

Schedule of Functional Expenses (Condensed)

Year Ended September 30, 2010

	Program Services	Supporting Services			Total Expenses
	Total	General & Administrative	Promotion & Development	Total	
Direct payments to ministries	\$ 8,426,622	\$ —	\$ —	\$ —	\$ 8,426,622
Salaries and labor	1,277,810	435,556	406,105	841,661	2,119,471
Payroll taxes	49,298	25,836	24,001	49,837	99,135
Benefits	152,431	68,863	56,343	125,206	277,637
Travel and entertainment	212,917	35,103	109,225	144,328	357,245
Informational materials	403	50,031	35,779	85,810	86,213
Printing and publications	27,708	—	62,251	62,251	89,959
Conference and education	3,496	223	6,147	6,370	9,866
Promotion and advertising	75	219	143,554	143,773	143,848
Computer services	223,859	87,591	12,373	99,964	323,823
Telephone	30,851	12,946	5,807	18,753	49,604
Postage	88,124	117,970	37,326	155,296	243,420
Supplies and materials	99,991	18,035	23,626	41,661	141,652
Building rent and maintenance	78,650	39,654	46,893	86,547	165,197
Depreciation and amortization	62,148	132,139	18,951	151,090	213,238
Insurance	—	10,854	—	10,854	10,854
Professional and other fees	213,968	18,269	178,917	197,186	411,154
Legal	15,709	9,311	—	9,311	25,020
Finance and accounting	5,326	155,712	—	155,712	161,038
Bank fees	771	157,428	5	157,433	158,204
Other	833	3,030	20,042	23,072	23,905
	10,970,990	1,378,770	1,187,345	2,566,115	13,537,105
Less Bethesda subsidy	—	(274,022)	(235,978)	(510,000)	(510,000)
	<u>\$ 10,970,990</u>	<u>\$ 1,104,748</u>	<u>\$ 951,367</u>	<u>\$ 2,056,115</u>	<u>\$ 13,027,105</u>



A higher standard.
A higher purpose.

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MISSION OF MERCY

ANNUAL REPORT

FISCAL YEAR 2010



www.missionofmercy.org

MISSION OF MERCY

One Child Matters

SPONSORSHIP WORKS



As a young girl, Shewly dreamed of going to school like her older sisters. Her parents, however, struggled to feed their five children, and young Shewly was tasked instead with caring for her little brother. Her dream of an education seemed forever out of reach until she was accepted into a Mission of Mercy project. Now able to attend school, she worked hard and prayed that she would succeed.

Shewly also had a sponsor. "My sponsor helped me know I'm not forgotten. Someone is there helping me, loving me even though she doesn't know me. My life changed because of such love." She heard about Christ at her school and accepted Him as her Savior. Now she is known for her servant heart and listening ear. She wants everyone to know that with God's help, "you can do everything!"

Shewly's life changed because of sponsorship. "I'm now able to see many dreams because my sponsor decided to sponsor me. I want to do the same for others just as I received." She graduated first in her school and wants to be an accountant. She knows where she came from and why people have a hard life. "I can't think of how my life was and how my life is now. I'm really grateful!"

Dear Friends in Christ,

A little over three years ago, I stepped into my leadership position at Mission of Mercy. I'd been telling Mission of Mercy's story for over 15 years through Christian radio events around the country, but I had no idea of the changes ahead. The economy was strong for my first year, but by early 2009 we had to cope with reductions in staff and resources like many businesses and ministries. We sought the Lord's direction every step of the way.

With 2010 concluded, I am greatly encouraged by what I see. The number of sponsored children has increased. Sponsorship contributions were up over 11%. God has called us to impact the lives of children in poverty, and through those children, to impact families and communities as well as future generations.

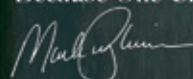
We are pursuing better methods of communication to better share the impact of sponsorship. One of our biggest changes is our new website and its My Account feature. This will allow sponsors to manage their information and giving as well as see updates about our work in the world.

Through these avenues, we can convey how we met the needs of children in 2010:

- In response to the January 2010 earthquake in Haiti, we applied \$264,929 toward relief efforts, including distributing over half a million meals and two visits from volunteer medical teams.
- Using our Children's Crisis Fund, Mission of Mercy provided more than 1.1 million meals in Kenya during the recent famine. We also immediately responded to the cholera outbreak in Haiti with preventative training and supplies, including bleach, soap, and rehydration solution.
- We continue to strive for wise stewardship, with 84.2% of expenses going to ministry purposes.

It is the faithful support and prayers from partners like you that allow us to make this difference. I earnestly want you to know the value of the work that Mission of Mercy does and the contribution you are making in the lives of children. Together, we're partnering to bring them hope for the future through Christ. Thank you!

Because One Child Matters,



Mark Pluimer
President



Statements of Financial Position

September 30, 2010

(With Summarized Financial Information for September 30, 2009)

	2010	2009
Assets		
Cash and cash equivalents	\$ 896,183	\$ 1,467,493
Receivables	89,315	46,315
Investments	1,227,804	220,784
Furniture, equipment and software, net	1,069,371	1,144,496
Other assets	89,510	104,893
Total assets	\$ 3,372,183	\$ 2,983,981
Liabilities and Net Assets		
Liabilities		
Accounts payable		
Related parties	\$ 4,265	\$ 46,781
Other	203,417	138,305
Accrued liabilities	165,476	232,951
Total liabilities	373,158	418,037
Net Assets		
Unrestricted	1,445,809	1,318,483
Temporarily restricted	1,537,541	1,231,786
Permanently restricted	15,675	15,675
Total net assets	2,999,025	2,565,944
Total liabilities and net assets	\$ 3,372,183	\$ 2,983,981

Note: This report is a summary of the financial activities for fiscal year 2010.
Please visit www.missionofmercy.org/financial to see the full auditor's report, or call to request a printed copy.

Statements of Activities

Year Ended September 30, 2010

(With Summarized Financial Information for Year Ended September 30, 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
Revenues, Gains and Other Support					
Contributions					
General	\$ 2,583,687	\$ 10,826,176	\$ —	\$ 13,409,863	\$ 12,297,267
Bethesda Ministries	1,029	5,092	—	6,121	62,338
Interest and dividends	7,252	—	—	7,252	9,633
Realized and unrealized gains (losses) on investments, net	36,660	—	—	36,660	(231,829)
Other revenue	290	—	—	290	(7,413)
Satisfaction of program restrictions	10,525,513	(10,525,513)	—	—	—
Total revenues, gains and other support	13,154,431	305,755	—	13,460,186	12,129,996
Expenses					
Program services					
Child ministries	9,796,665	—	—	9,796,665	9,827,202
Humanitarian and relief	367,175	—	—	367,175	35,734
Medical Mercy	338,371	—	—	338,371	184,588
Higher education and vocational training	214,670	—	—	214,670	834,515
Teaching/advocacy ministries	254,109	—	—	254,109	431,639
Total program services	10,970,990	—	—	10,970,990	11,313,678
Supporting services					
General and administrative	1,378,770	—	—	1,378,770	1,348,106
Promotion and development	1,187,345	—	—	1,187,345	1,198,138
Less supporting services subsidized by Bethesda Ministries	(510,000)	—	—	(510,000)	(825,000)
Total supporting services	2,056,115	—	—	2,056,115	1,721,244
Total expenses	13,027,105	—	—	13,027,105	13,034,922
Change in Net Assets	127,326	305,755	—	433,081	(904,926)
Net Assets, Beginning of Year	1,318,483	1,231,786	15,675	2,565,944	3,470,870
Net Assets, End of Year	\$ 1,445,809	\$ 1,537,541	\$ 15,675	\$ 2,999,025	\$ 2,565,944

How your gifts were used in 2010

Based on total expenses for the fiscal year ended September 30, 2010

MINISTRY	84.2%
GENERAL & ADMINISTRATIVE	8.5%
FUNDRAISING	7.3%

MISSION OF MERCY
(A Division of Bethesda Ministries)