

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

Independent Auditor's Report and Financial Statements

September 30, 2012 and 2011

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

**September 30, 2012**

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## Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Directors  
One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries  
Colorado Springs, Colorado

We have audited the accompanying statements of financial position of One Child Matters (formerly Mission of Mercy), a division of Bethesda Ministries as of September 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of One Child Matters' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from Mission of Mercy's September 30, 2011 financial statements and in our report dated January 26, 2012, we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One Child Matters as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, including the schedule of functional expenses, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ **BKD, LLP**

January 24, 2013

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**  
**Statements of Financial Position**  
**September 30, 2012**  
**(With Summarized Financial Information for September 30, 2011)**

**Assets**

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 1,156,914	\$ 1,487,156
Receivables		
Related parties	-	88,731
Other	141,741	140,553
Investments	1,290,029	1,171,687
Furniture, equipment and software, net	1,157,282	851,935
Other assets	<u>61,305</u>	<u>57,861</u>
Total assets	<u>\$ 3,807,271</u>	<u>\$ 3,797,923</u>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable		
Related parties	\$ 76,248	\$ -
Other	162,527	101,786
Accrued liabilities	<u>260,587</u>	<u>193,255</u>
Total liabilities	<u>499,362</u>	<u>295,041</u>

**Net Assets**

Unrestricted	1,904,715	1,767,151
Temporarily restricted	1,387,519	1,720,056
Permanently restricted	<u>15,675</u>	<u>15,675</u>
Total net assets	<u>3,307,909</u>	<u>3,502,882</u>
Total liabilities and net assets	<u>\$ 3,807,271</u>	<u>\$ 3,797,923</u>

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

**Statements of Activities**

**Year Ended September 30, 2012**

**(With Summarized Financial Information for the Year Ended September 30, 2011)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
<b>Revenues, Gains and Other Support</b>					
Contributions					
General	\$ 2,742,956	\$ 11,681,319	\$ -	\$ 14,424,275	\$ 14,460,321
Bethesda Ministries	2,559	-	-	2,559	7,156
Interest and dividends	48,600	-	-	48,600	47,331
Realized and unrealized gains (losses) on investments, net	89,809	-	-	89,809	(36,528)
Other revenue	-	-	-	-	1,593
Satisfaction of program restrictions	12,013,856	(12,013,856)	-	-	-
Total revenues, gains and other support	<u>14,897,780</u>	<u>(332,537)</u>	<u>-</u>	<u>14,565,243</u>	<u>14,479,873</u>
<b>Expenses</b>					
Program services					
Child ministries	11,223,253	-	-	11,223,253	10,615,862
Humanitarian and relief	52,407	-	-	52,407	104,124
Medical Mercy	344,609	-	-	344,609	382,564
Higher education and vocational training	28,748	-	-	28,748	157,585
Teaching/advocacy ministries	226,806	-	-	226,806	220,362
Mission trips	484,415	-	-	484,415	356,459
Total program services	<u>12,360,238</u>	<u>-</u>	<u>-</u>	<u>12,360,238</u>	<u>11,836,956</u>
Supporting services					
General and administrative	1,521,192	-	-	1,521,192	1,468,290
Promotion and development	1,178,786	-	-	1,178,786	1,108,270
Less supporting services subsidized by Bethesda Ministries	(300,000)	-	-	(300,000)	(437,500)
Total supporting services	<u>2,399,978</u>	<u>-</u>	<u>-</u>	<u>2,399,978</u>	<u>2,139,060</u>
Total expenses	<u>14,760,216</u>	<u>-</u>	<u>-</u>	<u>14,760,216</u>	<u>13,976,016</u>
<b>Change in Net Assets</b>	137,564	(332,537)	-	(194,973)	503,857
<b>Net Assets, Beginning of Year</b>	<u>1,767,151</u>	<u>1,720,056</u>	<u>15,675</u>	<u>3,502,882</u>	<u>2,999,025</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,904,715</u>	<u>\$ 1,387,519</u>	<u>\$ 15,675</u>	<u>\$ 3,307,909</u>	<u>\$ 3,502,882</u>

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

**Statements of Cash Flows**

**Year Ended September 30, 2012**

**(With Summarized Financial Information for the Year Ended September 30, 2011)**

	<b>2012</b>	<b>2011</b>
<b>Operating Activities</b>		
Change in net assets	\$ (194,973)	\$ 503,857
Items not requiring cash		
Depreciation and amortization	257,092	227,101
Realized and unrealized losses (gains) on investments, net	(89,809)	36,528
Gain on disposal of property and equipment	-	(385)
Loss on disposal of software costs	-	20,248
Changes in		
Receivables	(1,188)	(51,238)
Related party receivables	88,731	(88,731)
Other assets	(8,191)	26,915
Related party payables	76,248	(4,265)
Other accounts payable	(31,390)	(14,825)
Accrued liabilities	67,332	27,779
	<u>163,852</u>	<u>682,984</u>
Net cash provided by operating activities		
	<u>163,852</u>	<u>682,984</u>
<b>Investing Activities</b>		
Purchases of investments	(54,444)	(537,661)
Proceeds from sale of investments	25,911	557,250
Proceeds from sale of furniture and equipment	-	385
Purchases of furniture, equipment and software	(465,561)	(111,985)
	<u>(494,094)</u>	<u>(92,011)</u>
Net cash used in investing activities		
	<u>(494,094)</u>	<u>(92,011)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(330,242)	590,973
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,487,156</u>	<u>896,183</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,156,914</u>	<u>\$ 1,487,156</u>
<b>Supplemental Cash Flow Information</b>		
Purchase of furniture, equipment and software in accounts payable	<u>\$ 101,631</u>	<u>\$ 9,500</u>

# **One Child Matters (formerly Mission of Mercy) a Division of Bethesda Ministries**

## **Notes to Financial Statements**

**September 30, 2012**

**(With Summarized Financial Information for September 30, 2011)**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

One Child Matters (formerly Mission of Mercy) operates as a division of Bethesda Ministries (Bethesda), a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. One Child Matters exists to equip children in developing nations to reach their God-given potential by creating opportunities for spiritual, physical, social, mental and emotional development. Outreaches include, but are not limited to, elementary, secondary and vocational education, orphanages, medical projects, health care, feeding programs, a home for babies with AIDS and other Christian ministries of compassion.

#### ***Use of Estimates***

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash Equivalents***

One Child Matters considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2012 and 2011, cash equivalents consisted primarily of money market accounts with brokers.

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At September 30, 2012, One Child Matters' interest-bearing cash accounts did not exceed federally insured limits.

Some of One Child Matters' accounts are not eligible for FDIC coverage because they are held with a brokerage firm. These accounts total approximately \$100,000 and are uninsured at September 30, 2012.

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

**Notes to Financial Statements**

**September 30, 2012**

**(With Summarized Financial Information for September 30, 2011)**

***Investments***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments in limited partnerships are carried at their estimated fair value as determined by the partnerships. Other investments are valued at the lower of cost or estimated fair value.

***Furniture, Equipment and Software***

Furniture and equipment are recorded at cost or, if donated, at estimated fair market value at the date of donation. Costs of computer software developed or obtained for internal use are recorded in accordance with Accounting Standards Codification (ASC) Topic 350. Under Topic 350, costs incurred during the preliminary project stage are expensed as incurred, costs incurred during the application development stage are capitalized and training and maintenance costs incurred during the post-implementation/operation stage are expensed as incurred. Depreciation of furniture, equipment and software is provided on the straight-line method at the following rates:

Furniture and equipment	3 - 10 years
Leasehold improvements	10 years
Computers – hardware	3 - 5 years
Computers – software	5 - 7 years
Transportation equipment	3 - 5 years

***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by One Child Matters has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by One Child Matters in perpetuity.

***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.



# **One Child Matters (formerly Mission of Mercy) a Division of Bethesda Ministries**

## **Notes to Financial Statements**

**September 30, 2012**

**(With Summarized Financial Information for September 30, 2011)**

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets, unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

### ***Contributed Services***

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributed services consisted of medical services provided under the Medical Mercy program. Contribution revenues recognized from these services were approximately \$118,000 and \$140,000 for the years ended September 30, 2012 and 2011, respectively.

### ***Contributions to Foreign Operations***

Contributions to foreign operations are considered to be expenses when One Child Matters commits to disburse funds to the overseas projects.

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, general and administrative, and promotion and development categories based on the actual expense purpose.

### ***Income Taxes***

One Child Matters, as a division of Bethesda, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, One Child Matters is subject to federal income tax on any unrelated business taxable income. There was no unrelated business taxable income during the years ended September 30, 2012 and 2011.

One Child Matters files tax returns in the U.S. federal jurisdiction. With a few exceptions, One Child Matters is no longer subject to U.S. federal examinations by tax authorities for fiscal years before 2009.

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

**Notes to Financial Statements**

**September 30, 2012**

**(With Summarized Financial Information for September 30, 2011)**

***Summarized Comparative Information***

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with One Child Matters' financial statements for the year ended September 30, 2011, from which the summarized information was derived.

***Subsequent Events***

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

**Note 2: Investments**

Investments consist of the following as of September 30:

	<b>2012</b>	<b>2011</b>
Common stock	\$ 30,942	\$ -
Mutual funds		
Domestic large-cap equity	62,792	106,645
International large-cap equity	83,461	67,314
Domestic mid-cap equity	-	6,542
Domestic small-cap equity	19,886	6,631
Fixed income	818,484	778,197
Emerging market equity mutual funds	22,733	-
Alternative strategy	156,966	95,099
Limited partnerships	94,765	111,259
	\$ 1,290,029	\$ 1,171,687

# One Child Matters (formerly Mission of Mercy) a Division of Bethesda Ministries

## Notes to Financial Statements

September 30, 2012

(With Summarized Financial Information for September 30, 2011)

### **Limited Partnerships**

The fair value of the limited partnerships has been estimated using the net asset value per share of the investments. Limited partnership investments held at September 30 consist of the following:

<b>2012</b>				
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Limited partnerships (A)	\$ 94,765	None	(A)	(A)

<b>2011</b>				
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Limited partnerships (A)	\$ 111,259	None	(A)	(A)

(A) This category includes investments in funds of hedge funds that invest in other limited partnerships. The other limited partnerships invest principally in equity securities in public and non-public companies, across various industries in the United States. These limited partnerships engage in diversified investment strategies utilizing a multi-manager approach to invest in various liquid and illiquid securities.

During 2009, One Child Matters executed a full redemption request with the fund managing 100% of the value of investments in this category. Due to this redemption request, as of September 30, 2012:

- Investments representing approximately 62% of the value of investments in this category reside in cash holdback accounts.
- Investments representing approximately 38% of the value of investments in this category reside in special purpose/side pocket arrangements until the funds are redeemed.
- Approximately 52% of these investments have been redeemed. Management expects the majority of the remaining balance to be received in distributions over the next two years.

# One Child Matters (formerly Mission of Mercy) a Division of Bethesda Ministries

## Notes to Financial Statements

September 30, 2012

(With Summarized Financial Information for September 30, 2011)

### Note 3: Disclosures About Fair Value of Assets and Liabilities

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, defines fair value as 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. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted 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 full 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 assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

#### ***Investments in Securities***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include investments in common stock, domestic and international large-cap, domestic mid-cap and domestic small-cap equity mutual funds, fixed income mutual funds, emerging market equity mutual funds and alternative strategy mutual funds. Other than limited partnerships, One Child Matters currently does not have any Level 2 or Level 3 securities.

#### ***Limited Partnerships***

One Child Matters is invested in limited partnerships which are described in detail in Note 2. As Level 1 and Level 2 inputs are not available, these investments are classified within Level 3 of the valuation hierarchy.

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

**Notes to Financial Statements**

**September 30, 2012**

**(With Summarized Financial Information for September 30, 2011)**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2012 and 2011:

	<b>2012</b>			
	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Common stock	\$ 30,942	\$ 30,942	\$ -	\$ -
Mutual funds				
Domestic large-cap equity	62,792	62,792	-	-
International large-cap equity	83,461	83,461	-	-
Domestic small-cap equity	19,886	19,886	-	-
Fixed income	818,484	818,484	-	-
Emerging market equity mutual funds	22,733	22,733	-	-
Alternative strategy	156,966	156,966	-	-
Limited partnerships	94,765	-	-	94,765
	<u>\$1,290,029</u>	<u>\$ 1,195,264</u>	<u>\$ -</u>	<u>\$ 94,765</u>

	<b>2011</b>			
	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Mutual funds				
Domestic large-cap equity	\$ 106,645	\$ 106,645	\$ -	\$ -
International large-cap equity	67,314	67,314	-	-
Domestic mid-cap equity	6,542	6,542	-	-
Domestic small-cap equity	6,631	6,631	-	-
Fixed income	778,197	778,197	-	-
Alternative strategy	95,099	95,099	-	-
Limited partnerships	111,259	-	-	111,259
	<u>\$1,171,687</u>	<u>\$ 1,060,428</u>	<u>\$ -</u>	<u>\$ 111,259</u>

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

**Notes to Financial Statements**

**September 30, 2012**

**(With Summarized Financial Information for September 30, 2011)**

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs:

	<u><b>Limited Partnerships</b></u>
Balance, October 1, 2010	\$ 150,901
Total realized and unrealized gains and (losses) included in change in net assets	642
Sales	<u>(40,284)</u>
Balance, September 30, 2011	<u>111,259</u>
Total realized and unrealized gains and (losses) included in change in net assets	1,559
Sales	<u>(18,053)</u>
Balance, September 30, 2012	<u><u>\$ 94,765</u></u>
Total gains or (losses) for the period included in change in net assets attributable to the change in unrealized gains and (losses) related to assets still held at the reporting date	
Year ended September 30, 2011	<u>\$ (1,425)</u>
Year ended September 30, 2012	<u><u>\$ 800</u></u>

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

**Notes to Financial Statements**

**September 30, 2012**

**(With Summarized Financial Information for September 30, 2011)**

**Note 4: Furniture and Equipment**

Furniture and equipment at September 30 consists of:

	<b>2012</b>	<b>2011</b>
Furniture and equipment	\$ 304,748	\$ 299,515
Leasehold improvements	257,954	257,954
Computers – hardware	149,154	136,048
Computers – software	1,910,742	1,355,396
Transportation equipment	78,433	38,089
Software and other development in progress	13,588	72,310
	2,714,619	2,159,312
Less accumulated depreciation	(1,557,337)	(1,307,377)
	\$ 1,157,282	\$ 851,935

**Note 5: Related Party Transactions**

One Child Matters operates as a division of Bethesda. Transactions between One Child Matters and other related entities were as follows:

- During the years ended September 30, 2012 and 2011, Bethesda gave \$2,559 and \$7,156, respectively, to One Child Matters programs.
- During the years ended September 30, 2012 and 2011, Bethesda subsidized certain overhead costs of One Child Matters in order to reduce the ongoing overhead burden on funds received from donors. Specifically, during the years ended September 30, 2012 and 2011, Bethesda gave \$300,000 and \$437,500, respectively, to One Child Matters to subsidize unrestricted general, administrative and promotional costs. These items were recorded as a decrease in supporting services as donors' funds were not used for these expenses.
- One Child Matters had non-interest bearing receivables and payables with Bethesda and entities to which Bethesda is related. The balance of the receivables was \$0 and \$88,731 and the balance of the payables was \$76,248 and \$0, as of September 30, 2012 and 2011, respectively.

# One Child Matters (formerly Mission of Mercy) a Division of Bethesda Ministries

## Notes to Financial Statements

**September 30, 2012**

**(With Summarized Financial Information for September 30, 2011)**

- An entity, to which Bethesda is related, charged \$397,170 and \$389,646 for computer, accounting and other services provided to One Child Matters during the years ended September 30, 2012 and 2011, respectively. Bethesda charged One Child Matters \$161,450 and \$153,348 for the rental of office and storage space during the years ended September 30, 2012 and 2011, respectively. The rent is charged on a monthly basis; as such, there is no future operating lease commitment.

### Note 6: Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for ministry activities as follows, as of September 30:

	<b>2012</b>	<b>2011</b>
Childcare - various countries	\$ 666,066	\$ 966,214
Medical Mercy	184,344	126,112
Childcare Gift Fund	135,586	129,775
Bangladesh	94,506	93,560
Forgotten Children	72,271	140,156
Kenya	42,227	21,411
Ethiopia	38,870	38,870
Haiti	36,016	58,079
Dominican Republic	26,027	25,350
Swaziland	19,233	-
Mission Trips	18,455	79,329
India, Other	10,730	7,780
Other overseas projects	9,704	7,241
Cambodia	9,306	458
Honduras	7,980	7,931
Disaster Relief	6,730	3,495
Nepal	2,828	5,093
Thailand	1,828	1,828
Sri Lanka	1,546	1,546
Calcutta, India	1,286	981
Feeding program	1,121	1,901
Egypt	660	-
Romania	199	217
Jordan	-	2,729
	\$ 1,387,519	\$ 1,720,056



# **One Child Matters (formerly Mission of Mercy) a Division of Bethesda Ministries**

## **Notes to Financial Statements**

**September 30, 2012**

**(With Summarized Financial Information for September 30, 2011)**

### **Note 7: Permanently Restricted Net Assets**

The balance of the permanently restricted net assets consists of two endowments held in perpetuity, income from which is available to support child sponsorship funding.

### **Note 8: Retirement Plan**

Bethesda has established a retirement plan for the benefit of its employees and their beneficiaries under a 403(b) arrangement. The plan covers all eligible One Child Matters employees and their beneficiaries. Employees are eligible for employer contributions after one year of service and attainment of age 21. For the year ended September 30, 2012, the employer matched employee contributions up to 3% of employee contributions. Additional amounts are contributed at the discretion of the Board of Directors, generally 1% of contributions not to exceed 3% of employee contributions. The employer contributions vest to the employee at the rate of 20% per completed year of service and reach 100% when five years of service are completed; unvested amounts are returned to the employer after an employee terminates. Contributions under the plan for the years ended September 30, 2012 and 2011 were \$59,324 and \$53,039, respectively.

### **Note 9: Commitments and Contingencies**

As of September 30, 2011, One Child Matters had certain software commitments in amounts totaling approximately \$412,000. These costs were paid in full during the year ended September 30, 2012.

### **Note 10: Significant Estimates and Concentrations**

#### ***Current Economic Conditions***

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to One Child Matters.

Current economic conditions have made it difficult for many donors to continue to contribute to not-for-profit organizations. A significant decline in contribution revenue could have an adverse impact on One Child Matters' future operating results.

## **Supplementary Information**

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

**Schedule of Functional Expenses  
Year Ended September 30, 2012**

	Program Services						Supporting Services			Total Expenses	
	Child Ministries	Humanitarian and Relief	Medical Mercy	Higher Education and Vocational Training	Teaching/ Advocacy Ministries	Mission Trips	Total	General and Administrative	Promotion and Development		Total
Direct payments and assistance to ministries	\$ 8,599,303	\$ 52,407	\$ 134,468	\$ 28,748	\$ -	\$ 150	\$ 8,815,076	\$ 34,525	\$ 6,000	\$ 40,525	\$ 8,855,601
Salaries and labor	1,305,650	-	-	-	154,425	-	1,460,075	462,438	475,627	938,065	2,398,140
Payroll taxes	70,662	-	-	-	5,252	-	75,914	30,504	27,813	58,317	134,231
Benefits	170,171	-	-	-	15,575	-	185,746	77,762	65,960	143,722	329,468
Travel and entertainment	147,219	-	115,237	-	33,862	445,348	741,666	34,165	104,676	138,841	880,507
Informational materials	30	-	-	-	-	-	30	54,477	2,956	57,433	57,463
Printing and publications	20,440	-	964	-	-	-	21,404	-	10,182	10,182	31,586
Conference and education	6,839	-	-	-	138	-	6,977	764	2,100	2,864	9,841
Promotion and advertising	68	-	-	-	401	-	469	268	70,249	70,517	70,986
Computer services	215,746	-	13	-	-	-	215,759	89,116	24,221	113,337	329,096
Telephone	32,302	-	523	-	3,932	375	37,132	14,927	5,392	20,319	57,451
Postage	189,474	-	44	-	3,445	414	193,377	119,475	19,463	138,938	332,315
Supplies and materials	78,991	-	28,260	-	1,976	29,942	139,169	20,391	58,952	79,343	218,512
Building rent and maintenance	91,836	-	-	-	-	-	91,836	41,358	50,634	91,992	183,828
Depreciation and amortization	87,236	-	-	-	-	-	87,236	128,694	41,162	169,856	257,092
Insurance	3,406	-	-	-	-	-	3,406	11,154	1,182	12,336	15,742
Professional and other fees	175,592	-	65,075	-	7,800	7,995	256,462	35,116	210,796	245,912	502,374
Legal	17,897	-	-	-	-	-	17,897	564	-	564	18,461
Finance and accounting	8,367	-	-	-	-	-	8,367	177,496	-	177,496	185,863
Bank fees	2,024	-	25	-	-	191	2,240	187,998	177	188,175	190,415
Other	-	-	-	-	-	-	-	-	1,244	1,244	1,244
	<u>11,223,253</u>	<u>52,407</u>	<u>344,609</u>	<u>28,748</u>	<u>226,806</u>	<u>484,415</u>	<u>12,360,238</u>	<u>1,521,192</u>	<u>1,178,786</u>	<u>2,699,978</u>	<u>15,060,216</u>
Less Bethesda subsidy	-	-	-	-	-	-	-	(167,704)	(132,296)	(300,000)	(300,000)
	<u>\$ 11,223,253</u>	<u>\$ 52,407</u>	<u>\$ 344,609</u>	<u>\$ 28,748</u>	<u>\$ 226,806</u>	<u>\$ 484,415</u>	<u>\$ 12,360,238</u>	<u>\$ 1,353,488</u>	<u>\$ 1,046,490</u>	<u>\$ 2,399,978</u>	<u>\$ 14,760,216</u>

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**

**Schedule of Functional Expenses  
Year Ended September 30, 2011**

	Program Services						Supporting Services			Total Expenses	
	Child Ministries	Humanitarian and Relief	Medical Mercy	Higher Education and Vocational Training	Teaching/ Advocacy Ministries	Mission Trips	Total	General and Administrative	Promotion and Development		Total
Direct payments and assistance to ministries	\$ 8,175,756	\$ 104,124	\$ 150,030	\$ 157,585	\$ -	\$ -	\$ 8,587,495	\$ -	\$ -	\$ -	\$ 8,587,495
Salaries and labor	1,164,684	-	-	-	146,513	-	1,311,197	446,319	411,408	857,727	2,168,924
Payroll taxes	67,365	-	-	-	4,631	-	71,996	27,898	25,330	53,228	125,224
Benefits	146,794	-	-	-	20,144	-	166,938	75,237	45,804	121,041	287,979
Travel and entertainment	161,479	-	142,443	-	33,054	332,553	669,529	52,332	123,774	176,106	845,635
Informational materials	1,630	-	-	-	-	-	1,630	53,133	16,970	70,103	71,733
Printing and publications	15,822	-	-	-	-	-	15,822	-	45,480	45,480	61,302
Conference and education	18,425	-	-	-	-	-	18,425	3,614	975	4,589	23,014
Promotion and advertising	40	-	-	-	-	-	40	323	54,190	54,513	54,553
Computer services	220,157	-	-	-	-	-	220,157	91,145	28,295	119,440	339,597
Telephone	36,109	-	216	-	3,263	240	39,828	14,848	4,261	19,109	58,937
Postage	153,567	-	504	-	3,792	11	157,874	118,965	26,071	145,036	302,910
Supplies and materials	86,562	-	32,594	-	1,810	19,673	140,639	20,837	29,293	50,130	190,769
Building rent and maintenance	85,194	-	-	-	-	-	85,194	39,028	45,805	84,833	170,027
Depreciation and amortization	72,125	-	-	-	-	-	72,125	128,118	26,858	154,976	227,101
Insurance	3,401	-	-	-	479	-	3,880	10,823	1,227	12,050	15,930
Professional and other fees	189,952	-	56,677	-	6,676	3,301	256,606	26,805	222,391	249,196	505,802
Legal	7,969	-	-	-	-	-	7,969	6,944	-	6,944	14,913
Finance and accounting	7,152	-	-	-	-	-	7,152	162,230	-	162,230	169,382
Bank fees	938	-	-	-	-	468	1,406	180,727	138	180,865	182,271
Other	741	-	100	-	-	213	1,054	8,964	-	8,964	10,018
	<u>10,615,862</u>	<u>104,124</u>	<u>382,564</u>	<u>157,585</u>	<u>220,362</u>	<u>356,459</u>	<u>11,836,956</u>	<u>1,468,290</u>	<u>1,108,270</u>	<u>2,576,560</u>	<u>14,413,516</u>
Less Bethesda subsidy	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(249,315)</u>	<u>(188,185)</u>	<u>(437,500)</u>	<u>(437,500)</u>
	<u>\$ 10,615,862</u>	<u>\$ 104,124</u>	<u>\$ 382,564</u>	<u>\$ 157,585</u>	<u>\$ 220,362</u>	<u>\$ 356,459</u>	<u>\$ 11,836,956</u>	<u>\$ 1,218,975</u>	<u>\$ 920,085</u>	<u>\$ 2,139,060</u>	<u>\$ 13,976,016</u>