Acts of Mercy

Since 1978 Mercy Ships has provided services and materials in developing nations valued at over $1 billion impacting more than 2.42 million direct beneficiaries, with over 578 port visits in 56 developing nations and 18 developed nations.
### Accomplishments Since 1978

- **2,420,000 +** Direct Medical Beneficiaries
- **572,000 +** Village Patients Treated with medical and dental procedures
- **67,000 +** Life-Changing Surgeries Performed
- **32,100 +** Health Care Professionals Trained in their field of expertise
- **5,800 +** Health Care Professionals Trained to train others
- **1,100 +** Community Development Projects Completed
- **578** Port Visits
- **56** Nations Visited
Letter from the Chairman

Dear Friends,

Mercy Ships is intently focused on serving the poorest of the poor, most of whom have no other access to medical care. With 35 years of experience, the Mercy Ships team has developed a reputation for extending “hope and healing” that changes lives by offering high-quality free medical care. The *Africa Mercy* houses a modern hospital facility offering comprehensive care during a port visit that usually lasts ten months.

The crew on the ship are all volunteers and actually pay for their own expenses and crew fees onboard. We believe our crew members, as “selfless servants,” are unique. They actually pay to serve and deliver the highest quality care to the poor who otherwise would have little access to the medical services provided.

In 2012, Mercy Ships served in Togo and Guinea in West Africa, two developing countries facing challenges in health care delivery. This past year, our crew performed 1,444 eye surgeries, 1,302 reconstructive and other surgeries, while the dental team performed 27,159 interventions.

Our International Board of Directors has developed a comprehensive plan to build a second “Africa Mercy-class” ship that would more than double the people we could serve. We expect the ship design and specifications will be complete in the Fall of 2013. Our plan would be to award a ship construction contract by the end of this year. While significant capital is required for a new ship, the need is great, and a new ship would offer urgent medical care to the grateful people of Africa for the next thirty years.

On behalf of our board and skillful people throughout our organization, we thank you for your support that enables us to help people who have no other means of medical care.

Sincerely,

Myron E. Ullman, III
Chairman of the Board
Mercy Ships International
Dear Friends,

Transforming lives … serving nations … building capacity … leaving a legacy … this is the vision that has fueled our hearts and minds over the past 35 years – and just as strongly in 2012.

Mercy Ships served two of the world’s least developed nations this past year – Guinea and Togo. Both are listed in the lowest 1/3 of the World Health Organization’s annually published Human Development Index. By comparison, North America and Europe rank in the top 5%. Up to 80% of citizens in Togo and Guinea live on less than $1.50 per day. Health Care Delivery is not an option, either because it does not exist or is exorbitantly out of price range for the poorest. While both Togo and Guinea are beginning to show encouraging signs of economic growth, eradication of corruption, and institution of good governance, the arrival of “the big white ship” is often the single most tangible sign of hope for many.

Not only were hundreds of individual lives transformed in 2012, but Mercy Ships was able to build capacity in the nations we served through the training of health care professionals. Using our hospital ship as a platform, these professionals learn innovative techniques and procedures that will serve the nation long after the ship sails to its next port of call.

Mercy Ships crew members from 40 nations are dedicated to our mission and vision. Through the efforts of those who serve and the generosity of those who give, we look toward a bright and promising future as Mercy Ships uses hospital ships to transform individuals and serve nations … one at a time.

Following the model of Jesus,

Don Stephens
President/Founder
This is a graphic representation of the enormous land mass of Africa. (Some countries have been cut and rotated to better show land size.)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>AREA (1000 km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>9,597</td>
</tr>
<tr>
<td>USA</td>
<td>9,629</td>
</tr>
<tr>
<td>India</td>
<td>3,287</td>
</tr>
<tr>
<td>Mexico</td>
<td>1,964</td>
</tr>
<tr>
<td>Peru</td>
<td>1,285</td>
</tr>
<tr>
<td>France</td>
<td>633</td>
</tr>
<tr>
<td>Spain</td>
<td>506</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>482</td>
</tr>
<tr>
<td>Sweden</td>
<td>441</td>
</tr>
<tr>
<td>Japan</td>
<td>378</td>
</tr>
<tr>
<td>Germany</td>
<td>357</td>
</tr>
<tr>
<td>Norway</td>
<td>324</td>
</tr>
<tr>
<td>Italy</td>
<td>301</td>
</tr>
<tr>
<td>New Zealand</td>
<td>270</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>243</td>
</tr>
<tr>
<td>Nepal</td>
<td>147</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>144</td>
</tr>
<tr>
<td>Greece</td>
<td>132</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30,102</td>
</tr>
<tr>
<td>AFRICA</td>
<td>30,221</td>
</tr>
</tbody>
</table>
For 20 years Mercy Ships has brought hope and healing to West Africa by delivering transformational health care at no charge to the poor, while partnering with local governments to increase the capacity of national health care systems.

Since 1990, Mercy Ships has conducted 34 field services in 10 African nations. Most of the countries visited are ranked by the United Nations Development Index as the least developed countries in the world.

**Committed to West Africa**

- **Senegal**
  - 1993, 1994

- **Gambia**
  - 2002

- **Guinea-Bissau**
  - 1992

- **Guinea**

- **Sierra Leone**

- **Liberia**

- **Cote D’Ivoire**
  - 1991, 1992

- **Ghana**

- **Togo**

- **Benin**
“Give yourself entirely to those around you. Be generous with your blessings. A kind gesture can reach a wound that only compassion can heal.”

~Steve Maraboli
A Comparison of Nations

<table>
<thead>
<tr>
<th>Metric</th>
<th>United States</th>
<th>Togo</th>
<th>Guinea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Income per person, per day</td>
<td>$129</td>
<td>$0.89</td>
<td>$1</td>
</tr>
<tr>
<td>Life Expectancy</td>
<td>79 years</td>
<td>59 years</td>
<td>52 years</td>
</tr>
<tr>
<td>Doctors per 100,000 people</td>
<td>242</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Dentists per 100,000 people</td>
<td>163</td>
<td>&lt; .5</td>
<td>&lt; .5</td>
</tr>
<tr>
<td>Clean Water Access</td>
<td>99 %</td>
<td>61 %</td>
<td>74 %</td>
</tr>
<tr>
<td>Improved Sanitation Access</td>
<td>100 %</td>
<td>13 %</td>
<td>18 %</td>
</tr>
</tbody>
</table>

Togo and Guinea continue to be among the least developed nations, and are ranked 162 and 178, respectively, out of 187 on the Human Development Index.

VOLUNTEERS

“I came here with this expectation that I was the one to give . . . but, after a while, I realized I am actually the one who is receiving – so much love, so much joy, so much blessing.”

Linda Swensson
Sweden | Ward Nurse

CORPORATE DONORS

“Alcon shares the Mercy Ships vision of providing education to increase the number of eye care professionals in the developing world, so that quality eye care can reach those with the most need.”

Sara Woodward
USA | Alcon Director of Corporate Humanitarian and Community Services

DAY-WORKERS

In each field service, Mercy Ships contributes to the local economy by hiring day-workers, local men and women who serve in vital roles — translators, cooks, maintenance workers, etc. Many receive training in a new skill that will benefit them even after the ship leaves the country.

“I am entirely devoted to being a part of what God is doing for people through Mercy Ships.”

Jeremy Kpeglo
Togo | Day-worker

INDIVIDUAL DONORS

“Doors open for this hospital ship and its amazing crew in countries that are not politically or spiritually open to others. And they’re not only welcomed – they’re invited! Mercy Ships move from port to port with their message of hope and healing.”

A.C. Musgrave
Texas | Businessman
“Love recognizes no barriers. It jumps hurdles, leaps fences, penetrates walls to arrive at its destination full of hope.”

~Maya Angelou
Wherever there is a human being, there is an opportunity for a kindness.

~Seneca

MISSION
Mercy Ships follows the 2000-year-old model of Jesus, bringing hope and healing to the world’s forgotten poor.

VALUES
Following the model of Jesus, we seek to:
• Love God
• Love and serve others.
• Be people of integrity.
• Be people of excellence in all we say and do.

VISION
Mercy Ships uses hospital ships to transform individuals and serve nations one at a time.
Our Hospital Ship

M/V Africa Mercy

**HISTORY**

Acquired in 1999 through a donation from the BalCraig Foundation, the former Danish rail ferry *Droning Ingrid* was renamed the *Africa Mercy* in April 2000. The £30 million refit was funded by a $10 million donation from the Oak Foundation, along with continuing support from the BalCraig Foundation and other trusts, corporate gifts-in-kind, and individual contributors.

The hospital covers most of the original rail deck – approximately 1,200 square meters. It is divided into quadrants containing supplies/services, six operating theaters, intensive care and recovery wards with a total of 78 patient beds, and accommodations for 450 multinational crew and personnel.

The hospital contains a CT Scanner, an X-ray, laboratory services and a Nikon Coolscope, which allows for remote diagnosis almost instantaneously. Whenever required, diagnoses are transmitted via an onboard satellite communication system for evaluation by doctors in developed countries.

Since her deployment in 2007, the *Africa Mercy* has participated in eight field services in West Africa – serving the countries of Liberia, Benin, Togo, South Africa, and Sierra Leone.
2012 **Field Service** at a Glance

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life-Changing Surgeries</td>
<td>2,746</td>
</tr>
<tr>
<td>Medical Consultations</td>
<td>8,923</td>
</tr>
<tr>
<td>Dental Procedures</td>
<td>27,159</td>
</tr>
<tr>
<td>Health Care Professionals Trained</td>
<td>322</td>
</tr>
<tr>
<td>Trained in Community Health Education</td>
<td>2,397</td>
</tr>
<tr>
<td>Trained in Organic Farming Methods</td>
<td>72</td>
</tr>
<tr>
<td>Direct Beneficiaries</td>
<td>35,976</td>
</tr>
</tbody>
</table>

“We can’t help everyone, but everyone can help someone.”

~Dr. Loretta Scott
General **Surgeries**

**GOALS**

To reduce the effects of neglected trauma, disease and congenital conditions among the poor through specialized surgical treatment and by building local capacity.

---

**Specialized Surgeries**

In Togo and Guinea, Mercy Ships worked in partnerships with the Ministry of Health, local physicians and other NGOs to provide life-enhancing and, in many cases, life-saving specialized surgeries. In onboard operating theaters, highly skilled volunteer surgeons performed free maxillofacial / reconstructive operations, plastic surgeries and other specialized surgeries.

- **492** Maxillofacial Surgeries
- **110** Cleft Lip & Palate Surgeries
- **90** Plastic Reconstructive Surgeries
- **419** General Surgeries primarily Hernia Repairs
- **4** Surgeons Trained
A Story of Hope…
A Life Transformed by Love

Radiatou waited anxiously in her hospital bed onboard the Africa Mercy. In the morning, her life would change forever!

When Radiatou was 10 years old, a painful spot developed on her gum. It became a large tumor that distorted her face and isolated her from society. Sadly, in 2010, her beloved father passed away, leaving her completely alone and terrified.

In 2012, Radiatou, now a teenager, received a free surgery to remove the tumor – but she also received much more. The love and tenderness she experienced from the crew restored her aching soul and eased her loneliness. They became her new family.

Within two weeks, Radiatou returned to her village. Many of the people there had never seen her without the tumor. And the celebration began! Loud cries of joy filled the air as villagers hugged Radiatou. Many fell to their knees, raising their hands to the sky to praise God for the miracle in her life.

In a matter of weeks, Radiatou’s life was completely transformed by the power of love in action . . . the power of mercy. She joyfully says, “You will always be family to me!”
Orthopaedic Project

**GOALS** To reduce the effects of neglected trauma and congenital conditions by providing specialized orthopaedic care and physical therapy.

Orthopaedic Services

Working in partnership with the Ministry of Health and Sanitation, local and international NGOs, and local medical providers, the Orthopaedic Project helped to relieve the burden of orthopaedic diseases and afflictions for those with little or no alternative hope. In an effort to address the health care crisis in Togo and Guinea, Mercy Ships utilized the operating rooms onboard the floating hospital ship, the *Africa Mercy*, to provide free, quality orthopaedic care to children and adults.

Surgical interventions focused on neglected or mismanaged orthopaedic trauma, childhood musculoskeletal conditions like club feet, and some joint disease.

- **117** Surgeries Performed
- **51** Patients Received Ponsetti Casting Procedures
- **33** Trained in Ponsetti Casting Techniques
- **2** Surgeons Trained in Orthopaedics
When Fooday began walking at eighteen months, his parents noticed that his legs were bowed. Traditional medicine did not help – the abnormal curve worsened. To avoid ridicule and unkind treatment, the only safe place for the little boy was at home.

Then Fooday’s father heard a radio announcement about a hospital ship that provided free medical care, including surgeries for children with bent legs. Soon Fooday was onboard the *Africa Mercy*, and a small metal plate, in the shape of a figure eight, was attached to the outside of each of his leg bones. The eight-plate, designed to slowly correct the bow in Fooday’s legs, would also allow the bones to grow straight in the future. This technique avoids a much more complex operation that requires the bones to be broken and reset.

At the eighteen-month point, Fooday and his father eagerly traveled to the *Africa Mercy*, now docked in Conakry, Guinea, for his final surgery to remove the eight-plates.

As they left the ship to return home, his smiling father whispered to Fooday, “Thanks to Mercy Ships, it is back to school for you! God is good!”
Hope Reborn — Women’s Health

GOAL
To reduce the prevalence of obstetric fistulas (vesico-vaginal fistula - VVF, and rectal-vaginal fistula - RVF) among women in Guinea by providing specialized surgical treatment, increasing awareness of the condition, and building capacity by offering training to practicing VVF/RVF surgeons.

Obstetric fistulas are caused by unrelieved, obstructed labor in which the child is usually stillborn. As a result of this childbirth injury, the woman becomes incontinent. Mercy Ships provides reconstructive surgeries, restoring the lives of women who are often ostracized by their families and communities. Training was provided to African surgeons to increase regional resources for this condition.

Surgeons Trained
74
Corrective Surgeries
3
Surgeons Trained
A Story of Hope ...
Sento Receives the Gift of Life

With the lack of available medical care, one of the most dangerous things that an African woman can do is to get pregnant. Ten years ago, Sento came to Mercy Ships as a young woman desperately hoping for help. Her first pregnancy had involved a complicated delivery that left her with a devastating childbirth injury. She was incontinent, and the shame and stench forced her to live in the shadows, shunned by her own community.

But a free VVF surgery restored her health, her hopes, and her life! Now, ten years later, Sento and her husband have their second child. She received a post-partum checkup at the Aberdeen Women’s Clinic – and you can see the joy reflected in her face as she holds her beautiful baby!
Mercy Vision - Eye Care Program

**GOALS**

To reduce the prevalence of blindness and poor vision due to cataracts and other eye problems, while building the capacity of local eye care systems.

The Mercy Vision program addressed surgical and medical eye needs of the people in Togo and Guinea. The primary emphasis of surgical intervention was on reduction of blindness as a result of cataracts.

Non-surgical eye care focused on allergy, infection, injury and pain. Sunglasses were distributed to protect sensitive eyes after operations, and reading glasses were supplied to visually impaired patients.

The program also provided many opportunities for hands-on training sessions for local surgeons, as well as training in ophthalmic care for local health workers.

- **1,444**
  - Eye Surgeries
- **14,100**
  - Patients Evaluated Consulted
- **2,038**
  - Sunglasses Distributed
- **1,887**
  - Reading Glasses Distributed
- **12**
  - Visual Care Professionals Trained
Dental Care Program:

The projects in Togo and Guinea addressed dental needs and provided preventative and restorative treatment for men, women and children who would otherwise not receive dental care. The dental team provided basic oral health education to their clients at the dental clinics, as well as students in primary schools.

**GOALS**

To reduce the incidence of dental disease by providing dental education and treatments such as restorations, extractions, and cleaning and to build local capacity.

- **Dental Patients**: 9,842
- **Dental Procedures**: 27,159
- **Trained in Oral Health**: 11,677
- **Dental Volunteers Trained in Assisting & Sterilizing Techniques**: 15
- **Building Renovated for use as a Dental Clinic**: 1
A Legacy of Mercy... Helping Countries Help Themselves

**JFK Hospital — Liberia**

One of the particularly remarkable capacity-building projects was the restoration of two wards in the JFK Hospital in Monrovia, Liberia, to their pre-war condition. One ward was funded by the Gloag Foundation of Scottish philanthropist Ann Gloag. Mercy Ships provided funding for the second, provided consultation and monitored the progress of this endeavor.

**Tenegar Clinic — Liberia**

A conversation between Liberian President Ellen Johnson Sirleaf and Don Stephens resulted in another capacity-building project — the rebuilding of the clinic near her ancestral home in Tenegar, Liberia. The clinic was almost destroyed during Liberia’s long civil war, but a joint effort of Mercy Ships and the local community rebuilt it.

The word tenegar means “on the hill.” This new clinic “on the hill” will be a beacon of hope and healing, as it will serve over 6000 people in the surrounding area — people without access to adequate health care.

**Trinity Dental Clinic and Training Center — Liberia**

Located in ELWA Hospital near Monrovia, Liberia, this charity clinic was established by a partnership with Serving in Mission (UK) and Mercy Ships in July 2008. Founders Dr. Keith Chapman and Frieda Schmidt, a registered dental therapist, are former long-term Mercy Ships staff. The clinic provides 6000 procedures for approximately 4000 patients per year and dental education for 15,000 people. In addition, training is provided for dental nurses (assistants), receptionists, and laboratory technicians.

**Aberdeen Women’s Center — Sierra Leone**

Established by Mercy Ships in 2005, this clinic offers the only comprehensive fistula and midwifery training in Sierra Leone. The centre has the capacity to treat up to 600 patients per year. It is estimated that over two million women in Africa suffer from obstetric fistula, an injury caused by obstructed childbirth. This condition usually results in a stillborn child and severe trauma that leaves the woman incontinent. In a culture that views physical disabilities as a curse, the woman is often ostracized by family and community. Today the clinic is supported by the Gloag Foundation, the Freedom from Fistula Foundation, and Engender Health. The centre has trained more than 150 nurses in pre-op and post-op care and obstetric emergency response.*


**H.O.P.E. Center — Togo, Guinea**

(Hospital Outpatient Extension)

Mercy Ships renovated unfinished portions of the Be-Kpota Anfamé Clinic in Togo for use as a pre-operative and post-operative patient care center. Mercy Ships hired and trained primarily local unemployed population in collaboration with the Minister of Health. Today this is a flourishing maternity center with an average of 120 newborn babies each month.

A wing of the Ignace Deen Hospital in Conakry, Guinea was renovated. When the field service ends, the area will be used for the hospital’s daily operations.
H.O.P.E. Center — Hospital Out-Patient Extension

**GOAL**

To optimize the capacity of hospital surgical outputs by improving the movement of patients in and out of the ward.

**H.O.P.E. Center Project**

When Mercy Ships arrives in a country, potential patient screenings are organized at various locations and times throughout the country. Patients near the port area can easily travel to the ship. Others, who live farther away, typically encounter greater obstacles in traveling to the ship.

To reduce the need for multiple trips to the ship, Mercy Ships establishes a Hospital Out-Patient Extension (HOPE Center) facility to provide housing for patients and caregivers in a secure location near the ship. After surgery, the HOPE Center offers a safe and clean environment that promotes effective recovery, while maintaining easy access to the ship for follow-up care.

Another important benefit of the HOPE Center is that it frees up precious bed space in the hospital ward on the ship, allowing better optimization of the ship’s surgical capacity.

- **In Guinea**, renovated a ward of the Ignace Deen Hospital for use as a safe, secure, and hygienic location for patients and caregivers.
- **In Togo**, renovated a portion of the Be-Kpota Anfamé Clinic for HOPE Center patients.
Palliative Care

Many who seek medical help from Mercy Ships are not eligible candidates for surgery because of inoperable and often terminal conditions. These people are often rejected by their communities because local cultures view these conditions as a curse.

The Palliative Care Team reaches out to patients and their families, providing in-home visits to encourage them, provision of pain relief medications, education for caregivers, dressings for wound care, and counseling for patients and caregivers.

GOAL

Provide practical care and support to individuals suffering from terminal illness and to their extended family and to build local capacity by following the model of Jesus.

36
Palliative Care Patients

224
Home Visits

44
Day-Workers & Family Trained in Palliative Care and Wound Care

Palliative Care Program
Capacity Building... A Spotlight on Training

Ophthalmic
The Africa Mercy was designed to be an excellent platform for training of African surgeons and health care professionals. Our emphasis on building health care capacity through training is intentional and ever-present. Currently surgeons are trained in ophthalmic, general and maxillofacial surgical specialties. Other health care professionals are trained in dental hygiene, dental assisting and palliative care. Continuing education conferences focus on mental health, anesthesiology, midwifery, and leadership principles.

In 2010, Dr. Abram Wodome, an ophthalmologist in Togo, was selected into the Alcon-Mercy Ships Fellowship onboard the Africa Mercy. During his fellowship, Dr. Wodome mastered the Manual Small Incision Cataract Surgery [MSICS] that is most appropriate and practical in Africa and the developing world. MSIS cuts surgical time in half and significantly reduces the cost. “With this new procedure, I can remove a cataract in less than ten minutes. That means we can increase the number of surgeries in a day,” Dr. Wodome explained.

Now, he is passionate about passing his knowledge on to other local doctors. “I cannot keep this technique for myself. We need to have several surgeons doing the same thing with the same quality.”

One of Dr. Wodome’s trainees is Dr. Nonon Saa Paulin. Amazed at the efficiency of the new technique, he said, “The best part of the training program is when a patient is led to the ship completely blind . . . and then, in a few hours after surgery, they are amazed to see again.”

Health care professionals training other health care professionals in situ in Africa improves health care delivery systems and is widely accepted by governments due to lowered risk of professionals departing to other nations.

Anesthesia
Dr. Keith Thomson, Consultant Anesthetist in the UK and Vice Chairman of Mercy Ships UK, has participated each year for 22 of the 23 years we have served Africa with a hospital ship. Since 2007, he and his team have trained over 800 anesthesia providers (doctors, nurses, midwives, and technicians) in Africa. Dr Thomson is a prime example of capacity building which implants a strong educational component in each nation served . . . long after our hospital ship sails.
**Food for Life**

**GOAL**
To increase the capacity of local organizations to effectively contribute to improved nutrition and farming incomes of farmers in Togo and Guinea.

**Agricultural Training Program**

The agriculture program provided an intense “training the trainer” course for in-country organizations. The course focused on composting, mulching, soils, animal husbandry and nutrition. African farmers typically use destructive practices, such as slash-and-burn tactics and harsh, expensive chemical herbicides and pesticides. Participants were introduced to healthier and more effective alternatives.

After graduation, the trainers will pass on their knowledge to members of their communities and farming associations, with support and mentoring from the Mercy Ships team.

72 Trainers Trained in Organic Farming Methods
Leadership Conferences

To support Togolese and Guinean leaders in providing servant leadership and to encourage whole-person care that includes the importance of the physical, spiritual, and emotional aspects of the individual, community, and national development.

**GOAL**

Mercy Ships partnered with Samaritan’s Strategy of Ghana to empower participants with skills and resources to engage in whole-person ministries and to encourage leaders to create and improve their own communities.

**Restoring Hope**

In much of Africa, there is a lack of understanding of mental health and illness, and few resources are allocated for treatment. Mercy Ships recruited highly trained personnel to train local Togolese professionals — including health care workers, hospital staff, church leaders, police and military staff, teachers, social workers, and corrections officers — regarding mental health.

- **2,091** Togolese Professionals Trained in Mental Illness and Trauma
- **214** Trained in Obstetrics Anesthesia and Maternal Health
- **218** Togolese Professionals Trained in Mental Illness and Trauma
- **30** Children Attended a Trauma-Healing Camp
2012 Financials - Auditor’s Report

INDEPENDENT AUDITORS’ REPORT

The Board of Directors
Mercy Ships
Lindale, Texas

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Mercy Ships and its affiliates (the Organization), which comprise the combined statements of financial position as of December 31, 2012 and 2011, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management’s Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of certain affiliates. (Mercy Ships – U.K. Ltd., Mercy Ships Canada Society, Stichting Mercy Ships Holland, Mercy Ships Deutschland e.V., Foundation Mercy Ships – Norge, Association Mercy Ships (Switzerland) and Mercy Ships Australia Ltd.), which statements reflect total assets of 95% and 12%, respectively of combined total assets at December 31, 2012 and 2011, and total support and revenues of 40% and 42%, respectively, of combined total revenues for the years then ended. Those statements were audited by the component auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these certain affiliates, is based solely on the reports of the component auditors. We conducted our audits 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the combined financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Mercy Ships
May 9, 2013
Page 2

Opinion

In our opinion, based on our audit and the reports of the component auditors, the combined financial statements referred to above present fairly in all material respects the financial position of Mercy Ships and its affiliates as of December 31, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined schedules of functional expenses is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Balser, Horowitz, Frank & Wakeling

BALSER, HOROWITZ, FRANK & WAKELING
Santa Ana, California
May 8, 2013
## Combined Statements of Activities

For the Years Ended December 31, 2012 and 2011

<table>
<thead>
<tr>
<th>Support and revenue</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$21,673,386</td>
<td>$6,068,540</td>
<td>$27,741,926</td>
<td>$24,466,256</td>
</tr>
<tr>
<td>Contributions for staff support</td>
<td>4,392,390</td>
<td></td>
<td>4,392,390</td>
<td>4,081,730</td>
</tr>
<tr>
<td>Contributed goods</td>
<td>3,380,018</td>
<td></td>
<td>3,380,018</td>
<td>4,074,557</td>
</tr>
<tr>
<td>Contributed services</td>
<td>15,366,899</td>
<td></td>
<td>15,366,899</td>
<td>16,909,971</td>
</tr>
<tr>
<td>Fee revenue (crew, volunteers, training)</td>
<td>1,743,886</td>
<td></td>
<td>1,743,886</td>
<td>1,894,726</td>
</tr>
<tr>
<td>Sales and other revenue</td>
<td>1,957,437</td>
<td></td>
<td>1,957,437</td>
<td>2,184,034</td>
</tr>
<tr>
<td>Gain (loss) from foreign currency translation</td>
<td>(143,931)</td>
<td></td>
<td>(143,931)</td>
<td>29,166</td>
</tr>
<tr>
<td>Gain (loss) on sale/abandonment of assets</td>
<td>42,504</td>
<td></td>
<td>42,504</td>
<td>56,498</td>
</tr>
</tbody>
</table>

Net assets released from restriction:
- Satisfaction of program restrictions: 3,713,209
- Total support and revenue: 52,125,798

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ship and field operations</td>
<td>40,854,542</td>
<td></td>
<td>40,854,542</td>
<td>42,972,977</td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>4,181,077</td>
<td></td>
<td>4,181,077</td>
<td>4,326,854</td>
</tr>
<tr>
<td>Fund raising</td>
<td>5,350,951</td>
<td></td>
<td>5,350,951</td>
<td>5,444,405</td>
</tr>
<tr>
<td>Total supporting services</td>
<td>9,532,028</td>
<td></td>
<td>9,532,028</td>
<td>9,771,259</td>
</tr>
<tr>
<td>Total expenses</td>
<td>50,386,570</td>
<td></td>
<td>50,386,570</td>
<td>52,744,236</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>1,739,228</td>
<td>2,355,331</td>
<td>4,094,559</td>
<td>952,702</td>
</tr>
</tbody>
</table>

Net assets at beginning of year:
- before change in cumulative translation adjustments: 54,325,799
- Change in cumulative translation adjustments: (94,592)

Net assets at end of year:
- after change in cumulative translation adjustments: $55,970,435

### Our Commitment to Stewardship

81¢ of each dollar Mercy Ships receives goes straight to our Ship and Field Operations – providing surgeries and world-class medical care to those who have no other hope. As little as 19¢ is set aside for the general costs and overhead expenses.
Combined Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

Cash flows from operating activities 2012 2011
Change in net assets $ 4,094,559 $ 952,702
Adjustments to reconcile changes in net assets to net cash provided by operating activities:
Provision for depreciation 3,404,001 3,380,353
(Gain) loss on sale or abandonment of assets 42,504 56,498
Bad debt 7,186 6,050
Cumulative translation adjustments (94,592) (211,878)
(Increase) decrease in:
Other receivables 421,001 (365,346)
Grants receivable 89,084 (85,619)
Promises to give 46,780 39,025
Inventory (75,875) (1,336,623)
Other assets (4,318) (6,540)
Prepaid expenses and advances (27,427) (8,889)
Increase (decrease) in:
Accounts payable and accrued expenses (291,673) 479,923
Ship bank payable 145,629 (2,845)
Deferred revenues 90,585 209,960
Net cash provided by operating activities 7,764,436 2,993,775

Cash flows from investing activities
Proceeds from sale of assets 56,762 56,498
Purchases of property and equipment (1,749,160) (3,365,490)
Increase in cash surrender value of life insurance 7,390 5,321
Net cash used by investing activities (1,685,008) (3,303,671)

Cash flows from financing activities
Proceeds from notes and loans payable 40,448 
Payments on notes and loans payable (1,155,934) (1,445,512)
Increase in capital lease obligations 103,302 97,541
Net cash used by financing activities (1,012,184) (1,347,971)

Effect of exchange rate changes on cash (102,357) (47,342)
Net increase (decrease) in cash and cash equivalents 4,964,893 1,705,209
Cash and cash equivalents, beginning of year 9,803,189 11,508,398
Cash and cash equivalents, end of year $ 14,768,082 $ 9,803,189
Combined Statements of Financial Position
December 31, 2012 and 2011

Mercy Ships is a member of the Evangelical Council for Financial Accountability (ECFA) which provides accreditation to Christian nonprofit organizations that faithfully demonstrate compliance with established standards for financial accountability, fund-raising, and board governance. The financial statements shown here are an incomplete presentation. Our complete financial statements and audit report are available upon request.

### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$14,143,229</td>
<td>$9,369,879</td>
</tr>
<tr>
<td>Cash held for others - ship bank</td>
<td>624,853</td>
<td>433,310</td>
</tr>
<tr>
<td>Other receivables, net</td>
<td>455,945</td>
<td>884,132</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>-</td>
<td>89,084</td>
</tr>
<tr>
<td>Promises to give, net</td>
<td>-</td>
<td>48,780</td>
</tr>
<tr>
<td>Inventory</td>
<td>2,525,480</td>
<td>2,449,605</td>
</tr>
<tr>
<td>Other assets</td>
<td>105,132</td>
<td>100,814</td>
</tr>
<tr>
<td>Prepaid expenses and advances</td>
<td>287,265</td>
<td>259,838</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>81,605,314</td>
<td>80,237,163</td>
</tr>
<tr>
<td>Land and building under capital lease</td>
<td>821,175</td>
<td>798,225</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(29,171,342)</td>
<td>(26,191,411)</td>
</tr>
<tr>
<td>Cash surrender value of life insurance</td>
<td>76,002</td>
<td>83,392</td>
</tr>
<tr>
<td>Total assets</td>
<td>$71,473,053</td>
<td>$68,562,811</td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$2,089,909</td>
<td>$2,381,582</td>
</tr>
<tr>
<td>Ship bank payable</td>
<td>586,177</td>
<td>440,548</td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>366,823</td>
<td>276,238</td>
</tr>
<tr>
<td>Notes and loans payable</td>
<td>6,984,901</td>
<td>8,100,387</td>
</tr>
<tr>
<td>Capitalized lease obligation</td>
<td>1,501,210</td>
<td>1,419,990</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>11,529,020</td>
<td>12,618,745</td>
</tr>
</tbody>
</table>

### Net assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>55,970,435</td>
<td>54,325,799</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>3,973,598</td>
<td>1,618,267</td>
</tr>
<tr>
<td>Total net assets</td>
<td>59,944,033</td>
<td>55,944,066</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$71,473,053</td>
<td>$68,562,811</td>
</tr>
</tbody>
</table>
**National Offices**

**Mercy Ships Global Association**  
Chemin de la Fauvette 98  
1012 Lausanne  
Switzerland  
www.mercyshipsglobal.org

**Mercy Ships Australia**  
P.O. Box 1080  
Caloundra, Queensland 4551  
Australia  
www.mercyships.org.au

**Mercy Ships Belgium**  
Marsveldplein 5, V21  
B-1050 Brussels,  
Belgium  
www.mercyships.be

**Mercy Ships Canada**  
Unit 5 - 3318 Oak St.  
Victoria, BC V8X 1R1  
Canada  
www.mercyships.ca

**Mercy Ships Denmark**  
Jernbaekvej 6, Ramloese  
DK 3200 Helsinge  
Denmark  
www.mercyships.dk

**Mercy Ships France**  
Chemin de Colovrex  
01210 Ferney-Voltaire  
France  
www.mercyships.ch

**Mercy Ships Germany**  
Hüttenstrasse 22  
D - 87600 Kaufbeuren  
Germany  
www.mercyships.de

**Mercy Ships Holland**  
Strevensweg 700/317  
NL - 3083 AS Rotterdam  
The Netherlands  
www.mercyships.nl

**Mercy Ships Korea**  
4 F. Greenhill B/D, Gongneug-dong 661-5  
Nowon-gu, Seoul (139-808)  
South Korea  
www.mercyships.or.kr

**Mercy Ships New Zealand**  
PO Box 13673  
Onehunga  
Auckland 1643  
New Zealand  
www.mercyships.org.nz

**Mercy Ships Norway**  
Markensgate 48  
4612 Kristiansand S  
Norway  
www.mercyships.no

**Mercy Ships Southern Africa**  
P.O. Box 290  
Plumstead, 7801  
South Africa  
www.mercyships.org.za

**Mercy Ships Spain**  
Naves de Esperanza  
Apartado 15001  
08080 Barcelona,  
Spain  
www.nde.es

**Mercy Ships Sweden**  
Mailbox 5248  
200 72 Malmö  
Sweden  
www.mercyships.se

**Mercy Ships Switzerland**  
Maison de Rovéraz  
Chemin de la Fauvette 98  
CH 1012 Lausanne  
Switzerland  
www.mercyships.ch

**Mercy Ships United Kingdom**  
The Lighthouse  
12 Meadway Court  
Stevenage, Hertfordshire, SG1 2EF  
United Kingdom  
www.mercyships.org.uk

**International Operations Center**  
P.O. Box 2020  
Garden Valley, TX 75771-2020  
USA  
www.mercyships.org
International Board of Directors

Chairman
Myron E. Ullman III*
International Retail Executive (Retired)
Dallas, TX, USA

Vice Chair
Françoise André*
Paudex, Switzerland

Vice Chair
Rosa Whitaker*
President and CEO
The Whitaker Group
Washington, DC, USA

Vice Chair / Treasurer
Peter B. Schulze*
Managing Director
Garden Valley, TX, USA

Secretary
Ronald L. Goode, Ph.D.*
President and CEO
The Goode Group
Dallas, TX, USA

President / Founder
Donald K. Stephens*
Mercy Ships
Garden Valley, TX, USA

Members:
Gary W. Brown*
President and CEO
CIBC World Markets Corporation
New York, NY, USA

Judge Neels Claassen
High Court Justice
Johannesburg, South Africa

Jeffrey H. Coors*
Chairman
Fiskeby Holdings US LLC
Golden, CO, USA

Michael L. Cowan, MD*
Vice Admiral, USN (Retired)
Rosslyn, VA, USA

Graeme D. Cutler
Chairman
Mercy Ships Australia
Sydney, Australia

Roland Decorvet*
Chairman & CEO
Nestlé Greater China Region
Beijing, China

Jan Willem Doeksen*
Chairman, Mercy Ships Holland
CEO - Royal Doeksen
Rotterdam, The Netherlands

Ann H. Gloag*
Non-Executive Director
Stagecoach Holdings, PLC
Scotland, UK

Troy A. Gripp*
Managing Director
Morgan Stanley | Private Wealth Investments
San Francisco, CA, USA

Wolfgang Gross
Chairman, Mercy Ships Germany
Humbedica
Kaufbeuren, Germany

Dr. Lars Karl Hult
Chairman
Mercy Ships Norway
Stavanger, Norway

John Paul Ketels*
Senior Partner (Retired)
Clifford Chance
Washington, DC, USA

Mark R. Laret*
CEO - UCSF Medical Center
San Francisco, CA, USA

Azarias Ruberwa Manywa
Former Vice President
Democratic Republic of Congo
Ashburn, VA, USA

Ruben S. Martin*
President
Martin Midstream Partners L.P.
Kilgore, TX, USA

Tim McTavish*
Parker, CO, USA

Debbie Noble
Chairperson, Mercy Ships Canada
Victoria, BC, Canada

David Overton*
Dallas, TX, USA

Stéphane Rapin
Chairman, Mercy Ships Switzerland
Director Golf de Payrem SA
Payerne, Switzerland

David Rolston*
Chairman, Board of Directors
Image Metrics
Santa Monica, CA, USA

Daniel O. Shelley*
Texas State Senator (Retired)
Attorney at Law
Austin, TX, USA

* Executive Committee Member

Lifetime Members:
William S. Kanaga*
Chairman (Retired)
Arthur Young
New York, NY, USA

Charles D. Towers*
Attorney at Law
Jacksonville, FL, USA

Gustaf van Beers
Professor of Economics
Taradeau, France

Deyon Stephens
Co-Founder
Mercy Ships
Garden Valley, TX, USA

Dr. Keith Thomson*
Consultant Anaesthetist
The North Hampshire Hospital
Ascot, Berkshire, England, UK

Juliette M. Tuakli, MD MPH*
Executive Director
CHILD & Associates
Accra, Ghana