2013 ANNUAL REPORT

Saving and improving lives in the world’s toughest places

MercyCorps
Dear Friend of Mercy Corps,

Thank you for your support in 2013. Your compassion and commitment are reaching people who wake up each day to challenges most of us cannot imagine. In 2013 they woke up to brutal civil war in Syria. To a ferocious typhoon in the Philippines. And to the daily struggle for food in Ethiopia. You’ll find all these stories in our annual report.

In more than 40 countries, Mercy Corps is helping people survive disasters and emergencies, get back on their feet – and more forward stronger than before. To each crisis, our teams bring their unique combination of innovative thinking, hands-on experience and technical knowledge. They listen carefully to the grassroots know-how of local people, then join forces with struggling communities to improve their lives in concrete, sustainable ways. Every day we pledge our greatest efforts to help people in the world’s toughest places overcome obstacles and adapt to the rapid changes all around them.

You are our essential partner in this work. We could not do it without you. On behalf of every person you are helping, thank you for being the friend they can depend on – the friend who brings new hope into their lives.

Neal Keny-Guyer, Chief Executive Officer

This page (clockwise from upper left): Uganda - Jenny Bussey Vaughan/Mercy Corps; Myanmar - Benny Manser/Mercy Corps; Philippines - Miguel Samper for Mercy Corps
We’re helping families survive Syria’s savage civil war, which has caused a humanitarian crisis. Families have watched their relatives and friends killed and their houses destroyed. Vicious fighting has driven seven million people to abandon homes, schools and jobs in search of safety. These traumatized survivors desperately need assistance. Most refugees don’t have heat, sanitation or cooking facilities. There is not enough food or water. Few children go to school and most parents can’t find work. Host communities, whose scarce resources are strained to the limit, are struggling with the added burden of new arrivals, whose needs are leading to new tensions.

Mercy Corps is helping two million war-affected Syrian people improve their daily lives today:
• Making shelters fit for use.
• Providing mattresses and warm winter clothes.
• Building facilities to meet growing water needs.

We’re also helping refugees lay the foundation for a return to normal life one day:
• Helping to resolve conflicts between refugees and host communities.
• Treating malnutrition and preventing hunger.
• Helping traumatized children heal through games, sports, art and storytelling with trained facilitators.

Thanks to you, our supporters have been deeply touched by the anguish of families caught in the chaos. Your generosity allows Mercy Corps to help them live each day – and envision a more hopeful future.

Mercy Corps is helping two million war-affected Syrian people improve their daily lives today:
• Making shelters fit for use.
• Providing mattresses and warm winter clothes.
• Building facilities to meet growing water needs.

We’re also helping refugees lay the foundation for a return to normal life one day:
• Helping to resolve conflicts between refugees and host communities.
• Treating malnutrition and preventing hunger.
• Helping traumatized children heal through games, sports, art and storytelling with trained facilitators.

Ibrahim begins to heal. For 18 months, Ibrahim watched bombs and gunfights destroy his beloved neighborhood. The raging violence forced his family to leave Syria. Today, this eight-year-old is slowly recovering – drawing, playing and making new friends in Mercy Corps’ center for child survivors.
In the Philippines, we’re helping families rebuild after Typhoon Haiyan.

One of the strongest storms in recorded history smashed into the Philippines in November. Many survivors lost everything, including their children, spouses, parents, livelihoods and what few possessions they had. Typhoon Haiyan killed thousands of people, left a massive trail of devastation and upended the lives of 14 million citizens. Impoverished Filipinos – more than 40 percent of the population – were especially vulnerable because they lacked protection from the typhoon’s fury and the resources to carry on after it passed, leaving flattened communities in its wake.

Immediately after the typhoon, Mercy Corps rushed aid to the survivors:

• We brought food, water, blankets and soap to survivors stranded in remote areas where the need was greatest.
• We began to help communities move forward:
  • We delivered tools and building materials to help people construct safer temporary shelters.
  • Working with our partner, we set up dedicated centers where children play games and get counseling to deal with their terrifying memories of the storm.
  • We are using our experience with mobile financial services to securely transfer much-needed cash through cell phones so people can purchase the goods they need to rebuild their lives, return to work and support their families.

 Francine conquers her fears. “The storm was very scary,” says ten-year-old Francine. “Now I hate the wind and the rain. I get scared a lot when there are dark clouds in the sky.” Working through her traumatic memories with trained counselors, Francine is gradually overcoming her fears.

Thanks to you, Mercy Corps supporters have stepped up with compassion for typhoon survivors. Your generosity has allowed us to quickly meet their immediate needs – and start them on the fast track to recovery.

Immediately after the typhoon, Mercy Corps rushed aid to the survivors:
• We brought food, water, blankets and soap to survivors stranded in remote areas where the need was greatest.

We also began to help communities move forward:
• We delivered tools and building materials to help people construct safer temporary shelters.
• Working with our partner, we set up dedicated centers where children play games and get counseling to deal with their terrifying memories of the storm.
• We are using our experience with mobile financial services to securely transfer much-needed cash through cell phones so people can purchase the goods they need to rebuild their lives, return to work and support their families.
We’re helping families never go hungry again. When the worst drought in generations struck the Horn of Africa in the summer of 2011, Ethiopian herders were hit hard. These people are constantly on the move in search of water and grass for their camels, goats, sheep and donkeys. They depend on the animals for milk, meat, labor and income. When the land dried up, livestock – and people – began to go hungry. Eventually, the animals died of starvation – and children grew weak from malnutrition.

Mercy Corps mobile health teams traveled to remote areas to treat the immediate hunger crisis:

- We delivered emergency food and medical care to malnourished babies, older children and new mothers.
- We are also helping the herders of the Horn of Africa become more resilient and self-sustaining:
  - We are building wells, vaccinating livestock and teaching families about nutrition.
  - We are training villagers as community health volunteers and teaching herders how to better manage water supplies and improve the productivity of their livestock.
  - For young people in search of a different livelihood, we’re providing technical and literacy training, so they’re equipped to try a new trade.

Mercy Corps mobile health teams traveled to remote areas to treat the immediate hunger crisis:
- We delivered emergency food and medical care to malnourished babies, older children and new mothers.

We are also helping the herders of the Horn of Africa become more resilient and self-sustaining:
- We are building wells, vaccinating livestock and teaching families about nutrition.
- We are training villagers as community health volunteers and teaching herders how to better manage water supplies and improve the productivity of their livestock.
- For young people in search of a different livelihood, we’re providing technical and literacy training, so they’re equipped to try a new trade.

Hawa gets the food she needs. When orphaned baby Hawa stopped eating, her aunt brought her to Mercy Corps’ mobile health clinic. Hawa was limp with hunger and was soon diagnosed with the most critical stage of malnutrition. Now, after treatment, she has the chance to grow up healthy and strong.
OUR MISSION

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

Mercy Corps is Saving and Improving the Lives of Millions of People

Together, thanks to your commitment and support, we are helping people in the world’s toughest places survive emergencies, overcome hardship and build a better life for themselves and their children.

Growing more food
Educating girls and women
Supplying clean water
Protecting children
Accessing financial services
Fighting malnutrition
Improving sanitation and hygiene
Launching young entrepreneurs
Training health workers
Reducing disaster vulnerability

Learn more at mercykorps.org
Audited U.S. Financial Summary

Global Financial Summary

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>End of Period</th>
<th>U.S. Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditures</td>
<td>$274,073</td>
<td>$272,073</td>
<td></td>
</tr>
<tr>
<td>Non-Operating (Loss)</td>
<td>$(353)</td>
<td>$(353)</td>
<td></td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>$(429)</td>
<td>$(4,676)</td>
<td></td>
</tr>
<tr>
<td>Total Support and Revenue</td>
<td>$275,255</td>
<td>$269,287</td>
<td></td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humanitarian - Relief</td>
<td>$2,177</td>
<td>$45,405</td>
<td></td>
</tr>
<tr>
<td>Humanitarian - Recovery</td>
<td>$231,858</td>
<td>$231,858</td>
<td></td>
</tr>
<tr>
<td>Humanitarian - Livelihood/Economic Development</td>
<td>$43,900</td>
<td>$43,900</td>
<td></td>
</tr>
<tr>
<td>Civil Society</td>
<td>$28,730</td>
<td>$28,730</td>
<td></td>
</tr>
<tr>
<td>Subtotal: Program Services</td>
<td>$234,035</td>
<td>$279,440</td>
<td></td>
</tr>
<tr>
<td>Support Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and Administration</td>
<td>$11,485</td>
<td>$11,485</td>
<td></td>
</tr>
<tr>
<td>Resource Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal: Support Services</td>
<td>$40,215</td>
<td>$40,215</td>
<td></td>
</tr>
<tr>
<td>Total Support and Revenue</td>
<td>$279,255</td>
<td>$319,652</td>
<td></td>
</tr>
<tr>
<td>NON-OPERATING (LOSS)</td>
<td>$(510)</td>
<td>$(510)</td>
<td></td>
</tr>
<tr>
<td>Net</td>
<td>$1,012</td>
<td>$(5,181)</td>
<td></td>
</tr>
</tbody>
</table>

*Mercy Corps did not incur a loss. This number reflects current-year expenses on revenue received in a prior year.*

Condensed Statement of Financial Position

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>End of Period</th>
<th>U.S. Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$243,637</td>
<td>$269,776</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$104,532</td>
<td>$182,150</td>
<td></td>
</tr>
<tr>
<td>Net</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$72,074</td>
<td>$83,818</td>
<td></td>
</tr>
<tr>
<td>Temporarily Restricted</td>
<td>$57,071</td>
<td>$62,065</td>
<td></td>
</tr>
<tr>
<td>Permanently Restricted</td>
<td>$20,214</td>
<td>$20,214</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities and Net Assets</td>
<td>$243,637</td>
<td>$269,776</td>
<td></td>
</tr>
</tbody>
</table>

Global Financial Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>End of Period</th>
<th>U.S. Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support and Revenue</td>
<td>$3,476</td>
<td>$44,725</td>
<td></td>
</tr>
<tr>
<td>Mercy Corps U.S.</td>
<td>$250,256</td>
<td>$5,966</td>
<td></td>
</tr>
<tr>
<td>Mercy Corps U.S. Material Aid</td>
<td>$51,090</td>
<td>$51,090</td>
<td></td>
</tr>
<tr>
<td>Released from restriction</td>
<td>$10,424</td>
<td>(10,424)</td>
<td></td>
</tr>
<tr>
<td>Total Support and Revenue</td>
<td>$275,255</td>
<td>$40,267</td>
<td></td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humanitarian - Relief</td>
<td>$2,177</td>
<td>$45,405</td>
<td></td>
</tr>
<tr>
<td>Humanitarian - Recovery</td>
<td>$231,858</td>
<td>$231,858</td>
<td></td>
</tr>
<tr>
<td>Support Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and Administration</td>
<td>$11,485</td>
<td>$11,485</td>
<td></td>
</tr>
<tr>
<td>Resource Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal: Program Services</td>
<td>$234,035</td>
<td>$279,440</td>
<td></td>
</tr>
<tr>
<td>Total Support and Revenue</td>
<td>$279,255</td>
<td>$319,652</td>
<td></td>
</tr>
<tr>
<td>NON-OPERATING (LOSS)</td>
<td>$(510)</td>
<td>$(510)</td>
<td></td>
</tr>
<tr>
<td>Net</td>
<td>$1,012</td>
<td>$(5,181)</td>
<td></td>
</tr>
</tbody>
</table>

BOARD OF DIRECTORS
Allen Grossman, Chair
Linda Mason, Honorary Chair
Robert Newell, Treasurer
Neal Keny-Guyet, Chief Executive Officer
Daniel O’Neill, Founder
Scott Brown
Gayle Trimm
Ryan Crocker
Gun Denhart
Mike Maerz
Jack Escaja
Mark Gordon
He Daofeng
Lucy Lee Helm
Gisel Kredetsani
Mike Maerz
David Mahoney
He Deafeng
Melissa Waggener
Zorkin
WORLDWIDE PROGRAMS
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.
Charity Navigator
Mercy Corps received four out of four stars from Charity Navigator, the premier American charity evaluator, for our responsible stewardship of donor funds.
Better Business Bureau

USING YOUR GIFTS WISELY
How You Can Save and Improve 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.

HOW YOU CAN SAVE AND IMPROVE LIVES
Over the last five years, we have used 88 percent of our resources for programs that help people in need around the world. We have earned the highest rating from Charity Navigator, the premier American charity evaluator, for our responsible stewardship of donor funds. We also meet all 20 of the Better Business Bureau Wise Giving Alliance standards for charity accountability.

Using Your Gifts Wisely

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.

Afghanistan • Central African Republic • China • Colombia • D.R. Congo • Egypt • Ethiopia • Georgia • Guatemala • Haiti • India • Indonesia • Iraq • Japan • Jordan • Kenya • Kosovo • Kyrgyzstan • Lebanon • Liberia • Libya • Mali • Mongolia • Myanmar • Nepal • Niger • Nigeria • North Korea (DPRK) • Pakistan • Philippines • Somalia • South Sudan • Sudan • Syria • Tajikistan • Timor-Leste • Tunisia • Uganda • United States • West Bank and Gaza • Yemen • Zimbabwe