

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
---	--	---

Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>	
A	This return/report is for: ☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B	This return/report is: ☐ the first return/report ☐ an amended return/report ☐ the final return/report ☐ a short plan year return/report (less than 12 months)
C	If the plan is a collectively-bargained plan, check here. ☐
D	Check box if filing under: ☒ Form 5558 ☐ special extension (enter description) ☐ automatic extension ☐ the DFVC program
E	If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ☐

Part II	Basic Plan Information—enter all requested information
1a	Name of plan <u>403(B) RETIREMENT PLAN OF MERCY SHIPS</u>
1b	Three-digit plan number (PN) ▶ <u>002</u>
1c	Effective date of plan <u>02/01/2019</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>MERCY SHIPS</u> <u>15862 HIGHWAY 110 NORTH</u> <u>LINDALE, TX 75771</u>
2b	Employer Identification Number (EIN) <u>26-2414132</u>
2c	Plan Sponsor's telephone number <u>903-939-7000</u>
2d	Business code (see instructions) <u>813000</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2022	FRED GROTE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN
5 Total number of participants at the beginning of the plan year		5 309
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year.....		6a(1) 287
a(2) Total number of active participants at the end of the plan year		6a(2) 301
b Retired or separated participants receiving benefits.....		6b 0
c Other retired or separated participants entitled to future benefits		6c 44
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 345
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 0
f Total. Add lines 6d and 6e		6f 345
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g 295
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h 36
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2K 2L 3D 3F		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☐ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection.

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan 403(B) RETIREMENT PLAN OF MERCY SHIPS	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 MERCY SHIPS	D Employer Identification Number (EIN) 26-2414132	

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
DEFINITI, LLC
85-0833363

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
T. ROWE PRICE
52-1309931

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
GUIDESTONE
80-0207304

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

T. ROWE PRICE

52-1309931

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	INVESTMENT ADVISOR		Yes ☒ No ☐	Yes ☐ No ☒	9562	Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
--	--	--

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan 403(B) RETIREMENT PLAN OF MERCY SHIPS	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 MERCY SHIPS	D Employer Identification Number (EIN) 26-2414132	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		0
(2) Participant contributions.....	1b(2)		0
(3) Other	1b(3)		0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	14507	17994
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	2809319	4322760
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities.....	1d(1)		
(2) Employer real property.....	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	2823826	4340754

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	2823826	4340754
---	-----------	---------	---------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	443453	
(B) Participants	2a(1)(B)	808248	
(C) Others (including rollovers).....	2a(1)(C)	168634	
(2) Noncash contributions.....	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1420335
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)	440	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		440
(2) Dividends: (A) Preferred stock.....	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	298599	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		298599
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		116537
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1835911
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	303839	
(2) To insurance carriers for the provision of benefits.....	2e(2)	0	
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		303839
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		0
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	15144	
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		15144
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		318983
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		1516928
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☐ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☒ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CAPIN CROUSE LLP

(2) EIN: 36-3990892

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			
5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.			
5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)			
5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)	
5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☒ No ☐ Not determined If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.			



403(b)(9) RETIREMENT PLAN OF
MERCY SHIPS

Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

EIN: 26-2414132
Plan Number: 002

403(b) RETIREMENT PLAN OF MERCY SHIPS

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Net Assets Available for Benefits	4
Statement of Changes in Net Assets Available for Benefits	5
Notes to Financial Statements	6
Supplemental Schedules	
Schedule H, Line 4i—Schedule of Assets (Held at End of Year)	10



INDEPENDENT AUDITORS' REPORT

Plan Administrator
403(b) Retirement Plan of Mercy Ships
Lindale, Texas

Opinion

We have audited the financial statements of the 403(b) Retirement Plan of Mercy Ships (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA). The financial statements comprise the statements of net assets available for benefits as of December 31, 2021 and 2020, and the related statement of changes in net assets available for benefits for the year ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2021 and 2020, and the changes in its net assets available for benefits for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Plan 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 financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 the Plan's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Management is responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 the Plan'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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.

Plan Administrator
403(b) Retirement Plan of Mercy Ships
Lindale, Texas

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Schedule H, Line 4i—Schedule of Assets Held at End of Year as of December 31, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. 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 audits 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 GAAS.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA.

Capin Crouse LLP

Irving, Texas
October 12, 2022

403(b) RETIREMENT PLAN OF MERCY SHIPS

Statements of Net Assets Available for Benefits

	December 31,	
	2021	2020
ASSETS:		
Investments, at fair value	\$ 4,322,760	\$ 2,809,319
Receivables:		
Notes receivable from participants	17,994	14,507
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 4,340,754</u>	<u>\$ 2,823,826</u>

See notes to financial statements

403(b) RETIREMENT PLAN OF MERCY SHIPS

Statement of Net Assets Available for Benefits

Year Ended December 31, 2021

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

Investment income:

Net appreciation in fair value of investments	\$ 116,537
Interest and dividends	298,599
	<u>415,136</u>

Interest on notes receivable from participants	<u>440</u>
--	------------

Contributions:

Employee	808,248
Employer	443,453
Rollover	168,634
	<u>1,420,335</u>

Total Additions	<u>1,835,911</u>
-----------------	------------------

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

Administrative fees	15,144
Benefits paid to participants	303,839
	<u>318,983</u>

Net Increase in Net Assets Available for Benefits	1,516,928
---	-----------

NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of Period	<u>2,823,826</u>
End of Period	<u><u>\$ 4,340,754</u></u>

See notes to financial statements

403(b) RETIREMENT PLAN OF MERCY SHIPS

Notes to the Financial Statements

December 31, 2021 and 2020

1. DESCRIPTION OF THE PLAN:

The following brief description of the 403(b) Retirement Plan of Mercy Ships (the Plan) provides only general information. Participants should refer to the Summary Plan Document for a more complete description of the Plan's provisions.

GENERAL

The Plan is a 403(b) retirement plan established February 1, 2019 and amended and restated January 1, 2021, covering all eligible employees of Mercy Ships (the Organization). Employees are eligible to make contributions upon hire. Employees other than leased employees, nonresident aliens, and employees who are not classified as regular full-time employees are eligible to receive employer matching contributions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS

Participants may make elective deferral contributions up to limits prescribed by law. The Organization made discretionary matches to the Plan of a dollar for dollar match up to 3% of employee contributions for the years ended December 31, 2021 and 2020. Participants direct the investment of all contributions into various investment options offered by the Plan. Participants may also make contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollovers).

Effective January 1, 2021, the Plan was amended to include an auto-enrollment provision for eligible employees. Eligible employees are automatically enrolled at 3% of compensation unless a different selection is made.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contribution and allocations of (a) the Organization's contribution, (b) Plan earnings, and (c) charged with an allocation of Plan expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

VESTING

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Organization's contribution to their accounts and related earnings is based on years of service. A participant is 100% vested after 5 years of service, using increments of 20% each year.

403(b) RETIREMENT PLAN OF MERCY SHIPS

Notes to the Financial Statements

December 31, 2021 and 2020

1. DESCRIPTION OF THE PLAN, continued:

FORFEITURES

Amounts that are forfeited due to a participant's termination of employment prior to 100% vesting in employer contributions made on the participant's behalf are used to reduce future employer contributions. As of December 31, 2021 and 2020, the balance in forfeited nonvested accounts was \$2,250 and \$0, respectively. Forfeitures used to reduce employer contributions were \$17,505 for the year ended December 31, 2021.

PAYMENT OF BENEFITS

Upon termination of service, disability, or attaining age 65, participants with vested account balances greater than \$1,000 generally receive payments in the form of a lump sum, partial payment, install payments or purchase of annuity contracts. Participants with vested account balances of \$1,000 or less will receive a single lump-sum payment. Participants may also withdraw amounts from employee deferrals and related earnings upon reaching age 59 1/2, or in the event of a hardship.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of the Plan are prepared on the accrual basis of accounting.

USE OF ESTIMATES

The preparation of the 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 amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are reported at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

PAYMENT OF BENEFITS

Benefits are recorded when paid.

403(b) RETIREMENT PLAN OF MERCY SHIPS

Notes to the Financial Statements

December 31, 2021 and 2020

3. FAIR VALUE MEASUREMENTS:

The Plan uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All of the Plan's investments at December 31, 2021 and 2020, were mutual funds, which are considered Level 1. Mutual funds are primarily valued using market quotations or prices obtained from independent pricing sources.

4. PLAN TERMINATION:

Although it has not expressed any intent to do so, the Organization has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

5. TAX STATUS:

The Plan has been designed to qualify under Section 403(b) of the Internal Revenue Code (Code). The terms of the Plan have been prepared to conform with the sample language provided by the Internal Revenue Service (IRS) in Revenue Procedure 2007-71 and the draft Listing of Required Modifications issued April 4, 2009. The Plan is required to operate in conformity with the Code to maintain the tax-exempt status for plan participants under Section 403(b).

6. PARTIES-IN-INTEREST:

Certain investments for the Plan as of December 31, 2021, are units of funds managed by T.Rowe Price. T.Rowe Price performs recordkeeping services for the Plan; therefore, these transactions qualify as party-in-interest transactions. Total assets under recordkeeping services with T.Rowe Price were \$2,554,410 for the year ended December 31, 2021.

Certain investments for the Plan as of December 31, 2020, were units of funds managed by GuideStone. GuideStone performed recordkeeping services for the Plan; therefore, these transactions qualified as party-in-interest transactions. Total assets under recordkeeping services with GuideStone were \$2,823,826 for the year ended December 31, 2020.

Certain administrative functions of the Plan are performed by employees of the Organization. No such employee receives compensation from the Plan.

403(b) RETIREMENT PLAN OF MERCY SHIPS

Notes to the Financial Statements

December 31, 2021 and 2020

7. **RISKS AND UNCERTAINTIES:**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

In March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Plan for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

8. **SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through October 12, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL SCHEDULES

403(b) RETIREMENT PLAN OF MERCY SHIPS

Schedule H, Line 4i–Schedule of Assets (Held at End of Year)

EIN: 26-2414132 and Plan Number: 002

December 31, 2021

(a)	(b)	(c)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Current Value
	<u>Mutual Funds:</u>		
	Invesco	Select Risk: Growth Investor Fund Class R6	31,299.5512 shares \$ 529,901
	American Century	Emerging Markets Fund R6 Class	484.0819 shares 6,884
	Baron	Growth Fund Institutional Shares	155.2058 shares 18,881
	BalckRock	High Yield Bond Portfolio Institutional Shares	325.2325 shares 2,550
*	T.Rowe Price	Blue Chip Growth Fund	532.6250 shares 94,711
	BlackRock	Inflation Protected Bond Fund Institutional Shares	1,771.4585 shares 20,939
	Baron	Small Cap Fund Institutional Class	285.3192 shares 11,535
	Invesco	Select Risk: Moderately Conservative Investor Fund Class R6	1,417.2307 shares 16,978
	Cohen & Steers	Real Estate Securities Fund, Inc. Class Institutional	4,018.7082 shares 88,693
	Delaware		
	International	Value Equity Fund Institutional Class	213.4864 shares 3,226
	DFA	U.S. Sustainability Core 1 Portfolio	49.1606 shares 1,071
	DFA	U.S. Small Cap Value Portfolio Institutional Class	32.3159 shares 1,405
	Fidelity	US Sustainability Index Fund	4,656.0416 shares 98,708
	BrandywineGLO		
	BAL	Global Opportunities Bond Fund Class I	1,245.0031 shares 13,745
*	T.Rowe Price	Money Market Government Fund	7,277.9200 shares 7,278
	Loomis Sayles	Global Allocation Fund Class N	25.2931 shares 1,746
	BlackRock	Equity Dividend Fund Institutional Shares	900.9655 shares 19,533
	iShares	MSCI EAFE International Index Fund Institutional Shares	3,312.6991 shares 52,506
	Parnassus	Mid Cap Fund	151.0282 shares 6,826
	PIMCO	CommodityRealReturn Strategy Fund Institutional Class	206.4448 shares 1,311
	PIMCO	Total Return ESG Fund Institutional Class	7,113.8786 shares 66,088
	Invesco	Select Risk: Conservative Investor Fund Class R6	802.7555 shares 7,923

(continued)

403(b) RETIREMENT PLAN OF MERCY SHIPS

Schedule H, Line 4i–Schedule of Assets (Held at End of Year)

EIN: 26-2414132 and Plan Number: 002

December 31, 2021

(a)	(b)	(c)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Current Value
	Invesco	Select Risk: High Growth Investor Fund Class R6 21,191.3108 shares	340,968
	Invesco	Select Risk: Moderate Investor Fund Class R6 33,833.8204 shares	411,081
*	T.Rowe Price	Retirement 2010 Fund 24.6370 shares	432
*	T.Rowe Price	Retirement 2015 Fund 5,331.1300 shares	78,368
*	T.Rowe Price	Retirement 2020 Fund 646.6020 shares	14,361
*	T.Rowe Price	Retirement 2025 Fund 38,346.0410 shares	748,515
*	T.Rowe Price	Retirement 2030 Fund 3,354.4590 shares	98,889
*	T.Rowe Price	Retirement 2035 Fund 26,252.7600 shares	599,613
*	T.Rowe Price	Retirement 2040 Fund 1,495.3510 shares	48,988
*	T.Rowe Price	Retirement 2045 Fund 15,420.5400 shares	354,827
*	T.Rowe Price	Retirement 2050 Fund 4,975.6590 shares	96,976
*	T.Rowe Price	Retirement 2055 Fund 17,645.2240 shares	355,904
*	T.Rowe Price	Retirement 2060 Fund 2,921.9640 shares	48,329
*	T.Rowe Price	Retirement 2065 Fund 1,156.0540 shares	14,497
	TWC	Emerging Markets Income Fund 761.9893 shares	5,875
	Vanguard	Small-Cap Index Fund Admiral Shares 269.9907 shares	29,259
	Allspring	Special Mid Cap Value Fund - Class Inst 68.0847 shares	3,440
			4,322,760
<u>Notes receivable from participants:</u>			
*	Participant loans	Interest rates at 4.25%-5.75%	17,994
			\$ 4,340,754

* Indicates parties-in-interest to the Plan.



403(b)(9) RETIREMENT PLAN OF
MERCY SHIPS

Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

EIN: 26-2414132
Plan Number: 002

403(b) RETIREMENT PLAN OF MERCY SHIPS

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Net Assets Available for Benefits	4
Statement of Changes in Net Assets Available for Benefits	5
Notes to Financial Statements	6
Supplemental Schedules	
Schedule H, Line 4i—Schedule of Assets (Held at End of Year)	10



INDEPENDENT AUDITORS' REPORT

Plan Administrator
403(b) Retirement Plan of Mercy Ships
Lindale, Texas

Opinion

We have audited the financial statements of the 403(b) Retirement Plan of Mercy Ships (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA). The financial statements comprise the statements of net assets available for benefits as of December 31, 2021 and 2020, and the related statement of changes in net assets available for benefits for the year ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2021 and 2020, and the changes in its net assets available for benefits for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Plan 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 financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 the Plan's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Management is responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 the Plan'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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.

Plan Administrator
403(b) Retirement Plan of Mercy Ships
Lindale, Texas

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Schedule H, Line 4i—Schedule of Assets Held at End of Year as of December 31, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. 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 audits 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 GAAS.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA.

Capin Crouse LLP

Irving, Texas
October 12, 2022

403(b) RETIREMENT PLAN OF MERCY SHIPS

Statements of Net Assets Available for Benefits

	December 31,	
	2021	2020
ASSETS:		
Investments, at fair value	\$ 4,322,760	\$ 2,809,319
Receivables:		
Notes receivable from participants	17,994	14,507
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 4,340,754</u>	<u>\$ 2,823,826</u>

See notes to financial statements

403(b) RETIREMENT PLAN OF MERCY SHIPS

Statement of Net Assets Available for Benefits

Year Ended December 31, 2021

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

Investment income:

Net appreciation in fair value of investments	\$ 116,537
Interest and dividends	298,599
	<u>415,136</u>

Interest on notes receivable from participants	<u>440</u>
--	------------

Contributions:

Employee	808,248
Employer	443,453
Rollover	168,634
	<u>1,420,335</u>

Total Additions	<u>1,835,911</u>
-----------------	------------------

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

Administrative fees	15,144
Benefits paid to participants	303,839
	<u>318,983</u>

Net Increase in Net Assets Available for Benefits	1,516,928
---	-----------

NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of Period	<u>2,823,826</u>
End of Period	<u><u>\$ 4,340,754</u></u>

See notes to financial statements

403(b) RETIREMENT PLAN OF MERCY SHIPS

Notes to the Financial Statements

December 31, 2021 and 2020

1. DESCRIPTION OF THE PLAN:

The following brief description of the 403(b) Retirement Plan of Mercy Ships (the Plan) provides only general information. Participants should refer to the Summary Plan Document for a more complete description of the Plan's provisions.

GENERAL

The Plan is a 403(b) retirement plan established February 1, 2019 and amended and restated January 1, 2021, covering all eligible employees of Mercy Ships (the Organization). Employees are eligible to make contributions upon hire. Employees other than leased employees, nonresident aliens, and employees who are not classified as regular full-time employees are eligible to receive employer matching contributions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS

Participants may make elective deferral contributions up to limits prescribed by law. The Organization made discretionary matches to the Plan of a dollar for dollar match up to 3% of employee contributions for the years ended December 31, 2021 and 2020. Participants direct the investment of all contributions into various investment options offered by the Plan. Participants may also make contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollovers).

Effective January 1, 2021, the Plan was amended to include an auto-enrollment provision for eligible employees. Eligible employees are automatically enrolled at 3% of compensation unless a different selection is made.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contribution and allocations of (a) the Organization's contribution, (b) Plan earnings, and (c) charged with an allocation of Plan expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

VESTING

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Organization's contribution to their accounts and related earnings is based on years of service. A participant is 100% vested after 5 years of service, using increments of 20% each year.

403(b) RETIREMENT PLAN OF MERCY SHIPS

Notes to the Financial Statements

December 31, 2021 and 2020

1. DESCRIPTION OF THE PLAN, continued:

FORFEITURES

Amounts that are forfeited due to a participant's termination of employment prior to 100% vesting in employer contributions made on the participant's behalf are used to reduce future employer contributions. As of December 31, 2021 and 2020, the balance in forfeited nonvested accounts was \$2,250 and \$0, respectively. Forfeitures used to reduce employer contributions were \$17,505 for the year ended December 31, 2021.

PAYMENT OF BENEFITS

Upon termination of service, disability, or attaining age 65, participants with vested account balances greater than \$1,000 generally receive payments in the form of a lump sum, partial payment, install payments or purchase of annuity contracts. Participants with vested account balances of \$1,000 or less will receive a single lump-sum payment. Participants may also withdraw amounts from employee deferrals and related earnings upon reaching age 59 1/2, or in the event of a hardship.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of the Plan are prepared on the accrual basis of accounting.

USE OF ESTIMATES

The preparation of the 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 amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are reported at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

PAYMENT OF BENEFITS

Benefits are recorded when paid.

403(b) RETIREMENT PLAN OF MERCY SHIPS

Notes to the Financial Statements

December 31, 2021 and 2020

3. FAIR VALUE MEASUREMENTS:

The Plan uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All of the Plan's investments at December 31, 2021 and 2020, were mutual funds, which are considered Level 1. Mutual funds are primarily valued using market quotations or prices obtained from independent pricing sources.

4. PLAN TERMINATION:

Although it has not expressed any intent to do so, the Organization has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

5. TAX STATUS:

The Plan has been designed to qualify under Section 403(b) of the Internal Revenue Code (Code). The terms of the Plan have been prepared to conform with the sample language provided by the Internal Revenue Service (IRS) in Revenue Procedure 2007-71 and the draft Listing of Required Modifications issued April 4, 2009. The Plan is required to operate in conformity with the Code to maintain the tax-exempt status for plan participants under Section 403(b).

6. PARTIES-IN-INTEREST:

Certain investments for the Plan as of December 31, 2021, are units of funds managed by T.Rowe Price. T.Rowe Price performs recordkeeping services for the Plan; therefore, these transactions qualify as party-in-interest transactions. Total assets under recordkeeping services with T.Rowe Price were \$2,554,410 for the year ended December 31, 2021.

Certain investments for the Plan as of December 31, 2020, were units of funds managed by GuideStone. GuideStone performed recordkeeping services for the Plan; therefore, these transactions qualified as party-in-interest transactions. Total assets under recordkeeping services with GuideStone were \$2,823,826 for the year ended December 31, 2020.

Certain administrative functions of the Plan are performed by employees of the Organization. No such employee receives compensation from the Plan.

403(b) RETIREMENT PLAN OF MERCY SHIPS

Notes to the Financial Statements

December 31, 2021 and 2020

7. **RISKS AND UNCERTAINTIES:**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

In March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Plan for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

8. **SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through October 12, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL SCHEDULES

403(b) RETIREMENT PLAN OF MERCY SHIPS

Schedule H, Line 4i–Schedule of Assets (Held at End of Year)

EIN: 26-2414132 and Plan Number: 002

December 31, 2021

(a)	(b)	(c)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Current Value
	<u>Mutual Funds:</u>		
	Invesco	Select Risk: Growth Investor Fund Class R6	31,299.5512 shares \$ 529,901
	American Century	Emerging Markets Fund R6 Class	484.0819 shares 6,884
	Baron	Growth Fund Institutional Shares	155.2058 shares 18,881
	BalckRock	High Yield Bond Portfolio Institutional Shares	325.2325 shares 2,550
*	T.Rowe Price	Blue Chip Growth Fund	532.6250 shares 94,711
	BlackRock	Inflation Protected Bond Fund Institutional Shares	1,771.4585 shares 20,939
	Baron	Small Cap Fund Institutional Class	285.3192 shares 11,535
	Invesco	Select Risk: Moderately Conservative Investor Fund Class R6	1,417.2307 shares 16,978
	Cohen & Steers	Real Estate Securities Fund, Inc. Class Institutional	4,018.7082 shares 88,693
	Delaware		
	International	Value Equity Fund Institutional Class	213.4864 shares 3,226
	DFA	U.S. Sustainability Core 1 Portfolio	49.1606 shares 1,071
	DFA	U.S. Small Cap Value Portfolio Institutional Class	32.3159 shares 1,405
	Fidelity	US Sustainability Index Fund	4,656.0416 shares 98,708
	BrandywineGLO		
	BAL	Global Opportunities Bond Fund Class I	1,245.0031 shares 13,745
*	T.Rowe Price	Money Market Government Fund	7,277.9200 shares 7,278
	Loomis Sayles	Global Allocation Fund Class N	25.2931 shares 1,746
	BlackRock	Equity Dividend Fund Institutional Shares	900.9655 shares 19,533
	iShares	MSCI EAFE International Index Fund Institutional Shares	3,312.6991 shares 52,506
	Parnassus	Mid Cap Fund	151.0282 shares 6,826
	PIMCO	CommodityRealReturn Strategy Fund Institutional Class	206.4448 shares 1,311
	PIMCO	Total Return ESG Fund Institutional Class	7,113.8786 shares 66,088
	Invesco	Select Risk: Conservative Investor Fund Class R6	802.7555 shares 7,923

(continued)

403(b) RETIREMENT PLAN OF MERCY SHIPS

Schedule H, Line 4i–Schedule of Assets (Held at End of Year)

EIN: 26-2414132 and Plan Number: 002

December 31, 2021

(a)	(b)	(c)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Current Value
	Invesco	Select Risk: High Growth Investor Fund Class R6 21,191.3108 shares	340,968
	Invesco	Select Risk: Moderate Investor Fund Class R6 33,833.8204 shares	411,081
*	T.Rowe Price	Retirement 2010 Fund 24.6370 shares	432
*	T.Rowe Price	Retirement 2015 Fund 5,331.1300 shares	78,368
*	T.Rowe Price	Retirement 2020 Fund 646.6020 shares	14,361
*	T.Rowe Price	Retirement 2025 Fund 38,346.0410 shares	748,515
*	T.Rowe Price	Retirement 2030 Fund 3,354.4590 shares	98,889
*	T.Rowe Price	Retirement 2035 Fund 26,252.7600 shares	599,613
*	T.Rowe Price	Retirement 2040 Fund 1,495.3510 shares	48,988
*	T.Rowe Price	Retirement 2045 Fund 15,420.5400 shares	354,827
*	T.Rowe Price	Retirement 2050 Fund 4,975.6590 shares	96,976
*	T.Rowe Price	Retirement 2055 Fund 17,645.2240 shares	355,904
*	T.Rowe Price	Retirement 2060 Fund 2,921.9640 shares	48,329
*	T.Rowe Price	Retirement 2065 Fund 1,156.0540 shares	14,497
	TWC	Emerging Markets Income Fund 761.9893 shares	5,875
	Vanguard	Small-Cap Index Fund Admiral Shares 269.9907 shares	29,259
	Allspring	Special Mid Cap Value Fund - Class Inst 68.0847 shares	3,440
			4,322,760
<u>Notes receivable from participants:</u>			
*	Participant loans	Interest rates at 4.25%-5.75%	17,994
			\$ 4,340,754

* Indicates parties-in-interest to the Plan.