



ChildFund Australia is part of ChildFund Alliance whose founding member began work with vulnerable children in 1938

Annual Report 2007-08

Our vision: A global community, free from poverty, where children are protected and have the opportunity to reach their full potential.

Our mission: ChildFund Australia works in partnership with children and their communities to create lasting and meaningful change by supporting long-term community development and promoting children's rights.

www.childfund.org.au

Message from the Chair

ChildFund Australia's mission is to work in partnership with children and their communities to create lasting and meaningful change by supporting long-term community development.

This mission began 70 years ago when ChildFund Alliance's predecessor, China's Children Fund, began its work with children confronted by poverty and war in China. Seventy years on, ChildFund Australia and the ChildFund Alliance work with supporters and local communities to change the lives of thousands of children in the developing world.

The last year has been a troubled year in many of the countries in which ChildFund Australia and its affiliates work. It has been a year of earthquakes, floods, civil strife

and war. Inevitably, these tragic events have a disproportionate impact on poor communities and the children in those communities. They can undermine the health, educational opportunity and physical safety of children, and also create an environment in which the rights of children are easily overlooked. For this reason, ChildFund Australia's health, clean water, education, children's rights and child protection programs are more important than ever.

In the last year, we have welcomed a significant number of new supporters who have helped increase our funding for overseas programs, and ensure the highest levels of community engagement, quality and effectiveness in those programs. We have also worked closely with AusAID, which has

continued to provide support to ChildFund Alliance programs around the world.

Thanks to the generosity of our supporters, and the energy and dedication of ChildFund Australia's staff, ChildFund continues to be financially strong and effective.

This strength allows us to continue existing programs and also to begin work on new programs. This year, work began on extending programs to a new district in Vietnam and on the commencement of new programs in Cambodia and Laos.

I would like to thank the dedicated people at ChildFund Australia for their commitment, focus and



hard work over the last year and to congratulate them on the results of their efforts. I would also like to thank our supporters. Your commitment to community development and children's rights allow ChildFund Australia to continue its important mission and to bring safety and hope to the world's poorest children.

Michael Rose,
Chairman



In 2007/08 ChildFund Australia significantly increased program delivery to help reduce hardship for children in developing countries.

Thanks to the generous support of sponsors, donors and the Australian Government, funds sent overseas for development programs increased by 13.7% to \$24.2m.

ChildFund Australia's development programs have continued to concentrate on village-level activities that address the needs of children and communities.

Child sponsorship has been crucial to ChildFund Australia's efforts in the past year — not only because it provides vital funding for child-centred programs — but also because of the joy experienced

Message from the CEO

by sponsored children, and the personal connection enjoyed by sponsors. In 2007/08, the number of children sponsored through ChildFund Australia grew by 13% to 58,863.

The extent and diversity of projects has been immense. In northern Vietnam, new wells and household latrines have reduced the risk of disease, while in the Gulf Province of Papua New Guinea village health worker training and immunisation patrols have improved the health of women and infants. Programs implemented by ChildFund Australia's affiliate organisations have also had considerable reach. In northern Uganda, programs have assisted former child soldiers to reintegrate with their communities, and in Zambia, farmer training has enabled young people to establish viable rural livelihoods. In Sri Lanka, support groups for mothers have improved the nutrition of young children, while in Kenya, community care for children orphaned by AIDS has been strengthened.

Such initiatives have contributed to the global progress made over the past decade to reduce child deaths, increase school enrolments and decrease the number of children experiencing chronic hunger and disease. While much progress has been made, major challenges in the past year have arisen — notably the rise in global food prices and high inflation.

Sustained effort is essential if ChildFund's vision of a global community free from poverty is to be realised.

I acknowledge with deep appreciation the extraordinary support provided by ChildFund Australia sponsors and donors, the professional leadership of the Board, and commitment of staff, volunteers and community members who work tirelessly for the benefit of children worldwide.

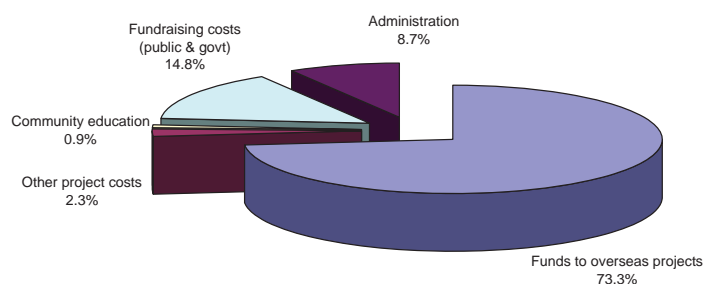
Nigel Spence,
Chief Executive Officer

Board members

Michael Rose (chair) BA LLB
Managing Partner, Allens Arthur Robinson, appointed chair 26/10/06
Wendy Rose (deputy chair), AM
Executive committee member, Australian Council for International Development, appointed 12/06/03
Robert Hogg B.Comm, BA (Hons), M.App.Fin, GAICD, ASIA
Senior Consultant, Frontier Investment Consulting, appointed 07/10/04
Marcus Laithwaite BSc (Hons) ACA, CA
Partner, PricewaterhouseCoopers, appointed 02/06/07
Dr Angeline Low B.Econs (Hons), Dip.Mgt, M.Mgt, PhD, MAICD
Chancellor's Post Doctoral Research Fellow, University of Technology, Sydney, appointed 20/04/06
Dr Stephen Moss BD, STM, DM, MCD, CMC, FAICD
Group Managing Director, WDSScott, appointed 01/04/08
David Pigott MA, BA (Hons)
Leader, Government & Cross Sector Partnerships, Mission Australia, appointed 20/04/06
Des Semple BSocSc
Chair, NSW Review of Community Legal Centres, appointed 15/02/07
James Sheffield LLB
General Manager of Home Loans, Commonwealth Bank of Australia, appointed 07/10/04
Jo Thomson RN, Grad Dip ISD, MPH
International Development Consultant, appointed 12/12/07

Financial report for year ended 30 June 2008

Income statement	2008 (\$)	2007 (\$)
REVENUE		
Donations/gifts (monetary & non-monetary)	26,554,607	22,746,674
Legacies & bequests	160,182	124,036
Grants		
• AusAID	3,403,673	3,431,258
• Other Australian	-	-
• Other overseas	1,590,865	1,528,932
Investment income	199,255	278,570
Other income	471,452	279,663
Total revenue	32,380,034	28,389,133
DISBURSEMENTS		
Overseas projects		
• Funds to overseas projects	24,238,342	21,243,973
• Other project costs	747,629	829,678
Domestic projects	-	-
Community education	315,383	138,246
Fundraising costs		
• Public	4,803,008	4,700,724
• Government, multilaterals & private	83,816	135,155
Administration	2,885,592	2,489,446
Total expenses	33,073,770	29,537,222
Excess of revenue over expenses from continuing operations	(693,736)	(1,148,089)



Changes in equity for year ended 30 June 2008	Retained surplus	Fair value reserve	Re-stricted reserves	Total equity
Balance at 1 July 2007	2,933,749	5,514	700,938	3,640,201
Net surplus for the period	(693,736)	-	-	(693,736)
Change in fair value of investments	-	(298,157)	-	(298,157)
Transfer to reserves	(223,580)	-	223,580	-
Balance at 30 June 2008	2,016,433	(292,643)	924,518	2,648,308

Table of cash movements for designated purposes for year ended 30 June 2008				
	Cash available at beginning of year 01/07/07	Cash raised during the year 07/08	Cash disbursed during year 07/08	Cash available at end of year 30/06/08
Tsunami appeal	66,968	108	67,076	-
Other purposes	5,229,193	32,982,450	34,733,369	3,478,274
Total	5,296,161	32,982,558	34,800,445	3,478,274

Balance sheet	2008 (\$)	2007 (\$)
ASSETS		
Current assets		
• Cash & cash equivalents	3,478,274	5,296,161
• Financial assets	-	-
• Trade & other receivables	381,814	643,970
Total current assets	3,860,088	5,940,131
Non-current assets		
• Investments	1,586,237	1,010,514
• Property, plant & equipment	1,126,879	1,229,123
• Other	-	-
Total non-current assets	2,713,116	2,239,637
Total assets	6,573,204	8,179,768
LIABILITIES		
Current liabilities		
• Trade & other payables	3,703,942	4,350,729
• Loans and borrowings	4,356	4,315
• Employee benefits provision	190,353	150,219
Total current liabilities	3,898,651	4,505,263
Non-current liabilities		
• Payables	-	-
• Other	26,245	34,304
Total non-current liabilities	26,245	34,304
Total liabilities	3,924,896	4,539,567
Net assets	2,648,308	3,640,201
EQUITY		
Unrestricted reserves		
• Retained surplus	2,016,433	2,933,749
• Fair value reserve	(292,643)	5,514
Restricted reserve	924,518	700,938
Total equity	2,648,308	3,640,201

Independent report to the members of ChildFund Australia



We have audited the summarised financial report of ChildFund Australia Ltd for the year ended 30 June 2008, comprising the income statement, balance sheet, changes in equity and table of cash movements for designated purposes.

In our opinion, the information reported in the summarised financial report* is consistent with the annual statutory financial report dated 26 September 2008, from which it is derived.

For a better understanding of the scope of our audit, this report should be read in conjunction with our audit report in the annual statutory financial report.

B Mitchell, Partner, KPMG
10 Shelley Street, Sydney NSW 2000

Note:

* Audited full financial statements are available from ChildFund Australia's website at www.childfund.org.au

No single appeal or other form of fundraising for a designated purpose generated 10% or more of total income for the period under review.

During the current period there was a change in accounting policy regarding unspent restricted donations. In accordance with accounting standards, the change in accounting policy has been applied retrospectively and as such the opening balance of each affected component of equity and comparative amounts disclosed has been adjusted as if the new accounting policy had always been applied.

OUR WORK AROUND THE WORLD

ChildFund Australia is a member of ChildFund Alliance — a global network of 12 organisations working to assist children and communities in over 50 countries.

The work of ChildFund Alliance is focused on the following areas:

Income and food security: improved agricultural techniques; provision of seeds and equipment; income generation and vocational training; construction of dams and irrigation; micro-credit schemes.

Healthcare: emergency and supplementary feeding; health education; health monitoring of children; provision of mosquito nets; child protection projects.

Water and sanitation: provision of safe water, e.g. boreholes, wells, gravity systems; reducing the burden of water collection for women and children; hygiene training; construction of latrines.

Education: promoting access to education; building and equipping new schools; teacher training; adult literacy programs; early childhood care and development.

HIV and AIDS: increasing awareness and prevention; reducing stigmatisation; training communities to support caregivers and children orphaned by HIV and AIDS.



The Americas

Countries: Bolivia, Brazil, Costa Rica, Dominica & St Vincent, Ecuador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru

Program highlights:

- Birth attendant training in Guatemala to assist mothers at home with labour and delivery.
- Youth peer education on reproductive health in Dominica.
- Maternal health training in Bolivia.
- Gardens supplying nutritious food to schools and early childhood centres in Ecuador.



West Africa

Countries: Benin, Burkina Faso, The Congo, Ghana, The Gambia, Guinea, Liberia, Mali, Senegal, Sierra Leone, Togo

Program highlights:

- Water and sanitation facilities in Sierra Leone.
- Skills training for teachers and healthcare providers in Liberia.
- Integration of children with disabilities into schools in Senegal.

Southern Africa

Countries: Angola, Mozambique, South Africa, Zambia

Program highlights:

- Youth agriculture and marketing training in Zambia.
- School supplies for children in Angola.
- Early childhood development in Mozambique.



ChildFund Australia is an independent international development organisation that works to reduce or eliminate poverty for children in the developing world.

Using a child sponsorship approach, as well as public donations and government grants, ChildFund Australia directly implements programs in Cambodia, Papua New Guinea and Vietnam, and manages projects delivered by partner organisations in Asia, Africa and the Americas.



Eastern Europe

Countries: Albania, Belarus, Latvia, Lithuania, Moldova, Serbia, Ukraine

Program highlights:

- Early childhood development through community based centres in Albania.
- Living Values educational programs in Ukraine, supporting overall development of the individual.
- Food security and livelihood initiatives in Moldova.



South Asia

Countries: Afghanistan, India, Nepal, Sri Lanka

Program highlights:

- Safe motherhood program in Sri Lanka to help reduce the maternal and infant mortality rate.
- Early childhood development in India to promote cognitive, language and motor skills.
- Emergency response to extreme weather conditions in Afghanistan.



North & East Asia

Countries: Cambodia, Indonesia, Mongolia, Philippines, Thailand, South Korea, Timor Leste, Vietnam

Program highlights:

- Construction of schools in Bac Kan province, Vietnam.
- Reproductive health education in the Philippines.
- Child protection and care activities in Indonesia.
- Training in pig husbandry and rice cultivation for young farmers in Vietnam.

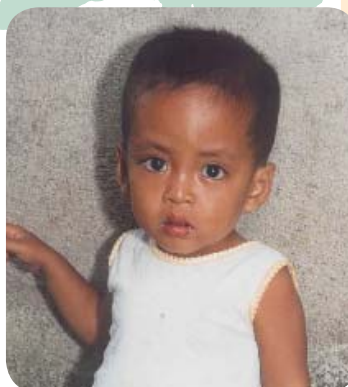


Central & East Africa

Countries: Burundi, Chad, Ethiopia, Kenya, Rwanda, Tanzania, Uganda

Program highlights:

- Increased enrolments and access to primary education in Uganda.
- Emergency response to post-election violence in Kenya.
- Training for HIV and AIDS home-based care community volunteers in Ethiopia.

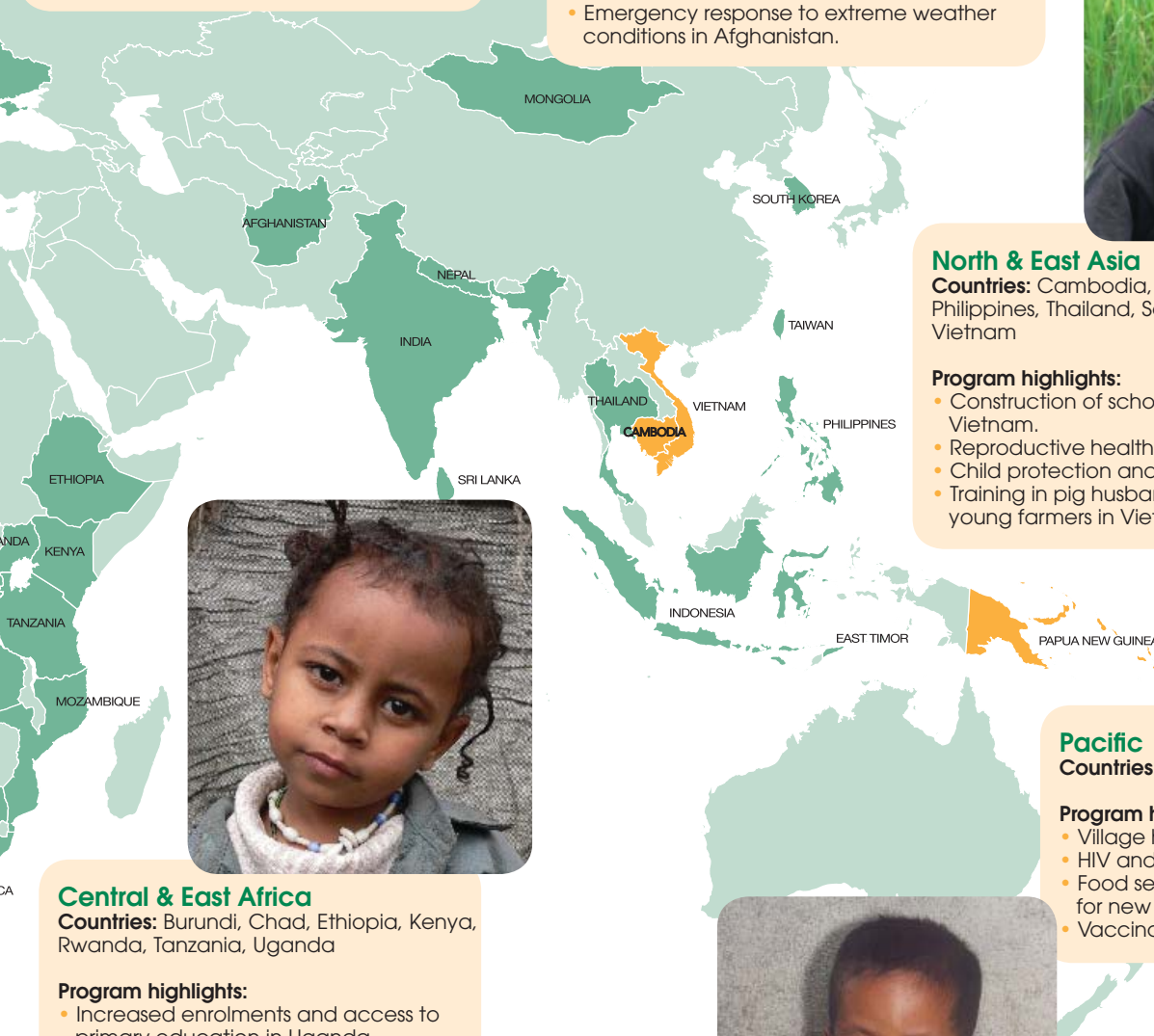


Pacific

Countries: Papua New Guinea

Program highlights:

- Village health volunteer training.
- HIV and AIDS youth education.
- Food security, including nutrition training for new mothers.
- Vaccination patrols for infants.



ChildFund Australia's year at a glance

Behind each of ChildFund Australia's programs is a commitment to child-focused development which aims to give children a voice on issues that affect their daily lives and their chance for a better future: the opportunity to go to school, the need for nutritious food and clean drinking water, the right to be protected and cared for, and the right to receive adequate healthcare.



Program work has begun in Cambodia, benefiting children in rural communities.

By working in partnership with children and their families, and by listening and responding to children's experiences of poverty, whole communities are benefiting from ChildFund Australia's program work.

With support, many communities have improved tools for creating a self-sufficient future for generations to come.

Over the past year, supporters of ChildFund Australia sponsored 58,861 children in 945 communities in 27 countries. The number of children assisted was actually far greater, as the development work carried out by ChildFund Australia and our affiliates aims to benefit all children in program communities, regardless of whether or not they are sponsored. Sponsorship funds are pooled to help meet the

individual and group needs of all children in our program areas.

For example in this past financial year, ChildFund Alliance program work included an early childhood care and development initiative in Sri Lanka, where around 80 per cent of children aged four to five years in the program area regularly attend preschool. In Vietnam, a ChildFund Vietnam HIV prevention and awareness raising program has been successful in improving knowledge and behaviour relating to HIV and AIDS.

In the Macalelon region of the Philippines, ChildFund Australia's affiliate organisation trained peer educators to run frank and open sessions about reproductive health issues, which included information about sexually transmitted diseases.

Making a real difference to children's lives

In Mumbwa, Zambia, there are around 10,000 children below the age of six who should be enrolled at early childhood development centres. However, until recently the district only had six dilapidated centres with an average of 20 pupils per class.

To address this, ChildFund Australia's affiliate organisation in Zambia renovated the centres, made improvements to infrastructure and provided teaching materials to build the capacity of preschool teachers and the community to manage early childhood programs. Teachers have been provided with preschool management training, including

basic skills in child development, child psychology, language development, pre-maths and creative arts.

"Children are now able to sit on chairs and write properly," Elmedah, Shikapoli teacher.

One example of the progress made is Shikapoli preschool, which started in 2002 with eight children who were taught under a tree. Their parents were forced to mobilise themselves and build a grass-thatched shelter to serve as a classroom so that the children could be protected from the rain and direct sunlight.

Today, the preschool has been renovated and is big enough to accommodate over 30 children.



Children in Shikapoli, Zambia now have a much-improved learning environment.

Support for HIV and AIDS affected children

With funding from AusAID's Australian Partnerships with African Communities Program, ChildFund Australia is supporting community-based care for children and youth living with HIV and AIDS in Kenya, Uganda and Zambia. The five year program, which began in 2004, helps address the psychosocial needs of HIV-affected and other vulnerable children and youth.

In 2007/08, ChildFund Australia and our ChildFund Alliance affiliates strengthened community level support groups, raised awareness about child rights and increased child participation in decision-making fora. There has also been a reported reduction in risky behaviour among youth, as evidenced

by the apparent increase in condom use and abstinence.

One aspect of the program is a memory books initiative. So many children are orphaned at an age where they are too young to remember facts about their family. The memory books ensure that these children are given a sense of their family history, as well as personal mementos from their parents.

Fifteen-year-old Musa from Uganda lost his parents to AIDS related illnesses when he was two years old. Today, Musa wants to be a doctor after reading in his memory book how his parents died.

"I want to be a doctor to treat patients with HIV and AIDS because if we had enough doctors in this country, my mother and father would not have died suddenly," he says.

Musa's care giver started his memory book to help him learn about his family background. "I realised Musa was in great trouble. He didn't know his background, his father's family and many other things," says Hadija.

Hadija, along with 29 other people from her village were trained by ChildFund in Uganda in succession planning, including will making, parenting skills and memory book writing.

PNG: developing sustainable futures

ChildFund Australia directly implements programs in Papua New Guinea, undertaking work in 33 villages in six districts in Gulf and Central Provinces.

Education

ChildFund completed four new elementary schools in Ibunatou, Karawa, Gobakigolo and Uaripi, as well as renovating classrooms to provide improved facilities.

Livelihood

Activities included training community members in basic farming skills. In Ormand program area, for example, training included livestock rearing and vegetable gardening.

Health

Aid posts were completed in Alepa and

Karawa villages, as well as a community health worker's house in Uaripi. Village health volunteers were trained in first aid and maternal and child health. In addition, an HIV and AIDS peer education program has raised awareness about risky behaviour and prevention.

Water and sanitation

ChildFund built new rain water harvesting systems and upgraded systems in seven villages in Lebogoro. Community education sessions were also conducted on safe sanitation and hygiene practices.

Child rights

ChildFund Papua New Guinea produced educational materials outlining children's rights, which were distributed to schools and village health volunteers.

"This small girl was concentrating while her teacher was explaining some lessons," says Levana Oesi, participant in ChildFund Australia's Through Children's Eyes photo project.



Vietnam: helping families live to the fullest



Children's Clubs provide a fun learning environment and give children a space to talk about issues that affect them.

Over the last year, ChildFund Vietnam extended its program areas to include Na Ri, which is home to around 2400 children. With this growth, ChildFund Vietnam now works with 23 communities in the country.

Education

ChildFund Vietnam constructed three schools in Hoa Binh and offered teaching training in primary and pre-school education in 16 project communes in Hoa Binh and Bac Kan.

Livelihood

Training was conducted in animal healthcare, sow rearing, pig husbandry, rice and maize cultivation. A community saving and credit scheme was established in Luc Binh.

Health

Three new health centres were constructed and a mobile volunteer HIV testing service was established.

Water and sanitation

ChildFund Vietnam constructed household bathrooms and pan-piped latrines in many of the poorest villages within our program areas. Water and sanitation facilities were completed in seven schools and one community study centre.

Child rights

ChildFund Vietnam set up Children's Clubs where children can learn about child rights and protection, injury prevention and traffic safety.

Tsunami program update

The massive destruction caused by the 2004 Indian Ocean tsunami continues to affect communities in Indonesia today. This year, the ChildFund Alliance implemented a number of recovery programs, one of which was a community-based child protection program in Aceh Besar. Communities such as Malahayati, a village where around 75 per cent of homes were destroyed by the tsunami, benefitted from the program, which focused on educating community members about child rights.

Community facilitators were trained on child wellbeing issues and youth committees were formed to foster a safe environment for children and youth. Vulnerable youth were provided with vocational training to develop skills such as motorbike and boat repair, shirt printing, sewing and carpentry.

The building of clean water wells, hygienic latrines and irrigation canals to improve farming will benefit children like seven-year-old Seap (pictured below).



ChildFund in Cambodia

One of ChildFund Australia's biggest achievements this year was the establishment of development programs in Cambodia, to help improve the lives of children and families in some of the country's poorest regions.

One of ChildFund Cambodia's first programs is a water and sanitation program in Svay Rieng. Thousands of children die every year in rural Cambodia from the effects of drinking dirty water, which can cause life-threatening illnesses such as typhoid, dysentery and diarrhoea. To help improve children's health, ChildFund Cambodia is building clean-water wells and hygienic latrines.

Additionally, ChildFund Cambodia plans to build irrigation canals to improve farming, food and income.

Emergency protection in Kenya

Post-election violence in Kenya in December 2007 and January 2008 killed over 1000 people and forced around 600,000 people from their homes. The ChildFund Alliance responded to the emergency by

establishing Child Centred Spaces to improve the protection and wellbeing of 500 children in five communities: Dandora, Mathare, Kariobangi/Korogocho, Huruma and Kibera — all in Nairobi.



Children and families were forced to flee their homes during the violence, having little time to gather their possessions.

The Spaces provided a safe-haven and some level of normality for children, who had the opportunity to play and take part in non-formal education activities. The Spaces ran on a regular schedule and provided age-appropriate child and youth development materials and services. Each Space was staffed by a social worker, field assistant and four activity leaders from the host communities, who have experience working with children in either education or health centres. Among other roles, the activity leaders ran age-appropriate games for children and youth, using songs and learning activities.

The centres also gave some mothers in the area a chance to meet and discuss their children's

health and other family issues. "My last-born baby is deaf, and because of these gatherings with other mothers, I have had so much support to help me cope with this," explained one mother in Dandora. Another mother said:

"I was just in my house all the time, afraid of the violence. Now I know that my neighbours all felt the same way, and we are better for {ChildFund's} program."

ChildFund in Kenya also worked to reduce the risk of gender-based violence for women and girls by raising awareness on risk reduction.

A huge thanks to our supporters

This year, ChildFund Australia appeals raised \$996,948 to directly benefit children and families living in poverty.

ChildFund Alliance appeal programs included a Youth Farming Program in Zambia, which provided income generation solutions and agribusiness training; a Child Abduction Relief program to assist formerly abducted children in Uganda; and the Build a Brighter Cambodia appeal, which raised funds to improve water and sanitation facilities, build irrigation canals and build a school.

Hundreds of Australians bought gifts for loved ones from our Donations with a Difference catalogue, raising \$520,244. Through ChildFund Australia's affiliate organisations, this provided thousands of resources including 25,440 baby chickens for families in Sri Lanka and 445 mosquito nets for children in Angola

In addition, over 13,600 sponsors sent a birthday card to their sponsored child, which



Children in Vietnam enjoy reading a birthday card sent by a sponsor.

brought joy to each child who received one.

Finally, thank you to our hardworking volunteers, everybody who supported ChildFund Australia's *Through Children's Eyes* photographic exhibition and to the 45 Australian sponsors who built a stronger bond with their sponsored child by making a visit.

"Nothing can compare to seeing, first-hand, the difference our sponsorship makes," said Helen Johnston after visiting her sponsored child in Thailand.

Special acknowledgements

ChildFund Australia would like to thank:

• AusAID • ACFID • Australian Youth Ambassadors for Development (AYAD) • Volunteering NSW • School Aid Trust • Our Community • Karma Currency • Pro Bono Australia • Everyday Hero • Women's Plans Foundation • Allens Arthur Robinson • PricewaterhouseCoopers • IAG • Response Direct Publishing • The Cobra Group Pty Ltd • 2evolve • MyShare • Governor Marie Bashir, AC CVO • Hon Bob McMullan • Hon Dame Carol Kidu • 72 Erskine • Westpac Matching Gifts • BHP Matched Gifts • Commonwealth Bank Rewards Program • Charities Aid Foundation • Janice Cicerello • Dr Lan Hoa Le • Scott Goodsell • Chris Dwyer • Merv & Marilyn Schiffke • Annie Beare • Jennifer Thomas • Carolyn Wilson • Corbett Research • Sue Ismiel & Daughters Pty Ltd • Hibbards Pty Ltd • The Molonglo Group Pty Ltd • Constance Eugene-Symonds • Lou & Betty Karalis • Henry Vecchio • Isabella Egan • Clive John Heard • The Winton family • The Leishman family

ChildFund Australia is a member of the Australian Council for International Development (ACFID) and a signatory to the ACFID Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management.

For more information contact ChildFund Australia or ACFID | Phone: (02) 6285 1816 | F: (02) 6285 1720

| Email: main@acfid.asn.au | www.acfid.asn.au

