

# Annual Report

— 2015 / 16 —



THE STORY OF FINANCIAL YEAR 2016



#### Compassion Australia

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All scripture quotations are taken from the New International Version.

#### Fundraising

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



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# 02

## A Message from John Bond

It is again a pleasure to bring you the Annual Report 2016 for Compassion Australia in what has been another groundbreaking year. More than ever, the Board and I are so grateful for the thousands of supporters across Australia who dedicate their finances, time, energies and prayers to our ministry. In an ever-changing financial and political landscape, our faithful supporters have remained dedicated to the cause of releasing children from poverty in Jesus' name.

As we entered into this financial year, the Board knew there would be challenges with a major new technology implementation and the consolidation of Phase Two of Compassion Australia's vision: Transition to Growth.

The ministry has been steadily building capacity over the past few years and is now well and truly in a period of transition to growth. With any growth comes obstacles and the need to change and adapt. As the Board, we have been focused on providing support so that as a ministry we can meet these challenges head on.

We have also been delighted to see the fruition of many long-awaited changes and new strategic approaches. With over 12,077 new sponsorships representing a net growth of 4.25 per cent, these pleasing results show that we are positioned well for the future. We continue to retain and delight our current supporters with our cancellation rate sitting at 6.95 per cent, another improvement on the last financial year.

This past year we welcomed two new members to the Board; Sam Dewhurst and Mark McCrindle, both leading experts in their respective fields of brand strategy and social research. I am excited about the fresh vision these two individuals will bring. I would also like to thank Amanda Jackson, a Board member since 2008, who finished her service this year. Amanda brought a unique voice from the fight against poverty at a global level.

As we move into our last year of 'Transition to Growth' I am confident that our ministry will continue to go from strength to strength. It is only through the dedication of every staff member, volunteer and supporter that we can continue to serve and minister to children and change the trajectory of their lives for eternity.



**John Bond** - CHAIRMAN OF THE BOARD

John Bond - Chairman of the Board



Tim Hanna - Chief Executive Officer



# 05

## A Message from Tim Hanna

This year has been cause for celebration and reflection. We have never had a year like it—with dynamic growth, a significant technology implementation, new challenges and exciting new innovations. I am once again in awe of the grace of God and the dedication of our supporters, staff and volunteers who enable the vision to be reality.

Many highlights come to mind as I reflect on this year. I have spent considerable time on the field with both supporters, pastors and staff. These trips always serve as a reminder of the urgency of our mission and, on a tangible level, I get to meet the 'champions' of the field. These are men and women working for Compassion through the local church who have sacrificed the comfort of career to minister to the most vulnerable children and families. More than ever, I am convinced that the only answer to poverty is the message of the gospel, through the hope of a local church.

I am grateful that this year has seen the highest net sponsorship growth since 2010; what a marvellous achievement. Other personal highlights for me were the first ball in Newcastle 'Hope from the Hunter, A Night of Compassion', as well as our 'Summit' in February, a time when our staff gathered to be inspired by vision.

Because of your generous support, the End of Financial Year Appeal delivered much-needed funds for highly vulnerable children in our programs, bringing attention to the sometimes too easily forgotten dangers of poverty.

And because of our partnerships with local churches across Australia, there has been tremendous momentum with child sponsorship. It is this regular and consistent activity each week that sees the number of children sponsored continuing to grow.

This year has not been without its challenges; the implementation of a major technology platform presented a stretch for the whole ministry. The transition into this new technology unfortunately did cause some disruptions to our operations and as a result a number of our supporters were affected. I wanted to take the opportunity to acknowledge this and also thank our supporters for the patience and understanding they displayed during this time. We are confident that going forward this technology will provide a great platform for the future and that any further issues that may arise will be addressed in a more timely manner. Through both the highlights and challenges, we have finished the financial year in a position of strength.

A week never goes by without me hearing about a supporter who is going the extra mile to release children from poverty. These stories serve as an inspiration and cause us to courageously keep looking to the future.

I can't help but be inspired by our cause—releasing children from poverty in Jesus' name. This is not some ordinary adventure, but rather a life-transforming exchange between children, families, local churches and sponsors. Thank you for playing your part.



**Tim Hanna** - CHIEF EXECUTIVE OFFICER

# 2016 Highlights

In a year of significant growth, it's good to stop and celebrate what we've achieved together. These figures represent just a small snapshot of the thousands of children whose stories are being changed through your support.

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## 110,225

Total number of sponsorships grew by 4,749— from 105,476 to 110,225; the highest net sponsorship growth since 2010.

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## 1.8m

1.8 million children are supported through Compassion International, more than 110,000 by Australians.

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## 147,652

A total of 147,652 letters were sent from Australian sponsors to sponsored children around the world.

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## \$2.4m

The Christmas Gift Fund raised over \$2.4 million to help give every Compassion sponsored child a Christmas gift.

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## 133 children

Sunday Night on Chanel 7 featured Compassion Ambassador Dami Im meeting her sponsored child in Uganda. The coverage resulted in 133 sponsorships.

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## \$1.4m

The End of Financial Year Appeal raised over \$1.4 million to support highly vulnerable children in Compassion's programs.

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## \$78.7m

Compassion achieved a total of over \$78 million in revenue and support, a 3.64 per cent increase from last financial year.

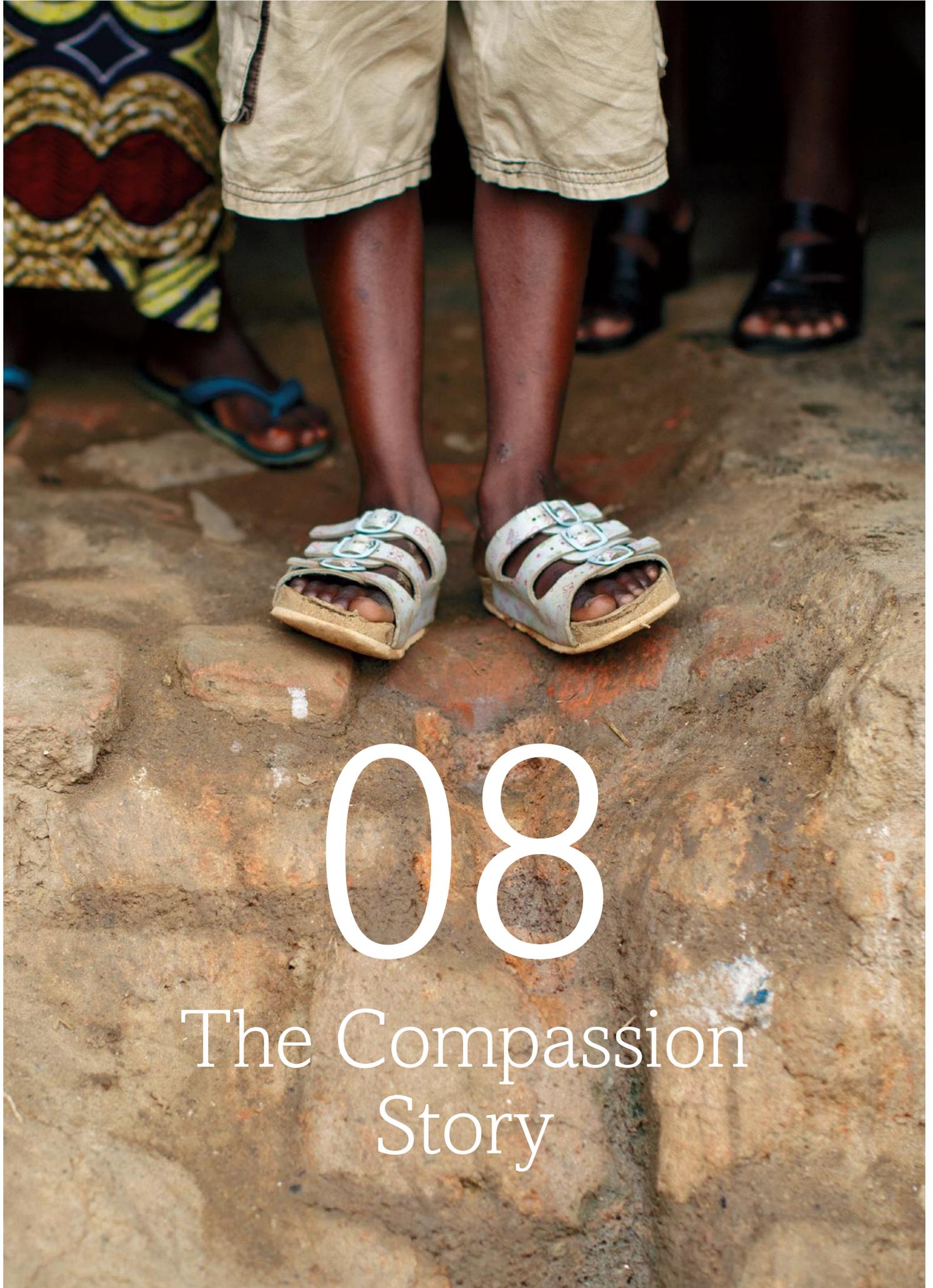
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## BCWI Award

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

Dami Im meeting her sponsored child in Uganda.





# 08

## The Compassion Story

# Who We Are

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

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

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## Vision

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

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## Mission

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

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## Values

Trust God, Be Well, Value Others, Achieve Together,  
Grow Through Challenge.

## History of Compassion

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

Today, Compassion is transforming the lives of more than 1.8 million children, babies and students through more than 12 international partner countries across 26 developing countries. As of June 2016, 110,225 children are supported by more than 80,800 Australian sponsors through Compassion Australia.

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

YEAR	TOTAL
2016	19.99%
2015	19.70%
2014	20.07%
2013	20.27%
2012	20.50%

*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; ten 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.

## A Global Network

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*Compassion International works in more than 26 developing nations to serve over 1.8 million children living in poverty.*

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The funding for this work comes from over 12 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, Compassion Scandinavia (Norway and Sweden), SEL France and TEAR Fund New Zealand. Satellite offices are also operating in Spain and Ireland.

Each member of the Global Partner Alliance operates as a

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

Staff at the Global Ministry Centre liaise with staff in partner country offices to implement Compassion's child development model in partnership with local churches in the developing world. This ensures that local congregations in developing countries are the catalyst for their own community's change. Child development centres become part of the local church's ministry and are overseen by the pastor, 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.

## 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.

### FUNDRAISING COSTS

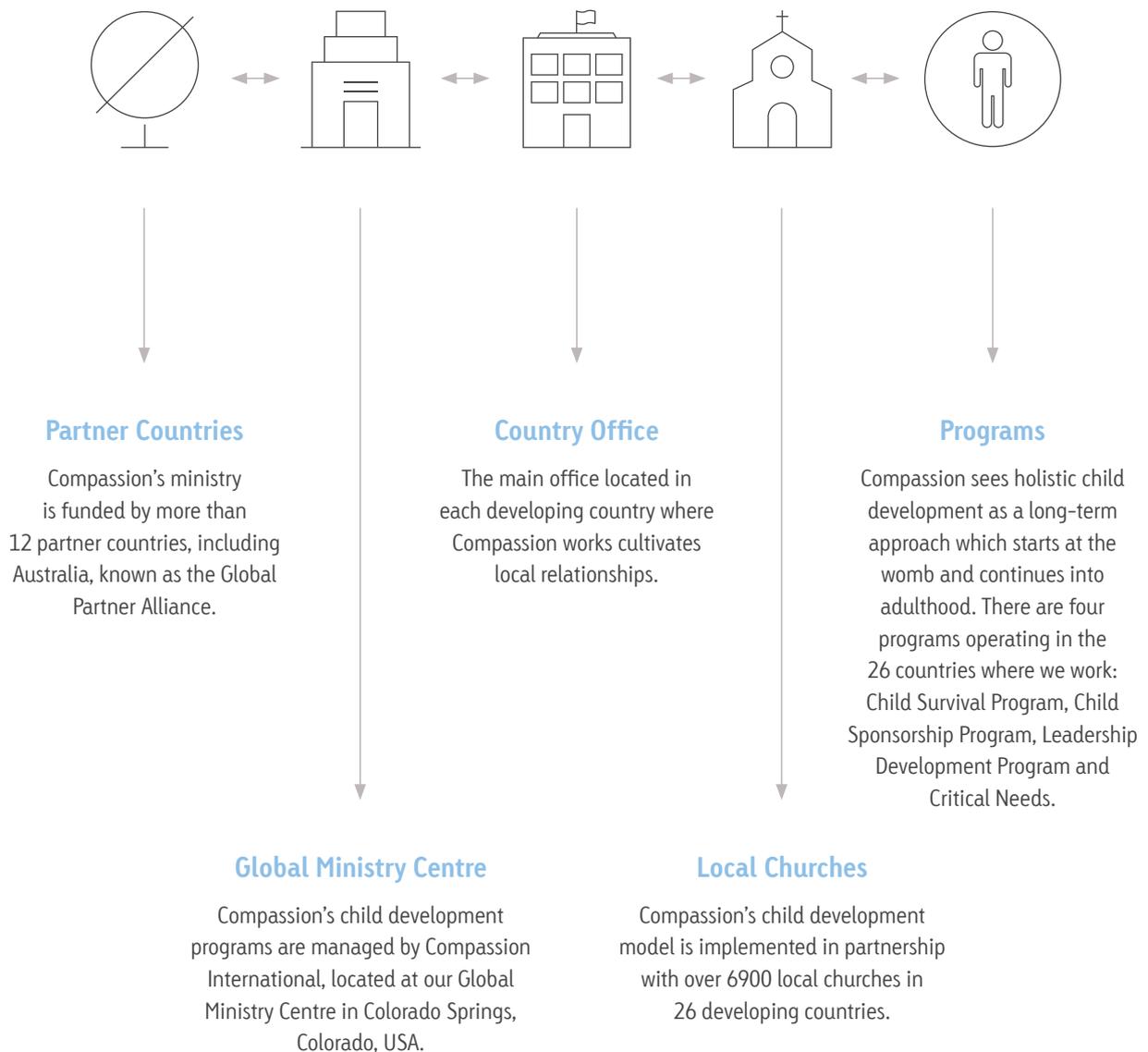
Expenses that relate directly to income generation, such as support and encouragement for current supporters and the cost of the Marketing, Ministry Relationships and Supporter Ministries teams.

### BENEFICIARY

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

COMPASSION'S

# Global Development Model





# 13

International  
Program Results



# Africa

## TOTAL

2428 Church Partners  
636,763 Registered Children  
448 Leadership Students  
227 Child Survival Centres

## GHANA

(est. 2004)

238 Church Partners  
66,268 Registered Children  
10 Child Survival Centres

## TANZANIA

(est. 1999)

336 Church Partners  
78,073 Registered Children  
12 Leadership Students  
30 Child Survival Centres

## BURKINA FASO

(est. 2004)

241 Church Partners  
68,243 Registered Children  
10 Child Survival Centres

## KENYA

(est. 1980)

372 Church Partners  
105,477 Registered Children  
137 Leadership Students  
52 Child Survival Centres

## TOGO

(est. 2007)

149 Church Partners  
40,326 Registered Children  
10 Child Survival Centres

## ETHIOPIA

(est. 1993)

439 Church Partners  
103,511 Registered Children  
115 Leadership Students  
37 Child Survival Centres

## RWANDA

(est. 1979)

311 Church Partners  
80,491 Registered Children  
73 Leadership Students  
26 Child Survival Centres

## UGANDA

(est. 1980)

342 Church Partners  
94,374 Registered Children  
111 Leadership Students  
52 Child Survival Centres



# Asia

## TOTAL

1905 Church Partners  
 440,149 Registered Children  
 373 Leadership Students  
 222 Child Survival Centres

## INDIA

(est. 1968)

316 Church Partners  
 79,235 Registered Children  
 95 Leadership Students  
 40 Child Survival Centres

## PHILIPPINES

(est. 1972)

344 Church Partners  
 80,148 Registered Children  
 63 Leadership Students  
 42 Child Survival Centres

## BANGLADESH

(est. 2003)

169 Church Partners  
 38,078 Registered Children  
 23 Child Survival Centres

## EAST INDONESIA

(est. 2005)

239 Church Partners  
 54,740 Registered Children  
 45 Leadership Students  
 30 Child Survival Centres

## SRI LANKA

(est. 2009)

66 Church Partners  
 12,445 Registered Children  
 17 Child Survival Centres

## EAST INDIA

(est. 2002)

268 Church Partners  
 66,606 Registered Children  
 26 Leadership Students  
 29 Child Survival Centres

## INDONESIA

(est. 1968)

316 Church Partners  
 68,276 Registered Children  
 87 Leadership Students  
 21 Child Survival Centres

## THAILAND

(est. 1970)

187 Church Partners  
 40,621 Registered Children  
 57 Leadership Students  
 20 Child Survival Centres



# Central America

## TOTAL

1458 Church Partners  
 417,105 Registered Children  
 351 Leadership Students  
 158 Child Survival Centres

## DOMINICAN REPUBLIC

(est. 1970)

167 Church Partners  
 59,537 Registered Children  
 58 Leadership Students  
 29 Child Survival Centres

## EL SALVADOR

(est. 1977)

228 Church Partners  
 55,984 Registered Children  
 66 Leadership Students  
 22 Child Survival Centres

## GUATEMALA

(est. 1980)

194 Church Partners  
 53,281 Registered Children  
 85 Leadership Students  
 10 Child Survival Centres

## HAITI

(est. 1968)

293 Church Partners  
 99,764 Registered Children  
 37 Leadership Students  
 67 Child Survival Centres

## HONDURAS

(est. 1974)

198 Church Partners  
 52,800 Registered Children  
 94 Leadership Students  
 10 Child Survival Centres

## MEXICO

(est. 1980)

205 Church Partners  
 44,081 Registered Children  
 10 Child Survival Centres

## NICARAGUA

(est. 2002)

173 Church Partners  
 51,658 Registered Children  
 11 Leadership Students  
 10 Child Survival Centres

# South America



## TOTAL

1160 Church Partners  
347,777 Registered Children  
434 Leadership Students  
184 Child Survival Centres

## BRAZIL

(est. 1975)

183 Church Partners  
43,521 Registered Children  
52 Leadership Students  
10 Child Survival Centres

## ECUADOR

(est. 1974)

256 Church Partners  
82,453 Registered Children  
134 Leadership Students  
60 Child Survival Centres

## BOLIVIA

(est. 1975)

231 Church Partners  
77,697 Registered Children  
69 Leadership Students  
62 Child Survival Centres

## COLOMBIA

(est. 1974)

241 Church Partners  
72,403 Registered Children  
88 Leadership Students  
10 Child Survival Centres

## PERU

(est. 1980)

249 Church Partners  
71,703 Registered Children  
91 Leadership Students  
42 Child Survival Centres

This is an international program snapshot at 30 June 2016.

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

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

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

The average number of mothers registered in each Child Survival Program is 42. These centres operate in partnership with local churches.

# Where We Work

In partnership with over 12 funding countries around the world, Compassion’s child development programs minister to the needs of individual children in 26 developing countries. The opposite page shows the 26 countries where Compassion works and the Compassion programs that operate within each country.

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

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

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

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

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

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

**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.

## Compassion Partner Countries

### EUROPE



France



Germany



Italy



Netherlands



Norway



Sweden



Switzerland



UK

### SATELLITE OFFICES



Ireland



Spain

### ASIA / PACIFIC



Australia



New Zealand



South Korea

### NORTH AMERICA



USA



Canada

## Compassion Field Countries

### AFRICA

	Burkina Faso			Kenya			Togo	
	Ethiopia			Rwanda			Uganda	
	Ghana			Tanzania				

### ASIA

	Bangladesh			Indonesia			Thailand	
	India			Philippines			Sri Lanka	

### CENTRAL AMERICA

	Dominican Republic			Guatemala			Mexico	
	El Salvador			Haiti			Nicaragua	
				Honduras				

### SOUTH AMERICA

	Bolivia			Colombia			Peru	
	Brazil			Ecuador				

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

 Child Survival Program  
 Child Sponsorship Program

 Leadership Development Program  
 Critical Needs

# Why We Exist

We exist because we believe in the value of children  
and the mission of Jesus.

Poverty denies children opportunities and hope for a better future. Poverty tells a child they are worthless and that their story does not matter. Because of the gospel, we believe there is hope for every child living in poverty. But we also know that there is still a lot of work to be done. We remind ourselves regularly of the need and the staggering statistics:

- In 2015, there were around 238 million children still living in extreme poverty (defined as less than US \$1.90 a day)
- 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

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Unless the world tackles inequity today,  
in 2030:

167m

167 million children will live in  
extreme poverty

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69m

69 million children under age five  
will die between 2016 and 2030

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60m

60 million children of primary  
school age will be out of school

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## How the story is changing

With the help of international development organisations such as Compassion, transformative progress has been made in the last few decades. There was significant progress towards achieving the Millennium Development Goals (MDGs) between 2000 and 2015.

The encouraging outcomes show that children born today are:

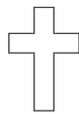
- Significantly less likely to live in poverty than those born at the start of the new millennium
- Over 40 per cent more likely to survive their fifth birthday
- More likely to be in school



# 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.

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



**CHRIST-CENTRED:**

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

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**CHILD-FOCUSED:**

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

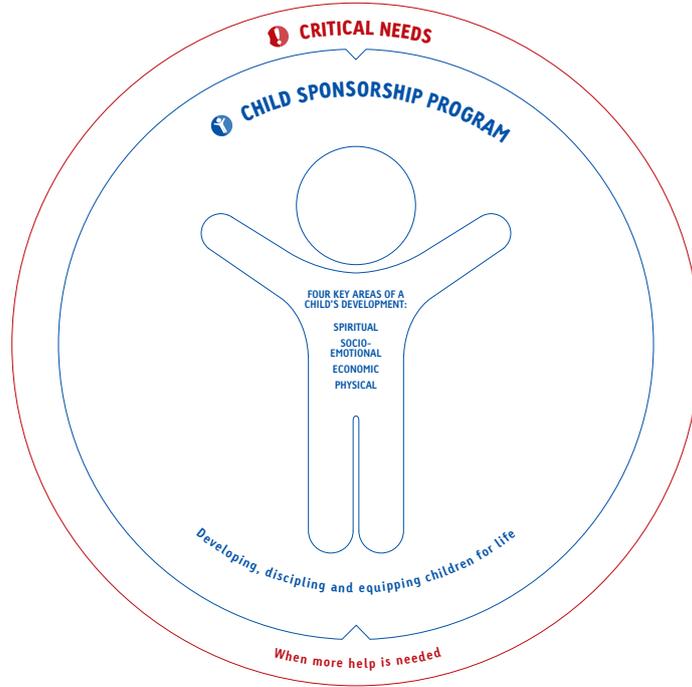
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**CHURCH-BASED:**

Our programs are run exclusively in partnership with local churches in the children's communities.

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 





# Mums and Babies

(CHILD SURVIVAL PROGRAM)

Supporting vulnerable mothers and their babies  
during the critical early years of life.

The Child Survival Program works to prevent premature death, promote good health and enable positive development during a child's first few years of life. Supporters passionate about child survival are able to help provide nutritional support, income-generation training, health interventions, and HIV/AIDS testing for pregnant mothers, at-risk babies, infants and their mothers or caregivers.

*In financial year 2016 there were 791 Child Survival centres running the Child Survival Program.*

This year the Child Survival Program was rebranded to Australian supporters as Mums and Babies and is now a part of Critical Needs [see page 30]. Although there are no changes to the way the Child Survival Program operates on the field, referring to this work as 'Mums and Babies' more clearly communicates to our supporters the ministry and scope of this program.

## NUMBER OF MOTHERS AND BABIES SUPPORTED BY AUSTRALIANS:

YEAR	CAREGIVERS	CHILDREN	TOTAL
2016	2527	2493	5020
2015	2629	2605	5234
2014	2578	2511	5089
2013	2757	2691	5448

## Child Survival Program Performance

In financial year 2016, the gross income for the Child Survival Program was \$1,571,330, a decrease compared to last year's figure of \$1,895,728.

## How the Child Survival Program Works

The Child Survival Program is delivered primarily through home-based activities and home visits, and supplemented by church-based group activities. In financial year 2016, caregivers and babies received:

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



# Child Sponsorship Program

Developing, discipling and equipping children for life.

Compassion's Child Sponsorship Program gives people the opportunity to connect with an individual child living in poverty. For a child, 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 chance to discover Jesus' incredible love for them.

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

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## NUMBER OF CHILDREN SPONSORED BY AUSTRALIA IN THE CHILD SPONSORSHIP PROGRAM AT THE END OF THE FINANCIAL YEAR:

YEAR	TOTAL
2016	110,225
2015	105,476
2014	100,996
2013	99,352

## How does the Child Sponsorship Program work?

Through a child development centre based at a local church in their community, a Compassion assisted child receives access to education, health care, nutritious food and safe places to play. In financial year 2016, there were 6951 child development centres across the 26 countries Compassion works in.

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

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## Child Sponsorship Program Performance

This financial year, 12,077 children were sponsored. The Child Sponsorship Program's income was \$60,542,609. The cancellation rate, which also includes sponsors who did not resume sponsoring after their sponsored child graduated from Compassion's program, was 6.95 per cent, an improvement on last financial year.







# Leadership Development Program

Educating, training and discipling servant leaders.

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

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

## Changes to the Leadership Development Program model

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

It is our desire that every youth has access to the most appropriate developmental opportunities possible. To this end, we are working with our local church partners to pioneer new ways to better prepare more of our young people for Christian leadership and success in adulthood.

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

The new model will see our Child Sponsorship Program transition to incorporate youth development strategies. These strategies will seek to equip all children with the skills

and education they need to pursue their individual career goals, become productive members of their communities and realise their God-given potential.

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

The youth development strategies will continue to be rolled out by Compassion International during financial year 2017.

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

YEAR	TOTAL
2016	91
2015	138
2014	177
2013	180

## Leadership Development Program Performance

In financial year 2016, the total income for the program was \$471,391.



# Critical Needs

(PREVIOUSLY CRITICAL INTERVENTIONS)

When more help is needed.

This year saw the launch of Critical Needs; a new way for Australian supporters to engage with Compassion. Critical Needs removes obstacles to children's development and provides preventative action in ten different areas of need. Critical Needs builds upon the Child Sponsorship Program to address the issues facing children, their families and communities.

Through one-off or ongoing giving, supporters can now choose an area they are passionate about and give directly to that 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. Up until February 2016, the main way in which supporters could give to meet these additional needs was through Sponsorship PLUS.

It is important to note that in the 26 countries where we work, the program has not changed; funds providing resources outside of child sponsorship are still known as 'Critical Interventions'.

## AMOUNT SENT FROM AUSTRALIA FOR CRITICAL NEEDS WORLDWIDE:

YEAR	TOTAL*
2016	\$6,927,089
2015	\$6,813,034
2014	\$5,867,828
2013	\$6,909,712

\*Does not include Mums and Babies (Child Survival Program) as this is detailed on page 25.

## Critical Needs Program Performance

Some of the Critical Needs areas Compassion Australia supporters helped fund in financial year 2016 include:

- Income generation training for 35 caregivers in Burkina Faso
- Installation of water pipelines and water tanks at three child development centres in Ethiopia, benefiting over 1400 children and adults
- New classrooms for two child development centres in Honduras
- Construction and equipping of a resource centre with reading and resource materials, helping over 400 children in Kenya
- Vaccinations for 200 children in Peru to provide protection against Hepatitis A
- Renovations to a church in Indonesia to enable the child development centre to continue serving more than 200 children after damage sustained in an earthquake
- Health promotion to create awareness and training on self-care, skills and hygiene for over 7000 children and over 5000 adults in Togo
- Construction of a three-storey building to house a church and child development centre for 200 children in the Philippines

## Outcomes of Critical Needs

A study by Compassion International confirmed the effectiveness of Critical Needs and how they benefit both children and families. The study investigated 1407 households of Compassion assisted children in four African countries: Burkina Faso, Uganda, Rwanda and Tanzania. Results found included:

- A decrease in sick days from 10 per year to 6 per year in Tanzanian children whose families had benefited from a Water and Sanitation Critical Need.
- A 52 per cent drop in sick days for Ugandan children and 36 per cent drop in Ugandan parents having sick days when they benefited from a Health Critical Need.

## The Critical Needs are:



Water and  
Sanitation

x

x

x



Health



Education  
and Training



Highly Vulnerable  
Children

x

x

x



Disaster  
Relief



Infrastructure



Income  
Generation

x

x

x



Mums and Babies  
(Child Survival Program)



Global  
Advocacy



Where Most  
Needed







# Church Engagement

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

Throughout Australia, it is our partnership with the local church which enables us to help more children be released from poverty in Jesus' name.

In financial year 2016, we celebrated partnerships with more than 1200 churches of a variety of denominations.

Each weekend across local churches in Australia, there are an average of 15 to 25 Compassion presentations taking place. This weekly activity is responsible for driving momentum with child sponsorship and provides much of the growth across the ministry.

We are so grateful for our partnerships with local churches in Australia. We could not carry out our ministry to children living in poverty without them.

## Church Partnership Highlights:

**1000** St Paul's Anglican Castle Hill exceeding 1000 sponsorships

**10** A new youth partnership with the Girls Brigade in Western Australia starting with 10 sponsorships

**43** Launching a partnership with Chinese Presbyterian Church in Surry Hills, resulting in 43 sponsorships

**298** Elevation Church (Queensland and New South Wales) adding 298 new sponsorships this financial year

**780** Ten years of partnership with Globalheart Church in Perth, with over 780 sponsorships

**1933** Our long-term partnership with Hillsong Church and Conferences has seen 1933 new sponsorships this year



# Indigenous Initiative

“The Indigenous Initiative is operating with wonderful local leadership and is preparing children very well to enter into the school system. It is providing a great learning and community experience for children and parents alike.”

- Tim Hanna

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

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

Each year Tim Hanna and a team from Compassion Australia visit the playgroup to continue building a relationship with the ministry and ensure its sustainability over future years.

Through partnering with the playgroup, Compassion is able to support the work of highly skilled individuals making a difference for children within Australia, providing children with the opportunity to flourish during their early years.

The playgroup is held in a classroom at the local primary school, helping the children and parents become familiar with the school environment. Through attending the playgroup with their parents or caregivers, children develop their social skills, fine motor skills, and basic literacy and numeracy skills. This gives children the best possible start to their school life, setting a good foundation for their future learning and education.

Currently, up to 35 children plus their parents and caregivers regularly participate in program activities.

## HERE ARE SOME HIGHLIGHTS FROM THE YEAR:

- Families and children have become more familiar and comfortable with the school environment.
- Outstanding reports from teachers and principals state that children who attended the Compassion program performed better academically, were more engaged, and interacted better with others. Children are also performing better in nationwide assessments, including NAPLAN.
- The numbers of non-Indigenous children and their caregivers attending the program has increased. This positive interaction is helping to bridge the social gap between Indigenous and non-Indigenous people, with the playgroup providing one of the only formal opportunities in the community for this interaction.
- The playgroup has been identified as a successful case study by the Queensland Department of Education, with other schools implementing similar strategies based on the model. Janice Walker has been invited to speak at various regional education groups on this topic—broadening the impact of the playgroup.



# Compassion Partnerships

Compassion partners with individuals and groups in a variety of ways to release children from poverty. In financial year 2016 this included churches, businesses, corporations, community groups, ambassadors, and foundations to offer a strategic, sustainable and effective way to make a lasting impact in poverty-affected regions of the world. Partnerships come in all shapes and sizes, and are tailored to the unique circumstances, resources and passions of an individual or group.

## Ambassadors

Reaching unique and diverse audiences, Compassion Ambassadors are inspiring others to stand up against poverty and injustice across the globe.

Compassion has a long history of partnering with artists, speakers and spokespeople with a passion to communicate the biblical mandate to minister to those living in poverty.

Each of our Ambassadors are personal sponsors of Compassion assisted children and in many cases, have travelled overseas to see the life-changing effects of child sponsorship firsthand.

One of the highlights of financial year 2016 was former X-Factor winner and Compassion Ambassador Dami Im meeting Jovia, one of the children she and her husband Noah sponsor. The trip to Uganda was covered by Channel 7's Sunday Night with 133 children sponsored as a result of the media coverage.

## Fundraisers

Compassion currently partners with two online fundraising companies, EveryDay Hero and Go Fundraise, which allow supporters to create their own fundraising webpage. In financial year 2016 more than 412 individuals chose to fundraise for Compassion in a variety of ways including concerts, competing in physical challenges, and inviting wedding guests to give a donation to Compassion in lieu of a wedding gift.

In total, fundraisers resulted in more than \$141,617 in net revenue for Compassion; the average amount raised per person was \$363.

One standout fundraising effort was from Brendon Deeley and Matthew Sutherland who rode a rickshaw from one side of India to another, raising over \$8000 for HIV/AIDS education and testing across India through Critical Needs.

## Compassion Advocates

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

Many of our events, including the annual Colour and Hillsong Conferences, could not run as effectively without the help of our Advocates.

## Include a Gift in your Will

We encourage supporters to assist children living in poverty for generations to come by considering leaving a gift in their will. Specifically, we encourage our supporters to consider making arrangements so their current sponsored children are fully funded until graduation or completion and to let us know if they've made this decision. Over the past 12 months there has been an increase in supporters confirming with us they have taken this step.

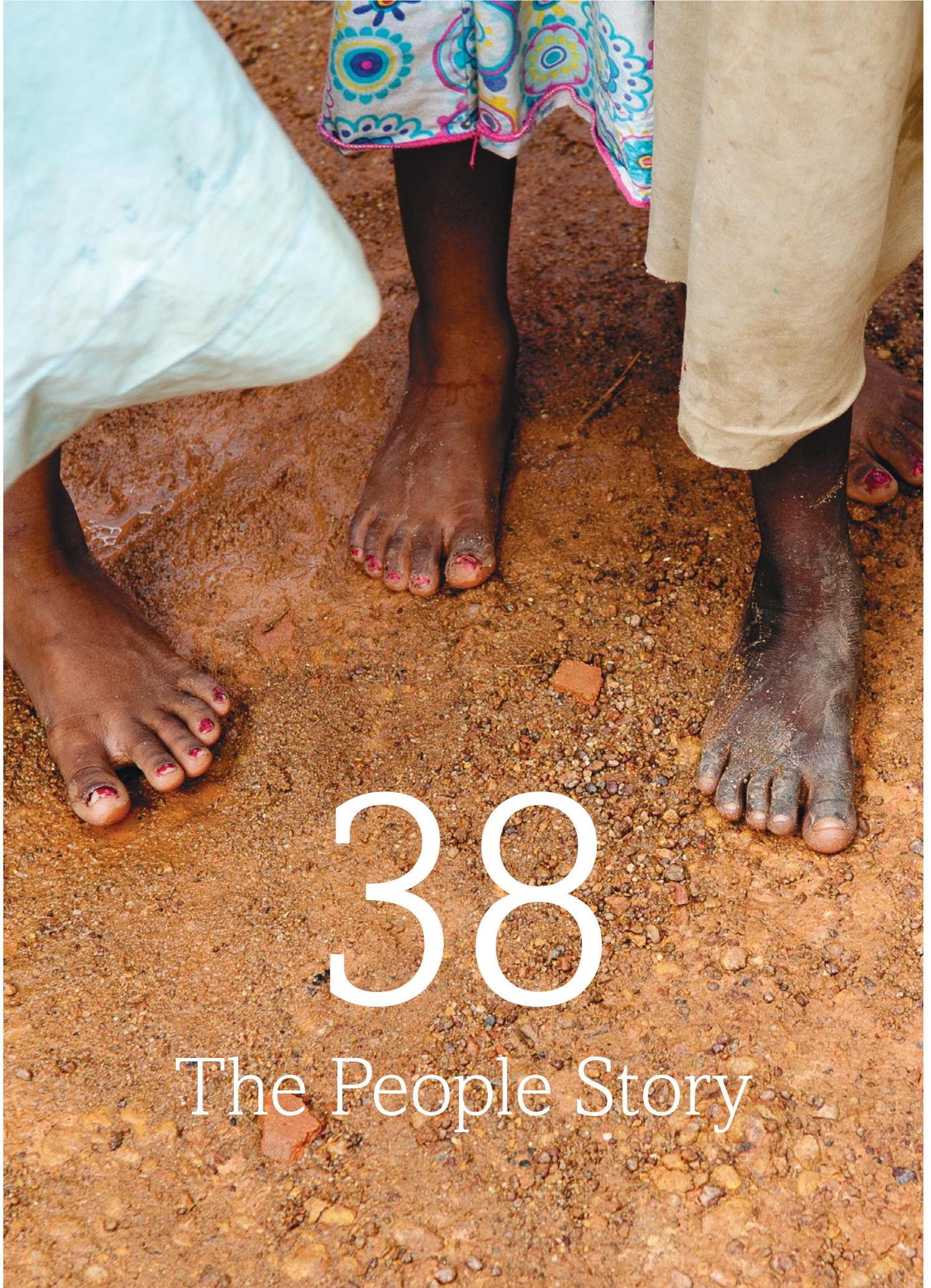
## Media

Financial Year 2016 held incredible opportunities, giving Compassion Australia a significantly increased profile in both Christian and mainstream media. The highpoint for media promotion was through Compassion Ambassador Dami Im, who featured as Australia's representative in Eurovision 2016, attracting an audience of over 200 million. Following on from this and in partnership with Dami and her team, Compassion Australia utilised this platform to engage with numerous media outlets.

*With the support of Sony, we were able to engage Channel 7's Sunday Night to do an exclusive interview with Dami while she was in Uganda visiting her sponsored child, which reached a national audience of 1.6 million viewers.*

News Corp ran articles covering the story with a reach of 6.2 million readers. Compassion Australia also secured interviews with several Christian radio stations with an audience of over 1.6 million listeners.

Throughout the year we ran national radio campaigns to an audience of over 2.5 million listeners to promote the End of Financial Year Appeal, Compassion Sunday, Child Sponsorship Program and Gifts of Compassion. Print articles and editorial content were distributed through Eternity newspaper and Mici Magazine, reaching 305,000 readers. Media releases were regularly distributed to assist Compassion Ambassadors with events and connect numerous fundraisers to their local news providers. Our partnership with ACCTV and Foxtel provided an avenue for Compassion to distribute engaging television content.



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The People Story

# The Board and 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.



**NAME:** Dr John Bond

**POSITION:** Chairman of the Board of Directors, Member of the Executive and Governance Committee\*, Member of the Supporter Engagement Committee\*\*\*\*, Board member since 2002

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



**NAME:** Mike Jeffs

**POSITION:** Vice Chairman of the Board of Directors, Member of the Ministry Services Committee\*\*, Member of the Board of Directors of Compassion International, Board member since 1995

Mike has extensive business knowledge, with 38 years' experience in management and director roles. He is the Founder and Director of Network Communications Pty Ltd, and the Managing Director of Australian Christian Channel Pty Ltd and Southern Cross Institute Pty Limited.



**NAME:** Isaac Moody

**POSITION:** Member of the Ministry Relations Committee\*\*, Board member since 2008

Isaac is the Managing Director of Prethink Group. He is the former Director of Easterfest, and the former Governor of St Andrews Hospital, Toowoomba.



**NAME:** Mabel Chua

**POSITION:** Secretary of the Board, Member of the Ministry Services Committee, Board member since 2012

Mabel holds a Master of Laws, Bachelor of Laws and a Bachelor of Commerce majoring in accounting and finance. Prior to becoming the Managing Director of M 6:8 Legal in Perth, Mabel was a partner at a multi-disciplinary boutique legal practice. Mabel has served in various leadership capacities in her local church and in the Christian community.



**NAME:** Kent Medwin

**POSITION:** Member of the Executive and Governance Committee, Member of the Ministry Services Committee, Board member since 2010

Kent is Managing 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.



**NAME:** Sam Dewhurst

**POSITION:** Member of the Supporter Engagement Committee, Board member since 2015

Sam Dewhurst has over 20 years' industry experience in marketing and communications. She is a strategic thinker, brand developer, qualitative researcher and communicator, and has worked with hundreds of creative teams across industries in Australia, the UK and USA. Sam is the founder of Monostory—a value-driven brand tool enabling organisations and individuals to live with purpose across every area of business and life.



**NAME:** Mark McCrindle

**POSITION:** Member of the Ministry Relations Committee, Board member since 2015

Mark is a social researcher with an international following. He is recognised as a leader in tracking emerging issues and researching social trends. As an award-winning social researcher and an engaging public speaker, Mark has appeared across many television networks and other media. He is the founder of McCrindle, an advisory, communications and research company, who count among its clients more than 100 of Australia's largest companies.

# Board Declaration

The Board of Directors of Compassion Australia declares that:

(a) The financial statements and notes as set out on page 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 2016 and of the performance for the year ended on that date of the company.

(b) In the directors' opinion, there are reasonable grounds to believe that the organisation will be able to pay its debts as and when they become due and payable.

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



**John Bond**  
CHAIRMAN OF THE BOARD



**Mike Jeffs**  
VICE CHAIRMAN OF THE BOARD

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\*Executive and Governance Committee

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

\*\*Ministry Services Committee

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

\*\*\*Ministry Relations Committee

Responsible for Frontline, Church, Advocacy, and Donor.

\*\*\*\*Supporter Engagement Committee

Responsible for Marketing and Supporter Engagement.

Going forward in financial year 2017, the Ministry Relations and Supporter Engagement committees will be combined.

# 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.

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## 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, who then discuss any issues.

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## 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 then makes a decision and, if successful, the applicant is invited to join the Board.

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## 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.

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## Reimbursement

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

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## Length of Service

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

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## Conflicts of Interest

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

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# Risk Management and Sustainability

## Foreign Exchange Risk

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

## Investment Risk

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

## Technology Risk

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

## External Auditing

Compassion Australia engages Bentleys Brisbane (Audit) to perform a thorough audit on our financial reports each year. Bentleys is an accounting and audit firm; the lead auditor is Mr Martin Power FCA. Full financial reports dating back to 2012 are available to view at [www.compassion.com.au/annualreports](http://www.compassion.com.au/annualreports)

## Internal Auditing

Compassion International has a global internal audit and risk management function that routinely monitors financial and operational integrity at child development centres and field offices across the globe. 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 can ensure all programs are meeting minimum standards of financial accountability and programmatic integrity.

Compassion International also conduct regular audits of the field offices to review financial processes and practices. Staff from Compassion Australia's Finance and Risk Management departments attend some of these audits. This year, Compassion Australia staff took part in audits of the Brazil and Burkina Faso field offices. Compassion International's external auditors, KPMG LLP, also conduct detailed reviews of the field offices as part of their audit of Compassion International's financial statements. 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.

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.

## Ethical Standard

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

## 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 55.

## Environmental sustainability

Compassion Australia sees environmental performance and sustainability as vitally important to the organisation.

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

### **ELECTRICITY**

In August 2015, Compassion installed solar cell panels on the roof of Compassion's head office in Newcastle to offset the electricity usage of the organisation. This new system has successfully reduced the amount of electricity that is used from the electricity grid by 128,000 kilowatt hours of energy for this 11 month period. According to Australian standards, this equates to an estimated saving of 126 tonnes of carbon dioxide emissions. On top of this 5,547 kilowatt hours of electricity were able to be brought back into the electricity grid which equates to saving a further 5.327 tonnes of carbon dioxide emissions.

Compassion continues to employ targeted power management in order to reduce energy usage.

### **RECYCLABLE WASTE**

This year Compassion continued to recycle all appropriate recyclable waste. Compassion recycles approximately 29,000 kilograms of paper per annum, along with a further 4,000 kilograms of co-mingled recycling per annum. Compassion also recycles all used printer cartridges and is currently investigating recycling all of our e-waste (electronic waste).

# Leadership

The Executive Team at Compassion Australia operates to ensure 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. This year we welcomed Ben Dodd, Director of Finance, to the Executive Team.



**NAME:** Dr Tim Hanna

**POSITION:** 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 the CEO of Willow Creek, Australia where he served for two years before returning to Compassion as CEO.



**NAME:** Janine Daly

**POSITION:** 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.



**NAME:** Deb Adams

**POSITION:** 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 the areas of Human Resources and Wellbeing, Information Technology, Legal and Sector Compliance, Risk Management and Special Projects.



**NAME:** Adam Holland

**POSITION:** Executive Director of Ministry Relationships; since 2012.

Adam has a BA (Honours) in Philosophy and a Masters in Information and Knowledge Management. His management experience has been in local government, church and higher education. Adam joined Compassion in 2012 as Executive Director of Ministry Relationships. In his role, he leads the Ministry Relationship section that engages directly with churches, Compassion Advocates, donors and supporters to see children lifted out of poverty.



**NAME:** Ben Dodd

**POSITION:** 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.

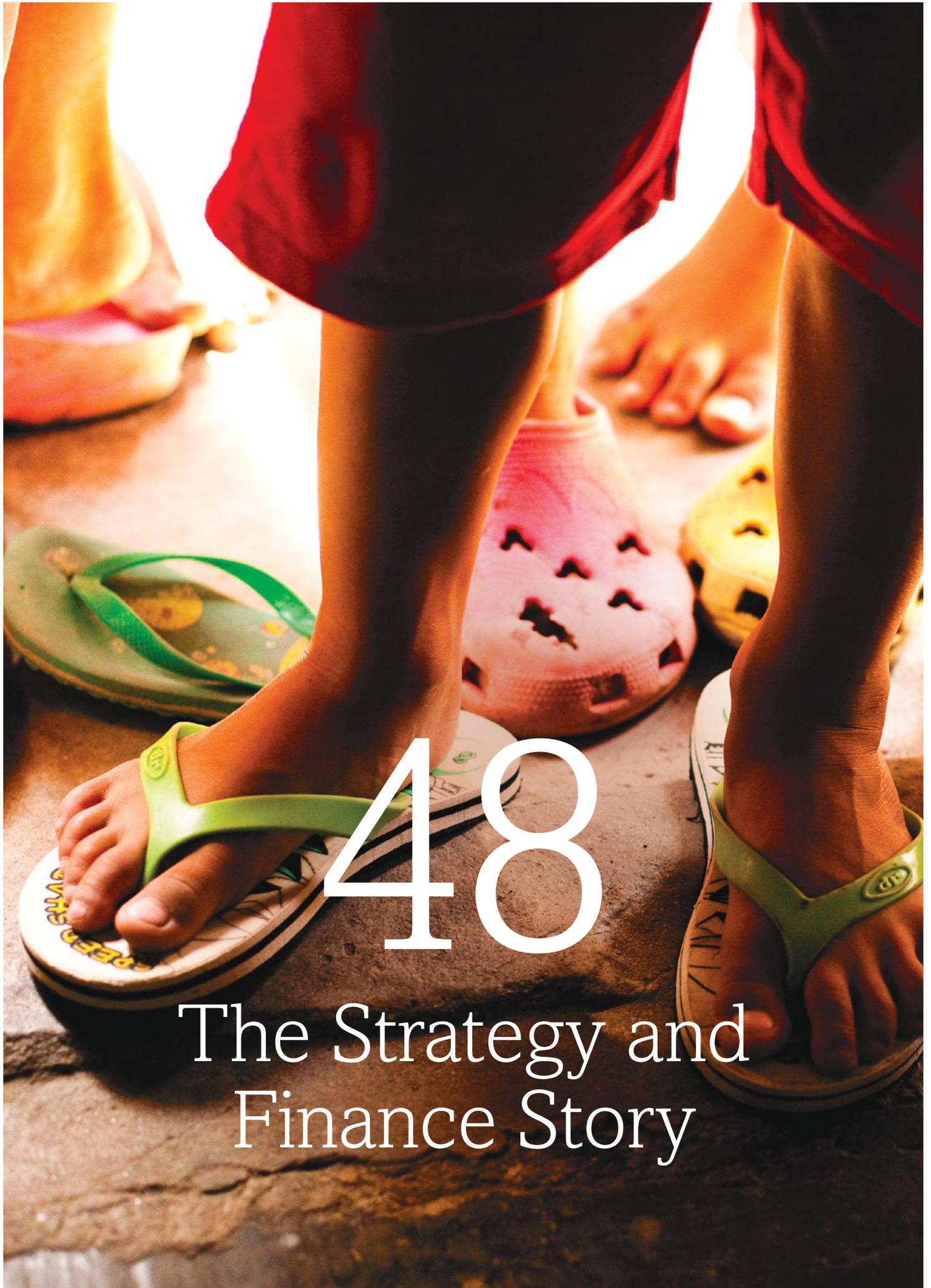
As Chief Financial Officer, Ben is responsible for growing, enhancing, and protecting Compassion Australia's financial health and position, ensuring the ministry is sustainable for generations to come.



**NAME:** Jeremy Horn

**POSITION:** Advisor to the Executive Team (part time); since 2014.

Jeremy has broad experience in Australian media and an extensive background in web services and business systems. Jeremy served as a member of the Compassion Board for over eight years. He is the owner and Company Director of Netstrategies Pty Ltd. Jeremy plays a valuable advisory role to the Executive Team, mainly but not solely, in the technology space.



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The Strategy and  
Finance Story

# Ministry Goals

The 2020 Vision was established by Compassion international in 2009 with the aim of developing the systems and processes needed for future growth, and developing Compassion's four programs to fully realise our mission. The 2020 Vision was adopted by all Compassion partner countries.

## The Global Strategy

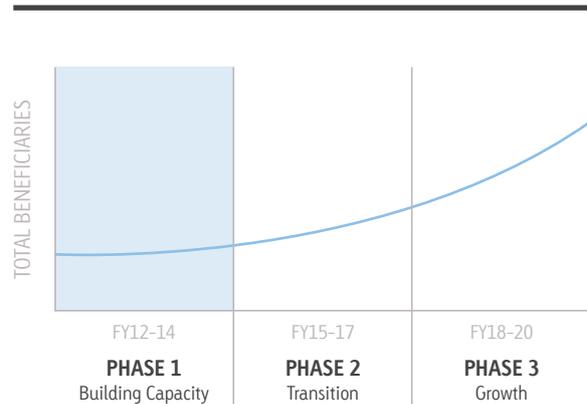
### THE 2020 VISION IS AIMED AT:

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

## Compassion Australia's Strategy

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

Compassion Australia divided our strategy into three distinct phases. Financial year 2016 marked the second year of Phase Two: Transition to Growth.



### CONSOLIDATING PHASE 2: TRANSITION TO GROWTH

Financial year 2016 saw Compassion Australia in the middle of transition to Growth with new technology systems, new ways to engage supporters and staff growth at the core of organisational activities. It was a year of consolidating growth.

Our overarching goals during the three-year phase include:

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

Financial year 2017 will see Compassion Australia in the final year of phase two with emphasis on finishing this phase in a place of strength.

Ben Dodd - Chief Financial Officer



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## A message from the Chief Financial Officer

Compassion Australia continued to experience a year of increase and remain in a strong financial position despite a low-growth charitable sector and the implementation of a major internal systems change.

Our total income for the year rose to \$78.7 million, representing an income growth of 3.64 per cent. The majority of this increase came through our Child Sponsorship Program. Child sponsorship income increased by \$2.7 million, or 4.77 per cent, on last year and this is the fruit of an effective staff restructure from prior years, coupled with new frontline strategies to grow in a low-growth sector.

The economic environment continued to present a repeat performance of the past few years for the charitable sector. Australian household's priorities throughout the year continued to be debt reduction and savings, ahead of charitable giving. This prudence, coupled with other economic variables, made fundraising difficult and left the charitable sector expecting low growth at best.

Together with economic challenge, this was also the year where Compassion faced the challenge of replacing our Customer Relationship Management and Enterprise Resource Planning technologies. The previous systems had reached end of life and both global and local factors meant it was the right time to undertake this work. While the goal of replacing the technologies was achieved, operations were affected throughout the transition, unfortunately impacting a number of supporters.

In light of these two major challenges, Compassion's core programs still experienced growth throughout financial year 2016. The number of children, caregivers and

students supported by Australian sponsors grew to 112,843 representing a 4.25 per cent increase compared to the previous year.

A continued focus on financial stewardship saw expenditure on administration and fundraising reach 19.99 per cent of expenditure. This was a fantastic result given the large cost to replace internal systems. The percentage of funds used for program activities benefiting the children we minister to was 78.81, while advocacy initiatives accounted for the remaining 1.2 per cent.

In our financial management, Compassion's multi-year initiative to restructure reserve funds was completed. The aim of this initiative was to ensure the right fund structures are in place to support Compassion's mission and the funding of operational initiatives, while ensuring ongoing financial stability. Compassion's end of financial year position in 2016 resulted in an operating surplus of \$184,297 and an overall net surplus of \$215,637 which successfully completed the fulfilment of the restructuring of reserves initiative.

Compassion continues to remain in a robust financial position due to our supporters whose generosity gives children living in poverty a hope and a future.



**Ben Dodd** - CHIEF FINANCIAL OFFICER

# Sponsorships and Beneficiaries

In financial year 2016, the loyal giving of new and existing supporters meant Compassion experienced our highest number of sponsorship acquisitions since 2009, along with our greatest sponsorship net growth since 2010. The significant increase is due to the improvement of internal systems, investment into staff, and the continued focus on delighting and retaining current supporters as well as acquisition of new supporters.

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

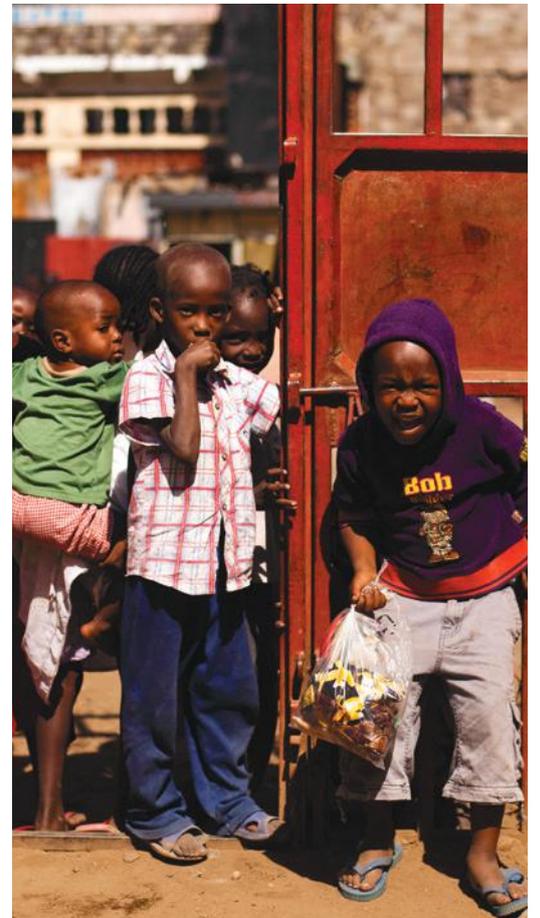
\*Approximate number of mothers and babies supported (mother and child together count as one)

\*\*Number of Leadership Development students sponsored

\*\*\*Number of supporters with monthly commitments to this fund, including Critical Needs commitments

## Sponsorships and Beneficiaries

	2016	2015	2014	2013	2012
<b>SPONSORSHIPS</b>					
Australian-supported Child Sponsorships	110,225	105,476	100,996	99,352	96,405
Worldwide Child Sponsorships	1,651,712	1,553,185	1,428,955	1,350,590	1,244,910
<b>BENEFICIARIES</b>					
New Beneficiaries	12,077	11,871	8,990	9,622	9,866
Cancelled Beneficiaries	7,477	7,379	7,528	6,500	6,331
Net Growth	4,600	4,492	1,462	3,122	3,535
Net Growth %	4.25%	4.33%	1.43%	3.15%	3.70%
Total Beneficiaries	112,843	108,243	103,751	102,289	99,167
<b>BENEFICIARIES BREAKDOWN</b>					
Child Sponsorship Program	110,225	105,476	100,996	99,352	96,405
Child Survival Program*	2,527	2,629	2,578	2,757	2,610
Leadership Development Program**	91	138	177	180	152
Total Beneficiaries	112,843	108,243	103,751	102,289	99,167
<b>OTHER COMMITMENTS</b>					
Critical Needs***	28,226	27,542	27,332	27,893	27,833



# Income and Expenditure Statement

Compassion Australia ended financial year 2016 with an overall surplus of \$215,637. Ending the year with only a small surplus was a deliberate objective to hold overall reserves for future operations at a similar level to financial year 2015.

Our income for the year was \$78.7 million, which was an increase on last year's revenue by \$2.7 million or 3.64 per cent. Our growth in donations and gifts came most notably through our Child Sponsorship Program. Child sponsorship grew by \$2.7 million or 4.77 per cent. The primary drivers of this result was increased sponsorship acquisitions and support.

With the current model of the Leadership Development Program being gradually phased out, income for this program has been reduced to \$471,000 in financial year 2016. With no new students being sponsored this income will continue to reduce as the current sponsored students finish up their educational activities over the next two or three years. For more information on this please refer to page 29.

Compassion Australia's income is sustainable year on year. As we do not currently receive government funding, we are not affected directly by any changes in this area. Our main source of income is through our Child Sponsorship Program, which is a recurrent income source. Approximately 85 per cent of our total income is considered recurrent due to our ongoing partnership with current supporters. The majority of our remaining income is through semi-recurrent sources such as the Christmas Gift Fund, 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 continuing one-off appeals.

With regards to expenditure for the financial year, Compassion Australia spent 19.99 per cent or \$15.7 million on administration and fundraising.

In financial year 2016, 80.01 per cent of our expenditure was used on programs. This expenditure was used:

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

The forecast global and domestic economic climate remains much the same as the prior year. For financial year 2017 we have set a modest income growth target of 3.4 per cent. This target is based on planned initiatives and activities and reflects continuing within our current strategic phase: Transition to Growth. This will provide us with approximately \$81.5 million in revenue for the year which will allow us to spend approximately \$64.3 million on program related services.

# Income & Expenditure Statement

FOR THE YEAR ENDED 30 JUNE 2016

REVENUE	2016	2015
Donations and gifts		
Monetary	\$78,162,308	\$75,039,478
Non-monetary	-	-
Bequests and legacies	\$192,786	\$313,528
Grants	-	-
AusAID	-	-
Other Australian	-	-
Other overseas	-	-
Investment income	\$347,470	\$443,266
Other income	\$87,195	\$226,361
Revenue for international political or religious proselytisation programs	-	-
<b>TOTAL REVENUE</b>	<b>\$78,789,759</b>	<b>\$76,022,633</b>

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	2016	2015
International aid and development programs expenditure		
International programs		
Funds to international programs	\$51,338,150	\$48,450,881
Program support costs	\$10,497,888	\$10,417,042
Community education	\$947,284	\$1,099,463
Fundraising costs		
Public	\$10,144,665	\$10,036,320
Government, multilateral and private	-	-
Accountability and administration	\$5,561,804	\$4,689,401
Non-monetary expenditure	-	-
Total international aid and development programs expenditure	\$78,489,791	\$74,693,107
Expenditure for international political or religious proselytisation programs	-	-
Domestic programs expenditure	\$84,331	\$44,701
<b>TOTAL EXPENDITURE</b>	<b>\$78,574,122</b>	<b>\$74,737,808</b>
<b>EXCESS / (SHORTFALL) OF REVENUE OVER EXPENDITURE</b> (Total Comprehensive Income)	<b>\$215,637</b>	<b>\$1,284,825</b>

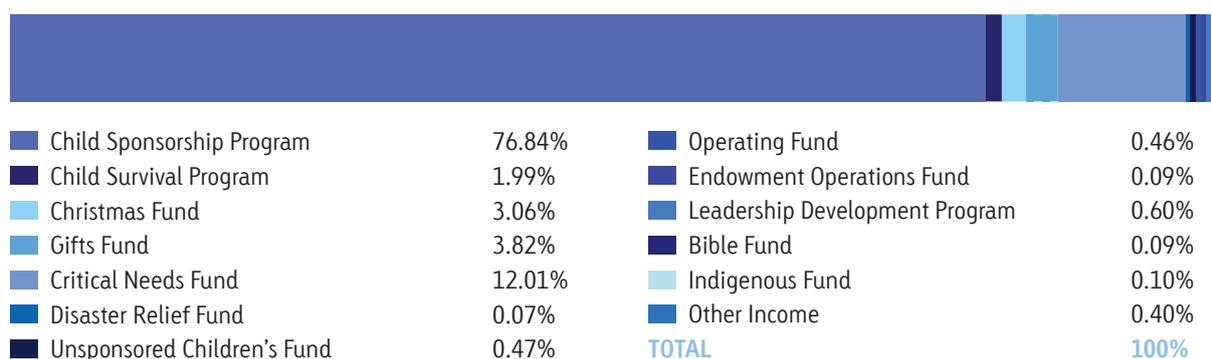
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016	2016	2015
Balance at 1 July (commencing balance)	\$16,006,659	\$14,721,834
Adjustments or changes in equity	-	-
Excess / (shortfall) of revenue over expenses	\$215,637	\$1,284,825
Other amounts transferred (to) or from reserves	-	-
Balance at 30 June (year end balance)	\$16,222,296	\$16,006,659

# Key Performance

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

KEY PERFORMANCE INDICATORS	2016	2015	2014	2013	2012
Income Per Staff (\$)	44,772	44,564	43,952	43,735	44,381
Child Sponsorship Cancellation Rates	6.95%	7.26%	6.84%	6.72%	6.66%
Sponsorship Retention Rates	93.05%	92.74%	93.16%	93.28%	93.34%
Children Per Sponsor	1.36	1.35	1.35	1.34	1.33
Revenue Growth %	3.64%	5.58%	5.69%	4.86%	3.33%
Return on Fundraising Investment	7.75	7.52	7.71	8.73	9.00

## Income by source for 2016



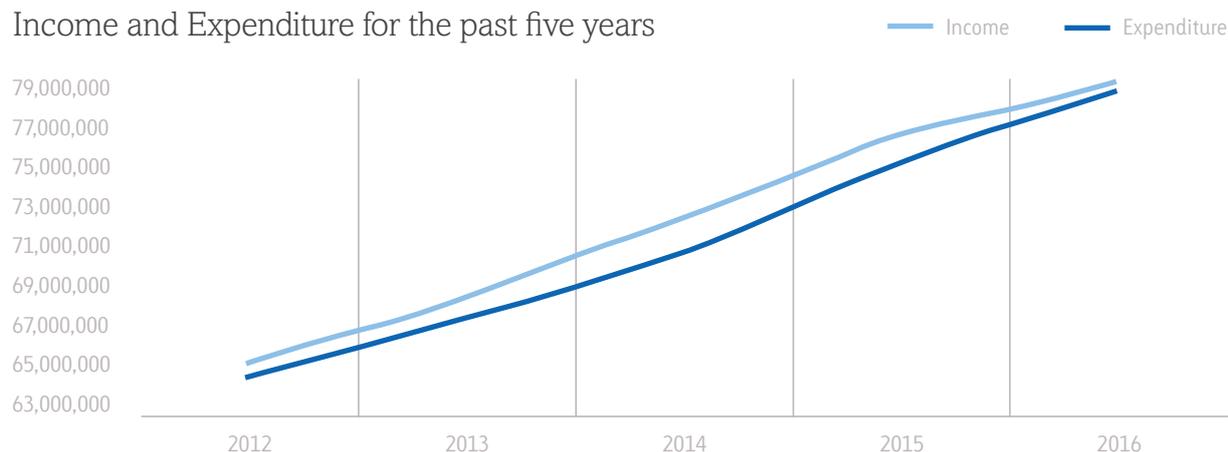
## Expenditure for 2016



INCOME BY SOURCE	2016 \$	2016 %	2015 \$	2015 %	2014 \$	2014 %	2013 \$	2013 %	2012 \$	2012 %
Child Development	60,542,609	76.84	57,784,710	76.01	53,711,971	74.60	50,428,629	74.02	48,752,349	75.04
Child Survival Program	1,571,330	1.99	1,895,728	2.49	1,870,901	2.60	2,203,740	3.23	1,924,662	2.96
Christmas Fund	2,407,713	3.06	2,271,606	2.99	2,199,686	3.05	2,112,439	3.10	1,970,545	3.03
Gifts	3,010,208	3.82	2,947,896	3.88	2,636,427	3.66	2,425,535	3.56	2,227,591	3.43
CIV Fund	9,465,368	12.01	8,719,387	11.47	8,619,793	11.97	8,598,104	12.62	7,640,553	11.76
Relief	55,234	0.07	200,782	0.26	800,084	1.11	119,407	0.17	451,130	0.69
Un-sponsored Children	371,676	0.47	494,515	0.65	556,548	0.77	447,388	0.66	444,862	0.68
Operating Fund	361,204	0.46	587,229	0.77	483,958	0.67	693,754	1.02	540,470	0.83
Endowment Operations	70,895	0.09	72,407	0.10	58,816	0.08	101,158	0.15	104,147	0.16
LDP	471,391	0.60	736,721	0.97	847,023	1.18	836,194	1.22	700,656	1.08
Bibles	67,514	0.09	55,934	0.07	63,242	0.09	65,550	0.10	59,992	0.09
Indigenous	76,178	0.10	242,065	0.32	44,411	0.06	12,928	0.02	41,841	0.07
Other Income	318,439	0.40	13,653	0.02	111,866	0.16	85,291	0.13	115,188	0.18
<b>TOTAL</b>	<b>78,789,759</b>	<b>100</b>	<b>76,022,633</b>	<b>100</b>	<b>72,004,726</b>	<b>100</b>	<b>68,130,117</b>	<b>100</b>	<b>64,973,986</b>	<b>100</b>

EXPENDITURE	2016 \$	2016 %	2015 \$	2015 %	2014 \$	2014 %	2013 \$	2013 %	2012 \$	2012 %
Program	61,920,369	78.81	58,912,624	78.83	55,044,223	78.36	52,414,811	78.15	49,997,006	77.80
Community Education	947,284	1.20	1,099,463	1.47	1,103,145	1.57	1,056,493	1.58	1,177,033	1.83
Fundraising	10,144,665	12.91	10,036,320	13.43	9,264,616	13.19	7,727,031	11.52	7,157,513	11.14
Administration	5,561,804	7.08	4,689,401	6.27	4,832,261	6.88	5,867,671	8.75	5,933,084	9.23
<b>TOTAL</b>	<b>78,574,122</b>	<b>100</b>	<b>74,737,808</b>	<b>100</b>	<b>70,244,245</b>	<b>100</b>	<b>67,066,006</b>	<b>100</b>	<b>64,264,636</b>	<b>100</b>

Income and Expenditure for the past five years





# Balance Sheet

Compassion Australia's balance sheet tables show a healthy financial position. This is a reflection of Compassion's deliberate objective to hold an appropriate level of financial reserves for future operations.

Overall, our balance sheet and financial position remain strong and healthy.

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*Our balance sheet shows an increase in equity of \$215,637. The resultant overall position reflects two key strategies: holding equity for the future and maintaining appropriate operating reserves.*

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Total assets increased through the financial year by \$2,315,550. This is primarily a result of two key strategies. Firstly an increase in cash and cash equivalents from positive net cash flows, which has resulted in increased short-term investments. Secondly, an increase in intangible assets which was due to the implementation of a new customer

and income management software system. These increases have subsequently offset our total liabilities increase of \$2,099,913, which is largely due to an increase in program cost liability. Compassion currently holds \$14.8 million in cash and cash equivalents. The majority of this cash is temporarily held by Compassion for programmatic use and is recognised with a corresponding liability.

Our current ratio is 1.22; 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 less than last year's ratio of 1.31 but is considered to be a low risk as our income is reliable and regular. We are seeking to address this ratio with appropriate measures to strengthen the position further. Please refer to pages 45 and 55 for more information on the sustainability of our income.

# Balance Sheet

AS AT 30 JUNE 2016

ASSETS	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$14,870,565	\$13,403,589
Trade and other receivables	\$1,150,457	\$1,068,677
Inventories	-	-
Assets held for sale	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>\$16,021,022</b>	<b>\$14,472,266</b>
NON CURRENT ASSETS		
Trade and other receivables	-	-
Other financial assets	-	-
Property, plant and equipment	\$10,237,273	\$10,564,839
Investment property	\$1,464,526	\$1,528,176
Intangibles	\$2,009,059	\$851,049
Other financial assets	-	-
Other non current assets	-	-
Revenue for international political or religious proselytisation programs	-	-
<b>TOTAL NON CURRENT ASSETS</b>	<b>\$13,710,858</b>	<b>\$12,944,064</b>
<b>TOTAL ASSETS</b>	<b>\$29,731,880</b>	<b>\$27,416,330</b>

<b>LIABILITIES</b>	<b>2016</b>	<b>2015</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	\$12,975,593	\$10,926,394
Borrowings	-	-
Current tax liabilities	-	-
Other financial liabilities	-	-
Provisions	\$136,985	\$108,426
Other	-	-
Other financial liabilities	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$13,112,578</b>	<b>\$11,034,820</b>
<b>NON CURRENT LIABILITIES</b>		
Borrowings	-	-
Other financial liabilities	-	-
Provisions	\$397,006	\$374,851
Other	-	-
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>\$397,006</b>	<b>\$374,851</b>
<b>TOTAL LIABILITIES</b>	<b>\$13,509,584</b>	<b>\$11,409,671</b>
<b>NET ASSETS</b>	<b>\$16,222,296</b>	<b>\$16,006,659</b>
<b>EQUITY</b>		
Reserves	-	-
Retained earnings	\$16,222,296	\$16,006,659
<b>TOTAL EQUITY</b>	<b>\$16,222,296</b>	<b>\$16,006,659</b>



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

### Report on the Summary Financial Statements

We have audited the attached summary financial statements comprising the Income and Expenditure Statement and Statement of Changes in Equity for the year ended 30 June 2016 and comparative period (set out on page 56), and the Balance sheet as at 30 June 2016 and 30 June 2015 (set out on page 62) for Compassion Australia (the company).

The financial information contained in the summary financial statements has been extracted from the full financial report of the company for the year ended 30 June 2016 upon which we expressed an unmodified audit opinion on 20 October 2016. The summary financial statements do not contain all the disclosures required by the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial report of the company.

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

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

### Auditor's Responsibility

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

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

For a better understanding of the scope of our audit of the full financial report of the company, this opinion should be read in conjunction with our audit opinion on the company's full financial report for the year ended 30 June 2016.

### Independence

In conducting our audit we have complied with independence requirements of the *Corporations Act 2001*. A copy of our auditor independence declaration was provided to the directors of Compassion Australia on 20 October 2016.

### Opinion

In our opinion, the summary financial statements set out on pages 56 and 62 are properly derived from the audited full financial report of Compassion Australia for the year ended 30 June 2016 and are consistent, in all material respects with that audited financial report.

### Basis of Accounting

The summary financial statements have been extracted from the audited full financial report of Compassion Australia for the financial year 30 June 2016 for inclusion in the company's annual report. The audited full financial report of the company is prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and this opinion should be read in conjunction with our unmodified audit opinion issued on the full financial report on 20 October 2016.

Bentleys Brisbane (Audit) Pty Ltd  
Chartered Accountants

P M Power  
Partner  
Brisbane  
25 October 2016



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ABN 67 001 692 566

[www.compassion.com.au](http://www.compassion.com.au)

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