2011 ANNUAL REPORT

SMALL VOICES
Big Dreams
SMALL VOICES, BIG DREAMS

In ChildFund’s approach to positively changing the lives of children, we listen to them and help them raise their voices. We work closely with children on a daily basis, so we intimately know their wants and needs. As we identify the issues that impact the children most, you, our donors, continue reaching out to address these issues and change their lives. Thank you for hearing their voices and opening the way for them to make their dreams reality.

ON THE COVER

This little girl stands in line during a classroom activity in Ethiopia’s Sodu District.
**DEAR FRIENDS,**

As you read this report, I hope you are proud of your relationship with ChildFund. We could not accomplish anything without you.

Our mission is helping communities break the cycle of extreme poverty, enabling their children to not only survive, but thrive and become contributing members of society. We work in the most impoverished communities around the world. We work for sustainable change and understand it will not happen overnight.

While there is no quick fix, ChildFund knows that with the right health interventions for mothers and babies, good schools for children and job training for youth and adults, these communities can turn themselves around. That you have continued your support in these tough economic times shows that you understand our work cannot be done in fits and starts. It takes dedication and commitment over time.

I witnessed a beautiful example of this during the board’s project visit this spring. We toured a village that, years before, had been in dire straits with malnourished babies and children neglected while parents left in search of food and water. The circumstance of this village was heartbreaking and, some might think, hopeless situation. But you, our families, communities and our partners—including ChildFund, the community and the village elders—have worked together to turn this around.

Thirst is the first need to thrive. As we approached the village, we could see that the irrigation system and even some homes, it seemed each person, young and old, was eager to share his personal success story. One of the village elders summed it up best in an emotional thank-you to ChildFund and its donors.

“The village is whole. We can now take care of ourselves and our families. We do not need you anymore because we are strong village. Now you can leave us to help other villages like you helped ours. We are so thankful ChildFund will always be with us here,” and he covered his heart.

So, while freeing children, families and communities from poverty doesn’t happen overnight, it does happen! With your help, ChildFund makes it happen.

My best wishes and sincerest thanks to you and your families.

Maureen Denlea Mossey
ChildFund Board Chair

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**DEAR CHILDFund FAMILY,**

In my role as president and CEO of ChildFund, I’m privileged to see firsthand the work that we do to help children and their families thrive—to see the impactful differences our generous donors’ support makes in their lives.

I also get to see how that support flows to and through us, and I am pleased to report that in FY11, ChildFund continued its rebound from the economic challenges that could have hampered our efforts to serve children. In fact, more of you are sponsoring more children than ever before. That gives me a lot of hope.

What I see in the field reinforces that hope. This year, I met expectant mothers in Honduras who had a greater chance of giving birth to their babies safely because ChildFund built them a place to stay within reach of trained, professional care. I touched tiny, severely malnourished babies in Liberia who now have a chance of life because of our partnership with a local therapeutic feeding center with an innovative approach. I listened to families in Ecuador celebrate their village’s water tank, which they helped build and now collaborate to maintain. Today, 600 homes have access to clean, safe water.

In some places where we work, though, hope has been in short supply due to emergencies that struck, and the children are always hit hardest. Last fall, Sri Lanka’s Mount Merapi erupted over and over, forcing more than 300,000 people to leave their homes. Less than three months later, flash floods raged through the area. In western Africa, thousands of refugees from Côte d’Ivoire flowed into Liberia, which is still recovering from 13 years of civil war. In March, an earthquake and a tsunami devastated Japan. And now, millions of children are at risk of starvation in the Horn of Africa, which is suffering through its worst drought in 60 years.

I went to Kenya and saw that suffering, and I also saw how our work brings hope even there. In Kenya’s Turkana region, I helped measure babies’ arm circumference and saw 20 percent of them referred for supplementary feeding, which will save their lives. I saw mothers coordinating to distribute food at Early Childhood Care and Development centers, where enrolments have doubled because of our feeding programs.

Your compassionate generosity makes it possible for ChildFund to reach children affected by disasters, just as it has always helped us continue the ongoing, daily work of helping children and families create the conditions they need to thrive. As we approach our 75th year of serving children—13.5 million of them in 31 countries, including the U.S.—I am grateful and humbled to be part of the vitally important work that you continue to support.

Warm regards,

Anne Lynam Goddard
President and CEO
CHILDREN LIFT THEIR VOICES

Strengthening Their Future

HEALTHY BEGINNINGS

In a country where 65 percent of the population lives in poverty, the first task is to ensure that children survive long enough to have a voice.

Not long ago, Honduras’ rate of maternal death in childbirth was more than 40 times that of the U.S. The primary cause: lack of access to trained health care, especially in rural areas. Most of Honduras is rural, with roads so bad that a woman in labor might face a seven-hour trek to cover just a few dozen miles to get help.

Partnering with government agencies and local organizations in a variety of projects, ChildFund is closing that gap: In areas where we work, the maternal mortality rate from 2006 to 2010 was half that of the previous five years.

One of those projects is in Retalcaba, in south-central Honduras. On a hot summer day, four mothers-to-be relax in the shade of the new maternal health shelter’s porch, just steps away from the clinic where they will give birth any day now. The shelter is a joint effort of ChildFund and Honduras’ Ministry of Health to provide pregnant women a place to stay within reach of care, without the barriers of transportation and lodging expenses.

“This is my first child to be born in a clinic,” says one of the women, who delivered her other three children with only her husband’s help of her home four hours away.

She is here because of another ChildFund-supported effort—a mothers-to-be support group.

In another community a few miles north, Jessica, whose second baby is due in a couple of months, has volunteered for three years as a health monitor for children younger than 2. She received her training through a USAID Child Survival grant that also supports training of traditional birth attendants. At first, it was not easy to persuade the mothers in her community to listen, she says. “I just kept telling them how important it is to keep track of your child to make sure that they’re eating and growing and healthy.”

GETTING EDUCATED, GETTING SMART

In a brightly decorated Early Childhood Development (ECD) classroom, a dozen preschoolers in blue smocks chatter and crouch over tables arranged in a “U.” One little girl picks up a yellow crayon to color in the sun that shines down on her slightly messy garden. A boy brandishes his finished drawing, proud of his work. His teacher praises him.

Honduras National Director Norma de Sierra remembers a few years ago, when the children who had come through ChildFund’s ECD program overwhelmed the teachers receiving them into their first-grade classes.

From before a baby’s first cry and through the first thousand days, into the first alphabet songs and schoolyard games, ChildFund serves children. We are there for preteens as they form their first student governments, and for teens’ presentations to local leaders about the challenges they see in their communities. We support young people to raise their voices and change their world. Our work in Honduras is a case study in how we help children living in poverty to find those voices and learn to use them with confidence.

From 2007 to 2009, 25 health clinics were established in Honduras, run by 230 trained volunteers. This doubled the number of births attended by skilled health professionals.

(continued on next page)
Strategic Partnerships

ADVOCACY AND IMPLEMENTATION PARTNERS

The United Nations
• Food and Agriculture Organization of the United Nations (FAO)
• United Nations Development Program (UNDP)
• United Nations Children’s Fund (UNICEF)
• United Nations World Food Program (WFP)

NGO Networks: Federations of national and international organizations working in Honduras
• COMFORDE - Education focus
• FORDEH - Development issues
• HONDUSALUD - Health and nutrition
• Coalition SÁN - Food security
• Child and Youth Alliance

Honduras central government
Local governments
Alfhaton
Canadian International Development Agency (CIDA)
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Inter-Institutional Committee for Early Childhood Care (CIAP)
National Convergence Forum (FONAC)
Peace Corps

FUNDING PARTNERS

USAID
Inter-American Development Bank
World Bank
Government of Honduras
Food and Agriculture Organization of the United Nations (FAO)
United Nations Children’s Fund (UNICEF)
United Nations World Food Program (WFP)

They were much more exuberant, engaged and inquisitive than the teachers had been used to. “What we did was to work with the teachers and show teachers that they have to adapt to the child, not the child to them,” she says. Now, our ECD program is the model for early childhood education that Honduras’ Ministry of Education applies nationwide.

As second- and third-graders work quietly in their workbooks, their teacher stands at the whiteboard quizzing the first-graders.

“Do dogs meow?” she asks.

“No!” Their voices are high-pitched and spunky.

“Do elephants trumpet?” “Yes!” “Do roosters bark?” “No!”

The classroom next door has another three clusters of desks where fourth-, fifth- and sixth-graders also are hard at work as they wait their turns for their teacher’s attention. The arrangement works remarkably well. Because schools in rural Honduras are typically very small—the roads are unsafe for children to travel any significant distance—teachers must be prepared to handle multiple grades. ChildFund’s Child-Friendly Schools approach, also adopted by Honduras’ Ministry of Education for primary schools nationwide, is designed specifically for such multi-age environments. Teachers use responsive teaching practices, moving from group to group, setting an assignment in motion and moving on.

Outside, parents wait for their children. “We like the Child-Friendly approach much better,” says the parents’ association president. “It’s more fun for the children; the teacher is happier and it’s more interesting. But, as parents, we do have to participate more.” With their own “homework” to do, parents learn right alongside their children.

“YOUTH CAN DO IT”

Sitting on bleachers outside a school in the village of Lepaterique, ChildFund youth association members Darwin, Julio and Lissien talk about their experience at participating in the town’s first youth citizen-ship project. Using a Peace Corps-designed curriculum called Project Citizen, their group of 15 youth carefully examined their community to identify its worst problems, chose one to target and then set about researching and planning a solution.

The problem they chose to work on was the terrible condition of the village’s only connection to civilization: the road between Lepaterique and the capital, Tegucigalpa—20 some miles of dirt road.

“It’s what affected the community the most,” says Darwin. “Whenever it rained, it would become impassable.”

The group members researched local and national law about transportation issues. Then they came up with an action plan that detailed the work needed, including grading and structures that would withstand torrential runoff on mountainsides. A committee of volunteers would maintain the improved route.

They began talking up the plan in the community, including its leaders. “We sat down with the mayor and told him, ‘We want to get this fixed,’” says Darwin. “He was interested. We said, ‘Here are the laws we’ve studied. We want to do something about this problem.’”

With the good wishes of the mayor and their parents’ support, the group made the bone-rattling drive to Tegucigalpa and presented its proposal to Honduras’ Ministry of Transportation. The ministry heard.

Now the road between Lepaterique and Tegucigalpa, although it is still a dirt road, is flat, smooth and well maintained by a committee. The Ministry of Transportation paid for the work. The road never washes out, leaving the way clear between the village and all the services the capital offers.

“Sometimes we think only adults can do certain things,” says Julio, 14, “but we can do it. Youth can do it.”

Seeing is believing, and the other youth in the community have taken notice and are looking toward similar projects.

“Sometimes we are more active and demanding more representation,” says Lissien, who cites a 75 percent rate of participation by Lepaterique’s 534 youth in ChildFund’s programs. “They realized that they had been sleeping, and now they have woken up. They have learned that they can get involved and be part of the change.”

Thanks to our generous donors’ support, community members are working together to ensure healthy beginnings for infants. Children are being educated in an environment that respects their voices—and allows them to be children. And young people are reaching out into the larger world and leading the changes their communities need, so that everyone can thrive.
The baby’s cries are raspy rather than robust, and his skin is stretched against his delicate rib cage. Propped against his mother’s leg, he doesn’t have the strength to lift his head. When he quiet, he looks around with great big, dark eyes in a small face that has none of the roundness a baby’s should.

But because of your support, he is getting help—in a ChildFund-supported therapeutic feeding center, one of our many efforts in Liberia, where we began working soon after the signing of the 2003 peace treaty.

Liberia is recovering from decades of political unrest and a protracted war that stretched across generations. At the same time, it is contending with refugees from neighboring countries in conflict. All of this occurs amid the country’s ongoing struggle to lift itself from grinding poverty, the effects of which fall hardest on the most vulnerable members of any population: the children.

Chronic malnutrition is one of poverty’s most devastating effects. In Liberia, 42 percent of children younger than 5 suffer from stunted growth due to malnutrition. Since August 2010, ChildFund has partnered with the Aid for the Needy Development Program (ANDP), a local non-profit that has several feeding facilities throughout Liberia. The one ChildFund supports is in Monrovia, in the Voice of America (VOA) camp for Sierra Leonean refugees.

The ANDP center provides a highly practical response to malnutrition that includes helping young mothers with feeding practices, nutrition education and psychosocial support to help rebuild the mother-child bond. Exclusive breast-feeding is promoted for babies’ first months to dovetail with the carefully timed introduction of nutrient-dense foods, which the mothers are taught to prepare.

ChildFund provides the VOA facility with both material and financial support, including $20,000 that ChildFund President and CEO Anne Lynam Goddard presented to ANDP Executive Director William Daiile during her February 2011 visit. “The needs of Liberian children remain vast,” said Goddard soon after touring the ANDP center and other programs. “Still, there is a feeling of hope. It’s a fragile sense of hope, but it is palpable.”

Maternal health care is rare in Liberia, but not for these expectant mothers. A new ChildFund donor-supported program tracks the progress of mothers throughout their pregnancy to ensure healthier mothers and babies.

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Welcome to Sledge, Miss., population about 500, one of five towns in Quitman County. Here, most students in the school system live below the poverty line—$22,000 a year for a family of four—and more businesses are boarded up than open. Unemployment is about 14.3 percent, alcoholism and domestic violence are widespread, and the lack of support at home means nearly half of the students drop out of school. With nowhere to go and nothing to do, some teens gravitate toward drugs, alcohol or other risky behaviors. Rates for teen-age pregnancy and incarceration are extremely high.

Two of Sledge’s young residents, 13-year-old Jasmine and 15-year-old Toneca, realized something needed to be done quickly. As it happened, ChildFund was at that moment working with its affiliate in nearby Lambert, the North Delta Youth Development Center, to implement a parent education and mentoring project in Quitman. Meanwhile, Jasmine and Toneca considered Sledge’s town library, which had been closed for a year, and an idea hatched.

With support from an adult, the girls approached North Delta, Sledge’s mayor and then its town council. Together, they came up with a new plan. Move the project to Sledge’s library.

ChildFund helped outfit the library with updated books and equipment as well as educational toys—puzzles, games, puppets and more. “That was a sight to me, to see those little kids playing,” says Robert Jamison, North Delta’s executive director.

In addition to new books, toys and internet access, the center offers activities including reading circles for children ages 2 through 6 and family circle meetings. Parents, former teachers and elders in the community volunteer there. Youth and teens enjoy mentoring the younger children. Both Jasmine and Toneca are regular helpers.

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One of the first activities the girls organized was a weekly meeting for girls ages 2 through 6. The group meets every Wednesday at the library, where the girls sit with the children and read books aloud, hear songs, tell stories and read poems. There are also other activities like coloring and drawing.

“We have seen that the girls are not only stronger academically, but also socially. The girls are able to work together and help each other,” says Jasmine, an honor student, now sees a brighter, happier future for her hometown. “I feel like a hero.”

Now, Sledge, where more than 60 sponsored children live, offers positive learning opportunities and activities.
URGENT RESPONSE
ChildFund’s Emergency Efforts

A volcano eruption. Flash floods. An earthquake, then a tsunami. Most recently, a drought gripping 5 countries. Worldwide, disasters have made many headlines this year. Beneath those headlines, readers found frequent mention of international aid organizations, including ChildFund.

In all that coverage, however, we don’t see nearly enough about the plight of children. Simply put, their universe is turned upside-down, and millions are at risk.

A common side effect of emergencies is displacement. In the Horn of Africa, the inability to access food and water is forcing families to dismantle their homes and sell them off, piece by piece. First, their corrugated metal roofs. Finally, they gather what is left and set out in a futile search for food, away from the stability of their communities, away from opportunity.

ChildFund quickly works to minimize the chaos and to keep families in their homes. We provide the basic necessities, such as food, water and medicine. And we work to find shelter and reunite families so that children don’t lose their nurturing environment. At such times, we join our knowledge and resources with those of local partners, addressing immediate needs.

As the drought worsened in Ethiopia and Kenya, our analysis showed a gap in the aid community’s outreach to children ages 0 to 5 and to pregnant and lactating mothers. “Most drought response efforts are targeting children in general, seeking to provide support through primary schools,” says ChildFund Kenya’s national director, Victor Koyi. “But children in the 0-to-5 age range are not found in the basic schools. To assume that they are being reached through the general food distribution to their parents is taking a huge risk of excluding this developmentally critical age group.”

ChildFund’s 278 Early Childhood Care and Development (ECCD) centers in Kenya are distribution points for supplementary feeding for 0-to-5s as well as pregnant and lactating mothers. In Ethiopia, ChildFund reaches the same demographic through community associations. ChildFund provides nutrient-rich porridge, maize, cooking oil and potable water, sets up water treatment stations and trains families in hygiene and sanitation practices. We also provide vitamin A and iron supplements, deworming, treatment for minor illnesses, growth monitoring to identify malnutrition and psychosocial support—essential for helping children cope and recover.

The crisis is expected to continue into 2012. With your support, ChildFund will continue to respond to emergencies and provide more than the basics of survival. We will intervene to keep children strong, resilient and on track.

We are committed to bringing positive outcomes and lasting change—even in the aftermath of natural disasters.

The worst drought in 60 years has put 12.4 MILLION people in Kenya, Uganda, Ethiopia, Djibouti and Somalia at risk, according to the U.N.—and the youngest suffer the most.

ChildFund is addressing the severe drought in Kenya and Ethiopia that has affected children in our programs. When there is no rain, mothers cannot feed their children, and everyone suffers.
ChildFund serves nearly 12,000 children in its U.S. programs.

In Brazil, small libraries support children’s education in 87 communities.

In India, ChildFund is improving the lives of 1 MILLION children and family members.

In Liberia, ChildFund assisted nearly 400 girls in finding placements in formal schools.

In Afghanistan, 1,875 students from internally displaced families completed their literacy training.

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A Message from the Chief Financial Officer

We are proud and humbled that in these economically challenging times our donors and supporters continue to have confidence in ChildFund by providing a record-breaking $237.6 million. This represents a 10 percent increase over last year and enables us to expand programs for deprived, excluded and vulnerable children around the world. Because of you, we spent the highest amount on Children and families so they can reach their potential and fulfill their dreams.

We remain accountable for children and youth to be healthy and secure, educated and confident, and skilled and involved. Streamlining our processes led to a reduction of our expenses, and we will continue to look for similar opportunities to increase benefits to children. Our efforts have resulted in 82.5 cents of each dollar benefiting children.

Thank you for the sacrifices you make in support of children. This year in Zambia I witnessed progress for children. This year, in 2011, in Zambia I witnessed progress for children. This year, in Zambia I witnessed progress for children. This year, in Zambia I witnessed progress for children. This year, in Zambia I witnessed progress for children. This year, in Zambia I witnessed progress for children.

We all share in the achievements reached this past year, and our commitment to good stewardship is unwavering. ChildFund continues to take to heart our donors and supporters’ request by calling 1-800-776-6767 or visiting our website at www.ChildFund.org.

Thank you for trusting that ChildFund will continue to improve children’s lives so they can reach their potential and fulfill their dreams.

Sincerely,

James M. Tuite
Vice President, Finance & Operations/Chief Financial Officer

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ChildFund International

Consolidated Statements of Financial Position

AS OF JUNE 30, 2011 AND 2010

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<th>2010</th>
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| TOTAL LIABILITIES AND NET ASSETS | $101,401,580 | $83,079,438 |

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ChildFund International

Condensed Consolidated Statements of Activities

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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<td>Other revenue</td>
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<td>TOTAL PUBLIC SUPPORT &amp; REVENUE</td>
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<table>
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<tr>
<th>EXPENSES</th>
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<tbody>
<tr>
<td>Program</td>
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<tr>
<td>Basic Education</td>
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<td>Health &amp; Sanitation</td>
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<td>NET ASSETS AT END OF YEAR</td>
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A complete copy of the Consolidated Financial Statements, with a report from independent auditors and auditor’s certification, KPMG LLP, is available upon request by calling 1-800-776-6767 or visiting our website at www.ChildFund.org.
Corporations Often Make the Difference in Time of Need

Spring rains brought flooding and disaster to many families in the Mississippi Delta region this year. This past spring, Good360 and its employees rallied around the needs of children and families in ChildFund U.S. programs. Some families had lost everything—their homes and all their belongings. Good360 helped cover immediate needs with items to assist families in starting over. Recognizing the importance of the situation, Good360 and its employees also covered shipping costs. This enabled ChildFund to return to its main focus—addressing long-term sustainable issues for children in its programs.

Beyond the United States, Good360 also helped ChildFund secure goods for our programs in Afghanistan and Liberia, providing blankets, pillows and comforters for children in dire need.

Every ChildFund board member has generously given of his/her time, effort and finances in fiscal year 2011.
“Christian Children’s Fund and now ChildFund ... have been remarkably consistent with their program’s goals—partnering with the host country’s social programs to make sure the children and their families are healthy and get enough to eat, to make sure the child gets the education and training he/she needs to get out of poverty and to become self-sufficient.”

Nola Freeman
Colorado

A Legacy of Love and Sharing

Each year, ChildFund receives many wonderful gifts through the wills and other estate plans of those who decided to make the children we serve a part of their “family.” Barbara Anton was one of these special friends. A noted author, artist and jewelry designer, she loved to create and share her beautiful pieces with others.

Barbara recently passed away, and it was her wish to continue sharing her kindness with children throughout the world. ChildFund is faithfully distributing the funds she left to help as many children as possible. Her contribution is now being used to help children and their families by providing clean water, health care and special assistance during times of drought and other emergencies.

If you would like to leave a legacy of love and sharing through the work of ChildFund, there are many ways to do so through your will and other long-range plans.

Please let us know if you decide to include ChildFund as one of the charitable interests in your plans. We would like to thank you and make sure your gift will be used as you desire. To learn more about including a gift to ChildFund as part of your will or other estate and financial plans, please write or call us toll-free at 1-800-762-9593, email us at pg@childfund.org, or visit our website at www.ChildFund.org.
BECAUSE WE BELIEVE
that the well-being of all children leads to the well-being of the world, we empower children to thrive throughout all stages of life and become leaders of enduring change.