

# Annual Report

2014/15



### Compassion Australia

Compassion Australia ABN 67 001 692 566 is a public company limited by guarantee incorporated under the Corporations Act. Its registered office is located at 30 Warabrook Boulevard, Warabrook NSW 2304.

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All scripture quotations are taken from the New International Version.

### Fundraising

Compassion Australia is an active member of Fundraising Institute Australia (FIA). As an FIA Organisational Member, Compassion Australia is a signatory to the FIA's Principles and Standards of Fundraising Practice, and therefore upholds the highest ethical and professional standards for fundraising.

### Standard of Reporting

Compassion Australia's Annual Report 2014 won a Silver Award in the Australasian Reporting Awards, run by Australasian Reporting Awards Limited.



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# A Message from John Bond

*What a privilege it is to write to you once again on behalf of Compassion Australia's Board of Directors. We would like to extend our gratitude for the dedication of every faithful supporter, staff member, volunteer, church and advocate who has played a part in the ministry's continued growth this year. Because of you, Compassion is able to positively affect the lives of more than 1.7 million children living in poverty around the world.*

This year's major focus for our Board has been providing support to the ministry's leaders as Compassion Australia moved into Phase Two of Compassion's global vision—the 'Transition to Growth' phase – whilst still keeping a keen eye on the future. The goals of 'Transition to Growth' include acquiring and engaging new supporters, delighting and retaining existing supporters, revolutionising systems and processes, and developing people and culture.

In the three years leading up to financial year 2015, Compassion's strategic focus was on 'Building Capacity': investing in our staff, as well as our infrastructure, to update systems to prepare for future growth. Gratifyingly, as a result of a great team effort, we have met these strategic objectives.

As a result, it was pleasing to see that the groundwork from Phase One is producing significant positive results. This year Compassion Australia saw the highest number of acquisitions since 2009, along with our greatest sponsorship net growth since 2010. The continued focus on delighting existing supporters saw our cancellation rate sit at 7.26 per cent.

It's a result that is only possible because of the efforts of Compassion's dedicated staff, volunteers, and the generosity of more than 86,000 supporters. This means, of course, that what we all work for is being accomplished— the release of children from poverty in Jesus' name. Again we thank you for being partners with us in this great ministry.

As we move ahead into the new financial year, I can confidently declare the Board believes wholeheartedly that the future is bright—for Compassion and for the 1.7 million children we serve. We are all committed to making a difference in children's lives, one at a time.



A handwritten signature in black ink that reads "John Bond".

John Bond  
Chairman of the Board

# A Message from Tim Hanna

*What an amazing and humbling year this one has been. Again and again, I've seen and heard of the incredibly generous and selfless ways Compassion supporters across Australia have made a difference in the lives of the world's most vulnerable: children living in poverty.*

Two experiences come to mind when I reflect on this. Earlier this year I was fortunate to spend time in the Philippines for the first time since Typhoon Haiyan struck in November 2013. Once again, I saw the fantastic work of the local church in partnership with Compassion. The generosity of our supporters enabled Compassion to respond immediately to the Typhoon Haiyan disaster. Seeing in person the restoration of families' homes and child development centres that were destroyed or damaged during the super storm was a real highlight.

A trip to Colombia was a reminder of how Compassion and the local church is meeting the specific needs of children in their community. Gang culture is a significant problem in Colombia, particularly in the poorer neighbourhoods. Compassion works with the most at-risk children, those who are especially vulnerable. For a boy, this often means that unless there is positive influence upon him before he has reached his teens, it is all too easy for him to fall prey to the violent gang lifestyle. It was encouraging to see how Compassion is reaching out to these children, providing them with support and positive role models and showing them that there is a different life available.

Back at home, Compassion's supporters have continued to advocate for children in new and exciting ways. Whether it was the two guys who rode in a rickshaw across India to raise money for vulnerable women and children, the young girl who sold her artwork to friends and family, or the people who faced a fear of public speaking to talk in their churches about child poverty, their dedication continues to humble and inspire me. Let me extend my sincere thanks to all of our supporters across Australia.

Your efforts have contributed to making 2015 a great one: Compassion Australia's sponsorship acquisition is the highest it has been in recent years. This is to be celebrated not just because it is a significant number but because of what it represents: thousands of children's lives changed.

As we move forward as a ministry, navigating all the moving parts caused by system and technology changes, both locally and globally, we remain committed to seeing more and more children released from poverty in Jesus' name. So we link arms together, continue to pray, and put our heads down once again to continue to make a difference.



A handwritten signature in black ink that reads "Tim Hanna".

Tim Hanna  
Chief Executive Officer

# 2015 Highlights



The total number of new child sponsorships grew by 4480, from 100,996 to 105,476.



1.7 million\* children are supported through Compassion International, more than 105,000 by Australians.



A total of 167,573 letters were sent from Australian sponsors to sponsored children around the world.



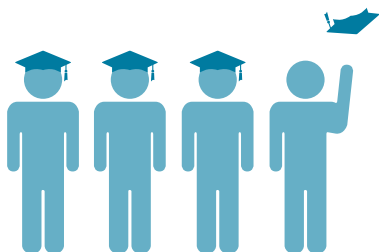
The Christmas Appeal raised almost \$2.3 million to help give every child in Compassion's program a Christmas gift.



Compassion Australia was named as a Certified Best Christian Workplace by BCWI.



Supporters gave more than \$20,500 to fund urgent heart surgery for Bintang, a nine-year-old girl from the Philippines.



Four Compassion graduates—Richmond Wandera, Silas Irungu, Jane Alam, and Lillian Nakabiri—toured Australia to share their inspiring stories.



The Compassion Appeal raised \$757,106 to provide education support to Compassion assisted students.



Compassion achieved a total of \$76 million in revenue and support, a 5.58 per cent increase from last year.



# Introducing Compassion



# About Us

*Compassion is one of Australia's biggest international child development organisations and one of the top fundraising charities in Australia\*.*

*As part of Compassion International, a global network of more than 12 funding countries and 26 developing countries, Compassion Australia is a Christian holistic child development and child advocacy ministry. We are committed to working in partnership with local churches to foster the spiritual, economic, socio-emotional and physical development of children living in extreme poverty.*

## Vision

Transformation of lives, communities and nations through releasing children from poverty in Jesus' name.

## Mission

Compassion exists as an advocate for children—to partner with, equip and inspire the Church to release children from poverty in Jesus' name.

## Values

Prayer, Relationships, Advocacy, Integrity, Stewardship and Excellence.

## History of Compassion

Compassion International started in 1952 when American evangelist Everett Swanson's heart was broken seeing children orphaned by the Korean War dying in the streets. Although he was ministering to troops at the time, he left South Korea promising to help 35 children. By 1975, Compassion International had expanded to 17 other developing countries with more than 25,000 sponsored children. Two years later, Compassion Australia started in Laurie and Olive McCowan's Newcastle home with the sponsorship of a single child.

Today, Compassion is transforming the lives of more than 1.7 million children, babies and students in 26 developing countries, through 12 international partner countries. As of June 2015, more than 105,476 children are supported by more than 78,100 Australian sponsors through Compassion Australia.

## Allocation of Donations

The 80/20 financial split has been Compassion Australia's benchmark since we were established in 1977.

Approximately 80 per cent of donations to Compassion is used:

- For the development, delivery and supervision of programs
- For the purchase of goods and services for the direct benefit of the children in our programs
- To facilitate sponsors' personal relationships with their sponsored children
- For community education in Australia

Approximately 20 per cent is allocated to cover all administration and fundraising costs in Australia.

One hundred per cent of child, family and centre gifts are sent through Compassion to the child development centre, where staff members assist the children and/or families in the purchase of appropriate goods. Ninety per cent of funds donated to the Christmas Gift Appeal are pooled to purchase a gift for each Compassion assisted child at Christmas; 10 per cent is allocated for administration and fundraising costs.

We do not use child sponsorship funds for other development activities; these are funded from other sources like Sponsorship Plus and Critical Interventions.

### PER CENT OF FUNDS USED FOR ADMINISTRATION AND FUNDRAISING

|      |        |
|------|--------|
| 2015 | 19.70% |
| 2014 | 20.07% |
| 2013 | 20.27% |
| 2012 | 20.50% |
| 2011 | 20.33% |

*\*Reported by Pareto Fundraising*



## A Global Network

Compassion International works in more than 26 developing nations to serve over 1.7 million children living in poverty. The funding for this work comes from over 12 partner countries, known as the Global Partner Alliance, which comprises of Compassion Australia, Compassion Canada, Compassion Germany, Compassion Italy, Compassion Netherlands, Compassion South Korea, Compassion Switzerland, Compassion UK, Compassion USA, Compassion Scandinavia, SEL France and TEAR Fund New Zealand. Satellite offices are also operating in Spain and Ireland.

Each member of the Global Partner Alliance operates as a separate entity but adheres to a global covenant agreement on a statement of faith, standards of stewardship and use of the Compassion brand. Shared corporate services, including the oversight of all child development programs, are managed by Compassion International at our Global Ministry Centre in Colorado Springs, Colorado, USA.

Staff at the Global Ministry Centre liaise with staff in partner country offices to implement Compassion's child development model in partnership with local churches in the developing world. This ensures that local congregations in developing countries are the catalyst for their own community's change. Child development centres become part of the local church's ministry and are overseen by the pastor, centre director and a church project committee. They receive curriculum support from Compassion but contextualise the interventions they provide as needed. The local church is also accountable for the funds that Compassion provides and is responsible for providing information that is used for reporting to supporters.

## Compassion's Global Development Model



## International Program Results

Because we believe the local church is the best vehicle for human and societal development, Compassion partners with local churches around the world to jointly implement our holistic child development programs.

| AFRICA                   | CHURCH PARTNERS | REGISTERED CHILDREN | LEADERSHIP STUDENTS | CHILD SURVIVAL CENTRES |
|--------------------------|-----------------|---------------------|---------------------|------------------------|
| Burkina Faso (est. 2004) | 225             | 60,526              | -                   | 10                     |
| Ethiopia (est. 1993)     | 427             | 97,749              | 169                 | 37                     |
| Ghana (est. 2004)        | 238             | 58,834              | -                   | 10                     |
| Kenya (est. 1980)        | 372             | 100,562             | 242                 | 52                     |
| Rwanda (est. 1979)       | 304             | 74,945              | 93                  | 23                     |
| Tanzania (est. 1999)     | 336             | 75,041              | 36                  | 30                     |
| Togo (est. 2007)         | 149             | 32,793              | -                   | 10                     |
| Uganda (est. 1980)       | 344             | 89,342              | 191                 | 52                     |
| <b>TOTAL</b>             | <b>2395</b>     | <b>589,792</b>      | <b>731</b>          | <b>224</b>             |

| ASIA                       | CHURCH PARTNERS | REGISTERED CHILDREN | LEADERSHIP STUDENTS | CHILD SURVIVAL CENTRES |
|----------------------------|-----------------|---------------------|---------------------|------------------------|
| Bangladesh (est. 2003)     | 169             | 39,183              | -                   | 23                     |
| East India (est. 2002)     | 258             | 63,219              | 36                  | 27                     |
| East Indonesia (est. 2005) | 238             | 51,524              | 47                  | 31                     |
| India (est. 1968)          | 321             | 78,209              | 193                 | 43                     |
| Indonesia (est. 1968)      | 333             | 65,387              | 120                 | 21                     |
| Philippines (est. 1972)    | 349             | 78,326              | 118                 | 42                     |
| Sri Lanka (est. 2009)      | 68              | 10,059              | -                   | 17                     |
| Thailand (est. 1970)       | 194             | 36,446              | 81                  | 19                     |
| <b>TOTAL</b>               | <b>1930</b>     | <b>422,353</b>      | <b>595</b>          | <b>223</b>             |

| CENTRAL/SOUTH AMERICA          | CHURCH PARTNERS | REGISTERED CHILDREN | LEADERSHIP STUDENTS | CHILD SURVIVAL CENTRES |
|--------------------------------|-----------------|---------------------|---------------------|------------------------|
| Bolivia (est. 1975)            | 224             | 70,789              | 103                 | 54                     |
| Brazil (est. 1975)             | 191             | 39,029              | 82                  | 10                     |
| Colombia (est. 1974)           | 248             | 66,665              | 121                 | 10                     |
| Dominican Republic (est. 1970) | 167             | 54,429              | 93                  | 29                     |
| Ecuador (est. 1974)            | 235             | 71,584              | 172                 | 60                     |
| El Salvador (est. 1977)        | 216             | 50,595              | 84                  | 22                     |
| Guatemala (est. 1980)          | 193             | 49,493              | 114                 | 10                     |
| Haiti (est. 1968)              | 293             | 85,897              | 60                  | 67                     |
| Honduras (est. 1974)           | 204             | 48,924              | 113                 | 10                     |
| Mexico (est. 1980)             | 205             | 38,954              | -                   | 9                      |
| Nicaragua (est. 2002)          | 166             | 47,479              | 16                  | 10                     |
| Peru (est. 1980)               | 258             | 65,042              | 127                 | 43                     |
| <b>TOTAL</b>                   | <b>2600</b>     | <b>688,880</b>      | <b>1085</b>         | <b>334</b>             |

*This is an international program snapshot at 30 June 2015.*

*Each church partner is responsible for a child development centre that delivers Compassion's Child Sponsorship Program.*

*Registered children also includes those who are not yet sponsored but are already receiving the benefits of the program.*

*Leadership students are graduates of Compassion's Child Sponsorship Program who are now completing university and leadership training.*

*The average number of mothers registered in each Child Survival Program is 38. These centres operate in partnership with local churches.*

# Why We Exist

*Compassion is a Christian child development ministry that is motivated by our faith to assist children and their families who are living in poverty—regardless of their beliefs, gender or background.*

Compassion defines poverty as a condition characterised by the deprivation of basic human needs, the denial of opportunities and the deficiency of internal assets that prevent a person from realising their God-given potential.

Poverty denies children opportunities and hope for a better future, and though progress is being made, the statistics still highlight the staggering problems.

We believe addressing poverty requires a holistic response that tackles spiritual, socio-emotional, economic and physical poverty.

## Extreme poverty and hunger



In 2015, 14 per cent of the developing world live on less than \$1.25 a day. More than 800 million people still live in extreme poverty and suffer from hunger, and the same number is estimated to be living in slum-like conditions in the developing world's cities.

## Maternal health and child mortality



The maternal mortality ratio in developing regions is 14 times higher than in developed regions. Just half of the pregnant women in developing regions receive the recommended minimum of four antenatal care visits.

About 16,000 children die each day before celebrating their fifth birthday, mostly from preventable or treatable causes like pneumonia, diarrhoea and birth complications.

## Malnutrition and growth stunting



Almost 13 per cent of people in developing regions were undernourished in 2014. Over 160 million children under the age of five have inadequate height for their age, a result of growth stunting due to insufficient food and repeated infections.

## Unsafe drinking water



An estimated 32 per cent of the world's population—2.4 billion people—still use unimproved drinking water sources in 2015. Inadequate access to safe water and sanitation services, coupled with poor hygiene practices, kills, sickens and diminishes opportunities for thousands of children.

## Children out of school



In 2015, an estimated 57 million primary school-aged children were out of school. The impact is huge: one in eight young people are unemployed, and over a quarter are trapped in jobs that keep them on or below the poverty line.

## Making progress

With the help of international development organisations such as Compassion, great progress has been made in the past few decades.

- The global under-five mortality rate has declined by more than half since 1990.
- Stunting has decreased by 37 per cent due to improvements in nutrition.
- The number of out-of-school children of primary school-age has fallen by almost half, down from 100 million in 2000.
- The number of people living in extreme poverty has declined by more than half, falling from 1.9 billion in 1990 to 836 million in 2015.
- The proportion of undernourished people in the developing regions has also dropped by almost half, to 12.9 per cent in 2014.

While there are increasing numbers of people being lifted from poverty, there is still much to be done. In response to God's call, Compassion is dedicated to caring for the poor and seeing more and more children released from poverty worldwide.

Sources:

<http://www.unicef.org/wash/>

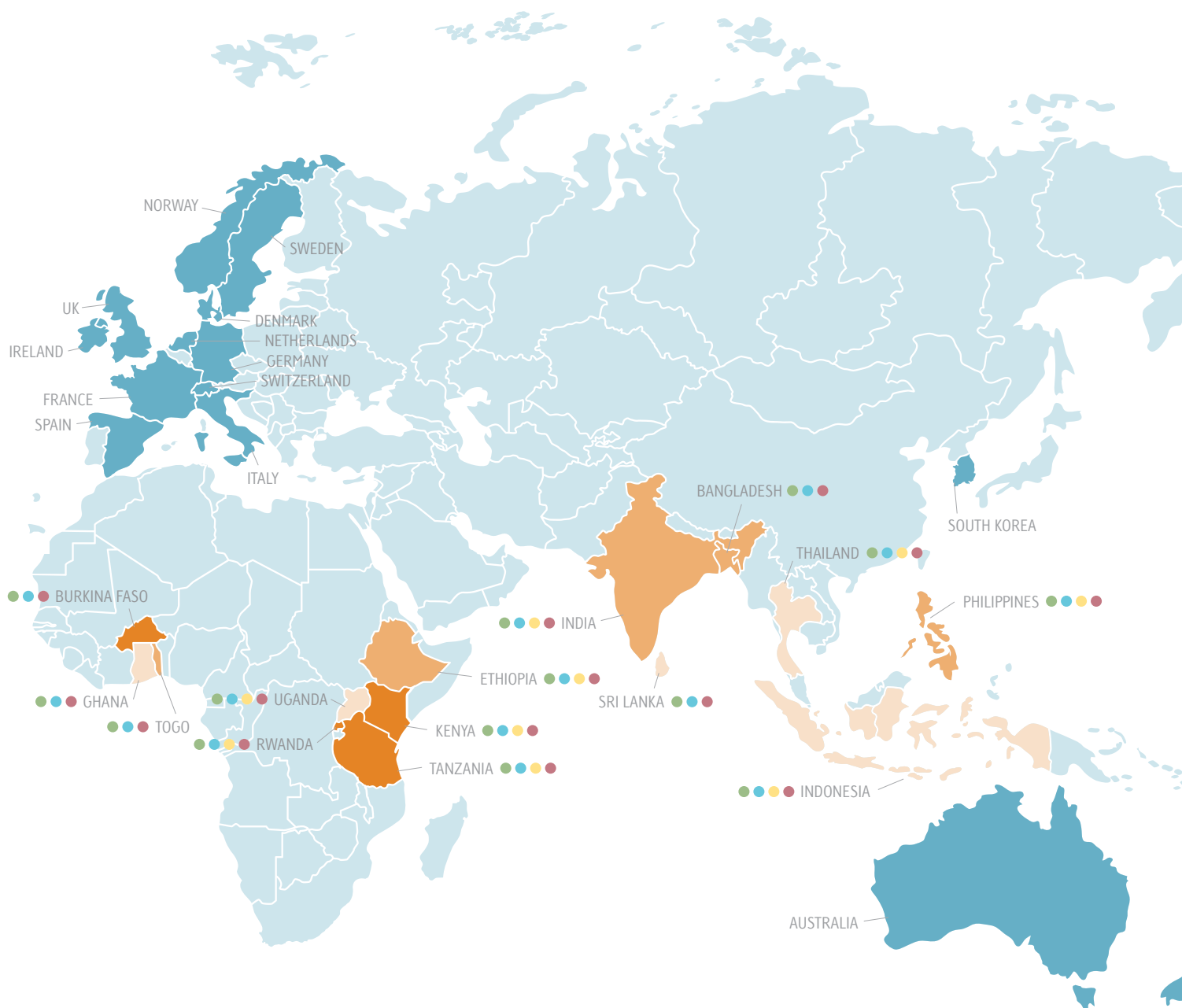
[http://www.un.org/millenniumgoals/2015\\_MDG\\_Report/pdf/MDG%202015%20rev%20\(July%201\).pdf](http://www.un.org/millenniumgoals/2015_MDG_Report/pdf/MDG%202015%20rev%20(July%201).pdf)

<http://www.unesco.org/>



# Where We Work

*In partnership with over 12 funding countries around the world, Compassion Australia's child development programs minister to the needs of individual children in 26 developing countries. This map shows not only the presence of Compassion programs in each country, but also the relative need of the people, based on the population percentage living below the poverty line.*



Percentage of the country's population living under the poverty line of US\$1.25 per day\*.

41% and above

26% to 40%

7% to 25%

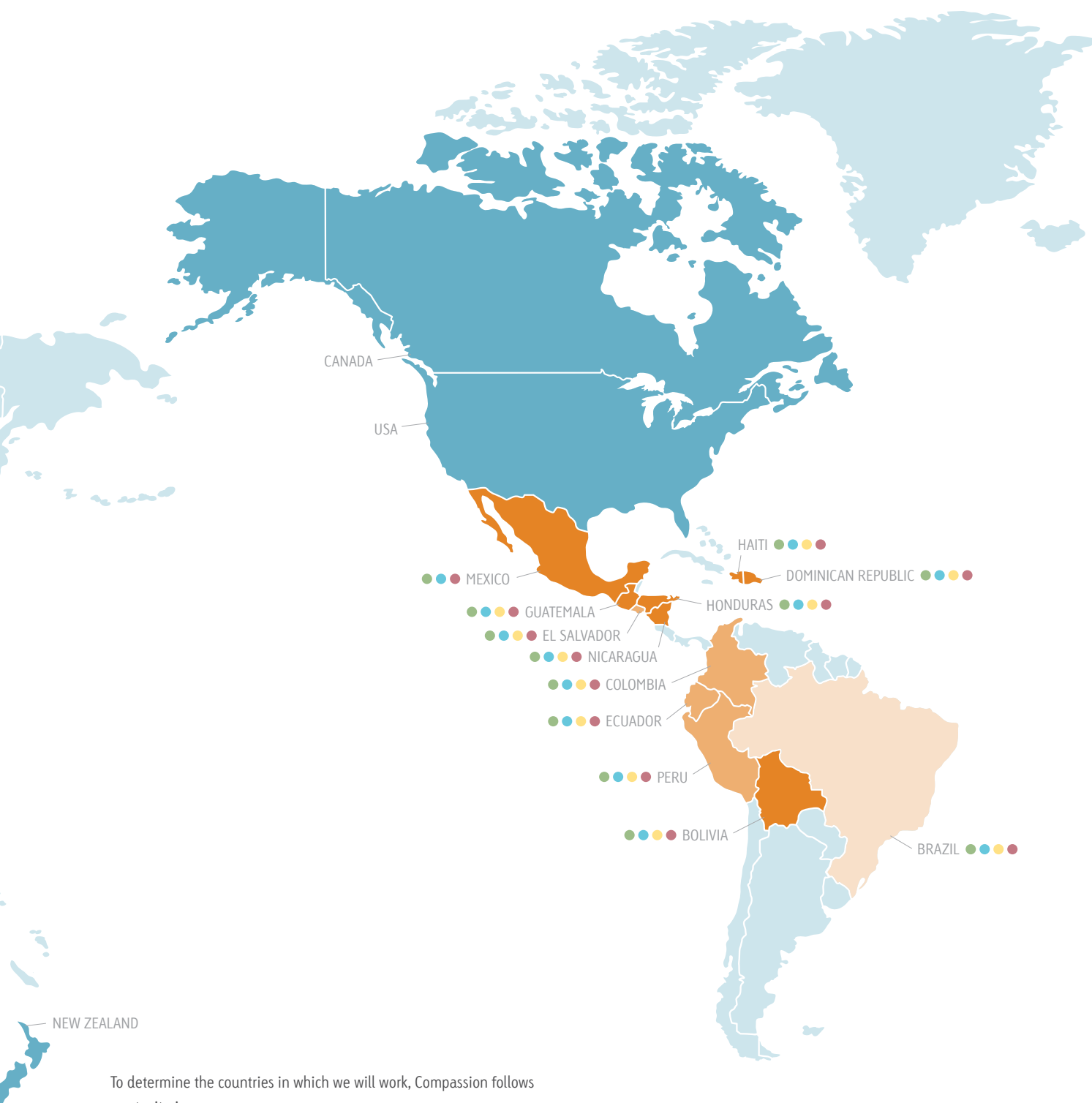
Compassion Australia is one of over 12 partner countries around the world.

Partner Countries

Compassion's child development programs operate in 26 developing countries around the world.

- Child Survival Program
- Child Sponsorship Program
- Leadership Development Program
- Critical Interventions

\* The World Factbook



To determine the countries in which we will work, Compassion follows a set criteria:

**God's direction:** We seek God's direction in all relationships and decision-making.

**Evidence of need:** Compassion works in countries where the per capita income is \$1500 p.a. or less or where there is definite need.

**Government:** The government of the country must be amenable to Compassion's work and demand no financial contributions.

**Administration:** With few exceptions, Compassion intends to have a country office and qualified and trainable personnel available in every country in which it works.

**Cost effective:** There should be long-term need for Compassion's assistance, and the country's economic conditions should be conducive to cost-effective programs.

**Program:** Compassion's programs should be of sufficient duration so that positive results in the lives of children can be measured and evaluated.

**Funding:** Compassion must be able to attract funding through sponsorship, special appeals or grants to meet the needs of the children.

# How We Work

*Holistic child development takes a child through a process of growth and fulfilment in all dimensions of their life: spiritually, economically, socio-emotionally and physically. Compassion believes holistic child development is a long-term approach that starts even before a child is born and continues through school age and beyond. Compassion's four programs—Child Survival Program, Child Sponsorship Program, Leadership Development Program, and Critical Interventions—work together to ensure each child's holistic needs are met.*

Compassion's holistic child development model has three key distinctives:



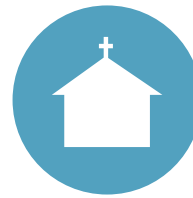
#### Christ-centred

Every child has an opportunity to hear and respond to the life-changing gospel message in a culturally relevant way.



#### Child-focused

Our ministry engages each child as a complete individual, releasing them from spiritual, economic, socio-emotional and physical poverty.



#### Church-based

Our programs are run exclusively by our Church Partners in the children's communities.





# Child Survival Program

Rescuing, nurturing and discipling babies and their mothers

*The Child Survival Program works to prevent premature death, promote good health and enable positive development during a child's first few years of life. Supporters passionate about child survival are able to help provide nutritional support, income generation training, health interventions and HIV/AIDS testing for pregnant mothers, at-risk babies, infants and their mothers or caregivers. The Child Survival Program operates across all 26 developing countries Compassion works in, through 762 Child Survival Program centres in financial year 2015.*

In partnership with Compassion, local churches deliver the Child Survival Program with a curriculum that aims for a child to be:

- Physically healthy
- Confident and interacting well with others
- Eager to experience their world and communicate their experiences

They also aim for a caregiver to be:

- Sufficiently healthy to provide for the child's wellbeing
- Self-confident, able to care for the child's basic needs, and in healthy relationships
- Motivated with skills to be economically self-supporting
- Given the opportunity to hear the gospel message

## Supporting child survival

- One-off donations assist Child Survival Program centres around the world. Ongoing supporters of the Child Survival Program receive two newsletters per year, which contain information about how the program is assisting mothers, caregivers and babies.
- Support of \$58 or \$29 per month helps a specific centre. \$58 per month assists a mother/caregiver and their baby with health checkups, education, nutrition, support groups, income generation activities and much more; \$29 per month simply means we need more supporters to fund the program activities. In addition to two newsletters per year, supporters of a specific centre receive two updates per year about the impact of their support.
- Support of \$3000 per month funds an entire centre. Supporters receive two reports per year with specific, comprehensive information about the mothers, caregivers and babies they support.

Number of mothers and babies supported by Australians:

| YEAR | CAREGIVERS | CHILDREN | TOTAL |
|------|------------|----------|-------|
| 2015 | 2629       | 2605     | 5234  |
| 2014 | 2758       | 2511     | 5089  |
| 2013 | 2757       | 2691     | 5448  |
| 2012 | 2610       | 2521     | 5131  |

## How the Child Survival Program works

The Child Survival Program is delivered primarily through home-based activities and home visits, and supplemented by church-based group activities, such as training mothers in skills like income generation and literacy. In financial year 2015, caregivers and babies received:

- Pre-and post-natal care, including checkups and vaccinations
- Nutritious food and supplements
- Education on essential topics like signs and symptoms of complications in pregnancy, and caring for newborns
- Personal hygiene, health, and nutrition education
- Opportunities for both mothers and children to build relationships and social skills
- Income generation opportunities
- The opportunity to experience the love of Jesus

## Child Survival Program Performance

In financial year 2015, the gross income for the Child Survival Program was \$1,895,729, an increase compared to last year's figure of \$1,870,901. The number of mothers and babies receiving the benefit of the Child Survival Program during this period has increased by 145, or 2.85 per cent.

# Child Sponsorship Program

Developing, discipling and equipping children for life

*Compassion's Child Sponsorship Program gives people the opportunity to connect with an individual child living in poverty. For a child, Compassion child sponsorship works by providing safe places to play and laugh, the chance to see a doctor when they're sick, access to education and the chance to discover Jesus' incredible love for them. All of this and more equates to a bright future so that they, and eventually their own children, can live free from the grips of poverty.*

By being an active part of a child's life through sponsorship, sponsors are equipping children to transform their life, community, and maybe even their nation.

In partnership with Compassion, local churches in developing countries deliver the Child Sponsorship Program with a curriculum that aims for a child to be:

- Physically healthy and equipped to make good decisions about their health
- Motivated with skills to be economically self-supporting
- Able to interact with others in a healthy and compassionate manner
- Given the opportunity to hear the gospel message in a culturally sensitive and relevant way

## Sponsoring a child

A sponsor's role in the life of their sponsored child is vital. If a child knows they are loved and supported by their sponsor, it will help them grow in their faith, develop self-confidence and dream big for their future. That's why Compassion encourages sponsors to write to their sponsored child.

A sponsor will receive at least two letters from their sponsored child per year, plus a letter from someone involved in the child's Compassion centre. They will also receive notification when their sponsored child's circumstances change—such as if they graduate from the program or depart the program early due to changes in personal circumstances.

## How does the Child Sponsorship Program work?

Through a child development centre based at a local church in their community, a Compassion assisted child receives access to education, healthcare, nutritious food and safe places to play. In financial year 2015, there were 6,925 child development centres across the 26 countries Compassion works in.

Though all centres operate within Compassion's holistic child development framework, each centre has the freedom to contextualise its activities to suit the needs of its children. A sponsor takes a key role in their sponsored child's development by offering words of hope and encouragement through the exchange of letters and prayers.

## Child Sponsorship Program Performance

This financial year, 11,809 children were sponsored. The Child Sponsorship Program's income was \$57,784,710. The cancellation rate, which also includes sponsors who did not resume sponsoring after their sponsored child graduated from Compassion's program, remained steady at 7.2 per cent.

### Number of children sponsored by Australians in the Child Sponsorship Program at the end of the financial year:

| YEAR | TOTAL   |
|------|---------|
| 2015 | 105,476 |
| 2014 | 100,996 |
| 2013 | 99,352  |
| 2012 | 96,405  |

# Leadership Development Program

Educating, training and discipling servant leaders

*All children who have graduated from the Child Sponsorship Program are empowered with life skills to give back to their families and communities. But for those with exceptional academic and Christian leadership potential, the Leadership Development Program opens the door for further formal education at university. Students are selected according to strict criteria that includes academic achievement, Christian commitment, demonstrated leadership skills and a willingness to serve.*

Through the program—and support and encouragement from their sponsor—a student receives Christian leadership training and mentoring alongside their university studies. Thanks to this training, Leadership graduates are already making significant, positive change in the world around them. The Leadership Development Program aims for a student to be:

- Physically healthy and making good decisions about their health
- Equipped with personal and professional skills to be economically self-supporting
- Displaying positive self-worth and healthy relationships
- An example of Christian servant leadership

## Supporting leadership development

- Support of the Leadership Development Program can be through one-off gifts or regular giving through sponsorship. Students must be Christian to enter the program, so gifts to this program are not tax deductible.
- One-off gifts to the Leadership Development Program assist those who are awaiting sponsorship.
- Sponsors contribute \$400 per month, covering university fees, books and resources, room and board if necessary, Christian leadership training and mentoring. A Leadership student writes at least two letters each year to their sponsor, and it is our hope the sponsor will do the same in return. Sponsors receive an annual update of their sponsored student's progress and a photo.

## Changes to the Leadership Development Program model

The current model of the Leadership Development Program is being gradually phased out, with no new student registrations into the program since June 2014. Students currently enrolled in the Leadership Development Program will continue to be supported through to the completion of their degrees.

Compassion aims to extend similar opportunities to those provided by the Leadership Development Program to all sponsored children, as leadership development is an important part of our Holistic Child Development Model.

The new model will see our Child Sponsorship Program transition to incorporate youth development strategies. The strategies will seek to equip all children with the skills and education they need to pursue their individual career goals, become productive members of their communities and realise their God-given potential.

The youth development strategies will provide customised development plans for each child in our program—some may choose to attend university, while others may receive vocational or ministry training. No matter what they pursue, our youth development strategies should give sponsored children the opportunity to explore their dreams and apply their individual interests and passions into a career of their choosing.

## Leadership Development Program Performance

In financial year 2015, the total income for the program was \$736,721.

Number of students sponsored by Australians in the Leadership Development Program at the end of the financial year:

| YEAR | TOTAL |
|------|-------|
| 2015 | 138   |
| 2014 | 177   |
| 2013 | 180   |
| 2012 | 152   |



# Critical Interventions

## Overcoming obstacles to healthy child development

*Compassion's Child Sponsorship, Child Survival and Leadership Development programs are holistic; they work in all dimensions of a child's life. But in some circumstances, the needs of children living in poverty exceed the capacity of these programs. When children face such obstacles, Critical Interventions provides the support necessary for a child to continue being released from poverty.*

### Critical Interventions can include:

- Clean water and toilets
- Emergency medical care and/or surgery
- Extra nutritional support
- HIV/AIDS initiatives
- Immunisations and malaria-prevention activities
- Disaster relief and improvements to child development centres
- Support for registered children not yet sponsored
- Education and income generation for parents
- Vocational training and non-formal education

### Supporting Critical Interventions

- The funding for each critical intervention varies due to factors like location, local costs, transport, resources and labour. If supporters wish to fund a critical intervention, they receive a proposal with the relevant details.
- Once funded, donors receive a completion report after the project is finished, explaining how their contribution has been used.
- Regular and one-off donations help support a variety of critical interventions around the world. These donations can include:
  - Purchases from the Gifts of Compassion catalogue
  - Commitment to Sponsorship PLUS
  - General donations to the Critical Interventions Fund
  - Donations to the end of financial year Compassion Appeal

### Amount sent from Australia for Critical Interventions worldwide:

| YEAR | TOTAL       |
|------|-------------|
| 2015 | \$6,813,034 |
| 2014 | \$5,867,828 |
| 2013 | \$6,909,712 |
| 2012 | \$6,438,584 |

### Some of the critical interventions Compassion Australia funded in financial year 2015 include:

- Vocational training for 24 students in the Philippines, who will study at a technical college.
- Toilets installed at 15 child development centres in Rwanda, benefitting more than 4100 Compassion assisted children, their families, centre staff and church attendees.
- Child protection training in East India, which impacted more than 1350 Compassion assisted infants, their parents and their families.
- Life-saving heart surgery and follow-up treatment for a student in Ecuador.
- Water tanks and a pump house in Kenya, giving more than 266 children access to safe water.
- Income generation training for teenage students in Peru.
- Water tanks in 18 child development centres in Tanzania, allowing more than 4500 people access to safe water.
- Leg surgery to correct a birth defect in a child in Indonesia.
- Bone reconstructive surgery following intensive treatment of bone cancer for a child in India.
- HIV/AIDS education, testing, and prevention in East India, which impacted over 3400 parents and caregivers.

### Critical Interventions Program Performance

- Giving to Critical Interventions and disaster relief in financial year 2015 totalled \$8,719,387.
- Compassion's end of financial year appeal focused on giving children access to education support and opportunities that exceed what sponsorship can provide for, such as vocational training, computer labs, and textbooks and resources. Our generous supporters gave \$757,106 to this cause.
- Gifts of Compassion, our gift catalogue benefitting children in need, raised \$658,749 of revenue for Critical Interventions.





# Church Engagement

*Compassion engages with Australian churches of a variety of denominations to work together to achieve our mission of releasing children from poverty in Jesus' name.*

In the past 12 months, Compassion Australia has taken the time to evaluate how we engage with different churches across the country. Currently we celebrate ongoing relationships with 1,100 churches across Australia.

Our church engagement model facilitates Australian churches partnering with Compassion to answer God's call for His Church—to serve the poor and share the gospel to the nations. Churches engaging with Compassion are given the freedom to support children in a way that complements their heart for missions.

Church engagement aims to mutually transform churches on both sides of the world. In the developing world, churches are equipped to reach out to their communities with increased capacity and resources. In Australia, churches grow and deepen their commitment to those in need as they respond to God's call to serve the poor on a personal and communal level, praying and working together towards a common goal.

# Indigenous Initiative

*Despite living in one of the world's most developed nations, many of Australia's Indigenous children face the same challenges as those living in the developing world. This includes limited access to formal opportunities for early child development. Without the learning opportunities preschool and playgroup present, children can find themselves falling behind their peers at school right from the start.*

In order for Indigenous Australians to make a successful transition to school, children need a positive initial experience with learning, the presence of Indigenous teachers and support, and Indigenous culture.\*

With this in mind, since 2009 Compassion Australia has partnered with Indigenous Ministry Links Australia and an Indigenous church and community in North Queensland to operate a Christian holistic early childhood development centre. The centre, led by Indigenous teacher Janice Walker, helps encourage improved child development and a successful transition into the local public school system through a structured, developmentally-based playgroup.

Attending the playgroup with their parents or caregivers, children develop their social skills, fine motor skills and basic literacy and numeracy skills. Importantly, they also learn school behaviours, like following instructions and sitting still. The playgroup is held in a classroom at the local primary school, which further helps children and parents become familiar with the school environment. This gives children the best possible start to their school life, setting a good foundation for their future learning and education.

Currently, up to 35 children plus their parents and caregivers regularly participate in program activities. The playgroup is already having a positive impact on the lives of the children in attendance, their families and the broader community. Here are some highlights from the year.

- Outstanding reports from teachers and principals state that children who attended the Compassion program performed better academically, were more engaged, and interacted better with others. Children are performing better in nationwide assessments, with significant improvements in NAPLAN data and standardised tests.
- The numbers of non-Indigenous children and their caregivers attending the program has increased. This positive interaction is helping to bridge the social gap between Indigenous and non-Indigenous people, with the playgroup providing one of the only formal opportunities in the community for interaction.
- The playgroup has been identified as a successful case study by the Queensland Department of Education, with other schools implementing similar strategies based on the model.

\* Dockett S, Mason T & Perry B, 2006





# Compassion Partnerships

*Compassion partners with individuals and groups in a variety of ways to release children from poverty. In financial year 2015 this included churches, businesses, corporations, community groups, ambassadors, private family trusts and foundations to offer a strategic, sustainable and effective way to make a significant and lasting impact in poverty-affected regions of the world. Partnerships are designed for individuals, organisations and community groups of all shapes and sizes, and are tailored to their unique circumstances, resources and passions. Financial year 2015 saw the launch of partnerships with C3 churches across Australia, and Acts 29 Network.*

## Ambassadors

Compassion partners with a range of Christian musicians, communicators, athletes, performers and organisations who share our heart for children living in poverty. Each are personal supporters of Compassion assisted children and in many cases, have travelled overseas to see the life-changing effects of Compassion child sponsorship firsthand. Reaching unique and diverse audiences, Compassion Ambassadors are inspiring others to stand up against poverty and injustice across the globe.

In early 2015 we were excited to welcome former X Factor finalist Barry Conrad as a Compassion Ambassador.

## Bequests

Many supporters want to assist children living in poverty for generations to come. Others want to ensure the children, students or initiatives they currently support are fully funded until graduation or completion, even if it's long after they have gone. Compassion is able to provide support and assistance for people reviewing their Will or Estate Plans. The process is straightforward and, if desired, supporters can nominate how they would like the gift to be used.

## Compassion Advocates

Compassion Advocates are deeply engaged with Compassion's ministry, taking action to see more children released from the burden of poverty. Advocates volunteer their time to fundraise, assist at events, and speak to their family, friends, and church to help find sponsors for children.

Compassion provides ongoing, personal support to Advocates through local state-based training sessions, educational resources, and network events.

## Corporate and Community Partners

Across the country, a number of businesses, corporations and community groups contribute significantly to the work of Compassion. These partners support a range of different poverty-fighting initiatives including our core programs as well as speciality initiatives such as supporting unsponsored children, Bible distribution, Christmas gifts and our annual End of Financial Year appeal.

Compassion does not endorse organisations we partner with or their products or services, nor claim any proprietary rights.

## Fundraisers

Compassion currently partners with two online fundraising companies, EveryDay Hero and Go Fundraise, which allow fundraisers to create their own fundraising web page. This year, more than 351 individuals chose to fundraise for Compassion in a variety of ways, including concerts, collecting coins from friends and family, and inviting wedding guests to give a donation to Compassion in lieu of a wedding gift. Of the people who fundraised, 78 per cent fundraised for a specific Compassion program or initiative. In total, fundraisers resulted in more than \$168,337 in net revenue for Compassion; the average amount raised per person was \$525.

## Media

In financial year 2015, Compassion Australia engaged with a range of media outlets, providing editorial content, sponsoring events and arranging interviews. Compassion is a member of Christian Media Australia and sponsored their annual conference held in April 2015.

While Compassion has focused on partnerships with Christian media outlets in previous years, in financial year 2015 we also engaged with mainstream media for Compassion graduate tours and ambassador tours.

Print and online publications we featured in included Eternity Newspaper, Rise Magazine, Sight Magazine and MICI Magazine. Compassion was also featured on Foxtel, and the Australian Christian Channel. MICI Magazine also initiated their own fundraising project called 'DROP IT', challenging their readers to raise money for water filters by drinking only water for one week.

In addition to this, two radio stations partnered with Compassion to run fundraising appeals: Hope 103.2, and Ultra FM, who fundraised for clean water units in June 2015.

Compassion Ambassadors and trick shot masters How Ridiculous received extensive media coverage in June for their world record-breaking feat of shooting a basketball from the top of Tasmania's Hoover Dam.







# Where We Are Now



# Child Sponsorship Trends

*The following is an overview of recent research into the effectiveness of Compassion's child sponsorship program.*

## Understanding our sector

Compassion is committed to understanding our supporters and the wider Christian community, as well as maintaining a good understanding of trends across the wider not-for-profit and church-based sector that Compassion sits within. As such, in addition to conducting internal research projects, Compassion partners annually with McCrindle Research, who conduct research projects on our behalf. The findings from these research undertakings shape our marketing and engagement efforts.

## Research into the effectiveness of Compassion's program

From June 2008 to August 2010, Dr Bruce Wydick and a team of researchers from the University of San Francisco, University of Minnesota, and University of Washington conducted independent, empirical research into Compassion's Child Sponsorship Program as a long-term solution to poverty. The findings were published in the April 2013 issue of *The Journal of Political Economy*, one of the world's most prestigious economic journals. The results confirm that Compassion's Child Sponsorship Program is highly effective as a long-term solution to helping release children from poverty.

The Wydick research focused on six countries. It involved interviewing over 10,000 people, including 1860 formerly sponsored children who were enrolled in Compassion's Child Sponsorship Program between 1980 and 1992. The results, detailed below, show that children who participated in Compassion's Child Sponsorship Program stayed in school longer, were more likely to have salaried and white-collar employment, and were more likely to be leaders in their communities and churches than their peers who did not participate in the program.

## Education

- Compassion sponsored children stayed in school for an average of one to 1.46 years (2.4 in Uganda) longer than their non-sponsored peers. Research shows every additional year of primary school boosts a girl's eventual wages by 10 to 20 per cent and an extra year of secondary school by 15 to 25 per cent.
- Sponsored children were 27 to 40 per cent more likely to finish secondary education, and were 50 to 80 per cent more likely to complete a university education than non-sponsored children.

## Employment

- Children were 14 to 18 per cent more likely to have salaried employment as an adult than those who were not part of the Child Sponsorship Program and 35 per cent more likely to secure white collar employment.

## Leadership

- Adults who were Compassion sponsored children are on average 30 to 75 per cent more likely to become community leaders and 40 to 70 per cent more likely to be involved in church leadership as adults.



# *Our People*







# The Board and Governance

Compassion Australia is governed by a voluntary Board of Directors. The board comprises six members, each with unique skills and experience, united for the purpose of releasing children from poverty in Jesus' name.

Compassion Australia is a company limited by guarantee, with a Constitution that defines the organisation's purpose, objectives and powers, and how income is to be applied.

It is the role of the Board of Directors to ensure we operate in accordance with the principles and commitments stated in our Constitution.

|   | NAME AND POSITION  | BIO   |
|---|--|---|
|    | <p><b>Dr John Bond</b></p> <p>Chairman of the Board of Directors<br/>Member of the Executive and Governance Committee*, and Supporter Engagement Committee****</p> <p><i>Board member since 2002</i></p>               | <p>John is a Minister of Religion and has worked with Youth for Christ International, Sports and Leisure Ministries and the National Lausanne Committee of World Evangelisation. He is currently serving as South Asia Pacific World Zone leader of Dynamic Church Planting International and is the Founding Director of Sonlife Ministries Inc.</p> |
|  | <p><b>Mike Jeffs</b></p> <p>Vice Chairman of the Board<br/>Chairman of the Ministry Services Committee**</p> <p>Member of the Board of Directors of Compassion International</p> <p><i>Board member since 1995</i></p> | <p>Mike has extensive business knowledge, with 37 years' experience in either management or director roles. He is the Founder and Director of Network Communications Pty Ltd, and the Managing Director of Australian Christian Channel Pty Ltd, and Southern Cross Institute Pty Ltd.</p>  |
|  | <p><b>Isaac Moody</b></p> <p>Member of the Ministry Relations Committee***</p> <p><i>Board member since 2008</i></p>   | <p>Isaac is the Director of Idea Bureau Pty Ltd, the Director of Jindovic Pty Ltd, and the Managing Director of Prethink Pty Ltd. He is the former Director of Easterfest, and the former Governor of St Andrew's Hospital, Toowoomba.</p>  |
|  | <p><b>Amanda Jackson</b></p> <p>Member of the Executive and Governance Committee</p> <p><i>Board member since 2008</i></p>   | <p>Amanda is currently the Executive Director of the Women's Commission World Evangelical Alliance.</p>   |

|   | NAME AND POSITION  | BIO   |
|---|--|---|
|  | <b>Mabel Chua</b><br>Secretary of the Board<br>Member of the Ministry Services Committee<br><i>Board member since 2012</i> | Mabel holds a Masters of Laws, Bachelor of Laws and a Bachelor of Commerce majoring in accounting and finance. Mabel has extensive experience in the area of dispute resolution in corporate, property, commercial and estates matters. Prior to becoming the Managing Director of M 6:8 Legal in Perth, Mabel was a partner at a multi-disciplinary boutique legal practice. Mabel has served in various leadership capacities in her local church and in the Christian community. |
|  | <b>Kent Medwin</b><br>Member of the Ministry Services Committee<br><i>Board member since 2010</i>                          | Kent is Managing Director of Rock Property, and a Director of St Michael's Collegiate School. He is the former Director of Common Ground Tasmania, community radio station Ultra 106.5, and Pathways.   |

# Board Declaration

The Board of Directors of Compassion Australia declares that:

- (a) The financial statements and notes as set out on page 35 to 40 are in accordance with the Corporations Act 2001 and:
- Comply with Australian Accounting Standards, and
  - Give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company.
- (b) In the directors' opinion, there are reasonable grounds to believe that the organisation will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



John Bond  
Chairman of the Board



Mike Jeffs  
Vice Chairman of the Board

*\*Executive and Governance Committee*

*Responsible for the Executive Team, structure, Board Membership nominations, Board development and innovation.*

*\*\*Ministry Services Committee*

*Responsible for Finance, Building and Logistics, Human Resources, and Information Technology.*

*\*\*\*Ministry Relations Committee*

*Responsible for Church, Advocacy, and Donor.*

*\*\*\*\*Supporter Engagement Committee*

*Responsible for Supporter Engagement.*



## Structure

The Board meets face to face at least four times per year, including an annual general meeting. Members are also encouraged to be involved in other Compassion activities such as promotional events, conferences or Insight Trips to Compassion field countries.

## Board Committees

Each Board member serves on at least one Board committee. These are not decision-making bodies but rather provide insight into the operational aspects of management at Compassion. Each committee provides a verbal report to the Board, who then discuss any issues.

## Recruitment

Potential Board members are recommended by current Board members and chosen for their contribution to the decision-making process. Each Board member is required to be a Christian, committed to a local church and living a life consistent with the Christian faith. Potential members are invited to a Board meeting as observers. The Board then makes a decision, and if successful the applicant is invited to join the Board.

## Training and Development

We believe our Board functions effectively, but are always looking for areas to improve on. These include developing a healthy gender balance on the Board, improving induction practices, developing performance review procedures for Board members and the CEO, ongoing Board education and the continued development of a Board manual.

## Reimbursement

Board members are not paid any remuneration for their services, but Compassion does reimburse related reasonable expenses, such as travel and accommodation.

## Length of Service

The Board's Constitution sets out the length of time a member may serve on the Board. Members are appointed for three years and must retire at the end of their term. They can stand again and, subject to the Board's approval, be re-elected for a further term.

## Conflicts of Interest

No Board member, officer or employee of the organisation shall benefit, either directly or indirectly, from any individual or group that conducts business with the organisation without full disclosure and approval of the CEO and the Board of Directors.



# Risk Management

## Foreign Exchange Risk

Compassion sends funds all around the world, which means we need to deal with foreign currency exchanges. The Ministry Services Committee of the Board determines our approach to mitigating our foreign exchange risk. This is based on regular prudent analysis of trends in financial markets and reviewing economic indicators.

## Investment Risk

Investment decisions and guidelines are approved by the Ministry Services Committee of the Board. Compassion Australia invests all available funds in either low-risk, interest-bearing accounts—including short maturing term deposits—or in commercial property holdings.

## Technology Risk

Protecting our intellectual property and supporters' information is critical to Compassion Australia's operation and reputation. Our risk management strategy is achieved through a series of controls, including policies, processes, procedures, organisational structures, and software and hardware tools. Compassion volunteers and staff are responsible for protecting sensitive information, with procedures in place to ensure consistent information handling according to its sensitivity and level of importance. Our Newcastle office is also protected by a backup system, located remotely in case of catastrophic damage or data loss at our primary location. Compassion Australia also complies with the Payment Card Industry Data Security Standard.

## Environmental Performance

Compassion Australia sees environmental performance as vitally important to the organisation. Some areas where we currently consider our environmental footprint include:

- Fuel efficiency and emissions of our fleet vehicles
- Using recycled paper for our print collateral
- Availability of recycle bins throughout the offices
- Facilities management, including electricity usage

## External Auditing

Compassion Australia engages Bentleys Brisbane (Audit) to perform a thorough audit on our financial reports each year. Bentleys is an accounting and audit firm; the lead auditor is Mr Martin Power FCA. Full financial reports dating back to 2003 are available for viewing at [www.compassion.com.au/annualreports](http://www.compassion.com.au/annualreports)

## Internal Auditing

Compassion International has a global internal audit and risk management function that routinely monitors financial and operational integrity at child development centres and field offices across the globe. Staff from Compassion Australia's Finance and Risk Management departments attend some of the audits. This year Compassion Australia staff took part in the audit of the Tanzanian field office.

Over 50 per cent of Compassion's project partners are audited each year, based on an annual risk assessment. Every centre is audited within 30 months of their previous audit visit, regardless of risk rating. This way we can ensure all programs are meeting minimum standards of financial accountability and programmatic integrity. Field offices are audited every three to five years, on average, to identify wider trends in operations and administration. Observations and action items from both project and field offices are documented and brought to the attention of staff and management for consideration, decision making, action planning and subsequent follow up. Every second year Compassion International's external auditors, KPMG LLP, also conduct an audit of one of the 26 international field offices.

## Ethical Standard

At Compassion we endeavour to conduct our ministry with the highest ethical standards, inspired by our dedication to the Holy Bible. Employees are expected to demonstrate integrity and ethical behaviour through transparent relationships with governments, churches, other not-for-profit associations, beneficiaries, and the general public. McCrindle research in financial year 2014 showed that 98 per cent of Compassion's donors feel Compassion demonstrates overt Christian values.





## Crisis Communication

Compassion currently has a well-established reputation amongst the public as a trusted voice in the development conversation, and we want to ensure this reputation continues. Compassion's Crisis Communication Plan equips us to proactively protect our positive reputation by immediately and thoughtfully addressing public concerns about Compassion's activities and prioritising timely and accurate communication to supporters in the event of a crisis.



# Leadership

*The Executive Team at Compassion Australia operates to ensure that the strategy developed by the Board of Directors is implemented in our ministry. In addition to overseeing specific areas of Compassion's ministry, the Executive Team is responsible for the ongoing health and growth of Compassion Australia.*

|   | NAME AND POSITION  | BIO  |
|---|--|--|
|    | <b>Dr Tim Hanna</b><br>Chief Executive Officer<br><i>Since 2010</i>                      | Tim was a senior pastor for more than 30 years and a former senior lecturer at the Australian College of Ministries. In 2008 he took the role of National Director of Church and Mission with Compassion Australia before becoming the CEO of Willow Creek Australia where he served for two years before returning to Compassion as CEO.  |
|   | <b>Janine Daly</b><br>Executive Director of Supporter Engagement<br><i>Since 2014</i>    | Prior to joining Compassion in 2009 as a Relationship Manager, Janine had 15 years' management experience in the retail sector. After being made State Manager at Compassion in 2011, Janine was promoted to Executive Director of Supporter Engagement in 2014. In her current role, Janine leads the Supporter Engagement team, who are responsible for engaging, delighting and supporting sponsors through their experience with Compassion. |
|  | <b>Deb Adams</b><br>Executive Director of Ministry Services<br><i>Since 2011</i>         | Deb joined Compassion in 2006 as Human Resources Specialist after working in the same role at Hunter Water Corporation. She was made Human Resources Director in early 2007 and was promoted to Executive Director in 2011. In her current role, Deb oversees Human Resources, Information Technology, Ministry Projects, Building and Logistics, Finance, and Prayer.<br><br>Deb also oversees Risk Management, Compliance and Program.         |
|  | <b>Adam Holland</b><br>Executive Director of Ministry Relationships<br><i>Since 2012</i> | Adam's management experience has been in a local government context, having also worked in churches and higher education. Adam joined Compassion in 2012 as Executive Director of Ministry Relationships. In his role, he manages the Ministry Relationships section, which comprises six Area Teams and the Strategy and Tactics section.   |

# *Strategy, Performance and Financial Position*



# Ministry Goals

*In 2009, Compassion International established a global strategy aimed at developing the systems and processes needed for future growth, and developing Compassion's four programs to fully realise our mission. The strategy was adopted by all Compassion partner countries.*

## The Global Strategy

The global strategy aims to:

- Produce definitive and measurable program results based on outcomes in the lives of babies and caregivers, children, students, sponsors, and our church partners.
- Build Compassion's program and reputation as the global standard in holistic child development, in child sponsorship and in the alleviation of childhood poverty.
- Challenge Christians to heed the biblical mandate of reaching out to the poor, as sponsors and donors become authentic advocates for children living in poverty.
- Challenge the Church to mobilise in unforeseen ways to respond to the issues of children living in poverty.

## Compassion Australia's Strategy

As part of a global network, each partner country has its own strategy to help achieve the global strategy.

Compassion Australia divided its strategy across three distinct phases.

Financial year 2015 marked the first year of Phase Two:

Transition to Growth.

## Completion of Phase 1: Building Capacity

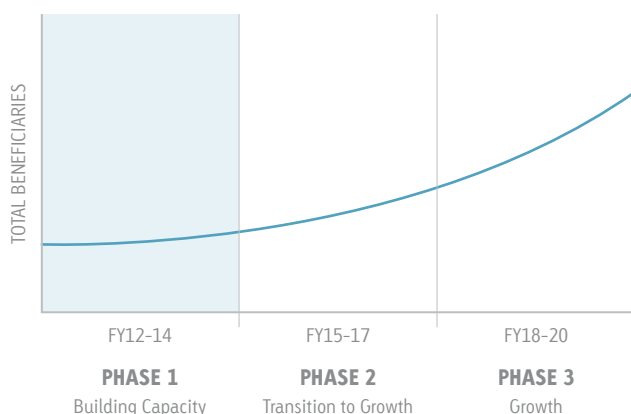
The aim of the Building Capacity phase was to improve our core systems and processes to enable us to sustain increased growth and improve supporter engagement. This phase was successfully completed in financial year 2014.

## Moving into Phase 2: Transition to Growth

Financial year 2015 saw Compassion Australia move into Phase 2: Transition to Growth. Our overarching goals during the three-year phase include:

- Acquiring and engaging new supporters
- Delighting and retaining existing supporters
- Revolutionising systems and processes
- Developing staff and culture

Financial year 2016 will see Compassion Australia consolidate these goals.



# From the Finance Director

*Compassion Australia's results for financial year 2015 reflect a year of good growth in a challenging low growth sector. Our financial position remains strong and healthy.*

Our total income for the year rose to \$76 million, representing an income growth of 5.58 per cent. The majority of this increase came through our Child Sponsorship Program. Child sponsorship income increased by \$4 million, or 7.58 per cent, on last year due to an effective staff restructure, coupled with the full effect of a rate rise in January 2014.

Throughout the year, domestic and global economies continued to provide challenging environments for the charitable sector. Asset markets have recovered from the Global Financial Crisis and the overall wealth of Australians is building; however, economic data indicates the average Australian household's priority throughout the year continued to be debt reduction and saving, ahead of charitable giving. The saving rate continues to be historically high since the financial crisis but is trending down, which indicates such prudence still exists. Consequently, this leaves the charitable sector expecting low to moderate growth at best.

In light of these economic realities, Compassion's core programs still experienced growth throughout financial year 2015. The number of children, caregivers and students supported by Australian sponsors grew to 108,243, representing a 4.33 per cent increase compared to the previous year. For the most part, this is due to the fruitfulness of an effective staff restructure completed in 2014.

A focus on financial stewardship saw expenditure on administration and fundraising activities decrease from an anticipated 21 per cent of total expenditure to an actual 19.70 per cent. The percentage of funds used for program activities benefitting the children we minister to was 78.83, while advocacy initiatives accounted for the remaining 1.47 per cent.

In our financial management, work continued on Compassion's multi-year initiative to restructure reserve funds. The aim of this initiative is to ensure the right fund structures are in place to support Compassion's mission and the funding of operational initiatives, while ensuring ongoing financial stability. Compassion's end of financial year position in 2015, including the planned operating fund surplus of \$932,000 and overall net surplus of \$1.28 million, has seen this fund reserve initiative progress as planned.

As we look to the future, Compassion remains in a strong financial position with a solid platform for future growth. We are so thankful to God for our faithful supporters whose continued generosity gives children in poverty a hope and a future.



Ben Dodd  
Finance Director







# Sponsorships and Beneficiaries

*In financial year 2015, the loyal giving of new and existing supporters meant Compassion experienced our highest number of sponsorship acquisitions since 2009, along with our greatest sponsorship net growth since 2010. The significant increase is due to the improvement of systems, investment into staff, and the continued focus on supporter retention and education programs, and wouldn't be possible without Compassion's generous supporters.*

| SPONSORSHIPS AND BENEFICIARIES          | 2015      | 2014      | 2013      | 2012      | 2011      |
|---|-----------|-----------|-----------|-----------|-----------|
| <b>SPONSORSHIPS</b>                     |           |           |           |           |           |
| Australian-supported Child Sponsorships | 105,476   | 100,996   | 99,352    | 96,405    | 93,099    |
| Worldwide Child Sponsorships            | 1,553,185 | 1,428,955 | 1,350,590 | 1,244,910 | 1,080,919 |
| <b>BENEFICIARIES</b>                    |           |           |           |           |           |
| New Beneficiaries                       | 11,871    | 8,990     | 9,622     | 9,866     | 10,420    |
| Cancelled Beneficiaries                 | 7,379     | 7,528     | 6,500     | 6,331     | 7,239     |
| Net Growth                              | 4,492     | 1462      | 3,122     | 3,535     | 3,181     |
| Net Growth %                            | 4.33%     | 1.43%     | 3.15%     | 3.70%     | 3.44%     |
| Total Beneficiaries                     | 108,243   | 103,751   | 102,289   | 99,167    | 95,632    |
| <b>BENEFICIARY BREAKDOWN</b>            |           |           |           |           |           |
| Child Sponsorship Program               | 105,476   | 100,996   | 99,352    | 96,405    | 99,167    |
| Child Survival Program*                 | 2,629     | 2,578     | 2,757     | 2,610     | 2,423     |
| Leadership Development Program**        | 138       | 177       | 180       | 152       | 110       |
| Total Beneficiaries                     | 108,243   | 103,751   | 102,289   | 99,167    | 95,632    |
| <b>OTHER COMMITMENTS</b>                |           |           |           |           |           |
| Critical Interventions***               | 27,542    | 27,332    | 27,893    | 27,833    | 27,461    |

*The term beneficiaries refers to children registered in the Child Sponsorship Program as well as mothers and babies in the Child Survival Program and students in the Leadership Development Program.*

*\* Approximate number of mothers and babies supported (mother and child together count as one)*

*\*\* Number of Leadership Development Program students sponsored*

*\*\*\* Number of supporters with monthly commitments to this fund, including Sponsorship PLUS commitments*



# Income Statement

*Compassion Australia ended financial year 2015 with an overall surplus of \$1,281,842. Ending the year in surplus was a deliberate objective to build reserves for future operations.*

Our income for the year was \$76 million, which was an increase on last year's revenue by \$4 million or 5.58 per cent. Our growth in donations and gifts came most notably through our Child Sponsorship Program. Child sponsorship grew by \$4 million or 7.58 per cent. The primary drivers of this result were increased sponsorship acquisitions and support, along with the January 2014 sponsorship rate increase being applied for the full financial year. It is worth noting that the Disaster Relief Fund decreased significantly this financial year as there was limited need for disaster relief in the countries in which Compassion works.

Compassion Australia's income is sustainable year on year. As we do not currently receive government funding, we are not affected directly by any changes to in this area. Our main source of income is through our Child Sponsorship Program, which is a recurrent income source. Approximately 85 per cent of our total income is considered recurrent due to our ongoing partnership with current supporters. The majority of our remaining income comes through semi-recurrent sources such as the Christmas appeal, child and family gifts, as well as one-off appeals. This means that our current income level is sustainable, enabling us to focus on keeping our current supporters engaged, partnering with new supporters, and developing and continuing one-off appeals.

With regards to expenditure for the financial year, Compassion Australia spent 19.70 per cent of revenue, or \$14.73 million, on administration and fundraising.

This was a better result compared to last year in which expenditure ended at 20.07 per cent.

In financial year 2015, 80.30 per cent of our expenditure was used on programs. This expenditure was used:

- For the development, delivery and supervision of child development programs
- To purchase goods and services for the direct benefit of the children in our programs
- To facilitate sponsors' personal relationship with their sponsored children
- For community education

The forecasted global and domestic economic climate remains much the same as the prior year. For financial year 2016 we have set a modest income growth target of 4.1 per cent. This target is based on planned initiatives and activities and reflects a continuation of our current strategic phase: Transition to Growth. This will provide us with approximately \$79 million in revenue for the year which will allow us to spend approximately \$63 million on program related services.



| INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2015                       | 2015 \$           | 2014 \$           |
|--|-------------------|-------------------|
| <b>REVENUE</b>   |                   |                   |
| Donations and gifts  |                   |                   |
| - Monetary   | 75,039,478        | 71,267,145        |
| - Non-monetary   | -                 | -                 |
| Bequests and legacies  | 313,528           | 173,672           |
| Grants   |                   |                   |
| - Department of Foreign Affairs and Trade  | -                 | -                 |
| - Other Australian   | -                 | -                 |
| - Other overseas   | -                 | -                 |
| Investment income  | 443,266           | 308,440           |
| Other income   | 226,361           | 255,469           |
| Revenue for international political or religious proselytisation programs            | -                 | -                 |
| <b>TOTAL REVENUE</b>   | <b>76,022,633</b> | <b>72,004,726</b> |
| <b>EXPENDITURE</b>   |                   |                   |
| International aid and development programs expenditure                               |                   |                   |
| International programs   |                   |                   |
| - Funds to international programs  | 48,450,881        | 46,426,548        |
| - Program support costs  | 10,417,042        | 8,571,182         |
| Community education  | 1,099,463         | 1,103,145         |
| Fundraising costs  |                   |                   |
| - Public   | 10,036,320        | 9,264,616         |
| - Government, multilateral and private   | -                 | -                 |
| Accountability and administration  | 4,689,401         | 4,832,261         |
| Non-monetary expenditure   | -                 | -                 |
| Total international aid and development programs expenditure                         | 74,693,107        | 70,197,752        |
| Expenditure for international political or religious proselytisation programs        | -                 | -                 |
| Domestic programs expenditure  | 44,701            | 46,493            |
| <b>TOTAL EXPENDITURE</b>   | <b>74,737,808</b> | <b>70,244,245</b> |
| <b>EXCESS / (SHORTFALL) OF REVENUE OVER EXPENDITURE (TOTAL COMPREHENSIVE INCOME)</b> | <b>1,284,825</b>  | <b>1,760,481</b>  |

| STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015 | 2015 \$    | 2014 \$    |
|--|------------|------------|
| Balance at 1 July (commencing balance)                         | 14,721,834 | 12,961,353 |
| Adjustments or changes in equity                               | -          | -          |
| Excess / (shortfall) of revenue over expenses                  | 1,284,825  | 1,760,481  |
| Other amounts transferred (to) or from reserves                | -          | -          |
| Balance at 30 June (year end balance)                          | 16,006,659 | 14,721,834 |

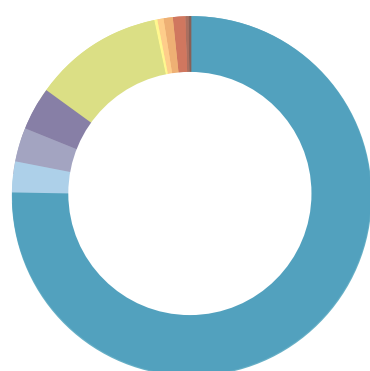


# Key Performance

The following tables show a snapshot of Compassion's financial performance over the past five years across our various funds.

| KEY PERFORMANCE INDICATORS                             | 2015   | 2014   | 2013   | 2012   | 2011   |
|--|--------|--------|--------|--------|--------|
| Income generated per staff member per month [\$]       | 44,564 | 43,952 | 43,735 | 44,381 | 38,126 |
| Child cancellation rate [%]                            | 7.26   | 6.84   | 6.72   | 6.66   | 7.90   |
| Sponsorship retention rates [%]                        | 92.74  | 93.16  | 93.28  | 93.34  | 92.10  |
| Children per sponsor                                   | 1.35   | 1.35   | 1.34   | 1.33   | 1.33   |
| Revenue growth [%]                                     | 5.58   | 5.69   | 4.86   | 3.33   | 0.03   |
| Return on fundraising investment per dollar spent [\$] | 7.52   | 7.71   | 8.73   | 9.00   | 8.87   |

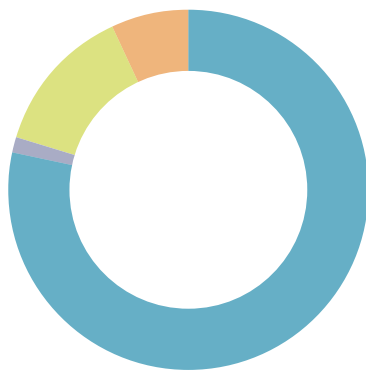
| INCOME BY SOURCE               | 2015 \$           | 2015 %     | 2014 \$           | 2014 %     | 2013 \$           | 2013 %     | 2012 \$           | 2012 %     | 2011 \$           | 2011 %     |
|--------------------------------|-------------------|------------|-------------------|------------|-------------------|------------|-------------------|------------|-------------------|------------|
| Child Sponsorship Program      | 57,784,710        | 76.01      | 53,711,971        | 74.60      | 50,428,629        | 74.02      | 48,752,349        | 75.04      | 47,373,263        | 75.34      |
| Child Survival Program         | 1,895,728         | 2.49       | 1,870,901         | 2.60       | 2,203,740         | 3.23       | 1,924,662         | 2.96       | 1,640,086         | 2.61       |
| Christmas Fund                 | 2,271,606         | 2.99       | 2,199,686         | 3.05       | 2,112,439         | 3.10       | 1,970,545         | 3.03       | 1,862,212         | 2.96       |
| Gift Fund                      | 2,947,896         | 3.88       | 2,636,427         | 3.66       | 2,425,535         | 3.56       | 2,227,591         | 3.43       | 1,924,560         | 3.06       |
| Critical Interventions Fund    | 8,719,387         | 11.47      | 8,619,793         | 11.97      | 8,598,104         | 12.62      | 7,640,553         | 11.76      | 8,068,739         | 12.83      |
| Disaster Relief Fund           | 200,782           | 0.26       | 800,084           | 1.11       | 119,407           | 0.17       | 451,130           | 0.69       | 120,011           | 0.19       |
| Un-sponsored Children's Fund   | 494,515           | 0.65       | 556,548           | 0.77       | 447,388           | 0.66       | 444,862           | 0.68       | 402,065           | 0.64       |
| Operating Fund                 | 587,229           | 0.77       | 483,958           | 0.67       | 693,754           | 1.02       | 540,470           | 0.83       | 548,071           | 0.87       |
| Endowment Operations Fund      | 72,407            | 0.10       | 58,816            | 0.08       | 101,158           | 0.15       | 104,147           | 0.16       | 115,502           | 0.18       |
| Leadership Development Program | 736,721           | 0.97       | 847,023           | 1.18       | 836,194           | 1.22       | 700,656           | 1.08       | 576,742           | 0.92       |
| Bible Fund                     | 55,934            | 0.07       | 63,242            | 0.09       | 65,550            | 0.10       | 59,992            | 0.09       | 74,610            | 0.12       |
| Indigenous Fund                | 242,065           | 0.32       | 44,411            | 0.06       | 12,928            | 0.02       | 41,841            | 0.07       | 16,878            | 0.03       |
| Other Income                   | 13,653            | 0.02       | 111,866           | 0.16       | 85,291            | 0.13       | 115,188           | 0.18       | 157,500           | 0.25       |
| <b>TOTAL</b>                   | <b>76,022,633</b> | <b>100</b> | <b>72,004,726</b> | <b>100</b> | <b>68,130,117</b> | <b>100</b> | <b>64,973,986</b> | <b>100</b> | <b>62,880,239</b> | <b>100</b> |



## INCOME BY SOURCE FOR 2015

|                             |        |                                |             |
|-----------------------------|--------|--------------------------------|-------------|
| Child Sponsorship Program   | 76.01% | Operating Fund                 | 0.77%       |
| Child Survival Program      | 2.49%  | Endowment Operations           | 0.10%       |
| Christmas Fund              | 2.99%  | Leadership Development Program | 0.97%       |
| Gifts                       | 3.88%  | Bibles                         | 0.07%       |
| Critical Interventions Fund | 11.47% | Indigenous Initiative          | 0.32%       |
| Relief                      | 0.26%  | Other Income                   | 0.02%       |
| Un-sponsored Children       | 0.65%  |                                |             |
|                             |        | <b>TOTAL</b>                   | <b>100%</b> |

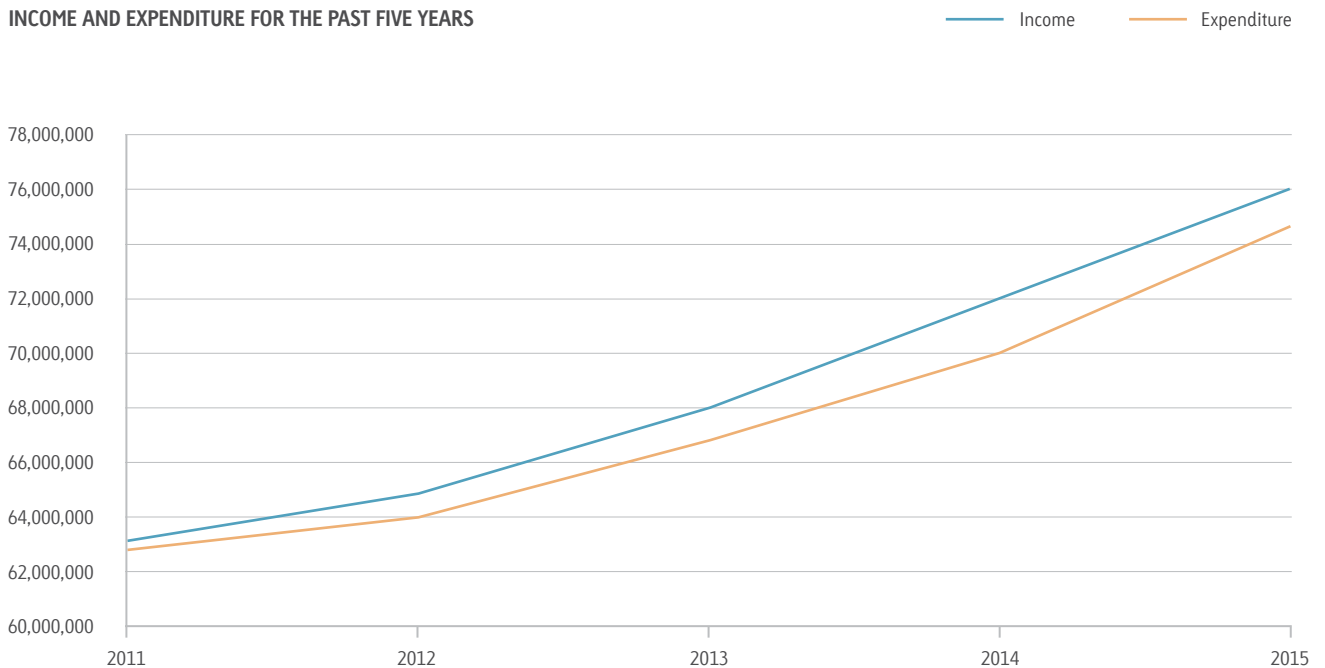
| EXPENDITURE         | 2015 \$           | 2015 %     | 2014 \$           | 2014 %     | 2013 \$           | 2013 %     | 2012 \$           | 2012 %     | 2011 \$           | 2011 %     |
|---------------------|-------------------|------------|-------------------|------------|-------------------|------------|-------------------|------------|-------------------|------------|
| Program             | 58,912,624        | 78.83      | 55,044,223        | 78.36      | 52,414,811        | 78.15      | 49,997,006        | 77.80      | 48,138,495        | 76.94      |
| Community education | 1,099,463         | 1.47       | 1,103,145         | 1.57       | 1,056,493         | 1.58       | 1,177,033         | 1.83       | 1,710,400         | 2.73       |
| Fundraising         | 10,036,320        | 13.43      | 9,264,616         | 13.19      | 7,727,031         | 11.52      | 7,157,513         | 11.14      | 7,024,958         | 11.2       |
| Administration      | 4,689,401         | 6.27       | 4,832,261         | 6.88       | 5,867,671         | 8.75       | 5,933,084         | 9.23       | 5,691,240         | 9.10       |
| <b>TOTAL</b>        | <b>74,737,808</b> | <b>100</b> | <b>70,244,245</b> | <b>100</b> | <b>67,066,006</b> | <b>100</b> | <b>64,264,636</b> | <b>100</b> | <b>62,565,093</b> | <b>100</b> |



#### EXPENDITURE FOR 2015

|                     |             |
|---------------------|-------------|
| Program             | 78.83%      |
| Community Education | 1.47%       |
| Fundraising         | 13.43%      |
| Administration      | 6.27%       |
| <b>TOTAL</b>        | <b>100%</b> |

#### INCOME AND EXPENDITURE FOR THE PAST FIVE YEARS



# Balance Sheet

*Compassion Australia's balance sheet tables show a healthy growth in Compassion's financial position. This is a reflection of Compassion increasing net assets in order to hold an appropriate level of financial reserves.*

Overall, our balance sheet and financial position remain strong and healthy. Our balance sheet shows an increase in equity of \$1,284,825. The resultant overall position reflects two key strategies: building equity for the future and replenishing operating reserves.

Total assets increased through the financial year by \$2,646,005. This is primarily a result of an increase in cash and cash equivalents from positive net cash flows, which has resulted in increased short-term investments. This increase has subsequently offset our total liabilities increase of \$1,361,180 which is largely due to an increase in program cost liability.

Our current ratio is 1.31; while this is noted as being below average—largely due to significant fixed assets in property and the structure of our balance sheet—it still shows that we have sufficient current assets to cover our current liabilities. This is a slight improvement on last year's ratio of 1.25 and is considered to be a low risk as our income is reliable and regular. We are continuing to address this ratio with appropriate measures to strengthen the position further. Please refer to page 35 for more information on the sustainability of our income.





| <b>BALANCE SHEET AS<br/>AT 30 JUNE 2015</b> | <b>2015 \$</b>    | <b>2014 \$</b>    |
|---|-------------------|-------------------|
| <b>ASSETS</b>                               |                   |                   |
| CURRENT ASSETS                              |                   |                   |
| Cash and cash equivalents                   | 13,403,589        | 11,682,747        |
| Trade and other receivables                 | 1,068,677         | 409,545           |
| Inventories                                 | -                 | -                 |
| Assets held for sale                        | -                 | -                 |
| <b>TOTAL CURRENT ASSETS</b>                 | <b>14,472,266</b> | <b>12,092,292</b> |
| NON CURRENT ASSETS                          |                   |                   |
| Trade and other receivables                 | -                 | -                 |
| Other financial assets                      | -                 | -                 |
| Property, plant and equipment               | 10,564,839        | 10,801,976        |
| Investment property                         | 1,528,176         | 1,596,043         |
| Intangibles                                 | 851,049           | 41,565            |
| Other financial assets                      | -                 | 238,449           |
| Other non current assets                    | -                 | -                 |
| <b>TOTAL NON CURRENT ASSETS</b>             | <b>12,944,064</b> | <b>12,678,033</b> |
| <b>TOTAL ASSETS</b>                         | <b>27,416,330</b> | <b>24,770,325</b> |
|   |                   |                   |
| <b>LIABILITIES</b>                          |                   |                   |
| CURRENT LIABILITIES                         |                   |                   |
| Trade and other payables                    | 10,926,394        | 9,579,575         |
| Borrowings                                  | -                 | -                 |
| Current tax liabilities                     | -                 | -                 |
| Other financial liabilities                 | -                 | -                 |
| Provisions                                  | 108,426           | 97,408            |
| Other                                       | -                 | -                 |
| <b>TOTAL CURRENT LIABILITIES</b>            | <b>11,034,820</b> | <b>9,676,983</b>  |
| NON CURRENT LIABILITIES                     |                   |                   |
| Borrowings                                  | -                 | -                 |
| Other financial liabilities                 | -                 | -                 |
| Provisions                                  | 374,851           | 371,508           |
| Other                                       | -                 | -                 |
| <b>TOTAL NON CURRENT LIABILITIES</b>        | <b>374,851</b>    | <b>371,508</b>    |
| <b>TOTAL LIABILITIES</b>                    | <b>11,409,671</b> | <b>10,048,491</b> |
|   |                   |                   |
| <b>NET ASSETS</b>                           | <b>16,006,659</b> | <b>14,721,834</b> |
| <b>EQUITY</b>                               |                   |                   |
| Reserves                                    | -                 | -                 |
| Retained earnings                           | 16,006,659        | 14,721,834        |
| <b>TOTAL EQUITY</b>                         | <b>16,006,659</b> | <b>14,721,834</b> |

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF COMPASSION AUSTRALIA

### Report on the Summary Financial Statements

We have audited the attached summary financial statements comprising the Income and Expenditure Statement and Statement of Changes in Equity for the year ended 30 June 2015 and comparative period (set out on page 36), and the Balance Sheet as at 30 June 2015 and 30 June 2014 (set out on page 40) for Compassion Australia (the company).

The financial information contained in the summary financial statements has been extracted from the full financial report of the company for the year ended 30 June 2015 upon which we expressed an unmodified audit opinion on 22 October 2015. The summary financial statements do not contain all the disclosures required by the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of the company.

### The Responsibility of the Directors for the Summary Financial Statements

The directors of the company are responsible for the preparation of the summary financial statements and the extraction of such information from the company's full financial report to give an abridged summary of the financial position and performance of the entity for the relevant financial year under review. This responsibility includes ensuring the summary financial statements are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

We have conducted our audit of the summary financial statements in accordance with Auditing Standard ASA 810 *"Engagements to Report on Summary Financial Statements"* to form an opinion whether the summary financial statements have been properly derived from the audited full financial report of the company.

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

For a better understanding of the scope of our audit of the full financial report of the company, this opinion should be read in conjunction with our audit opinion on the company's full financial report for the year ended 30 June 2015.

### Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. A copy of our auditor independence declaration was provided to the directors of Compassion Australia on 22 October 2015.

### Opinion

In our opinion, the summary financial statements set out on pages 36 and 40 are properly derived from the audited full financial report of Compassion Australia for the year ended 30 June 2015 and are consistent, in all material respects, with that audited financial report.

### Basis of Accounting

The summary financial statements have been extracted from the audited full financial report of Compassion Australia for the financial year ended 30 June 2015 for inclusion in the company's annual report. The audited full financial report of the company is prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and this opinion should be read in conjunction with our unmodified audit opinion issued on the full financial report on 22 October 2015.

Bentleys Brisbane (Audit) Pty Ltd  
Chartered Accountants

P M Power  
Director  
Brisbane  
26 November 2015



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# Glossary of Terms

## Administration costs

Expenses that are not directly related to our income, including the cost of the CEO, Finance, HR and IT.

## Beneficiary

The term beneficiaries refers to children registered with the Child Sponsorship Program, including those still waiting for sponsors, as well as mothers and babies in the Child Survival Program and students in the Leadership Development Program.

## Child development

A human development model designed to release individual children from spiritual, economic, socio-emotional and physical poverty.

## Child development centre/Compassion centre

Compassion's child development programs are implemented at child development centres in partnership with our church partners.

## Church partners

The local churches in field countries with whom Compassion works to deliver child development and ministry outcomes.

## Compassion International

The overarching organisation that oversees the GPA and all child development programs from the Global Ministry Centre in Colorado Springs, Colorado, USA.

## Field countries

The 26 developing countries where Compassion implements child development programs.

## Fundraising costs

Expenses that relate directly to income generation, such as support and engagement for current supporters and the cost of the Marketing, Ministry Relationships and Supporter Ministries teams.

## GPA: Global Partner Alliance

The group of more than 12 fundraising countries, which includes Compassion Australia, Compassion Canada, Compassion Germany, Compassion Italy, Compassion Netherlands, Compassion South Korea, Compassion Switzerland, Compassion UK, Compassion USA, Compassion Scandinavia, SEL France and TEAR Fund New Zealand, as well as satellite offices in Ireland and Spain.

## Holistic child development

Addressing each child's spiritual, economic, socio-emotional and physical needs through Compassion's four programs.

## My Account

An online tool that supporters can use to engage with Compassion, including managing their contribution details and writing to their sponsored child.

## Sponsor

An individual or group that is linked in a one-to-one relationship with a child through our Child Sponsorship Program or with a student through our Leadership Development Program.

## Supporter

An individual or group that gives their finances, prayer or time to the ministry of Compassion.

## The Church

The global Body of Christ.





**COMPASSION AUSTRALIA**

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ABN 67 001 692 566

This annual report is also available online at  
[www.compassion.com.au/annualreports](http://www.compassion.com.au/annualreports)