

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

Independent Auditor's Report and Financial Statements

September 30, 2013 and 2012

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

September 30, 2013 and 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 financial statements of One Child Matters (formerly Mission of Mercy), a division of Bethesda Ministries, which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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

### ***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, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the September 30, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reports dated January 24, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit of the financial statements was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, including the schedule of functional expenses, 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.

*BKD, LLP*

Colorado Springs, Colorado  
December 18, 2013

**One Child Matters (formerly Mission of Mercy)  
a Division of Bethesda Ministries**  
**Statements of Financial Position**  
**September 30, 2013**  
**(With Summarized Financial Information for September 30, 2012)**

**Assets**

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 665,716	\$ 1,156,914
Receivables	124,292	141,741
Investments	1,313,051	1,290,029
Furniture, equipment and software, net	1,143,235	1,157,282
Other assets	<u>79,952</u>	<u>61,305</u>
Total assets	<u>\$ 3,326,246</u>	<u>\$ 3,807,271</u>

**Liabilities and Net Assets**

Accounts payable		
Related parties	\$ 69,300	\$ 76,248
Other	179,337	162,527
Accrued liabilities	<u>298,264</u>	<u>260,587</u>
Total liabilities	<u>546,901</u>	<u>499,362</u>
<b>Net Assets</b>		
Unrestricted	1,547,299	1,904,715
Temporarily restricted	1,216,371	1,387,519
Permanently restricted	<u>15,675</u>	<u>15,675</u>
Total net assets	<u>2,779,345</u>	<u>3,307,909</u>
Total liabilities and net assets	<u>\$ 3,326,246</u>	<u>\$ 3,807,271</u>

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

**Statements of Activities**

**Year Ended September 30, 2013**

**(With Summarized Financial Information for the Year Ended September 30, 2012)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
<b>Revenues, Gains and Other Support</b>					
Contributions					
General	\$ 2,570,978	\$ 10,898,405	\$ -	\$ 13,469,383	\$ 14,424,275
Bethesda affiliates	10,197	-	-	10,197	2,559
Interest and dividends	55,252	-	-	55,252	48,600
Realized and unrealized gains (losses) on investments, net	(26,739)	-	-	(26,739)	89,809
Satisfaction of program restrictions	11,069,553	(11,069,553)	-	-	-
Total revenues, gains and other support	<u>13,679,241</u>	<u>(171,148)</u>	<u>-</u>	<u>13,508,093</u>	<u>14,565,243</u>
<b>Expenses</b>					
Program services					
Child ministries	10,361,034	-	-	10,361,034	11,223,253
Humanitarian and relief	38,327	-	-	38,327	52,407
Medical Mercy	324,550	-	-	324,550	344,609
Higher education and vocational training	15,812	-	-	15,812	28,748
Teaching/advocacy ministries	233,355	-	-	233,355	226,806
Mission trips	493,511	-	-	493,511	484,415
Total program services	<u>11,466,589</u>	<u>-</u>	<u>-</u>	<u>11,466,589</u>	<u>12,360,238</u>
Supporting services					
General and administrative	1,579,423	-	-	1,579,423	1,521,192
Promotion and development	1,400,645	-	-	1,400,645	1,178,786
Less supporting services subsidized by Bethesda Ministries	(410,000)	-	-	(410,000)	(300,000)
Total supporting services	<u>2,570,068</u>	<u>-</u>	<u>-</u>	<u>2,570,068</u>	<u>2,399,978</u>
Total expenses	<u>14,036,657</u>	<u>-</u>	<u>-</u>	<u>14,036,657</u>	<u>14,760,216</u>
<b>Change in Net Assets</b>	(357,416)	(171,148)	-	(528,564)	(194,973)
<b>Net Assets, Beginning 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>
<b>Net Assets, End of Year</b>	<u>\$ 1,547,299</u>	<u>\$ 1,216,371</u>	<u>\$ 15,675</u>	<u>\$ 2,779,345</u>	<u>\$ 3,307,909</u>

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

**Statements of Cash Flows**

**Year Ended September 20, 2013**

**(With Summarized Financial Information for the Year Ended September 30, 2012)**

	<b>2013</b>	<b>2012</b>
<b>Operating Activities</b>		
Change in net assets	\$ (528,564)	\$ (194,973)
Items not requiring cash		
Depreciation and amortization	333,074	257,092
Realized and unrealized losses (gains) on investments, net	26,739	(89,809)
Changes in		
Receivables	17,449	(1,188)
Related party receivables	-	88,731
Other assets	(23,381)	(8,191)
Related party payables	(6,948)	76,248
Other accounts payable	59,047	(31,390)
Accrued liabilities	37,677	67,332
	<u>(84,907)</u>	<u>163,852</u>
Net cash provided by (used in) operating activities		
<b>Investing Activities</b>		
Purchases of investments	(748,859)	(54,444)
Proceeds from sale of investments	699,098	25,911
Purchases of software, equipment and furniture	(356,530)	(465,561)
	<u>(406,291)</u>	<u>(494,094)</u>
Net cash used in investing activities		
<b>Net Decrease in Cash and Cash Equivalents</b>	(491,198)	(330,242)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,156,914</u>	<u>1,487,156</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 665,716</u>	<u>\$ 1,156,914</u>
<b>Supplemental Cash Flow Information</b>		
Purchase of software, equipment and furniture in accounts payable	<u>\$ 59,394</u>	<u>\$ 101,631</u>

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

## **Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

### **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, child development centers, 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, 2013 and 2012, cash equivalents consisted primarily of demand deposits and money market accounts with brokers.

At September 30, 2013, One Child Matters' demand deposit cash accounts exceeded federally insured limits by approximately \$432,000. In addition, there are money market accounts held with brokers that are not covered under the FDIC insurance limit of \$250,000. The total amount of these uninsured brokerage accounts was approximately \$132,000 at September 30, 2013.

#### ***Accounts Receivable***

Accounts receivable balances consist of employee advances for mission trips and amounts to be received under various split-interest agreements.

#### ***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.



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

## **Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

### ***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.

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.

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

## **Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

### ***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 \$162,000 and \$118,000 for the years ended September 30, 2013 and 2012, 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, 2013 and 2012.

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 2010.

### ***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, 2012, from which the summarized information was derived.

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

**Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

**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>2013</b>	<b>2012</b>
Common stock	\$ -	\$ 30,942
Mutual funds		
Domestic large-cap equity	6,430	62,792
International large-cap equity	13,988	83,461
Domestic small-cap equity	693	19,886
Fixed income	953,657	818,484
Emerging market equity	1,103	22,733
Alternative strategy	256,221	156,966
Limited partnerships	80,959	94,765
	\$ 1,313,051	\$ 1,290,029

**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>2013</b>			
		<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Limited partnerships (A)	\$	80,959	None	(A)	(A)
		<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)

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

## **Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

- (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 nonpublic 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, 2013:

- Investments representing approximately 73% of the value of investments in this category reside in cash holdback accounts.
- Investments representing approximately 27% of the value of investments in this category reside in special purpose/side pocket arrangements until the funds are redeemed.
- Approximately 59% of these investments have been redeemed. Management expects the majority of the remaining balance to be received in distributions over the next two years.

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

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of 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

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

**Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

***Recurring Measurements***

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, 2013 and 2012:

	<b>2013</b>			
	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices</b>	<b>Significant</b>	<b>Significant</b>
		<b>in Active</b>	<b>Other</b>	<b>Unobservable</b>
	<b>Markets for</b>	<b>Observable</b>	<b>Inputs</b>	
	<b>Identical</b>	<b>Inputs</b>	<b>Inputs</b>	
	<b>Assets</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
	<b>(Level 1)</b>			
Mutual funds				
Domestic large-cap equity	\$ 6,430	\$ 6,430	\$ -	\$ -
International large-cap equity	13,988	13,988	-	-
Domestic small-cap equity	693	693	-	-
Fixed income	953,657	953,657	-	-
Emerging market equity	1,103	1,103	-	-
Alternative strategy	256,221	256,221	-	-
Limited partnerships	80,959	-	-	80,959
	<u>\$ 1,313,051</u>	<u>\$ 1,232,092</u>	<u>\$ -</u>	<u>\$ 80,959</u>

**One Child Matters (formerly Mission of Mercy)  
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**Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

	2012				
	Fair Value Measurements Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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	22,733	22,733	-	-	
Alternative strategy	156,966	156,966	-	-	
Limited partnerships	94,765	-	-	94,765	
	\$ 1,290,029	\$ 1,195,264	\$ -	\$ 94,765	

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. There have been no significant changes in the valuation techniques during the year ended September 30, 2013. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

***Investments***

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

***Limited Partnerships***

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

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

**Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

***Level 3 Reconciliation***

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, 2011	\$ 111,259
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>94,765</u>
Total realized and unrealized gains and (losses) included in change in net assets	(315)
Sales	<u>(13,491)</u>
Balance, September 30, 2013	<u><u>\$ 80,959</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, 2012	<u>\$ 800</u>
Year ended September 30, 2013	<u><u>\$ (1,078)</u></u>

**One Child Matters (formerly Mission of Mercy)  
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**Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

***Unobservable (Level 3) Inputs***

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	<b>Fair Value at September 30, 2013</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range (Weighted Average)</b>
Alternative investments	\$ 80,959	Net asset value	Lack of redeemability/liquidity in the following 12 months	100% of total fair value of alternative investments

**Note 4: Furniture and Equipment**

Furniture and equipment at September 30 consists of:

	<b>2013</b>	<b>2012</b>
Furniture and equipment	\$ 321,791	\$ 304,748
Leasehold improvements	257,954	257,954
Computers – hardware	158,001	149,154
Computers – software	2,186,235	1,910,742
Transportation equipment	78,405	78,433
Software and other development-in-progress	17,502	13,588
	<u>3,019,888</u>	<u>2,714,619</u>
Less accumulated depreciation	<u>(1,876,653)</u>	<u>(1,557,337)</u>
	<u><u>\$ 1,143,235</u></u>	<u><u>\$ 1,157,282</u></u>



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

## **Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

### **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, 2013 and 2012, Bethesda affiliates gave \$10,197 and \$2,559, respectively, to One Child Matters programs.
- During the years ended September 30, 2013 and 2012, 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, 2013 and 2012, Bethesda gave \$410,000 and \$300,000, 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 noninterest bearing payables to Bethesda and entities to which Bethesda is related. The balance of the payables was \$69,300 and \$76,248, as of September 30, 2013 and 2012, respectively.
- An entity, to which Bethesda is related, charged \$432,659 and \$397,170 for computer, accounting and other services provided to One Child Matters during the years ended September 30, 2013 and 2012, respectively. Bethesda charged One Child Matters \$170,727 and \$161,450 for the rental of office and storage space during the years ended September 30, 2013 and 2012, respectively. The rent is charged on a monthly basis; as such, there is no future operating lease commitment.

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

**Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

**Note 6: Temporarily Restricted Net Assets**

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

	<b>2013</b>	<b>2012</b>
Child care - various countries	\$ 466,451	\$ 666,066
Medical Mercy	180,318	184,344
Child care - gift fund	127,274	135,586
Forgotten Children	80,275	72,271
Bangladesh	56,697	94,506
Mission trips	55,385	18,455
Kenya	47,580	42,227
Ethiopia	38,848	38,870
Dominican Republic	37,423	26,027
Haiti	31,113	36,016
Swaziland	24,238	19,233
Other overseas projects	20,241	9,704
India	15,183	10,730
Cambodia	9,244	9,306
Honduras	8,575	7,980
Disaster relief	8,427	6,730
Nepal	4,053	2,828
Thailand	1,828	1,828
Feeding program	1,317	1,121
Calcutta, India	1,106	1,286
Egypt	660	660
Romania	135	199
Sri Lanka	-	1,546
	\$ 1,216,371	\$ 1,387,519

**One Child Matters (formerly Mission of Mercy)  
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**Notes to Financial Statements**

**September 30, 2013**

**(With Summarized Financial Information for September 30, 2012)**

**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 years ended September 30, 2013 and 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, 2013 and 2012 were \$63,900 and \$59,324, respectively.

## **Supplementary Information**

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

**Schedule of Functional Expenses  
Year Ended September 30, 2013**

	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	\$ 7,563,647	\$ 38,327	\$ 186,297	\$ 15,812	\$ -	\$ -	\$ 7,804,083	\$ -	\$ -	\$ -	\$ 7,804,083
Salaries and labor	1,350,399	-	71,000	-	172,668	-	1,594,067	423,751	562,933	986,684	2,580,751
Payroll taxes	71,872	-	-	-	6,355	-	78,227	26,284	41,891	68,175	146,402
Benefits	179,867	-	-	-	11,304	-	191,171	72,486	70,020	142,506	333,677
Travel and entertainment	174,838	-	43,325	-	33,169	406,475	657,807	42,527	121,899	164,426	822,233
Informational materials	450	-	-	-	-	-	450	82,467	5,453	87,920	88,370
Printing and publications	16,274	-	-	-	-	-	16,274	7,074	42,396	49,470	65,744
Conference and education	29,337	-	-	-	46	-	29,383	1,074	243	1,317	30,700
Promotion and advertising	3,740	-	-	-	523	-	4,263	-	148,212	148,212	152,475
Computer services	207,171	-	-	-	-	-	207,171	87,360	14,954	102,314	309,485
Telephone	37,587	-	-	-	3,739	827	42,153	15,792	6,492	22,284	64,437
Postage	152,596	-	1,919	-	4,819	405	159,739	135,269	29,994	165,263	325,002
Supplies and materials	103,964	-	21,056	-	716	63,216	188,952	64,270	41,604	105,874	294,826
Building rent and maintenance	114,211	-	-	-	(174)	-	114,037	43,280	47,288	90,568	204,605
Depreciation and amortization	134,760	-	-	-	-	-	134,760	139,519	58,795	198,314	333,074
General Taxes	(64)	-	-	-	-	-	(64)	678	-	678	614
Insurance	3,949	-	-	-	-	-	3,949	12,386	1,553	13,939	17,888
Professional and other fees	185,704	-	-	-	190	21,409	207,303	23,788	200,396	224,184	431,487
Legal	22,743	-	-	-	-	-	22,743	7,317	-	7,317	30,060
Finance and accounting	4,900	-	-	-	-	-	4,900	200,243	505	200,748	205,648
Bank fees	2,568	-	-	-	-	643	3,211	180,790	-	180,790	184,001
Other	521	-	953	-	-	536	2,010	13,068	6,017	19,085	21,095
	<u>10,361,034</u>	<u>38,327</u>	<u>324,550</u>	<u>15,812</u>	<u>233,355</u>	<u>493,511</u>	<u>11,466,589</u>	<u>1,579,423</u>	<u>1,400,645</u>	<u>2,980,068</u>	<u>14,446,657</u>
Less Bethesda subsidy	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(221,815)</u>	<u>(188,185)</u>	<u>(410,000)</u>	<u>(410,000)</u>
	<u>\$ 10,361,034</u>	<u>\$ 38,327</u>	<u>\$ 324,550</u>	<u>\$ 15,812</u>	<u>\$ 233,355</u>	<u>\$ 493,511</u>	<u>\$ 11,466,589</u>	<u>\$ 1,357,608</u>	<u>\$ 1,212,460</u>	<u>\$ 2,570,068</u>	<u>\$ 14,036,657</u>

**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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(167,704)</u>	<u>(132,296)</u>	<u>(300,000)</u>	<u>(300,000)</u>
	<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>