



Mercy Ships Canada and Understanding Charity Rankings Sites

Thank you for your interest in Mercy Ships Canada. The reports available from the [Mercy Ships Canada website](#) are intended to provide an annual summary of our stewardship and program efforts.

The information available from the [Canada Revenue Agency](#), [Charity Intelligence Canada](#), [Smart Giving](#) and [Charity Data](#) web sites, among others, provide insights into the charity sector and issues related to evaluating financial stewardship.

Charity Intelligence Canada endeavours to compare Canadian charities on several criteria. Other organizations such as [Circle Acts](#) focus their efforts on assessing and identifying high-impact philanthropy. The respective comparative approaches can lead to different insights. For example, Mercy Ships Canada was recognized as one of Canada's most high-impact charities in Canada in 2020 by [Circle Acts](#).

In Charity Intelligence Canada, our rating is impacted by several considerations. The Charity Intelligence approach does not fully capture essential aspects of how Mercy Ships operates. For example, our ship-based hospitals are used for providing direct medical services, medical capacity building and activities that contribute to health system development in the countries we serve. Since the same physical facilities and volunteer crew serve multiple programs objectives simultaneously, Mercy Ships does not provide a disaggregated summary of expenses that are specifically allocate costs to each of the main programs service areas, at this time. Charity Intelligence Canada's methodology would assign a higher ranking to organization that provide a more granular level of program spending. We respect and acknowledge the difference in perspectives and approach to financial reporting.

Prior to COVID-19 on an annual basis, over 100 plus Canadian volunteers serve overseas with Mercy Ships. Not only do these individuals volunteer their time, but Mercy Ships Canada covers the costs of travel to and from our vessels, crew fees onboard the ship and other expenses. While Charity Intelligence includes the cost information from our financial reports, their methodology does not include the value of the volunteer's contributed services essential for making an impact. There is some portion of Mercy Ships Canada's overhead expenses to maintain financial and other records associated with the Canadian Board's governance oversight function that accounts for our overall administrative costs that are this not fully considered in the Charity Intelligence Canada methodology. As a result the ratio of administrative expenses is higher that

if contributed services was considered part of the revenue of the organization. The Mercy Ships Canada annual financial statements are audited by KPMG and our presentation is consistent with Canadian law and accounting practices.

Authors, such as Jim Collins of *Good to Great and the Social Sector* has observed, "In the social sectors, money is only an input." Thus, on a comparative basis, Mercy Ships Canada's ratios related to fundraising, programs, and administrative expenses will undoubtedly be different from other Canadian charities that Charity Intelligence may have rated.

The 2018 article by charity law expert Mark Blumberg entitled "[How Much Should a Canadian Registered Charity Spend on Administration](#)" notes, "the problem with relying on one simple indicator like administrative costs is that you can easily be very wrong." Similarly, Susan Fish highlights the importance of assessing administrative overhead costs as they relate to impact in program results in her 2016 article "[Measuring Impact Not Administration: A Primer on Charity Overhead](#)."

President and CEO of [Imagine Canada](#), Bruce MacDonald, very recently shared this reflection in his article, '[Tis the Rating Season](#)': "We continue to encourage transparency and disclosure in the charitable and non-profit sector and agree that Canadians should have access to meaningful information to allow them to make informed choices. However, we are concerned that the rating of charities does not provide complete and contextual information, and we believe that these 'top charity lists' have limitations that can, unfortunately, paint an incomplete picture of the amazing work done by sector organizations."

Mercy Ships Canada is Imagine Canada accredited that demonstrates our excellence and leadership in five key areas of operation: Board governance, financial accountability and transparency, fundraising, staff management and volunteer involvement. Our Financial Statements and Annual Report are available at: <https://mercyships.ca/en/impact-stories/annual-reports>.

Mercy Ships Canada is deeply committed to a fully transparent approach on how and where the money donors invest is spent and its impact. We are grateful for the Canadian medical and non-medical volunteers that are essential for contributing to the collective health impacts that Mercy Ships makes in the lives and health care systems of the world's forgotten poor, even though these efforts may not be fully captured in some of the comparative approaches to evaluating charities.

We remain deeply committed to listening to donors, volunteers, and partners on ways to improve and communicate our financial stewardship and welcome the dialogue and diverse perspectives necessary to strengthen our work.

Respectfully,
Darryl Anderson
Executive Director
Mercy Ships Canada