



2010 ANNUAL REPORT

A Crisis Is Just The Beginning



A MESSAGE FROM OUR LEADERSHIP TEAM

Dear Friends of Mercy Corps,

In 2010, thanks to your generosity, Mercy Corps helped people in the world's toughest places survive, recover and become self-sufficient.

After Haiti's devastating earthquake, you helped bring jobs, food, water and cholera-prevention education to the brave survivors. Haiti will continue to need our support for a long time. But the people of Haiti have not given up – and neither have we.

In 36 countries, our programs are saving and improving the lives of mothers, fathers and children. You made this happen, and we are pleased to share these highlights with you.



Neal Keny-Guyer
Chief Executive Officer

Linda Mason
Chair of the Board of Directors





A CRISIS IS JUST THE BEGINNING

For 32 years, Mercy Corps has helped people grappling with the toughest hardships survive – and then thrive. We know that communities are the best agents of their own change. And that local markets are often the fastest, most durable drivers of economic recovery.

That's why Mercy Corps listens to local people and helps get markets up and running. We bring groups together to negotiate conflicts and discover mutual interests. We think big, start small and take responsible risks to find solutions that benefit the greatest number of people.

Left, clockwise: Haiti – Ben Depp for Mercy Corps; Central African Republic – Cassandra Nelson/Mercy Corps; Indonesia – Thatcher Cook for Mercy Corps; Afghanistan – Miguel Samper for Mercy Corps



WHAT WE DO

Mercy Corps helps people turn the crises they confront into the opportunities they deserve. Driven by local needs, our programs provide communities in the world's toughest places with the tools and support they need to transform their own lives. Our worldwide team is improving the lives of 19 million people in 36 countries.

OUR MISSION

Mercy Corps exists to alleviate suffering, poverty and oppression by helping people build secure, productive and just communities.



HOW YOUR SUPPORT CHANGES LIVES

Your generous support helps people around the world turn the crises they confront into the opportunities they deserve. Thank you.

- Mercy Corps provided **emergency assistance** to help 830,000 people after the devastating Haiti earthquake and 339,000 people after Pakistan's historic floods.
- In Niger, Mercy Corps supplied **lifesaving food aid** to 178,750 rural people after drought destroyed their harvests. In urban areas during the same crisis, we paid 2,400 people **daily wages** to clean and repair streets, markets and drainage ditches – enabling them to feed 16,500 family members.
- Mercy Corps helps hardworking entrepreneurs in impoverished countries build businesses that support their families. Our network of 11 **microfinance institutions** in 10 countries served 300,500 clients – 63 percent of whom are women.
- In the Democratic Republic of the Congo, Mercy Corps brought **emergency water and sanitation** – clean drinking water, latrines and hygiene education – to 55,000 people in displacement camps.

THE PEOPLE YOU ARE HELPING

Thanks to your support, Mercy Corps is reaching more and more people in need each year. In 2010, you helped 19 million people improve their lives. We invite you to meet two of them on the following pages.

Left to right: Liberia – Nancy R. Farese for Mercy Corps; Haiti – Fabiola Coupet/Mercy Corps; Indonesia – Shirine Bakhat-Pont/Mercy Corps; Haiti – Miguel Samper for Mercy Corps; Nepal - Thatcher Cook for Mercy Corps; China – Norman Ng for Mercy Corps

1979
Mercy Corps founded

1985
400,000
people helped

1990
900,000
people helped

1995
3 million
people helped

2000
5 million
people helped

2005
12.5 million
people helped

2010
19 million
people helped





Better Nutrition for the Family

DEMOCRATIC REPUBLIC OF THE CONGO

Nanzuga is a farmer and the mother of an infant daughter. Her husband is a teacher. Together they struggle to put food on the table and care for his elderly parents.

Nanzuga attends a Mercy Corps hygiene class, where she learns how to improve her family's health – and receives supplemental food. "Before, we only had enough to eat once a day," she says. "I was always so hungry and skinny, I had a hard time producing enough milk for my baby. Now, with the food from Mercy Corps, we have lunch and dinner every day. I have gained weight and am able to breastfeed my baby."

Rebuilding the Road Home

PAKISTAN

Sher Mahammed, 28, is a tenant farmer who works 10 acres of land. During the summer floods he was forced to leave his village. It wasn't an easy journey: he had to pay \$350 to transport his wife, four children and four goats 155 miles. For the pair of valuable buffalo he couldn't bring along, he received only one-fifth of the normal price.

When they were finally able to return, Sher and his family waded home: the road was gone, their house destroyed. But Sher is thankful for a Mercy Corps cash-for-work project in his village. "We were hopeless," he says. "Now we are really happy to be rebuilding our road."





A Crossroad for Haiti

HAITI

The earthquake of January 12, 2010, may prove to be a crossroad for Haiti. The people of this proud but poor country are certainly ready for the tide to turn in their favor. Mercy Corps, on the ground just two days after the disaster, is committed to helping them build a better Haiti.

We are providing emergency relief and helping families recover – paying laborers to improve roads, clean drainage canals and build levees; providing vouchers to purchase shelter materials, tools and water; helping women heads

of households resume or take up new income-generating activities. Our ultimate aim is to help build a viable economy that supports everyone, paying particular attention to those who have the greatest needs.

To help the people of Haiti support themselves over the long term, we will be focusing on agriculture projects that improve farmers' yields, reduce post-harvest losses and increase their incomes.

We have seen the entrepreneurial spirit of the Haitian people. They are determined to succeed – and thanks to you, we will continue to help them build back better.



MERCY CORPS FINANCIAL STATEMENT

You can find our complete financial statement at mercycorps.org/financials.

Audited U.S. Financial Summary

Mercy Corps Consolidated U.S. Operations: Condensed Summary of Support, Revenue and Expenses (in U.S. dollars) for the year ending June 30, 2010

	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Public Support and Revenue	166,812,859	61,950	166,874,809			
Private Support and Revenue	38,277,857	34,764,906	73,042,763			
Other Revenue	21,930,448	12,042	21,942,490			
Released from Restriction	41,581,257	(41,581,257)	0			
Total Support and Revenue	268,602,421	(6,742,359)	261,860,062			
Non-Operating Revenue and Expenses, Net				1,792,660	-	1,792,660
Total Expenditures				264,116,212	-	264,116,212
Change in Net Assets				4,486,209	(6,742,359)	(2,256,150) *

Expenditures

Program Services	Unrestricted	Temporarily Restricted	Total
Humanitarian Assistance - Relief	65,235,070	-	65,235,070
Humanitarian Assistance - Recovery	34,287,630	-	34,287,630
Livelihood/Economic Development	70,418,564	-	70,418,564
Civil Society	46,579,958	-	46,579,958
Health	15,259,481	-	15,259,481
Subtotal: Program Services	231,780,703	-	231,780,703
Support Services			
General and Administration	21,699,649	-	21,699,649
Resource Development	8,843,200	-	8,843,200
Subtotal: Support Services	30,542,849	-	30,542,849

Condensed Statement of Financial Position

June 30, 2010	U.S.	U.S. and Global
Total Assets	207,886,211	224,157,141
Total Liabilities	128,067,805	142,137,168
Net Assets		
Unrestricted	44,612,389	45,772,069
Temporarily Restricted	35,186,017	36,227,904
Permanently Restricted	20,000	20,000
Total Net Assets	79,818,406	82,019,973
Total Liabilities and Net Assets	207,886,211	224,157,141

Global Financial Summary



Mercy Corps U.S. and Global Partners: Support, Revenue and Expenses (in U.S. dollars) for the year ending June 30, 2010

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Mercy Corps Scotland	2,364,380	33,768,888	36,133,268
Mercy Corps U.S.	214,581,285	34,776,948	249,358,233
Mercy Corps U.S. Material Aid	12,439,879	61,950	12,501,829
Released from Restriction	75,587,251	(75,587,251)	0
Total Support and Revenue	304,972,795	(6,979,465)	297,993,330
Expenditures			
Program			
Mercy Corps Scotland	35,926,255	-	35,926,255
Mercy Corps U.S.	231,780,703	-	231,780,703
Total Program	267,706,958	-	267,706,958
Support Services			
General and Administration	21,788,066	-	21,788,066
Resource Development	8,843,200	-	8,843,200
Total Support Services	30,631,266	-	30,631,266
Non-Operating	3,706,688	-	3,706,688
Total Expenditures	302,044,912	-	302,044,912
Net	2,927,883	(6,979,465)	(4,051,582)

USING YOUR GIFTS WISELY

Efficient and Accountable

Over the last five years, we have used 88 percent of our resources for programs that help people in need around the world.

-  = Humanitarian programs: 88%
-  = Fundraising and administration: 12%



How You Can Change Lives

Your support makes a life-changing difference to families in need. Please call us at 888.842.0842 or visit mercycorps.org to make a financial contribution.

Better Business Bureau

Mercy Corps meets all 20 of the Better Business Bureau Wise Giving Alliance standards for charity accountability.



* This number reflects FY10 expenses on revenue received in prior years.

WORLDWIDE PROGRAMS

Africa

Central African Republic, Democratic Republic of the Congo, Ethiopia, Kenya, Liberia, Niger, Somalia, Sudan, Uganda, Zimbabwe

Americas

Colombia, Guatemala, Haiti, United States

Asia

Afghanistan, China, India, Indonesia, Mongolia, Myanmar, Nepal, North Korea (DPRK), Pakistan, Philippines, Sri Lanka, Timor-Leste

Balkans/Caucasus/Central Asia

Georgia, Kosovo, Kyrgyzstan, Tajikistan

Middle East

Iraq, Jordan, Lebanon, Syria, West Bank and Gaza, Yemen

★ Headquarters

Global: Portland, Oregon

Europe: Edinburgh, Scotland

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Rick Little
Mike Maerz
David Mahoney
Daniel W. O'Neill
Dana Priest
Henry P. Vigil
Melissa Waggener Zorkin

Cover: Democratic Republic of the Congo – Miguel Samper for Mercy Corps

Front inside cover (top left, clockwise): Uganda – Mercy Corps; China – Norman Ng for Mercy Corps; India – Margaret Hinshaw/Mercy Corps; Uganda - Jenny Bussey Vaughan/Mercy Corps; Colombia – Miguel Samper for Mercy Corps

Letter page: Lebanon – Cassandra Nelson/Mercy Corps;
Ethiopia – Joni Kabana for Mercy Corps



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