



Accountability Report 2022

Compassion International, Inc. and Affiliates

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*Brothers in
Peru read
their Bible.*



Message from the President

Looking back on Compassion’s fiscal year 2022, it is incredibly encouraging to see how the global Church has responded to the growing needs of those living in poverty.

Although our brothers and sisters in Christ who comprise the Church on the frontlines faced a seemingly endless array of deeply disruptive natural disasters, civil unrest, political upheaval and heart-breaking trials of all kinds, they have faithfully served as a tangible expression of the hands and feet of Jesus to those in desperate need. On the more well-resourced side of the Church, Jesus followers from around the world have responded with a level of generosity that has surpassed any other year of giving in all of

Compassion’s history. What an amazing blessing it is to witness such an incredible outpouring of provision from God through the sacred service and sacrificial giving of his people.

I’m filled with gratitude for the opportunity Compassion has been given to serve as a bridge between those two sides of the global Church, who both share a passion to see children and youth who were born into unacceptable poverty thriving toward their God-given potential. As we survey the depth of need on the one side

and the magnitude of resources to address those needs on the other, we are compelled to strengthen and expand the bridge in order to advance life outcomes with more children and youth more quickly.

A key initial step in any such expansion effort is to ensure that the solutions we are pursuing to bring about life change in our program participants are effective in achieving the desired developmental aspirations. With the goal of ever-increasing program effectiveness in mind, significant focus was directed this past year at the ongoing development and adoption of Compassion’s Program Cycle — a learning cycle that empowers frontline workers to prioritize the implementation of proven interventions to address their most pressing local issues. Among many critical efforts undertaken across our global

ministry, this learning cycle is a central part of our journey to not only deliver beneficial activities but to ensure effectiveness in achieving life outcomes for the children and youth entrusted to our care. That ongoing learning will be critical as, God willing, we look to increase our expansion investments in fiscal year 2023 and beyond.

Thank you for your care and concern for children living in poverty that has drawn you to explore this annual report. As you read the pages that follow, I pray you will be as grateful as I am for God’s abundant provision and the faithfulness of his global Church.

Santiago “Jimmy” Mellado
*President and CEO,
Compassion International*

Children celebrate Easter at their church in El Salvador.



Ministry Overview

.....
*Children in Ecuador hug the tutor at
their Compassion center.*



LEFT:
Compassion gives children the freedom to be kids.

BELOW:
Compassion partners with churches in communities like this one in Peru and around the world.



ABOVE:
Founder Rev. Everett Swanson was first moved by the needs of orphans in Korea.

Who We Are

Compassion is a Jesus-centered ministry that pairs compassionate people with children living in poverty.

Compassion International and its wholly-owned and controlled affiliates (collectively, Compassion) is a child advocacy ministry that pairs compassionate people with children living in poverty. Our beginnings trace back to 1952, when an American evangelist, Rev. Everett Swanson, saw firsthand the plight of Korean War orphans in South Korea.

For 69 years, Compassion has walked alongside local partners to mobilize churches, build capacity and engage programmatic resources that positively impact the lives of children living in poverty. Our

programs and interventions span prenatal care to vocational, technical or university training.

MISSION

Compassion’s mission is to release children from poverty in Jesus’ name. While Compassion and many other like-minded organizations have made tremendous progress in poverty alleviation over the years, there is still much work to be done. Estimates point to more than 570 million children living in poverty¹ in areas that are feasible for Compassion to reach.^{2,3}

CORE STRATEGY

Compassion’s core strategy is to join God in the holistic development of children in poverty by serving our stakeholders’ callings to unleash their connected potential to transform lives.

CORE VALUES

Compassion aspires to be a Jesus-centered environment serving our stakeholders’ callings. As such, our core values are:

INTEGRITY God desires his people to live undivided lives where heart, soul, mind and body are consistently working together to increasingly reflect the character of Jesus in all settings and circumstances. Thoughts, words and actions are to be congruent and reliable.

DISCERNMENT God guides his people in multiple ways (through Scripture, prayer, wise

counsel and expertise) to make community-affirmed, Spirit-led decisions as they pursue God’s will in accomplishing his mission together.

DIGNITY Each person is created in God’s image and bears God’s likeness. Compassion seeks to reflect the example of Jesus in showing honor, respect and love to all people.

STEWARDSHIP All resources entrusted to Compassion (people, time, money, knowledge, reputation and materials) are precious to our mission. Therefore, all resources are protected and deployed with great care and wisdom to maximize both short- and long-term impact.

EXCELLENCE This is not perfection but rather doing the very best with the resources on hand to advance the mission. Excellence honors God and inspires people.



Children gather at a Compassion center in Colombia.

What We Do

Compassion is grateful to be a leading authority in holistic child development within the international development sector. We have the great privilege and responsibility of serving nearly 2.3 million children and youth living in unacceptable poverty across 27 countries throughout Africa, Asia, Central America, the Caribbean and South America.

Compassion takes a long-term approach to child development by investing in the life of each child in our program. Through our holistic child development model, we provide physical, socioeconomic and spiritual care to help children in poverty develop toward their full God-given potential and transcend what is often a generational legacy of poverty. Each child, assisted by a local Compassion church partner, receives whole-life care that is personal, individualized, relational and tailored to the child's age, gender, health, culture and family situation.

We begin assisting a child in poverty as early as possible (in some cases, when the child is still in the womb) and for as long as possible (often through young adulthood). Compassion

provides these long-term interventions unconditionally to a diverse group of children living in poverty — regardless of their gender, race, ethnicity, culture or religion. We never use ministry services to coerce or manipulate a child to convert to a specific religion.

Compassion's efforts on the front lines of poverty are carried out exclusively in partnership with local churches (over 8,200 currently), believing that local churches are lasting pillars in their communities and are best positioned to understand and meet the needs of children in their unique contexts. Our developmental interventions are consistent with and supportive of the sustainable development goals that are championed by the governments of countries where Compassion is operational — particularly in the eradication

of poverty and addressing issues related to food security, good health and well-being, quality education, clean water and sanitation, and gender equality.

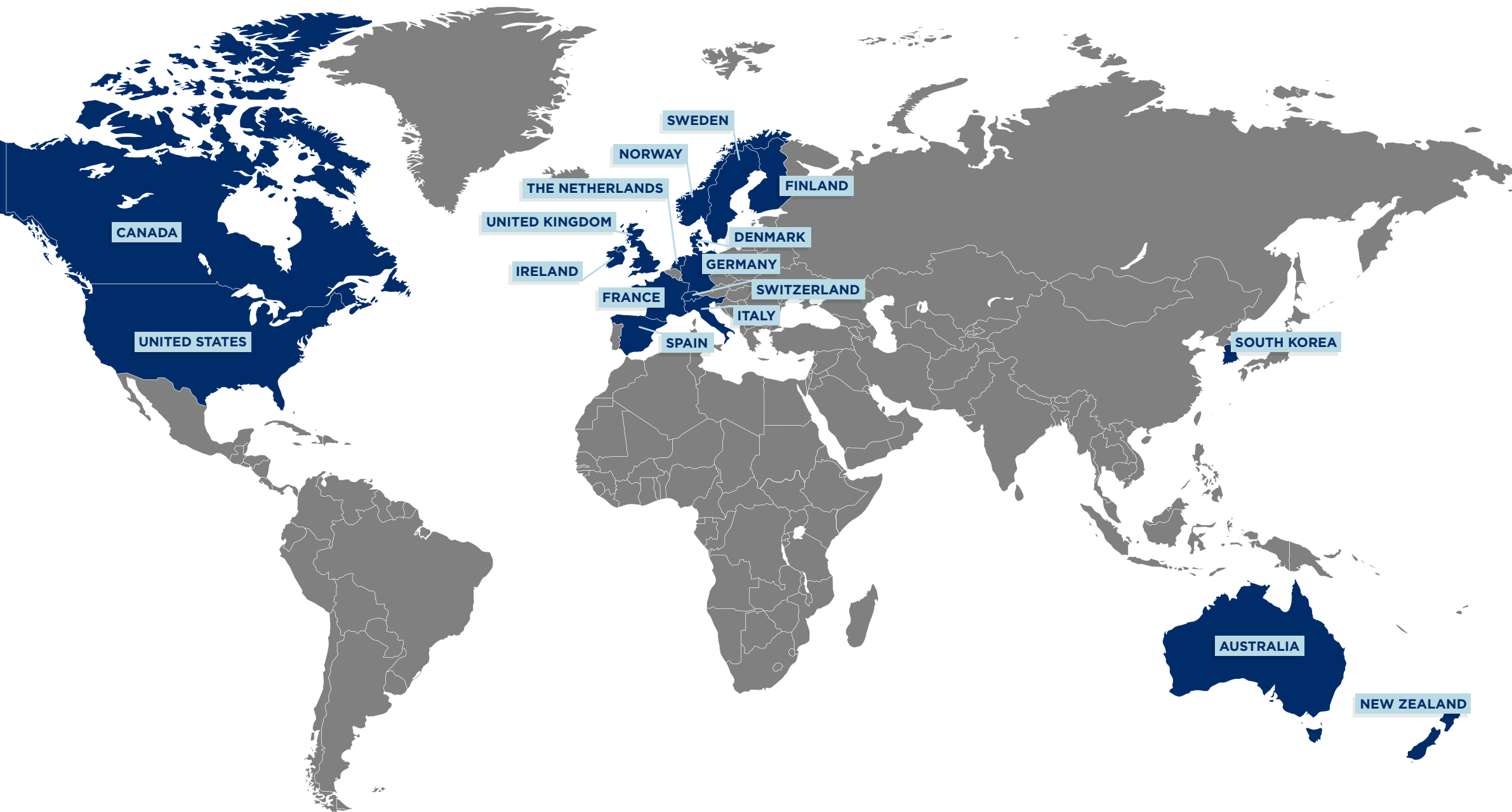
Compassion relies on a broad community of over 1.6 million individuals, groups and organizations to support our global operations. This support takes many forms, including direct financial support, advocacy and influence, volunteer time and various other monetary and nonmone-

tary resource gifts that support the mission. This broad base is unique in the development space and is one of the keys to our stability in providing programs to help children. Financial support is raised in the United States and globally through our Global Partner Alliance, a collection of 11 additional independent international organizations in predominantly high-income countries. This global reach also provides stability to the various forces that affect the ability to generate support.

COMPASSION'S GLOBAL PARTNER ALLIANCE (GPA)

Compassion's Global Partner Alliance (GPA) is a covenant charter composed of 12 members serving supporters in 17 countries — Australia, Canada, Denmark, Finland, France, Germany, Ireland, Italy, South Korea, the Netherlands, New Zealand, Norway, Sweden, Switzerland, Spain, the United Kingdom, and the United States — with the unified purpose of providing holistic child development and living out the teachings of Jesus to love and serve the poor.

The GPA is not an entity, but the means by which multiple entities accomplish a shared purpose. Compassion International does not control or own any international member of the GPA. Each is independent, raises its own funds and has its own governing board. Each has agreed to share funding with Compassion International in order to access Compassion's programming. In fiscal year 2022, International Partner contributions totaled almost 25% of the consolidated revenues of Compassion International.



GLOBAL PARTNERS Australia, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, New Zealand, Norway, South Korea, Sweden, Switzerland, Spain, the United Kingdom, and the United States

Compassion's Global Partner Alliance (GPA) is a covenant charter composed of 12 members serving supporters in 17 countries.

In this way, GPA partners with and supports Compassion-assisted children and Compassion's Frontline Church Partners.⁴ Because each member of the GPA is independent, they are all subject and accountable to local governments and donors.

COMPASSION VOLUNTEERS

More than 150,000 individuals volunteered with us in fiscal year 2022. These volunteers serve within the frontline church programs as teachers, tutors, worship leaders, and cooks. Others served live events, at our headquarters in Colorado and on our translation team. They all gave of their time and talents to make a difference for children in poverty.

COMPASSION AMBASSADORS

Compassion Ambassadors are professional artists, speakers, athletes and influencers who have a God-given gift and passion to share their faith and help share God's heart for the poor and the church's responsibility to care for them. They present Compassion's ministry at

live concerts, conferences, festivals, churches, on podcasts and through their social media networks to invite their audiences to support children through Compassion. We currently partner with over 300 ambassadors who collectively helped over 24,000 children connect with sponsors in fiscal year 2022.

CHURCH ENGAGEMENT

Compassion has mutually beneficial relationships with over 20,000 U.S. supporting churches. We help churches to connect their congregants to the developing world by presenting them an opportunity to follow Jesus' example of compassion and by empowering them to impact children at home and around the world.

INDIVIDUAL SUPPORTERS

More than 1.1 million individuals took the opportunity in fiscal year 2022 to help release children from poverty in Jesus' name, either by 1-to-1 sponsorship, donations to mission-critical priorities, or a combination of the two.



Pastor Jerome encourages children and youth at a Compassion center in Africa.

CHURCH PARTNER SPOTLIGHT

Compassion is grateful for relationships with generous churches that share our vision to release children from poverty in Jesus' name, like Seeds of Greatness Ministries in Delaware, U.S. Seeds of Greatness is a dynamic church of more than 1,500 members that has partnered with Compassion since 2016, sponsoring children from both Kenya and Tanzania.

The church's journey with Compassion expanded after Pastor Jerome and his wife, Lisa, visited Compassion Frontline Church Partners in Tanzania in 2017. Jerome and Lisa were especially impacted when they met with mothers and babies participating in a Compassion Survival Program near Arusha. The Survival Program gives babies a strong start during the critical time from womb through the child's first birthday. Today, Pastor Jerome and his congregation sponsor approximately 100 children through Compassion.



LEFT:
Volunteers serve at events across the country.

RIGHT:
Supporters meet their sponsored child in Ecuador.

Core Programs

CHILD & YOUTH DEVELOPMENT

Our work is to facilitate a network of caring individuals to protect and enable positive development in children and youth who live in poverty. Compassion's Sponsorship Program, which represents more than 70% of total grants, is based on a holistic approach to child/youth development with a Global Outcomes Framework focused on four outcome areas:



CAPACITY FOR ECONOMIC SELF-SUFFICIENCY

Having motivation, skills, and education to economically support themselves and others.



SPIRITUAL DEVELOPMENT

Growing in their spiritual relationships and contributing to and engaging with the community.



YOUTH AGENCY

Having vision, skills, and character to positively influence their context.



WELL-BEING

Being physically and mentally healthy as well as having a positive self-identity and relationships.



SURVIVAL PROGRAM

The Survival Program focuses on the health and survival of mothers and babies during the most vulnerable time of the baby's life — prenatal through age one.

SUPPLEMENTARY GRANTS

Compassion's supplementary grants (what we refer to as Complementary Interventions) provide a wide range of opportunities to engage in the fight against poverty.

The supplementary grants provide preventive care and address a variety of other needs that may arise for Compassion's participants and require funding beyond what monthly sponsorship can provide. Examples include:

- Disaster response
- Medical assistance
- Water, sanitation, & hygiene (WaSH) interventions
- Highly vulnerable children's care⁵
- Vocational, technical, or university training



TOP:
A tutor helps with schoolwork in Indonesia.

LEFT:
A Survival Program mother receives a checkup.

RIGHT:
Girls pray at a Compassion center in the Philippines.

Where Compassion Works

Compassion partners with local churches across Africa, Asia, Central America, the Caribbean and South America.

NATIONAL OFFICES

Compassion employs indigenous staff across our 27 program countries to help support and equip our Frontline Church Partners and lead local ministry operations. These National Offices provide critical services, such as helping build local churches' capacity to achieve outcomes, developing relationships with local governments, providing operational support and conducting marketing and fundraising activities.



Children attend a program at their church in Tanzania.

FRONTLINE CHURCH PARTNERS

Compassion's 8,200 Frontline Church Partners tailor our holistic child development model to the needs of children in their communities to deliver contextualized, whole-life care to the children we serve.

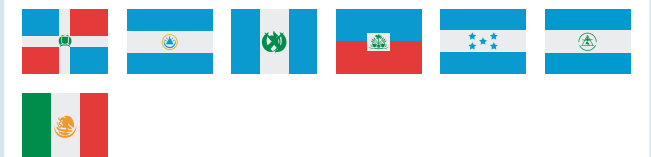


AFRICA Burkina Faso, Ethiopia, Ghana, Kenya, Malawi, Rwanda, Tanzania, Togo and Uganda



CENTRAL AMERICA & THE CARIBBEAN

The Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Mexico



SOUTH AMERICA Bolivia, Brazil, Colombia, Ecuador and Peru



ASIA Bangladesh, Indonesia, Myanmar, the Philippines, Sri Lanka and Thailand



New Country Spotlight: Malawi

A key step forward was taken in Compassion’s strategic plan to reach more children more quickly when we welcomed the country of Malawi to our global family in October 2021.

Ranking 174 out of 189 countries on the 2020 Human Development Index,⁶ Malawi is one of the world’s most impoverished countries. It is also home to more than 35,000 churches that could serve as future Frontline Church Partners to help change that reality.

When selecting a new country for ministry operations, we consider several core criteria, including but not limited to the number of children in poverty, availability of potential church partners, ease of operations, and marketing affinity.

A thorough assessment is conducted to ensure that Compassion can serve with excellence and provide effective programming to achieve desired life outcomes for those we serve. This vital step is completed in partnership with a group of generous donors who have helped fund initial operating costs over the past several years.

Malawi was strategic for Compassion because there is:

1. A clear and quantifiable need, with our baseline assessment revealing that 81% of Malawian households are living in extreme poverty and 72% of households with children ages one to three reporting severe food insecurity.
2. A high number of potential church partners, including established key relationships and opportunities from past advocacy efforts.
3. A geographic advantage as the country shares borders with our existing ministry country of Tanzania and our future expansion country of Zambia.
4. A conducive legal, regulatory and risk environment.



ABOVE:
A girl in Malawi carries containers of water home to her family.

LEFT:
Compassion Malawi staff bring hope to children and their communities.

Serving the Greatest Needs

Because Compassion’s internal research has shown that our programs are most effective in areas of greatest need, we employ several tools to assess needs and balance operational realities.

Through a rigorous assessment process, we identify, analyze and map external data to answer programmatic questions and then compare those results to our internal data. We do this through a living model in all countries to serve the future needs of multiple stakeholders. This allows Compassion to better understand the specific, local needs of the communities we work in and support them in a contextualized manner.

TANZANIA – NEEDS ASSESSMENT IN ACTION

The following tools are key to conducting ongoing Needs Assessments to target, identify and monitor local conditions that affect programmatic decisions.

TOOL #1: TARGETING NEEDS

Helping the local church know where to start with new participants:

- Reaching the Neediest: A combination of data, targets and metrics are evaluated to ensure that, in every country, we are connecting with the neediest within reach.

- Starting Early: We intervene at the youngest age possible for the greatest cognitive and developmental progress.

For example, in Tanzania 94% of our registered children are living in poverty, indicating great need. Additionally, the high number of Tanzanian infants enrolled in Compassion’s Survival Program results in an average registration age of two years old.

TOOL #2: MONITORING & IMPACT OUTCOME DATA

Helping the local church know where there is greatest need and how they are serving that population.

Program Cycle Needs Assessment

Since November 2021, Compassion has been piloting our new Program Cycle in Tanzania and has gathered data from 382 Frontline Church Partners through more than 65,000 surveys. The surveys gathered data about life outcomes being achieved and children and youth’s satisfaction with Compassion’s program and our partnership with them. The survey data



these church partners receive on children in their local program will help the church better understand the children and youth’s needs and inform their future plans. We have learned much from the pilot, developing new tools and resources for the Frontline Church Partners.

We align our data around the four outcome areas of our core program: self-sufficiency, spiritual development, youth agency, and well-being.

Monitoring Outcome Data

We collect outcome data at every Frontline Church Partner

in Tanzania for children ages six and older. Then we assess the needs of the children and the churches and use that information for Needs Assessments of our current program.

Impact Outcome Data

We create a nationally representative sample of youth ages 12 to 18 to assess the needs at the country level for strategy, planning and targeting. In addition, the research teams conducted subnational mapping of Tanzania to be used alongside the outcome findings to support understanding of local context.

- Asking children about their lives is essential to ensure the best care for them in our program.

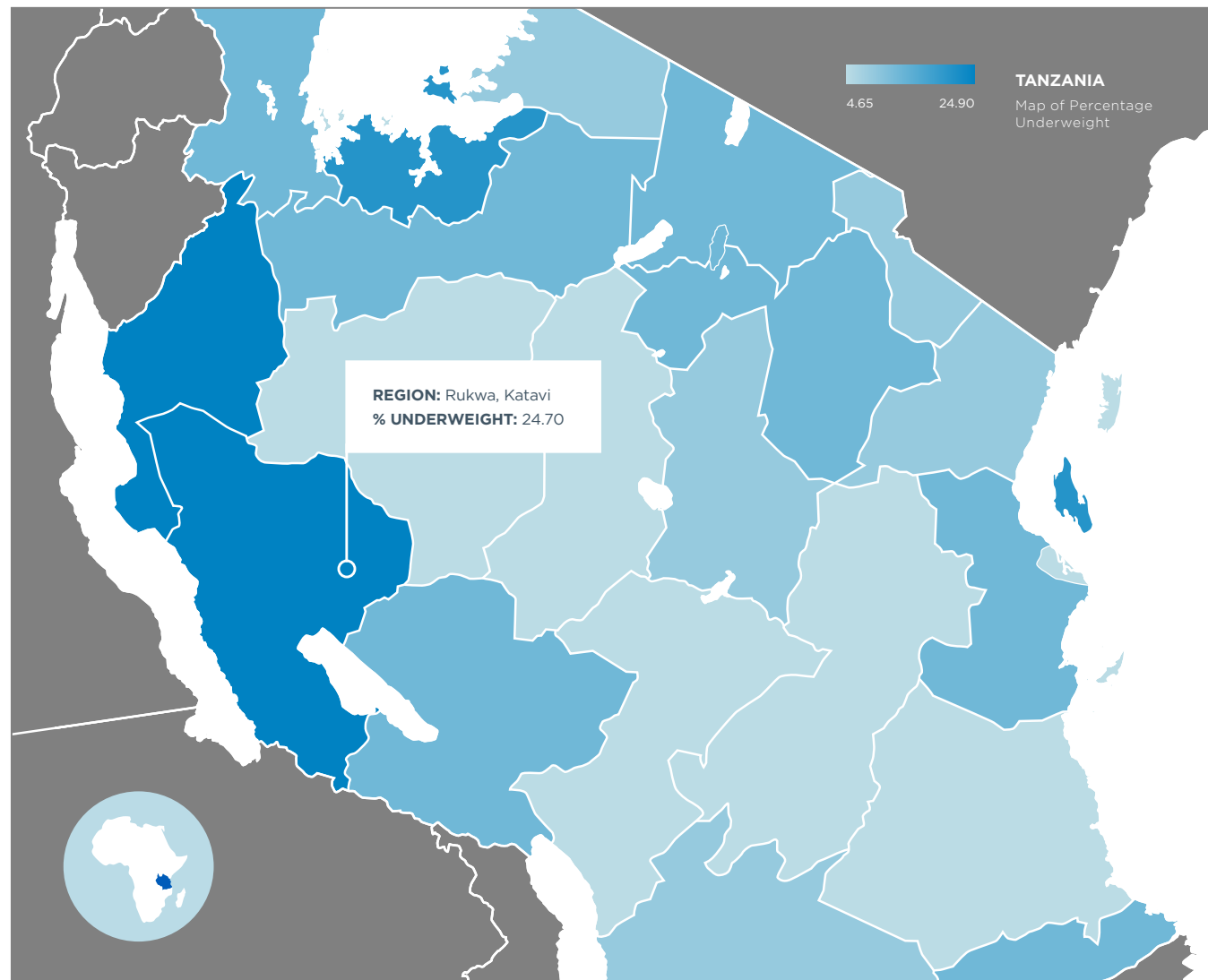
TOOL #3: MAP THE ENVIRONMENT – LOCAL DATA OF LOCAL CONTEXT

Helping the local church learn the needs of their environment.

Our research found that youth who missed meals at the time

of registration were often falling behind in literacy and math outcomes. Mapping the percentage of underweight children and youth by region can give the National Office areas of strategic targeting for programmatic intervention.

• **OPPOSITE:**
• *Children in Tanzania enjoy nutritious meals.*
•



hdr.undp.org (Global Data Labs)



Disaster Response & Impact on Operations

Imagine you are a 13-year-old and an earthquake has just hit your hometown. Your local well is destroyed, and your entire community is cut off from clean water. Now, instead of attending your computer training classes, which you were looking forward to, you will spend your week walking miles to nearby villages with the hope that you can access clean water. This is the type of situation that necessitates what we call an “Immediate Disaster Intervention” — a strategy and plan in which Compassion can return to holistic child/youth development, as quickly as possible, by coordinating operations efforts on the ground.

More than 40% of Compassion’s individual supplementary grants, totaling \$41.7 million, were targeted for disaster response in fiscal year 2022. Some of these funds were directed toward continued COVID-19 pandemic response. However, 44% were due to weather-related events across the globe. Our largest single response is with the communities in Haiti that were severely impacted by the earthquake in August 2021. In addition, we have seen increasing needs to address rising food insecurity. While these response efforts began during fiscal year 2022, we expect them to be a growing focus in the year ahead.



TOP:
A mother holds her daughter after flooding in Brazil.

BOTTOM:
This Indonesian family was impacted by Cyclone Seroja.

Food Insecurity: A Global Trend

Food insecurity is the state of being without access to affordable nutrition and food.

Boys in Sri Lanka receive nutritious food for their family.



In 2022, the global economy, climate events, violence and other environmental factors have worsened, leading to systemic trends of global food insecurity. The post-pandemic supply chain breakdowns are worsening as a result of aftershock effects⁷ further disrupted by political crises such as the Russian invasion of the Ukraine, compounding the existing crisis and necessitating a long-term programmatic response.

Thus, Compassion’s research team developed a food security monitoring system to monitor, assess and predict the impact on food security for Frontline Church Partners in Compassion countries most afflicted.⁸

Food security conditions worsened through the end of our fiscal year in June 2022:

- Burkina Faso, Haiti and Uganda have the highest levels of food insecurity.
- Drought conditions in the Horn of Africa have presented a multiyear need and are anticipated to worsen.
- Sri Lanka’s increasing economic crisis worsened still when forced to declare default on their debt in June 2022.

Our research predicts that localized issues of violence and drought in Compassion countries will continue driving the most extreme cases of food insecurity. These factors include fertilizer shortages, continued energy supply issues, and sovereign debt, all of which will have significant effects on food availability and affordability.



Critical Policies & Standards

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A Compassion student in Ghana volunteers as a kindergarten teacher.



Compassion International is intentional in addressing critical risk factors facing our ministry and establishing policies to govern the behaviors and operating activities of our staff.

Policies establish Compassion International's intention, creed or philosophy concerning matters of importance. Global policies are approved by the board of directors and acknowledged by the president and chief executive officer (CEO). Policies establish the governance and compliance expectations of the board of directors and leadership of the organization. To that end, Compassion maintains a secure, confidential way to report ethical concerns or suspected violations of law and policy. Our goal is to ensure all stakeholders can communicate issues and concerns safely and honestly while maintaining anonymity and confidentiality. Certain policy statements and risk factors are highlighted below.

RISK MANAGEMENT

Compassion operates in a global context with evolving threats and opportunities. Compassion's commitment to stewardship requires the organization to proactively

manage risks to the achievement of the mission and minimize the negative impact of disruptive events. To that end, Compassion International has established an independent enterprise risk management function to assist in assessing and managing risks. We take prudent measures to ensure that risks are managed within the limits and guidelines expressed by the board.

BUSINESS CONTINUITY

Disruptions to our ongoing normal operations can occur at any time and may be caused by natural, environmental or human-caused events. Compassion International is committed to establishing and maintaining a comprehensive business continuity program that ensures the organization is prepared to continue operations through such times. Plans include the identification of critical business processes and relevant recovery timeframes for the same to achieve resiliency.

DATA PROTECTION AND PRIVACY

Compassion International is entrusted with the personal and private information of supporters, participants, employees, board members, volunteers and partners. We are committed to protecting that information and complying with all applicable data protection laws across the globe. It is the policy of Compassion to protect the personal data of these groups and ensure that their rights are respected. Therefore, Compassion implements appropriate processes and security measures to preserve that privacy. Compassion International will report any data protection and privacy breaches to all appropriate parties.

FUNDS MANAGEMENT/ MONITORING

It is the policy of Compassion International to conduct our fundraising with the highest standards of integrity. All funds will be used for the purposes for which they were raised or donated. Compassion

is committed to ensuring a stewardship-focused set of processes that will optimize the use of donated funds for our mission. Funds received that are without donor restriction are maintained in an undesignated fund unless directed separately through designation by the board of directors. The delivery of funds for programmatic use will be conducted in a manner that gives precedence to using the most restricted funds available, ensuring that funds are used most efficiently. Internal controls and mechanisms are in place to ensure ultimate use is in accordance with relevant fund definitions.

CASH AND INVESTMENT POLICY

The objective of Compassion's cash and investment management is to ensure adequate liquidity and safety of funds while achieving an appropriate return on the organization's cash assets by employing appropriate asset allocation strategies for our investments, based on

- *Children in Ecuador*
- *travel to school.*

time horizon, cash flow expectations and risk tolerance.

Compassion ensures all financial activities are transacted through regulated markets and maintains accountability regarding Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) and Anti-Bribery and Anti-Corruption laws. Investments are allowed in various asset categories, including cash and cash equivalents, investment-grade fixed asset securities and equity securities. Compassion International's investment portfolio is maintained under the direction of the investment committee and regular monitoring by the finance and audit committee of the board of directors.

CONFLICT OF INTEREST/RELATED PARTY POLICY

It is the desire of Compassion International to transact business on an ethical basis with all persons and firms with which it maintains business relationships. The policy of Compassion is that all board members and staff serve the interests of the organization in an unconflicted way. No board member, officer or employee of the organization worldwide shall benefit, either directly or indirectly, from any individual or group that conducts business with the organization. Transactions between related parties must not result in material conflicts of interest or give the appearance of resulting in such.

Processes are in place for the annual disclosure and ongoing monitoring of any known or potential conflicts of interest.

DIVERSITY & INCLUSION

Compassion International believes that people are the ministry's most important and impactful resource. We are committed to creating a safe and productive work environment where everyone contributes their unique gifts, talents and experiences to serve our stakeholders and fulfill our mission together. Compassion formalized its Diversity and Inclusion efforts in 2019 through the hiring of a dedicated staff member to lead focused and ongoing initiatives across our global operations. We also partnered with an outside consultant to conduct a baseline audit of our U.S. people and culture policies, procedures and compensation structure.

In a 2022 survey, 78% of staff reported a favorable response on inclusion, a 3% increase from our baseline measure. We continue to work on advancing this metric. These efforts include two proactive training modules on how to foster inclusivity and recognize unconscious biases. Additional initiatives to support ongoing development of a diverse and inclusive culture include employee-led affinity groups, quarterly diversity forums in the U.S., global manager peer-to-peer discussions, and an executive diversity and inclusion dashboard.



.....
A mother in Thailand receives support and resources to help her baby thrive.



.....
*Boys from Burkina Faso
 get ready to play.*

COMPENSATION POLICY

Compassion International believes that each employee's presence and commitment to the mission flow out of a deep sense of God-given calling. Therefore, we do not position compensation as a driving motivator to attract staff or generate performance. Yet we know that talent and applicable experience, in addition to calling, truly matter when it comes to organizational effectiveness and stewardship.

We also believe it is good and proper to compensate people for their work, including ministry work. Biblical foundations for that belief can be found in Luke 10:5-7, 1 Corinthians 9:7-10 and 1 Timothy 5:17-18. Even the parable of the talents (Matthew 25:14-30) points us toward entrusting resources according to ability and investing wisely and aggressively, with faith, in pursuit of Kingdom objectives.

Our experience has shown that Compassion's complex, multinational ministry is best served by a highly skilled and experienced workforce capable of navigating high levels of managerial complexity and challenge.

As such, Compassion places great value on all our employees and desires to honor the biblical value of fairness in determining appropriate compensation that recognizes the contributions of our staff, creates sustainability and

maximizes mission as we carry out the work of the ministry. Similarly, our compensation strategy seeks to prevent the demotivating hindrance of inequity by differentiating for aspects like knowledge, skills, abilities, experience, level of responsibility and length of service. In Compassion's context, that currently requires appropriately differentiating between nine different layers within the organization.

However, in accepting employment with Compassion, staff members understand that they will earn less in our ministry environment than they likely could elsewhere. That reality becomes even more notable in positions of increased breadth and depth of responsibility. And while we consider for-profit compensation levels inapplicable to our compensation strategy, we do take into consideration what other not-for-profit organizations provide their staff. This helps prevent a shortage of expertise that's needed to implement a quality program, raise sufficient funds and build the scale of infrastructure necessary to accomplish our work. When that type of shortage occurs, the children we serve are the ones who ultimately suffer, with the organization not being as well led or effective as it could be.

Using recommendations from third-party compensation

experts and comparable market analysis with other NGOs, the compensation committee of Compassion's board of directors is responsible for the annual recommendation of the salary and merit of the president/CEO. Compassion's board of directors established a target of the 50th percentile of the relevant comparable NGO market for total compensation for all employees.

The compensation committee also performs an annual review of the compensation for all executives subject to standards of reasonableness under the U.S. tax code. Further, Compassion's board of directors receives a formal compensation reasonableness opinion each year from an independent third-party compensation consulting firm after a thorough review of all executive compensation.

Compassion's management reviews staff compensation annually, with consideration given to market analysis as well as local market forces and regulatory requirements. Additionally, all salary administration and benefits practices consider the current financial resources of Compassion and its responsibility for financial stewardship.

For more detailed information regarding executive compensation, please contact: compensation.inquiries@us.ci.org.



Board Engagement & Leadership

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These twins from Bangladesh are both registered in Compassion's program.

Compassion International's Board of Directors

The board of directors serves to define and protect Compassion's mission. The board has the legal corporate authority and responsibility for overall direction and oversight of the operations of Compassion International.

The primary duties of the board of directors include:

- Establishing the vision/mission, direction and values of the organization.
- Guiding the adoption of new policy and ensuring that all corporate activities are aligned with Compassion's strategic ministry objectives.
- Appointing the president as the CEO, delegating to him or her the responsibility for the administration of the organization and evaluating performance.
- Approving the annual budget and providing fiscal and fiduciary accountability for the assets and operations of the organization.
- Representing the diversity of the Compassion family worldwide and maintaining the unity of spirit and purpose across the whole organization.

All members, other than the CEO, serve on the board of directors as uncompensated volunteers. They must be able to devote sufficient

time and resources to accomplish the duties of the board. Attendance of all members is expected at all regularly scheduled meetings. Further, in order for the board of directors to make sound decisions regarding the international scope of the organization, it is important for them to see the depth and breadth of the programmatic work of Compassion International. Therefore, it is our policy to request that members travel to observe programmatic implementation on a regular basis.

The following individuals currently serve as members of Compassion International's Board of Directors.



Dr. Judy B. Golz
(Board Chair)
community psychologist
member since 2004



Ron Mathieu
(Vice Chair)
retired church executive
member since 2008



Blake Canterbury
not-for-profit founder
member since 2019



Kristin Colber-Baker
retired business executive
member since 2019



Jean-François Bussy
(Compassion Switzerland Board Member)
retired pastor & church founder
member since 2009



Dr. Marie Geschwandtner
(Compassion Canada Board Member)
business owner
member since 2020



Michael Jeffs
(Compassion Australia Board Member)
business executive
member since 2010



Chris Knepper
business executive
member since 2016



Dr. Michele Lee
not-for-profit executive
member since 2021



Karen K. Wesolowski
retired attorney
member since 1999



Santiago "Jimmy" Mellado
Compassion International President & CEO
member since 2013

For further information on each Board member, please reference the full profile at compassion.com/board.htm.

Compassion International's Global Executive Team



Santiago "Jimmy" Mellado
President & CEO

In addition to serving as the senior servant leader of Compassion International who models and safeguards its cultural values and behaviors, Santiago "Jimmy" Mellado is responsible to inspire and engage a wide range of stakeholders around Compassion's vision to see all children in poverty thriving toward their God-given potential. He is also responsible to select a leadership team, implement a plan and strategy, monitor effectiveness and adapt to a changing reality to maximize vision. Prior to joining Compassion International in June 2013 to serve as president and CEO, Jimmy served a 20-year tenure as president of the Willow Creek Association — a global ministry dedicated to helping local churches thrive. He is also a 1992 graduate of the Harvard Business School.



Mark Hanlon
Chief Development Officer

Mark Hanlon leads a team focused on generating mid/major gifts beyond the scope of Compassion's current mass offerings. He is also responsible for establishing and maintaining high-impact partner relationships for greater philanthropic engagement in a global context. Mark has served Compassion since 1978 in numerous roles, notably as previous senior vice president of Compassion USA and senior vice president of global marketing and engagement. He has served in his current role since 2019.



Tom Beck
Chief People and Culture Officer

Tom Beck leads the people, culture and workplace strategies for Compassion's global workforce. He is responsible for areas including talent acquisition, diversity and inclusion, people and organization development, people and culture business partnerships and operations, communications, events and facilities. Formerly a consultant, Tom joined Compassion full time in 2013 and has more than two decades of leadership and operational experience. As a founding partner of Blockbuster Midwest and Boston Chicken, Inc., he was instrumental in launching the Blockbuster Video, Boston Market and Einstein Bagel franchises.



Pam Parisian
Chief Information Officer

Pam Parisian is responsible for leading Compassion's global information technology team and driving the overall IT strategy that will take our ministry into the future. Prior to joining Compassion in September 2020, Pam served with AT&T for 39 years in a variety of roles, including vice president of IT integration, strategy and planning, then chief information officer and finally president of technology development. She was responsible for the development and global operation of the 2,000 applications that support AT&T's consumer and enterprise businesses, as well as the platforms supporting human resources, finance, supply chain and network operations.



Robert Hawkins
General Counsel and Chief Strategy Officer

Robert Hawkins is responsible for providing counsel and global leadership in the areas of legal services, strategy, risk management, audit, security, incidence response, governance and board engagement. Prior to joining Compassion's staff in June 2019, Robert provided legal services to Fortune 500 companies and served as the managing attorney at a firm he founded in 2009. In addition, Robert has over two decades of P&L management, financial planning and analysis experience, having served as an executive leader in billion-dollar organizations including Time Warner and World Vision. Robert has also held roles as board chairman, chairman of the finance and audit committee and chairman of the compensation committee for Compassion International, having served on the Compassion board for 18 years.



Sidney Muisyo
Chief Program Officer

Sidney Muisyo provides overall program leadership for all three global regions within Compassion's reach: Africa, Latin America/Caribbean and Asia. His four primary areas of leadership are program development, program strategy and operations, monitoring/evaluation/research/learning (MERL) and field line management. He began this role in July 2019. Sidney joined Compassion Kenya in 2002, serving in various roles, including communications specialist and manager of sponsor and donor ministries, before becoming the Africa regional vice president for Compassion International. Prior to working at Compassion, Sidney was the client services director for a large Kenyan consulting agency. He directed the agency's client-servicing strategy, which combined advertising, event management, public relations and marketing.



Ken Calwell
Chief Marketing and Innovation Officer

In his role at Compassion since 2017, Ken Calwell is focused on attracting and engaging Compassion supporters. He is responsible for brand management, marketing strategy and planning, research and insights, segmentation, product management and development, new product development experience design, and end-to-end customer service operations. Ken's experience in global executive leadership includes serving as chief marketing officer and executive vice president of research and development for Domino's Pizza, chief marketing officer and executive vice president/product development for Wendy's International, senior director of new product marketing for Pizza Hut, and CEO and president of Papa Murphy's International.



Joe Wilkins
Chief Financial Officer

Joe Wilkins joined Compassion in 2022 as Chief Financial Officer, leading the global finance team in oversight of the ministry's budgeting, controllership, treasury and financial reporting. He is a former vice president of finance, and long-tenured executive, of the United Parcel Service (UPS). His 36-year journey with UPS began in college, loading vehicles in the early mornings before school. Upon graduation, he accepted a role as a package delivery driver. From that beginning, he went on to hold significant executive roles, including vice president, finance; vice president, financial planning and analysis; vice president, corporate controller; investor relations officer; chief financial officer, U.S. domestic small package; chief financial officer, Asia Pacific; and chief financial officer, Canada.



Fiscal Year Highlights & Outlook

Boys in Brazil read books under a tree at their center.

Financial & Metric Results

The following is select unaudited financial data related to Compassion International’s consolidated operating results. For further financial information, please reference the audited financial statements, along with accompanying notes, at [compassion.com/finance](https://www.compassion.com/finance).

Compassion’s total revenues exceeded \$1.14 billion in fiscal year 2022 — the highest in Compassion’s history — growing 4.6% over the prior year. Compassion supporters enabled the ministry to increase the number of children and youth being served to nearly 2.3 million participants in our program across 8,200 Frontline Church Partners, as of June 2022, leading to 6.3% in additional grant expense during the year.

Non-grant spending increased by 17.5% in fiscal year 2022, as Compassion began to return to pre-pandemic operating levels. Although expense growth outpaced revenue for fiscal year 2022, Compassion concluded the year with a strong net surplus of \$46 million.

For the past five years, Compassion has been engaging intentional practices to develop appropriate financial reserves for the ministry. These efforts were catalyzed through the past two years as the pandemic restricted normal activities, hindering our ability to spend to plan. This allowed Compassion

to accumulate the operating reserves necessary to ensure the sustainability of programmatic activities through seasons of uncertainties outside of management’s control. These conditions include market and other external risks such as foreign currency exposures, economic downturn and global health crises, among others.

As of June 2022, Compassion held an operating reserve surplus of \$105 million. Most of these funds were allocated during the fiscal year 2023 planning process to multiyear priority initiatives that will drive the five-year goals outlined in our integrated strategy. These include further investment in program effectiveness, child protection, technology, and communication platforms. Additional amounts have been set aside to address recovery needs in our programmatic countries where natural disasters have been particularly devastating. These financial commitments are anticipated to result in annual net deficits over the next few years as we steward this operating surplus to advance ministry outcomes.



\$1.14 billion
revenue



+4.6%
revenue growth



2.3 million
program participants



8,200
Frontline Church Partners



+6.3%
grant spending



\$46.1 million
net surplus

Condensed Financials & Liquidity (Unaudited)

REVENUES ⁹	FY22	FY21
Child Sponsorship Contributions	\$813,691,000	\$800,762,000
Other Contributions (Survival, Complementary Interventions)	\$325,287,000	\$291,504,000
Other Net Revenue (Investment Income, Foreign Currency Gain/Loss)	\$6,912,000	\$3,724,000
Total Revenue	\$1,145,890,000	\$1,095,990,000

EXPENSES ¹⁰	FY22	FY21
PROGRAM		
Grant Expenses	\$752,925,000	\$708,691,000
Program Delivery	\$145,944,000	\$121,644,000
Total Program	\$898,869,000	\$830,335,000
SUPPORTING ACTIVITIES		
Fundraising	\$120,620,000	\$95,289,000
Management and General Administration	\$80,305,000	\$78,002,000
Total Supporting	\$200,925,000	\$173,291,000
Total Expenses	\$1,099,794,000	\$1,003,626,000

Change in Net Assets (Total Revenue Minus Total Expenses)	\$46,096,000	\$92,364,000
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SELECT DATA	FY22	FY21
Cash, Cash Equivalents and Restricted Cash	\$276,939,000	\$168,554,000
Unrestricted Reserves	\$218,915,000	\$151,981,000
Total Net Assets	\$409,186,000	\$363,090,000

KEY METRICS	FY22	FY21
Total Ending Registered Beneficiaries	2,259,194	2,166,363
Fundraising Efficiency Ratio ¹¹	9.4	11.5
Contribution Growth Rate	4.3%	10%
Grant Growth Rate	6.2%	4%
Program Ratio ¹²	81.7%	82.7%



Children play games at their center in Burkina Faso.



Children in Honduras attend Bible class.



Message from the Board Chairperson

On behalf of Compassion International's Board of Directors, I want to express my sincere gratitude to the vast network of worldwide staff, supporters and partners who are so steadfast in their investment in this cause.

I've personally been privileged to serve on Compassion's board for 18 years, and it is such a joy to witness this global neighborhood of compassionate Jesus followers serve so faithfully and give so generously to the children and youth entrusted to our care.

Even across seasons of extraordinary change and personal uncertainty, this global body's ongoing dedication to move with compassion for "the least of these" in ever-expanding measure is deeply inspiring.

As we look to the future and seek to scale Compassion's effective program to an even greater number of participants, the board and I applaud the visionary spirit and innovative mindset that has been embraced for the ongoing season of transformation and opportunity that stretches before us. Compassion's increasing focus on empowering local contextualization, measuring outcomes, and monitoring interventions to ensure our efforts are actively con-

tributing to positive life change in those we serve all require a culture of continuous learning and adaptation. This work is not easy, especially when conducted in the under-resourced environments that Compassion serves. However, the confidence it produces in knowing our efforts are effective fuels our resolve to extend the ministry to even more children and youth who are in desperate need of life-saving help today and everlasting hope for the future.

Regardless of how or where you contribute throughout this compassionate neighborhood that is dedicated to releasing children from poverty in Jesus' name, my board colleagues and I pray you will not grow weary in the good you are doing.

Every blessing to you,

Dr. Judy B. Goltz
Board Chair,
Compassion International

• A boy is grateful for a new water system that provides safe water at his center in Ethiopia.



Endnotes

- ¹ The World Bank, Health, Nutrition and Population Statistics, accessed September 8, 2020, <https://databank.worldbank.org/source/health-nutrition-and-population-statistics>
- ² World Christian Database: Center for the Study of Global Christianity, accessed September 2, 2020, <https://www.worldchristiandatabase.org>
- ³ Compassion International Internal Analysis
- ⁴ Frontline Church Partners are the local churches in developing nations with which Compassion works to deliver child development and ministry in the field, including churches that have a Child Survival Program.
- ⁵ Highly Vulnerable Children's Care was created to assist Compassion's most vulnerable beneficiaries. The primary objective of this program is to provide emergency and supplemental interventions that are not present in core programs. These interventions are also required to stabilize beneficiaries to ensure that they remain involved in core program activities and show progress toward achieving outcomes.
- ⁶ Published by the United Nations Development Programme, the Human Development Index is a statistic composite index of life expectancy, education, and per capita income indicators, which is used to rank countries into four tiers of human development.
- ⁷ Immediate and "after shock" effects, often not imminently seen affecting outcomes in secondary and tertiary waves for years to come (ex: disruption to fiscal policies, inflation, import of vital resources such as nitrogen and fertilizer for food production, etc.).
- ⁸ The [HungerMap](#), the [Famine Early Warning System](#), and internal data were analyzed to predict with local precision food levels at churches.
- ⁹ Contributions are recorded as revenue when received without donor-imposed conditions or when donor-imposed conditions are substantially met. Child sponsorships and other monthly commitments are considered conditional until payment is received. Other contributions include amounts received for the Survival Program, Supplementary Grants, or contributed without donor intent. Lastly, Compassion receives other net revenues primarily in the form of investment income, sublease income and gains/losses in foreign currency transactions.
- ¹⁰ The cost of providing the various programs and supporting services has been summarized on a functional basis, as required. Program costs are recognized both as grants to third parties as well as program delivery costs related to program development, insights and implementation. Supporting services are divided among those costs specific to fundraising versus all other management and supporting activities. Expenses directly attributable to a specific functional area of Compassion are reported as costs of those functional areas. Accordingly, certain costs have been allocated among program and supporting services benefited. Costs allocated primarily include facilities, information technology, and donor servicing and communications.
- ¹¹ The fundraising efficiency ratio is used to measure the effectiveness of an organization at raising contributions. It is calculated by dividing total contributions less other net revenue by total fundraising expenses. Fiscal year 2021's ratio reflects an anomaly that was largely the result of the cancellation of large events such as concerts, festivals, and church events due to the COVID-19 pandemic.
- ¹² The program ratio is a standard not-for-profit measure depicting the relationship between amounts an organization devotes directly to the deployment of its primary mission to those required to operate the organization overall. It is calculated by dividing program expenses by total expenses. Compassion recognizes that we are best prepared to carry out our mission when able to adequately invest in staffing and infrastructure. While portions of these expenses are not considered programmatic they are vital to the success of the overall mission.



*Compassion
gives children the
opportunity to
learn and grow.*

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