



One Year Better than Before

2011 Annual Report



From the president

The notion that one's character is both revealed and shaped by challenges has been around for a long time. And if you believe, as do I, that there is some truth in that statement, then the character of our supporters could not be held in higher esteem.

Despite widespread – even global – difficulties, the continued generosity and devotion of our sponsors and donors have been nothing short of inspiring. They have also allowed us to build upon the progress we've made in previous years. Maintaining forward momentum over time is at the heart of sponsorship's success in helping poor children overcome poverty. It means we are all in it for the long haul.

One of the reasons I am such a believer in the power of sponsorship is that I get to see the difference it makes every day. Whether it's when I'm traveling to the field and visiting with children and families or reading the success stories that cross my desk, the evidence is overwhelming.

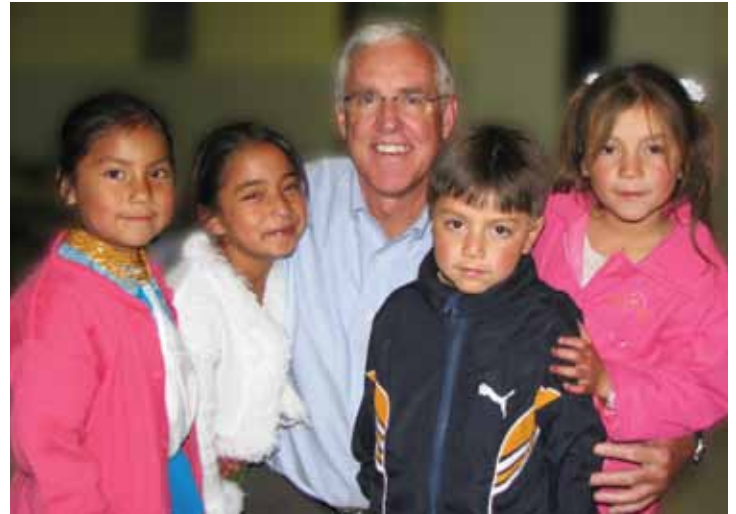
Another distinguishing asset of sponsorship is its ability to address unique needs at different stages of a child's life. When they are very young, sponsorship might ensure their enrollment in early childhood development or nutrition programs. Or, as is the case with Carol from Honduras, who began receiving the benefits of sponsorship in January 2011, it meant something significant – her first medical exam with our agency doctor.

Victorina, Carol's great aunt and guardian, told us that the girl previously suffered from constant headaches and frequent respiratory illnesses. "Since the first time I took her to the doctor," Victorina says, "Carol's health has changed considerably. She is much better." Our staff in Honduras tell me Carol isn't just healthier, she is happier and doing better in school.

Our sponsorship program helps in so many ways beyond meeting physical needs. We've developed programs that help kids transition psychologically, educationally and socially. As sponsored children grow into adolescents, they and their parents receive assistance and guidance to help them navigate those turbulent times.

As our 75th year as a humanitarian organization draws to a close in 2011, we have much to be proud of – and much to look forward to. Building on the past in order to make a better future is a solid guiding principle for any organization. It's also an important principle of sponsorship.

Your support helps us build a substantial foundation for poor children, making it possible for each year to be better than the one before. Such generosity in tough times speaks volumes about the character of our contributors...each of whom is proof that one person can make a difference.



Jim Cook
President

Sponsorship Overview

Each year that a child has the help and encouragement of sponsorship is a year that is better than the one before. From the time children enter our program as early as age 3 until they graduate at 19, sponsorship gives them numerous opportunities for improvement along the way.

Beginning with basic support like health and dental care, educational assistance, shoes and clothing, sponsorship establishes a solid foundation for growth and development. As a child's health and overall well-being improve, they are given the chance to acquire valuable skills and get involved in positive activities through our various youth-oriented programs.

Many of these transformational benefits and experiences take place at our community centers. The centers offer a critical network of support that is otherwise absent in the impoverished communities they serve; and we've continued to replace, renovate and add centers over the years to provide better services to children and families in dire need of help. In 2011, we added two new centers – one in the Philippines and one in the Dominican Republic – and we are in the process of completing two others in Honduras and Mexico.

We've also witnessed exponential growth in the number of participants attending the skills-building programs we offer: Game On! Youth Sports™, Aflatoun and Into Employment. These programs offer specialized training in areas such as teamwork and leadership, community support, financial education, job-skills training and more.

All told, more than 340,000 children and youth received support through the wide array of benefits, services and programs we were able to offer in 2011, thanks to our dedicated sponsors and donors. And we look forward to doing even more in the year to come.

Sponsors and Donors Like You

At Children International, we believe in the power of one...one sponsor making a difference for one child. That's why we encourage each of our more than 280,000 sponsors to form a personal relationship with their child.

To help cultivate that friendship, we annually send two letters and a photo from each sponsored child to his or her sponsor. We also urge sponsors to write letters in return – to help instill confidence and determination in the children they support. Parents and field staff tell us again and again how these letters help motivate a child to stay in school or to intensify their academic efforts – or even get involved in their community in positive ways.

Sponsors are also invited to visit and meet their children and see exactly how their contributions are being used. Several sponsors have become advocates as well – sharing their stories with others on www.liftone.org, our online sponsorship community.

No matter how involved they choose to be, each and every one of our sponsors – individually and collectively – help ease the daily burdens of poor children and families around the world. Like sponsor Renee Brochester, they find that the help they provide is returned to them many times over.

"It is very clear to me," Renee said after visiting her sponsored child, Kateryn, in Honduras, "though I have been the one sending money and support, she is the one who has truly given me an immeasurable gift."

Program Highlights for 2011



Health and Nutrition

- 239,410 anti-parasite treatments
- 425,658 medical exams
- 137,613 dental exams



Education

- 291,724 school-supply kits
- 33,877 children awarded tuition
- 3,557 children tutored



Clothing and Shoes

- 840,282 clothing items
- 421,244 pairs of shoes
- 111,024 school uniforms

Health

A Head Start on Good Health

Medical care is a need that just can't be ignored – especially for young children. The World Health Organization notes that “nearly two-thirds of premature deaths and one-third of the total disease burden in adults are associated with conditions or behaviors that began in their youth.”

A medical exam is one of the very first benefits every sponsored child receives when he or she enrolls in our program. Children are then able to seek follow-up care at our medical clinics as needed rather than risk incomplete care at overcrowded public clinics. All the while, sponsorship ensures they receive essential medicines, lab work and referrals for specialized care, so families don't have to forego other basic needs just to keep their children healthy.

When it comes to more critical cases, our Emergency Medical Fund helps cover the costs of surgery or advanced care. And in areas where parasites or contagions like tuberculosis are prevalent, our sponsorship agencies offer aggressive treatment plans with frequent monitoring and follow-up support.

Poor dental health can also be detrimental to children, so dental checkups and treatment are standard benefits of sponsorship as well. We provide routine screenings and referrals to address problems before they develop into more painful complications.

In only a year's time, the medical and dental services sponsorship provides can give children the healthy boost they need to focus on their potential, and not their physical ailments.



On the Charts:

- Our agencies in the Philippines have achieved a 97 percent success rate for treating tuberculosis.
- Over 2,100 children received dental screenings last school year at our Future Smiles Dental Clinic in Little Rock, Arkansas.

Education

Schooled in Sponsorship

Every year of school is critical for children in developing countries. Studies by the World Bank indicate that providing girls with even one extra year of education beyond the average can boost their future wages by 10 to 20 percent, while money invested in primary education for boys has been found to produce returns of 5 to 15 percent.

Sponsorship is contributing to those results – **over 95 percent of all the eligible school-age children in our program enrolled and passed their previous school year.**

That outcome is so high because sponsorship helps remove barriers to school completion. Children might receive school supplies or textbooks, depending on which items are needed most. Or they could receive school uniforms, assistance with required school fees, or transportation expenses.

Sponsored children are also encouraged to visit our community center libraries, where they have access to resources such as computers, books and reference materials. Many of our centers even offer tutoring sessions, extracurricular classes and educational workshops.

Beyond that, programs as wide-ranging as early childhood development classes to our HOPE Fund – which helps qualified youth pursue a college degree or vocational training – are helping prepare boys and girls for success in both school and life.



Making the Grade:

- As many as 10,000 HOPE scholarships have been awarded since the HOPE Fund began in 2004.
- 89 percent of our surveyed youth rated the educational support they received as good or excellent.

Nutrition

Breaking the Cycle of Hunger

Maintaining a healthy diet has always been a challenge for impoverished families who sometimes spend as much as 80 percent of their incomes on food alone.

In 2011, concerns about nutrition intensified as food prices reached historic highs. Dr. Armando Palomo, the health coordinator for our agency in Honduras, estimates that the amount of money once needed to feed a family of four for one month will now only feed a family for a week to 10 days. In the Philippines, where 40 percent of the population is classified as “food poor,” malnutrition ranks as the third greatest health problem for sponsored children under 11.

Our sponsorship agencies are confronting the problems of hunger and malnutrition head on, beginning with regular screenings for children under 12. Boys and girls who show signs of moderate to severe malnourishment are enrolled in our nutrition rehabilitation program, where they receive nutrient-rich foods. Meanwhile, children and their parents are encouraged to attend nutrition workshops and learn how to prepare healthy foods on shoestring budgets.

In times of crisis, our Lifeline Food Program provides emergency food relief to families who face dire circumstances, such as a job loss, chronic illness, death or disasters. Lifeline has further enabled us to expand school feeding programs and provide food vouchers to families who habitually limit the number of meals they eat due to lack of food.



Food for Thought:

- School feeding programs were expanded to serve over 3,500 students at eight schools in Zambia.
- Over 900 malnourished children in Cartagena, Colombia, were fully rehabilitated after completing our year-long nutrition program.

Youth

Prepped for Success and Service

“I am in the third level of computer engineering, and I work as a community professor at night...” boasts Edwin Armijos of Ecuador, a 2011 sponsorship graduate. “In the future, I want to make sure more youth get involved in the activities of Children International.”

Sponsored youth like Edwin are encouraged to join the Youth Program when they turn 12. Most start by attending Leadership Training workshops, which teach problem-solving and decision-making skills. Many then join our Youth Councils. The members elect representatives, organize volunteer efforts and administer our Youth Empowerment Fund, an annual endowment that gives youth the chance to implement projects that benefit their communities.

The next step is often our Youth Health Corps (YHC). Participants are trained on health topics like preventable diseases, reproductive health and substance abuse and then share that knowledge with their peers. Besides that, they can also join Game On! Youth Sports™, a community sports program hosted in partnership with the International Alliance for Youth Sports (IAYS)... Into Employment, our job-training program...and Aflatoun, a program which teaches young people how to manage and save money.

As youth near graduation, those who actively participated in our programs report that they have a greater ability to stay healthy, reach their goals, solve problems and support themselves financially. Edwin can certainly vouch for that.



Recent Growth Opportunities:

- Youth in Mexico used a portion of their Youth Empowerment Fund to cultivate small gardens and help feed members of their community.
- Over 2,400 YHC participants received health education training and shared what they learned with 140,000 peers.

Family and Community Support

Casting a Wider Safety Net

For sponsorship to be as effective as it needs to be, a child's home and community need to be as stable and supportive as possible. In a perfect world, that would include engaged and loving parents, a network of extended family members and a dynamic, positive community.

Unfortunately, having all of those critical resources is rare for many poor children around the world. But Children International's sponsorship program helps fill in the gaps.

For example, by offering parents educational workshops on health and nutrition, we are able to strengthen and improve family life. Additionally, **parents have opportunities to engage in volunteer work, so they can become active and visible role models in their neighborhoods.** And when families in the sponsorship program face crises such as natural disasters, they know they can count on us to coordinate, as well as provide, emergency response.

Last year, our Lifeline Food Program provided vital food relief to thousands of families to help them endure the devastating effects of tropical storms, floods, fires and other disasters in the Philippines and in Central and South America. Plus, it helped mitigate the consequences of drastically rising food prices and issues of scarcity.

"The food assistance was a huge help for my family and for my neighbors," Jocelyn Zafe, the mother of a sponsored child, told us after a fire engulfed her family's home and community in Quezon City, Philippines. "We were hopeless. We were starving. But when food arrived...we found hope once again."

Partnerships

Joining Efforts to Improve Lives

Collaborating with businesses and organizations that share our humanitarian goals has made it possible to reach more children and families in need and provide those recipients with a wider array of benefits and services.

In 2011, we teamed up with Black & Veatch, a global engineering, construction and consulting company, to build four tube wells near Kolkata, India. Approximately 300 families gained access to safe drinking water as a result.

Another partnership we are proud of is with Purdue Pharma, L.P., which donated a vital medical antiseptic solution known as Betadine® Microbicides. The antiseptic is commonly used in homes as a cleanser to prevent skin infections as well as a pre-surgical cleanser in hospitals. Thanks to the donation, physicians working with Children International in Chile and Honduras are using the antiseptic in their care and treatment of over 40,000 boys and girls.

It's also worth noting that, in the 20 years since Children International received its first product donation, **millions of children, youth, families and communities around the world have been the happy beneficiaries of donated goods and services.** Extra donations in the form of textbooks, clothing, medical supplies and more are shipped to our sponsorship agencies each year to provide children and families an added degree of comfort and care.



Safety in Numbers:

- The Philippine National Disaster Coordinating Council recognized Children International as the country's best humanitarian organization.
- Our agency in Guatemala hosted a workshop that trained 500 mothers how to make and sell cakes and pastries to supplement their incomes.



Combined Outcomes:

- Notable partners for 2011 include Microsoft, HSBC, Manpower and Citi Foundation.
- We distributed nearly 2 million donated textbooks throughout Asia, Africa and Latin America.

Condensed Audited Financial Information

Independent Auditor – BKD, LLP

For year ended September 30, 2011

Public Support and Revenue	
Sponsorships and Contributions	\$ 95,613,700
Corporate Gifts and Commodities	58,889,658
Legacies and Bequests	1,544,433
Grants and Other Income, Net	374,488
Total Public Support and Revenue	156,422,279
Expenses	
Program Services	
Worldwide Program Services	128,277,232
Supporting Services	
Management and General	9,545,092
Securing Financial Support	17,306,990
Total Supporting Services	26,852,082
Total Expenses	155,129,314
Public Support and Revenue Over Expenses	1,292,965
Non-Operating Activities	
Net Realized Endowment Gains	1,110,601
Unrealized Loss on Investments	(1,479,851)
Decrease in Actuarial Liability for Gift Annuities	39,346
Decrease in Value of Deliverable and Non-Deliverable Forward Contracts	(208,263)
Increase in Net Assets	754,798
Net Assets, Beginning of the Year	44,071,452
Net Assets, End of the Year	\$ 44,826,250

BOARD OF DIRECTORS

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 Gordon Bailey
 James Cook
 Susana Eshleman
 Joan Horan
 Eve Krahn

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 Creative & Production Services

Franklin Guerrero
 Associate Vice President of
 Development

Carole Spencer
 Associate Vice President of Marketing

Vickie Wiedenmann
 Assistant Vice President & Secretary

Children International follows the standards and practices of these organizations in developing our programs to help needy children:

World Health Organization:
 Child Growth Monitoring
 Parasite Prevention Program
 International Statistical Classification of Diseases – 10th Revision

American Institute of Certified Public Accountants and the Financial Accounting Standards Board:
 Accounting procedures





Our mission is to bring real and lasting
change to children living in poverty.
In partnership with contributors, we reduce
their daily struggles, invest in their potential,
and provide them with the opportunity
to grow up healthy, educated and prepared
to succeed and contribute to society.