	15,635	—	15,635
Derivative financial instruments:			
Foreign currency swap arrangements	—	2,050	2,050
Total	$ 15,635	2,050	17,685

Fair value measurements for the assets measured at fair value on a recurring basis at June 30, 2015 consisted of the following:

	Level 1	Level 2	Total
Assets:			
Investments:			
Mutual Funds – equity	$ 3,046	—	3,046
Mutual Funds – fixed income	6,806	—	6,806
Real estate investment trust	132	—	132
Total investments	9,984	—	9,984
Derivative financial instruments:			
Foreign currency swap arrangements	—	2,851	2,851
Total	$ 9,984	2,851	12,835

Mercy Corps had no Level 3 assets or liabilities measured at fair value at June 30, 2016 and 2015.

(Dollars in thousands)

(4) Pledges Receivable

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges receivable are expected to be collected in future years and are recorded after discounting to the present value of expected future cash flows.

Unconditional promises are expected to be collected in the following periods:

		2016	2015
One year or less	$	362	709
Between one year and five years		272	567
		634	1,276
Less discount		(18)	(16)
Pledges receivable, net	$	616	1,260

(5) Microfinance Loans Receivable

Microfinance loans comprise variable and fixed-rate loans with individuals and groups. Group loans are unsecured loans granted to a group of borrowers who sign a loan agreement with joint and several liability to repay a loan. The loans bear interest at rates generally at or below the local market industry average available. Microfinance loans are issued with original maturities ranging from 3 to 36 months.

Microfinance loans receivable were concentrated in the following countries as of June 30, 2016 and 2015:

		2016	2015
China	$	1,621	1,643
Kyrgyzstan		64,440	74,038
United States		430	742
		66,491	76,423
Less loan loss reserves		(4,127)	(3,898)
Microfinance loans receivable, net	$	62,364	72,525

The Organization applies ASC Topic 310, *Receivables*, for financing receivables and the corresponding allowance for losses.

Allowances for estimated losses are established based on prior collection experience and observed trends in the rate of default, as well as a consideration of current economic trends and indicators. Loan balances are written off when they are deemed to be ultimately uncollectible.

(Dollars in thousands)

Changes in allowance for estimated losses on financing receivables as of June 30, 2016 and 2015 are presented as follows:

		2016	2015
Loan loss reserve, beginning	$	(3,898)	(4,041)
Adjustments to reserve		(687)	(658)
Write off		473	824
Recovery		(15)	(23)
Loan loss reserve, ending	$	(4,127)	(3,898)

The reserves noted above can be attributed to loans that are current or past due as follows at June 30, 2016:

		Current	Past due	Total
Microfinance loans receivable	$	63,936	2,555	66,491
Less loan loss reserves		(2,635)	(1,492)	(4,127)
Microfinance loans receivable, net	$	61,301	1,063	62,364

The reserves noted above can be attributed to loans that are current or past due as follows at June 30, 2015:

		Current	Past due	Total
Microfinance loans receivable	$	74,813	1,610	76,423
Less loan loss reserves		(3,039)	(859)	(3,898)
Microfinance loans receivable, net	$	71,774	751	72,525

(Continued)

(Dollars in thousands)

(6) Property and Equipment

		2016	2015
Land	$	4,407	4,410
Buildings and leasehold improvements		40,171	37,556
Vehicles		10,556	10,854
Furniture, fixtures, and equipment		11,056	9,814
Property and equipment		66,190	62,634
Less accumulated depreciation and amortization		(25,486)	(22,526)
Property and equipment, net	$	40,704	40,108

(7) Program-Related Investments

The Organization’s program-related investments at June 30 are as follows:

		2016	2015
PT Bank Andara, Indonesia	$	2,453	2,862
ACF MCO, LLC, Kazakhstan		1,005	1,289
TenGer Financial Group, LLC, Mongolia		—	624
Kompanion Invest, LLC, Kyrgyzstan		251	275
MiCRO		54	197
MEVCF		131	109
MCDH		600	—
Other		—	140
	$	4,494	5,496

(Dollars in thousands)

PT Bank Andara (Andara), a limited liability company, was organized under the laws of the Republic of Indonesia in 2009 by an investor consortium, led by the Organization. The Organization founded Bank Andara to deliver innovative financial services to millions of low-income Indonesian families. Andara serves as the strategic banking partner to the Indonesian microfinance sector, which encompasses over 50,000 institutions. At June 30, 2016 and 2015, the Organization owned 22% of the outstanding shares of Andara. This investment is reported on the equity method of accounting. The summarized financial data for Andara is as follows:

		2016	2015
Total assets	$	77,950	71,118
Total liabilities		(66,805)	(58,901)
Total equity	$	11,145	12,217
Total operating revenue	$	8,497	9,683
Total operating expense		(10,452)	(10,711)
Nonoperating gain (loss)		(11)	394
Net loss	$	(1,966)	(634)

In October 2015, ACF MCO, LLC sold additional shares to a third party and a current shareholder. The Organization now owns 30% directly and reports this investment on an equity basis.

TenGer Financial Group, LLC (TFG) is a Mongolian company, whose largest holding is XacBank. XacBank was formed in 2001 through a combination of microfinance activities from local nonbank financial institutions. The Organization was one of the initial founders of this entity through a variety of investments that started in December 1999, when the Organization formed a for-profit, nonbanking institution whose mission was to serve the credit needs of small and medium enterprises (SMEs) in the Mongolian Gobi region. On December 10, 2015, Mercy Corps Global sold 1,254,180 shares of TFG for $10,999. The book basis of share value at date of sale was $624. The book value of the shares on Mercy Corps' books represented awards from two donors, 59% from United States Department of Agriculture (USDA) and 41% from United States Agency for International Development (USAID). The accounting for the proceeds of the sale treated them in accordance with the original intent of each respective donor. $6,497 (59% of the proceeds) was recorded as deferred revenue and $3,599 (41% of the proceeds) net of selling costs was recorded as an unrestricted gain on the sale of investments.

Kompanion Invest LLC was formed in Kyrgyzstan in October 2011 to provide a bank based on the Shariah principles. The organization is owned 99.9% by Kompanion. The Organization does not consolidate Kompanion Invest LLC due to its immaterial financial impact to the Organization, but does report the investment on an equity basis.

MiCRO Insurance Catastrophe Risk Organization SCC (MiCRO – SCC) was formed on March 17, 2011. Their focus is to engage in providing microinsurance products and services to achieve poverty alleviation in Central America and elsewhere in the Caribbean region by providing insurance protection to the economically disadvantaged in the event of natural disasters. At June 30, 2016, the Organization owned 25% of MiCRO – SCC.

(Dollars in thousands)

In fiscal year 2011, the Organization invested in the Middle East Venture Capital Fund, L.P. (MEVCF). The purpose of MEVCF is a venture capital fund focusing primarily on stimulating economic development by making investments sized businesses in the information and communications technology sectors. At June 30, 2016 and 2015, the Organization owned less than 2% of this fund. The investment is recorded on a cost basis.

Mercy Corps Development Holdings, LLC (MCDH) invests in start-up program related social ventures. At June 30, 2016, MCDH had $450 in equity and $150 in convertible notes invested in four ventures in Indonesia and Africa.

The Organization has other small investments in various entities recorded on a cost basis. These investments allow the Organization to partner with developing social enterprises, consistent with our mission.

(8) Debt

At June 30, debt consisted of the following:

		2016	2015
U.S. Bank, N.A.	$	8,887	9,130
Beneficial Bank		900	900
Other debt		230	230
Total	$	10,017	10,260

Future maturities of debt outstanding at June 30, 2016 are as follows:

2017	$	234
2018		263
2019		271
2020		279
2021		518
Thereafter		8,452
Total	$	10,017

(a) 2015 Line of Credit

The Organization has a $3,500 line-of-credit commitment with a bank for working capital purposes, which bears interest at 2% above the 1-Month LIBOR rate. The line is collateralized by a security interest in the Organization’s accounts receivable, inventory, and equipment and was renewed on March 1, 2015 and expires on March 1, 2017. There were no borrowings during the year and as of June 30, 2016 and 2015, the Organization has no outstanding borrowings under the line of credit. The line of credit contains certain restrictive covenants that require, among other things, that the

Organization maintain a fixed charge coverage ratio and minimum levels of unrestricted cash and cash equivalents.

The Organization is the sole party to the line of credit. Mercy Corps Foundation was released as of June 30, 2016 as a guarantor.

(b) 2015 Tax Exempt Bonds

On June 25, 2015, the Organization, through Oregon Facilities Authority, issued a private tax-exempt bond to U.S. Bank, N.A. The proceeds were used to refinance the debt of the HQ building in Portland, OR and purchase a portion of the building that was owned by another party through a condo arrangement. The promissory note contains certain restrictive covenants that require, among other things, that the Organization maintain a minimum liquidity ratio. The interest rate is 3.07% until June 30, 2022 payable in monthly principal and interest installments of $44. At that time, the promissory note may be refinanced at a new rate at the option of U.S. Bank, N.A. or a balloon payment will be due on June 30, 2022. The final maturity of the U.S. Bank, N.A. promissory note is June 30, 2029.

The Organization is the sole party to the promissory note. Mercy Corps Foundation was released as of June 30, 2016 as a guarantor.

(c) 2014 Beneficial Bank

On December 12, 2014, MEC entered into a mortgage with Beneficial Bank for $900 at a rate of 1.5% above the U.S. Prime Rate Index. The current rate is 4.75%. The balloon mortgage is due June 10, 2026.

(d) Other debt

Two impact investors have provided a total of $230 at a rate of 4.00% to MEC. The loans are secured and subordinated to Beneficial Bank. The debt matures on January 1, 2021 in a balloon payment.

(Dollars in thousands)

(9) Subsidiary and Subordinated Debt for Microfinancing Activities

Microfinancing debt is primarily used to finance the Organization's microfinance lending activities. Typically, this debt is not collateralized and principal payments are expected to be made from the flow of cash from collection of the loan receivables. The Organization does not guarantee the repayment on this debt. Payment terms on these loans vary.

Debt maturities as of June 30, 2016 were as follows:

Year ending:		Kompanion	MEC	Total
2017	$	45,717	172	45,889
2018		14,954	274	15,228
2019		11,299	174	11,473
2020		2,129	271	2,400
2021		2,759	98	2,857
Thereafter		1,818	121	1,939
Total	$	78,676	1,110	79,786

The above debt represents obligations of the following subsidiaries of Mercy Corps:

		2016	2015
Mercy Enterprise Corporation	$	1,110	1,153
Kompanion		78,676	69,955
	$	79,786	71,108

(Dollars in thousands)

Interest rates of subsidiary borrowings at June 30, 2016 are as follows:

Subsidiary	Lender	Interest rates	Due date		Balance
Mercy Enterprise Corporation	Various	0.00–2.00%	2017-beyond	$	1,110
Kompanion	BistumEssen	7.25%–7.40%	2016		4,594
Kompanion	BlueOrchard	6.75%–21.50%	2016-2018		3,381
Kompanion	Calvert Social Invest	7.00%	2017		1,521
Kompanion	NBKR	10.00%	2017		8,940
Kompanion	EBRD	13.89%–21.46%	2016-2018		11,720
Kompanion	Global Commercial	7.25%	2016		1,010
Kompanion	Impulse MicroFund	6.75%	2016		3,009
Kompanion	Incofin	6.75%	2016		2,009
Kompanion	MinFln	8.00%–12.00%	2020-beyond		3,022
Kompanion	Netri Private	5.25%	2016		603
Kompanion	Oikocredit	Various	2016-2017		4,415
Kompanion	RES	6.75%–24.75%	2019		10,508
Kompanion	FMO	9.23%	2019		7,058
Kompanion	Symbiotics	6.80%–16.50%	2016-2017		6,384
Kompanion	Triodos	7.25%	2017-2018		8,105
Kompanion	Triplejump	7.00%–10.50%	2016-2020		1,029
Kompanion	Frontiers	18.00%	2017		1,194
Kompanion	State Mortgage Co	7.00%–9.00%	2019-beyond		174
				$	79,786

The above debt also includes subordinated debts of $827 and $834, at June 30, 2016 and 2015, respectively. This subordinated debt is subordinate to all other debt of the individual subsidiary. The subordinated debt maturity dates range from 2017 to 2020; however, the actual maturity dates are automatically extended each year unless the lender exercises its rights to set the final maturity date.

(10) Temporarily Restricted Net Assets

Temporarily restricted net asset available for programs are $14,292 and $17,980 as of June 30, 2016 and 2015, respectively. Temporarily restricted net assets for the headquarters building totaled $6,779 and $6,931 as of June 30, 2016 and 2015, respectively.

(Dollars in thousands)

(11) Obligations under Operating Leases

The Organization leases office space, housing, and equipment under operating leases that require payments through 2024. The leases may contain annual escalation clauses at fixed percentages or based on the consumer price index. At June 30, 2016, the Organization's aggregate minimum annual operating lease commitments are as follows:

FY17	$	1,111
FY18		927
FY19		748
FY20		545
FY21		422
Thereafter		1,422
Total	$	5,175

Total rent expense was $4,398 and $4,308 for the fiscal years ended June 30, 2016 and 2015, respectively. A majority of this rent expense relates to facilities that are not under a formal lease agreement.

(12) Commitments and Contingencies

The Organization receives a substantial portion of its funding in the form of grants from government and multilateral agencies. These grants contain certain compliance and internal control requirements that, if violated, may result in the disallowance of certain costs incurred under the grant programs. Additionally, the Organization is involved in various legal proceedings and claims arising in the normal course of business. As of June 30, 2016 and 2015, the Organization recorded a contingent liability of $1,933 and $2,198, respectively, for potential claims and disallowances based on management's review of prior history and assessment of the current status of grant programs.

While it is not possible to determine the ultimate liability, if any, in these matters at this time, in the opinion of management, such matters are not expected to have a material adverse effect on the financial condition of the Organization in excess of the recorded contingent liability.

(13) Employee Benefit Plan

Mercy Corps Global has a defined-contribution plan under Internal Revenue Code Section 403(b) for employees who meet the eligibility conditions. Employees are eligible to make voluntary pretax contributions beginning the first day of the month following their employment date. Employees are eligible to receive employer contributions equal to 6% of gross salary after one year of service. The Organization's contributions to the plan for the years ended June 30, 2016 and 2015 amounted to $1,471 and $1,344, respectively.

The Organization also has an employee benefit plan for certain third-country nationals who are otherwise ineligible for the defined-contribution plan under Internal Revenue Code Section 403(b). These employees receive employer contributions equal to 6% of gross salary after one year of service. The Organization accrues liabilities for the program on a monthly basis. The liability accrued for the program for the years ended June 30, 2016 and 2015 amounted to $440 and $390, respectively.

MCE operated two defined-contribution pension plans on behalf of its staff. Both funds are held separately from the company, with one being closed to new members.

Within the various countries in which the Organization operates outside the United States and the United Kingdom, most employees are citizens of the host country. These employees are not eligible for the Organization's defined-contribution plan or for the employee benefit plan for third-country nationals; however, they may be eligible for certain local government-sponsored plans appropriate for that country.

(14) Significant Sources of Revenue and Concentration of Risk

(a) Significant Sources of Revenue

The Organization receives a majority of its funding through grants from government agencies. A reduction in the amount of grants available or in the Organization's ability to receive government grants would have a material impact on its programs and operations.

(b) Concentration of Risk

For cash held in the United States, the Organization maintains its cash in commercial banks that are in excess of the Federal Deposit Insurance Company (FDIC) limits. Management believes the risk associated with balances in excess of FDIC limits is minimal.

For cash held in the United Kingdom, the Organization maintains cash in commercial banks that are in excess of U.K. deposit insurance limits. Management believes the risk associated with the balance in excess of the deposit insurance limits is minimal.

In order to fulfill grant agreements and maintain ongoing operations in foreign countries, the Organization maintains cash balances in both regional and local currencies. The Organization had cash deposits of 23.1% and 38.7%, in the Organization's foreign locations, of which 47.4% and 53.4% was held by the Organization's MFIs, as of June 30, 2016 and 2015, respectively.

(15) Subsidiary Entities

The Organization is required to consolidate certain entities under the guidance of Financial Accounting Standards Board ASC Topic 810, *Consolidation*. However, Mercy Corps Global has limitations on the use of the assets and is not obligated for the liabilities of these consolidated subsidiaries under the laws in place in the foreign jurisdiction of each of these subsidiaries and under the terms of the entities' bylaws.

The Organization continues to establish new entities to invest in new technology, business models, and social enterprises to provide transformational opportunities for overcoming poverty. The following entities are yet to have significant activities, but are controlled by the Organization and have therefore been consolidated as of June 30, 2016:

Mercy Corps India was formed in August 2010 as joint-stock company to carry out operations in India.

Mercy Corps Egypt, LLC was formed in 2012 to establish a field office and operations and was dissolved in 2016.

Yayasan Mercy Corps Indonesia was formed in February 2012 to further the mission in Indonesia.

Kompanion Development was formed in 2008 to assist with development in Kyrgyzstan.

Mercy Corps China Holdings, LLC was formed in 2013 to own a Chinese wholly owned foreign enterprise established under Chinese law to provide services in furtherance of the Mercy Corps mission.

MC Morocco, LLC was formed in August 2014 to develop, implement, and manage projects in the areas of economic development, youth, and civil society.

MICRA Indonesia was formed in 2007 to support microfinance activities through trainings, workshops, and rating and research in the microfinance sector.

Mercy Corps Development Holdings was formed in 2015 as a for-profit holding entity and facilitates impact investing for seed and early stage venture start-ups that create economic opportunities for underserved populations.

Mercy Corps Liaoning Holdings, LLC was formed in 2016 to own a Chinese wholly owned foreign enterprise under Chinese law to provide services in furtherance of Mercy Corps mission.

Total combined net assets of the nine entities listed above are $1,180 and $410 as of June 30, 2016 and 2015, respectively.

(16) Subsequent Events

The Organization has performed an evaluation of subsequent events through December 7, 2016, which is the date the consolidated financial statements were available to be issued and have determined there are no additional disclosures needed.

The following schedules I and II are a presentation of the financial position and financial activities and changes in net assets for Mercy Corps Global on an unconsolidated basis. These amounts are included as part of the consolidated financial statements of Mercy Corps and affiliates for the fiscal year ended June 30, 2016.

Schedule I

MERCY CORPS GLOBAL

Supplemental Schedule – Statement of Financial Position

June 30, 2016
With comparative financial information as of June 30, 2015

Assets		**2016**	**2015**
Cash	$	57,514	52,892
Grants and accounts receivable		14,987	20,603
Due from unconsolidated affiliates, net		12,075	25,838
Inventories		2,765	6,890
Prepaid expenses, deposits, and other assets		6,788	6,229
Pledges receivable, net		616	1,259
Investments		10,503	9,984
Program-related investments		18,880	18,829
Property and equipment, net		33,899	33,756
Total assets	$	158,027	176,280
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	29,740	35,441
Deferred revenue		37,508	39,722
Long-term debt		8,887	33,136
Total liabilities		76,135	108,299
Net assets:			
Unrestricted		60,875	43,210
Temporarily restricted		21,017	24,771
Total net assets		81,892	67,981
Total liabilities and net assets	$	158,027	176,280

See accompanying independent auditors' report.

MERCY CORPS GLOBAL

Supplemental Schedule – Statement of Activities

Year ended June 30, 2016
With comparative financial information for the year ended June 30, 2015

	Unrestricted	Temporarily restricted	Totals	2015 Total
Operating support and revenue:				
Public support and revenue:				
Government grants	$ 204,592	—	204,592	217,785
Material aid	4,918	—	4,918	16,149
Material aid – monetized	1,860		1,860	—
Total public support and revenue	211,370	—	211,370	233,934
Other support and multilateral revenue:				
Other grants	70,348	—	70,348	53,114
Contributions	24,093	11,742	35,835	40,341
Gift in kind – services	443	—	443	363
Bequests	1,623	—	1,623	—
Total other support and multilateral revenue	96,507	11,742	108,249	93,818
Other revenue:				
Interest income	323	—	323	207
Other revenue	473	—	473	1,902
Total other revenue	796	—	796	2,109
Net assets released from restriction	15,496	(15,496)	—	—
Total operating support and revenue	324,169	(3,754)	320,415	329,861
Operating expenses:				
Program services:				
Humanitarian assistance – relief	131,044	—	131,044	116,303
Humanitarian assistance – recovery	15,153	—	15,153	15,033
Livelihood/economic development	69,726	—	69,726	61,043
Civil society and education	32,262	—	32,262	44,006
Health	23,216	—	23,216	38,696
Total program services	271,401	—	271,401	275,081
Supporting services:				
General and administrative	37,917	—	37,917	35,434
Resource development	14,806	—	14,806	14,297
Total supporting services	52,723	—	52,723	49,731
Total operating expenses	324,124	—	324,124	324,812
Change in net assets from operations	45	(3,754)	(3,709)	5,049
Nonoperating revenue and expenses, net:				
Foreign currency exchange loss, net	(449)	—	(449)	(1,660)
Realized and unrealized gain (loss) on investments, net	4,271	—	4,271	(126)
Loss on dissolution and transfer of building entities	—	—	—	(2,114)
Gain on forgiveness of debt	13,798		13,798	—
Total nonoperating revenue and expenses, net	17,620	—	17,620	(3,900)
Change in net assets	17,665	(3,754)	13,911	1,149
Net assets at beginning of year	43,210	24,771	67,981	66,832
Net assets at end of year	$ 60,875	21,017	81,892	67,981

See accompanying independent auditors' report.