



Accountability Report 2023

Compassion International, Inc. and Affiliates



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Maria in Mexico plays with her nephew.





- Now in our eighth decade of ministry,
- Compassion serves more than 2.3
- million children globally.



Message From the President

Often when we come to the close of something significant, we are moved to both reflect back with gratitude and look forward with a renewed sense of commitment. At Compassion, we do that at the end of each fiscal year. But this year was exceptional. *This year* marked our 70th year of ministry to release children from poverty in Jesus' name.

As we looked back with appreciation for God's faithfulness over seven fruitful decades, there was immense gratitude for the honor we now have of serving Compassion during this season. We have inherited a strong foundation from those who came before us. And, today, it is such a privilege to link arms with neighbors from all across Compassion's global community who are so deeply committed to the ongoing story that God is writing through this ministry.

Our collective commitment has never been stronger to join God on this journey, one in which we sense he is calling us toward an even greater harvest. That is clearly seen in the efforts underway to extend the reach of the ministry to new areas — to communities of greater need within our active program countries and to entirely new nations. Yet as we seek to serve more children and youth more quickly, we are also careful to ensure that transformative

outcomes are being achieved within each young life that we are privileged to serve.

The statistics around global poverty are staggeringly huge. But our focus is not only on a big number. We are keenly aware that the most important number is often simply *one*. We never want to forget the enormous worth and value of *the one child* whose life can be forever changed by this global neighborhood that is offering tangible help, surrounding them with a consistent example of God's love for them, and speaking eternal hope into their seemingly hopeless situation.

As you engage the following pages of this report, I hope you see our heart to make an expanding global impact at a very personal level. I also hope you sense our deep and sincere appreciation for your partnership in this precious cause. May God continue to go before us all as we humbly seek his direction across many more decades of ministry yet to come.

Blessings to you,

Santiago "Jimmy" Mellado
President and CEO
Compassion International

Ministry Overview

.....
*Esmeralda and Ikher in Bolivia hold
baby lambs.*





Who We Are

Compassion is a child-focused, church-driven, Christ-centered ministry that connects compassionate people with children around the world who live in poverty.

Compassion International, with its independent partners, controlled entities and affiliates (collectively, Compassion) connects 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 more than 70 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 **releasing 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 feasible for Compassion to reach through our program operations in 29 countries.^{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.

.....

TOP:

Cherita (in yellow) and her family in Togo are thankful for an emergency food basket from Compassion.

BOTTOM LEFT:

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

BOTTOM RIGHT:

Compassion partners with churches in communities like this one in Ecuador and around the world.

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.

• Gisel (second from left) and her family read the Bible together.



What We Do

Compassion is grateful to be a leading authority in holistic child and youth development within the international development sector. We have the great privilege and responsibility of serving more than 2.3 million children and youth living in unacceptable poverty across 29 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 8,600 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 support the United Nations' Sustainable Developmental Goals, which provide global guidance, particularly in the eradication of poverty and on 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 1.5 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 nonmonetary 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 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 31 countries. Covenant partners include Australia, Canada, France, Germany, Italy/Spain, South Korea, the Netherlands, New Zealand, Nordic (Denmark, Finland, Norway, Sweden), Switzerland, the United Kingdom/Ireland and the United States. These partners serve supporters in several additional countries (shown in lighter blue in the map below) with the unified purpose of providing holistic child development and living out the teachings of Jesus to love and serve the poor. The Alliance is not an entity, but the means by which multiple

entities accomplish a shared purpose. Compassion International does not control or own any covenant partner. Each partner raises its own funds, has its own governing board⁴ and has agreed to share funding with Compassion International in order to access Compassion's programming. In fiscal year 2023, covenant partner contributions totaled over 20% of the consolidated revenues of Compassion International.

In this way, the Alliance partners with and supports Compassion-assisted children and Compassion's Frontline Church Partners.⁵ Each covenant partner is subject and accountable to local governments and donors.





COMPASSION VOLUNTEERS

Compassion relies on a talented, diverse network of more than 145,000 volunteers. These volunteers serve within the frontline church programs as teachers, tutors, worship leaders, cooks and more. Others serve live events, at our headquarters in Colorado and on our translation team. In fiscal year 2023, 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 400 ambassadors who raised donor support and collectively helped over 63,000 children connect with sponsors in fiscal year 2023.

CHURCH ENGAGEMENT

Compassion has over 15,000 active relationships with supporting churches. We help them 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 1.5 million individuals globally took the opportunity in fiscal year 2023 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.

ABOVE:

Compassion supporter Wendy meets her sponsored child Reponse (center) in Rwanda.

RIGHT:

Compassion partnership is part of a larger mission for pastor Jessy Padilla and Iglesia Emanuel.

FROM MEMBER-CENTERED TO MISSION-FOCUSED

When Jessy Padilla became the pastor of Iglesia Emanuel in Illinois, U.S., he picked up on a trend. In the bilingual church located in a city that was 50% Latino, he sensed too much of a members-centered focus.

For Padilla, "You celebrate what God did for you, and then you tell the world that God wants to show them his love so the world can be transformed."

Over time the church's focus turned outward, and they realized their role in helping others do God's work: they started joining mission trips, sponsoring missionaries, serving their community and planting churches. They also began partnering with Compassion.

"That was the moment when we as a church found God's heart. Mission is God's heart," says Padilla. "It is the reason for a church to exist and to worship."

Through their Compassion partnership, Iglesia Emanuel sees an opportunity to develop future leaders where seeds of Christ's love are being planted.

"I believe Compassion makes the gospel visible. And that's what we want at the end — we want people to know Jesus."



- **TOP:**
- *Johaner and his family in Colombia give thanks to God for their food.*
-
-
-
-
- **BOTTOM:**
- *Adriana (in blue) prays with her family in Bolivia.*
-
-

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 approximately 70% of total grants, is based on a holistic approach to child and 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 component of our 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

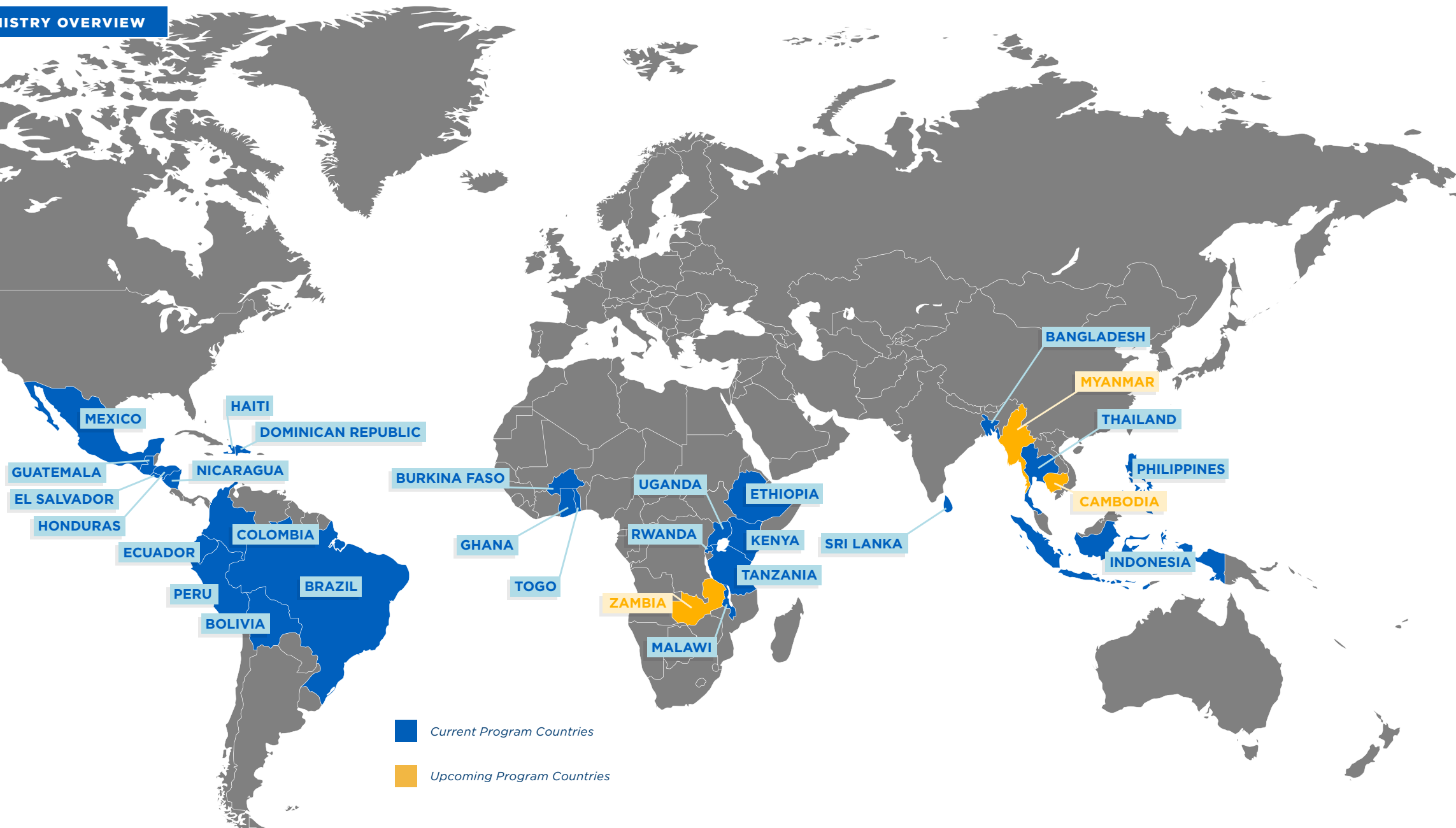
Compassion's participants and require funding beyond what monthly sponsorship can provide. Examples include:

- Disaster response
- Medical assistance
- Water, sanitation, & hygiene (WaSH) interventions
- Highly vulnerable children's care⁶
- Vocational, technical or university training



Where Compassion Works

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



NATIONAL OFFICES

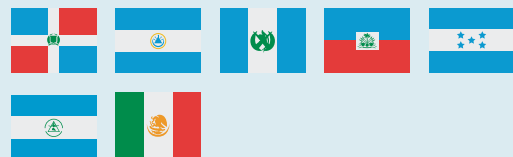
Compassion employs citizens of each of our 29 program countries to support and equip our Frontline Church Partners and lead local ministry operations. They provide critical services, such as helping build local churches' capacity to achieve outcomes, developing relationships with local governments, offering operational support and conducting marketing and fundraising activities.

FRONTLINE CHURCH PARTNERS

Compassion's 8,600 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.

CENTRAL AMERICA & THE CARIBBEAN

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



SOUTH AMERICA

Bolivia, Brazil, Colombia, Ecuador and Peru



AFRICA

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



ASIA

Bangladesh, Indonesia, the Philippines, Sri Lanka, Thailand (includes ministry to children on the Myanmar border)



Compassion and our church partners are working toward sustainable solutions to complex challenges.

Meeting the Greatest Needs: Serving 2.3 Million Children and Youth

Like most nongovernmental organizations (NGOs), Compassion operates in a rapidly changing landscape that continues to challenge how we go about our mission more sustainably. If the COVID-19 pandemic taught us anything, it is that a world plagued by instability requires a much different response than one in steady state.

SPOTLIGHT: FOOD INSECURITY

Acute food insecurity is one step below a humanitarian emergency. In this state, people are desperate, often selling their possessions or going to extreme lengths to get the food they need. Some of them are experiencing malnourishment, which for many children can cause permanent damage to their growth and well-being.⁸

Over the last few years, a “perfect storm” of global challenges reversed decades of progress in the fight against **poverty and hunger** in low- and middle-income countries around the world. Compounding factors such as the COVID-19 pandemic, the war in Ukraine, extreme weather, political instability, regional conflicts, inflation, resource shortages and supply chain disruptions combined

to create a global food crisis unlike any other.

Between 2020 and 2023, the estimated number of people facing, or at risk of, acute food insecurity grew by over 200 million — to more than 345 million people currently.⁹

What for many NGOs began as disaster response grew into a longer-term exercise in sustainability.

THE JOURNEY TO MORE SUSTAINABLE SOLUTIONS

Over the last few years, Compassion’s efforts to address the food crisis started with a global fundraising effort supported by all 12 of our Global Partner Alliance offices. Through this campaign and others, donors played a crucial role in supporting food pack distribution and other efforts.

While all of Compassion’s 29 program countries were affected by the global food crisis, we focused relief efforts on the 10 with the most urgent need for support — Burkina Faso, Colombia, the Dominican Republic, Ethiopia, Ghana, Haiti, Kenya, Sri Lanka, Togo and Uganda — where local churches delivered unprecedented support.

How 1,707 local churches in 10 countries delivered food support for more than 1.1 million individuals last year:



provided assistance to
255,697
households



served an estimated
1,133,000
individuals

What that assistance looked like:



255,697
households given
food packs



33,232
households given
cash transfers*



22,655
households given
agriculture support



14,681
households provided
WASH interventions**



28,479
additional households
given support***

**Average cash transfer USD \$28.31*

*** Water, Sanitation and Hygiene provided to address emergency situations*

**** Relief extended to the broader community, focusing on the most vulnerable*

Compassion's offices and staff continue to assess and monitor the situation to ensure appropriate response and timing. In some cases, this may mean continued relief support or, if the situation has stabilized, recovery support. Compassion's work in this area

aims to foster long-term resilience and sustainable solutions — including training or technical support in areas such as home gardening, small livestock/animal husbandry, greenhouse management and small business and vocational skills.



Angie sits with her father, a corn farmer in rural Honduras.



Protection and Safeguarding: Technology's Critical Role

World Health Organization data estimates that 1 billion (44%) of the world's 2.2 billion children experience abuse, neglect or exploitation in a single year.¹⁰

In the contexts where Compassion works, these numbers are likely higher due to extreme poverty and related stressors on families.

One of our highest priorities is that children and youth in the program feel known, loved and protected. Protecting them is a responsibility we take very seriously, and new technology is helping us strengthen that commitment.

Consider this: Two years ago, if a mother became aware that her children, who were program participants, were experiencing violence from their father, she might not have said anything to anyone. At that time, reporting this violence to Compassion or our church partner may not have been easy. The mother would have feared retaliation and further violence from her husband if he saw her telling the Frontline Church Partner staff about what was happening. She also may not have gone online to complete a report, especially in an unfamiliar language.

Today: This same mother now has several options she can use to report anonymously and securely to Compassion from nearly any device, in her own language, with the expectation that meaningful

support from the church partner and Compassion will be provided.

In fiscal year 2023, Compassion reached an important milestone in protection and safeguarding, launching a new incident reporting and management system to all National Offices, Global Alliance Partners and other stakeholders within Compassion. System capabilities include helping Compassion keep highly sensitive information private and secure, tracking data, identifying trends and patterns, and cutting through socio-cultural norms that prevent reporting.

By the end of FY24, all Frontline Church Partners will have received training so they can begin reporting incidents of abuse, neglect and exploitation directly into the system.

Research says 86% of child sexual abuse goes unreported, and the average age of those who do disclose is 52.¹¹ While this is sobering data, we are encouraged our new system is showing that more participants are feeling safe sharing their stories. Thanks to the care and guidance of our church partners, these children and youth can begin their journey toward safety and healing.

Jefferson and Addison sit together outside their home in El Salvador.



How Learning Drives Continued Improvements to Child Development

Seven decades of serving in holistic child development have revealed several key learnings. One is that the local church is our most valued frontline partner in this work. We cannot think of a better way to walk with Christ than to join hands with the Church in this important work. Indeed, it is the only way Compassion operates.

We also continue to learn how local churches and communities understand best what will help them thrive. Since each community's context and needs are different, it is important each church partner have the information they need for decision-making that benefits program participants in their communities.

For example, if a local church partner was focusing on hand-washing education to prevent illness, did it work? Did children learn and begin washing their hands properly? Did it have an impact on health outcomes? If not, what should we adapt or change to improve future outcomes? What learnings can be shared in other communities and countries?

This learning posture is part of the role of Compassion's Program Cycle, a process that empowers frontline workers to prioritize proven interventions as they respond to their most pressing local issues.

Interventions fall under one of these four outcome areas: Capacity for Economic Self-Sufficiency, Youth Agency, Spiritual Development and Well-being, which together are aimed at the long-term goal of young people fully developing their God-given potential and making a difference in their context. Interventions will be tracked over time and play a critical role in helping us continue to learn and improve.

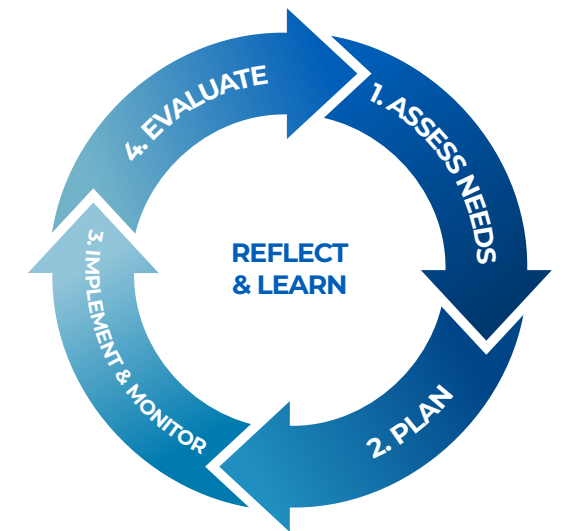
HOW THE PROGRAM CYCLE WORKS

Besides promoting greater program effectiveness, the goal of the Program Cycle is to create a culture of continuous learning among our Frontline Church Partners and, as part of a common Global Outcomes Framework, empower church partners to customize their program to address the unique needs of the children and youth in their community.

The cycle begins with the frontline church analyzing robust data on the needs of children and youth in their community. With support from Compassion staff, they design and contextualize a relevant program, drawing on a global catalog of evidence-informed interventions.

The church will then carry out the interventions, monitoring challenges and successes to inform

learning along the way. Evaluating results with Compassion staff, the frontline church determines whether the interventions achieved their goals. Together they celebrate strengths and identify opportunities, with new knowledge and learning to inform adjustments that may be needed as the cycle begins again.



Informed by Data: Localizing Our Program for Maximum Impact

Another key learning from our ministry’s journey is that Compassion is most effective where the need is greatest.¹² We continue to actively explore what this reality means for the countries where we already work, as well as new locations we seek to serve.

The context and needs of children in poverty are different in each area where Compassion works. This holds true not only in our established countries, but also in our startup countries.

As we plan and work in newer areas, we are grateful that innovations from Compassion’s Program Cycle will help us test our latest program thinking and explore approaches that have the greatest potential of driving transformation for young people who live in poverty.

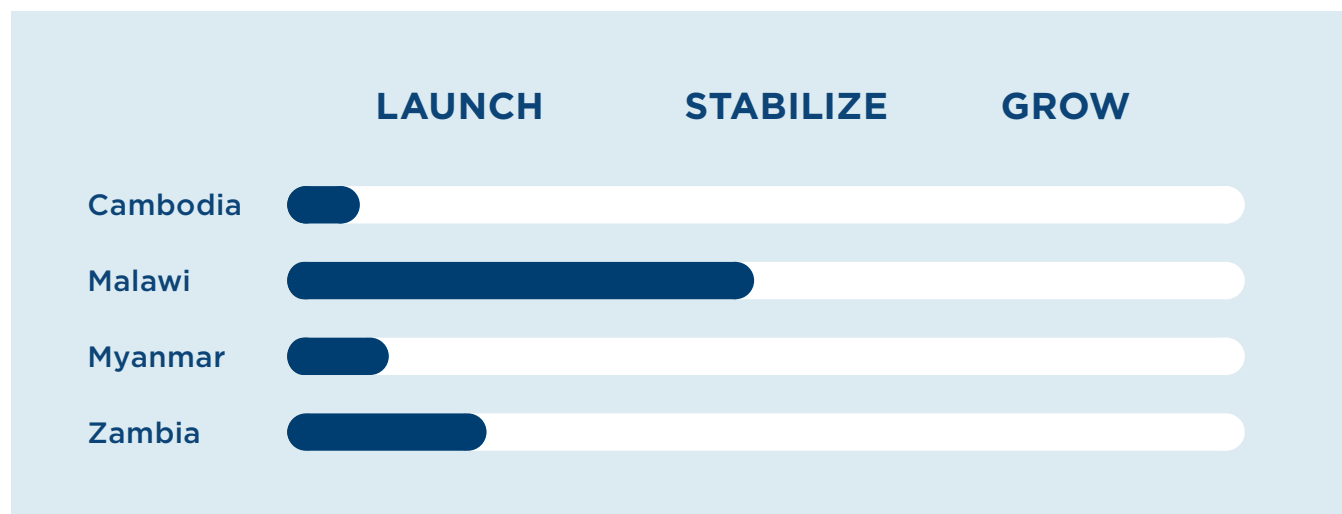
For example, one National Office’s strategy might prioritize educational support to enhance children’s success within its national school system. Another may choose to target food security, providing supplemental food and supporting the implementation of locally proven food security strategies. Newer offices, by necessity, prioritize recruiting church partners and equipping local leaders as they establish an effective

foundation for ministry — all while meeting basic individual needs on a daily basis.

Each of our newest offices is at a different point in their journey toward serving their nation’s poorest children. In every case, Compassion aims to operate and grow in the poorest areas, where potential partner churches are located, with the understanding that God will provide the resources and the timing to guide us along the way.

PHASES OF NEW COUNTRY STARTUP

- 1. Launch:** Foundational work such as pre-partnership planning, understanding national requirements and establishing government relationships.
- 2. Stabilize:** Building a firm foundation to minister to more children and youth. The time required to properly measure program impact varies depending on factors like food supply, political stability, etc.
- 3. Growth:** The program should show year-over-year, stable growth before scaling to serve more children and youth.



... Davi (right) plays with his
... brother, Junior, in their
... Brazil neighborhood.



Transformation in Tanzania

Through a collaboration between Compassion staff, philanthropic donors and a Compassion church partner in Tanzania, a poor, rural community is gaining life and hope.

Recently, Mennonite Nyakato Church (MNC), a Compassion church partner in Tanzania, shared a vision to expand their ministry and serve more children in poverty. With a web of support that includes generous donors, Compassion staff and more, the MNC community brought their vision to reality by planting a church in a rural area 75 miles away.

Thanks to the new church MNC has planted, a Christian community that formerly met under a tree and then

under a makeshift shelter of wooden branches now has a permanent building (see photos on opposite page). There, 150 children have a place to worship, learn and grow — and 286 families have a place to work together toward releasing children from poverty in Jesus' name.

This mission is part of a larger effort to empower and develop churches with support from strategic donor funding. The result? Church partners now have more methods — and resources — to meet needs in their own local context, in partnership with Compassion.



Innovative partnerships can leave a lasting impact on communities in poverty.

- **TOP LEFT:**
A Christian community formerly met under this tree.
- **TOP RIGHT:**
They then met under a makeshift shelter of wooden branches.
- **BOTTOM:**
Now, thanks to an innovative partnership network, they have a permanent building to meet in.

Critical Policies & Standards

.....
Children dance together at a child development center in Ecuador.



• Raawney paw (left) and Theedawan,
• shown in traditional Karen dresses at
• their Compassion center.



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.

Compassion International is committed to operating in compliance with relevant legal and regulatory requirements in every country in which we operate. In addition, our policies define our intention and further establish the governance and compliance expectations of the board of directors and leadership of the organization. In demonstration of that commitment, Compassion International maintains a secure, confidential way to report ethical concerns or suspected violations of law and policy, and we maintain investigative capacity to ensure that credible allegations of wrongdoing are appropriately investigated and properly addressed. 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 International 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, and has established a business continuity planning capability to

ensure organizational resiliency. We take prudent measures to ensure that risks are managed within the limits and guidelines expressed by the board of directors.

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, in accordance and as required.

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 International is committed to ensuring a stewardship-focused set of processes that will optimize the use of donated funds in support of our mission. Funds received 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 International’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 time horizon, cash flow expectations and risk tolerance.

Compassion International 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 International 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 disclosure and ongoing monitoring of any known or potential conflicts of interest, with annual reporting directly to the board of directors.

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. Ongoing work includes engagement opportunities, training resources and specific initiatives to raise awareness and appreciation for our God-given diversity. We are also focusing on process improvements that will ensure continual progress in building an inclusive culture.

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.

Patience, Grace and Samuel, rejected at birth by their father, are now thriving in Uganda.



Jojin (left) nears graduation from the Compassion program in the Philippines.

We also believe it is good and proper to compensate people fairly 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, to pursue worthy objectives in God’s kingdom.

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 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. 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.

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.



LEFT:
Marsha (center) reads with her family in Indonesia.
RIGHT:
Lydia, mother of Christina (right), crushes vegetables in Tanzania.



Board Engagement & Leadership

Abenezer and Yehualashet stand outside
their home in Ethiopia.



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 served as members of Compassion International's Board of Directors in fiscal year 2023.



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

Santiago "Jimmy" Mellado serves as the senior servant leader of Compassion International, modeling and safeguarding the organization's cultural values and behaviors while also inspiring and engaging a wide range of stakeholders around Compassion's vision. He is also responsible for selecting a leadership team, implementing a plan and strategy, monitoring effectiveness and adapting 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.



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.



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.



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, incident 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. While serving on Compassion's board of directors for 18 years, Robert held roles as board chairman, chairman of the finance and audit committee, and chairman of the compensation committee.



Sidney Muisyo
Chief Program Officer

For the last four years, as chief program officer, Sidney Muisyo has provided overall program leadership for Compassion's global regions, Africa, Latin America/Caribbean and Asia, as well as the centralized teams of program development, program strategy and operations, and monitoring, evaluation, research and learning (MERL). Sidney joined Compassion Kenya in 2002, serving in various roles, including communications specialist and manager of sponsor and donor ministries, before becoming Compassion's regional vice president for Africa. 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 as chief financial officer in 2022, 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 early, from loading vehicles in college to delivering packages in his first role after graduation. 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

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*David takes a ride on his mother's
back in Bolivia.*



Financial & Metric Results

• Innocent (left) and
• Remy pose outside their
• Compassion center.



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.

Compassion’s total revenues exceeded \$1.19 billion in fiscal year 2023 — the highest in Compassion’s history — growing 3.9% over the prior year. Compassion supporters enabled the ministry to increase the number of young people being served to over 2.3 million participants in our program across more than 8,600 Frontline Church Partners (as of June 2023) — leading to 4.3% in additional grant expense during the year.

Non-grant spending increased by 18.5% in fiscal year 2023 as we continued to return to pre-pandemic

activity levels and responded to inflationary pressures across the globe. The year concluded with a \$5.7 million deficit as Compassion began to execute on its plan to invest operating reserve surplus in its integrated strategy.

Compassion continues to maintain a minimum financial operating reserve necessary to ensure the sustainability of programmatic activities through seasons of uncertainty 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 2023, Compassion held an operating reserve surplus of approximately \$100 million. Most of these funds have been allocated to multiyear priority initiatives during our past two fiscal year planning processes. These initiatives will help drive the five-year goals outlined in our integrated strategy. These include researching and testing new ways to reach more

children, further investment in program effectiveness, child protection, technology and communication platforms. Additional amounts have been set aside to provide additional grants to our program countries, including addressing recovery needs in countries where natural disasters have been particularly devastating. These financial commitments are anticipated to result in continued annual net deficits over the next few years as we steward this operating surplus to advance ministry outcomes.



\$1.19 billion
revenue



+3.9%
revenue growth



2.3 million
program participants



8,600+
Frontline Church
Partners



+4.3%
grant spending



\$5.7 million
net deficit



TOP:
Zacarias (left) and his siblings sit outside their home in Mexico.

BOTTOM LEFT:
In Togo, medical treatment made possible through Compassion's church partner means Donatien's (right) little brother Pierre (seated) is alive today.

BOTTOM RIGHT:
Cristina (center) and her friends prepare to brush their teeth.

Condensed Financials & Liquidity (Unaudited)

REVENUES ¹³	FY23	FY22
Child Sponsorship Contributions	\$824,617,000	\$813,691,000
Other Contributions (Survival, Complementary Interventions)	\$335,804,000	\$325,287,000
Other Net Revenue (Investment Income, Foreign Currency Gain/Loss)	\$30,161,000	\$6,912,000
Total Revenue	\$1,190,582,000	\$1,145,890,000
EXPENSES ¹⁴	FY23	FY22
PROGRAM		
Grant Expenses	\$785,165,000	\$752,925,000
Program Delivery	\$179,741,000	\$145,944,000
Total Program	\$964,906,000	\$898,869,000
SUPPORTING ACTIVITIES		
Fundraising	\$147,043,000	\$120,620,000
Management and General Administration	\$84,287,000	\$80,305,000
Total Supporting	\$231,330,000	\$200,925,000
Total Expenses	\$1,196,236,000	\$1,099,794,000
Change in Net Assets (Total Revenue Minus Total Expenses)	\$(5,654,000)	\$46,096,000
SELECT DATA	FY23	FY22
Cash, Cash Equivalents and Restricted Cash	\$225,149,000	\$276,939,000
Unrestricted Reserves	\$204,191,000	\$218,915,000
Total Net Assets	\$403,532,000	\$409,186,000
KEY METRICS	FY23	FY22
Total Ending Registered Beneficiaries	2,322,285	2,259,194
Fundraising Efficiency Ratio ¹⁵	7.9	9.4
Contribution Growth Rate	1.9%	4.3%
Grant Growth Rate	4.3%	6.2%
Program Ratio ¹⁶	80.7%	81.7%



Message From the Board Chairperson

As Compassion celebrated its 70th anniversary this past fiscal year, I personally marked my 19th year of serving on the board of directors, the last four years as chair. From that seat across the years, I've had a unique opportunity to witness the thoughtful approach Compassion's leaders take to maximize ministry opportunities, as well as the great care they exercise in analyzing and mitigating the many inherent risks across our global landscape. While navigating that full spectrum of highs and lows, I am so grateful for their strong desire to seek wisdom and discern God's direction for this mission we share.

I've also been blessed, time and time again, to observe the deep commitment of Compassion's supporters, partners and staff — each of whom is vital to the ongoing advancement of this global movement. This worldwide neighborhood of dedicated child advocates is a source of incredible inspiration and a beautiful reminder of the power of the church — all God's people — in action.

Growing up as a pastor's child, I've always been interested in learning how the church can affect change to help those in need, not only for those attending the church but also for the local community the church serves. That longstanding interest in helping others was one of the reasons I became a community psychologist. It's also why, today, I'm so passionate about Compassion's continuing

improvements to our program model. Those improvements are focused on empowering our Frontline Church Partners to prioritize data-informed interventions to address the most pressing issues facing children in their local context. Our efforts in monitoring, evaluation, research, learning, design and communication are informing and shaping our programming to be more effective, efficient and strategic at the global, national and frontline church levels.

I'm so grateful for Compassion's unquestionable dedication to advancing life outcomes in the children and young people we serve. The heart behind all those efforts is to help set them on a path toward flourishing in their God-given potential and positively influencing their world. And I want to sincerely thank each of you for the invaluable role you play in bringing that vision to life. I know I speak for all my board colleagues when I say what a privilege it is to serve this incredibly impactful ministry. We are thankful to be on this journey with you and pray God will continue to faithfully guide us beyond our 70th year and into a future of reaching even more children more quickly, together.

Every blessing to you,

Judy Golz
Board Chair
Compassion International



Compassion continues to lead purposeful, data-informed improvements in child development.



Marjorie sits at the table with her father and brother in Ecuador.

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 Effective the first day of FY24, Compassion International Inc. became the sole member of Compassion Australia, which formalized a long-expressed mutual desire for a closer relationship and integrated governance between the two entities. More details will be included in the FY24 Accountability Report.
- 5 Frontline Church Partners are the local churches in developing nations with which Compassion works to deliver child development and ministry, including churches that have a Survival Program.
- 6 Highly Vulnerable Children's Care was created to assist Compassion's most vulnerable participants. 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 participants to ensure that they remain involved in core program activities and show progress toward achieving outcomes.
- 7 Compassion is working toward establishing our program in Myanmar.
- 8 UNICEF: The Changing Face of Malnutrition, accessed August 22, 2023, <https://sites.unicef.org/features/state-of-the-worlds-children-2019-nutrition/policy-agenda>
- 9 World Food Programme: A Global Food Crisis, accessed August 22, 2023, <https://www.wfp.org/global-hunger-crisis>
- 10 World Health Organization: Violence Against Children, accessed September 5, 2023, <https://www.who.int/news-room/fact-sheets/detail/violence-against-children#>
- 11 Child USA: Delayed Disclosure, accessed September 5, 2023, <https://childusa.org/wp-content/uploads/2020/04/Delayed-Disclosure-Factsheet-2020.pdf>
- 12 Does International Child Sponsorship Work? A Six-Country Study of Impacts on Adult Life Outcomes, accessed September 8, 2023, <https://www.journals.uchicago.edu/doi/pdf/10.1086/670138>
- 13 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 amounts 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.
- 14 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.
- 15 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.
- 16 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.



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