

Annual Report

2017 / 18

THE STORY OF FINANCIAL YEAR 2018



COMPASSION AUSTRALIA

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FUNDRAISING

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



Contents

02

WELCOME
FROM THE CHAIR OF THE BOARD

03

A REPORT FROM THE CEO
TIM HANNA

04

2018 HIGHLIGHTS
THE YEAR IN REVIEW

06

THE COMPASSION STORY

Who We Are	06
History of Compassion	08
Why We Exist	10
Where We Work	14
How We Work	22
A Global Network	24
Global Development Model	25
Mums & Babies	28
Child Sponsorship Program	30
Leadership Development Program	32
Critical Needs	34
Honouring the Church & Supporters in Australia	36
Ministry Goals	38

42

THE PEOPLE'S STORY

The Board & Governance	42
Board Declaration	44
How the Board Operates	45
Risk Management & Sustainability	46
Leadership	48

53

THE FINANCE STORY

A Report from the CFO	54
Income, Expenditure, Sponsorships & Beneficiaries	55
Key Performance	58
Balance Sheet	61
Auditor's Report	64

KENYA
PHOTO BY: BEN ADAMS



Welcome to Compassion's Annual Report!

Chair of the Board John Bond

It's my privilege to welcome you to Compassion Australia's Annual Report for one final time as Chair of Compassion's Board of Directors. From next year, I will be stepping back—still serving on the Board but allowing a new leader to take the reins and guide this incredible ministry forward into the next season that God has in store for us. It's been a tremendous privilege and blessing to serve as Chair for these past 11 years and to witness how God has continually brought Compassion through the good times and, yes, through the hard times as well. He has changed so many lives for the good, mine included!

I pray that as you read through this year's report, you will see and be amazed at His love for the children of the world—especially those who are living on the margins of society, in poverty.

After all, His love is the reason that we have all joined together to fulfil this mission to see those children released from poverty in Jesus' name. And we are all in this together: from the Australian staff members who are sharing in a different church every week, to the volunteers and advocates sharing with their friends over a cup of tea; the supporters, sponsors and donors who not only give generously but fill children's lives with prayers and encouraging words through letter writing.

Most of all, the workers in 25 developing nations who visit children in their homes and at their local church centres to encourage them and give them new opportunity, new hope—what a powerful example of God's love in action.

It has been an amazing year; the biggest year in Compassion Australia's history. That's a fantastic result, given how recently we remember last year's events in India, and the challenges we've faced in implementing new systems. [A work that is ongoing as we bed down our strategies and review our systems to ensure we have all the pieces in the right place as we look to the future.]

The Board members and I are continually encouraged by the results of so much prayer, creative thought and hard work from so many people across the ministry. It truly is a joy for us to play our role; every Board member voluntarily and passionately contributes their time, gifts and expertise for the sake of the children and supporters we serve. I can only say that it's a great honour and privilege to work with such a dedicated, talented and gifted team of men and women.

I look forward with great hope and expectation to see what the new financial year will bring, and how God will use us all, in whatever role we play in Compassion, to fulfil His mandate on us to release children from poverty in Jesus' name.

Thank you again for your prayers and partnership in this great work!

John Bond COMPASSION AUSTRALIA BOARD CHAIR



A Report from the CEO

Chief Executive Officer Tim Hanna

I was in Haiti earlier in the year. Walking among rickety buildings and crowded markets, I understood a simple fact that's so easy to lose sight of: In this work we do together, of releasing children from poverty in Jesus' name, the stakes are high.

They're high for supporters who sacrifice part of their pension, or sell cupcakes, or take on a second (or third) job to make their monthly sponsorship contribution.

They're high for the more than 7000 church partners who serve their communities in poor neighbourhoods, facing down incredible challenges with incredible faith and perseverance.

Most of all, the stakes are high for the more than 1.9 million children we serve; the children who are told every day by poverty that their lives don't matter, that they don't count. Children like Fritznah, a young girl I met in Haiti. She lives with her grandmother and aunt because, tragically, her mother died giving birth to her, and her father's new partner didn't want anything to do with her. That's the reality of why we do what we do—and why it's so important.

That's why I'm filled with joy and gratitude as I look back on the year and my eyes are opened to the full measure of our supporters' generosity and God's faithfulness.

In fact, this year was the biggest year in our history, in terms of the number of children who were sponsored: an amazing 16,322. And in terms of income, which passed \$85 million for the first time. Those results are a reflection of the

generosity of supporters and the hard work and dedication of our staff, volunteers, advocates and ambassadors. But they're not possible without God.

Challenges are always present: improving technology and systems, reducing the number of sponsors who cancel their support, adjusting to fluctuating exchange rates and many other factors.

Yet we ended the year strongly, with the best month of June we've ever had. Donors and supporters gave so generously to help meet children's most urgent and critical needs—the total of over \$1.5 million raised was the best response to a Compassion appeal since before the global financial crisis of 2008.

So, yes, the stakes are high. The challenges are real. Millions of children are waiting for the opportunity to go to school, to get access to healthcare, and good nutrition, and a loving church family. But as we push on with our strategic goals, we know that God will use our efforts to give even more children a hope more powerful than poverty—a hope that can come only from Him.

This is only possible with the prayer and support of friends like you. So thank you for your role in releasing children from poverty in Jesus' name!

Tim Hanna COMPASSION AUSTRALIA CEO

2018 was a record-breaking year in which God used your support to change so many lives around the globe. These figures represent just a small snapshot of how you have made a difference in the lives of children and their families who are living in poverty.

\$85m

FOR THE FIRST TIME, COMPASSION AUSTRALIA EXCEEDED \$85 MILLION IN REVENUE, MEANING WE GREW BY 4.9 PER CENT ON LAST YEAR. WHAT A REFLECTION OF GOD'S GRACE AND THE GENEROSITY OF THOUSANDS OF SUPPORTERS — THANK YOU TO EVERYONE WHO CONTRIBUTED TO THIS AMAZING RESULT!

16,322

THE NUMBER OF NEW SPONSORSHIPS THAT BEGAN THIS YEAR — THE BEST RESULT IN COMPASSION AUSTRALIA'S MORE THAN 40-YEAR HISTORY OF RELEASING CHILDREN FROM POVERTY IN JESUS' NAME.

117,107

THE NUMBER OF CHILDREN NOW REGISTERED WITH THE CHILD SPONSORSHIP PROGRAM WHO ARE KNOWN, LOVED AND PROTECTED BY AUSTRALIAN SPONSORS.

2018 Hi

173,000

LETTERS SENT FROM AUSTRALIAN SPONSORS TO THEIR SPONSORED CHILDREN.

\$1.5m

THE FINAL RESULT OF THE END OF FINANCIAL YEAR APPEAL THIS YEAR, WHICH WENT TO HELP CHILDREN WIN THEIR FIGHTS AGAINST POVERTY BY MEETING THEIR MOST URGENT NEEDS THROUGH THE WHERE MOST NEEDED FUND.

51,000

CHRISTMAS CARDS SENT BY AUSTRALIAN SPONSORS TO THEIR SPONSORED CHILDREN THIS YEAR—TO GO WITH \$2.5 MILLION IN CHRISTMAS GIFT DONATIONS.

\$1,126,346

AMOUNT RAISED BY THE GIFTS OF COMPASSION CATALOGUE THIS YEAR—ITS BEST EVER YEAR!

ghlights

Who We Are

As part of Compassion International, a global network of more than 12 funding countries and 25 developing countries, Compassion Australia is a Christian holistic child development and child advocacy ministry. We are committed to working in partnership with local churches to foster the spiritual, economic, socio-emotional and physical development of children living in extreme poverty.



KENYA
PHOTO BY: BEN ADAMS

VISION

THE TRANSFORMATION OF LIVES, COMMUNITIES AND NATIONS THROUGH RELEASING CHILDREN FROM POVERTY IN JESUS' NAME.

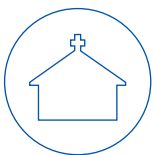
The way that we do this is unique, because our work is:

**CHRIST-CENTRED**

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

**CHILD-FOCUSED**

Programs engage each child as an individual, fostering their spiritual, socio-emotional, physical and economic development.

**CHURCH-BASED**

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

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

- Trust God
- Be Well
- Value Others
- Achieve Together
- Grow Through Challenge

History of Compassion

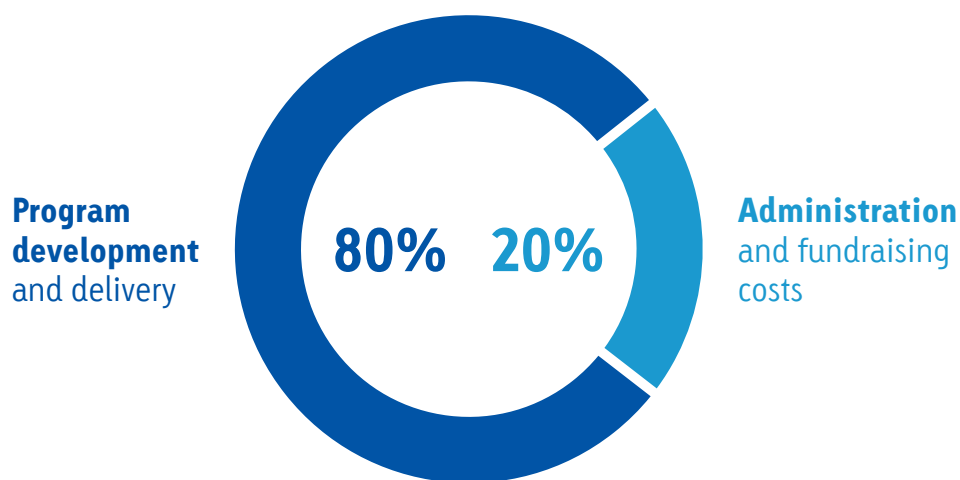
For more than 65 years, Compassion has made a life-changing difference for the world's most vulnerable: children and their families who are living in poverty.



◀ MIRIAM AND EVERETT SWANSON, SOUTH KOREA
PHOTO BY: COMPASSION INTERNATIONAL

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

Today, Compassion is transforming the lives of more than 1.9 million children, babies and students through more than 12 international partner countries across 25 developing countries. As of June 2018, 117,107 children are supported by more than 84,000 Australian sponsors through Compassion Australia.



PER CENT OF FUNDS USED FOR ADMINISTRATION AND FUNDRAISING

<i>Year:</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>TOTAL:</i>	19.49%	20.21%	19.99%	19.70%	20.07%

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

Approximately 80 per cent of all donations to Compassion are used:

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

Approximately 20 per cent of all donations are allocated to cover all administration and fundraising costs in Australia.

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

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



Why We Exist

Poverty speaks to a child. It tells them, “You don’t matter, you are nothing. Life will always be this way.” It leaves a child feeling hopeless, believing there is no future to look forward to, and no way out of their current circumstances.

Children are the most impacted by poverty and injustice. And yet they are the least able to defend themselves against it.

- In 2013, there were around 385 million children still living in extreme poverty (defined as less than US \$1.90 a day). That’s roughly one in five of the world’s children.
- An estimated 5.9 million children die each year before reaching age five, mostly as a result of diseases that can be readily and affordably prevented and treated.
- In sub-Saharan Africa, newborn deaths account for about one-third of the deaths of children under age five.
- In 2015, an estimated 57 million primary school-aged children were out of school.



KENYA
PHOTO BY: BAYLY & MOORE

Unless the world tackles poverty today, in 2030:

- 167 million children will live in extreme poverty
- 69 million children under age five will die between 2016 and 2030
- 60 million children of primary school age will be out of school

Yet, with the help of international development organisations such as Compassion, transformative progress has been made in the last few decades.

The encouraging outcomes show that children born today are:

- Significantly less likely to live in poverty than those born at the start of the new millennium
- Over 40 per cent more likely to reach their fifth birthday
- More likely to be in school

Sources:

UNICEF, The State of the World's Children 2016; World Bank.





THAILAND
PHOTO BY: BEN ADAMS



WISANAKORN AND TALIPOE

Where We Work

Compassion Australia is one of 12 partner countries around the world: a global network that enables Compassion's child development programs to minister to the needs of individual children in 25 developing countries.

12 COMPASSION PARTNER COUNTRIES:



AUSTRALIA

Compassion Australia
Est. 1977



FRANCE

Service d'Entraide et de Liaison
Est. 1990



NETHERLANDS

Compassion Netherlands
Est. 1996



CANADA

Compassion Canada
Est. 1963



GERMANY

Compassion Deutschland
Est. 2007



NEW ZEALAND

TEAR Fund New Zealand
Est. 1986



ITALY

Compassion Italia
Est. 2001



NORWAY

Compassion Norden/Scandinavia
Est. 2013



UNITED KINGDOM

Compassion UK
Est. 1999



SPAIN

Asociación Compassion España
Est. 2001



SWEDEN

Compassion Scandinavia
Est. 2013



IRELAND

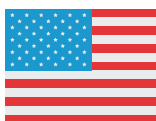
Compassion Ireland
Est. 2011



SOUTH KOREA
Compassion Korea
Est. 2004



SWITZERLAND
Compassion Switzerland
Est. 2003



UNITED STATES
Compassion USA
Est. 1952

TO DETERMINE THE COUNTRIES IN WHICH WE WILL WORK, COMPASSION FOLLOWS SET CRITERIA:

God's direction:

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

Evidence of need:

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

Government:

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

Administration:

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

Cost effective:

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

Programs:

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.

25 FIELD COUNTRIES:

Africa

AFRICA TOTAL:

2861 Church Partners
725,278 Registered Children
7448 Survival Beneficiaries
49 Leadership Students



BURKINA FASO

Est. 2004
282 Church Partners
83,467 Registered Children
644 Survival Beneficiaries
No Leadership Students



KENYA

Est. 1980
407 Church Partners
117,477 Registered Children
1641 Survival Beneficiaries
1 Leadership Student



ETHIOPIA

Est. 1993
487 Church Partners
111,739 Registered Children
937 Survival Beneficiaries
25 Leadership Students



RWANDA

Est. 1979
355 Church Partners
86,669 Registered Children
531 Survival Beneficiaries
5 Leadership Students



TOGO

Est. 2008
215 Church Partners
55,242 Registered Children
496 Survival Beneficiaries
No Leadership Students



GHANA

Est. 2005
302 Church Partners
77,570 Registered Children
388 Survival Beneficiaries
No Leadership Students



TANZANIA

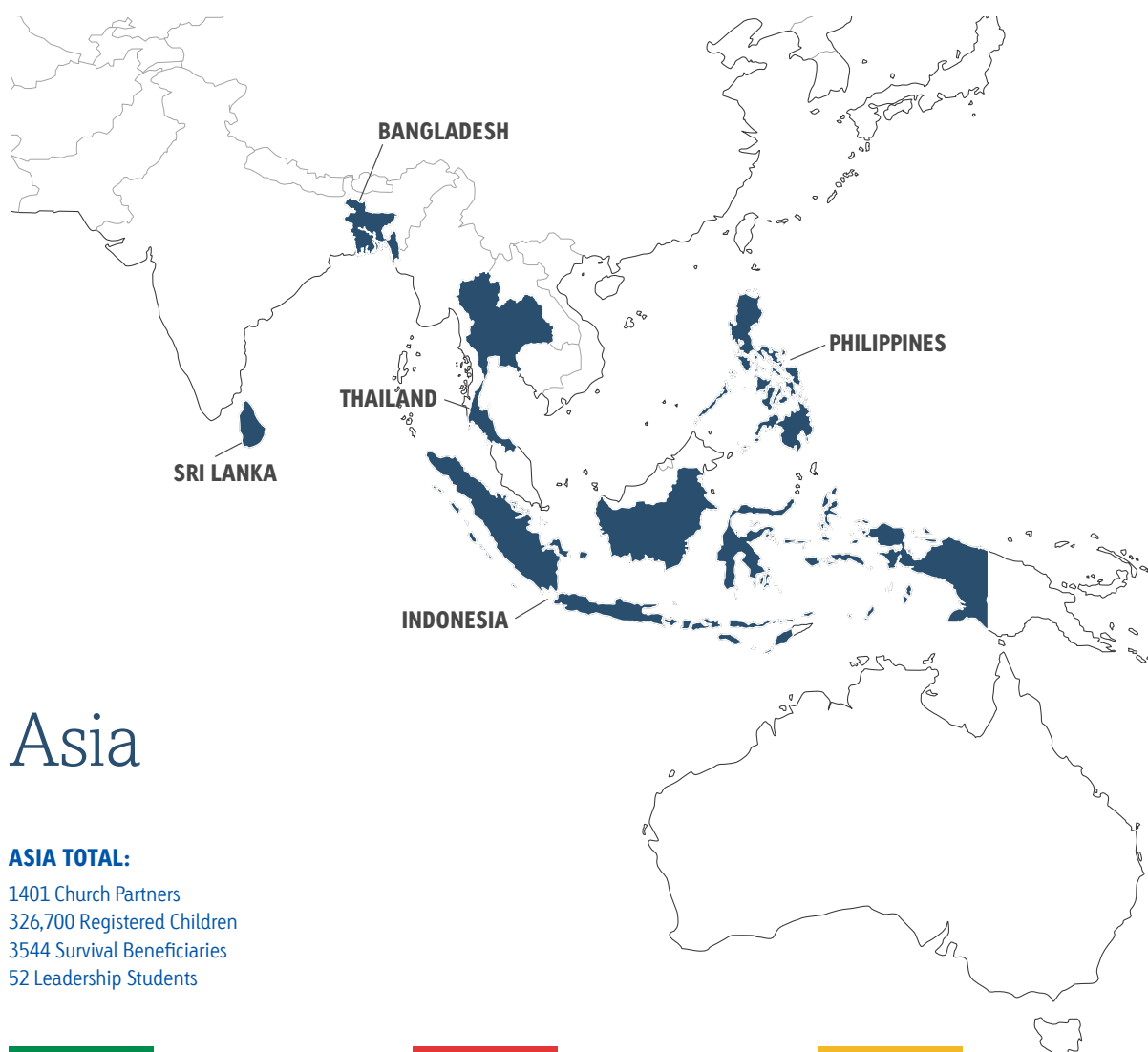
Est. 1999
423 Church Partners
89,603 Registered Children
1345 Survival Beneficiaries
1 Leadership Student



UGANDA

Est. 1980
390 Church Partners
103,511 Registered Children
1466 Survival Beneficiaries
17 Leadership Students





Asia

ASIA TOTAL:

1401 Church Partners
326,700 Registered Children
3544 Survival Beneficiaries
52 Leadership Students



BANGLADESH

Est. 2004

170 Church Partners
38,677 Registered Children
426 Survival Beneficiaries
No Leadership Students



INDONESIA

Est. 1968

353 Church Partners
76,968 Registered Children
362 Survival Beneficiaries
11 Leadership Students



SRI LANKA

Est. 2010

61 Church Partners
12,103 Registered Children
380 Survival Beneficiaries
No Leadership Students



EAST INDONESIA

Est. 2005

277 Church Partners
64,359 Registered Children
961 Survival Beneficiaries
15 Leadership Students



PHILIPPINES

Est. 1972

357 Church Partners
84,585 Registered Children
1078 Survival Beneficiaries
10 Leadership Students



THAILAND

Est. 1970

183 Church Partners
50,008 Registered Children
337 Survival Beneficiaries
16 Leadership Students



Central America

CENTRAL AMERICA TOTAL:
1583 Church Partners
447,476 Registered Children
4307 Survival Beneficiaries
125 Leadership Students



GUATEMALA
Est. 1976
212 Church Partners
55,937 Registered Children
300 Survival Beneficiaries
24 Leadership Students



DOMINICAN REPUBLIC
Est. 1970
182 Church Partners
62,559 Registered Children
801 Survival Beneficiaries
2 Leadership Students



HAITI
Est. 1968
319 Church Partners
108,457 Registered Children
1601 Survival Beneficiaries
10 Leadership Students



MEXICO
Est. 1976
208 Church Partners
50,804 Registered Children
349 Survival Beneficiaries
No Leadership Students



EL SALVADOR
Est. 1977
271 Church Partners
59,037 Registered Children
615 Survival Beneficiaries
34 Leadership Students



HONDURAS
Est. 1974
202 Church Partners
53,573 Registered Children
309 Survival Beneficiaries
48 Leadership Students



NICARAGUA
Est. 2002
189 Church Partners
57,109 Registered Children
332 Survival Beneficiaries
7 Leadership Students



South America

SOUTH AMERICA TOTAL:

1208 Church Partners
402,329 Registered Children
3610 Survival Beneficiaries
73 Leadership Students



BOLIVIA

Est. 1978

235 Church Partners
88,591 Registered Children
980 Survival Beneficiaries
No Leadership Students



COLOMBIA

Est. 1976

268 Church Partners
85,177 Registered Children
391 Survival Beneficiaries
12 Leadership Students



PERU

Est. 1985

237 Church Partners
79,560 Registered Children
652 Survival Beneficiaries
17 Leadership Students



BRAZIL

Est. 1974

195 Church Partners
52,892 Registered Children
370 Survival Beneficiaries
4 Leadership Students



ECUADOR

Est. 1974

273 Church Partners
96,109 Registered Children
1217 Survival Beneficiaries
40 Leadership Students

Global total:

7053 Church Partners
1,901,783 Registered Children
18,909 Survival Beneficiaries
299 Leadership Students



COLLINS AND NACHI



 KENYA
PHOTO BY: BEN ADAMS

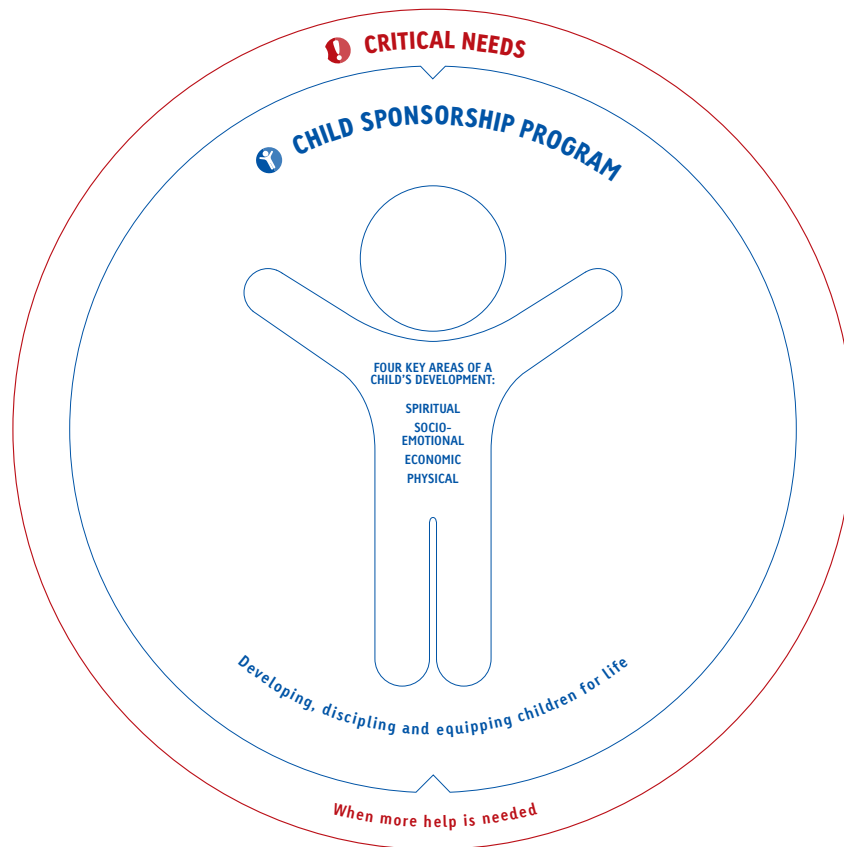
How We Work

Holistic child development takes a child through a process of growth and fulfilment in all dimensions of their life: spiritually, economically, socio-emotionally and physically. Compassion believes holistic child development is a long-term approach that starts even before a child is born and continues through to school age and beyond.



KENYA
PHOTO BY: BEN ADAMS

Compassion's programs address the key areas of a child's development:



We work with children at each stage of life, from the womb to the workforce, so they can develop their God-given potential and become healthy and fulfilled adults.



Funded through local and sponsorship resources



Funded through non-sponsorship resources

A Global Network

*Compassion International works in more than 25 developing nations
to serve over 1.9 million children living in poverty.*

The funding for this work comes from over 12 partner countries, known as the Global Partner Alliance, which comprises Compassion Australia, Compassion Canada, Compassion Germany, Compassion Italy, Compassion Netherlands, Compassion South Korea, Compassion Switzerland, Compassion UK, Compassion USA, Compassion Scandinavia (Norway and Sweden), SEL France and TEAR Fund New Zealand. Satellite offices operate in Spain and Ireland.

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

Staff at the Global Ministry Centre liaise with staff in field country offices to implement Compassion's child development model in partnership with local churches in the developing world. This ensures that local congregations in developing countries are the catalyst for their own community's change.

Child development centres become part of the local church's ministry and are overseen by the pastor, centre director and a church project committee. They receive curriculum support from Compassion but contextualise the interventions they provide as needed. The local church is also accountable for the funds that Compassion provides and is responsible for providing information that is used for reporting to supporters.

KEY TERMS:

Administration costs:

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

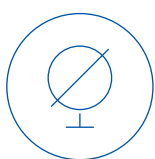
Fundraising costs:

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

Beneficiaries:

The term "beneficiaries" refers to children registered with the Child Sponsorship Program, including those still waiting for sponsors, as well as mothers and babies served by Compassion's Mums and Babies, and students in the Leadership Development Program.

Compassion's Global Development Model



PARTNER COUNTRIES

Compassion's ministry is funded by more than 12 partner countries, including Australia, known as the Global Partner Alliance.



GLOBAL MINISTRY CENTRE

Compassion's child development programs are managed by Compassion International, located at the Global Ministry Centre in Colorado Springs, Colorado, USA.



COUNTRY OFFICE

The main office located in each developing country where Compassion works is responsible for coordinating national staff, program oversight and cultivating local relationships.



LOCAL CHURCHES

Compassion's child development model is implemented in partnership with more than 7000 local churches in 25 developing countries.



PROGRAMS

Through Compassion's Child Sponsorship Program, Leadership Development Program and Critical Needs—including Mums and Babies, which funds Survival projects around the world—children have their physical, spiritual, economic and socio-emotional needs met and are released from poverty in Jesus' name.

> PATNAREE, CHERNAYPAW AND AUGSTAYWIN



THAILAND
PHOTO BY: ELLA DICKINSON





Mums & Babies

The first year of life is critical. For a child born into poverty, the threat of death is doubled. That's why Compassion and local churches in 25 developing nations provide critical support to vulnerable mums and babies—because the first step on a child's journey to being released from poverty is survival.



BOLIVIA
PHOTO BY: BEN ADAMS

Combining Compassion's expertise and the local church's loving support, Mums and Babies aims to prevent premature death, secure good health and enable positive development for babies and their mothers across 25 developing countries.

For infants, Compassion provides support so that they can be physically healthy, confident and able to interact well with others, and eager to experience their world and communicate their experiences.

MUMS AND BABIES IN 2018

In financial year 2018, there were 944 Survival projects around the world providing support to babies and caregivers living in poverty.

In financial year 2018, the gross income for the Child Survival Program (Mums and Babies plus Survival Interventions) was \$1,566,335, compared to last year's figure of \$1,488,248.



NUMBER OF BABIES AND CAREGIVERS SUPPORTED BY AUSTRALIA AT THE END OF THE FINANCIAL YEAR:

<i>Year:</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
CAREGIVERS:	828	1,705	2,527	2,629	2,578
CHILDREN:	814	1,687	2,493	2,605	2,511
TOTAL:	1,642*	3,392	5,020	5,234	5,089

*Note: Children are now registered for sponsorship from the age of one.

SUPPORTING MUMS AND BABIES

Your support provides:



Home-based care for mothers and babies, with perinatal specialists visiting families monthly to offer healthcare, education and emotional support.



Advocacy for mums to ensure they are treated fairly by local services and can access the essential support they need to thrive, including medical care and birth attendants.



Community support networks that bring mothers together to combat isolation, learn new ways of earning an income and provide each other with long-term support.



Compassion centres, where mothers can always turn for support, learning opportunities and expert advice on how to monitor their child's healthy development.

When a child turns one year old, the focus shifts from survival to

early childhood development, and the child is eligible to be sponsored

while continuing to receive personalised home-based care.

Child Sponsorship Program

Compassion's Child Sponsorship Program gives people the opportunity to connect with an individual child living in poverty.



TOGO
PHOTO BY: BEN ADAMS

For a child, the program works by providing safe places to play and laugh, the chance to see a doctor when they're sick, access to education and the opportunity to discover Jesus' incredible love for them.

By being an active part of a child's life through letter-writing, prayer and encouragement, the sponsor plays an important role in helping that child discover a hope more powerful than poverty.



“

The Bom Samaritano Child Development Centre has been a refreshing place in this neighbourhood. The changes [the centre has brought] are visible not only in the lives of the children, but also in the lives of the parents and centre staff. All the community can testify to [its] impact!

”

**—PASTOR ANTONIO JOSÉ AZEVEDO PEREIRA,
Bom Samaritano Child Development Centre (BR0323), Brazil**

NUMBER OF CHILDREN SPONSORED BY AUSTRALIA AT THE END OF THE FINANCIAL YEAR:

<i>Year:</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>TOTAL:</i>	117,107	111,177	110,225	105,476	100,996

SUPPORTING CHILDREN LIVING IN POVERTY

Through a child development centre based at a local church in their community, Compassion assisted children receive access to education, health care, nutritious food, safe places to play, and more. In financial year 2018, there were 7,053 child development centres across the 25 countries Compassion works in.

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

CHILD SPONSORSHIP PROGRAM IN 2018

This financial year, 16,322 children were sponsored—the best result in Compassion Australia's history, and a great reflection of God's grace, the generosity of Australian Christians, and the hard work and diligence of Compassion staff and advocates. The Child Sponsorship Program's income was \$63,358,051.

The cancellation rate, which also includes sponsors who did not resume sponsoring after their sponsored child graduated or otherwise departed from the program, was 9.35 per cent. This has come down from last year's figure but improving on this result remains a high priority.

Leadership Development Program

The Leadership Development Program was designed for graduates of the Child Sponsorship Program with exceptional academic and Christian leadership potential, opening the door for further formal education at university.



UGANDA
PHOTO BY: HELEN MANSON

Students are selected according to strict criteria that include academic achievement, Christian commitment, demonstrated leadership skills and a willingness to serve.

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



“

We think that by teaching our sponsored children the importance of leadership, the heart of servant leadership, they can ... lead like Jesus. They could have a heart for the people, they can be passionate, they can be honest ... They could bring hope for the hopeless. They could bring the right changes that we need for this country.

”

—GUILBAUD SAINT-CYR,
National Director Compassion Haiti

NUMBER OF STUDENTS SPONSORED BY AUSTRALIA IN THE LEADERSHIP DEVELOPMENT PROGRAM AT THE END OF THE FINANCIAL YEAR.

<i>Year:</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>TOTAL:</i>	11	23	91	138	177

LEADERSHIP DEVELOPMENT PROGRAM IN 2018

In financial year 2018, the total income for the program was \$88,144.

The current model of the Leadership Development Program is being gradually phased out, with no new student registrations since June 2014.

Current students have full support and the opportunity to complete both their tertiary studies and the Leadership Development Program, with all students expected to graduate by December 2018.

THE FUTURE OF YOUTH DEVELOPMENT

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

As the Leadership Development Program finishes up, the Child Sponsorship Program will take on the responsibility of providing these opportunities through youth development strategies conceived and implemented at the national level.

Through these strategies, every 12-22 year old in Compassion's program now receives leadership, mentorship and educational or entrepreneurial opportunities unique to their circumstances and contextualised to local conditions.

Critical Needs

Critical Needs removes obstacles to children's development and provides preventative action in nine different areas of need. Critical Needs builds upon the Child Sponsorship Program to address the issues facing children, their families and communities.



BOLIVIA
PHOTO BY: BEN ADAMS

Through one-off or ongoing giving, supporters can give directly to an area they are passionate about, rather than general donation funding. Each giving option represents an area of need for children living in poverty, which are sometimes outside the financial reach of sponsorship funds.



AMOUNT SENT FROM AUSTRALIA FOR CRITICAL NEEDS WORLDWIDE*:

<u>Year:</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>TOTAL:</u>	\$10,227,596	\$9,995,808	\$6,927,089	\$6,813,034	\$5,867,828

*Totals exclude giving to Mums and Babies

CRITICAL NEEDS IN 2018

Some of the Critical Needs projects that Compassion Australia supporters helped fund in financial year 2018 include:

Highly Vulnerable Children: In Rwanda, seven children and their families who were homeless benefitted from new houses built with the help of Australian supporters. A further three families—two youth-headed and one fatherless—also received new housing, giving them a more stable home life and a new sense of security and safety.

Safe Water: In a rural community in West Kutai province, East Indonesia, a Water project enabled Gamaliel Child Development Centre (ID0531) to drill a deep borehole well. Local children and their families now have a reliable, accessible source of safe drinking water, after streams in their area were made unpotable by heavy pollution coming from nearby palm plantations.

Infrastructure: Generous supporters helped to fund the construction of three new classrooms and new toilets and showers at the Projeto Bom Samaritano (BR0498) in Brazil. The local partner serves 258 children but lacked the resources to upgrade its sanitation facilities, which was a grave problem in a community with limited access to running water. Classes met in the church building, but with proper classrooms, students are now flourishing!

Education: Thirteen students in Davao City, Philippines were provided with critical assistance to enable them to study at college, rather than finish their education at high school level. They each undertook a four-year course of study, in engineering, business administration, teaching, and more. While they will be responsible for incidental costs of study, their school fees are paid through the generosity of supporters right here in Australia.

Health: More than 1000 Compassion assisted children in Honduras visited the dentist and received individual dental treatment, thanks to the support of Australian supporters. As well, children and their caregivers received basic dental health supplies (toothbrushes, toothpaste, floss) and participated in a dental health training program to equip them to care for their teeth.

Income Generation: At five child development centres in Uganda, caregivers took part in a training program to raise pigs and goats, and/or to begin farming fruits, vegetables and coffee, according to their circumstances and skills. The centres aim to boost the families' income tenfold in the coming years: an ambitious target but one that is within reach, thanks to the generosity of Compassion Australia supporters.

Honouring the Church & Supporters in Australia

*The local church is the focal point of the ministry of
Compassion and the beam of hope in every region
where Compassion works.*



KENYA
PHOTO BY: BEN ADAMS

Throughout Australia, our partnership with local churches enables us to release more children from poverty in Jesus' name.

In financial year 2018, we celebrated partnerships with churches of a variety of denominations, and we're grateful for each one. We couldn't carry out our ministry to children living in poverty without them.

And equally generous are the many individuals, businesses and groups who partner with Compassion to sponsor children or fund Critical Needs to make a life-changing difference for scores of children around the world.

HIGHLIGHTS IN 2018

We have seen some wonderful generosity this past year. Just a snapshot of that includes:

9

PAUL MOUTZOURIS, AND HIS BUSINESS, INGENUITY, GAVE THIS YEAR TO SUPPORT A RANGE OF HEALTH, INCOME GENERATION, AND WATER AND SANITATION CRITICAL NEEDS. NOT ONLY THAT, HE PRESENTED COMPASSION'S WORK AT HIS LOCAL CHURCH—AND NINE CHILDREN WERE SPONSORED. THANK YOU, PAUL!

56

OUR TEAM ORGANISED 56 TRIPS FOR CHURCH PARTNERS, DONORS AND OTHER SUPPORTER GROUPS TO VISIT THE DEVELOPING WORLD THIS YEAR TO SEE COMPASSION'S WORK IN ACTION, INSPIRING DEEPER ENGAGEMENT AND STRENGTHENING RELATIONSHIPS.

100

SPECIAL THANKS TO CITY CHURCH BLUE MOUNTAINS, WHO CURRENTLY SPONSOR 100 CHILDREN, MOSTLY IN THE PHILIPPINES, THROUGH A CHURCH PARTNERSHIP WITH COMPASSION.

201

A GENEROUS PARTNER BASED IN QUEENSLAND SPONSORED 201 CHILDREN IN FINANCIAL YEAR 2018, A REFLECTION OF AN INCREDIBLY STRONG PARTNERSHIP.

3,475

IN ALL, 3475 CHILDREN WERE SPONSORED AT HILLSONG CHURCH CAMPUSES AND EVENTS WITHIN AUSTRALIA THIS YEAR. WHAT A WAY TO CELEBRATE 20 YEARS OF PARTNERSHIP. THANK YOU, HILLSONG!

\$500,000

TWO BLACK-TIE 'A NIGHT OF COMPASSION' GALA BALLS IN SYDNEY AND NEWCASTLE RAISED HALF A MILLION DOLLARS FOR INFRASTRUCTURE PROJECTS IN UGANDA, RWANDA, THE PHILIPPINES AND INDONESIA. THANK YOU TO THE HUNDREDS OF ATTENDEES AND MANY PARTNERS WHO MADE THESE EVENINGS SUCH A SUCCESS.

\$666,650

A NUMBER OF SUPPORTERS LEFT BEQUESTS TO COMPASSION THAT TOTALLED MORE THAN \$666,000 AND WILL ENSURE THEIR LEGACY OF GENEROSITY AND COMPASSION LIVES ON.

Ministry Goals

Compassion Australia continues to pursue its strategic goals as the primary drivers of growth and the means by which we serve 1.9 million children, caregivers and students, our passionate and committed supporters, and our staff, advocates and volunteers in Australia and overseas.



KENYA
PHOTO BY: BEN ADAMS

COMPASSION AUSTRALIA'S STRATEGIC GOALS:

1. Acquire and engage new supporters

2. Delight and retain existing supporters

3. Revolutionise systems and processes

4. Develop people and culture

These goals have served us well, providing vital stability and direction in a time of global program change and new systems implementation.

A STRONG YEAR AND A POSITIVE STRATEGY FOR THE FUTURE

Following a difficult 2017, this year was the strongest in our history, in terms of income and the number of children sponsored.

The clarity of consistent and well-defined goals played a role in this growth. But we recognised during financial year 2018 that a renewed focus was required to solidify a plan, measures and a process to execute larger strategic projects—and allow for even greater growth in the future.

Within the third quarter of the year, the management team met to discuss a more focused strategy plan built on the strong foundation of the above strategic goals. This focused

plan was endorsed and embedded in the latter part of the year and will allow us to execute projects smoothly as we move into financial year 2019. We are confident this will lead to a better supporter experience and strong growth in the coming years.

As always, we're grateful to God for His grace and strength, to our supporters for their engagement and encouragement, and to our staff for their hard work and faithfulness. We remain committed to our strategic direction and believe it will enable us to see many more children released from poverty in Jesus' name.





KENYA
PHOTO BY: BAYLY & MOORE



SIENNA AND PRAISE

The Board & Governance

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

Compassion Australia is a company limited by guarantee, with a Constitution that defines the organisation's purpose, objectives and powers, and how income is to be applied. It is the role of the Board of Directors to ensure we operate in accordance with the principles and commitments stated in our Constitution.



Dr John Bond

Chair of the Board of Directors, Member of the CEO and Governance Committee*,
COMPASSION AUSTRALIA BOARD MEMBER SINCE 2002

John is a Minister of Religion with international ministry experience. He has worked with Youth for Christ International, and as Senior Minister of Thornlie Church of Christ and Lifestreams Christian Church. He is currently serving as the Minister at Large Lifestreams Christian Church, Director of Lifestreams Global Family, and the Asia South East Pacific World Zone leader of Dynamic Church Planting International. He is the Founding Director of Sonlife Ministries Inc.



Isaac Moody

Vice Chair of the Board of Directors, Member of the CEO and Governance Committee*,
Member of the Ministry Relations and Supporter Engagement Committee**,
COMPASSION AUSTRALIA BOARD MEMBER SINCE 2008

Isaac is managing director of Prethink Group, based in Toowoomba, Queensland. A dedicated family man and father of five children, Isaac maintains extensive community involvement both locally and nationally in addition to his business interests.

*CEO and Governance Committee: Responsible for the Executive Team, structure, Board membership nominations, Board development and innovation.

**Ministry Relations and Supporter Engagement Committee: Responsible for Frontline, Church, Advocacy, Donor, Marketing and Supporter Engagement.

***Ministry Services and Finance Committee: Responsible for Finance, Building and Logistics, Human Resources, and Information Technology.



Kent Medwin

Member of the Ministry Services and Finance Committee***,
COMPASSION AUSTRALIA BOARD MEMBER SINCE 2010

Kent is a Director of Rock Property, and a Director of St Michael's Collegiate School. He is the former Chairman of the following organisations: Live Free Tassie, Pathways Tasmania, and Ultra 106.5. Kent was also the Vice Chair of Common Ground Tasmania.



Mabel Chua

Secretary of the Board, Member of the Ministry Services and Finance Committee***,
COMPASSION AUSTRALIA BOARD MEMBER SINCE 2012

Mabel holds a Master of Laws, Bachelor of Laws and a Bachelor of Commerce majoring in accounting and finance. Mabel is the Managing Director of M 6:8 Legal in Perth and has served in various leadership capacities in her local church and in the Christian community.



Mark McCrindle

Member of the Ministry Relations and Supporter Engagement Committee**,
COMPASSION AUSTRALIA BOARD MEMBER SINCE 2015

Mark is a demographer, social researcher and founding principal of McCrindle Research. Along with his team of data analysts, he works to identify emerging trends and research insights that can inform strategy and effective engagement.



Mike Jeffs

Member of the Ministry Services and Finance Committee***,
Member of the Board of Directors of Compassion International since 2010,
COMPASSION AUSTRALIA BOARD MEMBER SINCE 1995

Mike has extensive business knowledge, with 40-plus years' experience in management and director roles. He is the Founder and Director of Network Communications Pty Ltd, Founder and CEO of Australian Christian Channel Pty Ltd, and Director of Southern Cross Institute Pty Ltd.



Sam Valich-Dewhurst

Member of the Ministry Relations and Supporter Engagement Committee**,
COMPASSION AUSTRALIA BOARD MEMBER SINCE 2015

Sam has over 20 years' industry experience as a strategic thinker, brand developer, qualitative researcher and communicator. She is the founder of Monostory—a value-driven brand tool enabling organisations and individuals to live with purpose in business and life.

Board Declaration

The Board of Directors of Compassion Australia declares that:

- [a] The financial statements and notes as set out on pages 55 to 63 are in accordance with the Corporations Act 2001 and:
 - i. Comply with Australian Accounting Standards, and
 - ii. Give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the company.
- [b] In the directors' opinion, there are reasonable grounds to believe that the organisation will be able to pay its debts as and when they become due and payable.

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



John Bond
CHAIR OF THE BOARD



Mabel Chua
SECRETARY OF THE BOARD

How the Board Operates

STRUCTURE

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

BOARD COMMITTEES

Each Board member serves on at least one Board committee. These are not decision-making bodies but rather provide insight into the operational aspects of management at Compassion. Each committee reports to the Board, which, as a whole, discusses any issues raised.

RECRUITMENT

Potential Board members are recommended by current 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 and the potential member then make a decision and, if successful, the applicant is invited to join the Board.

TRAINING AND DEVELOPMENT

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

REIMBURSEMENT

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

LENGTH OF SERVICE

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

CONFLICTS OF INTEREST

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

Risk Management & Sustainability

FOREIGN EXCHANGE RISK

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

INVESTMENT RISK

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

TECHNOLOGY RISK

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

Compassion Australia also complies with the Payment Card Industry Data Security Standard.

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. As part of this, Compassion reviews project partner financial activity and conducts child development centre visits on a regular basis, which can include audits. This way, we aim to ensure all programs meet minimum standards of financial accountability and programmatic integrity.

Observations and action items from child development centres and field offices are documented and brought to the attention of staff and management for consideration, decision making, action planning, and subsequent follow-up.

During financial year 2018, Compassion International continued to develop a new audit tool to assist in assessing the processes and risk in Compassion's field offices. This new audit tool has been through a testing phase this financial year, and will be rolled out in financial year 2019. Staff from Compassion Australia's Finance and Risk Management teams were involved in the project this year.

As part of the testing phase, this year Compassion Australia staff took part in an audit of the Compassion Ghana office. When this tool is fully rolled out, Compassion Australia staff will attend two field office audits each financial year.

Compassion International also has an anonymous fraud and ethics reporting hotline. This is an independent and objective process that then determines the legitimacy of any allegations and takes appropriate action.

EXTERNAL AUDITING

Compassion Australia engages Bentleys Brisbane (Audit) to perform a thorough audit on our financial reports each year. Bentleys is an accounting and audit firm; the lead auditor is Ms Ashley Carle FCA. Full financial reports dating back to 2012 are available to view at compassion.com.au/annualreports

ETHICAL CONDUCT

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

CRISIS COMMUNICATION

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

FINANCIAL SUSTAINABILITY

Compassion Australia funded approximately 85 per cent of activities through recurring monthly support. By using this recurring model of fundraising, there is an assurance that Compassion's current level of program funding is sustainable. This enables Compassion to focus fundraising efforts on retaining existing supporters and engaging new supporters.

For more information on Compassion's income, please refer to page 54.

MITIGATING RISK IN DEVELOPING NATIONS

In the wake of the March 2017 decision to close operations in India, it is important to assess the broader context in which Compassion works.

We face increasingly complex and challenging regulatory environments across many nations in which we work. Therefore, the Compassion International General Counsel Office assesses risks we may face in the future, so we can be prepared to respond to them and address them before they become a reality. They also actively build relationships to create government awareness of Compassion's work—in the USA and other global partner countries—should we need to engage them for help in a future situation. Additionally, through our global strategic priorities, Compassion International looks for effective ways to respond to increased regulations, persecution and secularisation, so we can be nimble and responsive to risks that may affect our ministry.

CHILD PROTECTION

As part of our ongoing commitment to child safety, Compassion Australia has continued to participate in the global Child Protection Project 2.0 with the goal of creating more effective and shared approaches to child protection. As part of this project, we will be strengthening our approach to child protection alongside our global partners. Activities will include the strengthening of child protection policies, the development of standard global child protection training as well as job specific training, and improved incident response processes.

Leadership

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



Dr Tim Hanna

CHIEF EXECUTIVE OFFICER SINCE 2010

Tim was a senior pastor in three churches for more than 30 years and a former senior lecturer at the Australian College of Ministries. In 2008 he took the role of National Director of Church and Mission with Compassion Australia before becoming the CEO in June 2010. As Chief Executive Officer, Tim leads the Executive Team in providing direction and vision to the organisation; he is accountable to the Board of Directors for the successful execution of strategy and the modelling of Compassion's desired culture.



Janine Daly

EXECUTIVE DIRECTOR OF SUPPORTER ENGAGEMENT SINCE 2014

Prior to joining Compassion in 2009 as a Relationship Manager, Janine had 15 years' management experience in the retail sector. After being made State Manager at Compassion in 2011, Janine was promoted to Executive Director of Supporter Engagement in 2014. In her current role, Janine leads the Supporter Engagement section who are responsible for engaging, delighting and supporting sponsors through their experience with Compassion.



Deb Adams

EXECUTIVE DIRECTOR OF MINISTRY SERVICES SINCE 2011

Deb joined Compassion in 2006 as Human Resources Specialist after working in the same role at Hunter Water Corporation. She was made Human Resources Director in early 2007 and was promoted to Executive Director in 2011. In her current role, Deb oversees Ministry Services, which includes Human Resources and Wellbeing, Strategy and Innovation, Travel, Legal and Sector Compliance, Risk Management and Special Projects.



Adam Holland

EXECUTIVE DIRECTOR OF MINISTRY RELATIONSHIPS SINCE 2012

Adam has a BA (Honours) in Philosophy and a Masters in Information and Knowledge Management. He has led and managed teams in local church, academic and local government contexts. Adam joined Compassion in 2012 as Executive Director of Ministry Relationships. In his role, he leads the Ministry Relationships section that engages directly with churches, Compassion Advocates, donors and supporters to see children lifted out of poverty.



Ben Dodd

EXECUTIVE DIRECTOR OF FINANCE (CHIEF FINANCIAL OFFICER) SINCE 2015

Ben has a background in economics and banking and joined Compassion Australia in 2009 as Finance Facilitator. After moving into the Budget and Forecast Manager role, he was made Finance Director before being promoted to Chief Financial Officer in mid-2015. As Chief Financial Officer, Ben is responsible for growing, enhancing, and protecting Compassion Australia's financial health and position, ensuring the ministry is sustainable for generations to come.



Jeremy Horn

ADVISOR TO THE EXECUTIVE TEAM (PART TIME) SINCE 2014

Jeremy has an extensive background in technology service provision and business systems architecture. He also served as a member of the Compassion Board for over nine years. Jeremy plays a valuable project and technology leadership role on the Executive Team, bringing vital industry insights and strategic wisdom to help ensure Compassion has the tools it needs to grow and fulfil its mission in an increasingly technology-driven world.



INDONESIA
PHOTO BY: JEREMY TAN



OLIN AND TITUS



KENYA
PHOTO BY: ISAAC OGILA

The Finance Story





A Report from Compassion Australia's Chief Financial Officer

An amazing year of significant financial milestones.

We started this financial year expecting flat to low growth due to the repercussions of withdrawing our operations from India in March 2017. But, by God's grace, we instead achieved our highest ever income (\$85 million), our highest ever number of new sponsorships (more than 16,000), and our highest net growth of sponsorships (5930) for six years—all while keeping administration and fundraising costs to 19.49 per cent of income.

Our income for the year finished at \$85 million, which represents 4.94 per cent growth on last year—growth that primarily came through a record year for our Child Sponsorship Program. This has largely been driven by a maturing frontline structure and a financial initiative to drive resourcing to fundraising over the past three years.

New sponsorships finished at 16,322, which was balanced by cancelled sponsorships finishing at 10,392. This resulted in a net growth of 5,930, or 5.33 per cent growth. Our focus this year was on stabilising cancellations in the wake of withdrawing from India, and we will continue to work on this area to strengthen future growth.

Perhaps the most pleasing aspect of the year, though, was that our focus on good stewardship meant that 19.49 per cent of our expenses went to administration and fundraising, and 80.51 per cent—over \$67 million—

was spent on program. This is a great result and a strong encouragement that our ongoing effort to steward funds well is succeeding.

Over the past three years, we have implemented an initiative to reorientate funds from our administration expenditure to fundraising, in order to resource income generating areas and fund future growth. We now see the fruit of that strategy—achieving our highest ever income and our highest ever new sponsorships in the same year.

After expenses, we finished the year with an operating surplus of \$234,000 and a planned overall net surplus of \$707,000 to ensure reserves can sufficiently cover operations and be the funding mechanism for future growth.

Compassion remains in a very strong financial position, thanks to our faithful supporters and good financial management. The future looks bright with a lot of potential and promising growth trends emerging. We are very thankful to God for His continued blessing on the ministry of Compassion. We know these results are only possible because of His grace and love for the poor.

A handwritten signature in dark blue ink, appearing to read 'Ben Dodd', written in a cursive style.

Ben Dodd

COMPASSION AUSTRALIA CFO

Income, Expenditure, Sponsorships & Beneficiaries

INCOME:

Our income for the year was \$85 million, which was an increase on last year by \$4 million or 4.94 per cent. The growth in donations came most notably through the Child Sponsorship Program, although the increase is also reflected in the Critical Intervention fund.

Regarding the Child Sponsorship Program, the highest number of children in the history of Compassion Australia were sponsored this year: 16,322. Total cancellations closed the year at 10,392. As a result, Compassion experienced 5.33 per cent growth (or 5,930 sponsorships) in the number of children sponsored.

Compassion Australia's income is sustainable year on year. Our main source of income is through our Child Sponsorship Program, which is a recurrent income source. Approximately 85 per cent of our total income is considered recurrent due to our ongoing partnership with current supporters. The majority of our remaining income comes through semi-recurrent sources such as Christmas, child and family gifts, as well as one-off appeals. This means that our current income level is sustainable, enabling us to focus on keeping our current supporters engaged, partnering with new supporters, and developing and continuing one-off appeals.

EXPENDITURE:

Compassion Australia spent 19.49 per cent or \$16 million on administration and fundraising this financial year.

In financial year 2018, 80.51 per cent of our expenditure was used on programs. This expenditure was used:

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

NET SURPLUS:

Income less expenditure resulted in a net surplus of \$707,000. Management of financial reserves over the next few years will continue to focus on maintaining an optimum ratio of program and operating reserves while marginally increasing equity. (See p61 for more information on financial reserves.)

LOOKING TO NEXT YEAR:

The forecasted global and domestic economic climate shows signs of greater opportunity for growth. For financial year 2019 we have set a modest income growth target of three per cent. This target is based on planned initiatives and activities. This will provide us with approximately \$88 million in revenue for the year, which will allow us to spend approximately \$70 million on program-related services.

Expenditure & Revenue

EXPENDITURE AND INCOME FOR THE YEAR ENDED 30 JUNE 2018

REVENUE	2018	2017
DONATIONS AND GIFTS		
Monetary:	\$83,570,680	\$80,501,709
Non-monetary:	-	-
BEQUESTS AND LEGACIES	\$666,650	\$139,853
GRANTS		
Department of Foreign Affairs & Trade:	-	-
Other Australian:	-	-
Other overseas:	-	-
INVESTMENT INCOME	\$728,356	\$376,637
OTHER INCOME	\$68,857	\$14,823
REVENUE FOR INTERNATIONAL POLITICAL OR RELIGIOUS PROSELYTISATION PROGRAMS	-	-
TOTAL REVENUE	\$85,034,543	\$81,033,022

Note: We have not provided a table of cash movements for designated purposes because no single appeal, grant or other form of fundraising for a designated purpose generated 10 per cent or more of the organisation's international aid and development revenue for the financial year.

EXPENDITURE	2018	2017
INTERNATIONAL AID AND DEVELOPMENT PROGRAMS EXPENDITURE		
INTERNATIONAL PROGRAMS		
Funds to international programs:	\$56,308,100	\$52,461,103
Program support costs:	\$10,748,583	\$11,248,959
COMMUNITY EDUCATION	\$776,642	\$715,750
FUNDRAISING COSTS		
Public:	\$11,309,888	\$10,795,820
Government, multilateral and private:	-	-
ACCOUNTABILITY AND ADMINISTRATION	\$5,128,587	\$5,539,759
NON-MONETARY EXPENDITURE	-	-
TOTAL INTERNATIONAL AID AND DEVELOPMENT PROGRAMS EXPENDITURE	\$84,271,800	\$80,761,391
INTERNATIONAL POLITICAL OR RELIGIOUS ADHERENCE PROMOTION PROGRAMS	-	-
DOMESTIC PROGRAMS EXPENDITURE	\$55,523	\$60,440
COMMERCIAL ACTIVITIES EXPENDITURE	-	-
OTHER EXPENDITURE	-	-
TOTAL EXPENDITURE	\$84,327,323	\$80,821,831
EXCESS / (SHORTFALL) OF REVENUE OVER EXPENDITURE (TOTAL COMPREHENSIVE INCOME)	\$707,220	\$211,191
STATEMENT OF CHANGES IN EQUITY		
BALANCE AT 1 JULY (COMMENCING BALANCE)	\$16,433,487	\$16,222,296
ADJUSTMENTS OR CHANGES IN EQUITY	-	-
EXCESS / (SHORTFALL) OF REVENUE OVER EXPENSES	\$707,220	\$211,191
OTHER AMOUNTS TRANSFERRED (TO) OR FROM RESERVES	-	-
BALANCE AT 30 JUNE (YEAR-END BALANCE)	\$17,140,707	\$16,433,487

Key Performance

KEY PERFORMANCE INDICATORS	2018	2017	2016
INCOME PER STAFF:	\$54,292	\$48,749	\$44,772
CHILD CANCELLATION RATES:	9.35%	11.52%	6.95%
SPONSORSHIP RETENTION RATES:	90.65%	88.48%	93.05%
CHILDREN PER SPONSOR:	1.38	1.37	1.36
REVENUE GROWTH:	4.94%	2.85%	3.64%
RETURN ON FUNDRAISING INVESTMENT:	7.48%	7.48%	7.75%

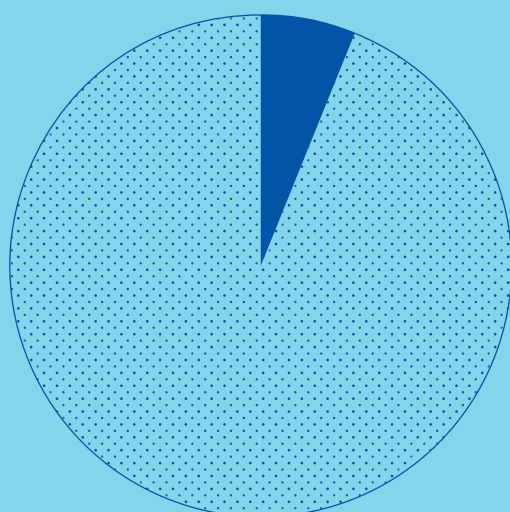
EXPENDITURE	2018	2017	2016
Program:	\$67,112,206 79.59%	\$63,770,502 78.90%	\$61,920,369 78.81%
Community Education:	\$776,642 0.92%	\$715,750 0.89%	\$947,284 1.20%
Fundraising:	\$11,309,888 13.41%	\$10,795,820 13.36%	\$10,144,665 12.91%
Administration:	\$5,128,587 6.08%	\$5,539,759 6.85%	\$5,561,804 7.08%
TOTAL	\$84,327,323 100.00%	\$80,821,831 100.00%	\$78,574,122 100.00%

INCOME BY SOURCE	2018	2017	2016
Child Development Program:	\$63,358,051 74.51%	\$59,291,408 73.17%	\$60,542,609 76.84%
Child Survival Program:	\$1,566,335 1.84%	\$1,488,248 1.84%	\$1,571,330 1.99%
Christmas Fund:	\$2,620,821 3.08%	\$2,473,268 3.05%	\$2,407,713 3.06%
Gifts:	\$3,159,346 3.72%	\$3,124,421 3.86%	\$3,010,208 3.82%
CIV Fund:	\$12,706,325 14.94%	\$13,332,184 16.45%	\$9,465,368 12.01%
Relief:	\$53,822 0.06%	\$144,887 0.18%	\$55,234 0.07%
Un-sponsored Children Fund:	\$242,531 0.29%	\$248,824 0.31%	\$371,676 0.47%
Operating Fund:	\$452,304 0.53%	\$330,162 0.40%	\$361,204 0.46%
Endowment Operations:	\$472,035 0.56%	\$46,259 0.06%	\$70,895 0.09%
Leadership Development Program:	\$88,144 0.10%	\$240,855 0.30%	\$471,391 0.60%
Bibles:	\$186,719 0.22%	\$143,218 0.18%	\$67,514 0.09%
Indigenous:	\$101,799 0.12%	\$109,269 0.13%	\$76,178 0.10%
Other Income:	\$26,311 0.03%	\$60,019 0.07%	\$318,439 0.40%
TOTAL	\$85,034,543 100.00%	81,033,022 100.00%	\$78,789,759 100.00%

Sponsorships & Beneficiaries

SPONSORSHIPS AND BENEFICIARIES	2018	2017	2016
AUSTRALIAN CRITICAL NEEDS COMMITMENTS:	30,704	30,126	28,226
AUSTRALIAN-SUPPORTED CHILD SPONSORSHIPS:	117,107	111,177	110,225
AUSTRALIAN BENEFICIARIES:	117,946	112,905	112,843
WORLDWIDE CHILD SPONSORSHIPS:	1,784,465	1,669,376	1,651,712

2018 AUSTRALIAN-SUPPORTED AND WORLDWIDE CHILD SPONSORSHIPS TOTAL



Australian-supported **117,107**
 Worldwide **1,784,465**

SPONSORSHIPS BREAKDOWN	<u>2018</u>	<u>2017</u>	<u>2016</u>
New Sponsorships:	16,322	13,653	12,077
Cancelled Sponsorships:	10,392	12,701	7,328
Net Growth:	5,930	952	4,749
Net Growth %:	5.33%	0.86%	4.50%

BENEFICIARIES BREAKDOWN	<u>2018</u>	<u>2017</u>	<u>2016</u>
Child Sponsorship Program:	117,107	111,177	110,225
Child Survival Program:	828	1,705	2,527
Leadership Development Program:	11	23	91

AUSTRALIAN CRITICAL NEEDS COMMITMENTS

2018	30,704
2017	30,126
2016	28,226

Balance Sheet

Overall, Compassion Australia's balance sheet remains healthy and in a strong financial position.

Total assets for the year increased by \$2.84 million on last year. Cash and cash equivalents increased by \$3.56 million, which is the main reason for the overall increase. This is mainly due to monies received during financial year 2018 but not expended until financial year 2019. The majority of this cash is temporarily held by Compassion for programmatic use and is recognised with a corresponding liability in current liabilities.

During financial year 2018, as part of Compassion's ongoing investment strategy, one of Compassion's investment properties was sold. This led to a decrease in the investment properties held by Compassion, by \$763,000—and was also a contributing factor to the increase of cash and cash equivalents.

Total liabilities increased by \$2.14 million compared to last year and this variance exists within our current liabilities. This year we have higher obligations on our program commitments compared to last year.

Our current ratio is 1.32; while this is noted as being below average—largely due to significant fixed assets in property and the structure of our balance sheet—it still shows that we have sufficient current assets to cover our current liabilities. This is slightly higher than last year's ratio of 1.25 and is considered to be a low risk, as our income is reliable and regular. Continued strengthening of this ratio over the coming years is a key strategy for management.

Our balance sheet shows an increase in equity of \$707,000 for financial year 2018. The resultant equity position reflects maintenance of two key strategies: holding equity for the future and maintaining appropriate operating reserves.

Balance Sheet

BALANCE SHEET AS AT 30 JUNE 2018

ASSETS	2018	2017
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$17,140,680	\$13,580,797
TRADE AND OTHER RECEIVABLES	\$1,265,086	\$1,270,290
INVENTORIES	-	-
ASSETS HELD FOR SALE	-	-
OTHER FINANCIAL ASSETS	-	-
TOTAL CURRENT ASSETS	\$18,405,766	\$14,851,087
NON CURRENT ASSETS		
TRADE AND OTHER RECEIVABLES	-	-
PROPERTY, PLANT AND EQUIPMENT	\$10,836,995	\$10,347,778
INVESTMENT PROPERTY	\$637,226	\$1,400,876
INTANGIBLES	\$1,530,451	\$1,966,508
OTHER FINANCIAL ASSETS	-	-
OTHER NON CURRENT ASSETS	-	-
TOTAL NON CURRENT ASSETS	\$13,004,672	\$13,715,162
TOTAL ASSETS	\$31,410,438	\$28,566,249

LIABILITIES	2018	2017
CURRENT LIABILITIES		
TRADE AND OTHER PAYABLES	\$13,647,650	\$11,574,654
BORROWINGS	-	-
CURRENT TAX LIABILITIES	-	-
OTHER FINANCIAL LIABILITIES	\$4,768	-
PROVISIONS	\$288,917	\$221,474
OTHER	-	-
TOTAL CURRENT LIABILITIES	\$13,941,335	\$11,796,128
NON CURRENT LIABILITIES		
BORROWINGS	-	-
OTHER FINANCIAL LIABILITIES	\$12,715	-
PROVISIONS	\$315,681	\$336,634
OTHER	-	-
TOTAL NON CURRENT LIABILITIES	\$328,396	\$336,634
TOTAL LIABILITIES	\$14,269,731	\$12,132,762
NET ASSETS	\$17,140,707	\$16,433,487
EQUITY		
RESTRICTED RESERVES	-	-
GENERAL RESERVES	-	-
RETAINED EARNINGS	\$17,140,707	\$16,433,487
TOTAL EQUITY	\$17,140,707	\$16,433,487



Report of the Independent Auditor on the Summary Financial Statements To the Members of Compassion Australia

Opinion

The summary financial statements, which comprise the summary Balance Sheet as at 30 June 2018, and the summary Expenditure and Revenue for the year then ended, are derived from the audited financial report of Compassion Australia (the "Company") for the year ended 30 June 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial report.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards - Reduced Disclosure Requirements and *Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012*. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon. The summary financial statements and the audited financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 1 November 2018.

Directors' Responsibility for the Summary Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

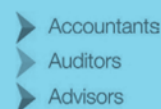
Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Ashley Carle
Director

Brisbane
9 November 2018



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94KG OF LANDFILL

153KG OF WOOD

2743L OF WATER

14KG OF CO₂ & GREENHOUSE GASES

152kWh OF ENERGY

139KM_s TRAVEL IN AN AVERAGE CAR





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compassion.com.au/annualreports