



ANNUAL REPORT

2009/10

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HIGHLIGHTS

\$2 million was raised by Australia to support children and their families devastated by natural disasters.

\$1.29 million of this was in response to the Haiti earthquake disaster.

15 per cent income growth allowed us to achieve total income of \$62.7 million.

This is just slightly less than the 21.7 per cent growth achieved last year.

35 more young adults were able to study at university through the Leadership Development Program.

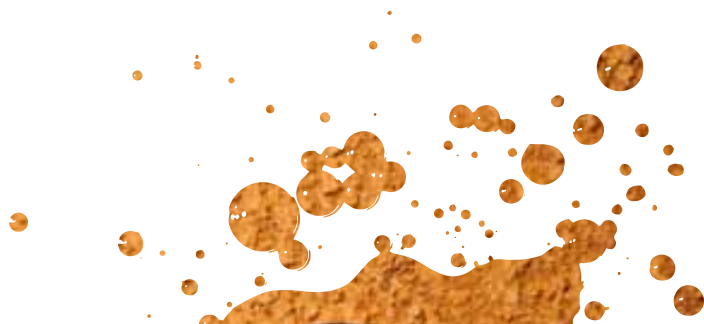
This brings total commitments in the program to 93.

11,333 additional children were given the gift of sponsorship by Australian supporters.

1.1 million children are currently sponsored worldwide.

154,370 letters were dispatched from sponsors to sponsor children.

Children who receive at least two letters a year from their sponsors perform 12 per cent better academically at school than those who don't receive any letters.



A Message from Compassion's

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

It is a pleasure to present you with Compassion Australia's Annual Report for the 2009-2010 financial year. First and foremost we would like to give thanks to God for His amazing faithfulness and without whom this ministry would have no supernatural or eternal dimension. It is He who has provided for the needs of this ministry through tough financial times. We have seen His spirit woven throughout Compassion in many surprising ways.

This year has seen the appointment of a new Chief Executive Officer. After the fruitful ministry of Paul O'Rourke, Dr Tim Hanna took the reins as our new CEO in June. Through a previous role with Compassion Australia as National Director of Church and Mission, Tim already has a good knowledge of the ministry. He also brings to the position a blend of experience, wisdom and relational ability that will lead Compassion Australia into a new and exciting phase in its maturity. The Board of Directors is also challenging itself to a standard of excellence by using external consultants to ensure its governance practices are both current and appropriate to the needs of the ministry.



In addition to new leadership, the 2009-2010 financial year saw some great highlights, such as:

- The 90,000th child was sponsored here in Australia; 1.1 million children are currently sponsored worldwide.
- Total revenue reached \$63 million, an increase of about \$8 million over the previous financial year.
- We dispatched 154,370 letters from sponsors to sponsor children. Through research we also discovered that children who receive at

least two letters a year from their sponsors perform 12 per cent better academically at school than those who don't receive any letters.

- A record number of sponsors (810) made field trips to visit their sponsor children and thus experienced some extraordinary "God moments" of great joy.
- Our Child Advocate Network relaunched in March, giving a number of options for people to make a difference in their world.
- A new field country came on board, with the commencement of our work in Sri Lanka.
- Some significant fundraising initiatives were taken by adventurous and passionate supporters.

However, the year also had its challenges:

- Confronting financial times have bitten into our sponsorship goals for the second year in a row and will require us to become more creative in our cause of releasing children from poverty in Jesus' name.
- Due to some new initiatives, we have asked our faithful staff to go "above and beyond". They have responded magnificently but not without a cost. We will need to be more discerning with any new projects we take on in the future.
- The difficult decision was made to put a hold indefinitely on our launch into Singapore. The obstacles to be overcome, coupled with the ongoing cost to the ministry in a number of ways, combined to make this decision the wisest one.

One event that required special attention this year was the earthquake in Haiti in January. Natural disasters always have the greatest devastation in nations wracked by poverty, as their infrastructure and emergency resources are usually minimal. Many children in Compassion's child development centres in Haiti, as well as Compassion staff and offices, were significantly impacted. Yet once again, Compassion Australia supporters answered with extraordinary generosity, with over \$2 million raised for children and families affected by natural disasters. The rebuilding in Haiti continues, and the international family of Compassion is working together to make the best and most sustainable use of over \$25 million collected globally.

As we head into the future, we do so with great confidence. If you ever get to see the ministry of Compassion on the ground, in one of the 26 countries in which we work, you will see that it really does change the lives of children and their families forever. We do this not on our own, but through local churches in the field, our supporters here in Australia, and in partnership with other Compassion entities around the globe.

With great staff, the generosity of the Australian Church, the incredible commitment of faithful church partners and Compassion staff on the ground, your prayers and the power of a deeply compassionate God, we are making a difference for His kingdom in remarkable ways all around the world.

We're deeply thankful for this past year and excitedly anticipate all that awaits in the years to come.



Tim Hanna, D.Min
Chief Executive Officer



Rev John Bond
Chairman of the Board



ABOUT COMPASSION AUSTRALIA



Even in today's world,
1.1 billion children live in poverty
(less than US\$2 per day).

—UNICEF State of the World's Children 2009

Compassion is an international Christian holistic child development and child advocacy ministry committed to working in partnership with local churches to foster the spiritual, economic, social, physical and emotional development of children living in extreme poverty in over 26 countries.

Vision: Every Australian Christian is an advocate for children.

Mission: To challenge, partner and equip the Church to release children from spiritual, economic, social, physical and emotional poverty in Jesus' name.

Values: Servanthood, excellence, prayer, partnership, integrity and advocacy

Relevance today

As an organisation uniquely placed to address child poverty, Compassion is relevant in today's world for many reasons:

- Every day, 1500 women and more than 10,000 newborns die globally due to complications that could have been prevented.
- A child dies from hunger every six seconds.

- An estimated 2.3 million children under 15 years of age are living with HIV, and every day more than 1400 are newly infected.
- Children under age 18 make up 49 per cent of the population of the world's least developed countries, compared with 21 per cent of the population of the world's industrialised nations.

**References: UNICEF 2009, UN World Food Program 2010, UNFPA 2010*

History

Compassion started in 1952 when Everett Swanson, an evangelist from Chicago, felt compelled to help 35 orphaned children in South Korea. By 1977, Compassion was supporting more than 25,000 children. In the same year Compassion Australia started in the garage of Laurie and Olive McCowan's Newcastle home. Today, Compassion supports more than one million children through 11 international partner countries. Over 90,000 of these are sponsored through Compassion Australia.

Distinctives

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

Christ-centred

Every child has an opportunity to hear 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, social, physical and emotional poverty.

Church-based

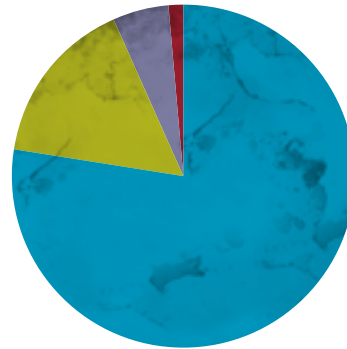
Our programs are run exclusively by our church partners in the children's communities.

HOW WE'RE DIFFERENT

Compassion works exclusively with local churches to deliver our holistic child development model. Not only does the church foster an environment of unparalleled stability, giving children the opportunity to experience God's love and acceptance, but we also believe the local church is uniquely placed to understand the real needs of the people and make strategic decisions to meet the needs of the local community.

This was no more evident than in the aftermath of the earthquake that struck Haiti on 12 January 2010. Dr Wess Stafford, President of Compassion International, reflects on the Haitian church's response that day:

"And it was God's people, the Church, who went out there with their bare hands and removed the rubble to rescue their congregation. They didn't wait for the government to get its act together. They didn't wait for the infrastructure to get put back in place ... for all the supplies ... they didn't rely on any of that. God's people rose, took what little they had, and they immediately stepped into the fray of the battle. And I thought back to the years where we decided Compassion would work through the Church. I'm so grateful that we did. Those churches in Haiti had been equipped by Compassion administratively and managerially to be able to deliver in Haiti our child development programs, but they were also equipped to deal with anything else that might come their way, though we'd never dreamed it would be as catastrophic as this. We didn't know we were preparing them for this, but they rose up and did it."



TOTAL EXPENDITURE

Program	47,394,647	77.76%
Fundraising	9,573,508	15.71%
Administration	3,195,998	5.24%
Community Education	787,195	1.29%
TOTAL	60,951,348	100%

What does \$1 of donations do?

Unless stated otherwise, for every dollar of donations that Compassion receives, around 80 cents is used for the development, delivery and supervision of programs, and for the purchase of goods and services for the direct benefit of the children in our programs. Approximately 20 cents is allocated to cover all administration and fundraising costs in Australia.

One hundred per cent of child, family and project 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. We do not use child sponsorship funds for community development activities; these are funded from other sources like Sponsorship Plus and Partners of Compassion.

PER CENT OF FUNDS USED FOR ADMINISTRATION AND FUNDRAISING

2007	20.60%
2008	19.83%
2009	20.86%
2010	20.95%

“ The biggest present the Lord gave me was you. Thank you for being part of my life. ”

—Mariana from Brazil, speaking to her Compassion sponsor

Compassion internationally

Globally, Compassion works in more than 26 developing nations to serve over one million children living in poverty. The funding for this work comes from 11 partner countries, known as the Global Partner Alliance, which comprises Compassion Australia, Compassion Canada, Compassion Germany, Compassion Italy, Compassion Netherlands, Compassion South Korea, Compassion Switzerland, Compassion UK, Compassion USA, 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 our overarching organisation, Compassion International, located in Colorado Springs, Colorado, USA.

All of Compassion's programs are implemented through local churches in the developing world, ensuring that local congregations are the catalyst for their own community's change. Church partners receive curriculum support from Compassion, but contextualise the interventions they provide to achieve the ultimate goals of introducing children to Jesus, improving their physical, emotional and social health, and teaching them knowledge and skills that will help them to become economically self-supporting adults. 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.

OUR ENVIRONMENT

Compliance and regulation

Compassion Australia reports to the following legislative and regulatory bodies:

Government legislative

- Australian Tax Office – As a Public Benevolent Institution, Compassion Australia holds the following tax concessions:
 - Income tax exemption
 - GST concession
 - FBT exemption.
- ASIC – Compassion Australia is incorporated as a Company Limited by Guarantee under the Corporations Act 2001.
- AusAID – Compassion is governed in its overseas aid work by the Overseas Aid Gift Deduction Scheme.
- Regulation of Charitable Fundraising – Compassion Australia holds the following fundraising licences and permits in Australia:
 - NSW number 10658
 - VIC number 9550
 - QLD incorporation number CH1569
 - SA number CCP1161
 - TAS number F1A-208
 - WA number 20740
 - ACT number 19000083
 - Note: no fundraising legislation exists in NT
- Privacy Legislation – Compassion Australia is governed by the Privacy Act. Compassion's Privacy Officer is David Zammit.

- OH&S – Compassion Australia has an OH&S Committee made up of seven staff. This Committee meets on a quarterly basis and is responsible for ensuring Compassion provides a healthy and safe work environment for employees. Compassion is regulated by the NSW OH&S Act 2000 and the OH&S Regulation 2001.
- Child Protection – As a Child Development organisation, Compassion seeks to maintain the highest levels of child protection. As part of this all staff, volunteers and advocates are subjected to a police check.

Non-government regulatory bodies

- PCI Security Standards Council – Compassion Australia seeks to ensure the security of supporters' credit card information through increasing compliance with the PCI Data Security Standard (PCI DSS).
- ACFID (Australian Council for International Development) – Although not a member of ACFID, Compassion Australia upholds the Code of Conduct; this report is in compliance with their guidelines for Financial Accountability.
- FIA (Fundraising Institute of Australia)
- Missions Interlink

Professional Advisors

Compassion Australia also seeks professional advice from the following advisors:

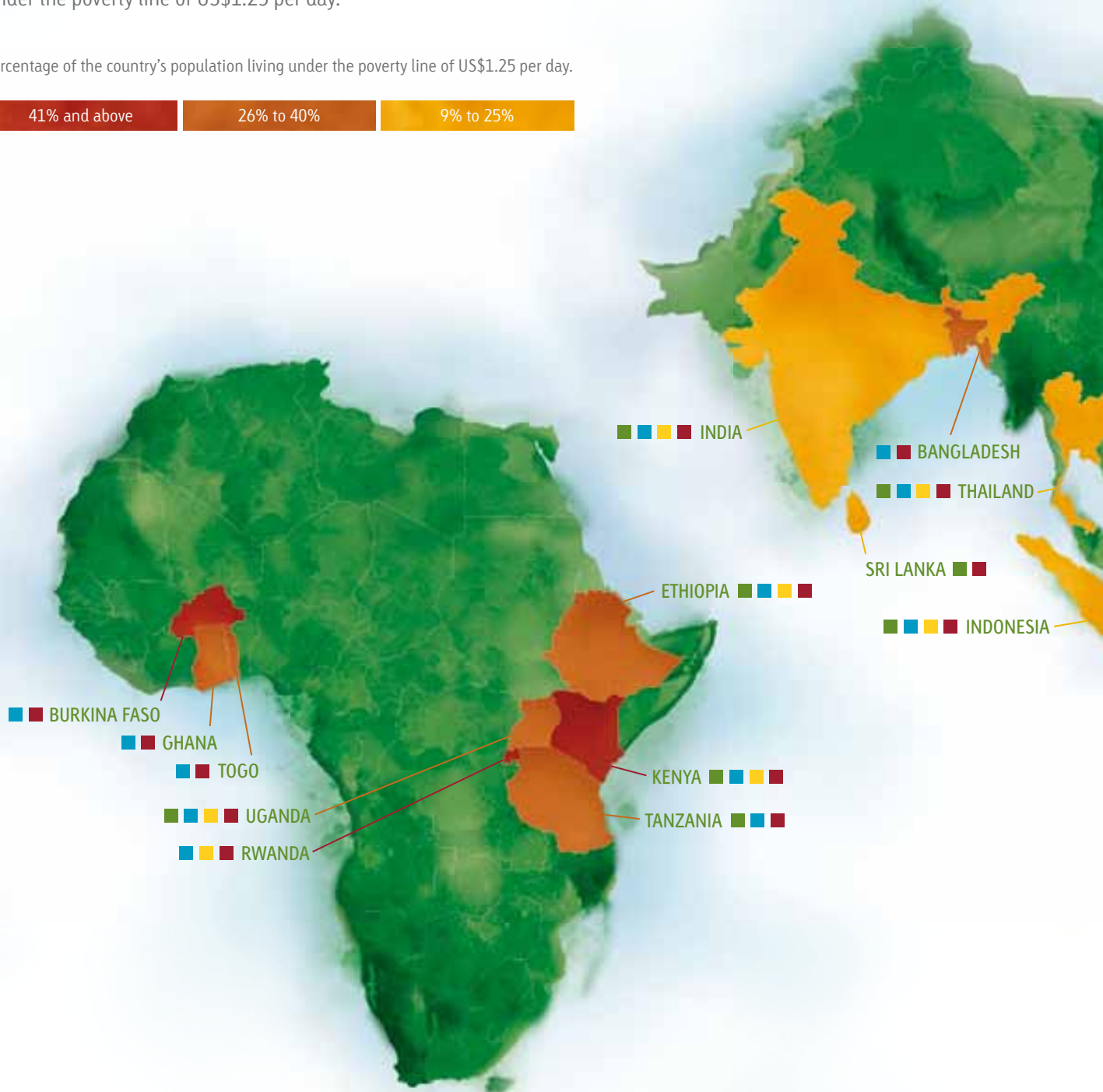
- Legal: Slater and Gordon; Anne Robinson of Prolegis
- Financial Auditing: Darren Turner of PricewaterhouseCoopers
- Banking: Westpac Banking Corporation; ANZ Banking Corporation



WHERE WE WORK

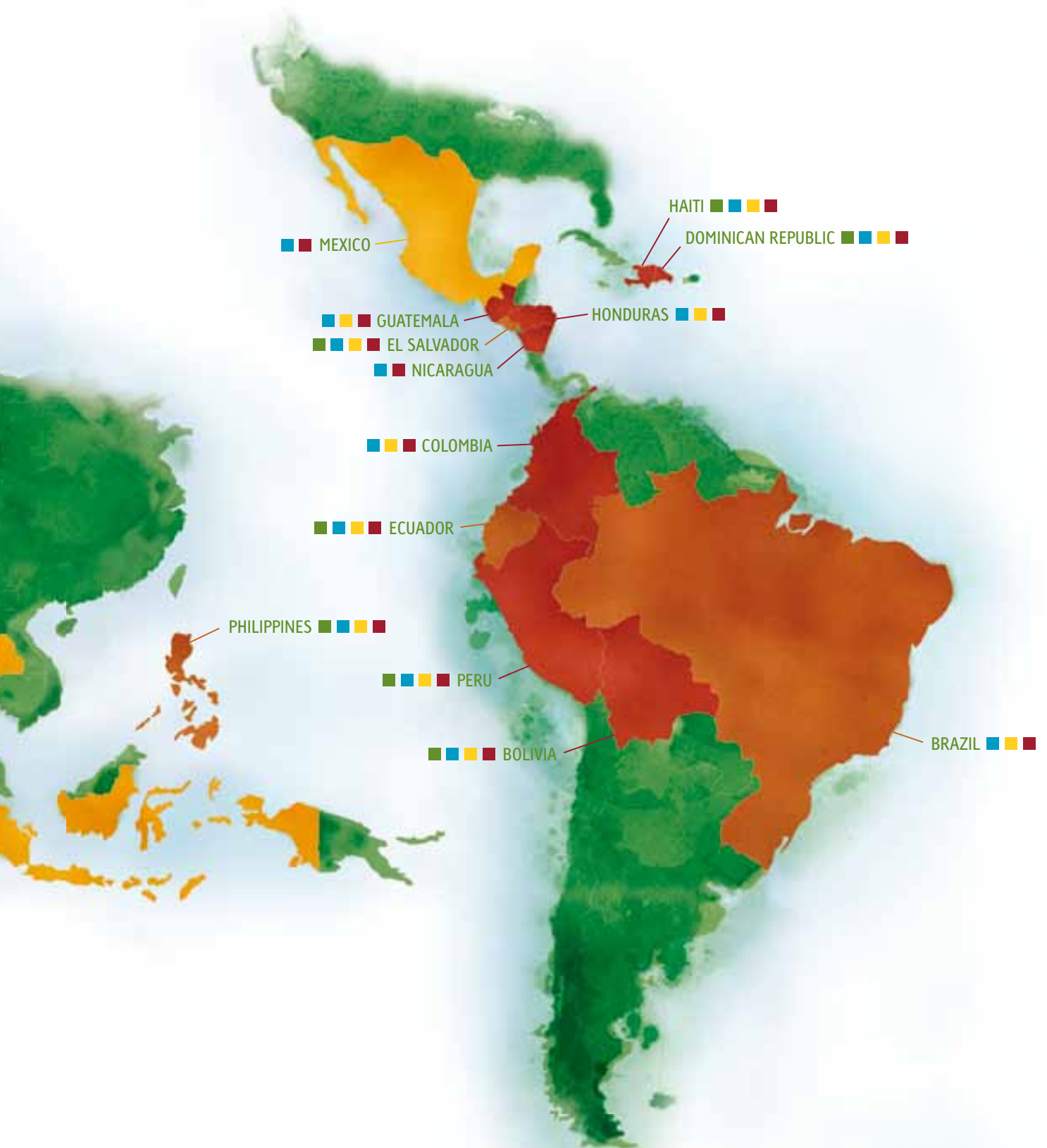
Compassion Australia's child development programs minister to the needs of individual children in 26 developing countries around the world. This map shows not only the presence of Compassion programs in each country, but also the relative need of the people in each country, based on the population percentage living under the poverty line of US\$1.25 per day.

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



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

■ Child Survival Program
 ■ Child Sponsorship Program
 ■ Leadership Development Program
 ■ Complementary Interventions



To determine in which countries we work, Compassion follows a set list of 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 or less or where there is definite need.

Government – The government of the country must be amenable to the work of Compassion 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 needs 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.

CULTIVATING OUR PEOPLE



“ I will buy a little goat so that it can make baby goat to help me tomorrow ... ”

—Compassion assisted child speaking of a family gift from their Compassion sponsor

Occupational Health and Safety

In order to achieve a safe and healthy work environment for staff and volunteers, Compassion will:

- Comply with all relevant OHS legislation
- Adopt risk management precautions to ensure all systems and work spaces are safe and without risks to health
- Provide information, instruction, training, supervision and equipment necessary to ensure health and safety at work
- Provide resources necessary to successfully develop and implement Compassion's OHS Management System
- Create opportunities for two-way discussion with staff and volunteers on OHS issues
- Ensure the rehabilitation of injured staff and volunteers is a priority.

OH&S report for the 2009-2010 financial year:

- Two medical treatment injuries
- Four travelling claims

Recruitment

Compassion Australia is committed to filling all vacancies with integrity. Recruitment decisions are based on merit and in accordance with current employment legislation. Most positions are advertised on a range of online platforms. Small teams of relevant employees assess applications and run several rounds of interviews to select the best candidate. In the case of senior management roles, Compassion utilises the skills of recruitment specialists to manage the process. Wherever appropriate, we seek to promote from within.

To ensure the protection of Compassion supporters and sponsor children, all paid and voluntary appointments are subject to the outcome of a criminal background check (in accordance with relevant state laws).

Filling a vacant position requires the approval of either the COO or CEO in consultation with the appropriate Department Manager. Filling a Department Manager position requires CEO approval.

Training

New employees spend three to four days in Induction, which introduces them to the story of Compassion and our core values, along with essential workplace and IT skills.

Compassion is committed to being a proactive, learning organisation and seeks to develop the gifts and abilities of both staff and volunteers. Since November 2009, paid employees have engaged in an ongoing, competency-based program aimed at equipping them with skills for learning in the workplace and conducting on-the-job training.

Learning and development opportunities for volunteers may be available to help develop skills and knowledge relevant to their work.

Assessment and remuneration

Compassion utilises a quarterly review of work progress and personal development of employees. We are committed to ensuring fairness and integrity in setting salaries and compensating employees. A new job evaluation and remuneration system was developed during the 2009-2010 financial year and implemented from 1 July 2010. In addition to remuneration for paid employees, Compassion will approve the reimbursement of reasonable out-of-pocket work-related expenses based on individual assessment.

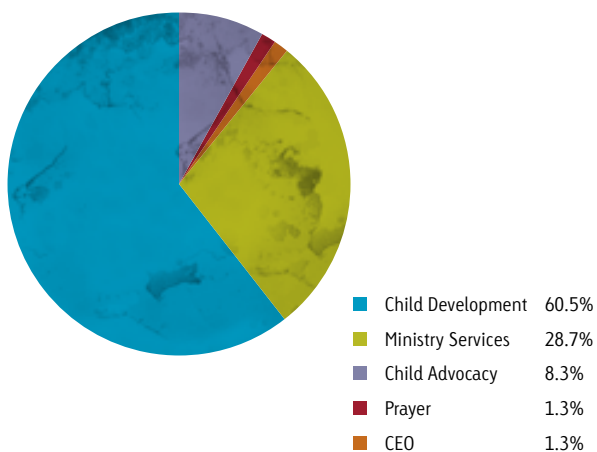
Staff demographics

- There are 142 staff based in the Newcastle head office and 18 regional staff (as of August 2010).
- The average age of staff is 38 years old.
- As of June 2010, staff by gender was 63% female and 37% male.
- The average length of service is 3.45 years.
- Staff turnover for the 2009/2010 financial year was 11.25 percent.

In November 2009 Compassion Australia conducted a staff survey to help management improve relationships among staff, foster staff development and improve work experiences. Here are a few things we discovered:

- Over 90 per cent of staff “agree” or “strongly agree” that their supervisor treats them with respect.
- Just under 84 per cent of staff agreed to some degree that they would recommend Compassion Australia to others as a good place to work.
- While just over 70 per cent of staff agreed to some degree that Compassion Australia provides the training needed to do their job, we feel this is an area we can improve on.

Percentage of full-time, paid employees by department



Compassion’s non-paid staff

Compassion Australia’s volunteers are a valuable resource, offering their time, energy and skills to help fulfil our mission. Our volunteers complete a range of tasks, including:

- Data entry
- Preparing, sorting and collating correspondence between children and their sponsors
- General filing
- Supporting staff members in their daily tasks
- Building and ground maintenance

During the 2009–2010 financial year, volunteers contributed over 4,716 hours to the work of Compassion Australia, representing \$88,253 (based on hourly rate of employees with similar tasks) in staff savings to the organisation. Because every contribution a volunteer makes to the ministry of Compassion is valuable, we commit to recognising achievements both informally and formally through our regular awards program.

Compassion’s child advocates

Compassion’s Child Advocate Network exists as a practical response to Proverbs 31:8, “*Speak up for those who cannot speak for themselves, for the rights of all who are destitute. Speak up and judge fairly; defend the rights of the poor and needy.*”

Child Advocates are supporters of Compassion who seek justice and life for children. They are encouraged to use their own funds, talents and opportunities to Learn, Speak up, Take action, Support, Create, Volunteer and Pray for the children of the world, while advancing the ministry of Compassion in their own time and without payment.

There are currently 1200 Child Advocates registered with us. Of these, 343 are trained and equipped as Program Promoters and help Compassion find child sponsors, and 260 are trained and equipped as Event Volunteers to support Compassion’s cause at churches and events. Still others work to raise awareness of the issues of children and poverty, regardless of whether there is a direct benefit to Compassion.

Because of the organic nature of the Child Advocate movement, there is no full and complete way of recording their activities and effects. However, the following chart is a general snapshot of what Child Advocates achieved during the 2009–2010 financial year.

CHILD SPONSORSHIPS	
Sponsorships as a result of a direct Child Advocate action	620
Sponsorships from Child Advocates at events or churches	3548
TOTAL	4168
OTHER PROGRAM SUPPORT	
Child Survival Program	\$86,400.00
Leadership Development Program	\$4,850.00
Complementary Interventions	\$22,983.00
Event/Church Coded Funds raised	\$2,643.70
General Donations raised through advocacy	\$260,083.00
TOTAL	\$376,959.70
HOURS VOLUNTEERED AT EVENTS AND CHURCHES	
TOTAL*	1689

* This does not include personal hours of Child Advocates.

Over the 2009–2010 financial year, our volunteers dispatched a staggering **333,778** letters from sponsored children to their sponsors, and in return processed more than **154,370** letters from sponsors to their sponsor children.

GROWING OUR SUPPORT



Supporters

None of Compassion's work would be possible without the generous support of our valued supporters. As of 30 June 2010, there were 68,681 child sponsors with Compassion Australia. This is an increase of 4.7 per cent from last year.

Compassion Australia is currently conducting a survey to learn more about both our current and past supporters and determine how we can better engage them in our ministry.

Fundraising

Compassion Australia conducts fundraising through two main channels: internal initiatives, such as direct mail appeals, and through the efforts of external supporters. For our supporters who would like to fundraise on our behalf, we have teamed up with the online fundraiser Everyday Hero to make the process as efficient as possible for everyone involved. We accept funds raised outside Everyday Hero as well.

Internally, Compassion Australia ensures all content soliciting funds is carefully worded and prepared so that both the donor and the finance department clearly understand the designation of funds. All funds will be utilised for the purposes for which they were raised or donated, and we do not make an appeal for contributions from our supporter base until a program has been designed and approved.

How we communicate

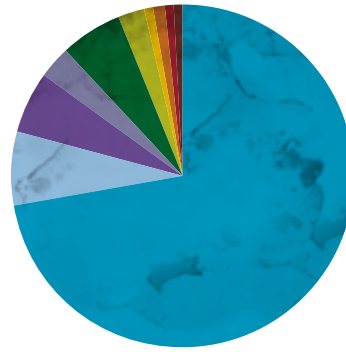
It is our policy to accurately and honestly communicate our programs, activities and needs. Compassion Australia communications strategies to supporters include a magazine three times per year, monthly e-newsletters, direct mail, online appeals and information relevant to donations or sponsorships.

Externally, Compassion works through a variety of media channels and both paid and non-paid advertising and public relations activities to release information to the public. Media requests are the responsibility of the Communications Team.

Compassion Australia has especially strong relationships with Christian radio stations. On April 29 2010, Compassion Australia held its 11th annual Compassion Day, a 16-hour national radio-a-thon for which Compassion partnered with 42 of these radio stations. Thanks to these media relationships, the event saw 586 children sponsored.

Capital Assets

It is the policy of Compassion Australia to maintain a program for the acquisition and disposal of Capital Assets, which will ensure the protection of an adequate return on its investment.



INCOME BY SOURCE

Child Development	45,399,282	72.32%
Sponsorship Plus	4,445,316	7.08%
Partners of Compassion	3,529,764	5.62%
Relief	2,001,926	3.19%
Gifts	3,595,511	5.73%
Child Survival Program	1,616,651	2.58%
Operating Fund	608,217	0.97%
Un-sponsored Children	599,319	0.95%
Leadership Development Program	500,683	0.80%
Other	480,573	0.76%
TOTAL	62,777,242	100%

Government Funding

Compassion Australia chooses not to pursue government funding.

Cash Management

It is the policy of Compassion Australia that cash balances will be invested in Interest Bearing Deposits or Flexible Deposits.

Relationships with other organisations

Compassion is not equipped to handle every need faced by our church partners or those they serve in their communities. Therefore, we call on strategic program partners whenever necessary.

For example, Compassion is not a relief organisation, so after the earthquake in Haiti, we partnered with organisations including Habitat for Humanity, Healing Water International and Engineering Ministries International to best address the needs of our affected beneficiaries, their families and communities.

STRATEGY AND VISION

Priority Goals

Financial year 2012 is the last in a ten-year plan established by the Executive Leadership Team and Board of Directors in 2002. Thirteen long-range goals were set as part of this plan, five of which have been selected as priorities for 2012:

1. Equip, empower and involve all staff
2. Grow to see 100,000 children sponsored through Compassion Australia
3. Reduce the child sponsorship annualised cancellation rate to less than five per cent
4. Provide more opportunities for Australian churches to partner with Compassion
5. Use technology, process improvement and organisational design to increase capacity and capability.

Each of these goals is accompanied by qualitative and quantitative success indicators.

Planning Framework

To help guide the planning process throughout the entire ministry, Compassion utilises a planning framework established with input from all staff in 2009. The following six factors are used to frame the development of strategies for achieving our goals:

- A. Seek first the kingdom of God and His righteousness
- B. Value enduring relationships ahead of short-term results

- C. Strengthen our own values-based community
- D. Invest in technologies that multiply and enrich relationships
- E. Grow in influence as a voice within the Church for the sake of children
- F. Catalyse a movement within the Church of advocacy for the poor.

Projects

Throughout financial years 2011 and 2012, Compassion will be working on a series of projects linked with the planning elements above. These initiatives will focus on delivering new core technologies, deepening relationships with existing supporters and the Australian Church, and establishing high-level objectives for the next decade.

Note: Compassion Australia's plans to launch Compassion Singapore have been put on hold indefinitely. This project has encountered unforeseen obstacles that have strained our core operations in Australia, which means Compassion Australia will not be launching into Singapore in the immediate or foreseeable future. It is a decision that has been made with much practical and prayerful consideration and one that has the overall good of the ministry at heart.







CHILD SURVIVAL PROGRAM

Rescuing, nurturing and discipling little ones

The Child Survival Program aims to prevent premature death, secure good health and enable positive development in the youngest, most vulnerable children. When Australians donate to this program, they intervene at the very start of life, with nutritional support, health interventions and AIDS testing and income-generation training. Your support has seen thousands of infants across 15 developing countries nurtured and encouraged to meet their full potential. The mothers, fathers and caregivers of these babies have also received practical assistance to provide for their families, skills to care for their children and the wisdom and friendship of others registered with the program.

Supporters of the Child Survival Program receive updates from beneficiaries, pastors and field staff explaining how their donations have been used.

NUMBER OF SUPPORTERS GIVING REGULARLY TO THE CHILD SURVIVAL PROGRAM	
2010	742
2009	483
2008	465
2007	467
2006	465



FIGHTING FOR CHILDHOOD

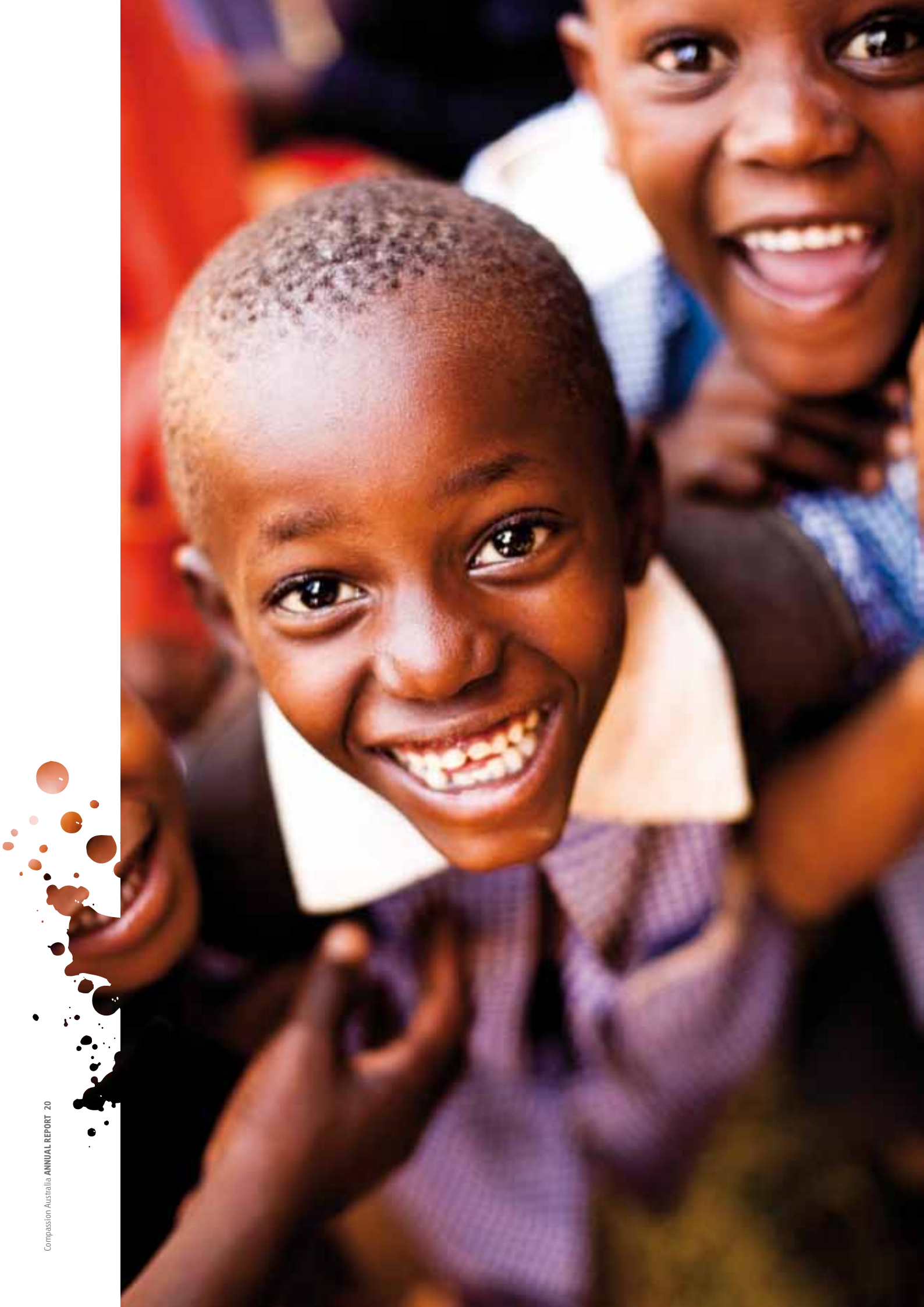
Amina Nzunzie is two years old. She's too young to know that in other places, people don't live in houses made of mud and smeared with cow dung. She's never heard of fly screens, let alone mozzie zappers, or any of the other gadgets that can get rid of biting nuisances. She doesn't know that the ever-present mosquitoes near the Tana River and all through Riaciina, her village, are the number one killer of children in her community on the slopes of Kenya's Mount Kirinyaga.

But her mother, Mutindi, knows. Mutindi's first daughter, Joyce Kanini, died from malaria when she was just three years old.

But when Amina was admitted to hospital twice with severe malaria in 2008, the Child Survival Program covered the cost of her treatment and medication. Compassion also provides nutritional supplements to improve children's immunity, malaria education programs, mosquito nets and assistance to clear mosquito breeding grounds, all of which are helping Amina and other children in the community win the fight against malaria.

"My child, my husband and I now sleep inside treated nets," says Mutindi. "The nights are now wonderful. I can't believe it! We are inside and mosquitoes are outside. The sponsors are a blessing to all of us."







CHILD SPONSORSHIP PROGRAM

Developing, discipling and equipping children for life

The Child Sponsorship Program aims to holistically develop children into fulfilled and responsible adults by providing them with the necessities that poverty often denies them, such as access to education, healthcare, nutritious food and safe places to play. Each Compassion assisted child is matched to an individual sponsor. We encourage each sponsor to develop a relationship with their sponsor child through letters and gifts for birthdays and Christmas.

All Compassion child sponsors receive bi-annual updates of their child's progress with an updated photo and up to three letters from their child per year. Sponsors also receive information concerning significant changes to their sponsor child's circumstances, a Compassion Christmas card to send to their sponsor child, Compassion's magazine three times per year and information about annual and emergency appeals.

Basic Sponsorship for \$44 per month provides a sponsor child with the following:

- Christian teaching
- Learning opportunities
- Health treatment and training
- Socio-emotional development
- Materials, supplies and activities
- Individualised care and attention.

Sponsorship Plus for \$56 per month provides a sponsor child with all the necessities of basic sponsorship, in addition to support for complementary

interventions that benefit all Compassion assisted children. Read more about the Complementary Interventions fund on page 25.

	NUMBER OF CHILDREN SPONSORED THROUGH THE CHILD SPONSORSHIP PROGRAM	NUMBER OF CHILDREN SPONSORED AT THE SPONSORSHIP PLUS RATE
2010	90,769	27,105
2009	85,636	26,356
2008	76,453	24,845
2007	66,302	22,622
2006	55,640	19,215

RELEASING THE BINDS OF POVERTY

Muthumari's mother could see no good reason to keep her in school and lots of reasons to take her out. Her husband had left and returned to his first family, leaving her to provide for her two girls alone. Someone needed to look after the baby. And the last thing she needed was for Muthumari to meet a boy and run away, instead of waiting for a proper arranged marriage. So when Muthumari reached Year Six, her mother forbade her from going to school.

When Compassion staff heard Muthumari had been taken out of school, they visited her mother several times to try to convince her to allow her daughter to study. But she refused and sent them away. When the baby was six months old, she sent Muthumari to work—12 hour days folding clothes at a textile shop, with only two days off a month.

For two years Muthumari worked, and for two years Compassion staff continued to visit her mother, talking to her about the value of education for Muthumari's future and for the future of her family. Finally, in June 2009, Muthumari was allowed to return to school and to the Compassion centre, where she now takes tailoring classes with the dream of becoming a seamstress.

"All that you see in my house was given by my sponsors. I do not know how to thank them for their great help to me," Muthumari says. "I am sure today I would have worked in the same textile shop folding clothes, had it not been for my sponsors and Compassion."







LEADERSHIP DEVELOPMENT PROGRAM

Educating, training and discipling servant leaders

The Leadership Development Program aims to develop and educate students who have graduated from the Child Sponsorship Program into Christian leaders in their communities and nations. Each leadership student is selected according to strict criteria that includes proven academic achievement, Christian commitment, demonstrated leadership skills and a willingness to serve.

Sponsoring a Leadership student costs \$400 per month and covers full-time tuition fees, books and school expenses at an accredited university, room and board if necessary and congruent Christian leadership training. Sponsors have the opportunity to become long-distance mentors, using letters to offer their students advice and encouragement. They also receive an annual update of their student's progress, a photo and at least two letters from their student each year.

Donors of the Leadership Development Program are not linked to individual students. Their donations are pooled to assist students awaiting sponsorship and help provide financial assistance to areas that are not covered by sponsorship funding, such as medical assistance and curriculum development.

NUMBER OF STUDENTS SPONSORED THROUGH THE LEADERSHIP DEVELOPMENT PROGRAM

2010	93
2009	79
2008	76
2007	67
2006	45

EDUCATION FOR A BRIGHTER FUTURE

Daniel Dongcuan grew up in a small house that hung precariously over a mountain slope in Baguio, Philippines. His father, Mendoza, worked hard as a contract labourer, construction worker, carpenter and house painter to provide for his family. The little spare time he had he spent doing repairs to their own home, trying to fortify it against the elements. Daniel would help by carrying rocks and bags of cement down the slope from the street above.

"We used to feel our house shaking from the slightest wind," Daniel says. "But through the years, my father made it stronger and more stable little by little. As I worked with him to build our house, I knew right there and then that I should be an engineer some day."

Mendoza never reached college, never became an engineer and never dreamed his son would be able to either —until Daniel was accepted into Compassion's Leadership Development Program. At 21 years of age Daniel graduated in April with a Bachelor's degree in Civil Engineering from St Louis University, even making the Dean's List. He wants to use his skills to help others and has just been elected as his church's youngest deacon.

"I learned to work hard because of my father," Daniel says. "But I am so thankful for my sponsors and the Compassion child development centre because I learned many skills that I continue to use today. Through the program I have become a leader."







COMPLEMENTARY INTERVENTIONS

Completing Compassion's core programs

Because poverty is a complex problem, obstacles often arise that can hinder the healthy development of children. When a situation exceeds the scope of Compassion's core programs, Complementary Interventions work alongside the core programs to achieve developmental outcomes. Supporters who give to Complementary Interventions help enhance and improve the lives of children, their families and local communities with initiatives such as:

- Clean water, toilets and hygiene
- Disaster relief
- Education and training programs for parents of sponsored children
- Emergency medical care and/or surgery
- Extra nutritional support
- HIV/AIDS initiatives
- Income generation for parents
- Infrastructure, such as improvement to child development centres
- Immunisations and malaria-prevention activities
- Support for registered children not yet sponsored
- Vocational training and non-formal education.

Supporters of a specific complementary intervention receive a proposal explaining the details of the initiative and a completion report once the initiative is finished to exhibit how the supporters' funds have been used.

	NUMBER OF FUNDED INTERVENTIONS	APPROXIMATE BENEFICIARIES	TOTAL INCOME
2010	44	47,045	\$7,975,080
2009	58	62,014	\$5,665,545
2008	33	35,284	\$5,108,306
2007	62	66,290	\$5,012,510

**Number impacted fluctuates by intervention*



WHEN DISASTER STRIKES

It took nine hours to pull 10-year-old Yns Carly Dominique and her 12-year-old sister Guethchine out of the rubble that Haiti's devastating earthquake left of their home. Both girls were in a critical condition; Yns Carly's left leg was crushed and Guethchine had sustained a head wound. But the quake had destroyed many of Port-au-Prince's few hospitals, leaving the Dominique sisters among the hundreds of thousands of wounded and dying without medical care.

Through Complementary Interventions, Compassion's emergency response in Haiti included the deployment of mobile medical teams, comprised of both local and international medical staff, which helped 400 Compassion assisted children and their siblings and parents in the weeks immediately after the quake and 21,000 in the months that followed.

Compassion's medical team took care of the Dominique girls and within three days were able to admit them to a hospital. Without the immediate medical attention they received, Yns Carly would not only have lost her leg but probably would have died of an infection. Instead, both girls have recovered and are back at school.

"Compassion is the best family I have ever had. We did not know what to do with the children but Compassion sent a vehicle and people from the office carried them to the hospital to receive care almost every day. I am forever indebted for the work Compassion has done in the lives of the children," says the girls' father.

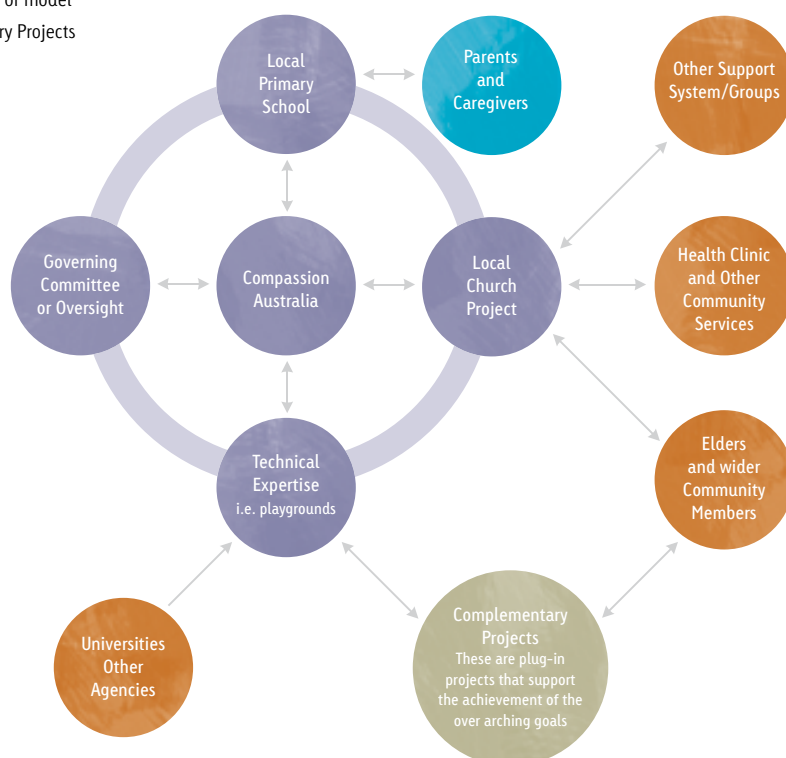


COMPASSION IN AUSTRALIA

Though Australia is a relatively wealthy country, we are in no way free from the effects of poverty. Indigenous communities in Australia face many of the same poverty-related challenges as those in the developing world. To help address child poverty in our own country, Compassion Australia started working with an Indigenous community in North Queensland in June 2009. To protect the privacy and integrity of this initiative, the specific location will not be released.

SYNERGISTIC MODEL FOR INDIGENOUS INITIATIVE

- Consultative & short-term relationships
- Compassion Direct Partnerships
- Core Structure of model
- Complementary Projects



COMPASSION IN THE PACIFIC

In response to poverty-related issues right at our doorstep, Compassion Australia also oversees child development initiatives in Vanuatu, the Solomon Islands, East Timor and Papua New Guinea. We are now phasing out our support in the Solomon Islands, to be completed by the end of 2011, as the need for our work is declining.

Compassion Australia's initiatives in Australia and the Pacific do not involve direct one-to-one child sponsorship. However, we are empowering and working alongside local churches for holistic child development, and children in these communities receive similar benefits to those in Compassion's core programs elsewhere. The Indigenous initiative is funded through the Necessitous Circumstances Fund, and initiatives in the Pacific are funded by the Partners of Compassion Fund.

WHO DOES WHAT?



BOARD MEMBERS

Compassion Australia is governed by a voluntary Board of Directors. As a company limited by guarantee, we also have a Constitution, which defines the purpose, objectives and powers of the organisation and how income is to be applied.

There are currently eight directors of Compassion Australia. It is their job to see that the organisation is conducted in accordance with its principles and commitments as stated in the Constitution.

Dr Tim Hanna

Chief Executive Officer

Compassion Chief Executive Officer since 2010

Senior pastor for more than 30 years

Former Compassion national director

Former CEO of Willow Creek Australia

Former senior lecturer at the Australian College of Ministries

Board of Directors

Rev John Bond

Chairman

Member of the CEO Support Committee

Board member since 2002

John is a Minister of Religion and has worked with Youth for Christ International, Motor Racing Outreach, Sports and Leisure Ministries and Dynamic Church Planting International. He is also Founding Director of Sonlife Ministries Inc.

Mike Jeffs

Vice Chairman

Chairman of the Finance Committee

Board member since 1995

Mike is Managing Director of Network Communications Pty Limited, Australian Christian Channel Pty Limited, Octillion Pty Limited and is a Director of Southern Cross Institute Pty Limited.

Jeremy Horn

Secretary

Member of the Operations Committee

Board member since 2005

Jeremy is owner and Company Director of Netstrategies Pty Ltd and has broad experience in Australian media and extensive experience in web services and business systems.

Mark Zschech

Member of the Finance Committee

Member of the HR Committee

Board member since 1999

Mark is Chairman and a Board member of EWI, a pastor with the Australian Christian Churches, and a Director of Hope Incorporated and 4Bmedia.



From left to right: Kent Medwin, Jeremy Horn, Terry McBride, Tim Hanna, Amanda Jackson, Mike Jeffs, John Bond, Mark Zschech. Missing: Isaac Moody

Isaac Moody

Member of the Communications and Education Committee

Board member since 2008

Isaac is founder and current CEO of Easterfest, as well as a Director of Emily's Voice, Family Week and the Gospel Music Association of Australia and New Zealand.

Amanda Jackson

Member of the Communications and Education Committee

Board member since 2008

Amanda is the International Campaign and Advocacy Coordinator for Micah Challenge and a former coordinator of Micah Challenge Australia and Jubilee Australia.

Terry McBride

Chair of the CEO Support Committee

Board member since 1994

Terry is Managing Director of Trainup Pty Ltd, a consultant to NSW TAFE and the Centre for Learning and a Board member of Ulladulla Coastal Church Inc.

Kent Medwin

Board member since 2010

Kent is Managing Director of Rock Property, Director of Medkes Unit Trust, Chairman of Live Free Tassie and Ultra 106.5 community radio station and Vice-Chair of Common Ground Tasmania.

Recruitment

Board members are recommended by existing Board members and chosen for their contribution to the decision-making process. Each director 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.

Reimbursement

The Board meets face-to-face at least three times per year. Members are also encouraged to attend other Compassion activities from time-to-time, such as promotional events, conferences or field trips. Directors are not paid any remuneration for their services, but Compassion does reimburse related reasonable expenses, such as travel and accommodation. Occasionally, where they have the expertise, a director may act as a consultant to Compassion and be paid a fee, generally at a rate far below market rates. The Board must agree to such arrangements, and these payments are disclosed in annual statutory returns.

Structure and performance

Each Board member serves on at least one Board committee, which meets with executive staff in their area. These are not decision-making bodies but provide insight into the operational aspects of management

at Compassion. Each committee provides a verbal report to the Board, which then discusses any issues.

In times of rapid change, the Board may take greater interest in the operational details and short-term plans of the organisation. In stable times, a Board focuses on broad, policy-level decisions and long-range vision and organisational direction.

At an annual retreat, Board members review both their own and the entire Board's performance and make recommendations for improvement. The Board appoints and reviews the performance of Compassion Australia's Chief Executive Officer.

We believe our Board functions effectively, though there are areas we would like to improve upon. These include: attracting more women members, improving induction practices, developing a more systematic review of each member's performance and of Board effectiveness, ongoing Board education and the compilation of a Board manual.

Length of service

Board members are elected for three years and must retire at the end of their term. They can stand again and, subject to Board approval, be re-elected for a further term. Officers of the Board—Chairman, Vice Chairman and Secretary—are elected every 12 months. The Chairman of the Board cannot serve as Chairman for more than 15 years.



ORGANISATIONAL CHART



RISK MANAGEMENT

Ethical standard

At Compassion we conduct our ministry with the highest ethical standards, inspired by our dedication and commitment to the Holy Bible. Employees demonstrate integrity and ethical behaviour through transparent relationships with governments, churches, other not-for-profit associations, beneficiaries, supporters, businesses, and the general public.

Auditing

Our annual external audit report is available at www.compassion.com.au. In addition, we have a global internal audit function that routinely monitors financial and operational integrity at child development centres and field offices across the globe. Sixty per cent of Compassion's project partners who operate child development centres 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 that all programs are meeting minimum standards of financial accountability and programmatic integrity.

Field offices are audited every 24 months 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.

Risk management

Working in underdeveloped, disaster prone, occasionally violent, and often corrupt regions of the world brings a heightened exposure to risk. There is a constant tension between prudence and risk—doing the right thing is sometimes at odds with conventional wisdom and methodology. Compassion enjoys a reputation for excellence, integrity and professionalism, and protecting that reputation is another risk

element we need to manage. We are traditionally conservative when it comes to risk taking, but we feel that the understanding of the elements of risk, whether they be financial, operational, physical, organisational or reputational, is the first step towards effective risk management. Globally, Compassion is formalising and documenting its approach to risk management in order to become less risk averse but better informed and prepared for the risks that arise in our environment.

IT 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 set 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 server, located remotely in case of catastrophic damage or data loss at our primary location.

Conflicts of interest

Any transaction in which a board member or officer of the company has a financial interest must be disclosed and approved by the CEO and Board of Directors. Members of the Board of Directors are reimbursed for expenses that relate directly to their service as directors but receive no other remuneration.

Relatives of existing staff members are encouraged to apply for positions within the organisation that suit their gifts and abilities but cannot be directly managed or supervised by their close relative. Compassion treats fairly and ethically everyone it employs and engages with to meet its objectives.



TOGETHER WE'VE ACHIEVED



FINANCIAL PERFORMANCE

From the office of the CFO

Compassion Australia maintained a respectable growth level for the financial year and expanded its ministry in Australia and internationally.

This year saw Compassion Australia's Operating Fund return to surplus as a result of modest income growth and disciplined spending restraint. Income grew at 15 per cent to \$62,777,242, just slightly less than the 21.7 per cent growth achieved last year. Growth did not occur as forecast, and we struggled to achieve growth targets for child sponsorship this year. Many charitable organisations have reported fewer donors contributing larger amounts in recent times. Compassion Australia experienced a similar trend and more short-term, often one-time giving, at the expense of long-term commitments.

We were privileged to be involved in relief and restoration work following the Haiti earthquake disaster, as our supporters gave generously to those in need. Compassion Australia raised \$1,298,461 as part of a \$US25 million response from the global Compassion family.

Last year we committed to establishing a ministry to Australia's first inhabitants, and now a playgroup focusing on early childhood development is fully functioning in an Indigenous community. It has been thrilling to see the community embrace the concept of holistic child development and implement it with just a small financial contribution and some encouragement from Compassion.

Experts are predicting another lean year for not-for-profit and charitable organisations due to the flow-on effects of the Global Financial Crisis (GFC). Nonetheless, we believe that God blesses those who bless the poor, and while we feel the pressure of financial strain at home, we all should take a minute to think of those for whom the GFC is irrelevant because they have nothing to lose.



Ken Wilson
Chief Financial Officer
Compassion Australia

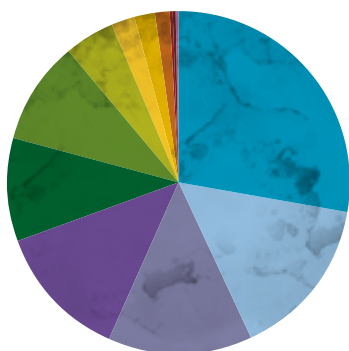
“ I really don't have anything to give to thank them, but if I could meet them I would hug them over and over, thanking them for the great support they gave towards saving my life. ”

—Alex, speaking of supporters whose support paid for surgery to correct his heart defect

SPONSORSHIPS

	2010	2009	2008	2007	2006
New Child Sponsorships	11,333	14,840	15,151	14,852	13,715
Child Sponsorship Cancellations	6,200	5,657	5,000	4,190	3,131
Net Growth	5,133	9,183	10,151	10,662	10,584
Net Growth %	5.99%	12.01%	15.31%	19.16%	23.49%
Total Australian Child Sponsorships	90,769	85,636	76,453	66,302	55,640
Total Worldwide Child Sponsorships	1,081,058	1,010,208	902,172	793,907	686,821
Total Income (\$million)	62.7	54.6	44.9	40.0	31.0
Cost per average child sponsorship (\$)	139.80	141.99	128.76	124.03	122.35
Acquisition cost per new sponsorship (\$)*	359.31	230.72	253.17	209.96	183.81
Return on fundraising investment (\$)	7.10	6.49	11.70	12.52	12.19

*Increase in this measure is partially due to expansion of non-sponsorship programs



SPONSORSHIPS BY SOURCE

Events & Partner Artists	3,160	27.89%	Transfers from overseas	210	1.85%
Promotions	1,741	15.37%	Donor Relations	161	1.42%
Additional Child	1,535	13.54%	Supporter Engagement Centre	44	0.39%
Sponsor Recommend	1,445	12.75%	Miscellaneous	22	0.19%
Church Relationships	1,114	9.83%	Partner Relationships	11	0.10%
Church Partnerships	1,103	9.73%	Former Sponsors	6	0.05%
Child Advocacy	541	4.77%			
Magazine	240	2.12%			
TOTAL			11,333	100%	



KEY PERFORMANCE

KEY PERFORMANCE INDICATORS	2010	2009	2008	2007	2006
Income per staff [\$]	38,003	35,092	34,950	39,415	38,793
Child cancellation rate [%]	7.2%	7.4%	7.5%	7.5%	6.9%
Children per sponsor	1.32	1.31	1.28	1.24	1.21
Sponsors writing to children [%]	70.62%	72.8%	75.9%	76.1%	77.4%
Children per staff	659	660	718	783	832
Acquisition cost per new sponsorship [\$]*	359.31	230.72	253.17	209.96	183.81
Return on fundraising investment [%]	7.10	6.49	11.70	12.52	12.19
Revenue growth [%]	15.0%	21.7%	12.1%	28.7%	22.5%
Administration and fundraising costs [%]	20.5%	20.9%	19.8%	20.6%	19.9%
Total Income [\$]	62,777,242	54,600,046	44,876,394	44,876,394	31,115,337

**Increase in this measure is partially due to expansion of non-sponsorship programs*

Directors' Declaration

The Board of Directors of Compassion Australia declare that:

(a) The financial statements and notes as set out on pages 36 to 38, are in accordance with the Corporations Act 2001 and:

- i. comply with Australian Accounting Standards; and
- ii. give a true and fair view of the financial position as of June 30, 2010 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 association 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.



Jeremy Horn
Director



John Bond
Director

INCOME STATEMENT

INCOME & EXPENDITURE FOR THE YEAR ENDED JUNE 30, 2010	2010	2009
REVENUE		
Donations and gifts		
- Monetary	62,176,290	54,132,930
- Non-monetary	100,000	-
Bequests and Legacies	68,360	123,022
Grants		
- AusAID	0	0
- Other Australian	0	0
- Other overseas	0	0
Investment income	358,435	310,451
Other income	74,157	33,643
Revenue for International Political or Religious Proselytisation Programs	0	0
TOTAL REVENUE	62,777,242	54,600,046
EXPENDITURE		
International Aid and Development Programs Expenditure		
International programs		
- Funds to international programs	41,336,023	38,914,953
- Program support costs	5,925,676	3,521,344
Community education	787,195	358,740
Fundraising costs		
- Public	9,573,508	9,291,110
- Government, multilateral and private	0	0
Accountability and Administration	3,195,998	2,867,943
Non-Monetary Expenditure	0	0
Total International Aid and Development Programs Expenditure	60,818,400	54,954,090
Expenditure for International Political or Religious Proselytisation Programs	0	0
Domestic Programs Expenditure	132,948	0
TOTAL EXPENDITURE	60,951,348	54,954,090
EXCESS / (SHORTFALL) OF REVENUE OVER EXPENDITURE	1,825,894	-354,044

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2010	2010	2009
Balance at July 1, 2009 (commencing balance)	9,939,675	10,293,719
Adjustments or changes in equity	0	0
Excess of revenue over expenses	1,825,894	-354,044
Other amounts transferred (to) or from reserves	0	0
Balance at June 30, 2010 (year end balance)	11,765,569	9,939,675

BALANCE SHEET

BALANCE SHEET AS AT JUNE 30, 2010	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,510,667	3,719,467
Trade and other receivables	265,477	206,919
Inventories	0	0
Assets held for sale	0	0
Other financial assets	189,592	178,854
TOTAL CURRENT ASSETS	5,965,736	4,105,240
NON CURRENT ASSETS		
Trade and other receivables	0	0
Other financial assets	0	0
Property, plant and equipment	12,651,805	12,794,208
Investment property	1,854,211	1,918,817
Intangibles	0	0
Other non current assets	0	0
TOTAL NON CURRENT ASSETS	14,506,016	14,713,025
TOTAL ASSETS	20,471,752	18,818,265
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	6,822,814	7,022,554
Borrowings	910,000	1,105,000
Current tax liabilities	0	0
Other financial liabilities	0	0
Provisions	743,300	550,856
Other	0	0
TOTAL CURRENT LIABILITIES	8,476,114	8,678,410
NON CURRENT LIABILITIES		
Borrowings	0	0
Other financial liabilities	0	0
Provisions	51,880	43,526
Other	178,189	156,654
TOTAL NON CURRENT LIABILITIES	230,069	200,180
TOTAL LIABILITIES	8,706,183	8,878,590
NET ASSETS	11,765,569	9,939,675
EQUITY		
Reserves	0	0
Retained Earnings	11,765,569	9,939,675
TOTAL EQUITY	11,765,569	9,939,675

CASH MOVEMENTS

FOR THE YEAR ENDED JUNE 30, 2010	OPENING BALANCE	INCOME	TRANSFERS	EXPENSES	SURPLUS / (DEFICIT)	CLOSING BALANCE
Bibles	76,966	116,167	[11,617]	55,050	49,500	126,466
Child Development	2,298,562	45,399,282	[9,762,876]	35,374,999	261,407	2,559,969
Child Survival Program	279,177	1,616,651	[347,580]	737,105	531,966	811,143
Christmas Fund	156,243	1,790,057	[179,006]	1,677,894	[66,843]	89,400
Endowment Operations	2,040,420	68,362	[445,928]	99	[377,665]	1,662,755
Gifts	423,518	1,805,454	0	1,667,551	137,903	561,421
Indigenous	0	33,912	99,335	132,948	299	299
LDP	422,379	500,683	[50,068]	304,425	146,190	568,569
Life Assurance	5,252	600	0	237	363	5,615
Living Sponsorship	540,913	84,470	0	0	84,470	625,383
Operating Fund	691,647	608,217	12,539,248	12,964,756	182,709	874,356
Partners of Compassion	1,144,870	3,529,764	[763,852]	1,660,345	1,105,567	2,250,437
Relief	404,659	2,001,926	[68,370]	1,650,624	282,932	687,591
Singapore	0	8,700	75,309	75,369	8,640	8,640
Special Grants	356	0	0	0	0	356
Special O'seas Proj	58,739	168,362	0	142,631	25,731	84,470
Sponsorship Plus	1,282,191	4,445,316	[1,160,742]	3,720,950	[436,376]	845,815
Un-sponsored Children	113,783	599,319	76,147	786,365	[110,899]	2,884
TOTAL	9,939,675	62,777,242	0	60,951,348	1,825,894	11,765,569

FOR THE YEAR ENDED JUNE 30, 2009	OPENING BALANCE	INCOME	TRANSFERS	EXPENSES	SURPLUS / (DEFICIT)	CLOSING BALANCE
Bibles	23,605	68,236	[14,875]	0	53,361	76,966
Child Development	2,200,197	41,717,357	[9,092,999]	32,525,993	98,365	2,298,562
Child Survival Program	329,069	748,935	[163,268]	635,559	[49,892]	279,177
Christmas Fund	147,708	1,667,157	[166,716]	1,491,906	8,535	156,243
Endowment Operations	1,917,695	123,022	0	297	122,725	2,040,420
Gifts	356,927	1,541,251	0	1,474,660	66,591	423,518
LDP	415,446	405,153	[40,515]	357,705	6,933	422,379
Life Assurance	4,889	2,300	0	1,937	363	5,252
Living Sponsorship	433,181	107,732	0	0	107,732	540,913
Operating Fund	1,463,056	446,424	10,941,219	12,159,052	[771,409]	691,647
Partners of Compassion	1,883,734	1,857,853	[404,999]	2,191,718	[738,864]	1,144,870
Relief	91,156	1,838,371	[183,837]	1,341,031	313,503	404,659
Special Grants	356	0	0	0	0	356
Special O'seas Proj	65,139	67,036	0	73,436	[6,400]	58,739
Sponsorship Plus	953,070	3,807,692	[830,077]	2,648,494	329,121	1,282,191
Un-sponsored Children	8,491	201,527	[43,933]	52,302	105,292	113,783
TOTAL	10,293,719	54,600,046	0	54,954,090	[354,044]	9,939,675

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the members of Compassion Australia

PricewaterhouseCoopers
ABN 52 780 433 757

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PO Box 798
NEWCASTLE NSW 2300
DX 77 Newcastle
Australia
Telephone +61 2 4925 1100
Facsimile +61 2 4925 1199
www.pwc.com/au

Report on the concise financial report

The accompanying concise financial report of Compassion Australia (the company) comprises the balance sheet as at 30 June 2010, and the statement of income and expenditure, statement of changes in equity and statement of cash movements for the year then ended, derived from the audited financial report of Compassion Australia for the year ended 30 June 2010. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of the company for the year ended 30 June 2010. Our audit report on the financial report for the year was signed on 21 October 2010 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Liability limited by a scheme approved under Professional Standards Legislation

Auditor's opinion

In our opinion, the concise financial report of the company for the year ended 30 June 2010 complies with Australian Accounting Standard AASB 1039: *Concise Financial Reports*.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

Darren Turner
Partner

Newcastle
21 October 2010



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