



2016 Impact Report

Dear Friends of Operation Mercy

Our Annual Impact Report for 2016 represents Operation Mercy's commitment to continuous improvement, accountability, and transparency. We call it the 2016 Impact Report because in it we attempt to document how Operation Mercy's activities in 2016 have made an impact in alignment with our purpose statement. Our purpose is to partner with others to restore hope, grow capacity, and promote community through relief and development initiatives that transform lives, including our own. The five key concepts in our purpose statement are: partnership, hope, capacity, community, and transformed lives.

This report tells the story of how over 320 Operation Mercy staff engaged in humanitarian and development activities with passion and professional competence in 2016. In this report we attempt to describe how our activities helped transform the lives of over 850,000 program participants and beneficiaries as well as the lives of our staff. In 2016 we successfully operated programs in Afghanistan, Iraq, Iran, Yemen, Jordan, Kazakhstan, Tajikistan and Macedonia. We were also engaged in projects in Mauritania, Sudan, Egypt, Pakistan, Nepal, and Kyrgyzstan through long-term partnerships with like-minded civil society actors.

Economy

Our expenses exceeded our income in 2016 as we predicted. This is primarily due to our transition from being an all-volunteer headquarters administration staff to an all-salaried administrative staff. It is important that we find ways to increase our income and decrease our expenses in 2017. Our income from Swedish partners dropped to 20% in 2016 from 27% in 2015. On a more positive note, finished the global rollout of Winpaccs, a financial software package in all our field branch offices. This positions us for growth in 2017.

Future

As mentioned above, in 2016 our international office in Örebro, Sweden has changed from being staffed primarily by unsalaried volunteers to salaried staff. In addition, all our international volunteers were compelled to relocate out of Sweden because

of the high cost of living and tax rates. This represents a fundamental change from how we have operated in past years and threatens our long-term sustainability as an organization if we cannot adapt.

Internationally there has been continued turmoil in place where Operation Mercy works, particularly in Afghanistan, Iraq, and Yemen. In December 2016 we were forced to close our operations in Yemen. Our staff continues to work diligently in many precarious security situations. The safety of our staff is a continuous concern. In spite of the challenges, Operation Mercy plans to move forward in difficult places so as to accomplish the purposes of our organisation.

I am proud of the achievements of Operation Mercy in 2016. In the following pages we provide a summary of both our successes and challenges.

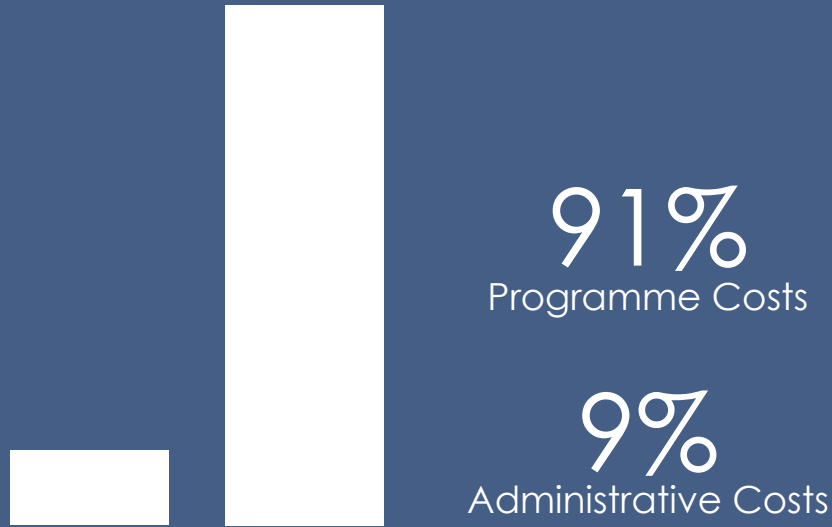
Sincerely,

Dr. Scott Breslin
International Director



Facts and Figures at a Glance

Operating Costs



878,000
Estimated Beneficiaries

55%
Female Beneficiaries

45%
Male Beneficiaries



Beneficiaries

Volunteer Hours

112,769
Volunteer Hours



43,754,372 SEK
Estimated Value 4,849,067€



80%
Income from
International
Sources



20%
Income from
Sweden

Gift Income



Operation Mercy's Offices

Afghanistan // Iran // Iraq // Jordan // Kazakhstan
// Macedonia // Sweden // Tajikistan // Yemen

Operation Mercy's Partnership Offices

Egypt // Kyrgyzstan // Mauritania // Pakistan // Sudan

Who we are

Operation Mercy is a purpose driven global community of project managers, administrators, accountants, engineers, health professionals, therapists, community workers, teachers, and other occupations. Our staff of over 325 people come from many different nations, speak dozens of languages, represent different faiths (primarily Muslim and Christian), and come from diverse walks of life. Our international headquarters are located in Örebro, Sweden. Our programmes focus on helping the poor and marginalised of Central Asia, North Africa and the Middle East.

Our Purpose and Vision is to work in partnership with others to restore hope, grow capacity, and promote community through relief and development initiatives that help transform lives, including our own. We believe that as we invest in others we will also be transformed.

Our Values

Two stanzas from renowned poets of the 12th Century eloquently summarise many of the shared aspirations of Operation Mercy's community of humanitarian and aid professionals.

The first is a verse from the poem Gulistan by the great Persian poet Sa'di (1213 -1291)

*"Human beings are members of a whole,
In creation one essence and one soul.
When one member is afflicted with pain,
Other members will not at rest remain."*

The second poem is in the form of a prayer attributed to the joyful troubadour of Europe, St. Francis of Assisi (1182-1226)

*"Lord, make us an instrument of your peace.
Where there is hatred, let us sow love.
Where there is injury, pardon.
Where there is doubt, faith.
Where there is despair, hope.
Where there is darkness, light.
Where there is sadness, joy.
Lord, grant that we may not so much seek
to be consoled as to console;
to be understood as to understand;
to be loved as to love."*

Our Core Development Principles

We approach our work with the following principles in mind. These principles shape the way we understand our contexts and design programmes.

Strength-Based Approach: We focus on strengths and what is present as opposed to weaknesses and what is lacking. Thus we attempt to focus on assets rather than just needs.

Mutual Contribution: We focus on partnership and the fact that every person has something to give. Thus we attempt to focus on joint contribution rather than givers and receivers.

Mutual Transformation: We focus on the fact that there is no transformational development apart from people who themselves are being transformed. We try to see ourselves as fellow learners rather than outside experts.

Bottom-Up Approach: We focus on solutions from within the community as opposed to imposed top-down interventions. We are often heard saying, "Approach it inside-out not outside-in."

Empowerment: We focus on people and developing human capacity as opposed to buildings, equipment, or other fixed assets ("People and Processes" rather than "Products and Projects")

Sustainability & Reproducibility: We focus on simple reproducible ideas that can spread quickly as opposed to expensive one-time projects. We believe that small, fast, and simple is better than big, slow, and complex.

Multiplication: We focus on constantly duplicating ourselves in others who duplicate themselves in others and so on. We often remind ourselves that, "Transformed people transform people."

Values-Based Approach: We try to focus on dealing with root causes rather than simply responding to symptoms. However, the roots of poverty are diverse and complex. Rarely is poverty simply a lack of money. Quite frequently we find it is rooted in hopelessness, aloneness, injustice, and world view.

Rights-Based Approach: We therefore affirm and reinforce the six main principles of the Common Understanding (UN, 2003) of the rights-based approach. These include universality, indivisibility, inter-dependence, equality, participation, and accountability.

Örebro Sweden's Operation Mercy

As a signatory to the United Nations Sustainable Development Goals (SDG) Sweden along with 195 countries of the UN General Assembly adopted the following goals:



Operation Mercy, with its headquarters and donor base in Örebro, Sweden, is proud of its contribution towards the UN's Sustainable Development Goals. Our programmes are specifically addressing 13 of the 17 goals. In particular, No Poverty, No Hunger, Good Health, Quality Education, Gender Equality, Clean Water and Sanitation, Good Jobs, Reduced Inequalities, Sustainable Communities, Peace & Justice, and Partnerships.

We also demonstrate our agreement to Sweden's Policy for Global Development, which was approved by the Swedish Parliament in 2003. The main focus of the policy is to contribute to the achievement of equitable and sustainable global development. In our work we tirelessly support the development of local Community Based Organisations (CBO) and the growth of civil society.

Measuring Impact

Our strategy in designing and implementing programmes is to develop opportunities to achieve positive and quantitative changes in hope, capacity, and community. However measuring quantitative changes in hope, capacity, and community is an imprecise science. When we teach literacy to women in Mauritania or Afghanistan, it is not so difficult to measure how many women have learned to read, but literacy is more of a means to an end rather than the end itself. Our primary purpose of teaching literacy is to help these women:

1. Increase their optimism for the future (i.e. hope) by having an increase in self confidence and greater sense of self worth.
2. Develop capacities they did not have before (i.e. help her children with school work, read instructions on medicine, or open a business and be able to read written records).
3. Become core valued contributors to their community (i.e. family, neighbourhood, tribe, etc). We aim to integrate these concepts of hope, capacity and community into our project design, organisational structures, monitoring and evaluation cycles and hence develop a culture of positive change out of poverty.

In this report we have provided the reader with some statistics, such as the actual number of direct participants and a conservative estimate of the number of indirect beneficiaries. This is one way of measuring and demonstrating impact. Yet it is not totally satisfying. We have tried to supplement the statistics with stories and testimonies of people who have participated in Operation Mercy programmes and had their lives improved and transformed. We hope that this combination of numbers and narrative present a balanced view of Operation Mercy's overall impact.

Not everyone who participates in Operation Mercy's programmes have their lives transformed. Admittedly, we choose to include the 'success stories' in our annual impact report. We are not ashamed of the fact that some people were not significantly affected by participating in Operation Mercy programmes. We do not claim that all participants in our programmes have had their lives transformed only that some have. Our staff are also changed in the process. We adhere to the adage, changed people change people. Here, we celebrate the transformed lives and hope to learn from everyone.

Partnering with others

“A little and a little, collected together, becomes a great deal;
the heap in the barn consists of single grains,
and drop and drop make the flood.”

– Saadi; Persian poet

Working in partnership with others, from governments down to communities and individuals, is a deliberate and conscious choice. More than that, it is necessary if we are to have a real, relevant and lasting impact. As one of our country directors noted: “Through networking and partnership you can accomplish more...”

In Afghanistan, our field staff works in close partnership with local community influencers, government departments and other NGOs to ensure that women and men in remote communities across the country are able to gain vital birth life saving skills through our long running BLISS project. Because of local community support and government backing, many infants and mothers have experienced safer deliveries; because of partnership with other organisations, these lessons have reached a wider population. Meanwhile, partnerships in Sudan with local implementing partners have allowed for the birth and flourishing of Self Help Groups, while partnerships with foreign implementing partners in Mauritania, Kyrgyzstan, Pakistan and Egypt have added to our impact and operational experience. In 2016, in the Kurdish Region of Iraq, close partnerships between on-the-ground NGOs meant, among other things, that women who have fled ISIS and are living in long-term temporary housing were able to relieve stress through fitness classes; classes led by Operation Mercy staff in spaces provided by partner organisations.

Partnership is not without its challenges though. The sentence from the country director quoted above did not end with a period, but rather a comma and a conjunction. “Through networking and partnership you can accomplish more, but there are often unforeseen difficulties that arise, especially when there are differences of vision and values. Transformation [through partnership] takes time [...] and lots of overlapping relationships, coordination, clear communication and tangible, measurable objectives.”

When these challenges are welcomed with openness, the result can far outshine any individual effort. In Jordan, for instance, Operation Mercy has a contract with the Ministry of Social Development to run community based rehabilitation (CBR) programmes. Even with this contract, we still need a local leader or organisation to accept us before working in any location. In 2016, one of our CBR programme leaders was approached by a Jordanian doctor who extended the invitation to work with her and people with disabilities in Um Al Resas. Not only was the invitation crucial for beginning work in this new location, Dr. Hama, who is from the area, plays a critical role as a bridge into this new community and provides excellent feedback for the CBR programme. True to the nature of partnership, Dr. Hama’s methods and ideas don’t always neatly coincide with those of our programme leaders. She does however firmly believe in the community-based approach, and in working together through conceptual and methodological differences, people with disabilities in Jordan are better served.



Organisational Partners in 2016

Dozens of organizations and hundreds of individuals partner with Operation Mercy each year. Besides funds, our partners provide expertise, material goods, and free or discounted services. In 2016 our funding partner organisations included:



Atlas Copco AB, Water4All
CBM
Cedar Fund
Crossworld
Doulos Community
Embassy of Australia
Embassy of Germany
Embassy of Switzerland
Embassy of the United States
EO Metterdaad
Firstfruit
Frikirken
KNH
Husman Lokaler AB
ID-Säkerhet
International Aid Service
Jönköpings Fastigheter
Kindernothilfe
Kågeskolan
Lalmek
Linda Norgrove Foundation

Sweden
Germany
Hong Kong
Kirgizstan
Mauritania
Iran
Tajikistan
Iran
Tajikistan
Netherlands
USA
Norway
Germany
Sweden
Sweden
Sweden
Sweden
Germany
Sweden
Sweden
UK

Livin' Hotel
Läkarmissionen
Mercy Corp
Nerikes Allehanda
OM
ORA
PRISMA
RED International
Samaritan's Purse
SMC/SIDA
Svampen Konferens & Restaruang
Swiss Relief
Tearfund
Tennhults Pressgjuteri AB
Um Al Resas Women's Coop.
UNHCR
UN Women
UNICEF, WHO & WFP
Villstads Församlings Sykrets
VOM
ZOA

Sweden
Sweden
Macedonia
Sweden
Global
Netherlands
Netherlands
UK
UK
Sweden
Sweden
N. Iraq
Australia & UK
Sweden
Jordan
Global
Jordan
Tajikistan
Sweden
Jordan
Netherlands

Restoring Hope

Without hope, life can seem hopeless; dreams can be absent. War, disaster, long-term poverty... all have the potential to dash hopes, destroy dreams and severely detract from the existing resources that individuals and communities possess. The ultimate goal of anyone crossing paths with those losing hope should be to aid its restoration, so that individuals and communities can not only dream again, but begin working towards pursuing those dreams.

One of 2016's outstanding events demonstrating restoring-hope-in-action was the 1st Tajik National Wheelchair Basketball tournament in Dushanbe.

"When we were planning the Wheelchair Provision and Service Workshop, sport was not the first thing that came to mind. There are so many people here that need basic, well-fitting chairs that sport wheelchairs seemed out of the question," Shukhrat, the Wheelchair Provision project manager, told us. "But when we met with the local disabled people's organisations (DPOs), they all asked about sport wheelchairs. One man told us that he has wanted to play sports for 12 years."

And so, our first container of chairs, which arrived in December 2015, included some sport wheelchairs. Less than a year later, the first-ever wheelchair basketball tournament in the history of Tajikistan was held. From the first tip-off, the joy in the square was palpable and, as the tournament went on, games participants saw attitudes towards them change.

After the event, one government official commented, "When we discussed a wheelchair basketball event, I thought that it would be impossible, that people with disabilities cannot play sports! But this event has changed my mind. It is so amazing what these people are able to do. This game is exciting and fun!"

At the end of the tournament, the man who wanted to play sports for 12 years sat in his sports wheelchair chair and cried and cried – openly weeping with joy. Later, games participants were eating together at a restaurant when the owner came out and said, "I saw you on television in the wheelchair basketball game. Your meal is on me." With tears in their eyes, the DPO members told us, "We used to be unseen, hidden away, and forgotten by our people, but now we are noticed and treated like celebrities." Without question, this event laid some key building blocks for restoring hope for those living with disabilities in this small Central Asian nation.

Sometimes however, hope seems impossible. Imagine *Farida, fleeing ISIS in Iraq with *Rashid, her five year old son (*not their real names). He's moving too slowly so she snatches him up and clutches him tight. He's a heavy weight in her arms as she stumbles along the rough terrain. "I had





to pick him up,” she repeats as she unfolds her story. Crossing over rocks she loses her footing. She falls and the boy falls out of her hands. The back of his head dashes against a large rock. Over the next few hours, he’s quiet but as night falls on the temporary camp they have struck, his cries begin to pierce the night. Months later, it is determined that he had suffered cerebral hemorrhaging. Now, he can no longer walk and his once active brain has slowed to a crawl. “I had to pick him up!” his mother whispers, her eyes betraying her deep emotion. As she remembers earlier times when he would laugh, play, and run, her face gives clues to inner, terrorising thoughts.

Sometimes miniscule nuggets of hope are found in words. “It’s not your fault,” the doctor murmurs, unleashing a torrent of emotion from the culturally stalwart strength. Sometimes miniscule nuggets of hope are found in tangible items – a well-fitted wheelchair and some training and support for a mother and her son whose futures took a sudden turn on the rocks while they fled.

Beyond Iraq’s borders, Operation Mercy also worked in 2016 to shore up crumbling hope for citizens of war-ravaged Yemen, as well as Syrian refugees in Jordan, Afghan

refugees in Iran, and those fleeing to Europe through Greece and Macedonia. In Jordan, refugee children were enabled to attend school, and in conjunction with our Agricultural Development Programme, families were fed. Jordan was also the location of our first Arabic language RELIEF training course, organised by our Disaster Preparedness and Relief Coordinators. Twenty-five participants from Jordan, Yemen, Egypt and Libya crowded into a small room due to a double booking of the larger room. One of the Yemeni participants noted during one lunch break that after living through months of war, he felt real peace while sitting in the cramped venue. Our Yemeni country director wrote about this training, “It was an incredible time of rebuilding hope. Our Yemeni friends arrived war-torn and beyond exhaustion. By the time they left they had light in their eyes and hope in their hearts once more.”

In Central Asia, hope is being restored for parents and children in Kyrgyzstan, Tajikistan, and Kazakhstan through community based rehabilitation programmes for people with disabilities. In Afghanistan, Iran, Sudan, Pakistan and Egypt, Self Help Groups and Women’s Empowerment Programmes have contributed towards hope restoration through training, education, advocacy and community-funded microloans.

Growing Capacity

Hand in hand with restoring hope, growing the capacity of individuals and communities to see, use and develop the skills and assets they have within and around them, is a vital part of any relief and development activity. In 2016, our field offices and staff continued to actively work towards growing capacity. In some cases, such as in Afghanistan, Iran and Tajikistan, this includes investing in local staff who stay and take on increasing responsibilities. In other cases, such as in Yemen, this can mean investing in local staff who then have the skills they need to move on to other related jobs, continuing to positively impact their own country and society.

Often it means increasing the knowledge and skill base of local experts who then invest in others. In Kyrgyzstan for instance, the head of orthopaedic surgery at the National Children's Hospital was trained in the Ponseti method, a manipulative technique for treating clubfoot without invasive surgery. Not only has he successfully treated over 80 children using this method, he also recently trained a local shoe store to begin making the necessary braces rather than importing them from outside Kyrgyzstan.

In Mauritania, the 2016 course evaluations from the business training programme continue to attest to its effectiveness in developing the capacity of nationals in some of the poorest areas. One wrote: "An excellent training which helped break certain

ideas which block us or cause businesses to fail. For me, it wasn't just a document I was given, nor just merely training, but it is LIFE that [the trainers] gave to me - giving birth to a "new me". The experience you shared gave me confidence in myself, and my ability to be a businessman with a long-term vision. ... Thank you to all. A grain has died and a tree will be born."

In Afghanistan, maternal and infant mortality rates are among the highest in the world. In many cases, a community health worker is the one to deliver the babies, and in the absence of appropriate knowledge and skills, pregnancy and delivery challenges are not always met with appropriate solutions. Sometimes, solutions such as pushing and kicking on the mother's back to 'help' the baby come out can result in broken ribs, injuries to the womb and baby, and sometimes death. Birth Life Saving Skills (BLISS) lessons increase a community's capacity to welcome its newest members safely by developing the necessary awareness, knowledge, skills and confidence that both women and men need!

In 2016 we heard from Parisa, who was with her pregnant daughter-in-law, Shiva, when Shiva's labour pains started. Parisa took her to a nearby women's hospital, but the doctors told them that she had several days left before she would deliver and sent her home. When they got home, Shiva's labor pains increased. Having





participated in a BLISS group in Kabul more than 3 years ago, Parisa began to put her knowledge into action. Giving Shiva something to drink to keep her energy up, she told her to walk slowly around the room. She also reminded Shiva to keep emptying her bladder to make it easier for the baby to come out. Parisa then prepared all the necessary items for the delivery. Finally, Shiva delivered a healthy baby. Parisa then put the baby on the mother's belly, tied and cut the baby's cord, and checked that the cord was not bleeding. She helped Shiva to feed the baby, aware that it could help the natural release of the placenta. After that she poured water over the placenta to see if it was complete. Then she covered the baby with a warm blanket and took both of them back to the hospital for a check-up. The doctors were amazed that the mother and baby had not had any problems. "If I had not known the BLISS lessons," Parisa told the doctors, "then my daughter-in-law and her baby would probably not have survived."

Parisa's story is just one sample of evidence of increased capacity that is accumulating in Afghan communities through BLISS lessons.

Beyond BLISS in Afghanistan, women across Central Asia, the Middle East and North Africa are developing their capacities to learn new knowledge and skills through Self Help Groups and Women's Empowerment Programmes. They also develop their abilities to advocate for themselves, take on leadership roles, and share their knowledge and skills with others. In Afghanistan last year, SHG members peacefully demonstrated in the streets and raised their voices against domestic violence and the lack of basic rights. In Sudan, the women are starting small income generating activities, which allow them to feed their families, and pay for school books and medical care. They are learning about human rights and health care, are gaining literacy and are committed to sending their sons AND daughters to school, thus ensuring that capacity is strengthened in the next generation.

Promoting Community



Hope and capacity can rarely, if ever, be grown in isolation. It is only within the context of connections and community that they flourish. As such, promoting community is a vital aspect of any work we carry out.

In many of the countries Operation Mercy works in, community connections and interdependence have been eroded due to conflict, violence, or natural disasters. In many cases, the lack of connections between people has led to loneliness and isolation, and exacerbates poverty; poverty that is not simply defined as material lack but rather strategic lack; it is the powerlessness of an individual or group to access the support they require, make their voice heard or pull themselves up out of their situation. And when someone stands alone, this powerlessness is at its strongest. It is also one of the reasons Self Help Groups are so effective.

Alma is an elderly lady who knows what it means to be lonely. Living alone in an apartment block in a densely-populated area of a city in Kazakhstan, Alma was surrounded by people, yet still described herself as having no friends. No friends that is, until Self Help Groups came to her area. Now, in her group she has friends. She has people who care about what is happening in her life, people to share her struggles with, people whom she can support and who will support her. Most revealing is that three other group members are from her building, yet were unknown to her previously.

The growth in Alma's community connections has spurred a growth in confidence too. When her group recently incorporated rotational leadership into their meetings she was the first to step up and lead. It is encouraging to see Alma going from feeling ignored and overlooked, to inspiring others with the brave steps that she is taking.

Promoting Community



And as her sense of community grows, logically, so will others' sense of that same community.

In Tajikistan, community is being strengthened and grown across the spectrum of projects, from community based rehabilitation projects, to health initiatives, to agriculture projects in the Pamir mountains. Our country director notes: "Especially in the fruit project [in the mountains] we see whole families and villages come together to work on plans, harvest the fruit and process it." In Sudan, the women in the Self Help Groups report feeling more connected to their neighbours and more aware of each other's needs. In one village, the women, realising that some of their members and their children had nothing to eat, agreed to meet together every morning and share food with one another, ensuring that each woman and child ate at least one meal per day. In Iraq, Operation Mercy facilitated the creation of two bakeries in a camp housing nearly 18 000 displaced people. Besides providing a livelihood for 9 different families, the bakeries helped to bond these families and the community they serve; many in the camp take pride in the bakeries as not every displaced community has access to freshly baked bread. In Afghanistan, children's groups formed by SHG member's children are inviting other children in their community to join with them in reading clubs, further strengthening growing community connections.

Throughout the refugee crisis of 2016, promoting community and an awareness of greater connection was one valuable outcome of responding to the urgent and overwhelming needs of the vast numbers of people flooding into Europe. One man working with us near the Macedonia-Albania border noted his own growth in his idea of community. "Before the situation, when you are occupied with your own problems, you are indifferent to other people, just engaged at home, or in the church... But [with the flood of refugees] my whole mindset changed. I got a different worldview. I began to be more sensitive to people, more emotionally aware... to try to help someone in whatever situation. Now I'm not just passing by homeless people, but trying to find something to give them... Not just as a mindset but as [a function of my] character. And I am more humble. Before, if you challenged me with something outside of my principles, I didn't want to be changed, but now I am more open. Operation Mercy leaders influenced me to connect with people, to engage with people, to be more personal. Someone asked how it feels to be part of history. I told them that I don't want to be a part of their history. I want to be a part of their FUTURE. I hope the people can find their rest, to find their peace... I have about 100 Facebook friends from the refugee flow... I will continue to be in contact with them, see how they go..."

Transforming Lives, Including Our Own



The ultimate consequence of working in partnership to restore hope, grow capacity and promote community is that lives are transformed. Whether it be infants and mothers in Afghanistan experiencing healthy pregnancies and deliveries, refugees and displaced people in the Middle East and beyond being fed, clothed, treated medically and listened to, or individuals with disabilities and their families being given new freedom and opportunities through wheelchair provision, rehabilitation and inclusive programming, the transformation of lives is the most significant motivator for what we do.

Nagima is a member of a Self Help Group in Dasht-e-barchi, Afghanistan; she is 30 years old, married, with 2 daughters and 4 sons. She is also illiterate. Four of her children are going to school.

Before Nagima joined the group, her husband was the only breadwinner, working as a tailor's assistant. His salary was not enough to cover their expenses, and Nagima's first waking thoughts each morning would be about what to feed her family with. They lived one day at a time, and she always worried about her children's future.

One day, one of her neighbours told her about the SHG that had formed in their community. Although she did not have money to regularly contribute towards the group savings, she joined anyway, and whenever she had an extra amount of small change, she put it into the savings pot.

As she attended the meetings, she heard about women who were working, and realised she could work to help support her family. Having become friends with another member who worked with a tailoring design machine, she learned how to use the machine. Then she started making embroidered sheets, curtains and other house warming gifts. A lot of customers began coming to Nagima with requests for embroidered gifts and the materials to make them with.

"As soon as I saw that I was making enough to help my husband AND pay back a loan, I took a small loan from the group and purchased my own tailoring machine. I encouraged my husband to work with me to help build our business, so he left the shop where he was working to work with me. It was an exciting time for us, our lives were taking a turn from bad to better."

When Nagima finished paying off the initial loan, she immediately took another loan and bought two more machines and a zig-zag machine for her husband. Now they are living a much better life.

"My husband and I are working together in the comfort of our home. He does tailoring and I am doing the embroidering for housewarming gifts. It can take up to 2 months to finish a piece because it is very detailed, but it brings a good profit, which is good for my family and me. After paying off the loans for the machines, my husband and I will expand the business and hire people to work for us."

Transforming Lives, Including Our Own



And so, the exciting unwritten ending to this story is that Nagima's transformed life has incredible potential to transform the lives of others in her community!

It's not just lives of the so-called participants and beneficiaries that we seek to transform. We also seek the transformation of our own lives, the lives of every staff member and volunteer, as we work to manifest hope, capacity and community in others

In Kyrgyzstan, Gulnaz, a teacher, was anxious when she first started in the education programme carried out in a state-run orphanage. She felt that she didn't know how to relate to children who had been brought up in state-care. At one point, she thought about quitting. Over time however, Gulnaz' attitude changed as she saw their potential and their hunger to learn. She began looking forward to her time at the orphanage and eventually started bringing her own children along with her. She then began to consider the children in her class as part of her extended family. Her husband, seeing his wife and children change, was also touched and, according to Gulnaz, their marriage improved.

In Yemen, the wife of a national staff member told us a similar story of a transformed marriage, and attributed this transformation to her husband's work with Operation Mercy and his interactions with other Operation Mercy staff.

In Iraq, one field staff commented that she has been extremely blessed in being able to make a difference through various projects. Being part of the lives and stories of refugees, and meeting them where they are at, both spiritually and emotionally, has been a humbling experience for her.

One country director reflected, "[I have a greater appreciation that] we need each other, need to esteem other and look for each other's strengths and the good that each person brings to the table. [We need to keep] following the principle that we believe the best and give each other the benefit of the doubt."

Operation Mercy International Headquarters

Grusgropsvägen 5
Hjälmarberget
702 36 Örebro
SWEDEN

Tel: 019-22 41 61
Email: info@mercy.se

www.mercy.se

Photo credit: Operation Mercy staff and Brian Carderelli

All names have been changed

Organisation number: 826001-5279

Operation Mercy
Org nr 826001-5279

Årsredovisning för räkenskapsåret 2016 Annual report for the year 2016

Styrelsen avger följande årsredovisning.
The Board of Directors hereby submit the following annual report.

Innehåll / Content	Sida
- förvaltningsberättelse / management report	2
- profit and loss statement / resultaträkning	6
- balance sheet / balansräkning	7
- notes / noter	9

Om inte annat särskilt anges, redovisas alla belopp i kronor. Uppgifter inom parentes avser föregående år.
All figures are shown in SEK, if nothing else is specified. Figures in bracket concerns previous year.

Förvaltningsberättelse / Management report

Allmän information om verksamheten

Operation Mercy är en internationell biståndsorganisation med huvudkontor i Örebro, Sverige. Vi har fler än 300 personer som arbetar för att hjälpa människor som lever i fattigdom och som marginaliseras i Afghanistan, Iran, Irak, Jordanien, Kazakstan, Makedonien, Tadzjikistan och Jemen. Dessutom samarbetar vi med civila samhällsorganisationer i Egypten, Pakistan, Sudan, Kirgizistan och Mauretanien. Vi driver både utvecklings- och humanitära biståndsprojekt i dessa länder. Syftet är att arbeta i partnerskap med andra och öka kapaciteten och främja samhällsengagemanget genom att initiera hjälp och utveckling, vilket bidrar till att inge hopp och att förändra liv, även våra egna.

Ekonomi

2016 var ett ekonomiskt svårt år då Operation Mercy de senaste åren gått från att ha en administrativ verksamhet uppbyggd på mestadels volontärer till att ha avlönad personal. Utgifterna översteg därför intäkterna under 2016. Vi arbetar på att öka gävgivandet från fler områden än nuvarande CSR, enskilda- och offentliga givare.

Styrelse och ledning

Styrelsen består av sex ordinarie ledamöter och två adjungerade ledamöter, kvinnor och män, olika ålder och nationalitet. Styrelsen träffades tre gånger under 2016, det konstitutionella styrelsemötet efter årsstämman inräknat.

Viktiga händelser under räkenskapsåret

Trots den omfattande humanitära krisen i Jemen förnyade inte Houthi-regeringen i Sanaa tillståndet att arbeta i landet. Vår verksamhet i Jemen är därför under avveckling. De ständigt pågående konflikterna i Afghanistan, Syrien, Jemen och Irak gjorde vår personal och andra deltagare i projekten särskilt utsatta vad gäller säkerheten.

Våra medarbetare i Iran och Tadzjikistan bedrev och genomförde framgångsrika Sidafinansierade projekt.

Mer än 18 600 kvinnor deltog i 96 olika självhjälpgrupper i Kabul, och 14 000 kvinnor i Sudan. 2 500 afghanska kvinnor deltog i mödra- och barnvårdskurser och tusentals människor på flykt fick hjälp i Irak, Jordanien, Makedonien och Iran.

I september firades Operation Mercys 25-årsjubileum med ett välbesökt offentligt evenemang i Örebro.

Bemanningen vid våra fältprojekt och på huvudkontoret utgör en ständig utmaning. 2016 var inte något undantag, då flera viktiga personalomflyttningar genomfördes. Några av dessa omfattade vår landansvarige projektledare i Afghanistan, huvudkontorets ekonomichef, projektledare samt insamlingsansvarig. Dessa funktioner har dessbättre blivit ersatta eller kommer inom kort att ersättas av kompetent personal.

2016 arbetade sju av åtta OPM-fältkontor i Winpacs, vårt globala bokförings- och ekonomistyrningsprogram. Det har varit ett krävande arbete att implementera detta på våra fältkontor, och vi är nu angelägna att dra fördel av allt det som denna programvara kan ge.

Viktiga händelser efter räkenskapsåret

De första månaderna 2017 har inte bidragit till någon stabilisering av säkerheten, då händelser i Syrien, Afghanistan, Irak, Jemen och i synnerhet Egypten förvärrat läget i regionen.

Ytterligare utbildning i Winpacs har genomförts i Tadzjikistan, Iran och Afghanistan, och från och med januari 2017 använder alla våra åtta kontor Winpacs för sin rapportering.

Resultat

Vår personal runt om i världen fortsätter att göra ett imponerande arbete, vilket har resulterat i att närmare 887 000 utsatta människor i Centralasien, Mellanöstern och Nordafrika fått hjälp under 2016. Detta är en 40-procentig ökning i jämförelse med 2015.

Fältkontor

2016 hade Operation Mercy fältkontor i åtta länder och partnerprojekt i tre länder. Vi hade cirka 330 personer som arbetade med projekten runt om i världen. Vi beräknar att volontärerna arbetade 112 769 timmar under 2016. Vi hade under året 229 977 deltagare i våra olika projekt.

Management report

General information about operations

Operation Mercy is an international relief and development organization headquartered in Örebro, Sweden. We have over 300 staff working with the poor and marginalized in Afghanistan, Iran, Iraq, Jordan, Kazakhstan, Macedonia, Tajikistan, and Yemen. In addition, we partner with civil society organizations in Egypt, Pakistan, Sudan, Kirgizstan, and Mauritania. We manage an array of development and humanitarian aid projects. Our purpose is to work in partnership with others to restore hope, grow capacity, and promote community through relief and development initiatives that help transform lives, including our own.

Finance

2016 was a difficult year financially as Operation Mercy is in the process of transitioning from relying heavily on volunteer administrative staff at the Örebro headquarters to salaried administrative staff. Our expenses slightly exceeded our income in 2016. We are working on increasing the diversity of our income streams beyond the current CSR, individual, and intuitional donors.

Board and governance

The board consists of six regular members and two non-voting partner members and is diverse in gender, age, and nationality. The board met three times in 2016, including the constitutional board meeting after the annual general meeting.

Significant events during the financial year

In spite of the great humanitarian crisis in Yemen, the Houthi government in Sanaa did not renew our permission to operate in-country and were obliged to close our programs in Yemen as of 31 December 2016. The unrelenting conflicts in Afghanistan, Syria, Yemen, and Iraq made our staff and program participants vulnerable to security issues.

Our staff in Iran and Tajikistan successfully implemented SIDA funded projects.

More than 18,600 women participated in 96 Self-Help Groups in Kabul and 14,000 women in Sudan. 2,500 Afghan women participated in maternity health training and thousands of displaced persons were served in Iraq, Jordan, Macedonia, and Iran.

In September Operation Mercy celebrated its 25th birthday with a well-attended public event in Örebro.

Staffing our field projects and HQ functions is an on-going challenge. 2016 was no different with many significant staff transitions. Some of these included our Afghanistan country director, CFO, and HQ special projects leader and a fund raiser. Fortunately, these roles have been or shortly will be filled with other high quality personnel.

In 2016 seven of eight OPM field offices were fully operational in Winpacs, our world-wide project and financial management software. It has been a very difficult process bringing all our field offices on-line and we are now eager to enjoy the benefits this software can provide.

Significant events after the financial year

During the first four months of 2017 events in Syria, Afghanistan, Iraq, Yemen and Egypt, in particular, have not contributed to stabilizing the security situation in the region.

Additional Winpacs training took place at our country offices in Tajikistan, Iran, and Afghanistan and starting January 2017 all our eight field offices are now fully operational in Winpacs.

Results

Our staff around the world continue to do impressive project work in 2016 benefiting approximately 887,000 poor and marginalized in Central Asia, Middle East, and North Africa. Representing a 40% increase since 2015.

Operation Mercy 5(15)
826001-5279

Field Offices

In 2016 Operation Mercy had field offices in eight countries and partner projects in three countries.

We had approximately 330 staff worldwide engaged in project work. We estimate that our volunteers worked 112 789 hours during 2016. 229 977 people participated in our projects during the year.

Flerårsöversikt

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2012</u>	<u>2011</u>
<u>Revenue and cost analysis / Intäkts- och kostnadsanalys (tkr)</u>					
Gifts / Insamlade medel	24 710	22 544	15 199	14 300	16 006
Remaining balance brought forward / Årets resultat efter förändring av ändamålsbestämda medel	-353	230	-496	-91	21
<u>Financial status / Ekonomisk ställning</u>					
Designated funds / Eget kapital för särskilda ändamål (tkr)	-9 383	7 509	7 573	6 391	7 795
Surplus brought forward / Fritt eget kapital (tkr)	517	870	640	1 135	1 226
Solidity / Soliditet %	82	75	91	95	94

Equity / Eget kapital

	Designated funds / Ändamåls- bestämda medel	Profit/loss brought forward / Balanserat kapital	Total equity / Totalt eget kapital
Opening balance / Ingående balans	7 509 277	869 806	8 379 083
Change in designated funds / Årets förändring av ändamålsbestämda medel	1 873 530	-	1 873 530
Deficit/surplus for the year / Årets resultat		-352 974	-352 974
Closing balance / Utgående balans	9 382 807	516 832	9 899 639

Operation Mercy 6(15)
826001-5279

Profit and loss statement / Resultaträkning	Not	2016	2015
Revenues of the association / Föreningens intäkter	1		
Gifts / Gåvor	2, 3	24 709 616	22 544 280
Contribution / Bidrag	4	3 886 981	4 803 340
Total revenues of the association / Summa verksamhetens intäkter		28 596 597	27 347 620
Costs of the association / Föreningens kostnader	3		
Operational costs for projects / Andamålskostnader		-24 390 163	-24 634 714
Fundraising and marketing costs / Insamlings- och marknadsföringskostnader		-116 035	-59 665
Administrations costs / Administrationskostnader	5	-2 573 744	-2 488 503
Total costs of the association / Summa verksamhetens kostnader		-27 079 942	-27 182 882
Results of operations / Verksamhetsresultat		1 516 655	164 738
Results from financial investments / Resultat från finansiella poster			
Other interest income and similar profit/loss items / Övriga ränteintäkter och liknande resultatposter		3 901	1 273
Total income from financial investments / Summa finansiella intäkter		3 901	1 273
Net profit / loss for the year / Årets resultat		1 520 556	166 011
Variation of designated funds / Förändring av ändamålsbestämda medel			
Profit / loss for the year according to the profit and loss statement / Årets resultat enligt resultaträkningen		1 520 556	166 011
Change in designated funds / Förändring av ändamålsbestämda medel		-1 873 530	63 774
Remaining balance brought forward / Årets resultat efter fördelning		-352 974	229 785

Operation Mercy
826001-5279 7(15)

Balance sheet / Balansräkning	Not	2016-12-31	2015-12-31
Assets / Tillgångar			
Fixed assets / Anläggningstillgångar			
Equipment /Inventarier, verktyg och installationer	6	1 032 326	451 768
Total fixed assets / Summa anläggningstillgångar		<u>1 032 326</u>	<u>451 768</u>
Current Assets / Omsättningstillgångar			
ICH Balance /Fordran ICH		754 897	738 875
Other receivables /Övriga fordringar		208	36 804
Prepaid expenses and accrued income / Förutbetalda kostnader och upplupna intäkter		272 069	113 685
Total current assets / totala omsättningstillgångar		<u>1 027 174</u>	<u>889 364</u>
Cash and bank balances / Kassa och bank		10 079 128	9 793 782
Total Current Assets / Summa omsättningstillgångar		<u>11 106 302</u>	<u>10 683 146</u>
Total Assets / Summa tillgångar		<u>12 138 628</u>	<u>11 134 914</u>

Operation Mercy
826001-5279 8(15)

Balance sheet / Balansräkning	Not	2016-12-31	2015-12-31
Equity and Liabilities / Eget kapital och skulder			
Equity / Eget kapital			
Designated funds / Ändamålsbestämda medel		9 382 807	7 509 277
Surplus brought forward / Balanserat kapital		869 805	640 021
Deficit/Surplus for the year / Årets resultat		-352 974	229 785
Total Equity / Summa eget kapital		<u>9 899 638</u>	<u>8 379 083</u>
Current Liabilities / Kortfristiga skulder			
Accounts payable / Leverantörsskulder		26 502	5 081
Liabilities of not used grants / Skuld av erhållna ej nyttjade bidrag	7	388 430	916 109
Other liabilities / Övriga skulder		136 853	83 651
Accrued expenses and deferred income / Upplupna kostnader och förutbetalda intäkter		1 687 205	1 750 990
Total Current Liabilities / Summa kortfristiga skulder		<u>2 238 990</u>	<u>2 755 831</u>
Total Equity and Liabilities / Summa eget kapital och skulder		<u>12 138 628</u>	<u>11 134 914</u>

Notes / Noter

Not 1 Accounting and valuation principles / Redovisnings- och värderingsprinciper

Årsredovisningen upprättas med tillämpning av årsredovisningslagen (1995:1554) och Bokföringsnämndens BFNR 2012:1 Årsredovisning (K3).

The annual report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's (BFN) rule BFNR 2012:1 Annual report (K3).

Resultaträkningen / Statement of financial activities

Verksamhetsintäkter / Programme service revenue

Endast det inflöde av ekonomiska fördelar som föreningen erhållit eller kommer att erhålla för egen räkning redovisas som intäkt. Intäkter värderas, om inget särskilt anges nedan, till verkliga värdet av det som erhållits eller kommer att erhållas.

Only the inflow of economic benefits that the organization has received or will receive on its own account is recognised as revenue. Unless otherwise indicated below, revenue is measured at the fair value of what has been received or will be received.

Gåvor och bidrag / Donations and grants

En transaktion i vilken föreningen tar emot en tillgång eller en tjänst som har ett värde utan att ge tillbaka motsvarande värde i utbyte är en gåva eller ett erhållt bidrag. Om tillgången eller tjänsten erhålls därför att organisationen uppfyllt eller kommer att uppfylla vissa villkor och om organisationen har en skyldighet att återbetala till motparten om villkoren inte uppfylls, är det ett erhållt bidrag. Är det inget bidrag är det en gåva.

Any transaction through which the organization receives an asset or a service that has a value and does not provide corresponding value in return is a donation or a grant received. If the asset or service is received because the organization has fulfilled or will fulfill certain conditions and if the organization has an obligation to repay the counterparty if the conditions are not fulfilled, it is considered a grant received. If it is not a grant, it is a donation.

Gåvor / Donations

Gåvor redovisas enligt huvudregeln som intäkt när de erhålls. En gåva som intäktsförts redovisas antingen som en tillgång eller en kostnad beroende på om gåvan förbrukas direkt eller inte. Övriga gåvor redovisas som omsättningstillgångar. Gåvor värderas som huvudregel till verkligt värde.

Donations are, as a main principle, recognised as revenue when received. A donation recognised as revenue is accounted for as an asset or a cost, depending on whether the donation is used directly or not. Other donations are recognised as current assets. Donations are, as a main principle, recognised at fair value.

Bidrag / Grants

Bidrag redovisas som intäkt när villkoren för att erhålla bidraget har uppfyllts. Erhållna bidrag redovisas som skuld till dess villkoren för att erhålla bidraget uppfylls. Bidrag som erhållits för att täcka vissa kostnader (t.ex. för administration) redovisas samma räkenskapsår som den kostnad bidraget är avsett att täcka. Erhållna bidrag värderas till det verkliga värdet av den tillgång som organisationen fått eller kommer att få.

Grants are recognised as revenue when the conditions for receiving the grant have been fulfilled. Grants received are recognised as liabilities until the conditions for receiving the grant have been fulfilled. Grants received to cover certain costs (for example, for administration) are recognised in the same fiscal year as the cost the grant is intended to cover.

Leasing / Leasing

Föreningens samtliga leasingavtal redovisas som operationella, dvs leasingavgiften (inklusive första förhöjd hyra) redovisas linjärt över leasingperioden.

All the organizations leases are accounted for as operating leases, that is, the leasing charge (including the first increased rent) is accounted for on a straight-line basis over the term of the lease.

Inkomstskatt / Income tax

Föreningen är befriad från inkomstskatt i sin ideella verksamhet eftersom den uppfyller kraven som samhällsnyttig enligt skattelagstiftningen.

The organization is released from income tax in its non-profit activities because it fulfills the demands as advantage of society according to the Swedish tax legislation.

Balansräkningen / Balance Sheet

Tillgångar, skulder och avsättningar värderas till anskaffningsvärde om inget annat anges nedan.

Assets, liabilities and provisions are measured at acquisition value, unless otherwise indicated below.

Materiella anläggningstillgångar / Property, plant and equipment and intangible non-current assets

Materiella anläggningstillgångar värderas till anskaffningsvärde minskat med avskrivningar enligt plan. Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod. Följande avskrivningstider tillämpas:

Datautrustning	3 år
Övriga inventarier	5 år

Property, plant and equipment and intangible non-current assets are measured at acquisition cost less depreciation according to plan. Depreciation is applied on a straight-line basis over the estimated useful life of the particular asset. The following periods of depreciation are applied:

Computers	3 year
Other Equipment	5 year

Fordringar / Receivables

Fordringar värderas individuellt till det belopp som beräknas inflyta.

Receivables are measured individually at the amount that is expected to be received.

Utländska valutor / Foreign currencies

Fordringar och skulder i utländsk valuta värderas till balansdagens kurs.

Receivables and liabilities in foreign currencies are measured at the rates on the balance sheet date.

Ändamålsbestämda medel / Earmarked funds

I posten Ändamålsbestämda medel i eget kapital redovisas ännu inte förbrukade gåvor och andra ändamålsbestämda medel. Se även noten till eget kapital.

The heading Designated funds in equity includes donations not yet spent and other Designated funds. See also the Equity note.

Not 2 Gifts / Gåvor

	<u>2016</u>	<u>2015</u>
<i>Gifts according to the profit and loss statement / Gåvor redovisade i resultaträkningen</i>		
Undesignated gifts / Fria gåvor	710 281	646 444
Gift to designated funds / Ändamålsbestämda gåvor	23 999 335	21 897 836
Total / Summa	<u>24 709 616</u>	<u>22 544 280</u>
<i>Giver / Givare</i>		
Individual giving / Allmänhet (%)	45	40
Institutional gifts / Andra organisationer (%)	55	60
<i>Giver / Givare</i>		
Sverige (%)	22	27
Andra länder (%)	78	73

Not 3 Volunteers/ Volontärer

Merparten av den internationella personalen är volontärer och har donerat 112 769 arbetstimmar under 2016. Föreningen har ingen anställd personal i Sverige. De personer som arbetar på föreningens huvudkontor är anställda av sina respektive givarorganisationer.

Most of the international staff are volunteers who have donated 112 769 work hours during 2016. The organization has no employees in Sweden. The people that work at the headquarter of the organization are employed by their partner organizations.

Operation Mercy
826001-5279

13(15)

Operation Mercy
826001-5279

14(15)

Not 4 Grants / Bidrag

	<u>2016</u>	<u>2015</u>
<i>Public grants / Offentliga bidrag</i>		
Grants from Sida / Bidrag från Sida	2 421 881	4 368 240
Grants from Radiohjälpen / Bidrag från Radiohjälpen	400 000	-
Grants from Läkarmissionen / Bidrag från Läkarmissionen	950 000	350 000
Grants from Vatten åt alla / Bidrag från Vatten åt alla	85 100	85 100
Interact Evangeliska Frikyrkan	30 000	-
	<u>3 886 981</u>	<u>4 803 340</u>

Not 5 Operational lease agreements / Operationella leasingavtal - leasetagare

	<u>2016</u>	<u>2015</u>
Future lease fees which shall be charged according to non-terminable lease agreements: / Framtida minimileaseavgifter som ska erläggas avseende icke uppsägningsbara leasingavtal:		
Within 1 year / Förfaller till betalning inom ett år	38 288	38 288
1-5 years / Förfaller till betalning senare än ett men inom fem år	114 864	38 288
Lease cost during the year / Under perioden kostnadsförda leasingavgifter	38 288	38 288

The organization has rental for office premises. The agreement carries at 3 years at a time. Right now the agreement carries to 2019-12-31. Cancellation time is 9 months.
/ Föreningen hyr kontorslokaler. Avtalet löper på 3 år i taget och sträcker sig i dagsläget till 2019-12-31. Uppsägningstiden är 9 månader.

Not 6 Equipment / Inventarier

	<u>2016-12-31</u>	<u>2015-12-31</u>
Opening acquisition value / Ingående anskaffningsvärde	732 093	232 484
Purchases for the year / Inköp	878 058	499 609
Closing accumulated acquisition value / Utgående ackumulerade anskaffningsvärden	1 610 151	732 093
Opening depreciation / Ingående avskrivningar	-280 325	-198 054
Depreciation for the year / Årets avskrivningar	-297 500	-82 271
Closing accumulated depreciation / Utgående ackumulerade avskrivningar	-577 825	-280 325
Closing residual value according to plan / Utgående redovisat värde	<u>1 032 326</u>	<u>451 768</u>

Not 7 Liabilities of not used grants / Skuld erhållna ej nyttjade bidrag

	<u>2016</u>	<u>2015</u>
Opening balance / Ingående balans	916 110	407 876
Received during the year / Erhållet under året	3 886 981	5 858 023
Used during the year / Lansspråktaget under året	-4 414 661	-5 349 789
Closing balance / Summa utgående balans	388 430	916 110
Specification of closing balance / Specifikation av utgående balans		
Grants from Sida / Sida-bidrag	<u>388 430</u>	<u>916 110</u>
Total / Summa	388 430	916 110

Orebro 2017-05-12


Dr. Scott Breslin
International Director


Wim Goudzwaard
Chairperson


Susanne Lindholm

Magnus Swetén


Grant Michels


Rose-Marie Frebran

Our audit report was presented on 2017-05-12
Vår revisionsberättelse har lämnats 2017-05-12

Öhrlings PricewaterhouseCoopers


Anders Löfdgren
Auktoriserad revisor



Auditor's report

To the annual meeting of Operation Mercy, corporate identity number 826001-5279

Report on the annual accounts

Opinions

We have audited the annual accounts of Operation Mercy for the year 2016.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Operation Mercy as of 31 December 2016 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Operation Mercy in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors are responsible for the assessment of the association's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors intend to liquidate the association, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the association's internal control relevant to our audit 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are



based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and International Director of Operation Mercy for the year 2016.

We recommend to the annual meeting that the members of the Board of Directors and the International Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under these standards are further described in the *Auditor's Responsibilities* section. We are independent of Operation Mercy in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and International Director

It is the Board of Directors and International Director who is responsible for the association's organization and the administration of the association's affairs.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the International Director in any material respect has undertaken any action or been guilty of any omission which can give rise to liability to the association.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the association.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the association's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability.

Örebro den 11 May 2017

Öhrlings PricewaterhouseCoopers AB

Anders Löthgren
Authorized public accountant