



ANNUAL REPORT

2011/12



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A Message from Compassion's

CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE BOARD

As I write this I am again amazed and inspired by the hand of God on the ministry of Compassion. On behalf of John Bond, the Chairman of the Board, and myself, it is appropriate to firstly recognise that without God, and His Church, we would not have seen Compassion's ministry continue to have such an extraordinary impact across the globe.

Having visited a number of countries where Compassion works this past year, and obviously being very involved in ministry here in Australia, it has been a joy to see and witness the real heroes of this ministry, including:

- The local pastors and child development centre staff in over 5800 local churches in 26 developing countries, who give above and beyond despite overwhelming obstacles
- The 'in-country' Compassion Australia staff, who seem to go the extra mile, and who do it with passion and a smile
- The children we serve, and their families, who can so often see hope and opportunity in the midst of despair, and express joy through profound adversity
- All the Australian supporters and sponsors who continue to give month after month, year after year, to make a difference in the life of a child on the other side of the world

We honour you all!

This past year has been one of steady growth in the ministry of Compassion. Both sponsorships and revenue have grown between three and four per cent. This has been a consistent pattern since the Global Financial Crisis in 2009. We expect this pattern will continue for the next couple of years, which gives us the opportunity to build capacity for greater growth in the future. This report will elaborate more on facts and figures, but some of the key highlights of this past year are summarised below.

- The year 2012 marks the end of a ten-year plan for the ministry, set by the Board and Executive Team back in 2002. One of the goals for the ministry was to see 100,000 children, babies and students supported by Australians. This was an audacious goal at the time, as the number of children supported was 27,477. We praise God that we have now seen our goal of supporting 100,000 children come to fruition on 21 August 2012. The milestone was accompanied by much joy and celebration!
- Over the last few years we have witnessed some interesting trends in regards to how and where Australians choose to support children. We have seen a decrease in the number of people choosing to sponsor a child at some events, and an increase in the number of people who are choosing to sponsor as a result of a church partnership—a partnership between a church in Australia and churches in a specific region in a developing country. These trends continued again this year and motivated us to refine our strategies accordingly.

- This year, we have seen a significant decrease in the number of Australians cancelling their sponsorships. This has primarily been the result of an ever-growing emphasis on each child's healthy development and the opportunity to utilise new technologies to connect and communicate with our supporters more effectively and efficiently.
- In light of continued growth and maturation of the ministry over the past few years, the Board identified a need to realign our mission and vision statements to better represent our current standing as a national ministry. Our revised mission and vision are:
 - **Mission (what we do):** Compassion exists as an advocate for children—to partner with, equip and inspire the Church to release children from poverty in Jesus' name.
 - **Vision (what we want to see):** Transformation of lives, communities and nations through releasing children from poverty in Jesus' name.

[Please see page 7 for more information about our revised mission and vision statements.]

- For the first time in our history, the 37 countries that form Compassion International (11 partner countries and 26 developing countries) are working towards a united goal, called the '2020 Vision'. The two main emphases of the 2020 Vision are:
 - To bear good fruit: ensuring we are constantly improving the outcomes for children living in poverty through our four core programs
 - To bear much fruit: ensuring we are building capacity globally to see many more children released from poverty in Jesus' name

Similarly to 2002, there are some audacious dreams and goals being envisaged for the next eight years of the ministry!

- Like many other organisations in the not-for-profit space, we are waiting for the establishment of the Australian Charities and Not-For-Profit Commission (ACNC), which is the new regulatory body being set up by the government. At this stage we have seen some draft legislation and had the opportunity to make a submission to the government; no definite legislation has been announced to date.

All in all, it has been a very encouraging and fruitful year in the life of the ministry of Compassion Australia, and one in which we are very grateful to God for. The following pages will give you more information and detail surrounding how we have travelled financially as a ministry this past year, and our goals for the coming years.

“ Let the little children come to me and do not hinder them for the kingdom of God belongs to such as these. ”

—Mark 10:14

As you read through all the facts and figures, remember that our most important number is **ONE—one more** child given new hope and opportunity, one mother and her baby who now has life-saving support, one more leadership student who has the potential to change his or her nation for the better; all this, because someone on the other side of the world was moved to care and give a little of what they had to make a difference.



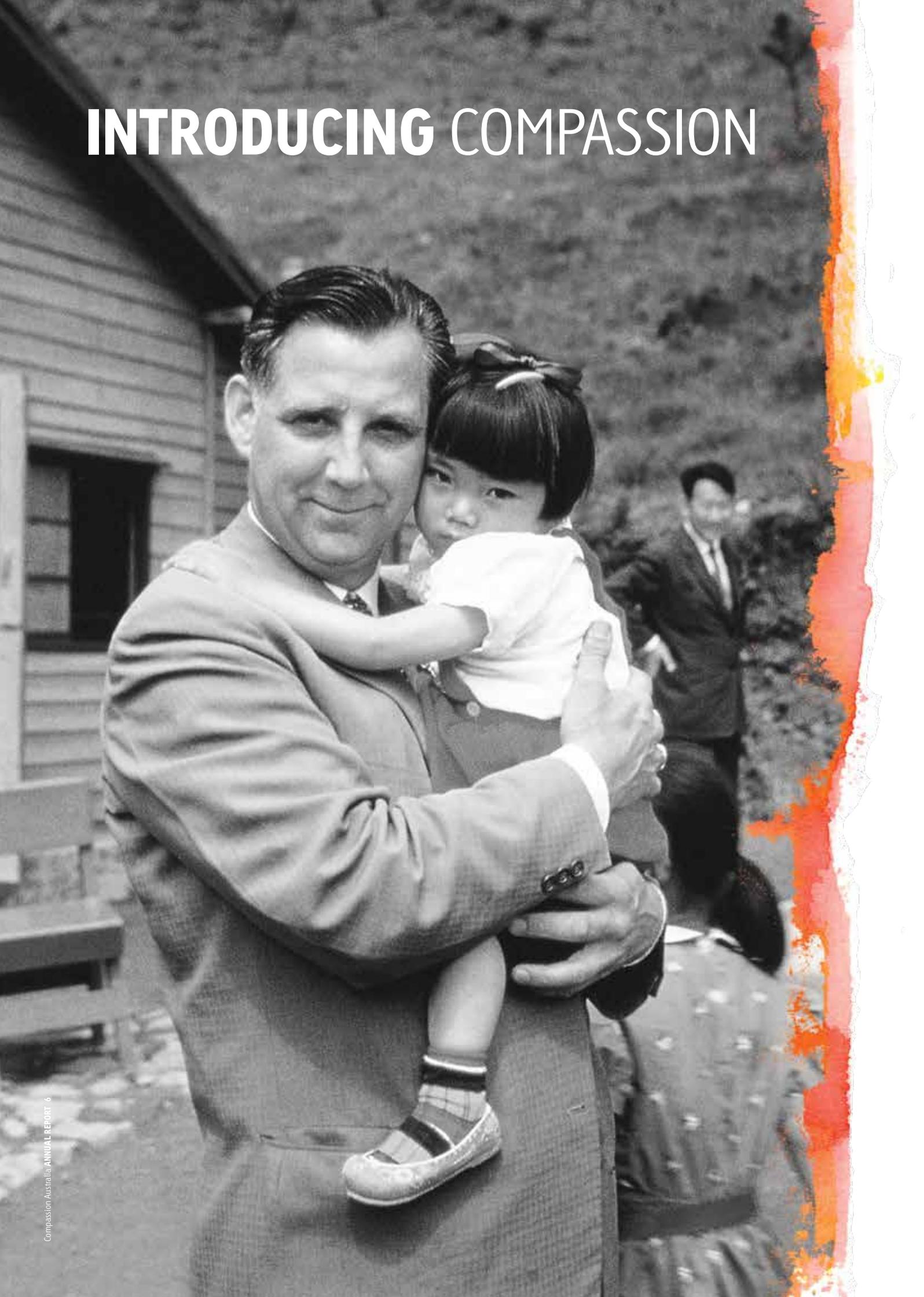
Tim Hanna
Chief Executive Officer



John Bond
Chairman of the Board



INTRODUCING COMPASSION



HISTORY

Internationally, Compassion started in 1952 with 35 children orphaned by the Korean War. Everett Swanson, an evangelist from Chicago, was ministering to troops when he saw children dying in the streets one morning and made a promise to do something about it. By 1977, more than 25,000 children were being supported. In the same year, Compassion Australia started in the garage of Laurie and Olive McCowan's Newcastle home.

The ministry of Compassion International grew to 250,000 beneficiaries by 1998, 500,000 in 2003 and eventually one million in 2009. Today, Compassion is transforming the lives of more than 1.3 million children, babies and students around the world through 11 international partner countries. As of 21 August 2012, over 100,000 of these are supported through Compassion Australia.

About Us

Compassion Australia is part of a global network of both funding countries and 26 developing countries that is Compassion International. Together, we are a Christian child advocacy ministry that partners with local churches to release children from all forms of poverty in Jesus' name.

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

Allocation of Donations

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 inform and update sponsors and facilitate their personal relationship with their sponsored child
- 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. We do not use child sponsorship funds for community development activities; these are funded from other sources like Sponsorship Plus and Critical Interventions.

PER CENT OF FUNDS USED FOR ADMINISTRATION AND FUNDRAISING	
2012	20.51%
2011	20.26%*
2010	20.95%
2009	20.86%
2008	19.83%

* Figure includes a \$750,000 investment in the exploration into the Asia region.

“ Train a child in the way he should go,
and when he is old he will not turn from it. ”

—Proverbs 22:6, NKJV

DISTINCTIVES

Holistic child development takes a child through a process of growth and fulfilment in all dimensions of their life: spiritually, economically, socially, physically and emotionally. 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.

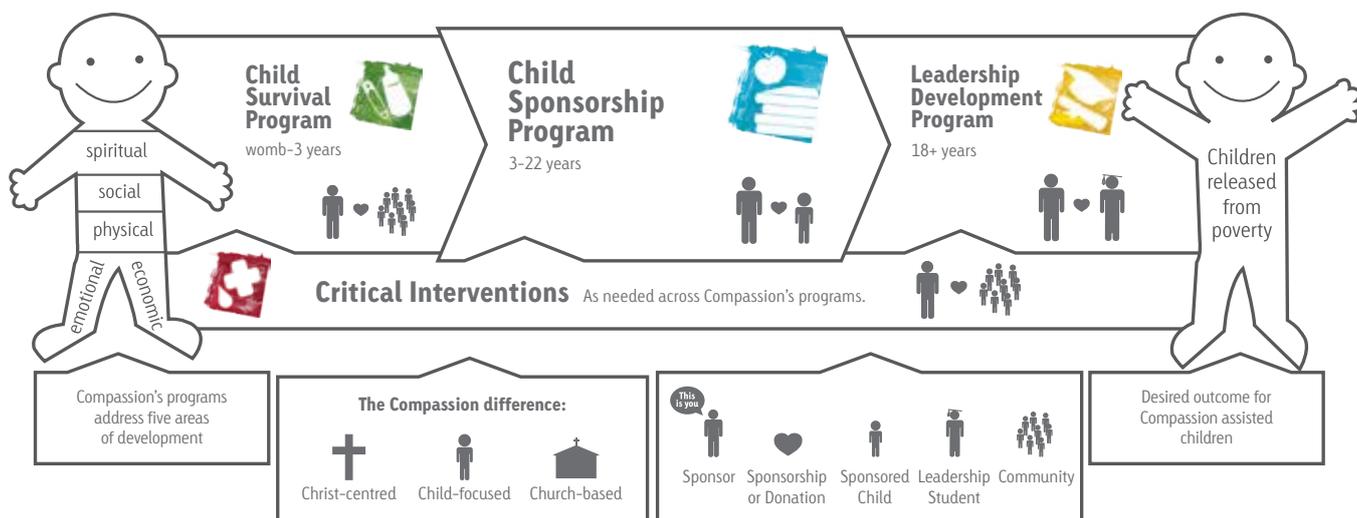
Compassion's holistic child development model has three key distinctions:

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, social, physical and emotional poverty.

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

Compassion has chosen to work exclusively in partnership with the Church to deliver our holistic child development model. With deep roots in their communities, local churches are often one of the most reliable, stable and accessible institutions in countries where governance is weak and infrastructure is lacking. They are uniquely placed to understand the real needs of people and best able to make strategic decisions about the needs of their communities.



“ Religion that God our Father accepts as pure and faultless is this: to look after orphans and widows in their distress. ”

—James 1:27

COMPASSION INTERNATIONALLY

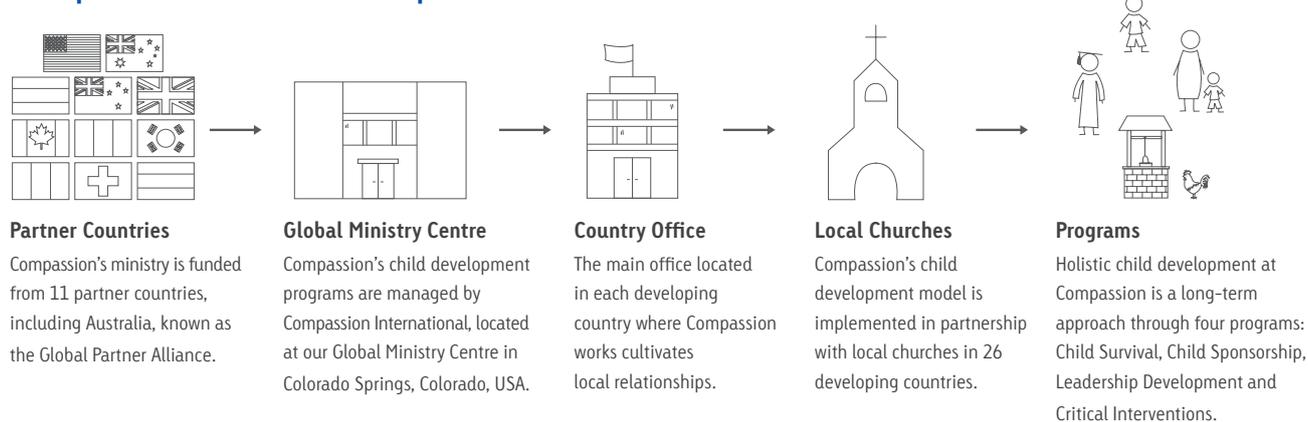
Globally, Compassion works in more than 26 developing nations to serve over 1.3 million children living in poverty. The funding for this work comes from 11 partner countries, known as the Global Partner Alliance, which is comprised of Compassion Australia, Compassion Canada, Compassion Germany, Compassion 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 at our Global Ministry Centre in Colorado Springs, Colorado, USA.

Compassion International liaises with the area offices on behalf of the partner countries, who then work with country offices to implement

Compassion's child development model in partnership with local churches in the developing world; this ensures that local congregations 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, project 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



Compassion's Local Church Partnerships

AFRICA	CHURCH PARTNERS	ASIA	CHURCH PARTNERS	CENTRAL/SOUTH AMERICA	CHURCH PARTNERS
Burkina Faso (est. 2004)	157	Bangladesh (est. 2003)	116	Bolivia (est. 1975)	198
Ethiopia (est. 1993)	368	East India (est. 2002)	209	Brazil (est. 1975)	172
Ghana (est. 2004)	162	East Indonesia (est. 2005)	167	Colombia (est. 1974)	214
Kenya (est. 1980)	333	India (est. 1968)	306	Dominican Republic (est. 1970)	167
Rwanda (est. 1979)	217	Indonesia (est. 1968)	341	Ecuador (est. 1974)	197
Tanzania (est. 1999)	254	Philippines (est. 1972)	330	El Salvador (est. 1977)	184
Togo (est. 2007)	66	Sri Lanka (est. 2009)	10	Guatemala (est. 1980)	172
Uganda (est. 1980)	288	Thailand (est. 1970)	225	Haiti (est. 1968)	245
TOTAL	1845	TOTAL	1704	Honduras (est. 1974)	190
				Mexico (est. 1980)	158
				Nicaragua (est. 2002)	149
				Peru (est. 1980)	231
				TOTAL	2277



WORLD POVERTY

Of the 2.2 billion children living in the world today, just under 1 billion are living in poverty. Poverty causes children to struggle with frequent illness, chronic malnutrition, and impaired physical and mental development. It denies children access to basic health care and education, weakens a child's protective environment, and exposes them to abuse and exploitation.

Poverty robs children of opportunities and choices. It saps them of their energy and undermines their confidence in the future. Poverty can even destroy a child's belief in a God of love, hope and justice. The world often overlooks children living in poverty. They're too small; they can't vote; their rights are often unprotected. But God makes it clear that children living in poverty require our urgent attention.

- Between 2006 and 2008, around 850 million people were living in hunger—15.5 per cent of the world's population.
- Around 21,000 children under the age of five die every day, most from preventable causes.
- An estimated 655,000 malaria deaths occurred in 2010, of which 91 per cent were in Africa and 86 per cent were children under five years of age.
- About 1000 babies a day were infected with HIV/AIDS through mother-to-child transmission in 2010. In addition, nearly 2600 people aged 15 to 24 were infected every day in the same year.
- In 2009, about 17.1 million children around the world were estimated to have lost one or both parents to AIDS; the majority of these children lived in sub-Saharan Africa.
- The number of urban dwellers practising open defecation increased from 140 million to 169 million between 1990 and 2008. Overcrowded and unsanitary conditions make urban slums particularly high-risk areas for communicable diseases, including cholera.
- An estimated 1.2 million children die before the age of five from diarrhoea.
- In 2010, 61 million children of primary school age were out of school. More than half of them (33 million) were in sub-Saharan Africa and a further one fifth (13 million) in southern Asia.
- Estimates suggest that tens of millions of children live or work on the streets of the world's towns and cities—and the number is rising with global population growth, migration and increasing urbanisation.
- Projections indicate that in 2015—the deadline for the Millennium Development Goals—more than 600 million people worldwide will still be using unimproved water sources and almost one billion will be living on an income of less than US\$1.25 per day.
- Nearly half of the population in developing regions—2.5 billion—still lack access to improved sanitation facilities.
- Close to one-third of children in southern Asia were underweight in 2010.
- Nearly one in five children under age five in the developing world is underweight.
- In 2010, there were 122 million people between 15 and 24 years of age—74 million women and 48 million men—who were unable to read and write a short, simple statement about their everyday life.

But with the help of international development organisations, including Compassion, progress has been made.

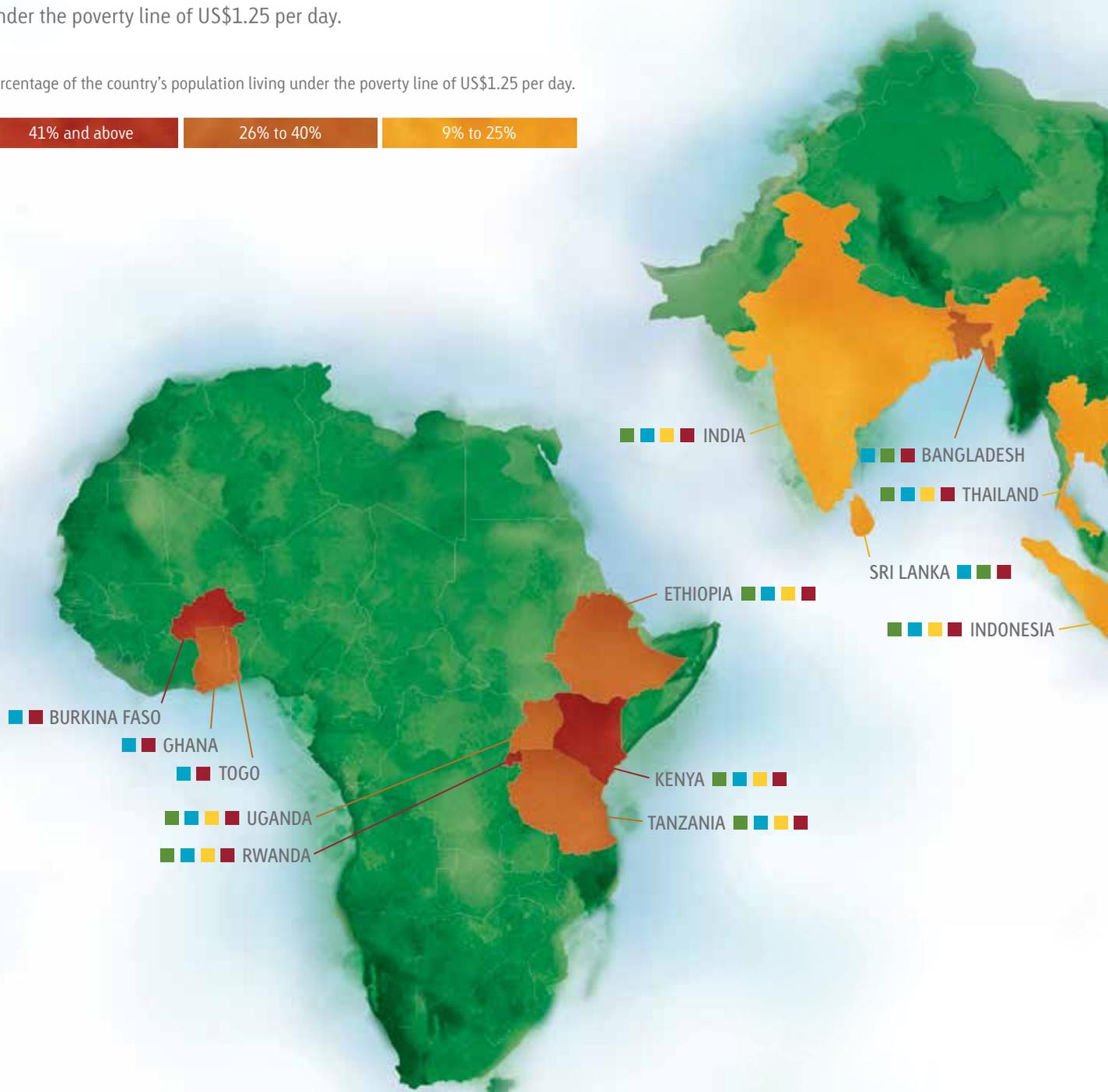
- For the first time since poverty trends began to be monitored, the number of people living in extreme poverty fell in every developing region—including in sub-Saharan Africa, where rates are highest.
- Between 1990 and 2010, over 2 billion people gained access to improved drinking water sources, such as piped supplies and protected wells.
- Enrolment rates of children of primary school age increased markedly in sub-Saharan Africa, from 58 to 76 per cent between 1999 and 2010.
- Between 1990 and 2010, the under-five mortality rate dropped by more than one-third, from 88 deaths per 1000 live births to 57.
- At the end of 2010, 6.5 million people were receiving antiretroviral therapy for HIV/AIDS in developing regions. This total constitutes an increase of over 1.4 million people from December 2009, and the largest one-year increase ever.
- In the developing regions, the proportion of children under age five who are underweight declined from 29 per cent in 1990 to 18 per cent in 2010.
- Despite population growth, the number of under-five deaths worldwide fell from more than 12 million in 1990 to 7.6 million in 2010.
- Accelerated efforts to reduce measles deaths have resulted in a 74 per cent reduction in global measles mortality, from an estimated 535,300 deaths in 2000 to 139,300 in 2010.

Statistics compiled from various sources: UNICEF, United Nations, World Health Organisation

WHERE WE WORK

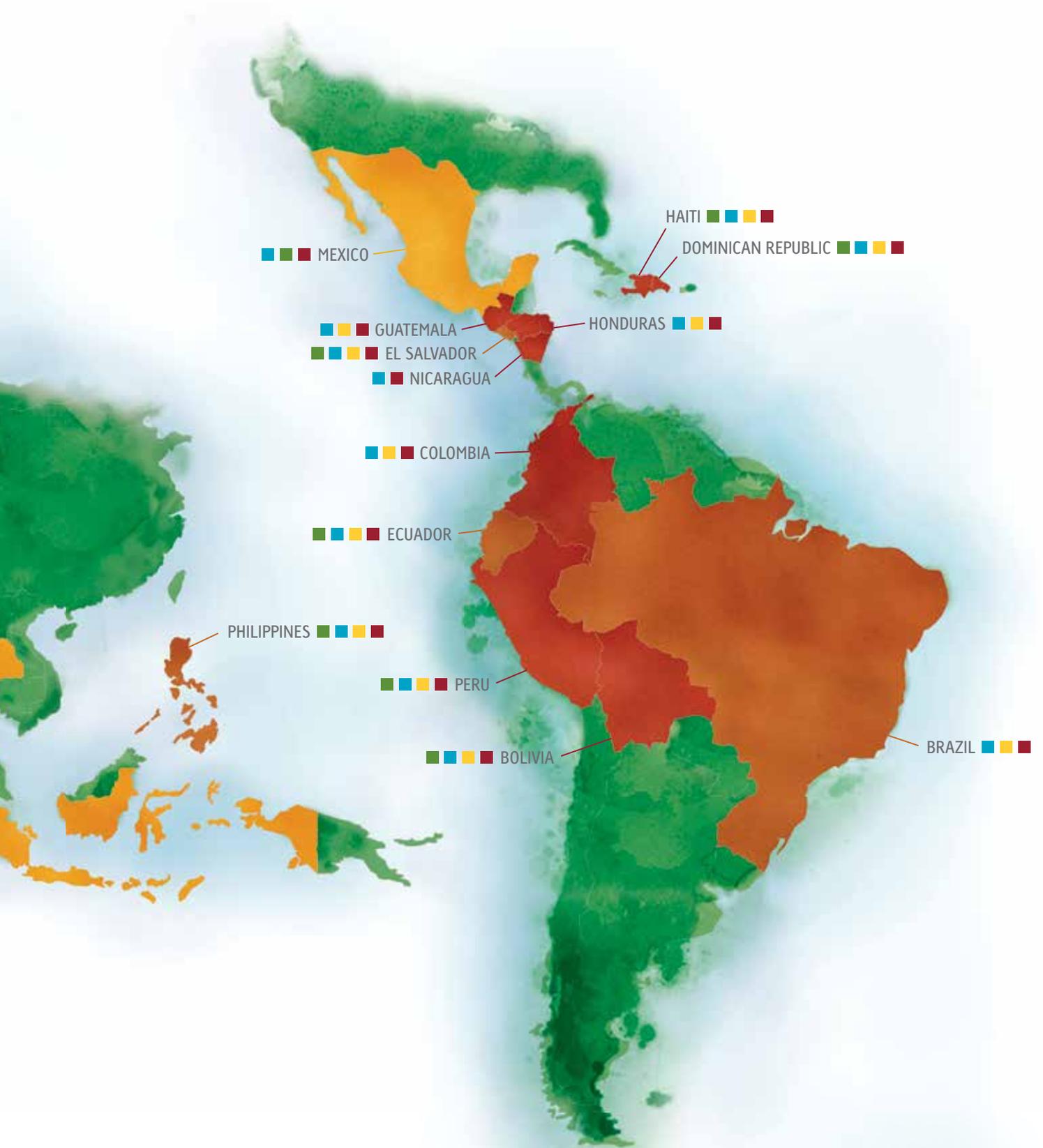
Compassion Australia's child development programs minister to the needs of individual children in 26 developing countries around the world. This map shows not only the presence of Compassion programs in each country, but also the relative need of the people in each country, based on the population percentage 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. More information about these programs are found in the following pages.

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



To determine the countries in which we will 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.



PHOTO: Tanushree and her daughter, Priyanka.



CHILD SURVIVAL PROGRAM

Rescuing, nurturing and discipling babies and their mothers

Children can face many challenges during their first few years of life: child mortality, malnutrition, pneumonia, diarrhoea and malaria. It is during these years that the Child Survival Program works to prevent premature death, secure good health and enable positive development. Supporters passionate about child survival are able to help provide nutritional support, health interventions and HIV/AIDS testing and income-generation training for pregnant mothers, at-risk babies, infants and their mothers or caregivers across 18 developing countries, in 20 Child Survival Program regional locations.

In partnership with Compassion, local churches deliver the Child Survival Program and aim 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 has healthy relationships
- Motivated with skills to be economically self-supporting
- Given the opportunity to hear the gospel message

Supporting Child Survival

- Donations assist Child Survival Programs around the world. Ongoing supporters receive an annual newsletter about how the program is impacting mothers, caregivers and babies.
- \$58 or \$29 per month helps support a specific Child Survival Program. \$58 per month assists mothers, caregivers and babies with health

checkups, education, nutrition, support groups, income generation activities and much more; \$29 per month is the basic level of giving, which simply means we need more supporters to fully deliver the Child Survival Program activities. In addition to two newsletters per year, supporters also receive two updates per year from beneficiaries, pastors and field staff about the impact of their support.

- \$3000 per month funds an entire Child Survival Program. In addition to two newsletters per year, supporters also receive yearly reports with specific, comprehensive information about the mothers, caregivers and babies they support.

Number of beneficiaries supported by Australia in the Child Survival Program at the end of the financial year.

YEAR	CAREGIVERS	CHILDREN	TOTAL
2012	2610	2521	5131
2011	2423	2268	4691
2010	1589	1535	3124
2009	1283	1254	2537

Support for Mums in India

In 2009, Cyclone Aila devastated parts of Bengal, India, badly damaging the home that Tanushree shared with her husband, Bijay, and young son. The storm also destroyed the warehouse where Bijay worked, leaving him with unstable income. A few months later, Tanushree realised that she was pregnant, but instead of joy, she was filled with anxiety about how she would cope with a newborn when she was already struggling to raise her son in a collapsing home and with little food.

A short time later, a Child Survival Program worker visited her, and Tanushree decided to register with the program. Since then, Tanushree and Bijay have rebuilt their home with Compassion's help, and timely medical intervention helped her to give birth to a healthy baby girl named Priyanka in 2009. Tanushree is a talented seamstress and, using the skills she learned through the program, she collects bulk orders

for pillow covers and children's garments, stitching them at home to supplement the family's income.

"The Child Survival Program means a lot to me. I am getting medical intervention for my daughter and hygiene supplies from here, but most importantly the life skills I have learned here not only give me hope but open an opportunity for me to manage my family after I graduate from the program," she says.

For you created my inmost being; you knit me together in my mother's womb. I praise you because I am fearfully and wonderfully made

—Psalm 139:13-14



PHOTO: Gaspar with letters from his sponsor.



CHILD SPONSORSHIP PROGRAM

Developing, discipling and equipping children for life

Compassion’s Child Sponsorship Program gives individuals the opportunity to connect with a specific child living in poverty. Through a local church in their community, a Compassion assisted child receives access to education, health care, nutritious food and safe places to play. 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 prayer.

Compassion is unique in its belief that one of the best ways to tackle poverty is through the development of individuals. The Child Sponsorship Program—through the love and support of Compassion staff and their sponsor—equips a child to live free from spiritual, economic, social, physical and emotional poverty.

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

- Physically healthy and 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

Sponsoring a Child

The exchange of letters between a child and their sponsor can have an ongoing impact in the life of a child living in poverty. A sponsor will receive at least two letters each year from their sponsored child, along with an updated profile and photo of their sponsored child every two years. They will also receive notification when their sponsored child’s circumstances change—such as if they complete the program or depart the program early due to changes in personal circumstances.

Sponsorship is \$44 per month or \$56 per month for Sponsorship Plus, with the additional \$12 per month for “Plus” used for critical interventions. All registered children will benefit from at least one of these critical interventions during their time in Compassion’s Child Sponsorship Program.

Number of children sponsored by Australia in the Child Sponsorship Program at the end of the financial year.

YEAR	TOTAL
2012	96,405
2011	93,099
2010	90,769
2009	85,636
2008	76,453

Defeating the Past in Guatemala

Chajul is a small community of 43,000 people at an elevation of 16,000 ft in Quiché, Guatemala. This area is part of the Ixil Triangle and home to the Ixiles, one of the smallest of the Mayan groups.

The Mayan people have been scarred by 36 years of civil war, which started in the early 1960s and included arbitrary executions, massacres, rape of women and acts of genocide until the war ended in 1996. Eighty-three per cent of the victims were Mayan.

The Civil War put a halt on the development of Chajul, making it even harder for the Ixiles to overcome poverty. After grade nine, students have to travel for 30 minutes to receive an education, and job opportunities are scarce. Compassion partnered with a local church in Chajul in 2001

and has been reaching out to over 360 children and families, including nine-year-old Gaspar Batz. He is the youngest of 10 children and lives in a one-room house with eight of his older siblings and his parents.

“Gaspar has good grades, and he is very responsible. He is a boy that has big dreams. He wants to go to college and be a teacher,” his Compassion tutor says.

“Behold, children are a heritage from the Lord.”

—Psalm 127:3, ESV



PHOTO: James is majoring in diplomacy and sociology.



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 academic studies. Thanks to this training, Leadership graduates are already making significant, positive change in the world around them, and our hope is that there are many, many more to come.

Through Christian leadership training and mentoring and academic studies, 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

- Gifts of any amount to the Leadership Development Program are graciously received, whether one-off or regular giving for sponsorship.
- One-off gifts to the Leadership Development Program are not linked to individual students but assist those who are awaiting sponsorship

and help support areas that are not covered by sponsorship, such as medical assistance and curriculum development.

- Sponsoring a Leadership student is a significant commitment at \$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 that the sponsor will do the same; they also receive an annual update of their sponsored student's progress and photo.

Number of students sponsored by Australia in the Leadership Development Program at the end of the financial year.

YEAR	TOTAL
2012	152
2011	110
2010	93
2009	79
2008	76

Leadership Development in Haiti

Many children in Mare-Sucrin do not attend school because of their parents' economic situation. Though James' family was also poor, he was fortunate to be registered in a Compassion child development centre at a Wesleyan church not too far from his home. Through Compassion's support James was able to attend primary and secondary school.

James was an excellent student who often displayed great leadership abilities. In 2009, he was accepted into Compassion's Leadership Development Program. He now lives in Port-au-Prince, where he attends two of the country's most prestigious schools: CEDI, a private school where he majors in diplomacy, and the state university, where he majors in sociology.

James often travels back to La Gonave during his holidays to help his community. "This is one of the reasons why I chose to study sociology and diplomacy," said James. "I want to better understand the reality of the people in order to assist them in a more effective way."

James' passion is to build a better international image for Haiti by being involved in political diplomacy. And his mentor, Beguens Theus, is in a position to help James begin to do just that.

Beguens, also a graduate of Compassion's Child Sponsorship Program, is now deputy of the island of La Gonave and has served as James' mentor for the past two years. James often travels to La Gonave with Beguens and serves as his spokesperson at public gatherings. At age 22, James already dreams of becoming the next deputy of La Gonave.

They will be called oaks of righteousness, a planting of the Lord for the display of his splendour.

—Isaiah 61:3



PHOTO: Ilboudo Lassané with the malaria nets that protect him and his family.



CRITICAL INTERVENTIONS

Overcoming obstacles to healthy child development

Compassion's Child Sponsorship, Child Survival and Leadership Development programs are holistic, meaning that 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.

Some interventions that can remove challenges to a child's environment or address unforeseen crises include:

Water, Sanitation and Hygiene

- Clean water and toilets

Health and Medical

- Emergency medical care and/or surgery
- Extra nutritional support
- HIV/AIDS initiatives
- Immunisations and malaria-prevention activities

Infrastructure and Stability

- Disaster relief [to supplement the Relief Fund*]
- Improvement to child development centres
- Support for registered children not yet sponsored

Education

- Education and income generation for parents
- Vocational training and non-formal education

Supporting Critical Interventions

- Both regular and one-off donations help support a variety of critical interventions around the world.

- Donations for Gifts of Compassion support a variety of critical interventions; completion reports for these interventions are posted on Compassion Australia's website. Supporters who give a Gift of Compassion also receive a gift card explaining the impact of their gift.
- Funding for a specific critical intervention varies depending on the resources required and scope of impact. Supporters receive a proposal with the details of the initiative, a completion report explaining how their funds have been used, and two newsletters per year about the work of Critical Interventions worldwide.
- Funds raised through Sponsorship Plus are also used to support Critical Interventions

Amount sent to all regions by Australia, from a variety of Compassion's funds, to fund Critical Interventions per financial year.

YEAR	TOTAL
2012	\$6,309,818
2011	\$5,310,530
2010	\$7,645,108
2009	\$6,174,865
2008	\$3,742,523

* The Relief Funds are specifically used for disaster relief initiatives

Malaria Prevention in Burkina Faso

For years, the Wemtenga community in Burkina Faso was powerless against malaria, not because they couldn't protect themselves from the disease but simply because they didn't know how. Mothers didn't realise that leaving stagnant water and rubbish around the house was actually attracting the insects that were making their children sick.

But on the morning of 11 August 2011, parents of 71 Compassion assisted children at BF-152 Apostolic Church of Wemtenga Child Development Centre were taught the benefits of depriving mosquitoes of their favourite environment by cleaning the house. They also learned how to properly use malaria nets, as most of their children had already received them.

Ilboudo Saloussa is a Compassion assisted child whose father, Ilboudo Lassané, attended the malaria education session. He now makes sure

his entire family sleeps under malaria nets, and they are already seeing results. Saloussa, who used to fall sick from malaria two to three times per year, is now healthy nearly all year round.

As a result of the campaign, the local church has also seen parents take a greater interest in their children's health. Now that caregivers know that malaria can be deadly, they are taking it more seriously. "Since the sensitization meeting, parents are willing to quickly take sick children to the hospital," the Centre Director said.

Now finish the work, so that your eager willingness to do it may be matched by your completion of it, according to your means. —2 Corinthians 8:11

CHURCH PARTNERSHIPS

Compassion Church Partnerships link an Australian church with Compassion and its partner churches in a specific developing community, region or nation. These partnerships aim to mutually transform churches around 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 the poor as members respond to the injustice of poverty on a personal and corporate level, praying and working together with a common goal.

Compassion Church Partnerships draw on Compassion's 60 years of experience in partnering with churches in some of the poorest regions of the world. Through their church-based child development centres, these churches run Compassion's child development programs to address the spiritual, economic, social, physical and emotional needs of children living in desperate poverty. Children are embraced by the local church and given the opportunity to escape the cycle of poverty and despair and to step into a future filled with hope.

From Manly to Manado

In 2005, Seaforth Baptist Church in Sydney's northern beaches became a founding member church of the Manly-Manado community partnership. They were aiming to provide hope, dignity, opportunity and freedom to those trapped in poverty in Manado, Indonesia, and to build a stronger sense of relational community in the Manly region. The partnership chose Compassion as one of its development partners in Manado.

Through the Manly-Manado community partnership, members of Seaforth Baptist welcomed more than 30 children from Manado into their lives through sponsorship with Compassion. The church also designed an annual community fundraiser called The Manly-Manado Walk, a 10km sponsored walk to raise awareness of global poverty and to raise funds for the Manado community.

"This partnership has helped us to step more fully into experiencing the gospel in word and deed, to experience bringing life and hope to communities, and to engage with the actual people we are standing beside in the process. When we think and talk about our Manado partners now, we are talking about real people, not just a project—and that impacts how and what we pray, do and receive," says Dave Rowe, Seaforth Baptist's Lead Pastor.

OTHER OPPORTUNITIES

Compassion Partnerships

Business, Corporate, Individual and Community

Compassion partners with individual supporters to release children from poverty, but also joins with businesses, corporations, community groups and private family trusts and foundations to help them make a life-changing difference in the world. Compassion Partnerships offer a strategic, sustainable and effective way to make a significant and lasting impact in poverty-affected regions of the world, designed for individuals, organisations and community groups of all shapes and sizes; tailored to their unique circumstances, resources and passions.

Bequests

Including Compassion in your Will

Many supporters want to support 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 are 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.

Indigenous Initiative

Compassion Australia started working in partnership with a local church in an Indigenous community in North Queensland in June 2009. This community faces the same challenges as many other Indigenous communities throughout Australia, including a life expectancy 20 years below the Australian average and limited access to relevant early childhood development input, which has resulted in children having difficulty learning and contributing effectively at school.

The aim of Compassion's Indigenous Initiative is to engage in creative grassroots opportunities to facilitate the delivery of effective early childhood development programs, in partnership with the local community, with the people groups in our own nation who are facing extreme challenges. Since the initiative started we have been encouraged to see very positive impacts in the lives of the children in attendance, their families and the broader community. We have observed the transition of some of these children into the local school system and, since the recent installation of a playground, have witnessed the positive ongoing impacts it has had in their lives.

WHERE WE ARE NOW



CURRENT ENVIRONMENT

Political and Legal Environment

In September 2000, Australia and 189 other nations signed the Millennium Declaration, a commitment to the world's poorest and most vulnerable people. From this came eight Millennium Development Goals (MDGs) to be achieved by 2015. Over the past decade, the MDGs framework has generated an unprecedented level of commitment and global partnership to reducing poverty. In Australia, there is a commitment from both political sides to achieving the 2015 MDG targets and our foreign aid program increasingly reflects these goals. Currently, the Australian Government is giving 0.33 per cent of Gross National Income (GNI) to our foreign aid program, with a commitment from both political sides to increase this to 0.5 per cent by 2015-16. This is still well below the internationally agreed aid quantity target of 0.7 per cent of GNI by 2015-16.

In May 2011, the Federal Government announced the formation of a new regulatory body for not-for-profits known as the Australian Charities and Not-For-Profits Commission. The Commission will be established as part of a move towards tighter regulation of charities. The Commission will take over the Australian Taxation Office's role of determining charitable status; however, the Commissioner for Taxation will continue to be responsible for administering tax concessions for the not-for-profit sector. The impact of this change on Compassion's operations is unknown at this stage and will be monitored into FY13.

Compassion Australia currently reports to the following legislative and regulatory bodies:

Government legislative

- Australian Taxation 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 10734
 - 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 strives to ensure the security of supporters' credit card information through increasing compliance with the PCI Data Security Standard (PCI DSS). Refer to page 57.
- FIA (Fundraising Institute of Australia)
- Missions Interlink

Professional advisers

Compassion Australia also seeks professional advice from the following advisers:

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

Economic Environment

The global economy has remained volatile during this financial year and markets have continued to prove to be unstable and irrational, accentuating the reality of poor economic fundamentals. The global volatility has caused Australian assets to be rapidly sold off or purchased when there is fear or confidence in the global economy. As to the Australian economy, economic fundamentals are comparatively stable compared to the global economy and we continue to reap the benefits of a mining boom. The unemployment, inflation and interest rates provide mixed signs of promise for the Australian economy. The Reserve Bank of Australia reduced the official cash rate by 1.25 per cent to a low of 3.5 per cent, leaving many economists tipping further rate cuts.

The unemployment rate increased to 5.2 per cent and the inflation rate appears to be under control and in decline. The Australian dollar against the US dollar has remained at historically high levels and had a large trading range of \$1.09/.96c throughout the year, trading stably above \$1 for most of the year. The post global financial crisis economic environment has been hard for all Australians, however Compassion has remained in a good financial position through the commitment of our loyal supporters. Compassion is looking for ways to minimise the threats and maximise the opportunities in the post GFC environment, which include focusing on supporter retention and strategically focusing on new opportunities for growth.

Child Sponsorship Trends

Compassion Australia enjoyed strong growth in child sponsorship acquisitions from around 2000 through to 2009, with total beneficiaries doubling in the five years between 2001 and 2006 alone. We reached our highest acquisition rate in 2008 with 15,151 new sponsorships. Sponsorship growth began to slow in 2009 and lagged further in 2010 and 2011. During this time we also started seeing an increase in sponsorship cancellations, whether for financial or other reasons. However, according to a supporter survey, more than 63 per cent of sponsors who cancelled their sponsorship indicated they would consider sponsoring again through Compassion in the future.

A strong focus on supporter engagement and retention in response to this data has seen significant results in the 2012 financial year; the net lost sponsorships result the end of FY12 was the lowest ever recorded result: 6.66 per cent. Although we did not meet the strategic FY12 goal of reducing cancellations to less than 5 per cent, it was still an outstanding effort. Since FY11, the numbers of cancels have reduced by almost 1000.

As a result of a lower cancellation rate, Compassion Australia saw a net growth in children sponsored of 3306 during the 2012 financial year, compared to only 2330 during FY11. As a ministry, we are continuing to broaden our child sponsorship focus to holistic child development, with support spreading across four core programs.

The year 2012 also marks the end of a 10-year goal to grow Compassion Australia to 100,000 sponsored beneficiaries across the Child Sponsorship, Leadership Development and Child Survival Programs. Back in 2002, Australians were supporting 27,477, but that number has since grown by nearly 300 per cent, when on 21 August 2012, the 100,000 goal was reached.

Target Audience

Compassion Australia is situated in a large and robust industry of organisations working internationally to alleviate poverty and help the poor through advocacy and fundraising. According to revenue through donations in FY10 among organisations in the same industry, Compassion Australia currently sits third in market position.

Compassion's target audience is the Christian population in Australia, which is diverse in its various forms. For the purpose of determining the size of this group, it is assumed that church-going Australians have a stronger commitment to their faith and therefore a keener desire to connect with an overtly Christian organisation such as Compassion. Based on this assumption and the fact that approximately 15.5 per cent of the population attend church regularly*, Compassion has a target audience of almost 3.4 million people. (It is important to keep in mind that there are Christians in Australia who do not attend church, so the size of the group is undoubtedly larger than that specified here.) Currently Compassion engages with 2.1 per cent of church-going Australians, indicating the potential for growth within the target audience.

*National Church Life Survey

Supporter Demographic

According to a 2010 supporter survey, Compassion Australia's average supporter is a middle-age Christian woman who attends a church affiliated with the Baptist denomination. She is married with children and lives in New South Wales with her family. She has been supporting Compassion for seven years and sponsors one child.

It is less likely now for a Compassion supporter to have just one child sponsorship and more likely that they have two or more commitments than it was three years ago. The ratio of the average number of sponsored children to sponsors has remained similar to the previous financial year at 1.34. Currently just over 80 per cent of supporters have one sponsored child, while 2.37 per cent of supporters have four or more sponsored children. We have also seen a decrease in the child sponsorship cancellation rate with our end of year figure at 6.66 per cent as compared with last year which was 7.85 per cent. This has been due to a focused effort on sponsorship retention which has hinged on welcome calls to new sponsors as well as a revised arrears process.

Stakeholders

Compassion Australia assesses its engagement with key stakeholders through a relational scorecard. The Strategic Factor System reviews key stakeholder relationships and where they sit to deliver on our mission based only on measures that relate to strategic success. It is a fundamental measurement system to assess if our strategic objectives are being met. There are two different parts to the scorecard:

1. What do we desire from our key stakeholders?

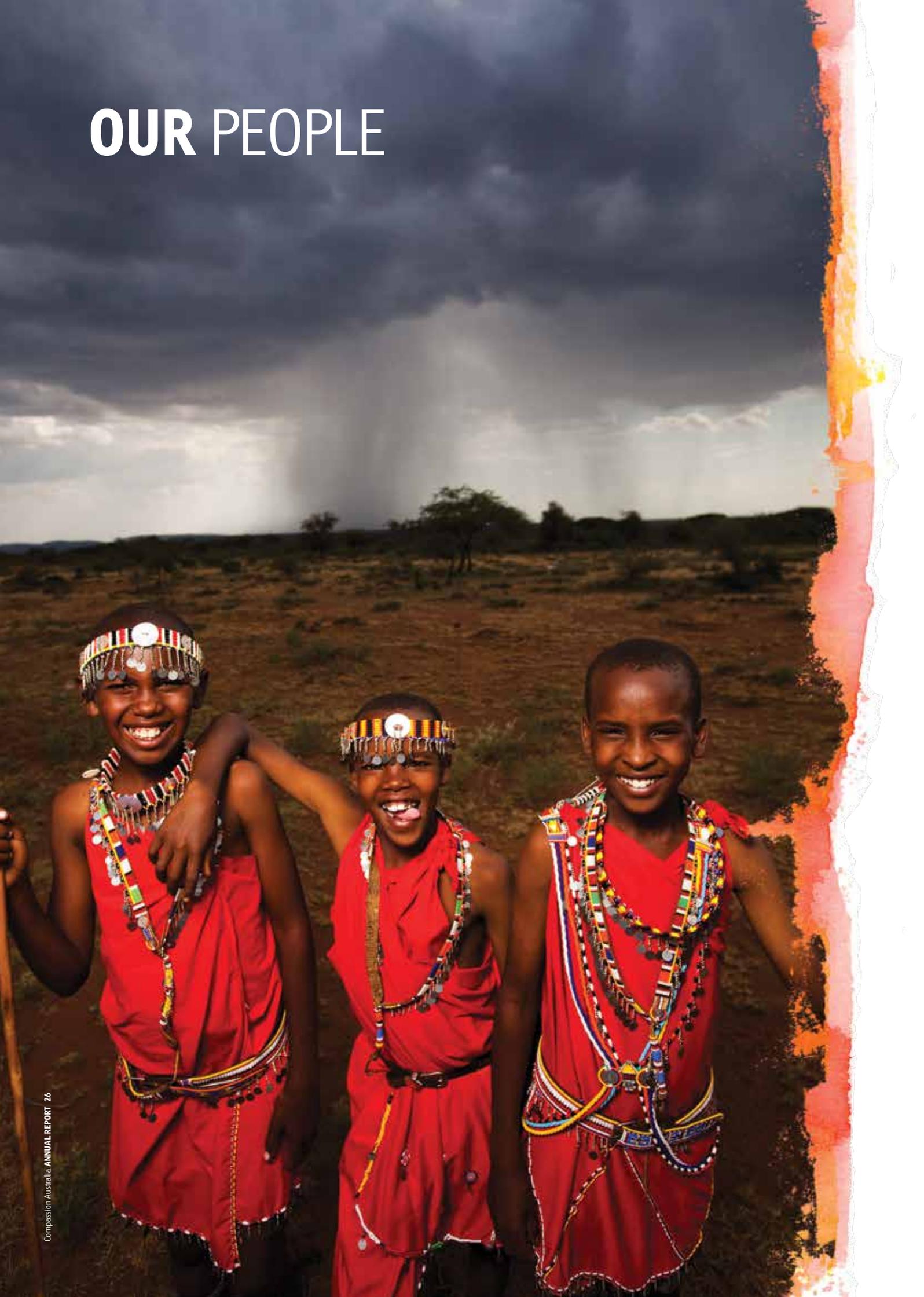
- Behavioural Outcomes
- Objectives
- Measures

2. What do our key stakeholders desire from us?

- Strategic Factors
- Definition
- Measures

The following stakeholders were reviewed through this process in FY12: Staff, Church, Supporters and Beneficiaries.

OUR PEOPLE



Work Health and Safety (WHS)

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

- Comply with all relevant WHS 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 WHS Management System
- Create opportunities for two-way discussion with staff and volunteers on WHS issues
- Ensure the rehabilitation of injured staff and volunteers is a priority

Affirmative Action

This year Compassion Australia began implementing a policy update to prevent and effectively manage workplace harassment, bullying and discrimination issues, risks and complaints. Such behaviours are regarded as unacceptable and out of keeping with Compassion's core values. Compassion Australia is taking all reasonable steps to ensure practices and procedures that protect its employees from discrimination, harassment and bullying are established, communicated and enforced. Failure to comply with this policy may result in investigation, and disciplinary action up to and including termination of employment.

Management teams participated in training around this policy update and further training will continue to be rolled out to employees across the organisation.

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 possible we seek to promote from within.

To ensure the protection of Compassion supporters and sponsored 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 Section Director. Filling a Section Director or above position requires approval from the CEO.

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.

Development of Employees

Professional development of employees

- This was the first year where funds were set aside in a purposeful manner for the purposes of learning and development. These funds represent 2.5% of Gross Wages and Salaries. A portion of this is allocated to sections for use on short courses and seminars, a portion to HR for organisational development and a portion for study assistance.
- Compassion's Management Team began a series of training days with a management training company called Consortia on the topic of Supportive and Strategic Leadership.
- Consortia also provided a day of training to the Management Team on the topic of change management. This change management training has since started being rolled out to team leaders.
- Head office staff managers were also offered training in strengths based leadership as well as coaching conversations.
- Training in wellbeing essentials continued to be rolled out to all staff, including those in regional offices.
- Compassion's partnership with TAFE NSW continues with about 10 employees continuing with Certificate IV in Frontline Management. Another group of 12 have recently begun Certificate IV in Business Administration.
- 10 employees received study assistance to subsidise study at TAFE or University.

The Child Outcome Wins or COW awards are internal Compassion awards designed to recognise those stories, decisions and strategies within the ministry where positive outcomes in the lives of children have been prioritised over the other organisational objectives. These could include strategies that reduce cancellations, promote letter writing or reduce the wait time for unsponsored children.

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. In addition to remuneration for paid employees, Compassion will approve the reimbursement of reasonable out-of-pocket work-related expenses based on individual assessment.

Culture and Employee Satisfaction

Following on from the culture focus groups of 2011, a monthly survey tracks progress against Compassion's desired culture and general employee satisfaction.

Highlights have included:

- Close to 100 per cent agreement from staff that Compassion has a 'clear and unified identity'
- Dramatic improvements in 'vibrant and purposeful communication' and 'Leadership Development and Accountability'

Several areas still need improvement including 'robust planning and evaluation'.

Redundancies

As a result of the redundancies of FY11, the rate of hiring has slowed, with overall staff numbers remaining stable at around 130. Any growth has generally been in frontline roles where Compassion engages directly with supporters via phone or builds direct relationships with Australian churches and major donors.

Workplace Health and Safety

Financial year 2012 saw the introduction of new work health and safety laws across most of Australia. Compassion's Management Team received training about these new laws from TAFE NSW. While existing WHS policy and procedure is adequate, all essential documentation is currently under review to ensure ongoing compliance.

During the financial year there were 14 medical treatment injuries and one required hospitalisation. These incidents were dealt with by staff members trained in First Aid.

Equal Employment Opportunity

At the end of 2011 Compassion implemented three new policies:

1. Working Together Respectfully
2. Employee Grievance
3. Managing Performance, Misconduct and Discipline

These policies are aimed at promoting a safe, respectful and harmonious workplace in keeping with our core values. They encourage the timely and appropriate resolution of workplace conflict and make it clear that bullying, harassment and discrimination will not be tolerated.

The implementation of these policies was accompanied by Equal Employment Opportunity training for all people managers. This included a training tour of regional offices. EEO training is now being rolled out to all staff.

Paid Staff

The following chart shows Compassion Australia's staff demographics in July 2012 compared to those in August 2011.

STAFF DEMOGRAPHIC	JULY 2012	AUGUST 2011
Number of head office staff	113	112
Number of regional staff	22	19
Average age of staff	38	37
Percentage of women	58%	60%
Percentage of men	42%	40%
Average length of service	4.3 years	3.8 years
Staff turnover for prior financial year	20.6%	29.6%

Non-paid Staff

Over the 2011-12 financial year 48 dedicated and energetic volunteers contributed over 4105 hours of their time to the work at the Compassion head office, representing \$80,675 to the organisation (based on hourly rates of comparable staff).

Volunteers assisted with the following tasks in various sections including Building and Logistics, Child Information Centre, Church Partnerships and HR:

- Fulfilling new sponsorship packs, updated student profiles, child letters, Prayer Partner letters and substitute sponsorship packs
- Fulfilling letters for child departures, project termination and project suspension
- Entering data for child letters, sponsor mail and student profiles
- Operating letter-folding machines
- Helping sort mail

The recruitment and selection process for volunteers involves completing a Volunteer Application Form, participating in an interview and undergoing a Criminal History Check or Working with Children Check. Volunteers at Compassion Australia are also required to meet certain criteria, including:

- Be between 15 and 80 years of age for insurance purposes
- Agree with our Statement of Faith
- Have skills in line with our needs
- Commit to following written and verbal instructions accurately

Volunteers go through induction session to ensure they have a good understanding of Compassion's ministry, and on-the-job training provides them with the information and skills to perform their tasks. They also take part in a three-monthly review of their role with their supervisor; this is an opportunity to discuss any issues and agree on a resolution. Further reviews are held periodically as needed.

Compassion will reimburse reasonable out-of-pocket expenses for volunteers on an individual basis. Additionally, to thank them for their commitment, volunteers are awarded 'thank you' vouchers at the end of each calendar year, in addition to regular informal recognition.

Child Advocate Network

The Child Advocate Network (CAN) is a grassroots movement of people taking action to seek justice and life for children in poverty in their own time, without payment. Child Advocates are talking to their friends, family and church, finding sponsors for children, volunteering at events, learning more about how to fight poverty, creating art or music, speaking with their local politicians and organising fundraising events for the ministry of Compassion.

The CAN provides ongoing personal support to members through state-based CAN Relations Managers, face-to-face training sessions, educational resources and network events.

The following table and graph show the growth in registered members between 30 June 2010 and 30 June 2012.

CAN GROWTH	JUNE 2012	JUNE 2011	JUNE 2010
Total CAN members	1970	1812	1245

"It's always so inspiring training new Compassion Australia Child Advocates. No matter how many times I hear the Compassion story, it still stirs my heart to do more for kids living in poverty."

— Steph Field, Child Advocate

"Thank you CEO of Compassion, Dr Tim Hanna, and co for an awe-inspiring and encouraging 'Night to Believe' in Hobart! Together I can see we CAN and ARE and will CONTINUE making a difference! God bless all the work you do to see these things through and really change people's lives."

— Amelia Ferguson, Child Advocate



LEADERSHIP TEAM

The Leadership Team at Compassion Australia operates as an internal governance body rather than as individual line management decision makers. The two decision-making teams are Impact (responsible for growth and engagement activities) and Capacity (responsible for internal services); they present proposals seeking approval and issues requiring resolution to the Leadership Team for consideration. Proposals or issues on activities specific to one section—such as personnel issues, performance management or coaching—follow normal line management channels. Additionally, the Leadership Team forms the steering committee for Beyond Compass and PCI, two priority projects for FY12 (see pages 24 and 49 for more information). It also constitutes the Strategic Planning Council, which is responsible to the Board of Directors for approving ministry strategy.

The Leadership Team is made up of the following staff members:

NAME	POSITION	BIO
Dr Tim Hanna	Chief Executive Officer since 2010	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 CEO of Willow Creek, Australia where he served for two years before coming back to Compassion as CEO.
Jeff Nagle	Chief Operating Officer since 2007	Jeff held a number of management and strategy roles at Sensis before joining Compassion in 2004 as Marketing and Communications Manager, a role he served in for three years before moving into the position of Chief Operating Officer. His current responsibilities include overseeing Marketing, Church and Partner Relations, Child Advocate Network, Supporter Ministries and the Strategy and Reporting Office.
Deb Adams	Executive Director of Ministry Services since 2011 [Currently on Parental Leave]	Deb joined Compassion in 2006 as Human Resources Specialist after working in the same role at Hunter Water Corporation. She was made HR Director in early 2007 and was promoted to Executive Director in 2011. In her new role, Deb oversees human resources, information technology, corporate planning, finance and prayer.
Deryk Ward	Acting Executive Director of Ministry Services since April 2012	Deryk joined Compassion in 2006 as Project Manager after working in the same role at Chubb Security. He was made MIT Director in early 2008 and was promoted to Acting Executive Director in 2012. In his new role, Deryk oversees human resources, information technology, ministry projects, finance and prayer.

BOARD OF DIRECTORS

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.

The following seven directors of Compassion Australia see that the organisation is conducted in accordance with its principles and commitments as stated in the Constitution.

NAME	POSITION	BIO
Dr John Bond	Chairman Member of the CEO Support Committee Board member since 2002	John is the Senior Minister of Lifestreams Christian Church and founded Motor Racing Outreach Australia and Sports and Leisure Ministries WA. He is also the World Zone Leader for the Asia South Pacific Region of Dynamic Church Planting International and the 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 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. He is also a shareholder and Company Director of Clarety Pty Ltd.
Isaac Moody	Member of the Constituents and Impact Committee Board member since 2008	Isaac is a Director and former CEO of Easterfest, Managing Director of preTHINK Pty Ltd and Governor at St Andrews Hospital Toowoomba.
Amanda Jackson	Member of the Constituents and Impact 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.
Kent Medwin	Member of the Finance Committee 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.
Robi Sonderegger	Member of the Culture and Capacity Committee Board member since 2011	Robi is the Managing Director of Family Challenge Australia (Psychology Clinic and Charitable Trust).

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 four times per year. Members are also encouraged to attend other Compassion activities 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 and CEO 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, 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.

Length of Service

Board members are appointed 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.

PHOTO: From left to right. Back row: Tim Hanna (CEO), Isaac Moody, Mike Jeffs, Kent Medwin. Front row: Amanda Jackson, Jeremy Horn, John Bond and Robi Sonderegger.



ORGANISATIONAL CHART



Leadership Team

Chief Executive Officer, Dr Tim Hanna
 Executive Director of Ministry Services, Deb Adams
 Chief Operating Officer, Jeff Nagle

Impact Team

Marketing Director, Andrew Streat
 Church and Partner Relations Director, Chris Zaarour
 Child Advocate Network Director, Paul Mergard
 Supporter Ministries Director, David Zammit

Capacity Team

Executive Director of Ministry Services, Deb Adams
 Finance Director, Ben Dodd
 Ministry Improvement & Technology Director, Deryk Ward

* Deb Adams is currently on Parental Leave

** Deryk Ward is Acting Executive Director of Ministry Services

FINANCIAL PERFORMANCE



FROM THE OFFICE OF THE FINANCE DIRECTOR

The financial year 2011 – 2012 was indeed a reminder of God’s goodness.

At the beginning of the financial year forecasts for the global and domestic economy were looking bleak, especially for the not-for-profit sector. A tough previous financial year meant a challenging start; however, with trust in God to expand His ministry of releasing more and more children from poverty, and with a concerted focus on prayer and good strategic planning, financial results have far exceeded budget and expectations.

This financial year income grew at 3.57 per cent, finishing at \$64.9 million—up from \$62.67 million last year—and overall net surplus for the year was a good result at \$1.07 million. Our operating fund ended in a surplus position of \$186,000, with fundraising and administration costs realised at 20.51 per cent of total expenditure. Our balance sheet remains strong, with net assets totalling \$12.73 million at the end of the year.

This financial year, Compassion Australia came extremely close to achieving a 10-year goal of reaching 100,000 children, babies and students. In July 2011, 95,632 children, babies and students were being supported; by the close of the financial year, this number had grown to 99,167. [Compassion officially reached 100,000 on 21 August 2012]. Our cancellation rate was also one of the stand-out results of the year, as it started at 7.7 per cent and was reduced to a historical low of 6.6 per cent. This is a great result, improving Compassion’s financial position for the future.

Compassion Australia’s good financial performance is a result of focused strategy, strong leadership and hardworking employees. However, the greatest contribution to performance has been the commitment and loyalty of supporters who have continued to give faithfully and remain committed to the cause of releasing children from poverty in Jesus’ name, even during the difficulty of a post-global financial crisis economic climate.

The global and domestic economies have both continued to be volatile and unstable in the wake of the global financial crisis. Global instability and fear has caused the Australian economy to suffer moderately, despite having comparatively stable economic fundamentals. The Australian dollar [compared to the US dollar] continued to trade with volatility and at historically high levels [over parity for most of the year], which has strengthened our financial support to countries that Compassion works in. Despite the global instability and the breakdown of the global financial system globally, Compassion International has doubled the number of total children, babies and students being supported since the 2008 global financial crisis and is now supporting 1.3 million children worldwide!

Compassion globally is preparing to triple the amount of children being supported by 2020, to approximately 4 million children. For Compassion Australia, the next two years are strategically focused on building capacity to ensure that the organisation is well equipped to manage such large growth.

The future economic environment is likely to remain volatile and unstable for some time, due to unsustainable levels of global debt. The post-global financial crisis environment will continue to be hard for all Australians and the Compassion Australia team will continue to trust God to expand the work of releasing children from poverty in Jesus’ name.



Ben Dodd
Finance Director

“ For the Lord gives skillful and
godly wisdom; from His mouth
come knowledge and understanding. ”

—Proverbs 2:6, AMP

BOARD OF DIRECTORS DECLARATION

The Board of Directors of Compassion Australia declares that:

(a) the financial statements and notes as set out on pages 37 to 51, are in accordance with the Corporation 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, 2012 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
Chairman of the Board

Full Statutory Financial Accounts are available at www.compassion.com.au/annualreports



SOURCE OF FUNDS

Fundraising

All of Compassion Australia's Fundraising is done in accordance with the relevant government regulations in the state in which it is performed. Compassion Australia conducts fundraising through two main channels: internal initiatives, such as direct mail appeals, and through the efforts of external supporters. For 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.

Tax Deductibility

All income receipted into the Compassion Aid and Development Fund is tax deductible, including donations to Child Sponsorship, Child Survival, Christmas Fund, gifts, relief, and Sponsorship Plus. All donations receipted into the Compassion Eternity Fund (Bible Fund and Leadership Development Fund) are not tax deductible.

To be able to offer tax deductibility on donations to the Leadership Development Program, Compassion's overseas aid and development activities must comply with the guidelines set out by both the Australian Taxation Office and AusAID (the Australian Government's overseas aid and development department). According to the guidelines, the acceptance of specific religious beliefs or membership in a particular religious group must not be a condition for communities or individuals participating in relief and development programs. It is essential that development project benefits flow fairly, without discrimination.

Children registered in our Child Survival Program and Child Sponsorship Program represent a wide variety of religions or no religion. A child's religious background does not prevent him or her from being accepted into these programs. However, the Leadership Development Program is specifically designed to develop Christian leaders through intensive Christian leadership training, as well as one-on-one Christian mentoring. This means students must be Christians to be eligible, and therefore the program falls outside of the tax-deductibility guidelines.

Cash Management

Compassion Australia invests cash reserves in low-risk, interest-bearing accounts, such as 'At Call' accounts and short maturing term deposits. During the 2011-2012 financial year, Compassion Australia was able to earn \$314,709 in interest on cash reserves, which was reinvested back into the ministry.

All funds are dispersed to field countries via Compassion's global headquarters located in the USA. Compassion Australia managed the volatility in global currency markets with financial instruments that provide certainty against adverse movements in exchange rates. The high value of the Australian dollar has meant Compassion Australia's income is worth more to the field countries.

Capital Assets

Compassion uses the straight-line method of depreciation for capital purchases. All capital purchases are pre-approved by the CEO; as a general rule, the following table sets out the standard depreciation periods used:

CATEGORY	PERIOD
Computer equipment	3 years
Fundraising equipment	3.3 years
Motor vehicles	4.44 years
Office equipment	10 years
Land and buildings	40 years

Government Funding

Compassion does not currently receive government funding.

Investments

Compassion Australia employs a conservative investment approach aimed at protecting and building on our reserves, while allowing for the flexibility to send money when needed to the developing countries in which we work. Within our current board of directors and management team we have personnel who are experienced in the fields of property and banking who help to shape investment decisions. All investment decisions and guidelines are approved by the Finance Committee of the Board of Directors. Our current investments include:

- Cash reserves invested in a range of interest-bearing deposit accounts
- Commercial property holdings for future expansion, which are leased and provide an income stream until future plans for the holdings are realised

Performance of Investments

Commercial property holdings

- The property has been partially leased out during the year. \$213,584 of rental income has been earned during this time.

Interest-bearing Cash accounts

- Investment accounts are subject to floating interest rates. The weighted average interest rate was 4.5% (2011: 4.3%)
- Interest earned from interest-bearing cash accounts totaled \$314,709

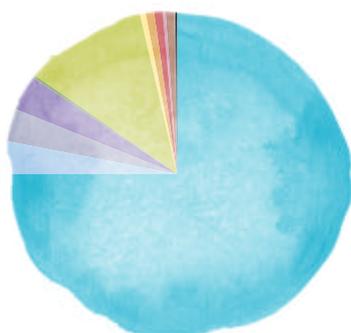
Valuation of Investments

- Commercial property holdings are valued at book value.
- Interest-bearing Cash accounts are taken at face value of the investment plus any interest earned but not received as at 30 June.

KEY PERFORMANCE

KEY PERFORMANCE INDICATORS	2012	2011	2010	2009
Income per staff [\$]	44,153	37,996	38,003	35,092
Child cancellation rate (%)	6.66%	7.9%	7.2%	7.4%
Sponsorship retention rates	93.34%	92.10%	92.80%	92.60%
Children per sponsor	1.33	1.33	1.32	1.31
Sponsors writing to children (%)	67.95%	68.52%	70.62%	72.80%
Revenue Growth (%)	3.57%	-0.18%	15%	21.70%
Return on Fundraising Investment	8.99	8.84	7.10	6.49

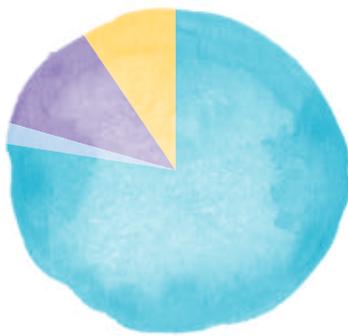
INCOME BY SOURCE	2012 \$	2012 %	2011 \$	2011 %	2010 \$	2010 %	2009 \$	2009 %
Child Development	48,832,619	75.24%	47,309,247	75.49%	45,399,282	72.32%	41,717,357	76.41%
Child Survival Program	1,864,365	2.87%	1,543,215	2.46%	1,616,651	2.58%	748,935	1.37%
Christmas Fund	1,970,545	3.04%	1,862,212	2.97%	1,790,057	2.85%	1,667,157	3.05%
Gifts	2,227,591	3.43%	1,924,560	3.07%	1,805,454	2.88%	1,541,251	2.82%
Life Assurance	200	0.00%	-	0.00%	600	0.00%	2300	0.00%
Living Sponsorship	115,822	0.18%	[10,365]	-0.02%	84,470	0.13%	107,732	0.20%
CIV Fund	7,632,892	11.76%	8,068,933	12.88%	7,975,080	12.70%	5,665,545	10.38%
Relief	451,130	0.70%	120,011	0.19%	2,001,926	3.19%	1,838,371	3.37%
Special O'seas Proj	[834]	0.00%	167,865	0.27%	168,362	0.27%	67,036	0.12%
Un-sponsored Children	444,862	0.69%	402,065	0.64%	599,319	0.95%	201,527	0.37%
Operating Fund	540,469	0.83%	548,071	0.87%	616,917	0.98%	446,424	0.82%
Endowment Operations	104,147	0.16%	115,502	0.18%	68,362	0.11%	123,022	0.23%
LDP	619,327	0.95%	522,892	0.83%	500,683	0.80%	405,153	0.74%
Bibles	59,992	0.09%	74,610	0.12%	116,167	0.19%	68,236	0.12%
Indigenous	41,841	0.06%	16,878	0.03%	33,912	0.05%	-	0.00%
TOTAL	64,904,968	100%	62,665,696	100%	62,777,242	100%	54,600,046	100%



INCOME BY SOURCE

Child Development	48,832,619	75.24%	Un-sponsored Children	444,862	0.69%
Child Survival Program	1,864,365	2.87%	Operating Fund	540,469	0.83%
Christmas Fund	1,970,545	3.04%	Endowment Operations	104,147	0.16%
Gifts	2,227,591	3.43%	LDP	619,327	0.95%
Life Assurance	200	0.00%	Bibles	59,992	0.09%
Living Sponsorship	115,822	0.18%	Indigenous	41,841	0.06%
CIV Fund	7,632,892	11.76%			
Relief	451,130	0.70%			
Special O'seas Proj	[834]	0.00%			
TOTAL	64,904,968	100%			

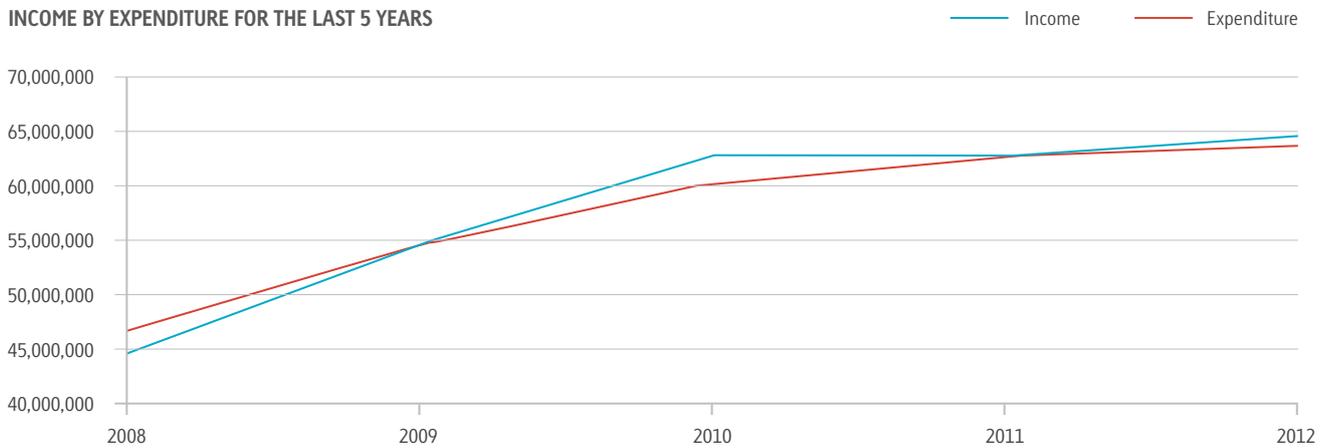
EXPENDITURE	2012 \$	2012 %	2011 \$	2011 %	2010 \$	2010 %	2009 \$	2009 %
Program	49,564,471	77.65%	48,350,620	77.02%	46,947,992	77.69%	42,231,724	77.11%
Community Education	1,177,032	1.84%	1,710,400	2.72%	1,607,592	2.66%	1,311,916	2.40%
Fundraising	7,157,511	11.21%	7,024,958	11.19%	8,753,111	14.48%	8,318,498	15.19%
Administration	5,933,084	9.30%	5,691,243	9.07%	3,120,629	5.16%	2,909,194	5.31%
TOTAL	63,832,098	100%	62,777,221	100%	60,429,324	100%	54,771,332	100%



EXPENDITURE

Program	49,564,471	77.65%
Community Education	1,177,032	1.84%
Fundraising	7,157,511	11.21%
Administration	5,933,084	9.30%
TOTAL	63,832,098	100%

INCOME BY EXPENDITURE FOR THE LAST 5 YEARS



SPONSORSHIP AND BENEFICIARIES

The past two years have been hard for most organisations, particularly ones reliant on sponsorship as their core source of income. The 2010/2011 financial year saw the lowest number of new sponsorships for many years (9455) and also the highest number of sponsorship cancellations (7125). The 2011/2012 financial year continued to see a volatile global economy, with markets proving to be unstable and irrational. As such we had low expectations heading into this year for our net new sponsorships (budget of 1061). However, these low expectations were well exceeded as the net new sponsorships (3306) tripled the low expectations, increasing our child sponsorships to 96,405. This resulted from a low number of sponsorship cancellations (6196) which lead to our highest ever sponsorship retention rate (93.34 per cent). The number of new sponsorships (9502) saw only a small increase on last year's modest returns.

Compassion's holistic child development model is a long-term approach implemented through four programs that starts even before a child is born and continues through school age and beyond. 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. During the year, child and mother units in the Child Survival Program increased (187) to 2,610. The number of students in our Leadership Development Program increased (42) by 38 per cent on last year to 152. This resulted in a beneficiary number of 99,167 which was just short of the 100,000 target set in 2002. In August 2012 Compassion Australia reached 100,000 beneficiaries.

“ But the wisdom that is from above is first pure, then peaceable, gentle, willing to yield, full of mercy and good fruits, without partiality and without hypocrisy. ”

—James 3:17, NKJV

SPONSORSHIP AND BENEFICIARIES	2012 ACTUAL	2012 BUDGET	2012 ACTUAL OVER/ (UNDER) BUDGET	2011	2010	2009
SPONSORSHIPS						
Australian-supported Child Sponsorships	96,405	-	-	93,099	90,769	85,636
Worldwide Child Sponsorships	1,244,910	-	-	1,150,500	1,080,919	1,010,208
BENEFICIARIES						
New Beneficiaries	9866	9326	5.79%	10,420	11,751	15,349
Cancelled Beneficiaries	6331	7448	-15.00%	7239	6298	5709
Net Growth	3535	1878	88.23%	3181	5453	9640
Net Growth %	3.70%	2.03%	1.67%	3.44%	6.27%	12.46%
Total Beneficiaries	99,167	97,510	1.70%	95,632	92,451	86,998
BENEFICIARY BREAKDOWN						
Child Sponsorship Program	96,405	94,160	2.38%	93,099	90,769	85,636
Child Survival Program*	2610	3215	-18.82%	2423	1589	1283
Leadership Development Program**	152	135	12.59%	110	93	79
Total Beneficiaries	99,167	97,510	1.70%	95,632	92,451	86,998
OTHER COMMITMENTS						
Sponsorship Plus	27,527	26,427	4.16%	27,151	27,105	26,356
Critical Interventions***	306	310	-1.29%	310	320	333

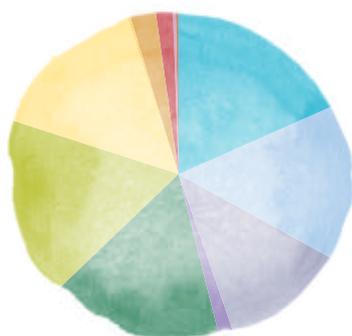
The term "beneficiaries" refers to children registered in the Child Sponsorship Program as well as mothers and babies in the Child Survival Program and students in the Leadership Development Program. Compassion Australia aims to be assisting 100,000 beneficiaries by June 2012. Currently, Compassion worldwide is supporting over 1.2 million beneficiaries.

* 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

NEW CHILD SPONSORSHIPS BY SOURCE	2012 No.	2012 %	2011 No.	2011 %
Events & Partner Artists	1752	18.44%	1849	19.56%
Promotions	1390	14.63%	845	8.94%
Additional Child	1122	11.81%	1259	13.32%
Sponsor Recommend	139	1.46%	100	1.06%
Church Relationships and Presentations	1585	16.68%	1219	12.89%
Church Partnerships	1619	17.04%	1791	18.94%
Child Advocacy	1436	15.11%	1825	19.30%
Magazine	35	0.37%	99	1.05%
Transfers from Overseas	223	2.35%	260	2.75%
Donor Relations	151	1.59%	166	1.76%
Miscellaneous	30	0.32%	22	0.23%
Former Sponsors	20	0.21%	20	0.21%



NEW CHILD SPONSORSHIPS BY SOURCE

Events & Partner Artists	1752	18.44%	Magazine	35	0.37%
Promotions	1390	14.63%	Transfers from Overseas	223	2.35%
Additional Child	1122	11.81%	Donor Relations	151	1.59%
Sponsor Recommend	139	1.46%	Miscellaneous	30	0.32%
Church Relationships and Presentations	1585	16.68%	Former Sponsors	20	0.21%
Church Partnerships	1619	17.04%			
Child Advocacy	1436	15.11%			
TOTAL			9,502	100%	

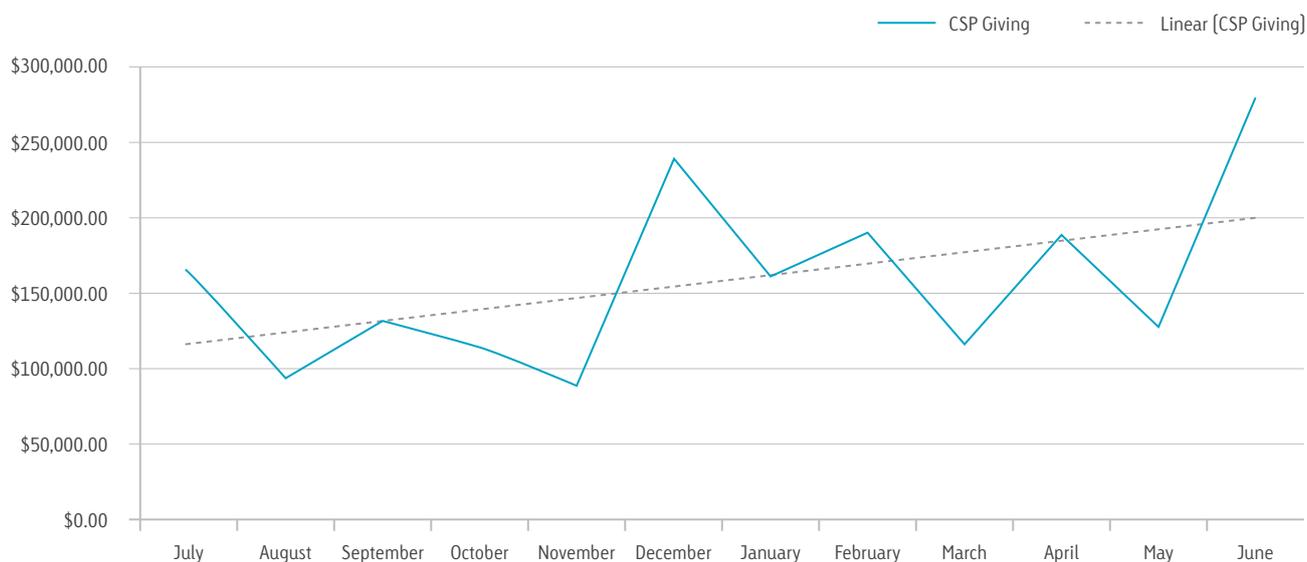
PROGRAM PERFORMANCE

While the Child Sponsorship Program continues to remain Compassion’s “flagship” program, support for the Child Survival Program, Leadership Development Program and Critical Interventions continued to increase this financial year as shown in the monthly giving trends.

Child Survival Performance

Total giving for the Child Survival Program.

- Compared to gross income of \$1.54m for the Child Survival Program in FY11, the 2012 financial year brought in \$1.86m. Though the target was \$2.3m, this result is still a significant increase over the previous year.
- The reported increase from FY11 can be mainly attributed to an 11-12 per cent increase in Child Survival Program commitments (regular monthly giving).
- Compassion’s Partner Relations Managers emphasised the Child Survival Program and the Leadership Development Program more during the 2012 financial year than in past years.



Total Giving includes regular commitments, non recurring payments and giving by church partnerships

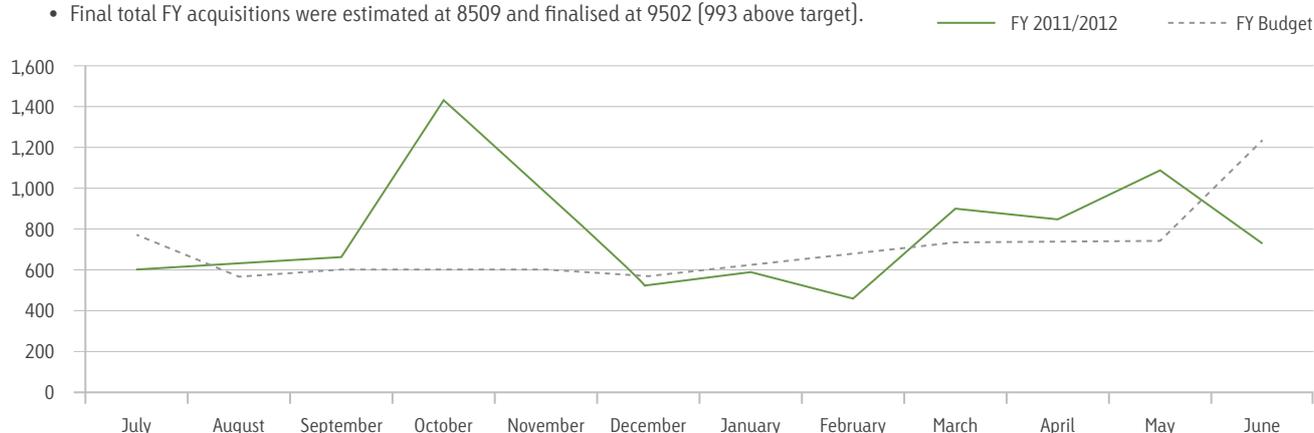
“Compassion internationally supports 621 Child Survival Centres. This represents a total of 26,418 babies and their caregivers now receiving support through Compassion and local partner churches.”

—Global Result

Child Sponsorship Performance

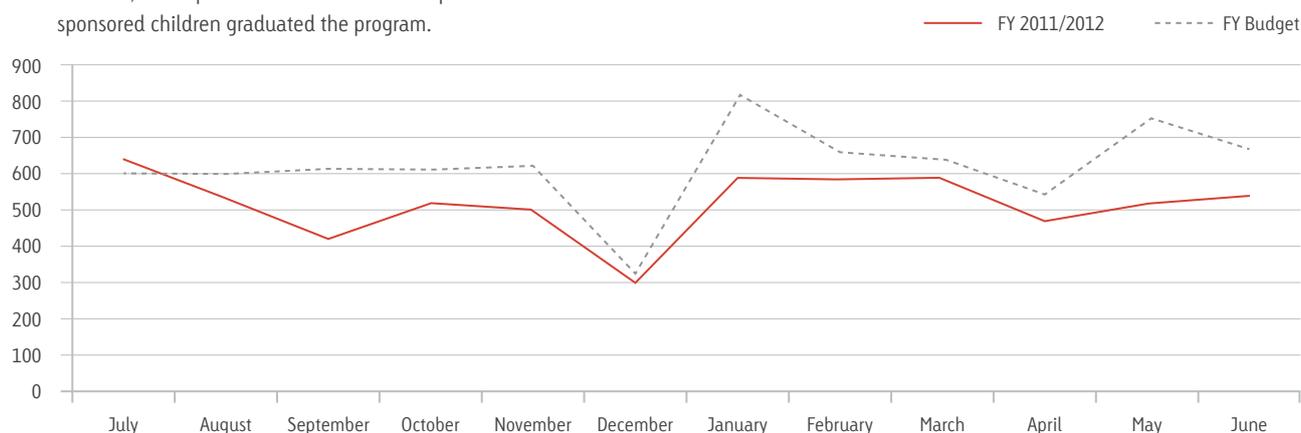
Total new assignments per FY12 month against FY12 budget.

- Acquisitions were below the Q4 targets by (53) commitments (actual 2665 vs. budget 2718).
- Final total FY acquisitions were estimated at 8509 and finalised at 9502 (993 above target).



Total net lost children per FY12 month against revised FY12 budget.

- Final total FY12 net lost children were estimated at 7448 and finalised at 6196 (1252 above target).
- The net lost children result as at the end of FY12 was the lowest ever recorded result: 6.66 per cent. Although this did not meet the strategic FY12 goal of reducing cancellations to less than 5 per cent, it was still an outstanding effort.
- For FY12, 20.06 per cent of the total field departures of Australian sponsored children graduated the program.



CDSP MOVEMENT BY FINANCIAL YEAR	2012 No.	2012 %	2011 No.	2011 %	2010 No.	2010 %	2009 No.	2009 %
New Acquisitions	9502	0.50%	9455	-16.62%	11,340	-23.60%	14,842	-2.05%
Net Lost Children	6196	-13.04%	7125	14.79%	6207	9.74%	5656	13.23%
Net Growth	3306	41.89%	2330	-54.61%	5133	-44.12%	9186	-9.56%
Year End Child Sponsorships	96,405	3.55%	93,099	2.75%	90,769	5.99%	85,636	12.01%
NLC to Acquisition Ratio		65.21%		75.36%		54.74%		38.11%

Overall for the year our total acquisitions have remained the same; however, the reduced cancellation figure has enabled improved overall net growth.

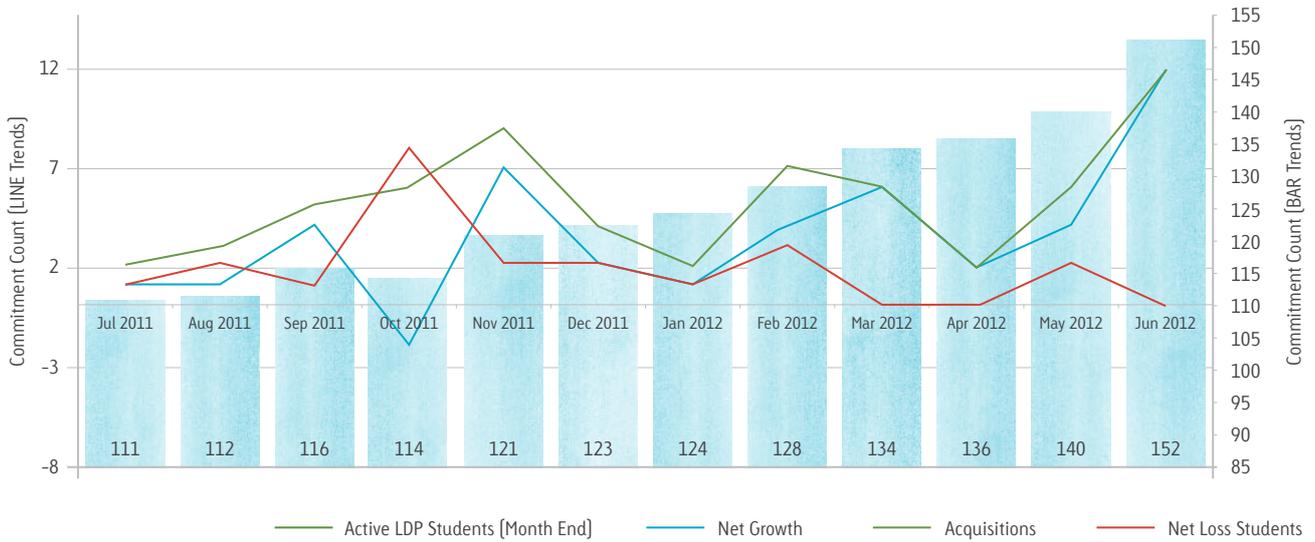
“ At the end of the financial year 1,245,482 children were sponsored by Compassion supporters across the world. ”

—Global Result

Leadership Development Performance

Total Leadership Development recurring commitments for FY12 per month, detailing net growth, acquisitions and net lost students.

- The Leadership Development Program saw growth of 38.18 per cent over the 2012 financial year. This increase has been attributed to focused attention of the Donor Relation Team, as well as an increase of Child Sponsorship supporters opting to continuing sponsoring through the Leadership Development Program via the internet. Over the year there were a total of 64 new acquisitions and 22 cancellations (of which 20 students graduated from programs in Bolivia, Brazil, Colombia, Ecuador, Ethiopia, Indonesia, Philippines and Uganda).
- Over the 2012 financial year, \$27,439 was given in one-off donations to the Leadership Development Program fund.



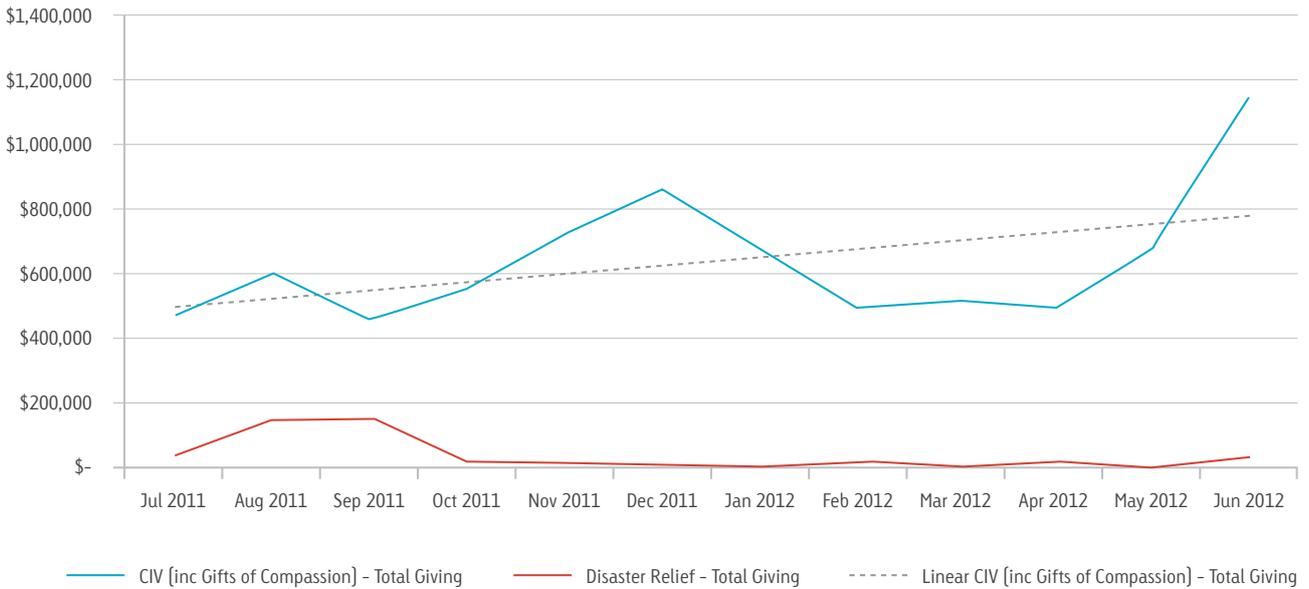
“ This financial year 388 students from around the world graduated from the Leadership Development Program. There were 925 new beneficiaries enrolled in the program this year. ”

—Global Result

Critical Interventions Performance

Total giving for Critical Interventions and Disaster Relief, including Sponsorship Plus and Partners of Compassion.

- The spike in disaster relief in August and September was given to the global food crisis in east Africa, which featured on mainstream news channels around Australia.
- Giving to CIV and disaster relief in FY12 totaled \$8,084,022.
- The Compassion Appeal went out in May and focused on raising funds for major medical interventions. The result as of 30 June was \$634,895, with a target set for \$800,000.



Total Giving includes regular commitments and non recurring payments

“Compassion International, including partner countries like Compassion Australia, responded on the East and West Africa droughts to provide relief as well as long-term interventions for Compassion beneficiaries.”

—Global Result

INCOME STATEMENT

Compassion Australia ended the 2011-2012 financial year with an overall surplus of \$1,072,870. Our revenue for the year was \$64,904,968, which was an increase on last year by \$2,239,272 or 3.57 per cent. During the year, we experienced the East African Drought for which Compassion raised over \$300,000. This extraordinary income meant that relief income increased by 275 per cent. We have seen high growth in funds received for the Child Survival Program (20.81 per cent), the Leadership Development Program (18.44 per cent) and gifts (15.75 per cent); and modest growth in funds received for the Child Sponsorship Program (3.22 per cent), and the Christmas Fund (5.82 per cent); but have experienced a decrease in Critical Interventions funding (5.40 per cent) and administration (1.39 per cent).

With regards to expenditure, for the 2011-2012 financial year, Compassion Australia used 20.51 per cent on administration and fundraising. The 0.51 per cent of extra expenditure was used specifically on capacity building programs such as developing our information security and supporter management systems which will increase our capacity to manage a larger supporter base in the coming years.

79.49 per cent of donations were 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 inform and update sponsors and facilitate their personal relationship with their sponsored child
- For community education

As the global economic climate remains much the same as last year, we have set a modest target of 3.15 per cent income growth for the 2012/2013 financial year. This will give us \$67 million in revenue for the year which will allow us to spend approximately \$53.6 million on program-related services.

“ The LORD is a refuge for the oppressed,
a stronghold in times of trouble. ”

—Psalm 9:9

INCOME & EXPENDITURE FOR THE YEAR ENDED JUNE 30, 2012		2012	2011
REVENUE			
Donations and gifts			
- Monetary		64,116,710	62,232,080
- Non-monetary		-	-
Bequests and Legacies		192,369	93,210
Grants			
- AusAID		-	-
- Other Australian		-	-
- Other overseas		-	-
Investment income		386,742	296,922
Other income		209,147	43,484
Revenue for International Political or Religious Proselytisation Programs		-	-
TOTAL REVENUE		64,904,968	62,665,696
EXPENDITURE			
International Aid and Development Programs Expenditure			
International programs			
- Funds to international programs		41,846,918	40,528,171
- Program support costs		7,633,298	7,390,745
Community education		1,177,032	1,710,400
Fundraising costs			
- Public		7,157,511	7,024,958
- Government, multilateral and private		-	-
Accountability and Administration		5,933,084	5,287,852
Non-Monetary Expenditure		-	-
Total International Aid and Development Programs Expenditure		63,747,843	61,942,126
Expenditure for International Political or Religious Proselytisation Programs		-	-
Domestic Programs Expenditure		84,255	80,050
Singapore discontinued operations		-	755,045
TOTAL EXPENDITURE		63,832,098	62,777,221
EXCESS / (SHORTFALL) OF REVENUE OVER EXPENDITURE		1,072,869	(111,525)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2012		2012	2011
Balance at July 1, 2010 (commencing balance)		11,654,044	11,765,569
Adjustments or changes in equity		-	-
Excess / (shortfall) of revenue over expenses		1,072,869	(111,525)
Other amounts transferred (to) or from reserves		-	-
Balance at June 30, 2011 (year end balance)		12,726,913	11,654,044

BALANCE SHEET

Overall our balance sheet and financial position remain healthy and strong. In the 2011-2012 financial year, our balance sheet result shows an increase in total equity of \$1,072,869. Total assets increased by \$937,060; this increase is made up of increased cash holdings (\$1,462,839) and a positive net cash flow, along with a reduction in the holding of fixed assets (\$785,965). Total liabilities stayed fairly steady, decreasing by \$135,809 over the course of the year. This has occurred because while Compassion Australia no longer needs to hold a foreign exchange risk provision (1,257,373), we were then able to send these extra funds directly to the field, which has allowed us to keep our reserves at the required level.

“ But the needy will not always be forgotten,
nor the hope of the afflicted ever perish. ”

—Psalm 9:18

BALANCE SHEET AS AT JUNE 30, 2012	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	8,316,012	6,853,173
Trade and other receivables	636,416	384,478
Inventories	-	-
Assets held for sale	-	-
Other financial assets	202,293	194,045
TOTAL CURRENT ASSETS	9,154,721	7,431,696
NON CURRENT ASSETS		
Trade and other receivables	-	-
Other financial assets	-	-
Property, plant and equipment	11,578,837	12,300,196
Investment property	1,724,999	1,789,605
Intangibles	-	-
Other non current assets	-	-
TOTAL NON CURRENT ASSETS	13,303,836	14,089,801
TOTAL ASSETS	22,458,557	21,521,497
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	8,747,869	7,142,850
Borrowings	390,000	650,000
Current tax liabilities	-	-
Other financial liabilities	-	-
Provisions	36,464	372,785
Other	-	1,257,373
TOTAL CURRENT LIABILITIES	9,174,333	9,423,008
NON CURRENT LIABILITIES		
Borrowings	-	-
Other financial liabilities	-	-
Provisions	270,056	176,746
Other	287,255	267,699
TOTAL NON CURRENT LIABILITIES	557,311	444,445
TOTAL LIABILITIES	9,731,644	9,867,453
NET ASSETS	12,726,913	11,654,044
EQUITY		
Reserves	-	-
Retained Earnings	12,726,913	11,654,044
TOTAL EQUITY	12,726,913	11,654,044

CASH MOVEMENTS

Our statement of cash movements represents all of our income funds. Every dollar that is donated to Compassion will pass through one of these funds. The balances in these funds represent all of our restricted, temporally restricted and unrestricted reserves, held for future use. Child Development (Child Sponsorship) shows an \$865,910 surplus for the year brought about by the reversal of a foreign exchange provision taken up last financial year. The Sponsorship Plus & Partners of Compassion Funds have been combined to create the Critical Interventions Fund. In the past these funds supported slightly different activities, however these differences no longer exist. This financial year our newly formed Critical Interventions Fund sent over and above what was raised to begin to offset surpluses from recent years (FY2012: 951,351 deficit, FY2011: 639,545 surplus, FY2010: 669,191 surplus).

Our Operating Fund this year made a modest surplus of \$186,781 for this financial year. This has allowed us to begin to replenish our reserve following the deficit of \$477,602 incurred last financial year with the wind up of our Singapore operations. At the beginning of the year it was decided to start up the Transformation Fund which will provide for future funding needs to transform Compassion's processes and systems. The fund income was determined to be one per cent of total income for the next three financial years. There was not any designated spending from this fund during this financial year but we anticipate drawing upon these funds in coming years as we build systems and processes capable of efficiently sustaining future growth.

“ I know that the LORD secures justice for the poor and upholds the cause of the needy. ”

—Psalm 140:12

FOR THE YEAR ENDED JUNE 30, 2012	OPENING BALANCE	INCOME	TRANSFERS	EXPENSES	SURPLUS / (DEFICIT)	CLOSING BALANCE
Child Development	1,490,242	48,832,619	(13,184,807)	34,781,902	865,910	2,356,152
Child Survival Program	817,505	1,864,365	(439,571)	1,496,949	(72,155)	745,350
Christmas Fund	158,040	1,970,545	(197,055)	1,745,710	27,780	185,820
Special Grants	356	-	-	-	-	356
Gifts	709,701	2,227,591	-	2,074,786	152,805	862,506
Life Assurance	5616	200	-	-	200	5816
Living Sponsorship	615,019	115,822	-	-	115,822	730,841
Critical Interventions Fund*	3,735,796	7,632,892	(2,274,425)	6,309,818	(951,351)	2,784,444
Relief	783,386	451,130	(112,365)	333,399	5366	788,752
Special O'seas Proj	35,167	(834)	-	900	(1,734)	33,433
Un-sponsored Children	135,332	444,862	174,781	615,938	3705	139,037
Transformation Fund	-	-	600,000	-	600,000	600,000
Operating Fund	405,393	540,469	15,494,875	15,848,565	186,779	592,172
Endowment Operations	2,110,373	104,147	-	-	104,147	2,214,520
Leadership Development Fund	532,751	619,327	(61,433)	479,323	78,571	611,322
Bibles	186,612	59,992	-	60,553	(562)	186,050
Indigenous	(67,245)	41,841	-	84,255	(42,414)	(109,659)
TOTAL	11,654,044	64,904,967	-	63,832,098	1,072,869	12,726,912

* This year Partners of Compassion and Sponsorship Plus funds were combined to form the Critical Interventions Fund.

FOR THE YEAR ENDED JUNE 30, 2011	OPENING BALANCE	INCOME	TRANSFERS	EXPENSES	SURPLUS / (DEFICIT)	CLOSING BALANCE
Child Development	2,559,970	47,309,247	(12,253,096)	36,125,881	(1,069,729)	1,490,242
Child Survival Program	811,143	1,543,215	(399,692)	1,137,161	6362	817,505
Christmas Fund	89,400	1,862,212	(186,221)	1,607,351	68,640	158,040
Special Grants	356	-	-	-	-	356
Gifts	561,421	1,924,560	-	1,776,280	148,280	709,701
Life Assurance	5616	-	-	-	-	5616
Living Sponsorship	625,384	(10,365)	-	-	(10,365)	615,019
Partners of Compassion	2,250,437	3,252,559	(832,621)	2,810,338	(390,400)	1,860,037
Relief	687,590	120,011	(24,215)	-	95,796	783,386
Special O'seas Proj	84,470	167,865	-	217,168	(49,303)	35,167
Sponsorship Plus	845,813	4,787,449	(2,039,949)	1,717,554	1,029,946	1,875,759
Un-sponsored Children	2884	402,065	695,865	965,483	132,447	135,332
Operating Fund	874,355	548,011	15,104,051	15,380,464	271,598	1,145,953
Singapore	8640	60	5785	755,045	(749,200)	(740,560)
Endowment Operations	1,662,754	115,502	-	(332,117)	447,619	2,110,373
Leadership Development Fund	568,569	522,892	(52,289)	506,421	(35,818)	532,751
Bibles	126,466	74,610	(7461)	7003	60,146	186,612
Indigenous	299	16,878	(4372)	80,050	(67,544)	(67,245)
POC Singapore	-	28,925	(5785)	23,140	-	-
TOTAL	11,765,568	62,665,696	-	62,777,222	(111,525)	11,654,044

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the members of Compassion Australia

Report on the financial report

We have audited the accompanying financial report of Compassion Australia (the company), which comprises the balance sheet as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's Opinion

In our opinion the financial report of Compassion Australia is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

PRICEWATERHOUSECOOPERS
PricewaterhouseCoopers


Darren Turner
Partner

Newcastle
18 October 2012

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WHERE WE'RE GOING





MINISTRY GOALS, OBJECTIVES AND INITIATIVES

In order to move towards a 2020 Vision established by Compassion International, Compassion Australia commenced the first of three years of a capacity building phase.

2020 Vision: Global

Compassion International's 2020 Vision is about bearing good fruit and bearing much fruit for the glory of God. It is about developing the systems and processes needed for future growth, and about developing the four programs to fully realise Compassion's mission.

To help lead us toward the 2020 Vision, Compassion has identified the five essential global moves, or large strategic decisions or investments:

1. Maximise the Ministries
2. Transform Core Processes with Technology
3. Mobilise the Church
4. Strengthen Sponsor Engagement
5. Seize Global Opportunities for Expansion

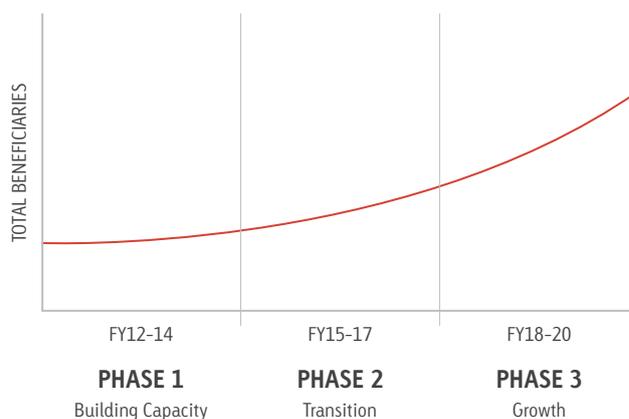
To accomplish these essential moves, Compassion will rely on the following foundations:

- Depend on God
- Live Compassion
- Day to Day Work

2020 Vision: Australia

As part of a global network, each partner country has its own strategy to help achieve the 2020 Vision.

For Compassion Australia, we have divided this strategy across three distinct phases:



“Wisdom is the principal thing;
Therefore get wisdom. And in all your
getting, get understanding.”

—Proverbs 4:7, NKJV

Phase 1: Building Capacity

During the 2013 and 2014 financial years, we will be in Phase 1: Building Capacity. This means reviewing our processes, systems and people. We have identified five strategic focus areas for Phase 1 that will be described more in the following pages. Each Australian focus area links back with our global effort and the global moves.

Compassion's foundation is in God. By managing staff, we will impact both the Church and supporters. Focusing on these four areas successfully will see benefits for our children.

GLOBAL MOVES	FOCUS AREAS	FOCUS STATEMENT
Depend on God	God	Whatever you do, whether in word or deed, do it all in the name of the Lord Jesus —Colossians 3:17
Live Compassion Transform core processes with technology	Our Staff	Inspired, capable and equipped people working effectively together
Mobilise the Church Transform core processes with technology	His Church	Vigorously take hold of our mission so that both children in poverty and churches flourish
Strengthen sponsor engagement Transform core processes with technology	Our Supporters	Build strong relationships with supporters and journey with them in ministry
Maximise ministries	Children	Positive outcomes in the lives of children

“ O Lord, how many and varied are Your works!
In wisdom have You made them all; the
earth is full of Your riches and Your creatures. ”

—Psalm 104:24, AMP

Ministry Projects

PROJECT	PURPOSE	OUTCOMES
Payment Card Industry (PCI) Data Security Standards (DSS)	<p>The Payment Card Industry (PCI) Project was initiated to help achieve PCI compliance for Compassion Australia as required by the banking industry. As Compassion regularly process supporters' credit cards, Compassion is bound by the regulations of PCI Data Security Standards (DSS) to protect credit card data that we store and transmit.</p>	<p>Tokenised System</p> <p>The PCI Project team made the decision that the best way to protect our supporters' financial information was to outsource storage of credit card details to our banking partner. Compassion now operates on a "tokenised" system with our bank to deduct regular supporter contributions. We no longer store supporter card details on our internal systems. Compassion Australia will be fully PCI DSS compliant by the end of August 2012.</p> <p>Supporter Transaction System</p> <p>The project also delivered significant efficiency improvements for Compassion through the introduction of automated processing of web sponsorships back to our internal processing system called Compass. This has significantly reduced manual handling tasks that were previously associated with web based sponsorships. The introduction of this Supporter Transaction System (STS) was a necessary part of delivering PCI compliance. It has significantly improved efficiency in Compassion's Supporter Engagement Centre and Contributions Processing Centre teams.</p> <p>Incident Response Plan</p> <p>The development of an Incident Response Plan has also commenced and forms one of the deliverables of the PCI Project. The Incident Response Core Team (IRCT) is the focus point for any PCI incidents. They are the first contact point if an incident has occurred. The team will assemble and initiate the incident response plan. Team members include the Supporter Ministries Director/Privacy Officer, the Ministry Improvement and Technology Director, the Finance Director and the Supporter Communications Manager.</p>
Statements	<p>The Statements Project was initiated in response to the significant mailing costs associated with providing supporters with both monthly statements and end of financial year statements.</p>	<p>Online End of Financial Year Statements</p> <p>In July this year, phase one of the project was successfully delivered which allowed supporters (with existing personal Compassion online accounts known as My Account) that had "opted out", to access their end of financial year statement online. This resulted in a significant saving to Compassion and will be an ongoing (and increasing) saving as more supporters opt out of paper statements.</p> <p>Online Monthly Statements</p> <p>Phase two of the project will deliver online access (with an opt out option) to monthly statements and will include other innovative methods to communicate financial sponsorship status with our supporters. Phase two is due to be delivered by February 2013.</p>
'RightNow' CRM (Customer Relationship Management)	<p>This project was initiated in response to the 2012 strategy goal to deliver a supporter relationship management system that will enable better engagement with and maintenance of relationships with valuable supporters.</p>	<p>Synchronising core systems</p> <p>Continued integration of Compassion's CRM software tool 'RightNow' with Compassion's Compass system has meant:</p> <ul style="list-style-type: none"> • A redesign of the RightNow data model • Cleansing of current data in both systems • Workspace improvements through standardisation • Further development of the STS tool to provide one point of entry for all new supporter details (online and manual).
Digital Experience (DX)	<p>The Digital Experience (DX) Project emerged from a need to improve the efficiency of Compassion's web platform www.compassion.com.au</p>	<p>Strategy Development</p> <p>To increase the effectiveness of the website, the DX Project will be delivering a strategy and the foundational technology for Compassion Australia's entire digital experience, including web, mobile and social media. We have engaged a consultant to audit our current digital landscape and provide a roadmap of recommendations which will be evaluated and outworked during the next financial year.</p>

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.

Managing Risk

A detailed risk assessment was conducted in FY10 from which key risks to the organisation were identified, and a process was established to deal with risks through regular meetings and monthly reporting. Compassion Australia reinstated a formal risk management process in FY12. This involved including risk management as a standing agenda item for the Leadership Team's quarterly meetings. The resulting assessment is then included in a quarterly submission to the Board of Directors, which is responsible for risk management through policies and planning objectives.

To help mitigate risk in FY12, our Leadership Team championed the following initiatives which were highlighted in the FY10 assessment:

- The outworking of the Purchasing Card Industry Data Security Standards Project
- Establishment of a Crisis Management Group

Foreign Exchange Risk

As Compassion Australia sends funds through to our various programs all around the world, we need to deal with foreign exchanges in currency. The finance committee of the Board determines our approach to mitigating our foreign exchange risk. Presently, two main approaches are used to purchase foreign currency.

- When the Australia dollar appears stable, foreign currency is purchased when needed at the highest obtainable spot rate.
- When the dollar becomes less stable, foreign currency is purchased as hedges with forward exchange contracts. This minimises our exposure to the Australian dollar dropping rapidly when it is volatile.

Hedges were used during the 2011/2012 financial year during periods of volatility in the Australian dollar, however as the Australian dollar began trading consistently above parity and at historically high levels it was decided that hedging was not required at this time. This has allowed us to write back the foreign exchange risk provision which was held at the end of the 2010/2011 financial year.

Investment Risk

As has been stated previously on page 37, Compassion Australia holds all of their funds for future use in either low-risk, interest-bearing accounts including short maturing term deposits, or in Commercial property holdings. Investment decisions and guidelines are approved by the Board of Directors.

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

Environmental Performance

Compassion Australia sees environmental performance as vitally important to the organisation, as mentioned in the Sustainability report on page 60. Some areas in which we currently consider our environmental footprint include:

- Fuel efficiency and emissions of our fleet options
- Recycled content of our print collateral
- Availability of recycle bins throughout the offices
- Facilities management, including electricity usage

External Auditing

Compassion Australia has engaged a team from PricewaterhouseCoopers, currently led by Darren Turner, to do a thorough audit of our financial numbers each year. Full financial reports dating back to 2003 are available for viewing at www.compassion.com.au.

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. 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 to 30 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.

Ethical Standard

At Compassion we endeavour to conduct our ministry with the highest ethical standards, inspired by our dedication and commitment 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, supporters, businesses, and the general public.

Conflicts of Interest

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



SUSTAINABILITY

Compassion Australia sees environmental and social sustainability as vitally important to the organisation. It is divided into the following two areas; Program related activities, and Fundraising and Administration activities.

Program Related Activities

Our program activities are administered through local churches in the development countries where Compassion works. The aim of these activities is to produce sustainable outcomes with the children, mothers, students, and communities whom we work with by providing such things as:

- Nutritional support
- Health interventions
- Formal and non-formal education
- Parent education initiatives
- Vocational training

This is outlined fully in the individual pages on these programs found earlier in the annual report.

Fundraising and Administration Activities

Compassion Australia has also focused on growing partnerships with supporters and churches. Having the opportunity to contribute to a meaningful cause has been found to have a positive impact on the lives of supporters and churches alike.

Over the past financial year, Compassion Australia has been gradually implementing new environmentally sustainable activities. These include:

- Installing a new energy efficient lighting system in our head office at Newcastle in June. It is estimated that this will save approximately 135,525 kilojoules of energy per annum. This equates to an estimated saving of 138 tonnes of carbon dioxide at the local power station per year.
- Our fleet of vehicles is currently in the process of being changed over to consist of mainly smaller vehicles, and where possible vehicles using diesel rather than petrol vehicles, which are considered to be more efficient on fuel consumption and CO² emissions. We are also reducing the number of vehicles in the fleet. This will result in an estimated saving of 0.65L per km driven, and 7 grams of CO² emissions per km driven. Using an average of 25,000 km per year per car, this equates to an estimated saving per year of 9,000 litres of fuel and 17 tonnes of carbon dioxide emissions.

Throughout the year, Compassion Australia has also continued with the following environmental sustainability activities:

- Recycling of all recyclable waste
- Producing a portion of our printed material on recycled paper

Compassion Australia will continue to look for new and innovative ways to promote sustainability within the organisation during the 2013/2014 financial year.

GROWING OUR SUPPORT

While Compassion is focused on capacity building, we continued to run initiatives to grow our support. This was achieved through promotions aimed at growing our supporter base, as well as through greater engagement with and education of current supporters.

58: The Film

During May 2012 the launch of '58' the movie took place in each state or territory capital (8 in total) with an initial film night. From these, there was attendance of over 2,000 people and well over 1,000 screening packs were given out during the sessions. Since this time there has been an additional 57 registered screenings which will take place over the next few months in July, August and September with an estimated audience size of over 1820 people.

OurCompassion

Connected by Compassion for Children

OurCompassion is a digital community of Compassion supporters connecting with each other, learning more about their sponsored children and joining together to release children from poverty in Jesus' name. It includes group pages for Compassion child development centres around the world that allow supporters to learn more about their sponsored children's environments, read letters from the church pastors and engage with Google maps of the area. To enhance the sense of community, sponsors are also able to add their own photos, write a journal entry or post a short note for others to see.

Prayer Partners Network

Compassion's Prayer Partners Network is integral to strengthening the ministry of Compassion worldwide and is made up of passionate Compassion supporters from all backgrounds who share a desire to partner with us in prayer. Prayer is the most important way we can speak up on behalf of those who have no voice. It allows us to minister into the lives of children in ways that are powerful and eternal. Prayer can reach into the heart of issues that no natural force can touch. Prayer can impact the smallest child and the most powerful leader.

Gifts of Compassion

The Gifts of Compassion catalogue includes a range of gift ideas for friends or family members that also help children and families in developing countries. A Gift of Compassion comes with a card for the person the gift is for, which notifies them that a gift has been given in their honour. Funds raised are used for Compassion's Critical Interventions, which are represented by the gifts and could include health and hygiene improvement through better toilets, income-generation activities through livestock, or malaria prevention through mosquito nets.

Compassion Sunday

This special annual event aims to draw the Church's attention to the needs of children living in poverty. People all over Australia are encouraged to stand up in their local church and speak out on behalf of children living in poverty by sharing a short presentation or dedicating the entire service to the issue. It's a powerful opportunity for God to use Australian child sponsors to share with members of their church family His deep love for children—and show how each of us can intervene in the life of at least one child living in poverty through child sponsorship.

Compassion Sunday is an initiative of Compassion's Child Advocate Network (CAN), an Australia-wide movement seeking justice and life for children living in poverty.

In addition to all this, Compassion Sunday 2012 was also undertaken within May. This year 147 churches registered to carry out 155 Compassion Sunday based presentations. Of these, 79 churches had not run a CS event in FY2011 and 82 reported that they did not previously have a 'formal relationship' with Compassion. In total, 459 new CDSP commitments were started.

Child Advocate Network (CAN)

Compassion's Child Advocate Network (CAN) is a movement of people taking action to speak up for children living in poverty.

Child Advocates around Australia are talking to their friends, family and church, raising support for Compassion's programs, volunteering at Compassion events, travelling overseas to see Compassion's work in action, creating art or music, learning more about how to fight poverty, speaking with their local politicians and organising fundraising events.

GLOSSARY OF TERMS

Administration Costs

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

Beneficiary

The child, person or group that benefits from any Compassion assistance or program

Child Development

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

Child Development Centre

The project of our local Church Partners where children engage in child development activities

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 its child development programs

Fundraising Costs

Expenses that relate directly to income generation, such as new income sources and support and encouragement for current supporters and including the cost of Marketing, Church and Partner Relations and Supporter Ministries

GPA: Global Partner Alliance

The group of 11 fundraising countries, which includes 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

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

Sponsored Beneficiaries

The total number of children in the Child Sponsorship Program, students in the Leadership Development Program and mothers and babies in the Child Survival Program (mother and child together count as one beneficiary)

Supporter

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

Partnership Facilitator

A staff member employed at the Compassion country office who serves local church partners, managing Compassion's requirements as well as obligations to individual churches within the partnership relationship.

The Church

The global Body of Christ





COMPASSION AUSTRALIA

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This annual report is also available online at
www.compassion.com.au/annualreport