

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2007

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2007 calendar year, or tax year beginning **JUL 1, 2007** and ending **JUN 30, 2008**

| | | | | |
|--|---|---|--|---|
| B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending | Please use IRS label or print or type. See Specific Instructions. | C Name of organization MERCY CORPS | | D Employer identification number 91-1148123 |
| | | Number and street (or P.O. box if mail is not delivered to street address) Room/suite 3015 SW FIRST AVENUE | | E Telephone number (503) 796-6800 |
| | | City or town, state or country, and ZIP + 4 PORTLAND, OR 97201 | | F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶ |

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

Hand I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes," enter number of affiliates ▶ N/A

H(c) Are all affiliates included? (If "No," attach a list.) N/A Yes No

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number ▶ N/A

G Website: ▶ WWW.MERCYCORPS.ORG

J Organization type (check only one) 501(c) (3) (insert no.) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 221,149,208.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

| | | | | | |
|---|--|------------|--------------|--------------|--------------|
| Revenue | 1 Contributions, gifts, grants, and similar amounts received: | | | | |
| | a Contributions to donor advised funds | 1a | | | |
| | b Direct public support (not included on line 1a) | 1b | 127,690,539. | | |
| | c Indirect public support (not included on line 1a) | 1c | 422,217. | | |
| | d Government contributions (grants) (not included on line 1a) | 1d | 84,874,335. | | |
| | e Total (add lines 1a through 1d) (cash \$ 148,808,009. noncash \$ 64,179,082.) | 1e | | | 212,987,091. |
| | 2 Program service revenue including government fees and contracts (from Part VII, line 93) | 2 | | | 2,782,861. |
| | 3 Membership dues and assessments | 3 | | | |
| | 4 Interest on savings and temporary cash investments | 4 | | | 1,261,732. |
| | 5 Dividends and interest from securities | 5 | | | |
| | 6 a Gross rents | 6a | | | |
| | b Less: rental expenses | 6b | | | |
| c Net rental income or (loss). Subtract line 6b from line 6a | 6c | | | | |
| 7 Other investment income (describe ▶) | 7 | | | | |
| 8 a Gross amount from sales of assets other than inventory | (A) Securities | | (B) Other | | |
| | 2,499,487. | 8a | | | |
| | Less: cost or other basis and sales expenses | 2,713,175. | 8b | | |
| | Gain or (loss) (attach schedule) | -213,688. | 8c | | |
| d Net gain or (loss). Combine line 8c, columns (A) and (B) STMT 1 | 8d | | | -213,688. | |
| 9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/> | | | | | |
| a Gross revenue (not including \$ of contributions reported on line 1b) | 9a | | | | |
| b Less: direct expenses other than fundraising expenses | 9b | | | | |
| c Net income or (loss) from special events. Subtract line 9b from line 9a | 9c | | | | |
| 10 a Gross sales of inventory, less returns and allowances | 10a | | | | |
| | b Less: cost of goods sold | 10b | | | |
| | c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a | 10c | | | |
| 11 Other revenue (from Part VII, line 103) | 11 | | | 1,618,037. | |
| 12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11 | 12 | | | 218,436,033. | |
| Expenses | 13 Program services (from line 44, column (B)) | 13 | | 175,657,538. | |
| | 14 Management and general (from line 44, column (C)) | 14 | | 17,049,634. | |
| | 15 Fundraising (from line 44, column (D)) | 15 | | 10,685,425. | |
| | 16 Payments to affiliates (attach schedule) | 16 | | | |
| | 17 Total expenses. Add lines 16 and 44, column (A) | 17 | | | 203,392,597. |
| Net Assets | 18 Excess or (deficit) for the year. Subtract line 17 from line 12 | 18 | | 15,043,436. | |
| | 19 Net assets or fund balances at beginning of year (from line 73, column (A)) | 19 | | 44,867,433. | |
| | 20 Other changes in net assets or fund balances (attach explanation) | 20 | | 0. | |
| | 21 Net assets or fund balances at end of year. Combine lines 18, 19, and 20 | 21 | | | 59,910,869. |

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

| <i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i> | (A) Total | (B) Program services | (C) Management and general | (D) Fundraising |
|---|--------------|----------------------|------------------------------------|-----------------|
| 22a Grants paid from donor advised funds (attach schedule) (cash \$ 0. noncash \$ 0. If this amount includes foreign grants, check here <input type="checkbox"/> 22a | | | | |
| 22b Other grants and allocations (attach schedule) (cash \$ 14,943,098. noncash \$ 59,334,407. If this amount includes foreign grants, check here <input checked="" type="checkbox"/> 22b | 74,277,505. | 74,277,505. | SEE STATEMENT 3 SEE STATEMENT 4 | |
| 23 Specific assistance to individuals (attach schedule) 23 | | | | |
| 24 Benefits paid to or for members (attach schedule) 24 | | | | |
| 25a Compensation of current officers, directors, key employees, etc. listed in Part V-A 25a | 1,226,867. | 0. | 870,521. | 356,346. |
| b Compensation of former officers, directors, key employees, etc. listed in Part V-B 25b | 0. | 0. | 0. | 0. |
| c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) 25c | | | | |
| 26 Salaries and wages of employees not included on lines 25a, b, and c 26 | 34,924,039. | 24,065,323. | 7,394,496. | 3,464,220. |
| 27 Pension plan contributions not included on lines 25a, b, and c 27 | 1,313,609. | 772,443. | 366,244. | 174,922. |
| 28 Employee benefits not included on lines 25a - 27 28 | 10,942,513. | 8,099,745. | 2,014,591. | 828,177. |
| 29 Payroll taxes 29 | 1,863,469. | 1,091,365. | 522,215. | 249,889. |
| 30 Professional fundraising fees 30 | 791,970. | | | 791,970. |
| 31 Accounting fees 31 | 264,170. | 131,131. | 131,250. | 1,789. |
| 32 Legal fees 32 | 351,280. | 210,675. | 131,144. | 9,461. |
| 33 Supplies 33 | 819,658. | 713,129. | 70,426. | 36,103. |
| 34 Telephone 34 | 1,892,693. | 1,460,957. | 296,038. | 135,698. |
| 35 Postage and shipping 35 | 1,166,948. | 271,525. | 96,472. | 798,951. |
| 36 Occupancy 36 | 3,866,445. | 2,658,323. | 911,594. | 296,528. |
| 37 Equipment rental and maintenance 37 | 2,025,348. | 1,525,210. | 304,170. | 195,968. |
| 38 Printing and publications 38 | 1,368,978. | 244,963. | 78,175. | 1,045,840. |
| 39 Travel 39 | 10,314,273. | 7,668,573. | 2,259,077. | 386,623. |
| 40 Conferences, conventions, and meetings 40 | | | | |
| 41 Interest 41 | 401,184. | 366,003. | 34,576. | 605. |
| 42 Depreciation, depletion, etc. (attach schedule) 42 | 559,904. | 462,769. | 77,899. | 19,236. |
| 43 Other expenses not covered above (itemize): | | | | |
| a 43a | | | | |
| b 43b | | | | |
| c 43c | | | | |
| d 43d | | | | |
| e 43e | | | | |
| f 43f | | | | |
| g SEE STATEMENT 2 43g | 55,021,744. | 51,637,899. | 1,490,746. | 1,893,099. |
| 44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15) 44 | 203,392,597. | 175,657,538. | 17,049,634. | 10,685,425. |

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;
 (iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

| What is the organization's primary exempt purpose? ► SEE STATEMENT 6 | Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.) |
|---|--|
| All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.) | |
| a PROVIDED HUMANITARIAN ASSISTANCE RELIEF IN THE FORM OF FOOD AND NON-FOOD EMERGENCY COMMODITIES AND HEALTH AND AGRICULTURAL SUPPLIES TO NEEDY INDIVIDUALS AND FAMILIES IN EASTERN EUROPE, AFRICA, CENTRAL ASIA, ASIA, MIDDLE EAST AND CENTRAL AMERICA. (Grants and allocations \$ 61,752,382.) If this amount includes foreign grants, check here ► <input type="checkbox"/> | 82,009,847. |
| b PROVIDED LIFE SUSTAINING AID FOR HUMANITARIAN ASSISTANCE RECOVERY IN THE FORM OF FOOD COMMODITIES, SHELTER AND INFRASTRUCTURE, AND HEALTH AND EDUCATIONAL SERVICES TO NEEDY INDIVIDUALS AND FAMILIES IN EASTERN EUROPE, AFRICA, CENTRAL ASIA, ASIA, AND MIDDLE EAST AND CENTRAL AMERICA. (Grants and allocations \$ 1,121,199.) If this amount includes foreign grants, check here ► <input type="checkbox"/> | 27,992,530. |
| c SEE STATEMENT 5 (Grants and allocations \$ 11,403,924.) If this amount includes foreign grants, check here ► <input type="checkbox"/> | 65,655,161. |
| d (Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/> | |
| e Other program services (attach schedule) (Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/> | |
| f Total of Program Service Expenses (should equal line 44, column (B), Program services) ► | 175,657,538. |

Form 990 (2007)

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

| | | (A) Beginning of year | (B) End of year | |
|--|---|--------------------------|--------------------|-------------|
| Assets | 45 Cash - non-interest-bearing | 14,979,182. | 45 16,142,493. | |
| | 46 Savings and temporary cash investments | 18,361,595. | 46 33,008,995. | |
| | 47 a Accounts receivable | 47a | 47c | |
| | b Less: allowance for doubtful accounts | 47b | | |
| | 48 a Pledges receivable | 48a 2,293,266. | 48c | 2,293,266. |
| | b Less: allowance for doubtful accounts | 48b | | |
| | 49 Grants receivable | 12,084,969. | 49 | 7,953,850. |
| | 50 a Receivables from current and former officers, directors, trustees, and key employees | | 50a | |
| | b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | 50b | |
| | 51 a Other notes and loans receivable | 51a 1,357,006. | 51c | 1,357,006. |
| | b Less: allowance for doubtful accounts | 51b | | |
| | 52 Inventories for sale or use | 11,816,341. | 52 | 14,076,568. |
| | 53 Prepaid expenses and deferred charges | 2,799,608. | 53 | 3,596,118. |
| | 54 a Investments - publicly-traded securities STMT 12 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV | 17,629,368. | 54a | 2,693,047. |
| | b Investments - other securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV | | 54b | |
| | 55 a Investments - land, buildings, and equipment: basis | 55a | 55c | |
| | b Less: accumulated depreciation | 55b | | |
| | 56 Investments - other SEE STATEMENT 7 | 614,089. | 56 | 30,852,062. |
| | 57 a Land, buildings, and equipment: basis | 57a 9,174,943. | 57c | 5,867,368. |
| | b Less: accumulated depreciation STMT 8 | 57b 3,307,575. | | |
| 58 Other assets, including program-related investments (describe SEE STATEMENT 9) | 8,127,058. | 58 | 1,448,802. | |
| 59 Total assets (must equal line 74). Add lines 45 through 58 | 106,904,597. | 59 | 119,289,575. | |
| Liabilities | 60 Accounts payable and accrued expenses | 11,019,311. | 60 11,702,286. | |
| | 61 Grants payable | | 61 | |
| | 62 Deferred revenue | 25,370,572. | 62 | 21,668,605. |
| | 63 Loans from officers, directors, trustees, and key employees | | 63 | |
| | 64 a Tax-exempt bond liabilities | | 64a | |
| | b Mortgages and other notes payable STMT 10 | 587,489. | 64b | 1,562,506. |
| | 65 Other liabilities (describe SEE STATEMENT 11) | 25,059,792. | 65 | 24,445,309. |
| 66 Total liabilities. Add lines 60 through 65 | 62,037,164. | 66 | 59,378,706. | |
| Net Assets or Fund Balances | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74. | | | |
| | 67 Unrestricted | 15,826,696. | 67 | 20,962,663. |
| | 68 Temporarily restricted | 29,040,737. | 68 | 38,948,206. |
| | 69 Permanently restricted | | 69 | |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74. | | | |
| | 70 Capital stock, trust principal, or current funds | | 70 | |
| | 71 Paid-in or capital surplus, or land, building, and equipment fund | | 71 | |
| | 72 Retained earnings, endowment, accumulated income, or other funds | | 72 | |
| 73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21) | 44,867,433. | 73 | 59,910,869. | |
| 74 Total liabilities and net assets/fund balances. Add lines 66 and 73 | 106,904,597. | 74 | 119,289,575. | |

Part VI Other Information (continued)

82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?
82 b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II.
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?
83 b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?
84 a Did the organization solicit any contributions or gifts that were not tax deductible?
84 b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?
85 a 501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?
85 b Did the organization make only in-house lobbying expenditures of \$2,000 or less?
85 c Dues, assessments, and similar amounts from members
85 d Section 162(e) lobbying and political expenditures
85 e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices
85 f Taxable amount of lobbying and political expenditures (line 85d less 85e)
85 g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?
85 h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?
86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12
86 b Gross receipts, included on line 12, for public use of club facilities
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders
87 b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)
88 a At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3?
88 b At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)?
89 a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911, section 4912, and section 4955
89 b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year?
89 c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958
89 d Enter: Amount of tax on line 89c, above, reimbursed by the organization
89 e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?
89 f All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?
89 g For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?
90 a List the states with which a copy of this return is filed
90 b Number of employees employed in the pay period that includes March 12, 2007
91 a The books are in care of
91 b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?

Part VI Other Information (continued) Yes No

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c X
 If "Yes," enter the name of the foreign country SEE STATEMENT 21
 92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here
 and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

| | Unrelated business income | | Excluded by section 512, 513, or 514 | | (E) Related or exempt function income |
|---|---------------------------|---------------|--------------------------------------|---------------|---|
| | (A) Business code | (B) Amount | (C) Exclu- sion code | (D) Amount | |
| 93 Program service revenue: | | | | | |
| a LOAN INTEREST AND FEES | | | | | 2,180,992. |
| b OTHER PROGRAM INCOME | | | | | 601,869. |
| c | | | | | |
| d | | | | | |
| e | | | | | |
| f Medicare/Medicaid payments | | | | | |
| g Fees and contracts from government agencies | | | | | |
| 94 Membership dues and assessments | | | | | |
| 95 Interest on savings and temporary cash investments | | | 14 | 1,261,732. | |
| 96 Dividends and interest from securities | | | | | |
| 97 Net rental income or (loss) from real estate: | | | | | |
| a debt-financed property | | | | | |
| b not debt-financed property | | | | | |
| 98 Net rental income or (loss) from personal property | | | | | |
| 99 Other investment income | | | | | |
| 100 Gain or (loss) from sales of assets other than inventory | | | 18 | -213,688. | |
| 101 Net income or (loss) from special events | | | | | |
| 102 Gross profit or (loss) from sales of inventory | | | | | |
| 103 Other revenue: | | | | | |
| a MISCELLANEOUS | | | 01 | 1,603,316. | |
| b MICROVEST I, LP | 525990 | 14,721. | | | |
| c | | | | | |
| d | | | | | |
| e | | | | | |
| 104 Subtotal (add columns (B), (D), and (E)) | | 14,721. | | 2,651,360. | 2,782,861. |
| 105 Total (add line 104, columns (B), (D), and (E)) | | | | | 5,448,942. |

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

| Line No. | Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). |
|----------|---|
| ▼ | SEE STATEMENT 20 |
| | |
| | |

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

| (A) Name, address, and EIN of corporation, partnership, or disregarded entity | (B) Percentage of ownership interest | (C) Nature of activities | (D) Total income | (E) End-of-year assets |
|---|--|-----------------------------|---------------------|------------------------------|
| SEE STATEMENT 19 | % | | | |
| | % | | | |
| | % | | | |
| | % | | | |

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
 (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13). N/A

106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity. Yes No

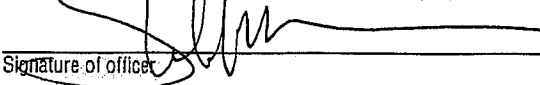
| | (A) Name, address, of each controlled entity | (B) Employer Identification Number | (C) Description of transfer | (D) Amount of transfer |
|--------|---|---------------------------------------|--------------------------------|---------------------------|
| a | ----- | | | |
| b | ----- | | | |
| c | ----- | | | |
| Totals | | | | |

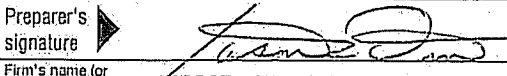
107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity. Yes No

| | (A) Name, address, of each controlled entity | (B) Employer Identification Number | (C) Description of transfer | (D) Amount of transfer |
|--------|---|---------------------------------------|--------------------------------|---------------------------|
| a | ----- | | | |
| b | ----- | | | |
| c | ----- | | | |
| Totals | | | | |

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above? Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here Date
 Signature of officer:  4-10-2009
 Type or print name and title: **STEPHEN MITCHELL CFO**

Paid Preparer's Use Only
 Preparer's signature:  Date: 4/10/09
 Firm's name (or yours if self-employed), address, and ZIP + 4: **TALBOT, KORVOLA & WARWICK, LLP**
4800 SW MACADAM, SUITE 400
PORTLAND OR 97239-3973
 Check if self-employed:
 Preparer's SSN or PTIN (See Gen. Insl. X)
 EIN: _____
 Phone no.: (503) 274-2849

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

OMB No. 1545-0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust

2007

Department of the Treasury
Internal Revenue Service

Supplementary Information-(See separate instructions.)
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

| | |
|--|---|
| Name of the organization MERCY CORPS | Employer identification number 91 1148123 |
|--|---|

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions. List each one. If there are none, enter "None.")

| (a) Name and address of each employee paid more than \$50,000 | (b) Title and average hours per week devoted to position | (c) Compensation | (d) Contributions to employee benefit plans & deferred compensation | (e) Expense account and other allowances |
|---|--|------------------|---|--|
| DAVID RUTHERFORD HOLDRIDGE PLAZ.LASALA NO:3, PR, BEIRUT, LEBANON | REG PGM DIR MID EAST 40.00 | 107,439. | 19,911. | 20,128. |
| MATHEW LOVICK 2345 ATLANTIC, LAKE HAVASU, AZ, 86404 | REG PGM DIR E AFRICA 40.00 | 96,667. | 27,797. | 21,582. |
| ROBERT MARONI 4100 POST RD #4, WARWICK, RI, 02886 | COUNTRY DIR ZIMBABWE 40.00 | 78,757. | 51,232. | 20,405. |
| PHILIP OLDHAM 2536 DOWNINGVILLE, LINCOLN, VT, 05443 | REG PGM DIR W AFRICA 40.00 | 93,150. | 54,114. | 20,615. |
| CRAIG REDMOND P.O BOX 491, FAIRPLAY, CO 80440 | REG PGM DIR SE ASIA 40.00 | 89,433. | 89,953. | 21,247. |
| Total number of other employees paid over \$50,000 | 180 | | | |

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

| (a) Name and address of each independent contractor paid more than \$50,000 | (b) Type of service | (c) Compensation |
|---|-----------------------------|------------------|
| ESI DESIGN, INC 111 FIFTH AVE, 12TH FL, NEW YORK CITY, NY 10003 | DESIGN SERVICES | 899,200. |
| MDS COMMUNICATIONS P.O. BOX 16006, MESA, AZ 85011 | DONOR SOLICITATION SERVICES | 314,544. |
| LAUTMAN MASKA NEIL & COMPANY 1730 RHODE ISLAND NW #301, WASHINGTON, DC 20036 | DIRECT MARKETING CONSULTING | 230,500. |
| PRICEWATERHOUSECOOPERS, LLP 350 S. GRAND AVE, LOS ANGELES, CA 90071 | AUDIT SERVICES | 182,000. |
| HARRY SCHUSTER 2521 QUEENS WAY, NORTHBROOK, IL 60062 | CONSULTING SERVICES | 176,800. |
| Total number of others receiving over \$50,000 for professional services | 10 | |

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

| (a) Name and address of each independent contractor paid more than \$50,000 | (b) Type of service | (c) Compensation |
|--|-------------------------------------|------------------|
| MERKLE P.O. BOX 64046, BALTIMORE, MD 21264 | ADVERTISING | 197,244. |
| MICHAELS PRINTING 17300 SW BOONES FERRY RD #130, PORTLAND, OR 97224 | PRINTING SERVICES | 169,920. |
| SMS DIRECT, INC. 7540 MASON KING CT., MANASSAS, VA 20109 | PRINTING SERVICES | 133,542. |
| DOUGLAS GOULD AND COMPANY 145 HUGEUNOT STREET, NEW ROCHELLE, NY 10801 | COMMUNICATIONS AND PUBLIC RELATIONS | 100,000. |
| FOOTE CONE & BELDING P.O. BOX 894506, LOS ANGELES, CA 90189 | ADVERTISING | 94,059. |
| Total number of other contractors receiving over \$50,000 for other services | 4 | |

Part III Statements About Activities (See page 2 of the instructions.)

| | | Yes | No |
|---|--|-----|-----|
| 1 | During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ <u>20,835.</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) VI-A, LINE 38B | X | |
| Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities. | | | |
| 2 | During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.) | | |
| a | Sale, exchange, or leasing of property? | | X |
| b | Lending of money or other extension of credit? | | X |
| c | Furnishing of goods, services, or facilities? | | X |
| d | Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V-A, FORM 990 | X | |
| e | Transfer of any part of its income or assets? | | X |
| 3 a | Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.) | | X |
| b | Did the organization have a section 403(b) annuity plan for its employees? | X | |
| c | Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement | | X |
| d | Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services? | | X |
| 4 a | Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g | | X |
| b | Did the organization make any taxable distributions under section 4966? | | N/A |
| c | Did the organization make a distribution to a donor, donor advisor, or related person? | | N/A |
| d | Enter the total number of donor advised funds owned at the end of the tax year | | 0 |
| e | Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year | | 0. |
| f | Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts | | 0. |
| g | Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year | | 0. |

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶ _____
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 An organization that normally receives: (1) **more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) **no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
 Type I Type II Type III-Functionally Integrated Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

| (a) Name(s) of supported organization(s) | (b) Employer identification number (EIN) | (c) Type of organization (described in lines 5 through 12 above or IRC section) | (d) Is the supported organization listed in the supporting organization's governing documents? | | (e) Amount of support |
|---|---|--|---|----|--------------------------|
| | | | Yes | No | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total | | | | | ▶ |

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

| Calendar year (or fiscal year beginning in) ▶ | (a) 2006 | (b) 2005 | (c) 2004 | (d) 2003 | (e) Total |
|---|--------------|--------------|------------------------------|--------------|-------------------------|
| 15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) | 178,613,588. | 187,693,073. | 188,257,514. | 131,673,962. | 686,238,137. |
| 16 Membership fees received | | | | | |
| 17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose | | | | | |
| 18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975 | 2,209,314. | 1,694,851. | 2,591,370. | 1,287,600. | 7,783,135. |
| 19 Net income from unrelated business activities not included in line 18 | | | | | |
| 20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf | | | | | |
| 21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge | | | | | |
| 22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets | 703,319. | 398,519. | SEE STATEMENT 24 579,897. | 38,004. | 1,719,739. |
| 23 Total of lines 15 through 22 | 181,526,221. | 189,786,443. | 191,428,781. | 132,999,566. | 695,741,011. |
| 24 Line 23 minus line 17 | 181,526,221. | 189,786,443. | 191,428,781. | 132,999,566. | 695,741,011. |
| 25 Enter 1% of line 23 | 1,815,262. | 1,897,864. | 1,914,288. | 1,329,996. | |
| 26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 | | | | | 26a 13,914,820. |
| b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts | | | | | 26b 0. |
| c Total support for section 509(a)(1) test: Enter line 24, column (e) | | | | | 26c 695,741,011. |
| d Add: Amounts from column (e) for lines: 18 <u>7,783,135.</u> 19 _____ 22 <u>1,719,739.</u> 26b _____ | | | | | 26d 9,502,874. |
| e Public support (line 26c minus line 26d total) | | | | | 26e 686,238,137. |
| f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) | | | | | 26f 98.6341% |
| 27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A (2006) _____ (2005) _____ (2004) _____ (2003) _____ | | | | | |
| b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A (2006) _____ (2005) _____ (2004) _____ (2003) _____ | | | | | |
| c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ | | | | | 27c N/A |
| d Add: Line 27a total _____ and line 27b total _____ | | | | | 27d N/A |
| e Public support (line 27c total minus line 27d total) | | | | | 27e N/A |
| f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) | | | | | 27f N/A |
| g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) | | | | | 27g N/A % |
| h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) | | | | | 27h N/A % |

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Part V Private School Questionnaire (See page 9 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

| | | Yes | No |
|-------------|--|-----|----|
| 29 | Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? | | |
| 30 | Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? | | |
| 31 | Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) _____ _____ _____ | | |
| 32 | Does the organization maintain the following: | | |
| a | Records indicating the racial composition of the student body, faculty, and administrative staff? | | |
| b | Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? | | |
| c | Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? | | |
| d | Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.) _____ _____ | | |
| 33 | Does the organization discriminate by race in any way with respect to: | | |
| a | Students' rights or privileges? | | |
| b | Admissions policies? | | |
| c | Employment of faculty or administrative staff? | | |
| d | Scholarships or other financial assistance? | | |
| e | Educational policies? | | |
| f | Use of facilities? | | |
| g | Athletic programs? | | |
| h | Other extracurricular activities? | | |
| | If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.) _____ _____ | | |
| 34 a | Does the organization receive any financial aid or assistance from a governmental agency? | | |
| b | Has the organization's right to such aid ever been revoked or suspended? | | |
| | If you answered "Yes" to either 34a or b, please explain using an attached statement. | | |
| 35 | Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation | | |

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 11 of the instructions.)

(To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group. Check **b** if you checked "a" and "limited control" provisions apply.

| Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) | | (a) Affiliated group totals | (b) To be completed for all electing organizations |
|---|---|-----------------------------------|---|
| | | N/A | |
| 36 Total lobbying expenditures to influence public opinion (grassroots lobbying) | 36 | | 0. |
| 37 Total lobbying expenditures to influence a legislative body (direct lobbying) | 37 | | 20,835. |
| 38 Total lobbying expenditures (add lines 36 and 37) | 38 | | 20,835. |
| 39 Other exempt purpose expenditures | 39 | | 203,371,762. |
| 40 Total exempt purpose expenditures (add lines 38 and 39) | 40 | | 203,392,597. |
| 41 Lobbying nontaxable amount. Enter the amount from the following table - | | | |
| If the amount on line 40 is - | The lobbying nontaxable amount is - | | |
| Not over \$500,000 | 20% of the amount on line 40 | | |
| Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000 | | |
| Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000 | 41 | 1,000,000. |
| Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000 | | |
| Over \$17,000,000 | \$1,000,000 | | |
| 42 Grassroots nontaxable amount (enter 25% of line 41) | 42 | | 250,000. |
| 43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 | 43 | | 0. |
| 44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 | 44 | | 0. |

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

| Calendar year (or fiscal year beginning in) ▶ | Lobbying Expenditures During 4-Year Averaging Period | | | | |
|--|--|-------------|-------------|-------------|--------------|
| | (a) 2007 | (b) 2006 | (c) 2005 | (d) 2004 | (e) Total |
| 45 Lobbying nontaxable amount | 1,000,000. | 1,000,000. | 1,000,000. | 1,000,000. | 4,000,000. |
| 46 Lobbying ceiling amount (150% of line 45(e)) | | | | | 6,000,000. |
| 47 Total lobbying expenditures | 20,835. | 7,322. | 8,765. | 3,367. | 40,289. |
| 48 Grassroots nontaxable amount | 250,000. | 250,000. | 250,000. | 250,000. | 1,000,000. |
| 49 Grassroots ceiling amount (150% of line 48(e)) | | | | | 1,500,000. |
| 50 Grassroots lobbying expenditures | | | | | 0. |

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.)

N/A

| During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of: | Yes | No | Amount |
|---|-----|----|--------|
| a Volunteers | | | |
| b Paid staff or management (Include compensation in expenses reported on lines c through h .) | | | |
| c Media advertisements | | | |
| d Mailings to members, legislators, or the public | | | |
| e Publications, or published or broadcast statements | | | |
| f Grants to other organizations for lobbying purposes | | | |
| g Direct contact with legislators, their staffs, government officials, or a legislative body | | | |
| h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means | | | |
| i Total lobbying expenditures (Add lines c through h .) | | | 0. |

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

2007

Name of organization

MERCY CORPS

Employer identification number

91-1148123

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule-see instructions.)

General Rule-

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules-

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ► \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions
for Form 990, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2007)

| | |
|--|---|
| Name of organization MERCY CORPS | Employer identification number 91-1148123 |
|--|---|

Part I Contributors (See Specific Instructions.)

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Aggregate contributions | (d) Type of contribution |
|------------|-----------------------------------|--------------------------------|--|
| 1 | | \$ 11,907,502. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.) |
| 2 | | \$ 29,041,791. | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.) |
| 3 | | \$ 9,688,181. | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.) |
| 4 | | \$ 7,328,243. | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.) |
| 5 | | \$ 6,249,753. | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.) |
| | | \$ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.) |

| | |
|--|---|
| Name of organization MERCY CORPS | Employer identification number 91-1148123 |
|--|---|

Part II Noncash Property (See Specific Instructions.)

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (see instructions) | (d) Date received |
|------------------------------|--|--|----------------------|
| 2 | <u>MEDICAL</u> _____ _____ _____ | \$ <u>29,041,791.</u> | <u>12/31/07</u> |
| 3 | <u>APPAREL</u> _____ _____ _____ | \$ <u>9,688,181.</u> | <u>12/31/07</u> |
| 4 | <u>MEDICAL</u> _____ _____ _____ | \$ <u>7,328,243.</u> | <u>12/31/07</u> |
| 5 | <u>MEDICAL</u> _____ _____ _____ | \$ <u>6,249,753.</u> | <u>12/31/07</u> |
| | _____ _____ _____ | \$ _____ | _____ |
| | _____ _____ _____ | \$ _____ | _____ |

| FORM 990 | GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES | | | STATEMENT | 1 |
|------------------------------------|---|---------------------|-----------------|--------------------|---|
| DESCRIPTION | GROSS SALES PRICE | COST OR OTHER BASIS | EXPENSE OF SALE | NET GAIN OR (LOSS) | |
| PUBLICLY TRADED SECURITIES | 1,574,068. | 1,578,370. | 0. | -4,302. | |
| PUBLICLY TRADED SECURITIES | 925,419. | 1,134,805. | 0. | -209,386. | |
| TO FORM 990, PART I, LINE 8 | 2,499,487. | 2,713,175. | 0. | -213,688. | |

| FORM 990 | OTHER EXPENSES | | | STATEMENT | 2 |
|--------------------------------------|--------------------|----------------------|----------------------------|-------------------|---|
| DESCRIPTION | (A) TOTAL | (B) PROGRAM SERVICES | (C) MANAGEMENT AND GENERAL | (D) FUNDRAISING | |
| CONSULTANTS AND CONTRACT LABOR | 3,283,755. | 1,928,678. | 826,711. | 528,366. | |
| PROFESSIOAL FEES- OTHER | 5,099,587. | 4,917,067. | 138,693. | 43,827. | |
| CONSUMABLE SUPPLIES | 18,137,457. | 18,137,457. | | | |
| OPERATING EXPENSE | 3,195,043. | 1,448,795. | 425,342. | 1,320,906. | |
| CONSTRUCTION PROJECTS | 17,727,824. | 17,727,824. | 0. | | |
| CAPITAL PROJECTS | 2,485,434. | 2,485,434. | | | |
| LOAN FUNDS | 791,880. | 791,880. | | | |
| CASH GRANTS AND ALLOCATIONS | 100,000. | | 100,000. | | |
| TRAINING, MONITORING, AND EVALUATION | 4,200,764. | 4,200,764. | | | |
| TOTAL TO FM 990, LN 43 | 55,021,744. | 51,637,899. | 1,490,746. | 1,893,099. | |

FORM 990

CASH GRANTS AND ALLOCATIONS
TO OTHERS

STATEMENT 3

| CLASS OF ACTIVITY/DONEE'S NAME AND ADDRESS | AMOUNT |
|---|-------------|
| AFRICA | 3,308,844. |
| CENTRAL AND SOUTH AMERICA | 1,684,684. |
| CENTRAL ASIA | 101,353. |
| EASTERN ASIA | 1,071,015. |
| EUROPE/EASTERN EUROPE | 17,918. |
| MIDDLE EAST | 2,312,315. |
| SOUTH ASIA | 4,699,333. |
| SOUTHEAST ASIA | 1,138,937. |
| UNITED STATES OF AMERICA | 608,699. |
| TOTAL INCLUDED ON FORM 990, PART II, LINE 22B | 14,943,098. |

FORM 990

NONCASH GRANTS AND ALLOCATIONS

STATEMENT 4

CLASS OF ACTIVITY:

DONEE'S NAME AND ADDRESS

AFRICA

RELATIONSHIP OF DONEE

DESCRIPTION OF PROPERTY

DATE OF GIFT

HOUSEHOLD, MEDICAL,
CONSTRUCTION/REHAB EQUIPMENT

METHOD USED TO DETERMINE BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE

AMOUNT GIVEN

0. 11,517,040.

CLASS OF ACTIVITY:

DONEE'S NAME AND ADDRESS

CAUCASUS

RELATIONSHIP OF DONEE

DESCRIPTION OF PROPERTY

DATE OF GIFT

APPAREL AND HOUSEHOLD SUPPLIES

METHOD USED TO DETERMINE BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE

AMOUNT GIVEN

0. 205,832.

CLASS OF ACTIVITY:

DONEE'S NAME AND ADDRESS

CENTRAL AND SOUTH AMERICA

RELATIONSHIP OF DONEE

DESCRIPTION OF PROPERTY

DATE OF GIFT

APPAREL, HOUSEHOLD, MEDICAL,
EDUC/IT AND RELIEF SUPPL AND
CONSTR/REHAB EQUIP

METHOD USED TO DETERMINE BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE

AMOUNT GIVEN

0. 1,438,112.

CLASS OF ACTIVITY:

DONEE'S NAME AND ADDRESS

CENTRAL ASIA

RELATIONSHIP OF DONEE

DESCRIPTION OF PROPERTY

DATE OF GIFT

FOOD COMMODITIES, APPAREL AND
HOUSEHOLD SUPPLIES

METHOD USED TO DETERMINE BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE

AMOUNT GIVEN

0. 886,786.

CLASS OF ACTIVITY:

DONEE'S NAME AND ADDRESS

EASTERN ASIA

RELATIONSHIP OF DONEE

DESCRIPTION OF PROPERTY

DATE OF GIFT

APPAREL, HOUSEHOLD, MEDICAL,
EDUC/IT AND RELIEF SUPPLIES

METHOD USED TO DETERMINE BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE

AMOUNT GIVEN

0. 26,434,701.

CLASS OF ACTIVITY:

DONEE'S NAME AND ADDRESS

EUROPE/EASTERN EUROPE

RELATIONSHIP OF DONEE

DESCRIPTION OF PROPERTY

DATE OF GIFT

APPAREL

METHOD USED TO DETERMINE BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE

AMOUNT GIVEN

0. 2,424,345.

CLASS OF ACTIVITY:

DONEE'S NAME AND ADDRESS

MIDDLE EAST

RELATIONSHIP OF DONEE

DESCRIPTION OF PROPERTY

DATE OF GIFT

APPAREL AND MEDICAL SUPPLIES

METHOD USED TO DETERMINE BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE

AMOUNT GIVEN

0. 10,482,708.

CLASS OF ACTIVITY:

DONEE'S NAME AND ADDRESS

SOUTH ASIA

RELATIONSHIP OF DONEE

DESCRIPTION OF PROPERTY

DATE OF GIFT

APPAREL AND OTHER RELIEF SUPPLIES

METHOD USED TO DETERMINE BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE

AMOUNT GIVEN

0. 1,881,111.

CLASS OF ACTIVITY:

DONEE'S NAME AND ADDRESS

SOUTHEAST ASIA

RELATIONSHIP OF DONEE

DESCRIPTION OF PROPERTY

DATE OF GIFT

FOOD COMMODITIES

METHOD USED TO DETERMINE BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE

AMOUNT GIVEN

0.

2,481,671.

CLASS OF ACTIVITY:

DONEE'S NAME AND ADDRESS

UNITED STATES OF AMERICA

RELATIONSHIP OF DONEE

DESCRIPTION OF PROPERTY

DATE OF GIFT

APPAREL ANDHOUSEHOLD SUPPLIES

METHOD USED TO DETERMINE BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE

AMOUNT GIVEN

0.

1,582,101.

TOTAL INCLUDED ON FORM 990, PART II, LINE 22B

59,334,407.

FORM 990 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS STATEMENT 5

DESCRIPTION OF PROGRAM SERVICE THREE

PROVIDED ASSISTANCE FOR LIVELIHOOD/ECONOMIC DEVELOPMENT, HEALTH AND CIVIL SOCIETY ACTIVITIES IN THE FORM OF MICROLENDING AND BUSINESS DEVELOPMENT PROGRAMS, AGRIBUSINESS, CHILD SURVIVAL, HEALTH, AND DEVELOPMENT EDUCATION AND CIVIL SOCIETY INITIATIVES FOR INDIVIDUALS, FAMILIES, COMMUNITIES AND LOCAL ORGANIZATIONS IN EASTERN EUROPE, AFRICA, CENTRAL AND SOUTH ASIA, CENTRAL AMERICA AND THE MIDDLE EAST.

| | GRANTS | EXPENSES |
|-------------------------------|-------------|-------------|
| TO FORM 990, PART III, LINE C | 11,403,924. | 65,655,161. |

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 6
PART III

EXPLANATION

THE ORGANIZATION'S PRIMARY EXEMPT PURPOSE IS TO PROVIDE HUMANITARIAN RELIEF AND DEVELOPMENT SERVICES.

FORM 990 OTHER INVESTMENTS STATEMENT 7

| DESCRIPTION | VALUATION METHOD | AMOUNT |
|--|------------------|-------------|
| INVESTMENT - MC HEADQUARTERS MANAGER, INC | COST | 3,437,511. |
| INVESTMENT LOAN - PARTNER, BOSNIA | COST | 7,587,989. |
| INVESTMENT LOAN - AGENCY FOR FINANCE IN KOSOVO | COST | 4,022,320. |
| INVESTMENT LOAN - ASIA CREDIT FUND PUBLIC FUND | COST | 513,165. |
| INVESTMENT LOAN - IMLF "IMON" MICRO LENDING FUND | COST | 2,015,179. |
| INVESTMENT LOAN - BORSHUD MICRO CREDIT FUND | COST | 660,829. |
| INVESTMENT IN KOMPANION | COST | 5,750,809. |
| INVESTMENT IN BANK SRI PARTHA | COST | 6,520,242. |
| INVESTMENT IN TENGER FINANCIAL GROUP, LLC | COST | 150,585. |
| INVESTMENT IN MICROVEST I, LLP | COST | 193,433. |
| TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B | | 30,852,062. |

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 8

| DESCRIPTION | COST OR OTHER BASIS | ACCUMULATED DEPRECIATION | BOOK VALUE |
|--|------------------------|-----------------------------|-------------------|
| LAND | 1,252,906. | 0. | 1,252,906. |
| BUILDING AND LEASEHOLD IMPROVEMENTS | 1,851,185. | 648,315. | 1,202,870. |
| VEHICLES | 1,972,834. | 1,581,307. | 391,527. |
| COMPUTER AND EQUIPMENT | 860,592. | 733,215. | 127,377. |
| FURNITURE AND FIXTURES | 375,725. | 344,738. | 30,987. |
| CONSTRUCTION IN PROGRESS | 2,861,701. | 0. | 2,861,701. |
| TOTAL TO FORM 990, PART IV, LN 57 | 9,174,943. | 3,307,575. | 5,867,368. |

FORM 990 OTHER ASSETS STATEMENT 9

| DESCRIPTION | BEGINNING OF YEAR | END OF YEAR |
|--|----------------------|-------------------|
| DUE FROM AFFILIATES | 1,686,002. | 1,448,802. |
| OTHER NOTES RECEIVABLE | 6,441,056. | 0. |
| TOTAL TO FORM 990, PART IV, LINE 58 | 8,127,058. | 1,448,802. |

FORM 990 MORTGAGES PAYABLE STATEMENT 10

| DESCRIPTION | BALANCE DUE |
|--|-------------------|
| WAINWRIGHT BANK | 562,506. |
| MEYER MEMORIAL TRUST | 1,000,000. |
| TOTAL INCLUDED ON FORM 990, PART IV, LINE 64B, COLUMN B | 1,562,506. |

FORM 990 OTHER LIABILITIES STATEMENT 11

| DESCRIPTION | BEGINNING OF YEAR | END OF YEAR |
|---|-------------------|-------------|
| REVOLVING LOAN FUNDS PAYABLE TO LOCAL INDEPENDENT MICROCREDIT INSTITUTIONS PROGRAM RELATED INVESTMENTS PAYABLE TO DONORS FOR CONTINUED USE OF CAPITAL | 25,059,792. | 3,694,927. |
| | | 20,750,382. |
| TOTAL TO FORM 990, PART IV, LINE 65 | 25,059,792. | 24,445,309. |

FORM 990 NON-GOVERNMENT SECURITIES STATEMENT 12

| SECURITY DESCRIPTION | COST/FMV | CORPORATE STOCKS | CORPORATE BONDS | OTHER PUBLICLY TRADED SECURITIES | TOTAL NON-GOV'T SECURITIES |
|-------------------------------|----------|------------------|-----------------|----------------------------------|----------------------------|
| MONEY MARKET AND MUTUAL FUNDS | FMV | | | 2,438,410. | 2,438,410. |
| MARKETABLE EQUITY SECURITIES | FMV | | | 254,637. | 254,637. |
| TO FORM 990, LINE 54A, COL B | | | | 2,693,047. | 2,693,047. |

FORM 990 OTHER REVENUE NOT INCLUDED ON FORM 990 STATEMENT 13

| DESCRIPTION | AMOUNT |
|--|------------|
| MERCY ENTERPRISE CORPORATION REVENUE CONSOLIDATED ON FINANCIAL STATEMENTS | 822,888. |
| MERCY CORPS HEADQUARTERS BUILDING, LLC, MERCY CORPS HEADQUARTERS MANAGER, INC., AND MERCY CORPS HEADQUARTERS MASTER TENANT, LLC - NET OF ELIMINATING ENTRIES | 5,245,690. |
| MERCY CORPS FOUNDATION ADJUSTMENT | 10,422. |
| TOTAL TO FORM 990, PART IV-A | 6,079,000. |

FORM 990 OTHER EXPENSES NOT INCLUDED ON FORM 990 STATEMENT 14

| DESCRIPTION | AMOUNT |
|---|----------|
| MERCY ENTERPRISE CORPORATION EXPENSES CONSOLIDATED ON FINANCIAL STATEMENTS | 921,080. |
| MERCY CORPS HEADQUARTERS BUILDING, LLC CONSOLIDATED ON FINANCIAL STATEMENTS | 110. |
| TOTAL TO FORM 990, PART IV-B | 921,190. |

FORM 990 PART V-A - LIST OF CURRENT OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 15

| NAME AND ADDRESS | TITLE AND AVRG HRS/WK | COMPEN-SATION | EMPLOYEE BEN CONTRIB | PLAN EXPENSE ACCOUNT |
|--|------------------------------|---------------|----------------------|----------------------|
| SENATOR MARK O. HATFIELD 3015 SW FIRST AVENUE PORTLAND, OR 97201 | HONORARY CHAIR 1.00 | 0. | 0. | 0. |
| ROBERT D. NEWELL, J.D. 3015 SW FIRST AVENUE PORTLAND, OR 97201 | VICE-CHAIR/TREASURER 1.00 | 0. | 0. | 0. |
| LINDA A. MASON 3015 SW FIRST AVENUE PORTLAND, OR 97201 | CHAIR 1.00 | 0. | 0. | 0. |
| DR. JAY BARBER, JR. 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| ANITA BECKENSTEIN 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| SCOTT BROWN 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| GUN DENHART 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |

| | | | | |
|--|----------------------------------|----------|---------|----|
| PHYLLIS DOBYNS 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| JOCK ENCOMBE 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| MARK GORDON 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| ALLEN GROSSMAN 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| NED LAMONT 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| NEAL KENY-GUYER 3015 SW FIRST AVENUE PORTLAND, OR 97201 | CEO AND DIRECTOR 40.00 | 239,773. | 34,883. | 0. |
| NANCY LINDBORG 1730 RHODE ISLAND AVENUE, NW WASHINGTON, DC 20036 | PRESIDENT AND DIRECTOR 40.00 | 230,000. | 21,879. | 0. |
| RICK LITTLE 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| MIKE MAERZ 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| DAVID MAHONEY 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| DANIEL O'NEILL 3015 SW FIRST AVENUE PORTLAND, OR 97201 | CO-FOUNDER AND DIRECTOR 40.00 | 170,000. | 26,210. | 0. |
| HENRY P. VIGIL 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| PHILIPPE VILLERS 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |

| | | | | |
|---|----------------------------------|------------|----------|----|
| MELISSA WAGGENER ZORKIN 3015 SW FIRST AVENUE PORTLAND, OR 97201 | DIRECTOR 1.00 | 0. | 0. | 0. |
| PAUL DUDLEY HART 3015 SW FIRST AVENUE PORTLAND, OR 97201 | SENIOR VP 40.00 | 131,150. | 19,882. | 0. |
| STEPHEN MITCHELL 3015 SW FIRST AVENUE PORTLAND, OR 97201 | CHIEF FINANCIAL OFFICER 40.00 | 165,625. | 26,510. | 0. |
| STEVEN ZIMMERMAN 3015 SW FIRST AVENUE PORTLAND, OR 97201 | SENIOR VP PROGRAMS 40.00 | 146,667. | 14,288. | 0. |
| TOTALS INCLUDED ON FORM 990, PART V-A | | 1,083,215. | 143,652. | 0. |

FORM 990 IDENTIFICATION OF RELATED ORGANIZATIONS STATEMENT 16
PART VI, LINE 80B

| NAME OF ORGANIZATION | EXEMPT | NONEXEMPT |
|---|--------|-----------|
| MERCY ENTERPRISE CORPORATION | X | |
| MERCY CORPS FOUNDATION | X | |
| MERCY CUTS LLC | X | |
| MERCY CORPS HEADQUARTERS BUILDING, LLC | | X |
| MERCY CORPS HEADQUARTERS MANAGER, INC. | | X |
| MERCY CORPS HEADQUARTERS MASTER TENANT, LLC | | X |
| MERCY CORPS HEADQUARTERS MASTER TENANT MANAGER, LLC | | X |

FORM 990 LIST OF STATES RECEIVING COPY OF RETURN STATEMENT 17
PART VI, LINE 90

STATES
AL, AK, AZ, AR, CA, CO, CT, FL, GA, IL, KS, KY, LA, ME, MD, MA, MI, MN, MS, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, TN, UT, VA, WA, WV, WI, MO

FORM 990

NAME OF FOREIGN COUNTRY IN WHICH
ORGANIZATION HAS FINANCIAL INTEREST

STATEMENT 18

NAME OF COUNTRY

AFGHANISTAN
AZERBAIJAN
BELGIUM
BOSNIA-HERZEGOVINA
CENTRAL AFRICAN REPUBLIC
CHINA
COLOMBIA
CONGO (DEMOCRATIC REPUBLIC)
EAST TIMOR
ETHIOPIA
GEORGIA
GUATEMALA
INDIA
INDONESIA
IRAQ
JORDAN
KENYA
OTHER COUNTRIES
KUWAIT
KYRGYZSTAN
LEBANON
LIBERIA
MONGOLIA
NEPAL
NIGER
PAKISTAN
SRI LANKA
SUDAN
TAJIKISTAN
UGANDA
UZBEKISTAN
WEST BANK
SERBIA
ZIMBABWE

FORM 990 PART IX - INFORMATION REGARDING TAXABLE SUBSIDIARIES AND DISREGARDED ENTITIES STATEMENT 19

NAME OF CORPORATION, PARTNERSHIP OR DISREGARDED ENTITY

KOMPANION FINANCIAL GROUP, LLC

ADDRESS

TOGOLOK MOLDO 10, BISHKEK, KYRGYZ REPUBLIC, FC

| EMPLOYER ID NUMBER | PERCENT OWNED | NATURE OF ACTIVITIES | TOTAL INCOME | END-OF-YEAR ASSETS |
|--------------------|---------------|-----------------------------|--------------|--------------------|
| 91-1148123 | 100.00% | GRANTING LOANS TO CUSTOMERS | 2,810,282. | 7,737,660. |

NAME OF CORPORATION, PARTNERSHIP OR DISREGARDED ENTITY

MERCY CORPS HEADQUARTERS MANAGER, INC.

ADDRESS

3015 SW FIRST AVE. , PORTLAND, OR 97201

| EMPLOYER ID NUMBER | PERCENT OWNED | NATURE OF ACTIVITIES | TOTAL INCOME | END-OF-YEAR ASSETS |
|--------------------|---------------|--|--------------|--------------------|
| 26-1939806 | 100.00% | ESTABLISH BUSINESS FINANCING FOR HEADQUARTERS BUILDING | 0. | 3,437,511. |

NAME OF CORPORATION, PARTNERSHIP OR DISREGARDED ENTITY

MERCY CORPS HEADQUARTERS BUILDING, LLC

ADDRESS

3015 SW FIRST AVE. , PORTLAND, OR 97201

| EMPLOYER ID NUMBER | PERCENT OWNED | NATURE OF ACTIVITIES | TOTAL INCOME | END-OF-YEAR ASSETS |
|--------------------|---------------|--|--------------|--------------------|
| 26-1939880 | 100.00% | ESTABLISH BUSINESS FINANCING FOR HEADQUARTERS BUILDING | 15. | 10,438,012. |

NAME OF CORPORATION, PARTNERSHIP OR DISREGARDED ENTITY

MERCY CORPS HEADQUARTERS MASTER TENANT MANAGER, LLC

ADDRESS

3015 SW FIRST AVE. , PORTLAND, OR 97201

| EMPLOYER ID NUMBER | PERCENT OWNED | NATURE OF ACTIVITIES | TOTAL INCOME | END-OF-YEAR ASSETS |
|--------------------|---------------|--|--------------|--------------------|
| 26-1939917 | 100.00% | ESTABLISH BUSINESS FINANCING FOR HEADQUARTERS BUILDING | 0. | 0. |

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES STATEMENT 20

| LINE | EXPLANATION OF RELATIONSHIP OF ACTIVITIES |
|------|--|
| 93A | INCOME REPRESENTS LOAN INTEREST AND FEES EARNED IN ADMINISTRATION OF REVOLVING MICROCREDIT LOAN FUNDS. MICROCREDIT LOAN PROGRAMS ARE PART OF ONGOING LIVELIHOOD AND ECONOMIC DEVELOPMENT PROGRAMS. LOAN INCOME GENERATED IS USED TO FURTHER FUND THE PROGRAMS FROM WHICH THE INCOME WAS GENERATED. |
| 93B | ADDITIONAL INCOME FROM SALE OF SERVICES PROVIDED IN THE COURSE OF CONDUCTING PROGRAM ACTIVITIES. INCOME GENERATED IS USED TO PROVIDE ADDITIONAL FUNDING FOR PROGRAMS FROM WHICH THE INCOME WAS GENERATED AND/OR OTHER PROGRAMS FULFILLING THE EXEMPT PURPOSE OF THE ORGANIZATION. |

FORM 990 NAME OF FOREIGN COUNTRY IN WHICH ORGANIZATION HAS AN OFFICE STATEMENT 21

- NAME OF COUNTRY
- AFGHANISTAN
 - AZERBAIJAN
 - BELGIUM
 - BOSNIA-HERZEGOVINA
 - CANADA
 - CENTRAL AFRICAN REPUBLIC
 - COLOMBIA
 - KOREA (SOUTH)
 - CONGO (DEMOCRATIC REPUBLIC)
 - EAST TIMOR
 - ETHIOPIA

GEORGIA
 GHANA
 GUATEMALA
 HONG KONG
 INDIA
 INDONESIA
 IRAQ
 JORDAN
 KENYA
 OTHER COUNTRIES
 KUWAIT
 KYRGYZSTAN
 LEBANON
 LIBERIA
 MONGOLIA
 NEPAL
 NIGER
 PAKISTAN
 CHINA
 SERBIA
 SOMALIA
 SRI LANKA
 SUDAN
 SYRIA
 TAJIKISTAN
 UGANDA
 UZBEKISTAN
 WEST BANK
 ZIMBABWE

GENERAL EXPLANATION
 FORM AND LINE REFERENCES

STATEMENT 22

FORM/LINE IDENTIFIER

DESCRIPTION/RETURN REFERENCE

FORM 990, LINE 22B, COLUMN B: OTHER
 GRANTS AND ALLOCATIONS (NON-CASH)

THEFT LOSS DISCLOSURE

GENERAL EXPLANATION

STATEMENT 23

DURING THE YEAR ENDED JUNE 30, 2008, SHIPMENTS OF PRIVATE GIFTS-IN-KIND WERE MISDIRECTED BY OTHERS EXTERNAL TO THE ORGANIZATION AND DID NOT REACH THE INTENDED BENEFICIARIES IN SOUTH ASIA. WE HAVE INCLUDED THE VALUE OF THESE GIFTS AS STATED BELOW BECAUSE WE BELIEVE THE TRANSACTIONS WERE COMPLETE SINCE TITLE PASSED FROM THE ORGANIZATION PRIOR TO THE MISDIRECTION. THUS THESE AMOUNTS ARE APPROPRIATELY REFLECTED AS PROGRAM COSTS FOR THE YEAR ENDED JUNE 30, 2008.

GRANTS AND ALLOCATIONS, DONEE: SOUTH ASIA, AMOUNT GIVEN \$1,881,111

INCLUDED IN THIS AMOUNT IS \$1,103,410 AS THE VALUE OF GOODS THAT WERE MISDIRECTED.

| SCHEDULE A | OTHER INCOME | | | | STATEMENT 24 |
|------------------------------|----------------|----------------|----------------|----------------|--------------|
| DESCRIPTION | 2006 AMOUNT | 2005 AMOUNT | 2004 AMOUNT | 2003 AMOUNT | |
| | 703,319. | 398,519. | 579,897. | 38,004. | |
| TOTAL TO SCHEDULE A, LINE 22 | 703,319. | 398,519. | 579,897. | 38,004. | |

Form **990-W**

Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations

OMB No. 1545-0976

(WORKSHEET)

Department of the Treasury
Internal Revenue Service

(and on Investment Income for Private Foundations) FORM 990-W
(Keep for your records. Do not send to the Internal Revenue Service.)

2008

| | | |
|---|-----|--------|
| 1 Unrelated business taxable income expected in the tax year | 1 | |
| 2 Tax on the amount on line 1. See instructions for tax computation | 2 | |
| 3 Alternative minimum tax (see instructions) | 3 | |
| 4 Total. Add lines 2 and 3 | 4 | |
| 5 Estimated tax credits (see instructions) | 5 | |
| 6 Balance. Subtract line 5 from line 4 | 6 | |
| 7 Other taxes (see instructions) | 7 | |
| 8 Total. Add lines 6 and 7 | 8 | |
| 9 Credit for federal tax paid on fuels (see instructions) | 9 | |
| 10a Subtract line 9 from line 8. Note. If less than \$500, the organization is not required to make estimated tax payments. Private foundations, see instructions | 10a | |
| b Enter the tax shown on the 2007 return (see instructions). Caution. If zero or the tax year was for less than 12 months, skip this line and enter the amount from line 10a on line 10c | 10b | 2,058. |
| c 2008 Estimated Tax. Enter the smaller of line 10a or line 10b. If the organization is required to skip line 10b, enter the amount from line 10a on line 10c | 10c | 2,080. |

| | | (a) | (b) | (c) | (d) |
|--|----|----------|----------|----------|----------|
| 11 Installment due dates (see instructions) | 11 | 10/15/08 | 12/15/08 | 03/16/09 | 06/15/09 |
| 12 Required installments. Enter 25% of line 10c in columns (a) through (d) unless the organization uses the annualized income installment method, the adjusted seasonal installment method, or is a "large organization" (see instructions) | 12 | 520. | 520. | 520. | 520. |
| 13 2007 Overpayment (see instructions) | 13 | 520. | 520. | 1. | |
| 14 Payment due. (Subtract line 13 from line 12.) | 14 | | | 519. | 520. |

LHA For Paperwork Reduction Act Notice, see instructions.

Form **990-W** (2008)

| | |
|---------------------|--------|
| ESTIMATED TAX | 2,080. |
| OVERPAYMENT APPLIED | 1,041. |
| AMOUNT DUE | 1,039. |

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

2007

Department of the Treasury Internal Revenue Service (77)

For calendar year 2007 or other tax year beginning JUL 1, 2007, and ending JUN 30, 2008

Open to Public Inspection for 501(c)(3) Organizations Only

Form sections A through G: A Check box if address changed; B Exempt under section 501(c)(3); C Book value of all assets at end of year; D Employer identification number; E Unrelated business activity codes; F Group exemption number; G Check organization type.

H Describe the organization's primary unrelated business activity. INVESTMENT INCOME

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No

J The books are in care of STEPHEN MITCHELL Telephone number 503-796-6800

Table with 4 columns: Part I Unrelated Trade or Business Income, (A) Income, (B) Expenses, (C) Net. Rows 1a-13 detailing various income and expense items.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

Table with 4 columns: Line number, Description, Sub-column, Total. Rows 14-34 detailing various deduction items.

Part III Tax Computation

| | | |
|---|------------|--------|
| 35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and: | | |
| a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____ | | |
| b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____ | | |
| c Income tax on the amount on line 34 | 35c | 2,058. |
| 36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041) | 36 | |
| 37 Proxy tax. See instructions | 37 | |
| 38 Alternative minimum tax | 38 | |
| 39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies | 39 | 2,058. |

Part IV Tax and Payments

| | | |
|--|------------|--------|
| 40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) | 40a | |
| b Other credits (see instructions) | 40b | |
| c General business credit. Check here and indicate which forms are attached: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) _____ | 40c | |
| d Credit for prior year minimum tax (attach Form 8801 or 8827) | 40d | |
| e Total credits. Add lines 40a through 40d | 40e | |
| 41 Subtract line 40e from line 39 | 41 | 2,058. |
| 42 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule) | 42 | |
| 43 Total tax. Add lines 41 and 42 | 43 | 2,058. |
| 44a Payments: A 2006 overpayment credited to 2007 | 44a | 369. |
| b 2007 estimated tax payments | 44b | |
| c Tax deposited with Form 8868 | 44c | 2,730. |
| d Foreign organizations: Tax paid or withheld at source (see instructions) | 44d | |
| e Backup withholding (see instructions) | 44e | |
| f Other credits and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Other _____ Total | 44f | |
| 45 Total payments. Add lines 44a through 44f | 45 | 3,099. |
| 46 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/> | 46 | |
| 47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed | 47 | |
| 48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid | 48 | 1,041. |
| 49 Enter the amount of line 48 you want: Credited to 2008 estimated tax 1,041. Refunded | 49 | 0. |

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 18)

| | | |
|--|-----|----|
| 1 At any time during the 2007 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1. If YES, enter the name of the foreign country here SEE STATEMENT 22 | Yes | No |
| 2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file. | | X |
| 3 Enter the amount of tax-exempt interest received or accrued during the tax year \$ | | |

Schedule A - Cost of Goods Sold. Enter method of inventory valuation **N/A**

| | | | | | |
|---|-----------|--|---|----------|----|
| 1 Inventory at beginning of year | 1 | | 6 Inventory at end of year | 6 | |
| 2 Purchases | 2 | | 7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2 | 7 | |
| 3 Cost of labor | 3 | | 8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? | Yes | No |
| 4a Additional section 263A costs | 4a | | | | X |
| b Other costs (attach schedule) | 4b | | | | |
| 5 Total. Add lines 1 through 4b | 5 | | | | |

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here
 Signature of officer _____ Date _____ CFO Title _____
 May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer's Use Only
 Preparer's signature _____ Date _____ Check if self-employed Preparer's SSN or PTIN P00295966
 Firm's name (or yours if self-employed), address, and ZIP code TALBOT, KORVOLA & WARWICK, LLP 4800 SW MACADAM, SUITE 400 PORTLAND, OR 97239-3973
 EIN 93-0954337 Phone no. (503) 274-2849

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)(see instr. on pg 20)

| | | |
|--|--|---|
| 1 Description of property | | |
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| 2 Rent received or accrued | | 3 Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule) |
| (a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%) | (b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income) | |
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| Total 0. | | Total 0. |
| Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) | | Total deductions. Enter here and on page 1, Part I, line 6, column (B) ... |
| | | 0. |

Schedule E - Unrelated Debt-Financed Income (See instructions on page 20)

| | | | | |
|---|---|--|--|---|
| 1 Description of debt-financed property | 2 Gross income from or allocable to debt-financed property | 3 Deductions directly connected with or allocable to debt-financed property | | |
| | | (a) Straight line depreciation (attach schedule) | (b) Other deductions (attach schedule) | |
| (1) | | | | |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| 4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule) | 5 Average adjusted basis of or allocable to debt-financed property (attach schedule) | 6 Column 4 divided by column 5 | 7 Gross income reportable (column 2 x column 6) | 8 Allocable deductions (column 6 x total of columns 3(a) and 3(b)) |
| (1) | | % | | |
| (2) | | % | | |
| (3) | | % | | |
| (4) | | % | | |
| | | | Enter here and on page 1, Part I, line 7, column (A). | Enter here and on page 1, Part I, line 7, column (B). |
| Totals | | | 0. | 0. |
| Total dividends-received deductions included in column 8 | | | | 0. |

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 21)

| | | | | | |
|---|---|---|--|---|--|
| 1 Name of Controlled Organization | 2 Employer Identification Number | Exempt Controlled Organizations | | | |
| | | 3 Net unrelated income (loss) (see instructions) | 4 Total of specified payments made | 5 Part of column 4 that is included in the controlling organization's gross income | 6 Deductions directly connected with income in column (5) |
| (1) | | | | | |
| (2) | | | | | |
| (3) | | | | | |
| (4) | | | | | |
| Nonexempt Controlled Organizations | | | | | |
| 7 Taxable Income | 8 Net unrelated income (loss) (see instructions) | 9 Total of specified payments made | 10 Part of column 9 that is included in the controlling organization's gross income | 11 Deductions directly connected with income in column 10 | |
| (1) | | | | | |
| (2) | | | | | |
| (3) | | | | | |
| (4) | | | | | |
| | | | Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A). | Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B). | |
| Totals | | | 0. | 0. | |

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization
(see instructions on page 22)

| 1 Description of income | 2 Amount of income | 3 Deductions directly connected (attach schedule) | 4 Set-asides (attach schedule) | 5 Total deductions and set-asides (col. 3 plus col. 4) |
|-------------------------|--------------------|---|--------------------------------|--|
| (1) | | | | |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| Totals | 0. | | | 0. |

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income
(see instructions on page 22)

| 1 Description of exploited activity | 2 Gross unrelated business income from trade or business | 3 Expenses directly connected with production of unrelated business income | 4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7. | 5 Gross income from activity that is not unrelated business income | 6 Expenses attributable to column 5 | 7 Excess exempt expenses (column 6 minus column 5, but not more than column 4). |
|-------------------------------------|--|--|---|--|-------------------------------------|---|
| (1) | | | | | | |
| (2) | | | | | | |
| (3) | | | | | | |
| (4) | | | | | | |
| Totals | 0. | 0. | | | | 0. |

Schedule J - Advertising Income (see instructions on page 22)

Part I Income From Periodicals Reported on a Consolidated Basis

| 1 Name of periodical | 2 Gross advertising income | 3 Direct advertising costs | 4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7. | 5 Circulation income | 6 Readership costs | 7 Excess readership costs (column 6 minus column 5, but not more than column 4). |
|--|----------------------------|----------------------------|---|----------------------|--------------------|--|
| (1) | | | | | | |
| (2) | | | | | | |
| (3) | | | | | | |
| (4) | | | | | | |
| Totals (carry to Part II, line (5)) | 0. | 0. | | | | 0. |

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

| | | | | | | |
|--|----|----|--|--|--|----|
| (1) | | | | | | |
| (2) | | | | | | |
| (3) | | | | | | |
| (4) | | | | | | |
| (5) Totals from Part I | 0. | 0. | | | | 0. |
| Totals, Part II (lines 1-5) | 0. | 0. | | | | 0. |

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions on page 23)

| 1 Name | 2 Title | 3 Percent of time devoted to business | 4 Compensation attributable to unrelated business |
|--|---------|---------------------------------------|---|
| | | % | |
| | | % | |
| | | % | |
| | | % | |
| Total. Enter here and on page 1, Part II, line 14 | | | 0. |

FORM 990-T

INCOME (LOSS) FROM PARTNERSHIPS

STATEMENT 25

DESCRIPTION

AMOUNT

MICROVEST I, LP ORDINARY INCOME
MICROVEST I, LP ST CAPITAL GAIN INCOME

4,512.
2,659.

TOTAL TO FORM 990-T, PAGE 1, LINE 5

7,171.

Depreciation and Amortization 990
(Including Information on Listed Property)

2007

Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. **67**

Name(s) shown on return

Business or activity to which this form relates

Identifying number

MERCY CORPS

FORM 990 PAGE 2

91-1148123

Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

| | | | |
|----|---|------------------------------|------------------|
| 1 | Maximum amount. See the instructions for a higher limit for certain businesses | 1 | 125,000. |
| 2 | Total cost of section 179 property placed in service (see instructions) | 2 | |
| 3 | Threshold cost of section 179 property before reduction in limitation | 3 | 500,000. |
| 4 | Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | |
| 5 | Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions | 5 | |
| 6 | (a) Description of property | (b) Cost (business use only) | (c) Elected cost |
| 7 | Listed property. Enter the amount from line 29 | 7 | |
| 8 | Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | |
| 9 | Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | |
| 10 | Carryover of disallowed deduction from line 13 of your 2006 Form 4562 | 10 | |
| 11 | Business income limitation. Enter the smaller of business income (not less than zero) or line 5 | 11 | |
| 12 | Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | |
| 13 | Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 | ▶ 13 | |

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

| | | | |
|----|--|----|--|
| 14 | Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year | 14 | |
| 15 | Property subject to section 168(f)(1) election | 15 | |
| 16 | Other depreciation (including ACRS) | 16 | |

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

| | | | |
|----|---|----------------------------|--|
| 17 | MACRS deductions for assets placed in service in tax years beginning before 2007 | 17 | |
| 18 | If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here | ▶ <input type="checkbox"/> | |

Section B - Assets Placed in Service During 2007 Tax Year Using the General Depreciation System

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depreciation (business/investment use only - see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|--------------------------------|--------------------------------------|--|---------------------|----------------|------------|----------------------------|
| 19a 3-year property | | | | | | |
| b 5-year property | | | | | | |
| c 7-year property | | | | | | |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs. | | S/L | |
| h Residential rental property | / | | 27.5 yrs. | MM | S/L | |
| | / | | 27.5 yrs. | MM | S/L | |
| i Nonresidential real property | / | | 39 yrs. | MM | S/L | |
| | / | | | MM | S/L | |

Section C - Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System

| | | | | | | |
|-----|------------|---|---------|----|-----|--|
| 20a | Class life | | | | S/L | |
| b | 12-year | | 12 yrs. | | S/L | |
| c | 40-year | / | 40 yrs. | MM | S/L | |

Part IV Summary (see instructions)

| | | | |
|----|---|----|----------|
| 21 | Listed property. Enter amount from line 28 | 21 | |
| 22 | Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr. | 22 | 559,904. |
| 23 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 23 | |

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

Table with columns (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use 25

26 Property used more than 50% in a qualified business use: Table with columns for percentage and other details

27 Property used 50% or less in a qualified business use: Table with columns for percentage and other details

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 28

29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table for Section B with columns (a) through (f) Vehicle and rows 30-36 regarding miles driven and personal use availability

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

Table for Section C with rows 37-41 regarding policy statements and requirements for vehicle use by employees

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

Table for Part VI with columns (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year

43 Amortization of costs that began before your 2007 tax year 43

44 Total. Add amounts in column (f). See the instructions for where to report 44

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

▶ See separate instructions.

(Rev. December 2007)
Department of the Treasury
Internal Revenue Service

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **JAN 1**, 2007, and ending **DEC 31**, 2007

Attachment
Sequence No. **121**

| | |
|---|--|
| Name of person filing this return MERCY CORPS Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) 3015 SW FIRST AVENUE City or town, state, and ZIP code PORTLAND, OR 97201 | A Identifying number 91-1148123 B Category of filer (See instructions. Check applicable box(es): 1 (repealed) 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input checked="" type="checkbox"/> 5 <input checked="" type="checkbox"/> C Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period 100.00 % Filer's tax year beginning JUL 1 , 2007, and ending JUN 30 , 2008 |
|---|--|

D Person(s) on whose behalf this information return is filed:

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|-------------|-------------------------------|------------------------|------------------------------|---------|----------|
| | | | Shareholder | Officer | Director |
| MERCY CORPS | 3015 SW FIRST AVENUE PORTLAND | 91-1148123 | X | | |
| | | | | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in English. All amounts must be stated in U.S. dollars unless otherwise indicated.

| | | | | | |
|---|---|--|--|---|--|
| 1a Name and address of foreign corporation FINANCIAL GROUP KOMPANION TOGOLOK MOLDO 10 BISHKEK, KRYGYZ REPUBLIC FC KYRGYZSTAN | | | | b Employer identification number, if any c Country under whose laws incorporated KYRGYZSTAN | |
| d Date of incorporation 01/01/04 | e Principal place of business BISHKEK KYRGYZSTAN | f Principal business activity code number 522291 | g Principal business activity GRANTING LOANS TO CUSTOMERS | h Functional currency KGS | |

2 Provide the following information for the foreign corporation's accounting period stated above.

| | | |
|--|--|---|
| a Name, address, and identifying number of branch office or agent (if any) in the United States | b If a U.S. income tax return was filed, enter: | |
| | (i) Taxable income or (loss) | (ii) U.S. income tax paid (after all credits) |
| | | |

| | |
|--|---|
| c Name and address of foreign corporation's statutory or resident agent in country of incorporation | d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different |
| | |

| Schedule A Stock of the Foreign Corporation | | |
|---|---|--------------------------------------|
| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
| | (i) Beginning of annual accounting period | (ii) End of annual accounting period |
| COMMON | 10,000,000 | 224,000,000 |
| | | |
| | | |

LHA For Paperwork Reduction Act Notice, see instructions.

Form **5471** (Rev. 12-2007)

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued

| (a) Name of country or U.S. possession | Amount of tax | | |
|---|----------------------------|------------------------|------------------------|
| | (b) In foreign currency | (c) Conversion rate | (d) In U.S. dollars |
| 1 U.S. | | | |
| 2 KYRGYZ REPUBLIC | 10,393,000. | 39.956300 | 260,109. |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 Total | | | 260,109. |

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.

| Assets | | (a) | (b) |
|---|-----|---------------------------------------|---------------------------------|
| | | Beginning of annual accounting period | End of annual accounting period |
| 1 Cash | 1 | 9,168. | 113,412. |
| 2a Trade notes and accounts receivable | 2a | | |
| b Less allowance for bad debts | 2b | () | () |
| 3 Inventories | 3 | | |
| 4 Other current assets (attach schedule) SEE STATEMENT 36 | 4 | 7,300,579. | 24,445,418. |
| 5 Loans to shareholders and other related persons | 5 | | |
| 6 Investment in subsidiaries (attach schedule) | 6 | | |
| 7 Other investments (attach schedule) | 7 | | |
| 8a Buildings and other depreciable assets | 8a | 367,358. | 1,345,426. |
| b Less accumulated depreciation | 8b | () | () |
| 9a Depletable assets | 9a | | |
| b Less accumulated depletion | 9b | () | () |
| 10 Land (net of any amortization) | 10 | | |
| 11 Intangible assets: | | | |
| a Goodwill | 11a | | |
| b Organization costs | 11b | | |
| c Patents, trademarks, and other intangible assets | 11c | | |
| d Less accumulated amortization for lines 11a, b, and c | 11d | () | () |
| 12 Other assets (attach schedule) SEE STATEMENT 37 | 12 | 60,555. | 269,164. |
| 13 Total assets | 13 | 7,737,660. | 26,173,420. |
| Liabilities and Shareholders' Equity | | | |
| 14 Accounts payable | 14 | 92,280. | 75,580. |
| 15 Other current liabilities (attach schedule) | 15 | | |
| 16 Loans from shareholders and other related persons | 16 | 6,811,677. | 17,798,292. |
| 17 Other liabilities (attach schedule) SEE STATEMENT 38 | 17 | 126,900. | 340,040. |
| 18 Capital stock: | | | |
| a Preferred stock | 18a | | |
| b Common stock | 18b | 241,254. | 6,310,072. |
| 19 Paid-in or capital surplus (attach reconciliation) | 19 | | |
| 20 Retained earnings | 20 | 465,549. | 1,649,436. |
| 21 Less cost of treasury stock | 21 | () | () |
| 22 Total liabilities and shareholders' equity | 22 | 7,737,660. | 26,173,420. |

Form 5471 (Rev. 12-2007)

Schedule G Other Information

- | | | |
|--|--------------------------|-------------------------------------|
| | Yes | No |
| 1 During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If "Yes," see the instructions for required attachment. | | |
| 2 During the tax year, did the foreign corporation own an interest in any trust? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3 During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If "Yes," you are generally required to attach Form 8858 for each entity (see instructions). | | |
| 4 During the tax year, was the foreign corporation a participant in any cost sharing arrangement? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5 During the course of the tax year, did the foreign corporation become a participant in any cost sharing arrangement? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Schedule H Current Earnings and Profits

Important: Enter the amounts on lines 1 through 5c in functional currency.

| | | | |
|---|----------------------|-------------------------|-------------|
| 1 Current year net income or (loss) per foreign books of account | 1 | | 58,553,000. |
| 2 Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | | | |
| | Net Additions | Net Subtractions | |
| a Capital gains or losses | | | |
| b Depreciation and amortization | | | |
| c Depletion | | | |
| d Investment or incentive allowance | | | |
| e Charges to statutory reserves | | | |
| f Inventory adjustments | | | |
| g Taxes | | | |
| h Other (attach schedule) | | | |
| 3 Total net additions | | | |
| 4 Total net subtractions | | | |
| 5a Current earnings and profits (line 1 plus line 3 minus line 4) | 5a | | 58,553,000. |
| b DASTM gain or (loss) for foreign corporations that use DASTM | 5b | | |
| c Combine lines 5a and 5b | 5c | | 58,553,000. |
| d Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations) | 5d | | 1,465,426. |
| Enter exchange rate used for line 5d ▶ 39.956300 | | | |

Schedule I Summary of Shareholder's Income From Foreign Corporation

| | | | |
|---|----------|--|--|
| 1 Subpart F income (line 38b, Worksheet A in the instructions) | 1 | | |
| 2 Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | | |
| 3 Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | | |
| 4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | | |
| 5 Factoring income | 5 | | |
| 6 Total of lines 1 through 5. Enter here and on your income tax return | 6 | | |
| 7 Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 7 | | |
| 8 Exchange gain or (loss) on a distribution of previously taxed income | 8 | | |

- | | | |
|--|--------------------------|-------------------------------------|
| | Yes | No |
| • Was any income of the foreign corporation blocked? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| • Did any such income become unblocked during the tax year (see section 964(b))? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- If the answer to either question is "Yes," attach an explanation.

**SCHEDULE J
(Form 5471)**

(Rev. December 2005)
Department of the Treasury
Internal Revenue Service

**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

▶ Attach to Form 5471.

| | |
|---------------------------------|--------------------|
| Name of person filing Form 5471 | Identifying number |
| MERCY CORPS | 91-1148123 |

Name of foreign corporation

FINANCIAL GROUP KOMPANION

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) |
|--|---|---|
| 1 Balance at beginning of year | 19,297,000. | |
| 2a Current year E&P | 58,553,000. | |
| b Current year deficit in E&P | | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b) | 77,850,000. | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | |
| b Actual distributions of nonpreviously taxed E&P | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | 77,850,000. | |
| 7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.) | 77,850,000. | |

| | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 964(a) E&P (combine columns (a), (b), and (c)) |
|----|---|---|------------------------|---|
| | (i) Earnings Invested in U.S. Property | (ii) Earnings Invested in Excess Passive Assets | (iii) Subpart F Income | |
| 1 | | | | 19,297,000. |
| 2a | | | | |
| b | | | | |
| 3 | | | | |
| 4 | | | | |
| 5a | | | | |
| b | | | | |
| 6a | | | | |
| b | | | | |
| 7 | | | | 77,850,000. |

**SCHEDULE M
(Form 5471)**

(Rev. December 2007)

Department of the Treasury
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number

MERCY CORPS

91-1148123

Name of foreign corporation

FINANCIAL GROUP KOMPANION

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ▶ KGS

39,956300

| (a) Transactions of foreign corporation | (b) U.S. person filing this return | (c) Any domestic corporation or partnership controlled by U.S. person filing this return | (d) Any other foreign corporation or partnership controlled by U.S. person filing this return | (e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return) | (f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation |
|--|------------------------------------|--|---|--|---|
| 1 Sales of stock in trade (inventory) ... | | | | | |
| 2 Sales of tangible property other than stock in trade | | | | | |
| 3 Sales of property rights (patents, trademarks, etc.) | | | | | |
| 4 Buy-in payments received | | | | | |
| 5 Cost sharing payments received | | | | | |
| 6 Compensation received for technical, managerial, engineering, construction, or like services | | | | | |
| 7 Commissions received | 12,138. | | | | |
| 8 Rents, royalties, and license fees received | | | | | |
| 9 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income) | | | | | |
| 10 Interest received | | | | | |
| 11 Premiums received for insurance or reinsurance | | | | | |
| 12 Add lines 1 through 11 | 12,138. | | | | |
| 13 Purchases of stock in trade (inventory) | | | | | |
| 14 Purchases of tangible property other than stock in trade | | | | | |
| 15 Purchases of property rights (patents, trademarks, etc.) | | | | | |
| 16 Buy-in payments paid | | | | | |
| 17 Cost sharing payments paid | | | | | |
| 18 Compensation paid for technical, managerial, engineering, construction, or like services | | | | | |
| 19 Commissions paid | | | | | |
| 20 Rents, royalties, and license fees paid | | | | | |
| 21 Dividends paid | | | | | |
| 22 Interest paid | 132,194. | | | | |
| 23 Premiums paid for insurance or reinsurance | | | | | |
| 24 Add lines 13 through 23 | 132,194. | | | | |
| 25 Amounts borrowed (enter the maximum loan balance during the year) - see instr. | | | | | |
| 26 Amounts loaned (enter the maximum loan balance during the year) - see instr. | | | | | |

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

▶ See separate instructions.

(Rev. December 2007)
Department of the Treasury
Internal Revenue Service

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **JAN 1**, 2007, and ending **DEC 31**, 2007

Attachment
Sequence No. **121**

| | |
|---|---|
| Name of person filing this return MERCY CORPS Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) 3015 SW FIRST AVENUE City or town, state, and ZIP code PORTLAND, OR 97201 | A Identifying number 91-1148123 B Category of filer (See instructions. Check applicable box(es)): 1 (repealed) 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input checked="" type="checkbox"/> 5 <input checked="" type="checkbox"/> C Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period 100.00 % Filer's tax year beginning JUL 1 , 2007, and ending JUN 30 , 2008 |
|---|---|

D Person(s) on whose behalf this information return is filed:

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|-------------|-------------------------------|------------------------|------------------------------|---------|----------|
| | | | Shareholder | Officer | Director |
| MERCY CORPS | 3015 SW FIRST AVENUE PORTLAND | 91-1148123 | X | | |
| | | | | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in English. All amounts must be stated in U.S. dollars unless otherwise indicated.

| | | | | | |
|--|--|--|---|---|--|
| 1a Name and address of foreign corporation PUBLIC FUND ASIAN CREDIT FUND 36 DZHANDOSOV STR., ALMATY, 050057 FC KAZAKHSTAN | | | | b Employer identification number, if any c Country under whose laws incorporated KAZAKHSTAN | |
| d Date of incorporation 05/01/02 | e Principal place of business KAZAKHSTAN | f Principal business activity code number 522291 | g Principal business activity GRANTING LOANS TO CUSTOMERS | h Functional currency KZT | |

2 Provide the following information for the foreign corporation's accounting period stated above.

| | | | | | | |
|--|---|--|------------------------------|---|--|--|
| a Name, address, and identifying number of branch office or agent (if any) in the United States | b If a U.S. income tax return was filed, enter: <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; text-align: center;">(i) Taxable income or (loss)</td> <td style="width:50%; text-align: center;">(ii) U.S. income tax paid (after all credits)</td> </tr> <tr> <td> </td> <td> </td> </tr> </table> | | (i) Taxable income or (loss) | (ii) U.S. income tax paid (after all credits) | | |
| (i) Taxable income or (loss) | (ii) U.S. income tax paid (after all credits) | | | | | |
| | | | | | | |
| c Name and address of foreign corporation's statutory or resident agent in country of incorporation | d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different | | | | | |

| Schedule A Stock of the Foreign Corporation | | |
|---|---|--------------------------------------|
| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
| | (i) Beginning of annual accounting period | (ii) End of annual accounting period |
| COMMON | 39,721,931 | 39,721,931 |
| | | |
| | | |

LHA For Paperwork Reduction Act Notice, see instructions.

Form **5471** (Rev. 12-2007)

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued

| (a) Name of country or U.S. possession | Amount of tax | | |
|---|----------------------------|------------------------|------------------------|
| | (b) In foreign currency | (c) Conversion rate | (d) In U.S. dollars |
| 1 U.S. | | | |
| 2 KAZAKHSTAN | 617,279. | 125,898130 | 4,903. |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 Total | | | 4,903. |

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.

| Assets | | (a) | (b) |
|---|-----|---------------------------------------|---------------------------------|
| | | Beginning of annual accounting period | End of annual accounting period |
| 1 Cash | 1 | 32,919. | 55,523. |
| 2a Trade notes and accounts receivable | 2a | 4,333. | 983,863. |
| b Less allowance for bad debts | 2b | () | () |
| 3 Inventories | 3 | | |
| 4 Other current assets (attach schedule) SEE STATEMENT 39 | 4 | 932,477. | |
| 5 Loans to shareholders and other related persons | 5 | | |
| 6 Investment in subsidiaries (attach schedule) | 6 | | |
| 7 Other investments (attach schedule) | 7 | | |
| 8a Buildings and other depreciable assets | 8a | | |
| b Less accumulated depreciation | 8b | () | () |
| 9a Depletable assets | 9a | | |
| b Less accumulated depletion | 9b | () | () |
| 10 Land (net of any amortization) | 10 | | |
| 11 Intangible assets: | | | |
| a Goodwill | 11a | | |
| b Organization costs | 11b | | |
| c Patents, trademarks, and other intangible assets | 11c | | |
| d Less accumulated amortization for lines 11a, b, and c | 11d | () | () |
| 12 Other assets (attach schedule) | 12 | | |
| 13 Total assets | 13 | 969,729. | 1,039,386. |
| Liabilities and Shareholders' Equity | | | |
| 14 Accounts payable | 14 | | |
| 15 Other current liabilities (attach schedule) SEE STATEMENT 40 | 15 | 9,935. | 60,012. |
| 16 Loans from shareholders and other related persons | 16 | | |
| 17 Other liabilities (attach schedule) SEE STATEMENT 41 | 17 | | 55,709. |
| 18 Capital stock: | | | |
| a Preferred stock | 18a | | |
| b Common stock | 18b | 300,787. | 712,216. |
| 19 Paid-in or capital surplus (attach reconciliation) | 19 | | |
| 20 Retained earnings | 20 | 659,007. | 211,449. |
| 21 Less cost of treasury stock | 21 | () | () |
| 22 Total liabilities and shareholders' equity | 22 | 969,729. | 1,039,386. |

Form 5471 (Rev. 12-2007)

Schedule G Other Information

- | | | |
|--|--------------------------|-------------------------------------|
| | Yes | No |
| 1 During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If "Yes," see the instructions for required attachment. | | |
| 2 During the tax year, did the foreign corporation own an interest in any trust? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3 During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If "Yes," you are generally required to attach Form 8858 for each entity (see instructions). | | |
| 4 During the tax year, was the foreign corporation a participant in any cost sharing arrangement? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5 During the course of the tax year, did the foreign corporation become a participant in any cost sharing arrangement? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Schedule H Current Earnings and Profits

Important: Enter the amounts on lines 1 through 5c in functional currency.

| | | | |
|---|----------------------|-------------------------|-------------|
| 1 Current year net income or (loss) per foreign books of account | 1 | | -3,070,280. |
| 2 Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | | | |
| | Net Additions | Net Subtractions | |
| a Capital gains or losses | | | |
| b Depreciation and amortization | | | |
| c Depletion | | | |
| d Investment or incentive allowance | | | |
| e Charges to statutory reserves | | | |
| f Inventory adjustments | | | |
| g Taxes | | | |
| h Other (attach schedule) | | | |
| 3 Total net additions | | | |
| 4 Total net subtractions | | | |
| 5a Current earnings and profits (line 1 plus line 3 minus line 4) | 5a | | -3,070,280. |
| b DASTM gain or (loss) for foreign corporations that use DASTM | 5b | | |
| c Combine lines 5a and 5b | 5c | | -3,070,280. |
| d Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations) | 5d | | -24,387. |
| Enter exchange rate used for line 5d ▶ 125.898130 | | | |

Schedule I Summary of Shareholder's Income From Foreign Corporation

| | | | |
|---|----------|--------------------------|-------------------------------------|
| 1 Subpart F income (line 38b, Worksheet A in the instructions) | 1 | | |
| 2 Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | | |
| 3 Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | | |
| 4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | | |
| 5 Factoring income | 5 | | |
| 6 Total of lines 1 through 5. Enter here and on your income tax return | 6 | | |
| 7 Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 7 | | |
| 8 Exchange gain or (loss) on a distribution of previously taxed income | 8 | | |
| | | Yes | No |
| • Was any income of the foreign corporation blocked? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| • Did any such income become unblocked during the tax year (see section 964(b))? | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

If the answer to either question is "Yes," attach an explanation.

**SCHEDULE J
(Form 5471)**

(Rev. December 2005)
Department of the Treasury
Internal Revenue Service

**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

▶ Attach to Form 5471.

| | |
|---------------------------------|--------------------|
| Name of person filing Form 5471 | Identifying number |
| MERCY CORPS | 91-1148123 |

Name of foreign corporation
PUBLIC FUND ASIAN CREDIT FUND

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) |
|--|---|---|
| 1 Balance at beginning of year | 86,887,661. | |
| 2a Current year E&P | | |
| b Current year deficit in E&P | 3,070,280. | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b) | 83,817,381. | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | |
| b Actual distributions of nonpreviously taxed E&P | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | 83,817,381. | |
| 7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.) | 83,817,381. | |

| | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 964(a) E&P (combine columns (a), (b), and (c)) |
|----|---|---|------------------------|---|
| | (i) Earnings Invested in U.S. Property | (ii) Earnings Invested in Excess Passive Assets | (iii) Subpart F Income | |
| 1 | | | | 86,887,661. |
| 2a | | | | |
| b | | | | |
| 3 | | | | |
| 4 | | | | |
| 5a | | | | |
| b | | | | |
| 6a | | | | |
| b | | | | |
| 7 | | | | 83,817,381. |

**SCHEDULE M
(Form 5471)**

(Rev. December 2007)

Department of the Treasury
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number

MERCY CORPS

91-1148123

Name of foreign corporation

PUBLIC FUND ASIAN CREDIT FUND

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ▶

| (a) Transactions of foreign corporation | (b) U.S. person filing this return | (c) Any domestic corporation or partnership controlled by U.S. person filing this return | (d) Any other foreign corporation or partnership controlled by U.S. person filing this return | (e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return) | (f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation |
|--|------------------------------------|--|---|--|---|
| 1 Sales of stock in trade (inventory) ... | | | | | |
| 2 Sales of tangible property other than stock in trade | | | | | |
| 3 Sales of property rights (patents, trademarks, etc.) | | | | | |
| 4 Buy-in payments received | | | | | |
| 5 Cost sharing payments received | | | | | |
| 6 Compensation received for technical, managerial, engineering, construction, or like services | | | | | |
| 7 Commissions received | | | | | |
| 8 Rents, royalties, and license fees received | | | | | |
| 9 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income) | | | | | |
| 10 Interest received | | | | | |
| 11 Premiums received for insurance or reinsurance | | | | | |
| 12 Add lines 1 through 11 | | | | | |
| 13 Purchases of stock in trade (inventory) | | | | | |
| 14 Purchases of tangible property other than stock in trade | | | | | |
| 15 Purchases of property rights (patents, trademarks, etc.) | | | | | |
| 16 Buy-in payments paid | | | | | |
| 17 Cost sharing payments paid | | | | | |
| 18 Compensation paid for technical, managerial, engineering, construction, or like services | | | | | |
| 19 Commissions paid | | | | | |
| 20 Rents, royalties, and license fees paid | | | | | |
| 21 Dividends paid | | | | | |
| 22 Interest paid | | | | | |
| 23 Premiums paid for insurance or reinsurance | | | | | |
| 24 Add lines 13 through 23 | | | | | |
| 25 Amounts borrowed (enter the maximum loan balance during the year) - see instr. | | | | | |
| 26 Amounts loaned (enter the maximum loan balance during the year) - see instr. | | | | | |

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

▶ See separate instructions.

(Rev. December 2007)
Department of the Treasury
Internal Revenue Service

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **JAN 1**, 2007, and ending **DEC 31**, 2007

Attachment
Sequence No. **121**

| | |
|---|--|
| Name of person filing this return MERCY CORPS Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) 3015 SW FIRST AVENUE City or town, state, and ZIP code PORTLAND, OR 97201 | A Identifying number 91-1148123 B Category of filer (See instructions. Check applicable box(es): 1 (repealed) 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input checked="" type="checkbox"/> 5 <input checked="" type="checkbox"/> C Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period 100.00 % Filer's tax year beginning JUL 1 , 2007, and ending JUN 30 , 2008 |
|---|--|

D Person(s) on whose behalf this information return is filed:

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|-------------|-------------------------------|------------------------|------------------------------|---------|----------|
| | | | Shareholder | Officer | Director |
| MERCY CORPS | 3015 SW FIRST AVENUE PORTLAND | 91-1148123 | X | | |
| | | | | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in English. All amounts must be stated in U.S. dollars unless otherwise indicated.

| | | | | | |
|--|--|--|---|---|--|
| 1a Name and address of foreign corporation MCO ASIAN CREDIT FUND LLC 36 DZHANDOSOV STR., ALMATY, 050057 FC KAZAKHSTAN | | | | b Employer identification number, if any c Country under whose laws incorporated KAZAKHSTAN | |
| d Date of incorporation 10/01/05 | e Principal place of business KAZAKHSTAN | f Principal business activity code number 522291 | g Principal business activity GRANTING LOANS TO CUSTOMERS | h Functional currency KZT | |

2 Provide the following information for the foreign corporation's accounting period stated above.

| | | | | | | |
|--|---|--|-------------------------------------|--|--|--|
| a Name, address, and identifying number of branch office or agent (if any) in the United States | b If a U.S. income tax return was filed, enter: <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;"><i>(i)</i> Taxable income or (loss)</td> <td style="width:50%;"><i>(ii)</i> U.S. income tax paid (after all credits)</td> </tr> <tr> <td> </td> <td> </td> </tr> </table> | | <i>(i)</i> Taxable income or (loss) | <i>(ii)</i> U.S. income tax paid (after all credits) | | |
| <i>(i)</i> Taxable income or (loss) | <i>(ii)</i> U.S. income tax paid (after all credits) | | | | | |
| | | | | | | |
| c Name and address of foreign corporation's statutory or resident agent in country of incorporation | d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different | | | | | |

| Schedule A Stock of the Foreign Corporation | | |
|--|--|---|
| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
| | <i>(i)</i> Beginning of annual accounting period | <i>(ii)</i> End of annual accounting period |
| COMMON | 123,152,685 | 123,152,685 |
| | | |
| | | |

LHA For Paperwork Reduction Act Notice, see instructions.

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued

| (a) Name of country or U.S. possession | Amount of tax | | |
|---|----------------------------|------------------------|------------------------|
| | (b) In foreign currency | (c) Conversion rate | (d) In U.S. dollars |
| 1 U.S. | | | |
| 2 KAZAKHSTAN | 13,052,992. | 125,898130 | 103,679. |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 Total | | | 103,679. |

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.

| Assets | | (a) | (b) |
|---|-----|---------------------------------------|---------------------------------|
| | | Beginning of annual accounting period | End of annual accounting period |
| 1 Cash | 1 | 27,198. | 57,272. |
| 2a Trade notes and accounts receivable | 2a | 66,818. | 89,286. |
| b Less allowance for bad debts | 2b | () | () |
| 3 Inventories | 3 | | |
| 4 Other current assets (attach schedule) SEE STATEMENT 42 | 4 | 3,531,002. | 5,839,197. |
| 5 Loans to shareholders and other related persons | 5 | | |
| 6 Investment in subsidiaries (attach schedule) | 6 | | |
| 7 Other investments (attach schedule) | 7 | | |
| 8a Buildings and other depreciable assets | 8a | 86,740. | 145,838. |
| b Less accumulated depreciation | 8b | (8,881.) | (38,280.) |
| 9a Depletable assets | 9a | | |
| b Less accumulated depletion | 9b | () | () |
| 10 Land (net of any amortization) | 10 | | |
| 11 Intangible assets: | | | |
| a Goodwill | 11a | | |
| b Organization costs | 11b | | |
| c Patents, trademarks, and other intangible assets | 11c | | |
| d Less accumulated amortization for lines 11a, b, and c | 11d | () | () |
| 12 Other assets (attach schedule) SEE STATEMENT 43 | 12 | | 533. |
| 13 Total assets | 13 | 3,702,877. | 6,093,846. |
| Liabilities and Shareholders' Equity | | | |
| 14 Accounts payable | 14 | | |
| 15 Other current liabilities (attach schedule) SEE STATEMENT 44 | 15 | 930,277. | 682,337. |
| 16 Loans from shareholders and other related persons | 16 | | |
| 17 Other liabilities (attach schedule) SEE STATEMENT 45 | 17 | 1,913,164. | 4,400,764. |
| 18 Capital stock: | | | |
| a Preferred stock | 18a | | |
| b Common stock | 18b | 932,551. | 984,488. |
| 19 Paid-in or capital surplus (attach reconciliation) | 19 | | |
| 20 Retained earnings | 20 | -73,115. | 26,257. |
| 21 Less cost of treasury stock | 21 | () | () |
| 22 Total liabilities and shareholders' equity | 22 | 3,702,877. | 6,093,846. |

Form 5471 (Rev. 12-2007)

Schedule G Other Information

- | | | |
|--|--------------------------|-------------------------------------|
| | Yes | No |
| 1 During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If "Yes," see the instructions for required attachment. | | |
| 2 During the tax year, did the foreign corporation own an interest in any trust? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3 During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If "Yes," you are generally required to attach Form 8858 for each entity (see instructions). | | |
| 4 During the tax year, was the foreign corporation a participant in any cost sharing arrangement? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5 During the course of the tax year, did the foreign corporation become a participant in any cost sharing arrangement? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Schedule H Current Earnings and Profits

Important: Enter the amounts on lines 1 through 5c in functional currency.

| | | |
|---|----------------------|-------------------------|
| 1 Current year net income or (loss) per foreign books of account | 1 | 13,158,031. |
| 2 Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | | |
| | Net Additions | Net Subtractions |
| a Capital gains or losses | | |
| b Depreciation and amortization | | |
| c Depletion | | |
| d Investment or incentive allowance | | |
| e Charges to statutory reserves | | |
| f Inventory adjustments | | |
| g Taxes | | |
| h Other (attach schedule) | | |
| 3 Total net additions | | |
| 4 Total net subtractions | | |
| 5a Current earnings and profits (line 1 plus line 3 minus line 4) | 5a | 13,158,031. |
| b DASTM gain or (loss) for foreign corporations that use DASTM | 5b | |
| c Combine lines 5a and 5b | 5c | 13,158,031. |
| d Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations) | 5d | 104,513. |
| Enter exchange rate used for line 5d ▶ 125.898130 | | |

Schedule I Summary of Shareholder's Income From Foreign Corporation

| | | |
|---|----------|--|
| 1 Subpart F income (line 38b, Worksheet A in the instructions) | 1 | |
| 2 Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | |
| 3 Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | |
| 4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | |
| 5 Factoring income | 5 | |
| 6 Total of lines 1 through 5. Enter here and on your income tax return | 6 | |
| 7 Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 7 | |
| 8 Exchange gain or (loss) on a distribution of previously taxed income | 8 | |

| | | |
|--|--------------------------|-------------------------------------|
| | Yes | No |
| • Was any income of the foreign corporation blocked? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| • Did any such income become unblocked during the tax year (see section 964(b))? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

If the answer to either question is "Yes," attach an explanation.

**SCHEDULE J
(Form 5471)**

(Rev. December 2005)
Department of the Treasury
Internal Revenue Service

**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

▶ Attach to Form 5471.

| | |
|---------------------------------|--------------------|
| Name of person filing Form 5471 | Identifying number |
| MERCY CORPS | 91-1148123 |
| Name of foreign corporation | |

MCO ASIAN CREDIT FUND LLC

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) |
|--|---|---|
| 1 Balance at beginning of year | -9,548,769. | |
| 2a Current year E&P | 13,158,031. | |
| b Current year deficit in E&P | | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b) | 3,609,262. | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | |
| b Actual distributions of nonpreviously taxed E&P | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | 3,609,262. | |
| 7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.) | 3,609,262. | |

| | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 964(a) E&P (combine columns (a), (b), and (c)) |
|----|---|---|------------------------|---|
| | (i) Earnings Invested in U.S. Property | (ii) Earnings Invested in Excess Passive Assets | (iii) Subpart F Income | |
| 1 | | | | -9,548,769. |
| 2a | | | | |
| b | | | | |
| 3 | | | | |
| 4 | | | | |
| 5a | | | | |
| b | | | | |
| 6a | | | | |
| b | | | | |
| 7 | | | | 3,609,262. |

**SCHEDULE M
(Form 5471)**

(Rev. December 2007)

Department of the Treasury
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number

MERCY CORPS

91-1148123

Name of foreign corporation

MCO ASIAN CREDIT FUND LLC

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ▶ KZT

125,898130

| (a) Transactions of foreign corporation | (b) U.S. person filing this return | (c) Any domestic corporation or partnership controlled by U.S. person filing this return | (d) Any other foreign corporation or partnership controlled by U.S. person filing this return | (e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return) | (f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation |
|--|------------------------------------|--|---|--|---|
| 1 Sales of stock in trade (inventory) ... | | | | | |
| 2 Sales of tangible property other than stock in trade | | | | | |
| 3 Sales of property rights (patents, trademarks, etc.) | | | | | |
| 4 Buy-in payments received | | | | | |
| 5 Cost sharing payments received | | | | | |
| 6 Compensation received for technical, managerial, engineering, construction, or like services | | | | | |
| 7 Commissions received | | | | | |
| 8 Rents, royalties, and license fees received | | | | | |
| 9 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income) | | | | | |
| 10 Interest received | 1,707. | | | | |
| 11 Premiums received for insurance or reinsurance | | | | | |
| 12 Add lines 1 through 11 | 1,707. | | | | |
| 13 Purchases of stock in trade (inventory) | | | | | |
| 14 Purchases of tangible property other than stock in trade | | | | | |
| 15 Purchases of property rights (patents, trademarks, etc.) | | | | | |
| 16 Buy-in payments paid | | | | | |
| 17 Cost sharing payments paid | | | | | |
| 18 Compensation paid for technical, managerial, engineering, construction, or like services | | | | | |
| 19 Commissions paid | | | | | |
| 20 Rents, royalties, and license fees paid | | | | | |
| 21 Dividends paid | | | | | |
| 22 Interest paid | | | | | |
| 23 Premiums paid for insurance or reinsurance | | | | | |
| 24 Add lines 13 through 23 | | | | | |
| 25 Amounts borrowed (enter the maximum loan balance during the year) - see instr. | | | | | |
| 26 Amounts loaned (enter the maximum loan balance during the year) - see instr. | | | | | |

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

▶ See separate instructions.

(Rev. December 2007)
Department of the Treasury
Internal Revenue Service

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **JAN 1**, 2007, and ending **DEC 31**, 2007

Attachment
Sequence No. **121**

| | |
|---|--|
| Name of person filing this return MERCY CORPS Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) 3015 SW FIRST AVENUE City or town, state, and ZIP code PORTLAND, OR 97201 | A Identifying number 91-1148123 B Category of filer (See instructions. Check applicable box(es)): 1 (repealed) 2 <input type="checkbox"/> 3 <input checked="" type="checkbox"/> 4 <input checked="" type="checkbox"/> 5 <input type="checkbox"/> C Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period 40.00 % |
| Filer's tax year beginning JUL 1 , 2007, and ending JUN 30 , 2008 | |

D Person(s) on whose behalf this information return is filed:

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|-------------|-------------------------------|------------------------|------------------------------|---------|----------|
| | | | Shareholder | Officer | Director |
| MERCY CORPS | 3015 SW FIRST AVENUE PORTLAND | 91-1148123 | X | | |
| | | | | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in English. All amounts must be stated in U.S. dollars unless otherwise indicated.

| | | | | | |
|---|---|--|---|---|---|
| 1a Name and address of foreign corporation PT. BANK SRI PARTHA JI RAYA WR SUPRATMAN NO. 27X DENPASAR BALI FC INDONESIA | | | | b Employer identification number, if any | c Country under whose laws incorporated INDONESIA |
| d Date of incorporation 11/08/88 | e Principal place of business BALI INDONESIA | f Principal business activity code number 522110 | g Principal business activity BANKING | h Functional currency IDR | |

2 Provide the following information for the foreign corporation's accounting period stated above.

| | | |
|--|--|---|
| a Name, address, and identifying number of branch office or agent (if any) in the United States | b If a U.S. income tax return was filed, enter: | |
| | (i) Taxable income or (loss) | (ii) U.S. income tax paid (after all credits) |
| | | |

| | |
|--|---|
| c Name and address of foreign corporation's statutory or resident agent in country of incorporation | d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different |
| | |

| Schedule A Stock of the Foreign Corporation | | |
|---|---|--------------------------------------|
| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
| | (i) Beginning of annual accounting period | (ii) End of annual accounting period |
| COMMON | 50,500 | 134,899 |
| COMMON | 0 | 1 |
| | | |

LHA For Paperwork Reduction Act Notice, see instructions.

Form **5471** (Rev. 12-2007)

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued

| (a) Name of country or U.S. possession | Amount of tax | | |
|---|----------------------------|------------------------|------------------------|
| | (b) In foreign currency | (c) Conversion rate | (d) In U.S. dollars |
| 1 U.S. | | | |
| 2 INDONESIA | | | 0. |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 Total | | | |

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.

| Assets | | (a) | (b) |
|---|-----|---------------------------------------|---------------------------------|
| | | Beginning of annual accounting period | End of annual accounting period |
| 1 Cash | 1 | 2,612,514. | 3,637,804. |
| 2a Trade notes and accounts receivable | 2a | | |
| b Less allowance for bad debts | 2b | () | () |
| 3 Inventories | 3 | | |
| 4 Other current assets (attach schedule) SEE STATEMENT 46 | 4 | 1,728,381. | 1,529,438. |
| 5 Loans to shareholders and other related persons | 5 | | |
| 6 Investment in subsidiaries (attach schedule) | 6 | | |
| 7 Other investments (attach schedule) SEE STATEMENT 47 | 7 | 16,359,579. | 13,405,719. |
| 8a Buildings and other depreciable assets | 8a | 6,983,711. | 6,591,760. |
| b Less accumulated depreciation | 8b | (2,762,371.) | (2,841,996.) |
| 9a Depletable assets | 9a | | |
| b Less accumulated depletion | 9b | () | () |
| 10 Land (net of any amortization) | 10 | | |
| 11 Intangible assets: | | | |
| a Goodwill | 11a | | |
| b Organization costs | 11b | | |
| c Patents, trademarks, and other intangible assets | 11c | | |
| d Less accumulated amortization for lines 11a, b, and c | 11d | () | () |
| 12 Other assets (attach schedule) SEE STATEMENT 48 | 12 | 5,582,806. | 4,016,896. |
| 13 Total assets | 13 | 30,504,620. | 26,339,621. |
| Liabilities and Shareholders' Equity | | | |
| 14 Accounts payable | 14 | | |
| 15 Other current liabilities (attach schedule) SEE STATEMENT 49 | 15 | 25,786,173. | 23,648,162. |
| 16 Loans from shareholders and other related persons | 16 | | |
| 17 Other liabilities (attach schedule) | 17 | | |
| 18 Capital stock: | | | |
| a Preferred stock | 18a | | |
| b Common stock | 18b | 5,615,597. | 5,380,468. |
| 19 Paid-in or capital surplus (attach reconciliation) | 19 | | |
| 20 Retained earnings | 20 | -897,150. | -2,689,010. |
| 21 Less cost of treasury stock | 21 | () | () |
| 22 Total liabilities and shareholders' equity | 22 | 30,504,620. | 26,339,620. |

Form **5471** (Rev. 12-2007)

Schedule G Other Information

- | | | |
|--|--------------------------|-------------------------------------|
| | Yes | No |
| 1 During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If "Yes," see the instructions for required attachment. | | |
| 2 During the tax year, did the foreign corporation own an interest in any trust? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3 During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If "Yes," you are generally required to attach Form 8858 for each entity (see instructions). | | |
| 4 During the tax year, was the foreign corporation a participant in any cost sharing arrangement? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5 During the course of the tax year, did the foreign corporation become a participant in any cost sharing arrangement? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Schedule H Current Earnings and Profits

Important: Enter the amounts on lines 1 through 5c in functional currency.

| | | | |
|---|----------------------|-------------------------|------------------|
| 1 Current year net income or (loss) per foreign books of account | 1 | | -17,109,892,616. |
| 2 Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | | | |
| | Net Additions | Net Subtractions | |
| a Capital gains or losses | | | |
| b Depreciation and amortization | | | |
| c Depletion | | | |
| d Investment or incentive allowance | | | |
| e Charges to statutory reserves | | | |
| f Inventory adjustments | | | |
| g Taxes | | | |
| h Other (attach schedule) | | | |
| 3 Total net additions | | | |
| 4 Total net subtractions | | | |
| 5a Current earnings and profits (line 1 plus line 3 minus line 4) | 5a | | -17,109,892,616. |
| b DASTM gain or (loss) for foreign corporations that use DASTM | 5b | | |
| c Combine lines 5a and 5b | 5c | | -17,109,892,616. |
| d Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations) | 5d | | -1,872,286. |
| Enter exchange rate used for line 5d ▶ 9,138.501920 | | | |

Schedule I Summary of Shareholder's Income From Foreign Corporation

| | | | |
|---|----------|--|--|
| 1 Subpart F income (line 38b, Worksheet A in the instructions) | 1 | | |
| 2 Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | | |
| 3 Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | | |
| 4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | | |
| 5 Factoring income | 5 | | |
| 6 Total of lines 1 through 5. Enter here and on your income tax return | 6 | | |
| 7 Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 7 | | |
| 8 Exchange gain or (loss) on a distribution of previously taxed income | 8 | | |

| | | |
|--|--------------------------|--------------------------|
| | Yes | No |
| • Was any income of the foreign corporation blocked? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did any such income become unblocked during the tax year (see section 964(b))? | <input type="checkbox"/> | <input type="checkbox"/> |

If the answer to either question is "Yes," attach an explanation.

**SCHEDULE J
(Form 5471)**

(Rev. December 2005)
Department of the Treasury
Internal Revenue Service

**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number

MERCY CORPS

91-1148123

Name of foreign corporation

PT. BANK SRI PARTHA

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) |
|---|--|--|
| 1 Balance at beginning of year | -8,067,905,713. | |
| 2a Current year E&P | | |
| b Current year deficit in E&P | 17,109,892,616. | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b) | -25,177,798,329. | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | |
| b Actual distributions of nonpreviously taxed E&P | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | -25,177,798,329. | |
| 7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.) | -25,177,798,329. | |

| | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 964(a) E&P (combine columns (a), (b), and (c)) |
|-----------|--|--|-------------------------------|--|
| | <i>(i)</i> Earnings Invested in U.S. Property | <i>(ii)</i> Earnings Invested in Excess Passive Assets | <i>(iii)</i> Subpart F Income | |
| 1 | | | | -8,067,905,713. |
| 2a | | | | |
| b | | | | |
| 3 | | | | |
| 4 | | | | |
| 5a | | | | |
| b | | | | |
| 6a | | | | |
| b | | | | |
| 7 | | | | -25,177,798,329. |

**SCHEDULE M
(Form 5471)**

(Rev. December 2007)

Department of the Treasury
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation
and Shareholders or Other Related Persons**

OMB No. 1545-0704

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number

MERCY CORPS

91-1148123

Name of foreign corporation

PT. BANK SRI PARTHA

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ▶

| (a) Transactions of foreign corporation | (b) U.S. person filing this return | (c) Any domestic corporation or partnership controlled by U.S. person filing this return | (d) Any other foreign corporation or partnership controlled by U.S. person filing this return | (e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return) | (f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation |
|--|------------------------------------|--|---|--|---|
| 1 Sales of stock in trade (inventory) ... | | | | | |
| 2 Sales of tangible property other than stock in trade | | | | | |
| 3 Sales of property rights (patents, trademarks, etc.) | | | | | |
| 4 Buy-in payments received | | | | | |
| 5 Cost sharing payments received | | | | | |
| 6 Compensation received for technical, managerial, engineering, construction, or like services | | | | | |
| 7 Commissions received | | | | | |
| 8 Rents, royalties, and license fees received | | | | | |
| 9 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income) | | | | | |
| 10 Interest received | | | | | |
| 11 Premiums received for insurance or reinsurance | | | | | |
| 12 Add lines 1 through 11 | | | | | |
| 13 Purchases of stock in trade (inventory) | | | | | |
| 14 Purchases of tangible property other than stock in trade | | | | | |
| 15 Purchases of property rights (patents, trademarks, etc.) | | | | | |
| 16 Buy-in payments paid | | | | | |
| 17 Cost sharing payments paid | | | | | |
| 18 Compensation paid for technical, managerial, engineering, construction, or like services | | | | | |
| 19 Commissions paid | | | | | |
| 20 Rents, royalties, and license fees paid | | | | | |
| 21 Dividends paid | | | | | |
| 22 Interest paid | | | | | |
| 23 Premiums paid for insurance or reinsurance | | | | | |
| 24 Add lines 13 through 23 | | | | | |
| 25 Amounts borrowed (enter the maximum loan balance during the year) - see instr. | | | | | |
| 26 Amounts loaned (enter the maximum loan balance during the year) - see instr. | | | | | |

**SCHEDULE O
(Form 5471)**

(Rev. December 2005)

Department of the Treasury
Internal Revenue Service

Organization or Reorganization of Foreign Corporation, and Acquisitions and Dispositions of its Stock

OMB No. 1545-0704

▶ Attach to Form 5471.

| | |
|--|--------------------------------------|
| Name of person filing Form 5471 MERCY CORPS | Identifying number 91-1148123 |
|--|--------------------------------------|

Name of foreign corporation

PT. BANK SRI PARTHA

Important: Complete a separate Schedule O for each foreign corporation for which information must be reported.

Part I To Be Completed by U.S. Officers and Directors

| (a) Name of shareholder for whom acquisition information is reported | (b) Address of shareholder | (c) Identifying number of shareholder | (d) Date of original 10% acquisition | (e) Date of additional 10% acquisition |
|---|-------------------------------|--|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Part II To Be Completed by U.S. Shareholders

Note: If this return is required because one or more shareholders became U.S. persons, attach a list showing the names of such persons and the date each became a U.S. person.

Section A - General Shareholder Information

| (a) Name, address, and identifying number of shareholder(s) filing this schedule | (b) For shareholder's latest U.S. income tax return filed, indicate: | | | (c) Date (if any) shareholder last filed information return under section 6046 for the foreign corporation |
|---|---|--------------------------|--|---|
| | (1) Type of return (enter form number) | (2) Date return filed | (3) Internal Revenue Service Center where filed | |
| MERCY CORPS 91-1148123 3015 SW FIRST AVENUE PORTLAND OR 97201 | 990 | 05/23/08 | E-FILED | |
| | | | | |
| | | | | |

Section B - U.S. Persons Who Are Officers or Directors of the Foreign Corporation

| (a) Name of U.S. officer or director | (b) Address | (c) Social security number | (d) Check appropriate box(es) | |
|---|---|-------------------------------|----------------------------------|----------|
| | | | Officer | Director |
| STEPHEN MITCHELL | 3015 SW FIRST AVENUE PORTLAND OR 97201 | | | X |
| WILLIAM HAYWORTH | JL. JEND. SUDIRMAN KAV 52 JAKARTA FC 12190 | | | X |
| | | | | |

Section C - Acquisition of Stock

| (a) Name of shareholder(s) filing this schedule | (b) Class of stock acquired | (c) Date of acquisition | (d) Method of acquisition | (e) Number of shares acquired | | |
|--|--------------------------------|----------------------------|------------------------------|----------------------------------|-------------------|-----------------------|
| | | | | (1) Directly | (2) Indirectly | (3) Constructively |
| STMT 50 | | | | | | |
| MERCY CORPS | COMMON | 05/23/2008 | PURCHASE | 26,660 | | |
| MERCY CORPS | COMMON | 05/23/2008 | PURCHASE | 2,925 | | |
| MERCY CORPS | COMMON | 05/23/2008 | PURCHASE | 2,925 | | |

| (f) Amount paid or value given | (g) Name and address of person from whom shares were acquired |
|-----------------------------------|--|
| 13,198,019,802. | MR. I WAYAN GATHA, JALAN RAYA W.R. SUPRATMAN DENPASAR, BALI FC 80236 INDONESIA |
| 1,448,019,802. | MR. I NYOMAN PEGUG, JALAN RAYA W.R. SUPRATMAN DENPASAR, BALI FC 80236 INDONESIA |
| 1,448,019,802. | MR. I WAYAN AMBLON, JALAN RAYA W.R. SUPRATMAN DENPASAR, BALI FC 80236 INDONESIA |

Section D - Disposition of Stock

| (a) Name of shareholder disposing of stock | (b) Class of stock | (c) Date of disposition | (d) Method of disposition | (e) Number of shares disposed of | | |
|---|-----------------------|----------------------------|------------------------------|-------------------------------------|-------------------|-----------------------|
| | | | | (1) Directly | (2) Indirectly | (3) Constructively |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| (f) Amount received | (g) Name and address of person to whom disposition of stock was made |
|------------------------|---|
| | |
| | |
| | |

Section E - Organization or Reorganization of Foreign Corporation

| (a) Name and address of transferor | | (b) Identifying number (if any) | (c) Date of transfer |
|---------------------------------------|--|------------------------------------|-------------------------|
| | | | |
| | | | |
| | | | |

| (d) Assets transferred to foreign corporation | | | (e) Description of assets transferred by, or notes or securities issued by, foreign corporation |
|--|--------------------------|---|--|
| (1) Description of assets | (2) Fair market value | (3) Adjusted basis (if transferor was U.S. person) | |
| | | | |
| | | | |
| | | | |

Section F - Additional Information

(a) If the foreign corporation or a predecessor U.S. corporation filed (or joined with a consolidated group in filing) a U.S. income tax return for any of the last 3 years, attach a statement indicating the year for which a return was filed (and, if applicable, the name of the corporation filing the consolidated return), the taxable income or loss, and the U.S. income tax paid (after all credits).

(b) List the date of any reorganization of the foreign corporation that occurred during the last 4 years while any U.S. person held 10% or more in value or vote (directly or indirectly) of the corporation's stock ►

(c) If the foreign corporation is a member of a group constituting a chain of ownership, attach a chart, for each unit of which a shareholder owns 10% or more in value or voting power of the outstanding stock. The chart must indicate the corporation's position in the chain of ownership and the percentages of stock ownership (see instructions for an example).

FORM 5471 AMOUNT AND TYPE OF INDEBTEDNESS OF FOREIGN CORPORATION TO THE RELATED PERSONS DESCRIBED IN REGULATIONS SECTION 1.6046-1(B)(11) STATEMENT 26

| DESCRIPTION | AMOUNT |
|-------------|--------|
| N/A | 0. |

FORM 5471 EXPLANATION OF FILER'S NAME CHANGE OR CORPORATION'S ACTIVITIES CHANGE AND DESCRIPTION OF PRIOR NAME STATEMENT 27

MERCY CORPS PURCHASED 68% OF THE 50,500 OUTSTANDING SHARES OF STOCK ON MAY 23, 2008. ON JUNE 27, 2008, THE BANK RECEIVED ADDITIONAL CAPITAL INVESTMENT FROM THREE NEW INVESTORS AND TOTAL SHARES OUTSTANDING WAS INCREASED TO 135,900. MERCY CORPS NOW OWNS 54,360 OF THE 135,900 OUTSTANDING SHARES FOR A TOTAL OF 40% OF THE STOCK. AMOUNTS REPORTED ON SCHEDULE O, PART II, SECTION C, COLUMN F ARE IN INDONESIAN RUPIAH.

FORM 5471 OTHER INCOME STATEMENT 28

| DESCRIPTION | FUNCTIONAL CURRENCY | EXCHANGE RATE | U.S. DOLLAR |
|-------------------------------------|---------------------|---------------|-------------|
| NET GAIN ON TRANSLATION DIFFERENCES | 9,781,000. | 39.956300 | 244,792. |
| OTHER INCOME | 524,000. | 39.956300 | 13,114. |
| TOTAL TO 5471, SCHEDULE C, LINE 8 | 10,305,000. | | 257,906. |

FORM 5471 OTHER DEDUCTIONS STATEMENT 29

| DESCRIPTION | FUNCTIONAL CURRENCY | EXCHANGE RATE | U.S. DOLLAR |
|--|---------------------|---------------|-------------|
| PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS | 21,442,000. | 39.956300 | 536,636. |
| FEE AND COMMISSION EXPENSE | 2,657,000. | 39.956300 | 66,498. |
| PROVISION FOR IMPAIRMENT LOSSES ON OTHER TRANSACTIONS | 142,000. | 39.956300 | 3,554. |
| SALARY AND BONUSES | 64,742,000. | 39.956300 | 1,620,320. |
| SOCIAL FUND CONTRIBUTIONS | 12,869,000. | 39.956300 | 322,077. |
| OPERATING LEASE | 9,061,000. | 39.956300 | 226,773. |
| PROFESSIONAL SERVICES | 3,164,000. | 39.956300 | 79,187. |

| | | | |
|---|---------------------|-----------|-------------------|
| TRANSPORTATION COSTS | 8,452,000. | 39.956300 | 211,531. |
| BUSINESS TRIP AND REP. EXPENSES | 4,036,000. | 39.956300 | 101,010. |
| COMMUNICATIONS, MAIL, COURIER | 3,095,000. | 39.956300 | 77,460. |
| STATIONERY | 1,730,000. | 39.956300 | 43,297. |
| TRAINING | 1,924,000. | 39.956300 | 48,153. |
| NON-PERFORMING CONTRACT EXPENSES | 65,000. | 39.956300 | 1,627. |
| MAINTENANCE | 530,000. | 39.956300 | 13,264. |
| SECURITY | 1,430,000. | 39.956300 | 35,789. |
| UTILITIES | 606,000. | 39.956300 | 15,167. |
| CHARITIES AND SPONSORSHIP | 651,000. | 39.956300 | 16,293. |
| ADVERTISING AND SUBSCRIPTIONS | 1,335,000. | 39.956300 | 33,412. |
| MISCELLANEOUS OPERATING EXPENSES | 5,919,000. | 39.956300 | 148,137. |
| TOTAL TO 5471, SCHEDULE C, LINE 16 | 143,850,000. | | 3,600,185. |

FORM 5471 OTHER INCOME STATEMENT 30

| DESCRIPTION | FUNCTIONAL CURRENCY | EXCHANGE RATE | U.S. DOLLAR |
|--|---------------------|---------------|----------------|
| PROGRAM SERVICE REVENUE AND OTHER RELATED INCOME | 10,739,236. | 125.898130 | 85,301. |
| TOTAL TO 5471, SCHEDULE C, LINE 8 | 10,739,236. | | 85,301. |

FORM 5471 OTHER DEDUCTIONS STATEMENT 31

| DESCRIPTION | FUNCTIONAL CURRENCY | EXCHANGE RATE | U.S. DOLLAR |
|---|---------------------|---------------|----------------|
| OCCUPANCY & MAINTENANCE | 517,064. | 125.898130 | 4,107. |
| OFFICE SUPPLIES | 52,877. | 125.898130 | 420. |
| TRANSPORTATION | 500,571. | 125.898130 | 3,976. |
| MEMBERSHIP FEES | 67,230. | 125.898130 | 534. |
| BANK FEES | 79,190. | 125.898130 | 629. |
| MARKETING | 1,064,217. | 125.898130 | 8,453. |
| TRAINING | 143,650. | 125.898130 | 1,141. |
| BUSINESS TRIP | 373,666. | 125.898130 | 2,968. |
| CONSULTING FEES | 55,899. | 125.898130 | 444. |
| COMMUNITY PROJECT | 292,210. | 125.898130 | 2,321. |
| OTHER TAXES | 206,221. | 125.898130 | 1,638. |
| OTHER EXPENSES | 3,596,280. | 125.898130 | 28,565. |
| CURRENCY REMEASURE | 919,560. | 125.898130 | 7,304. |
| MISCELLANEOUS OPERATING EXPENSES | 138,362. | 125.898130 | 1,099. |
| TOTAL TO 5471, SCHEDULE C, LINE 16 | 8,006,997. | | 63,599. |

FORM 5471

OTHER INCOME

STATEMENT 32

| DESCRIPTION | FUNCTIONAL CURRENCY | EXCHANGE RATE | U.S. DOLLAR |
|-----------------------------------|------------------------|------------------|-------------|
| PENALTIES | 9,258,165. | 125.898130 | 73,537. |
| LOANS FEES | 13,582,798. | 125.898130 | 107,887. |
| INVESTMENT INCOME | 32,230. | 125.898130 | 256. |
| CURRENCY REMEASURE | 9,948,848. | 125.898130 | 79,023. |
| OTHER INCOME | 3,094,576. | 125.898130 | 24,580. |
| TOTAL TO 5471, SCHEDULE C, LINE 8 | 35,916,617. | | 285,283. |

FORM 5471

OTHER DEDUCTIONS

STATEMENT 33

| DESCRIPTION | FUNCTIONAL CURRENCY | EXCHANGE RATE | U.S. DOLLAR |
|------------------------------------|------------------------|------------------|-------------|
| LOAN LOSS PROVISION | 3,716,765. | 125.898130 | 29,522. |
| OTHER FINANCIAL EXPENSES | 3,866,961. | 125.898130 | 30,715. |
| PAYROLL & BENEFITS | 41,834,156. | 125.898130 | 332,286. |
| OCCUPANCY & MAINTENANCE | 12,467,706. | 125.898130 | 99,030. |
| OFFICE SUPPLIES | 1,216,575. | 125.898130 | 9,663. |
| TRANSPORTATION | 1,166,233. | 125.898130 | 9,263. |
| TELECOMMUNICATION EXPENSE | 3,807,550. | 125.898130 | 30,243. |
| MEMBERSHIP FEES | 546,776. | 125.898130 | 4,343. |
| AUDIT EXPENSE | 4,479,707. | 125.898130 | 35,582. |
| BANK FEES | 4,722,009. | 125.898130 | 37,507. |
| POSTAL DELIVERY | 204,928. | 125.898130 | 1,628. |
| MARKETING | 2,510,878. | 125.898130 | 19,944. |
| OFFICE EQUIPMENT MAINTENANCE | 842,898. | 125.898130 | 6,695. |
| TRAINING | 2,154,292. | 125.898130 | 17,111. |
| BUSINESS TRIP | 2,523,559. | 125.898130 | 20,044. |
| CONSULTING FEES | 2,547,493. | 125.898130 | 20,235. |
| LEGAL EXPENSE | 629,561. | 125.898130 | 5,001. |
| LOAN TRACKING SYSTEM FEE | 449,469. | 125.898130 | 3,570. |
| COMMUNITY PROJECT | 39,028. | 125.898130 | 310. |
| OTHER TAXES | 679,281. | 125.898130 | 5,395. |
| OTHER EXPENSES | 2,898,804. | 125.898130 | 23,025. |
| TOTAL TO 5471, SCHEDULE C, LINE 16 | 93,304,629. | | 741,112. |

FORM 5471 OTHER INCOME STATEMENT 34

| DESCRIPTION | FUNCTIONAL CURRENCY | EXCHANGE RATE | U.S. DOLLAR |
|-----------------------------------|---------------------|---------------|-------------|
| PROVISION AND COMMISSION | 3,163,379,032. | 9,138.501920 | 346,159. |
| FOREIGN TRANSACTION INCOME | 11,343,440. | 9,138.501920 | 1,241. |
| OTHER INCOME | 4,499,187,002. | 9,138.501920 | 492,333. |
| NON OPERATIONAL INCOME | 11,420,682,016. | 9,138.501920 | 1,249,732. |
| TOTAL TO 5471, SCHEDULE C, LINE 8 | 19,094,591,490. | | 2,089,465. |

FORM 5471 OTHER DEDUCTIONS STATEMENT 35

| DESCRIPTION | FUNCTIONAL CURRENCY | EXCHANGE RATE | U.S. DOLLAR |
|------------------------------------|---------------------|---------------|-------------|
| LOAN LOSS PROVISION EXPENSE | 25,144,585,408. | 9,138.501920 | 2,751,500. |
| ADMINISTRATION EXPENSE | 7,113,022,746. | 9,138.501920 | 778,358. |
| LABOR EXPENSE | 11,298,820,300. | 9,138.501920 | 1,236,397. |
| NON OPERATIONAL EXPENSE | 4,611,239,008. | 9,138.501920 | 504,595. |
| TOTAL TO 5471, SCHEDULE C, LINE 16 | 48,167,667,462. | | 5,270,850. |

FORM 5471 OTHER CURRENT ASSETS STATEMENT 36

| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD |
|---|----------------------------------|---------------------------------|
| DUE FROM BANKS | 1,003,619. | 3,696,773. |
| LOANS TO CUSTOMERS | 6,296,960. | 20,748,645. |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 4 | 7,300,579. | 24,445,418. |

| FORM 5471 | OTHER ASSETS | STATEMENT | 37 |
|--|----------------------------------|---------------------------------|----|
| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD | |
| INVENTORY | 13,269. | 85,130. | |
| PREPAID SERVICES | 12,569. | 24,367. | |
| PREPAID TAXES | 12,328. | 52,565. | |
| PREPAYMENTS FOR EQUIPMENT | 11,894. | 91,242. | |
| CUSTOMS | 8,179. | 3,634. | |
| DUE FROM MERCY CORPS | 893. | 0. | |
| OTHER ASSETS | 5,524. | 16,226. | |
| ALLOWANCE FOR IMPAIRMENT LOSS | -4,101. | -4,000. | |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 12 | 60,555. | 269,164. | |

| FORM 5471 | OTHER LIABILITIES | STATEMENT | 38 |
|--|----------------------------------|---------------------------------|----|
| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD | |
| INCOME TAX LIABILITIES | 35,151. | 84,707. | |
| TAXES PAYABLE | 36,019. | 107,215. | |
| ACCRUED SALARY AND BONUSES | 25,597. | 1,437. | |
| VACATION ACCRUAL | 22,413. | 123,244. | |
| DUE TO MERCY CORPS | 6,610. | | |
| OTHER LIABILITIES | 1,110. | 23,437. | |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 17 | 126,900. | 340,040. | |

| FORM 5471 | OTHER CURRENT ASSETS | STATEMENT | 39 |
|---|----------------------------------|---------------------------------|----|
| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD | |
| INVESTMENTS IN OTHER LEGAL ENTITITY | 932,477. | 0. | |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 4 | 932,477. | 0. | |

| FORM 5471 | OTHER CURRENT LIABILITIES | STATEMENT | 40 |
|--|----------------------------------|---------------------------------|----|
| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD | |
| GRANTS LIABILITIES | | 35,732. | |
| LOAN FROM MCO ACF, LLC | | 11,222. | |
| OTHER SHORT TERM LIABILITIES | 9,935. | 13,058. | |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 15 | 9,935. | 60,012. | |

| FORM 5471 | OTHER LIABILITIES | STATEMENT | 41 |
|--|----------------------------------|---------------------------------|----|
| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD | |
| OTHER LONG TERM LIABILITIES | | 55,709. | |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 17 | | 55,709. | |

| FORM 5471 | OTHER CURRENT ASSETS | STATEMENT | 42 |
|---|----------------------------------|---------------------------------|----|
| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD | |
| RESTRICTED CASH COLLATERAL | 450,000. | 1,413,800. | |
| LOANS TO CUSTOMERS | 3,081,002. | 4,425,397. | |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 4 | 3,531,002. | 5,839,197. | |

| FORM 5471 | OTHER ASSETS | STATEMENT | 43 |
|--|--------------|----------------------------------|---------------------------------|
| DESCRIPTION | | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD |
| OTHER ASSETS | | | 533. |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 12 | | | 533. |

| FORM 5471 | OTHER CURRENT LIABILITIES | STATEMENT | 44 |
|--|---------------------------|----------------------------------|---------------------------------|
| DESCRIPTION | | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD |
| LOAN FROM DEMIRBANK | | 820,747. | |
| OTHER SHORT TERM BORROWINGS | | 74,641. | 624,464. |
| OTHER SHORT TERM LIABILITIES | | 34,889. | 57,873. |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 15 | | 930,277. | 682,337. |

| FORM 5471 | OTHER LIABILITIES | STATEMENT | 45 |
|--|-------------------|----------------------------------|---------------------------------|
| DESCRIPTION | | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD |
| LOAN FROM MC | | 513,164. | 513,164. |
| OTHER LONG TERM LIABILITIES - FRONTIERS | | 600,000. | |
| OIKOCREDIT DEVELOPMENT COOP SOCIETY | | 800,000. | 800,000. |
| DEUTSCHE BANK | | | 1,014,154. |
| MITTAL STEEL SME REOURCES | | | 238,264. |
| DEMIR KAZAKHSTAN BANK | | | 1,835,182. |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 17 | | 1,913,164. | 4,400,764. |

FORM 5471 OTHER CURRENT ASSETS STATEMENT 46

| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD |
|---|----------------------------------|---------------------------------|
| PLACEMENT AT OTHER BANKS | 1,745,839. | 1,544,887. |
| ALLOWANCE | -17,458. | -15,449. |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 4 | 1,728,381. | 1,529,438. |

FORM 5471 OTHER INVESTMENTS STATEMENT 47

| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD |
|---|----------------------------------|---------------------------------|
| LOAN | 16,658,856. | 14,342,970. |
| LOAN LOSS ALLOWANCE | -299,277. | -937,251. |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 7 | 16,359,579. | 13,405,719. |

FORM 5471 OTHER ASSETS STATEMENT 48

| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD |
|--|----------------------------------|---------------------------------|
| OTHER ASSETS | 5,582,806. | 4,709,525. |
| ALLOWANCE | | -692,629. |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 12 | 5,582,806. | 4,016,896. |

FORM 5471 OTHER CURRENT LIABILITIES STATEMENT 49

| DESCRIPTION | BEG. OF ANNUAL ACCOUNTING PERIOD | END OF ANNUAL ACCOUNTING PERIOD |
|--|----------------------------------|---------------------------------|
| SHORT TERM LIABILITIES | 39,936. | 43,375. |
| SAVINGS | 23,603,382. | 22,281,730. |
| OTHER BANK SAVINGS | 1,591,255. | 743,939. |
| DEBT | 56,042. | 33,221. |
| OTHER LIABILITIES | 495,558. | 545,897. |
| TOTAL TO 5471, PAGE 3, SCHEDULE F, LINE 15 | 25,786,173. | 23,648,162. |

SCHEDULE O ACQUISITION OF STOCK STATEMENT 50

| (A) NAME OF SHAREHOLDER(S) FILING THIS SCHEDULE | (B) CLASS OF STOCK ACQUIRED | (C) DATE OF ACQUISITION | (D) METHOD OF ACQUISITION | (E) NO. OF SHARES ACQUIRED | | |
|---|---|----------------------------|------------------------------|-------------------------------|-------------|-----------------|
| | | | | DIRECT-LY | INDI-RECTLY | CONSTRUC-TIVELY |
| (F) AMOUNT PAID OR VALUE GIVEN | (G) NAME AND ADDRESS OF PERSON FROM WHOM SHARES ACQUIRED | | | | | |
| MERCY CORPS 905,940,594. | COMMON | 05/23/2008 | PURCHASE | 1,830 | | |
| | MR. I GEDE ARIESUNDA, JALAN RAYA W.R. SUPRATMAN DENPASAR, BALI FC 80236 INDONESIA | | | | | |
| MERCY CORPS 20,239,000,000. | COMMON | 06/27/2008 | PURCHASE | 20,239 | | |
| | PT BANK SRI PARTHA, JALAN RAYA W.R. SUPRATMAN DENPASAR, BALI FC 80236 INDONESIA | | | | | |
| MERCY CORPS 1,000,000. | COMMON | 06/27/2008 | PURCHASE | 1 | | |
| | PT BANK SRI PARTHA, JALAN RAYA W.R. SUPRATMAN DENPASAR, BALI FC 80236 INDONESIA | | | | | |

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete

Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

| | | |
|---------------|--|--|
| Type or print | Name of Exempt Organization MERCY CORPS | Employer identification number 91-1148123 |
| | Number, street, and room or suite no. If a P.O. box, see instructions. 3015 SW FIRST AVENUE | |
| | City, town or post office, state, and ZIP code. For a foreign address, see instructions. PORTLAND, OR 97201 | |

Check type of return to be filed (file a separate application for each return):

- | | | |
|--------------------------------------|---|------------------------------------|
| <input type="checkbox"/> Form 990 | <input checked="" type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

• The books are in the care of ▶ STEPHEN MITCHELL

Telephone No. ▶ 503-796-6800 FAX No. ▶ _____

• If the organization does not have an office or place of business in the United States, check this box

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a corporation required to file Form 990-T) extension of time until MAY 15, 2009, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ calendar year _____ or

▶ tax year beginning JUL 1, 2007, and ending JUN 30, 2008.

2 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

| | | | |
|---|-----------|----|--------|
| 3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. | 3a | \$ | 3,099. |
| b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. | 3b | \$ | 3,099. |
| c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. | 3c | \$ | 0. |

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

• If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II and check this box **X**

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

| | | |
|---|---|---|
| Part II Additional (Not Automatic) 3-Month Extension of Time. You must file original and one copy. | | |
| Type or print <small>File by the extended due date for filing the return. See instructions.</small> | Name of Exempt Organization MERCY CORPS | Employer identification number 91-1148123 |
| | Number, street, and room or suite no. If a P.O. box, see instructions. 3015 SW FIRST AVENUE | For IRS use only |
| | City, town or post office, state, and ZIP code. For a foreign address, see instructions. PORTLAND, OR 97201 | |

Check type of return to be filed (File a separate application for each return):

- Form 990
 Form 990-EZ
 Form 990-T (sec. 401(a) or 408(a) trust)
 Form 1041-A
 Form 5227
 Form 8870
 Form 990-BL
 Form 990-PF
 Form 990-T (trust other than above)
 Form 4720
 Form 6069

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of **STEPHEN MITCHELL**
Telephone No. **503-796-6800** FAX No. _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

- 4** I request an additional 3-month extension of time until MAY 15, 2009.
5 For calendar year _____, or other tax year beginning JUL 1, 2007, and ending JUN 30, 2008.
6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period
7 State in detail why you need the extension
ADDITIONAL TIME IS REQUIRED IN ORDER TO ASSEMBLE INFORMATION NECESSARY TO PREPARE A COMPLETE AND ACCURATE RETURN.

| | | |
|--|-----------|--------|
| 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. | 8a | \$ |
| b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868. | 8b | \$ |
| c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. | 8c | \$ N/A |

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature Title **CPA-AGENT** Date

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

2007

Department of the Treasury
Internal Revenue Service (77)

For calendar year 2007 or other tax year beginning **JUL 1, 2007**, and ending **JUN 30, 2008**

Open to Public Inspection for
501(c)(3) Organizations Only

| | | | |
|--|--|--|--|
| <p>A <input type="checkbox"/> Check box if address changed</p> <p>B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 408A <input type="checkbox"/> 529(a) <input type="checkbox"/> 220(e) <input type="checkbox"/> 530(a)</p> | <p>Print or Type</p> | <p>Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) MERCY CORPS</p> <p>Number, street, and room or suite no. If a P.O. box, see page 9 of instructions. 3015 SW FIRST AVENUE</p> <p>City or town, state, and ZIP code PORTLAND, OR 97201</p> | <p>D Employer identification number (Employees' trust, see instructions for Block D on page 9.) 91-1148123</p> <p>E Unrelated business activity codes (See instructions for Block E on page 9.) 900000</p> |
| <p>C Book value of all assets at end of year 119,289,575.</p> | <p>F Group exemption number (see instructions for Block F.) ▶</p> <p>G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust</p> | | |

H Describe the organization's primary unrelated business activity. ▶ **INVESTMENT INCOME**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No
 If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ **STEPHEN MITCHELL** Telephone number ▶ **503-796-6800**

| Part I Unrelated Trade or Business Income | (A) Income | (B) Expenses | (C) Net |
|---|-------------------|--------------|---------|
| 1a Gross receipts or sales | | | |
| b Less returns and allowances c Balance ▶ | 1c | | |
| 2 Cost of goods sold (Schedule A, line 7) | 2 | | |
| 3 Gross profit. Subtract line 2 from line 1c | 3 | | |
| 4a Capital gain net income (attach Schedule D) | 4a 7,550. | | 7,550. |
| b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797) | 4b | | |
| c Capital loss deduction for trusts | 4c | | |
| 5 Income (loss) from partnerships and S corporations (attach statement) | 5 7,171. | STMT 25 | 7,171. |
| 6 Rent income (Schedule C) | 6 | | |
| 7 Unrelated debt-financed income (Schedule E) | 7 | | |
| 8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F) | 8 | | |
| 9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G) | 9 | | |
| 10 Exploited exempt activity income (Schedule I) | 10 | | |
| 11 Advertising income (Schedule J) | 11 | | |
| 12 Other income (See instructions; attach schedule.) | 12 | | |
| 13 Total. Combine lines 3 through 12 | 13 14,721. | | 14,721. |

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)
 (Except for contributions, deductions must be directly connected with the unrelated business income.)

| | | |
|--|------------|------------|
| 14 Compensation of officers, directors, and trustees (Schedule K) | 14 | |
| 15 Salaries and wages | 15 | |
| 16 Repairs and maintenance | 16 | |
| 17 Bad debts | 17 | |
| 18 Interest (attach schedule) | 18 | |
| 19 Taxes and licenses | 19 | |
| 20 Charitable contributions (See instructions for limitation rules.) | 20 | |
| 21 Depreciation (attach Form 4562) | 21 | |
| 22 Less depreciation claimed on Schedule A and elsewhere on return | 22a | 22b |
| 23 Depletion | 23 | |
| 24 Contributions to deferred compensation plans | 24 | |
| 25 Employee benefit programs | 25 | |
| 26 Excess exempt expenses (Schedule I) | 26 | |
| 27 Excess readership costs (Schedule J) | 27 | |
| 28 Other deductions (attach schedule) | 28 | |
| 29 Total deductions. Add lines 14 through 28 | 29 | 0. |
| 30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13 | 30 | 14,721. |
| 31 Net operating loss deduction (limited to the amount on line 30) | 31 | |
| 32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30 | 32 | 14,721. |
| 33 Specific deduction (Generally \$1,000, but see instructions for exceptions) | 33 | 1,000. |
| 34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32 | 34 | 13,721. |

Part III Tax Computation

| | | |
|---|------------|--------|
| 35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and: a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____ b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____ c Income tax on the amount on line 34 | 35c | 2,058. |
| 36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041) | 36 | |
| 37 Proxy tax. See instructions | 37 | |
| 38 Alternative minimum tax | 38 | |
| 39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies | 39 | 2,058. |

Part IV Tax and Payments

| | | |
|--|------------|--------|
| 40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) | 40a | |
| b Other credits (see instructions) | 40b | |
| c General business credit. Check here and indicate which forms are attached: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶ _____ | 40c | |
| d Credit for prior year minimum tax (attach Form 8801 or 8827) | 40d | |
| e Total credits. Add lines 40a through 40d | 40e | |
| 41 Subtract line 40e from line 39 | 41 | 2,058. |
| 42 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule) | 42 | |
| 43 Total tax. Add lines 41 and 42 | 43 | 2,058. |
| 44a Payments: A 2006 overpayment credited to 2007 | 44a | 369. |
| b 2007 estimated tax payments | 44b | |
| c Tax deposited with Form 8868 | 44c | 2,730. |
| d Foreign organizations: Tax paid or withheld at source (see instructions) | 44d | |
| e Backup withholding (see instructions) | 44e | |
| f Other credits and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other _____ Total ▶ | 44f | |
| 45 Total payments. Add lines 44a through 44f | 45 | 3,099. |
| 46 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/> | 46 | |
| 47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed | 47 | |
| 48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid | 48 | 1,041. |
| 49 Enter the amount of line 48 you want: Credited to 2008 estimated tax 1,041. Refunded | 49 | 0. |

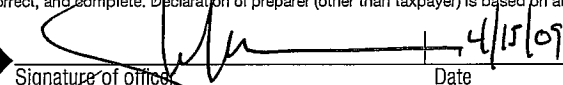

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 18)

| | | |
|--|-----|----|
| 1 At any time during the 2007 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1. If YES, enter the name of the foreign country here ▶ <u>SEE STATEMENT 22</u> | Yes | No |
| 2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file. | | X |
| 3 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____ | | |

Schedule A - Cost of Goods Sold. Enter method of inventory valuation ▶ N/A

| | | | | | |
|---|-----------|--|---|----------|----|
| 1 Inventory at beginning of year | 1 | | 6 Inventory at end of year | 6 | |
| 2 Purchases | 2 | | 7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2 | 7 | |
| 3 Cost of labor | 3 | | 8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? | Yes | No |
| 4a Additional section 263A costs | 4a | | | | X |
| b Other costs (attach schedule) | 4b | | | | |
| 5 Total. Add lines 1 through 4b | 5 | | | | |

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

| | | | | |
|---------------------------------|--|---------------------|--|---|
| Sign Here | Signature of officer  | Date <u>4/15/09</u> | CFO Title | May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| | Preparer's signature  | | | |
| Paid Preparer's Use Only | Firm's name (or yours if self-employed), address, and ZIP code | Date <u>4/16/09</u> | Check if self-employed <input checked="" type="checkbox"/> | EIN <u>93-0954337</u> |
| | TALBOT, KORVOLA & WARWICK, LLP | | | Phone no. <u>(503) 274-2849</u> |
| | 4800 SW MACADAM, SUITE 400 PORTLAND OR 97239-3973 | | | |

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property) (see instr. on pg 20)

1 Description of property

| | | | |
|--|--|---|----|
| (1) | | | |
| (2) | | | |
| (3) | | | |
| (4) | | | |
| 2 Rent received or accrued | | 3 Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule) | |
| (a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%) | (b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income) | | |
| (1) | | | |
| (2) | | | |
| (3) | | | |
| (4) | | | |
| Total | 0. | Total | 0. |
| Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) | | Total deductions. Enter here and on page 1, Part I, line 6, column (B) | |

Schedule E - Unrelated Debt-Financed Income (See instructions on page 20)

| | | | | |
|---|---|---|--|---|
| 1 Description of debt-financed property | | 2 Gross income from or allocable to debt-financed property | 3 Deductions directly connected with or allocable to debt-financed property | |
| | | | (a) Straight line depreciation (attach schedule) | (b) Other deductions (attach schedule) |
| (1) | | | | |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| 4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule) | 5 Average adjusted basis of or allocable to debt-financed property (attach schedule) | 6 Column 4 divided by column 5 | 7 Gross income reportable (column 2 x column 6) | 8 Allocable deductions (column 6 x total of columns 3(a) and 3(b)) |
| (1) | | % | | |
| (2) | | % | | |
| (3) | | % | | |
| (4) | | % | | |
| Totals | | | 0. | 0. |
| Total dividends-received deductions included in column 8 | | | 0. | 0. |

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 21)

| 1 Name of Controlled Organization | 2 Employer Identification Number | Exempt Controlled Organizations | | | |
|--|---|---|---|---|--|
| | | 3 Net unrelated income (loss) (see instructions) | 4 Total of specified payments made | 5 Part of column 4 that is included in the controlling organization's gross income | 6 Deductions directly connected with income in column (5) |
| (1) | | | | | |
| (2) | | | | | |
| (3) | | | | | |
| (4) | | | | | |

Nonexempt Controlled Organizations

| 7 Taxable Income | 8 Net unrelated income (loss) (see instructions) | 9 Total of specified payments made | 10 Part of column 9 that is included in the controlling organization's gross income | 11 Deductions directly connected with income in column 10 |
|-------------------------|---|---|--|--|
| (1) | | | | |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| Totals | | | 0. | 0. |

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization

(see instructions on page 22)

| 1 Description of income | 2 Amount of income | 3 Deductions directly connected (attach schedule) | 4 Set-asides (attach schedule) | 5 Total deductions and set-asides (col. 3 plus col. 4) |
|-------------------------|--------------------|--|--------------------------------|--|
| (1) | | | | |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| Totals | | Enter here and on page 1, Part I, line 9, column (A). 0. | | Enter here and on page 1, Part I, line 9, column (B). 0. |

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income

(see instructions on page 22)

| 1 Description of exploited activity | 2 Gross unrelated business income from trade or business | 3 Expenses directly connected with production of unrelated business income | 4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7. | 5 Gross income from activity that is not unrelated business income | 6 Expenses attributable to column 5 | 7 Excess exempt expenses (column 6 minus column 5, but not more than column 4). |
|-------------------------------------|--|--|---|--|-------------------------------------|---|
| (1) | | | | | | |
| (2) | | | | | | |
| (3) | | | | | | |
| (4) | | | | | | |
| Totals | | Enter here and on page 1, Part I, line 10, col. (A). 0. | Enter here and on page 1, Part I, line 10, col. (B). 0. | | | Enter here and on page 1, Part II, line 28. 0. |

Schedule J - Advertising Income (see instructions on page 22)

Part I Income From Periodicals Reported on a Consolidated Basis

| 1 Name of periodical | 2 Gross advertising income | 3 Direct advertising costs | 4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7. | 5 Circulation income | 6 Readership costs | 7 Excess readership costs (column 6 minus column 5, but not more than column 4). |
|-------------------------------------|----------------------------|----------------------------|---|----------------------|--------------------|--|
| (1) | | | | | | |
| (2) | | | | | | |
| (3) | | | | | | |
| (4) | | | | | | |
| Totals (carry to Part II, line (5)) | | 0. | 0. | | | 0. |

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

| | | | | | | |
|-----------------------------|----|---|---|--|--|--|
| (1) | | | | | | |
| (2) | | | | | | |
| (3) | | | | | | |
| (4) | | | | | | |
| (5) Totals from Part I | 0. | 0. | | | | 0. |
| Totals, Part II (lines 1-5) | | Enter here and on page 1, Part I, line 11, col. (A). 0. | Enter here and on page 1, Part I, line 11, col. (B). 0. | | | Enter here and on page 1, Part II, line 27. 0. |

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions on page 23)

| 1 Name | 2 Title | 3 Percent of time devoted to business | 4 Compensation attributable to unrelated business |
|---|---------|---------------------------------------|---|
| | | % | |
| | | % | |
| | | % | |
| | | % | |
| Total. Enter here and on page 1, Part II, line 14 | | | 0. |

FORM 990-T INCOME (LOSS) FROM PARTNERSHIPS STATEMENT 25

| DESCRIPTION | AMOUNT |
|--|--------|
| MICROVEST I, LP ORDINARY INCOME | 4,512. |
| MICROVEST I, LP ST CAPITAL GAIN INCOME | 2,659. |
| TOTAL TO FORM 990-T, PAGE 1, LINE 5 | 7,171. |

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

| | | |
|--|---|---|
| Type or print | Name of Exempt Organization MERCY CORPS | Employer identification number 91-1148123 |
| File by the due date for filing your return. See instructions. | Number, street, and room or suite no. If a P.O. box, see instructions. 3015 SW FIRST AVENUE | |
| | City, town or post office, state, and ZIP code. For a foreign address, see instructions. PORTLAND, OR 97201 | |

Check type of return to be filed (file a separate application for each return):

- | | | |
|--------------------------------------|---|------------------------------------|
| <input type="checkbox"/> Form 990 | <input checked="" type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- The books are in the care of ▶ **STEPHEN MITCHELL**
 Telephone No. ▶ **503-796-6800** FAX No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a corporation required to file Form 990-T) extension of time until MAY 15, 2009, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
 ▶ calendar year _____ or
 ▶ tax year beginning JUL 1, 2007, and ending JUN 30, 2008.

2 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

| | | | |
|--|-----------|----|--------|
| 3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. | 3a | \$ | 3,099. |
| b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. | 3b | \$ | 3,099. |
| c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. | 3c | \$ | 0. |

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.