

# PARTNERS IN HOPE



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

## 2006–2007 Annual Report

There were no needy persons among them. For from time to time those who owned lands or houses sold them, brought the money from the sales and put it at the apostles' feet, and it was distributed to anyone as he had need. — Acts 4:34–35 (niv)

 Releasing children from poverty  
**Compassion**  
in Jesus' name



# Financial Overview

**Good stewardship is not just a goal at Compassion but a mission.** In all we do — financially and programmatically — we focus on being good stewards of what God has entrusted to us. We aspire to secure a “well done, good and faithful servant” from all those we serve, including our sponsors and donors, our church partners and, of course, children in need around the world. Through your support more than 880,000 children and young adults\* benefit from our programs all over the world. Currently 90.5 percent of the money raised to conduct our holistic child development programs comes from sponsors and donors who give through monthly contributions to our core programs: the Child Survival Program, the Child Sponsorship Program and the Leadership Development Program. The remaining 9.5 percent comes from donors who support our Complementary Interventions funds, which complete our three core programs.

*\*As of June 30, 2007.*

## Statements of Activities

For the years ended June 30, 2007 and 2006

	2007				2006			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
<b>Revenue, gains, and other support:</b>								
Contributions	\$ 2,237,486	237,982,913	—	240,220,399	1,917,959	201,341,422	—	203,259,381
Gifts in kind	—	57,963	—	57,963	—	86,935	—	86,935
Contributions from affiliated organizations	10,789,267	59,163,093	—	69,952,360	7,829,992	44,581,333	—	52,411,325
Interest and dividends	937,962	131,931	—	1,069,893	740,970	106,531	—	847,501
Net realized and unrealized gains on investments	907,048	349,062	200,000	1,456,110	141,023	246,879	—	387,902
Bequests	866,414	3,872	233,762	1,104,048	785,581	63,779	114,702	964,062
Royalty income and net sales	9,383	—	—	9,383	—	—	—	—
Changes in value of split-interest agreements	48,109	116,612	—	164,721	[11,201]	50,385	—	39,184
Net assets released from restrictions in satisfaction of program restrictions	291,049,022	[291,049,022]	—	—	242,593,996	[242,593,996]	—	—
<b>Total revenue, gains, and other support</b>	<b>306,844,691</b>	<b>6,756,424</b>	<b>433,762</b>	<b>314,034,877</b>	<b>253,998,320</b>	<b>3,883,268</b>	<b>114,702</b>	<b>257,996,290</b>
<b>Expenses:</b>								
<b>Program services:</b>								
Child development program	228,940,136	—	—	228,940,136	190,264,992	—	—	190,264,992
Sponsor/donor ministries	21,826,713	—	—	21,826,713	16,634,638	—	—	16,634,638
<b>Total program services</b>	<b>250,766,849</b>	<b>—</b>	<b>—</b>	<b>250,766,849</b>	<b>206,899,630</b>	<b>—</b>	<b>—</b>	<b>206,899,630</b>
<b>Support services:</b>								
Fund raising	27,000,461	—	—	27,000,461	20,955,636	—	—	20,955,636
Administration	22,702,737	—	—	22,702,737	18,948,999	—	—	18,948,999
<b>Total support services</b>	<b>49,703,198</b>	<b>—</b>	<b>—</b>	<b>49,703,198</b>	<b>39,904,635</b>	<b>—</b>	<b>—</b>	<b>39,904,635</b>
<b>Total expenses</b>	<b>300,470,047</b>	<b>—</b>	<b>—</b>	<b>300,470,047</b>	<b>246,804,265</b>	<b>—</b>	<b>—</b>	<b>246,804,265</b>
Change in net assets	6,374,644	6,756,424	433,762	13,564,830	7,194,055	3,883,268	114,702	11,192,025
Net assets, beginning of year	39,921,058	35,583,527	5,388,998	80,893,583	32,727,003	31,700,259	5,274,296	69,701,558
<b>Net assets, end of year</b>	<b>\$ 46,295,702</b>	<b>42,339,951</b>	<b>5,822,760</b>	<b>94,458,413</b>	<b>39,921,058</b>	<b>35,583,527</b>	<b>5,388,998</b>	<b>80,893,583</b>

# Statement of Functional Expenses

For the year ended June 30, 2007

	Program Services			Support Services			Total expenses
	Child development program	Sponsor/donor ministries	Total program expenses	Fund raising	Administration	Total support services	
Direct payments to field	\$197,362,916	606,197	197,969,113	—	—	—	197,969,113
Salaries and related taxes	13,091,701	6,507,717	19,599,418	5,764,149	7,059,036	12,823,185	32,422,603
Employee benefits	3,925,741	1,565,235	5,490,976	1,453,856	2,077,753	3,531,609	9,022,585
Travel and training	4,771,369	980,695	5,752,064	2,534,359	495,335	3,029,694	8,781,758
Data processing services	2,237,008	5,220,998	7,458,006	2,862,653	4,868,903	7,731,556	15,189,562
Professional fees	1,535,112	2,122,581	3,657,693	4,641,429	2,886,703	7,528,132	11,185,825
Occupancy	2,329,341	889,438	3,218,779	748,003	1,521,947	2,269,950	5,488,729
Postage and shipping	168,217	1,727,722	1,895,939	1,443,820	1,571,655	3,015,475	4,911,414
Office equipment and supplies	2,919,526	1,014,200	3,933,726	915,393	1,883,503	2,798,896	6,732,622
Photos and printing	233,934	1,058,298	1,292,232	1,764,629	298,017	2,062,646	3,354,878
Media	17,739	119,697	137,436	3,545,146	21,826	3,566,972	3,704,408
International expansion grants	—	—	—	1,295,743	—	1,295,743	1,295,743
Miscellaneous	347,532	13,935	361,467	31,281	18,059	49,340	410,807
<b>Total</b>	<b>\$228,940,136</b>	<b>21,826,713</b>	<b>250,766,849</b>	<b>27,000,461</b>	<b>22,702,737</b>	<b>49,703,198</b>	<b>300,470,047</b>

For the year ended June 30, 2006

	Program Services			Support Services			Total expenses
	Child development program	Sponsor/donor ministries	Total program expenses	Fund raising	Administration	Total support services	
Direct payments to field	\$163,954,019	511,142	164,465,161	—	—	—	164,465,161
Salaries and related taxes	10,995,443	5,489,472	16,484,915	4,644,611	6,529,823	11,174,434	27,659,349
Employee benefits	3,276,462	1,334,483	4,610,945	1,250,686	2,048,036	3,298,722	7,909,667
Travel and training	4,303,742	875,384	5,179,126	1,994,410	482,446	2,476,856	7,655,982
Data processing services	1,972,144	3,305,480	5,277,624	1,706,763	3,351,170	5,057,933	10,335,557
Professional fees	1,195,403	1,533,770	2,729,173	3,328,955	2,612,529	5,941,484	8,670,657
Occupancy	1,786,705	577,322	2,364,027	478,810	1,018,881	1,497,691	3,861,718
Postage and shipping	161,097	1,464,043	1,625,140	1,319,107	1,317,357	2,636,464	4,261,604
Office equipment and supplies	2,252,012	784,297	3,036,309	601,678	1,368,729	1,970,407	5,006,716
Photos and printing	159,359	711,800	871,159	1,627,113	202,442	1,829,555	2,700,714
Media	765	36,183	36,948	2,846,518	14,156	2,860,674	2,897,622
International expansion grants	—	—	—	1,144,154	—	1,144,154	1,144,154
Miscellaneous	207,841	11,262	219,103	12,831	3,430	16,261	235,364
<b>Total</b>	<b>\$190,264,992</b>	<b>16,634,638</b>	<b>206,899,630</b>	<b>20,955,636</b>	<b>18,948,999</b>	<b>39,904,635</b>	<b>246,804,265</b>



## BOARD MEMBERS 2006-2007

**Ronald A. Lehmann, Chairman**  
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Research, Kendal Investments*

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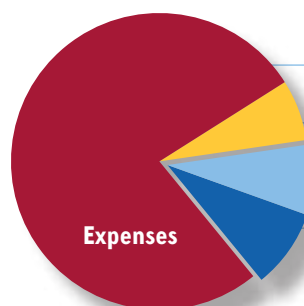
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**Karen K. Wesolowski,**  
**General Director**  
*Attorney/Homemaker*

**Terry McBride,**  
**Limited Director**  
*Management Consultant*

**J. David Fischer,**  
**Limited Director**  
*Partner, Lerner LLP, London*

**Paul Schafer, Limited Director**  
*President, Christ Is the Answer  
Mission*





## Statements of Financial Position

For the years ended June 30, 2007 and 2006

	2007	2006
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 39,462,503	26,049,240
Investments	8,531,227	7,388,331
Receivables from affiliated organizations	4,333,197	3,302,818
Accounts and notes receivable	353,932	433,130
Prepaid expenses and supplies	3,205,345	2,993,802
<b>Total current assets</b>	<b>55,886,204</b>	<b>40,167,321</b>
<b>Noncurrent assets:</b>		
Receivable from affiliated organization	—	470,000
Property, plant, and equipment, net	61,351,016	56,482,567
<b>Total noncurrent assets</b>	<b>61,351,016</b>	<b>56,952,567</b>
<b>Restricted assets:</b>		
Investments restricted for trust and annuity obligations	4,853,494	4,719,176
Investments restricted for long-term purposes	5,728,780	5,569,556
<b>Total restricted assets</b>	<b>10,582,274</b>	<b>10,288,732</b>
<b>Total assets</b>	<b>\$127,819,494</b>	<b>107,408,620</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 6,073,254	5,558,977
Funds committed to sponsorship projects	19,825,237	14,587,854
National pension payable	392,227	329,029
Trust obligation	60,073	57,338
Gift annuities payable	19,765	17,144
Revocable trust agreements	1,030,753	950,002
<b>Total current liabilities</b>	<b>27,401,309</b>	<b>21,500,344</b>
<b>Long-term liabilities:</b>		
National pension payable, less current portion	3,534,040	2,570,685
Trust obligation, less current portion	1,609,908	1,626,685
Gift annuities payable, less current portion	496,637	565,593
Custodial funds held	319,187	251,730
<b>Total long-term liabilities</b>	<b>5,959,772</b>	<b>5,014,693</b>
<b>Total liabilities</b>	<b>33,361,081</b>	<b>26,515,037</b>
<b>Net assets:</b>		
Unrestricted	46,295,702	39,921,058
Temporarily restricted	42,339,951	35,583,527
Permanently restricted	5,822,760	5,388,998
<b>Total net assets</b>	<b>94,458,413</b>	<b>80,893,583</b>
Commitments and contingencies (notes 5, 6, 10, and 11)		
<b>Total liabilities and net assets</b>	<b>\$127,819,494</b>	<b>107,408,620</b>

To see the complete version of Compassion's 2007 audited financial statements please go to [compassion.com/07financial](http://compassion.com/07financial).



Colorado Springs, CO 80997  
(800) 336-7676  
[compassion.com](http://compassion.com)

## Dear Partners in Christ,

I address you as partners because we at Compassion understand that no one organization does anything alone in God's kingdom. We know that without you — our faithful supporters, sponsors, donors and prayer warriors — we would not have had the ability to answer God's call to serve more than 880,000 children and young adults\* this past fiscal year.

And we've accomplished this enormous undertaking together. You and us. And you and other sponsors and donors. Acts 4:34-35 speaks to the power of togetherness. How the members of the early church banded together to answer God's call.

There were no needy persons among them. From time to time those who owned lands or houses sold them, brought the money from the sales and put it at the apostles' feet, and it was distributed to anyone as he had need.

— Acts 4:34-35 (NIV)

**"Distributed to anyone as he had need."** And with your support of Compassion's ministry, that's exactly what we did last year.

Each month we receive money for our Child Sponsorship Program from our sponsors. And each month we join that money together into one central fund. We divide the total amount of sponsorship money by the total number of children in our program, and the resulting amount is what we give to help each child in our program. No child is left behind. So we thank you for your consistent support, not only for your sponsored child but also for the hundreds of thousands of children helped in this program.

Thank you for your commitment to join with hundreds of thousands of others in Compassion's ministry. Here are just a few highlights that show the fruits of our common labor:

- Praise the Lord! In the last three months alone, more than 32,000 children made first-time professions of faith, according to our church partners. And more than 64,000 Bibles were distributed to children.
- We saw 163,983 new children registered into our Child Sponsorship Program.
- We welcomed 478 new church partners, increasing our overall number of Compassion-assisted child development centers to 3,939 in 24 countries.
- The Lord also blessed our Child Survival Program exponentially, as we grew from 66 programs to 174 and are now serving nearly 10,000 mothers and their infants and toddlers.
- We expanded our Leadership Development Program to Honduras. Now more than 1,300 students in 16 countries are enrolled in this Christian leadership program that provides a university education to impoverished students.
- Total revenues increased by more than 21 percent over last year, enabling us to serve thousands more children.

Thank you for your dedication to this ministry. Together we can realize a world without poverty that is focused on our Lord Jesus Christ!

Sincerely in Him,

Dr. Wess Stafford  
President



Ronald A. Lehmann  
Chairman of the Board



\*As of June 30, 2007.