



Annual Report 2006-07

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 and promoting children's rights.

In the last financial year, ChildFund Australia's dedicated people, sponsors and the communities we serve have devoted great energy and passion to this mission. By doing so, they have changed the lives of thousands of children in the developing world.

The 2006-07 year was one of significant change for ChildFund Australia under the stewardship of the new CEO, Nigel Spence. Nigel and his senior management team

have worked tirelessly to ensure that ChildFund Australia continues to be financially strong, dynamic and effective in the delivery of its development programs.

Thanks to the generosity of our sponsors and the efforts of ChildFund Australia's staff in Sydney, we raised over \$28m in revenue during the 2006-07 year.

These funds supported ChildFund Australia's programs in Vietnam and Papua New Guinea as well as the work of our international affiliates in developing countries around the world. The year also saw the extension of ChildFund Australia's activities to Cambodia with the recent opening of an office in Phnom Penh.

During the year, I had the opportunity to visit ChildFund Australia's programs in Vietnam and PNG. On each visit, I was struck by the energy, integrity and professionalism of ChildFund's people and the mutual respect which forms the basis of their working relationships with the children and communities they serve. As a board member and, more importantly, as a sponsor I came to see how the contributions of all our sponsors help to bring health, education and opportunity to children that might otherwise be denied them.

The 2006-07 year was also a year of significant change for the ChildFund board with long serving members Jane Singleton,



Alice Arnott Oppen and David Shearwood retiring and Dr Angeline Low, David Pigott and Des Semple joining. I would like to thank them for their significant contributions over many years.

Finally, I would like to thank everyone at ChildFund Australia and all our sponsors who, by working together, are providing safety, well-being, and hope to the world's poorest children.

Michael Rose, Chairman



With strong support from sponsors and donors, ChildFund Australia has been able to increase the assistance for children and families in developing communities in 2006-07. We are now supporting development activity to reduce or eliminate child poverty in 982 communities in 26 countries around the world.

The number of sponsored children has grown to over 52,000 and, with ChildFund's approach of pooling funds at the community level, we have delivered a vast number of projects, benefiting sponsored and non-sponsored children in targeted communities.

In keeping with ChildFund's strategic plan, a portion of the organisation's reserves has been utilised in 2006-07 to expand our donor base and begin support for children in Cambodia.

Message from the CEO

The additional expenditure on fundraising is proving successful in securing support for a greater number of children, and the additional costs have been absorbed from reserve funds with no reduction in the expenditure on programs for children. The guarantee to send 80 per cent of all sponsorship contributions overseas for the planning and implementation of programs has been strictly maintained.

During the year, a thorough assessment was undertaken of conditions for children in Cambodian communities, the location of other aid agencies and prospects for effective assistance to be provided. The findings were compelling and ChildFund has now begun operations with a country director appointed and a formal agreement signed with the Cambodian Government. Child-centred programs will commence shortly.

Through the year ChildFund has been active in many of the world's trouble spots. In East Timor, Sri Lanka and northern Uganda, ChildFund has provided safe places for children caught in the

middle of civil unrest. ChildFund has also organised youth development activities, livelihood initiatives and programs to help children forcibly recruited as child soldiers to return to school and reintegrate with their communities.

Extreme child poverty is being reduced in many communities. The construction of schools in PNG has made education accessible, micro-enterprise projects in Ecuador have lifted families out of poverty, while child safety training in Vietnam has reduced the risk of preventable fatalities.

ChildFund's AusAID-funded program in Kenya, Uganda and Zambia has contributed to major improvements in the care and support for children orphaned or made vulnerable by HIV/AIDS.

With your help, ChildFund Australia has brought real and lasting improvements to the everyday lives of thousands of children. This would not be possible without your support, and for your generosity I give my personal thanks.

Nigel Spence,
Chief Executive Officer

Board members

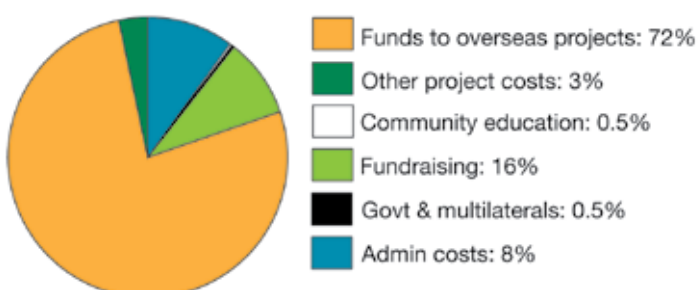
Michael Rose (chair) BA LLB managing partner, Allens Arthur Robinson, appointed chair 26/10/06
Wendy Rose (deputy chair) AM vice-president of Australian Council for International Development
Robert Hogg B.Comm, BA (Hons), M.App.Fin, GAICD, ASIA investment strategist, Commonwealth Investment Management
Norma Ingram MDPA Dip Gov, M Ed, Dip T, AEA adviser, NSW Premier's Department
Marcus Laithwaite BSc (Hons) ACA financial services partner, PricewaterhouseCoopers, appointed 02/06/07
Angeline Low B.Econs, Dip.Mgt, M.Mgt, PhD Chancellor's Post Doctoral Research Fellow, University of Technology, Sydney
Alice Oppen BA, MAT, MA FAICD writer and consultant, term completed 26/10/06
David Pigott MA, BA (Hons) general manager, Mission Australia
Des Semple BSocSc chair, NSW Review of Community Legal Centres, appointed 15/02/07
James Sheffield LLB, AFAIMI, CPM general manager of Wealth Builders, Commonwealth Bank of Australia
David Shearwood BE Mining (Hons), GAICD, AHRI, ASIA consultant, resigned 6/11/06
Jane Singleton BA MAICD public affairs consultant, term completed 26/10/06

Cover: Ethiopian girl in ChildFund program area, Addis Ababa

Financial position of ChildFund Australia

Income statement	2007 (\$)	2006 (\$)
REVENUE		
Sponsorship	18,874,494	16,590,602
Donations/gifts (monetary & non-monetary)	5,263,069	4,550,743
Legacies & bequests	124,036	39,767
Grants		
• AusAID	3,431,257	3,219,929
• Other Australian	0	0
• Other overseas (NZ Aid)	84,074	0
Investment income	262,671	237,077
Other income	279,663	413,420
Total revenue	28,319,264	25,051,540
DISBURSEMENTS		
Overseas projects		
• Funds to overseas projects	21,243,973	19,104,547
• Other project costs	829,678	742,264
Domestic projects	0	0
Community education	138,246	89,230
Fundraising costs		
• Public	4,700,724	2,066,452
• Government & multilaterals	135,155	87,945
Administration	2,473,547	2,288,044
Total expenses	29,521,323	24,378,482
Excess of revenue over expenses from continuing operations	- 1,202,059	673,056

Total disbursements

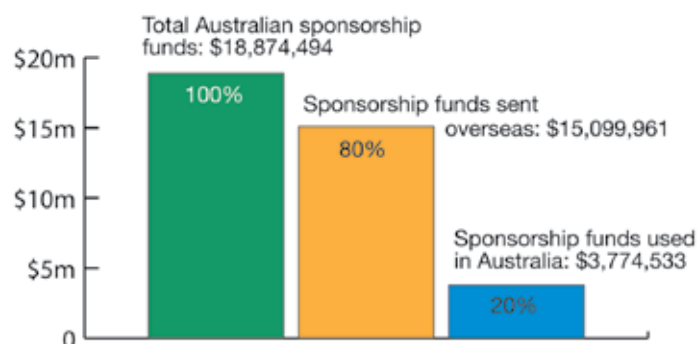


Statement of changes in equity for year ended 2007			Retained earnings	Re-serves	Total
Balance at 30 June 2006			4,135,808	0	4,135,808
Excess of revenue over expenses			-1,202,059	0	-1,202,059
Amount transferred (to) from reserves			0	5,514	5,514
Balance at 30 June 2007			2,993,749	5,514	2,939,263
Table of cash movements for designated purposes for year ended 30 June 2007	Cash available at beginning of year 01/07/06	Cash raised during the year 06/07	Cash disbursed during year 06/07	Cash available at end of year 30/06/07	
Tsunami appeal ¹	292,148	5,556.31	230,737	66,968	
Tsunami exp other than appeal	-5,260	0	0	-5,260	
Total for all other purposes	7,187,935	31,338,255	33,291,737	5,234,453	
Total	7,474,824	31,343,811	33,522,474	5,296,161	

1. Tsunami was reported as net amount in 05/06.

Balance sheet	2007 (\$)	2006 (\$)
ASSETS		
Current assets		
• Cash & cash equivalents	5,296,161	7,474,824
• Financial assets	0	0
• Trade & other receivables	643,970	423,492
Non-current assets		
• Investments	1,010,514	0
• Property, plant & equipment	1,229,123	1,226,108
• Other	0	0
Total assets	8,179,768	9,124,424
LIABILITIES		
Current liabilities		
• Trade & other payables	5,071,805	4,871,007
• Provisions	150,219	106,121
Non-current liabilities		
• Payables	0	0
• Other	18,481	11,488
Total liabilities	5,240,505	4,988,616
Net assets	2,939,263	4,135,808
EQUITY		
Reserves	2,939,263	4,135,808

Sponsorship disbursements



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 2006, comprising the income statement and the balance sheet.

In our opinion, the information reported in the summarised financial report* is consistent with the annual statutory financial report dated 10 September 2007, 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

Notes:

* 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.

WHERE WE WORK program experience

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

ChildFund Australia is a member of ChildFund International – a global network of 12 organisations which assists eight million children in over 50 countries. We are a registered charity and fully accredited by the Australian Agency for International Development (AusAID). ChildFund's work is focused on the following areas.

Income & 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; immunisation and illness management programs; health monitoring of children; provision of mosquito nets

Water and sanitation: provision of safe water (eg, bore holes, gravity systems); reducing the burden of water collection for women and children; hygiene training; improved sanitation facilities

Education: increasing access to education; building and equipping new schools; providing teacher training; improving adult literacy

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



Ethiopia



Chad



The Americas

Bolivia: \$6.4m
Brazil: \$21.1m
Dominica & St Vincent: \$2.2m
Ecuador: \$7.1m
Guatemala: \$12m
Honduras: \$7.2m
Mexico: \$9.4m
Costa Rica: \$0.1m
Jamaica: \$0.3m
Nicaragua: \$8.1m
Paraguay: \$1.5m
Peru: \$0.3m

Eastern Europe:
\$4.9m

Africa

Angola: \$3.7m
Benin: \$5.8m
Burkina Faso: \$6.9m
Burundi: \$0.2m
Cape Verde: \$4.4m
Chad: \$1.9m
The Congo: \$0.1m
Ethiopia: \$24.8m

The Gambia: \$4.4m
Ghana: \$2.4m
Guinea: \$1.3m
Kenya: \$16m
Liberia: \$5.8m
Mali: \$2.9m
Mozambique: \$1.7m
Senegal: \$8.7m
Sierra Leone: \$3.6m
South Africa: \$0.1m
Tanzania: \$0.3m
Togo: \$4.2m
Uganda: \$11.8m
Zambia: \$8m

Asia

Afghanistan: \$6m
East Timor: \$2.9m
India: \$18.9m
Indonesia: \$10.1m
Nepal: \$0.2m
PNG: \$0.5m
Philippines: \$12.5m
Sri Lanka: \$10.8m
Thailand: \$8.1m
Vietnam: \$1.8m



Brazil



Mexico

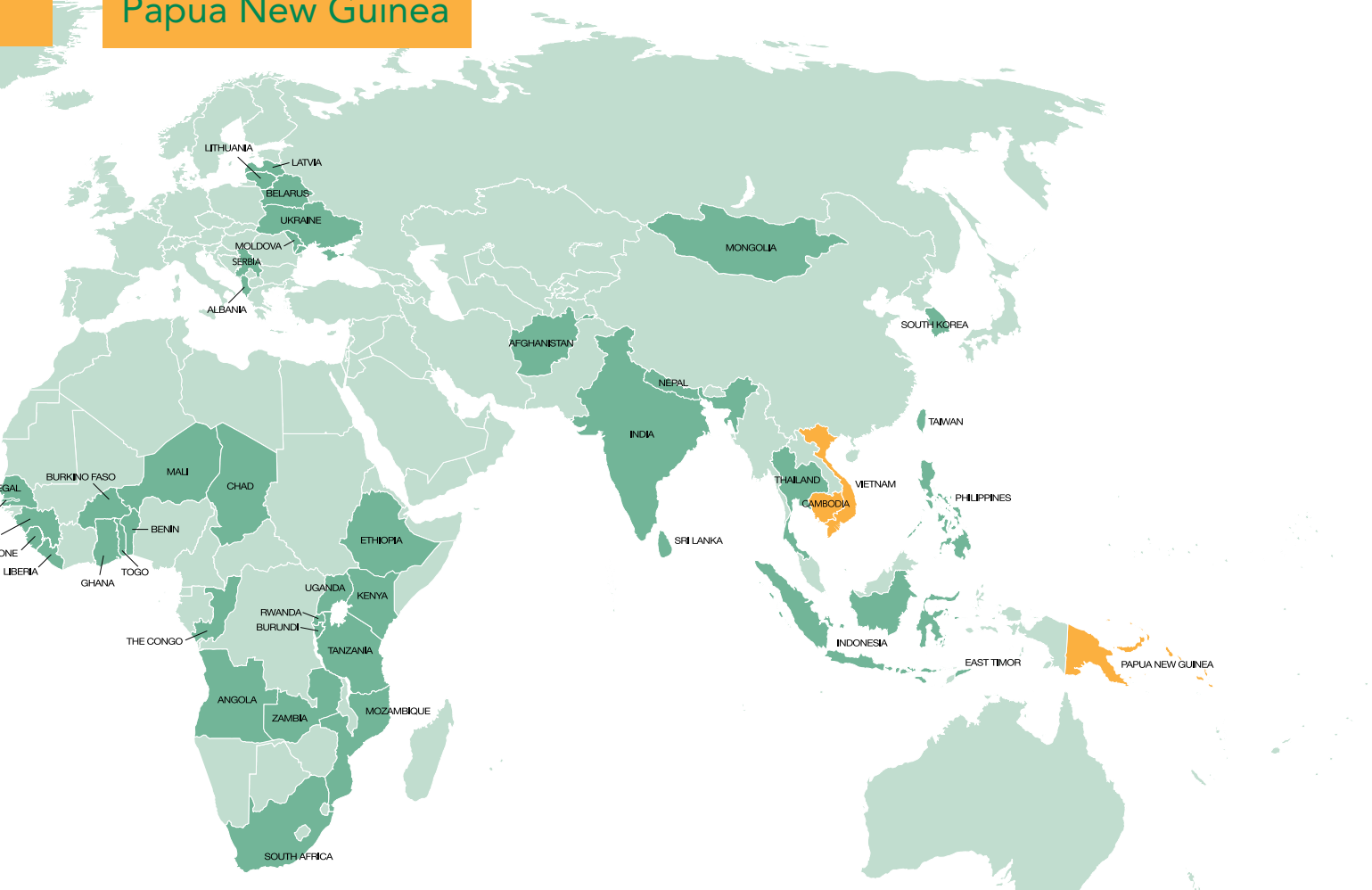


Papua New Guinea

Key to map

- Development programs directly managed by ChildFund Australia.
- Development programs managed by ChildFund International affiliates.
- No ChildFund development program in operation.

NB: All figures taken from the most recent financial reports of ChildFund International affiliates. Program expenditure for some countries not available at time of printing. All figures quoted in Australian dollars.



Zambia



Vietnam



Phillipines

Providing global support to children

Every ChildFund program is designed to improve the lives of children in developing countries, within the environment of their family and community. This means that, as a child-focused organisation, we respond to the impact of poverty as witnessed by children.

Wherever possible, ChildFund has actively involved children in the development process, giving them a voice on issues that affect their daily lives – the chance to go to school, the need for nutritious food and clean water, the right to be safeguarded from preventable childhood disease. By working in partnership with children and their families, communities have been given the means to become self-sufficient, and provide for future generations.

Sponsorship programs

Over the last financial year, supporters of ChildFund Australia have sponsored 52,104 children in 982 communities in 26 countries. The number of children supported was, in fact, much larger, as all children within our program

areas, regardless of whether they have a sponsor, benefitted from the development work carried out by ChildFund. Over the last 12 months ChildFund's sponsorship programs primarily focused on five key areas:

- healthcare: immunisation programs, reduced malnutrition, medical support.
- education: improved access, provision of school materials, construction of new facilities.
- food security: agricultural training, dam construction, provisions of seeds and equipment.
- water: provision of new water sources, improving sanitation, reduction of water-borne disease.
- HIV/AIDS: education and prevention awareness programs, improved healthcare.

These examples are not exhaustive. As the needs of each child, their family and community is different, so are ChildFund's development programs, which are adapted to meet local requirements, customs and

traditions. Within most communities in which we work, ChildFund has continued to focus on child protection, aimed at keeping children safe from abuse, exploitation, discrimination and injury. In each program, the United Nations Convention on the Rights of the Child acts as a foundation for our work in communities.

Targeted programs

During 2006-07, ChildFund also managed a number of programs which targeted specific needs within a community. These programs supplemented the sponsorship programs underway, and provided additional, and specialist, expertise to children and their families (some activities highlighted below).

ChildFund's major partner in this work has been the Australian government's aid program (AusAID), which provides a valuable source of revenue and assistance to the organisation. ChildFund has also been the recipient of funding from private trusts and foundations, for specific child-centred development projects.

Ethiopia

ChildFund constructed two new schools in Wonago and Siraro. Previously, children had to travel up to two hours daily to reach their nearest primary school, many of which are dilapidated and not conducive to learning. As a result, primary school attendance rates have been low.

The program also focused on encouraging families to send girls to school. Girls are often kept at home to carry out household chores, so fuel-saving stoves have been provided to many families so that the burden of fuel collection is reduced, and girls have free time in which to pursue their education.



More girls are now attending the newly-built school in Siraro, Ethiopia

Sri Lanka

Eight per cent of Sri Lankans live with a disability, with this figure rising as a result of the civil war. Over the last year, ChildFund has been addressing the income poverty suffered by disabled people and their caregivers by providing access to employment and livelihood opportunities.

This included vocational training to help people re-enter the workforce, and a savings and local credit scheme which gave families the opportunity to set up their own business. ChildFund also worked with local education authorities to provide teachers with additional training so that they are better able to support disabled children in the classroom.

Papua New Guinea

The majority of PNG's population is dependent on agriculture, so ChildFund has been working with communities to improve food security and family incomes by providing training on modern agricultural techniques, and livestock management. The program also promoted the involvement of women who took part in learning new gardening and livestock-raising techniques.

The program has been successful in improving the nutrition intake of children and their families, by introducing new crops and food products. Families were trained on eco-friendly pest management techniques, including organically-produced pesticides and efficient use of by-products.

East & Southern Africa

ChildFund is mid-way through its largest single program – enhancing community-based care and support systems for children and youth living with HIV/AIDS in Kenya, Uganda and Zambia.

In the last 12 months, ChildFund coordinated caregiver support groups; facilitated greater inclusiveness of HIV-affected children within schools; strengthened district government support structures; provided support to improve livelihood and food security for affected families; advocated to national governments for policies and programs to improve the wellbeing of vulnerable children and youth, and delivered HIV/AIDS information and education.

ChildFund helped Children's Committees to set up counselling desks, which allow young people, who have received training from ChildFund, to offer support and advice to other children in the community who are impacted by HIV/AIDS.

The Children's Committees also provided education on children's rights, such as prevention of early marriage. In Zambia, the clubs have been so successful that youth advocates in one district have been able to influence the local government to provide free medical care for children.

The program, which began in 2004, is being funded by AusAID's Australian Partnerships with African Communities Program.

From child bride to school student

Marisa's story is like that of many other girls living in Kenya. She explains: "When I was nine, I was supposed to be married to a man who was 60 years-old. I had never seen him before." For countless babies and girls in Kenya's Maasai tribe, being "booked" for marriage before birth is simply a fact of life. However, ChildFund has been working to alter this tradition, by booking girls into Naning'oi Girls Boarding School instead.

ChildFund's program uses the familiar process of offering a dowry to a girl's father in order to secure the girl's release to the school. In Marisa's case, ChildFund repaid the man's bridal gifts so that Marisa's family was no longer indebted to him. Now Marisa is

attending Naning'oi Girls School in Kenya.

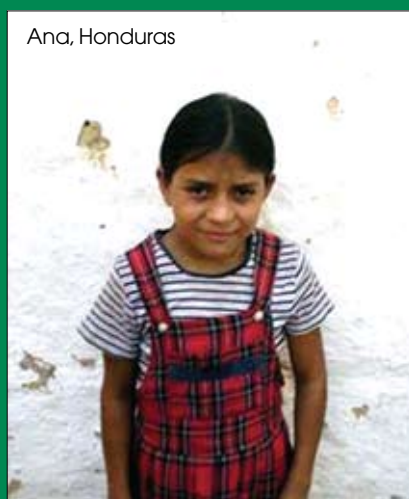
ChildFund established the Naning'oi Girls School in 1999 with four students. In 2006-07, the total number of girls enrolled was 350, with the Naning'oi Girls School Principal Mrs Tuckuo and local chief Keshoko regularly visiting Maasai families where girls have recently been born, and 'booking' girls into school, to make sure that they receive an education.

There are currently 500 girls in the region who have been booked into school. When they are old enough, they will begin their education – just like Marisa, who now dreams of attending college and becoming a lawyer to champion the rights of Maasai girls.



Marisa, Kenya

Restoring a child's vision for a better future



Ana, Honduras

Honduras is one of Latin America's poorest countries – malnutrition, childhood disease poor sanitation and inadequate housing are widespread.

The region is also subject to unpredictable weather conditions, and in 1998 Hurricane Mitch killed over 5,000 people and destroyed 70 per cent of the country's crops, setting the country's development back by decades.

In many rural communities in Honduras, where incomes are dependent on agriculture, families struggle to provide the basic necessities for their children. For 11 year-old Ana, her family's poverty meant that a congenital eye disease

was something she had to live with, as seeking medical assistance was simply unaffordable. Fortunately, Ana's reading and writing difficulties were recognised by her school teacher, who sought ChildFund's assistance.

After visiting an eye specialist, and undergoing numerous consultations, cataract surgery was recommended, and Ana has now fully recovered her vision following her operation in 2006. Most importantly, Ana now has hope for her future – she is enrolled in a fifth grade class, and her grades have improved dramatically.

She can now play with other children, and enjoy her childhood fully.

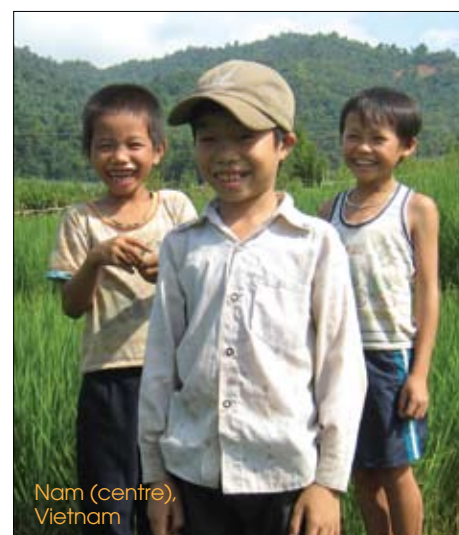
Helping families towards self-sufficiency

Bui Van Nam, an 11 year-old boy from the Muong ethnic group in Xuan Phong commune, has just begun his first lessons in the sixth grade. "I like secondary school because I feel I am older and more independent. But if I hadn't gone to primary school, I would not have the opportunity to go to high school. Then, I would not have a job for my future," he says.

Primary school is free in Vietnam, but many families in rural areas must share the costs of school construction, text books, electricity, water and other fees. According to Xuan Phong Primary School headmaster Vu Thi Kim Tinh: "Since we've had ChildFund projects, we have more children going to school. Firstly, because the school is much better in terms of

teachers' capacity and infrastructure. Now we have concrete-built, well-equipped classrooms, clean water and toilets, built by ChildFund. Our staff have also been trained in new teaching methodologies.

"Second, ChildFund has helped increase the income of families. Children are provided with text books and school bags, which eases the difficulties for families paying for schooling." Nam's father says: "ChildFund taught us how to improve cultivation, and lent us money from its savings and credit projects. Now, we have enough rice for food, and the borrowed money is used for raising pigs. This year, I don't have to borrow money because I use the profit from previous sales to invest."



Nam (centre), Vietnam

Providing shelter in times of crisis

In partnership with our international affiliates, ChildFund Australia provides emergency assistance to those countries experiencing a humanitarian emergency.

As the Kenyan drought, which began in 2005, worsened, ChildFund established a supplementary feeding program for children under five, who were unable to access the Kenyan government's feeding initiatives in schools. Working in Turkana, Marsabit and Samburu, ChildFund's interventions gave nutritional support to over 20,000 children, as well as over 2,500 pregnant and lactating women.

In Sri Lanka, the civil conflict

between the LTTE and the Sri Lankan government escalated last year, with over 40,000 people forced to leave their homes, and take up residence in displaced persons camps. ChildFund set up eight Child Centred Spaces in the camps, providing children with non-formal education and play activities and a safe haven during the turmoil. Basic relief items, such as mosquito nets, nutrition packs and footwear, were also provided to children in the camps.

Child Centred Spaces have also been needed in East Timor, following the outbreak of violence last year. Many families in Dili are still residing in the camps, too afraid to return home prior to this



Children playing at the displaced person's camp at Dili Airport

year's elections and the threat of more upheaval.

In south-east Asia, natural disaster struck with Typhoon Xangsane, leaving 60,000 people homeless in the Philippines, and to a smaller

extent in Vietnam. In the makeshift camps, ChildFund worked closely with other aid agencies in tracking and finding children who had become separated from their families, and providing relief items and medical support.

ACKNOWLEDGEMENTS

Many thanks to our supporters

This year ChildFund raised funds for four urgent humanitarian programs around the globe. The generosity of ChildFund's 45,000 supporters raised over \$825,000 to assist children and their families living in desperate poverty.

In September 2006, \$234,000 was raised for the Ethiopia Education Program, bringing the benefits of literacy and learning to 3,645 children in two of the country's poorest districts. Two fully-furnished and equipped schools have been constructed, one with a vegetable garden to combat malnutrition as well as a rain water collection system for washing and drinking.

ChildFund celebrated Christmas 2006 with two appeals. The Vietnam Child Protection appeal raised almost \$150,000 which has helped to significantly reduce the number of children that die every year from drowning, poisoning and preventable accidents. Children's Clubs have been set up where children can now learn about child safety and child protection; imperative

knowledge for children in remote, often inaccessible regions.

ChildFund launched the Donations with a Difference catalogue. Nearly 1,000 Australians bought gifts for their loved ones as a Christmas present. This raised over \$82,000 in total and provided thousands of resources, including 2,910 baby chickens for families in Sri Lanka, 160 sets of school equipment for children in East Timor, 167 sheep for farmers in Uganda, and many more items for families in need.

Finally, the appeal in May-June 2007 for the Youth Farming Program in Zambia raised \$360,000, allowing ChildFund to provide sustainable solutions for income generation to over 1,000 youths in remote and vulnerable areas. Training on poultry production and crop farming has commenced and will continue to improve the nutrition and income generating opportunities of children and youths for generations to come.

Special acknowledgements

ChildFund Australia would like to thank:

- 2evolve Pty Ltd
- Allens Arthur Robinson
- AusAID
- Barlow Cleaning
- BHP Matched Gifts
- Charities Aid Foundation Australia
- Chris Dwyer
- Clive John Heard
- The Cobra Group Pty Ltd
- Commonwealth Bank Rewards Program
- Constance Eugene-Symonds
- Corbett Research
- Graham and Jan Leishman
- Hibbards Pty Ltd
- Isabella Egan
- Lan-Hoa Le
- Myshare
- Pat and Sue Kennedy
- SMEC Foundation
- Sue Ismiel & Daughters Pty Ltd
- Westpac Matching Gifts
- Womens Plans Foundation

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

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