

Dear Friends,

Our 2008-2009 fiscal year was one of our most challenging and yet very rewarding years in our 45 year history as an international child sponsorship organization. There was a greater competition for charitable contributions and the decline in the economy was a threat to our continuing success.

We are, however, looking forward to celebrating our 50th Anniversary in October of 2014 and cannot let the declining economy deter our efforts for growth and expansion. We are looking forward to adding children to our program. We are committed, through our sponsorship program, to assisting impoverished children of all races and creeds. We work through already established schools, orphanages and welfare centers in the United States and abroad. Our assistance focuses on education and providing the basic needs of these children; their schooling, school supplies, clothing, and food.

We believe the Sponsorship Plan creates understanding, friendship and goodwill between the peoples of the world, and our sponsors and the children become ambassadors of peace.

We also believe that by being the bridge that connects a deserving child with a sponsor, we are giving the child hope for the future. And, through the caring concern and encouragement of sponsors *sharing in their future*, these children become our hope for a better world.

We will continue to work diligently to improving the level of assistance we provide the underprivileged children on our program. We are committed in our efforts to become even more efficient; re-evaluating and improving our internal processes so that more assistance can go directly to our children. These initiatives include sponsor retention and cultivation, volunteer training, strategic marketing and website improvements.

This fiscal year saw expansion in services offered to the children with the building of dormitories and a travelling dental clinic in India, classrooms in Kenya, a food program in the Philippines, a gymnasium for Native American children in South Dakota, a youth entrepreneurship program for Native Americans in Arizona, college scholarships for students in Appalachia, the design and implementation of an organic farmer's market in Costa Rica, vision care for children in eastern Kentucky, medicine for children living with HIV/AIDS in Paraguay and our fourth annual Back-to-School shopping trip for children attending inner city schools in Richmond, Virginia.

As you can see, we have exciting challenges to meet on a daily basis and at the end of the day.... the wonderful reward is to know that we are making a difference in the lives of so many children. Our sponsors and contributors are all a part of this and we are truly grateful to each and every one for all that they do to assure the continuing success of our organization.

Sincerely,



Marian G. Cummins
President & CEO

INTERNATIONAL DIVISIONS

Foreign Division

(Ethiopia, India, S. Korea, Philippines, Jordan, Lebanon, Kenya, Sri Lanka)

- \$505,458 in sponsorships
- \$124,815 in special gifts
- \$154,810 in designated funds

This year, our Foreign Division managed sponsorships for 3,752 children at, with an additional 412 children waiting for a sponsor at year's end. The Kingdom of Jordan was added to the Foreign Division's roster in October of 2008, bringing eighteen children onto our sponsorship program. Overall, more than 5,000 children benefitted from Children, Incorporated sponsorship assistance and/or the funding of special initiatives.

In addition to our sponsorship program, Director, Luis Bourdet oversaw improvements in the infrastructure and additional services supporting many of our project sites. From the construction of dormitories in India, the provision of mosquito nets in Kenya, to a food initiative for children in the Philippines, this division led the charge in Children, Incorporated's strategy to provide and promote community development.

The Girls Hostel in Keorapukur, India is now in full use, thanks to contributor Barry Greenstein. The second floor is used as a dormitory, and the first floor as a dining hall and multi-purpose area. As a result, sixty young girls have a safe place to sleep and more than one hundred girls use the dining hall.

With a gift from donor, Nagendra Bommadevara, this division was able to create and implement a traveling dental clinic for our projects in Guntur, India. More than three hundred children received dental check-ups, toothbrushes, toothpaste, and instruction in oral hygiene. The clinic was in direct response to two major health issues discovered at these project sites. A water supply too high in fluoride has caused blackened teeth and the failure to lose baby teeth, leaving no room for their permanent teeth.

Funds given from the Barry Chappell Fine Art Show helped initiate a food program for twenty-five of our children at the Fortune's Children Center in Parang, Philippines. The program was viewed as a success and the hunt for continued funding has commenced! After one year, two-thirds of the children saw improvements in developmental skills such as hand-eye coordination, writing, recognizing numbers, colors, and shapes. Two-thirds of the children also gained one to two pounds, while one-third remained at the same weight. The children were fed twice a day and received a mixture of vegetables, rice, some meats, and fruit cooked in culturally accepted dishes. And, yes...they actually ate their veggies, though it took some convincing!

Latin American Division

(Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay)

- \$859,031 in sponsorships
- \$98,106 in special gifts
- \$349,872 in designated funds

This year, our Latin American Division maintained the number of sponsored children at 6,118, with 761 children waiting for a sponsor at year's end. New project, Centro Micaelino was opened in Medellin, Colombia which saw the addition of fifty children to our sponsorship program. Overall, more than 10,000 children benefitted from Children, Incorporated sponsorship assistance and/or the funding of special initiatives.

In April 2009, work began on the design and implementation of an organic farmer's market for the community of Bambu, Costa Rica. The Latin American Division teamed up with Tropical Adventures – a “voluntourism” travel foundation in Costa Rica and the community's leadership. The Bambu Community Partnership Initiative aims to provide people living on the indigenous reservation in Bambu with the tools, information, and experience empowering them to create and manage their own micro-enterprises. The actual structure of the market is just one step in creating sustainable change for the families of Bambu. The second phase of this initiative will address economic issues that have plagued members of the reservation for many generations. Issues such as: lack of financial opportunities, the need for local economic development and job creation, and the need for affordable goods that are easily accessible by all. As a result of this initiative, 100 residents of Bambu and surrounding communities on the reservation will have the opportunity to be self-employed, further their self-reliance goals, and have long-term access to economic opportunities, goods, and services.

A generous donation from sponsor Richard Mellish provided computers and internet access to project sites in Costa Rica, Guatemala, El Salvador, Honduras, Nicaragua, Paraguay, and Bolivia. The computers are also made available to the families of the children. Mr. Mellish's gift also was used to install floors in six classrooms at the Juan Apostol School in Guatemala.

Through continued support of the Seeds of Hope Annual Fund and other special funding campaigns, the Latin American Division was able to provide additional services to the more than 6,000 children in the division. In response to severe flooding, we were able to provide relief to communities in Bolivia and Costa Rica enabling families to replant crops.

In the wake of rising food costs and unemployment, our new Global Pantry Fund helped provide more than forty families at Belen Casa de Pan in Mexico with monthly food items.

“As madrina (sponsor) of the three Miranda children, I want to thank you for the individual care you give to each child sponsored by Children Incorporated in Latin America. The children are more than mere numbers to you.” – sponsor, Carol Howman

U.S. DIVISIONS

American Indian Division

(Arizona, New Mexico, Utah, North Dakota, South Dakota)

- \$270,915 in sponsorships
- \$26,012 in special gifts
- \$102,841 in designated funds
- \$45,721 gifts in kind

This year, our American Indian Division provided assistance to 2,049 children through sponsorship, with 76 children waiting for a sponsor at year's end.

One enormous accomplishment for the American Indian Division was the Rosebud Gymnasium. Thanks to a generous gift from our sponsor, Mr. Barry Greenstein, we were able to provide a cultural learning center/gymnasium for the Rosebud Dormitory School in South Dakota. For several years, the Rosebud Reservation has been deeply affected by high teen suicide rates. According to the Indian Health Service, the Rosebud Reservation has the highest suicide rate in the country for males age ten to twenty-four. It is the hope of Rosebud community leaders that the Greenstein Gymnasium will provide a safe haven for their children where cultural, educational, and athletic activities can take place and help build self-esteem, ending this tragic trend.

In the four corners area, we implemented a pilot youth entrepreneurship program. In conjunction with C. Ray Carlson (Chair, Youth Entrepreneurship Education of Rotary District 5300), Page, AZ High School, and Varenchik & Associates, a week-long course was presented to 10th – 12th grade students of Page High School. The objective of this program is to equip Native youth in the Page community with the knowledge and experience to create their own businesses, through training and business plan development exercises. The pilot was a success and we are working on "Phase II."

More than 1,100 children in this division benefitted from the Children, Incorporated Warm Clothing Fund this past fiscal year. Bedding, warm blankets, socks, boots, undergarments, pants, jackets, hats, scarves and more were provided to those children desperately in need of such items.

Appalachian Division

(Kentucky, West Virginia, Virginia, North Carolina)

- \$719,524 in sponsorships
- \$43,361 in special gifts
- \$334,264 in designated funds
- \$198,182 gifts in kind

This year, our Appalachian Division maintained the number of sponsored children at 5,264, with 630 children waiting for a sponsor at year's end.

Our Appalachian Division continued to maintain the number of children on the program. A highlight for this division is the number of Dulin Scholarship recipients. Long time supporter, Dr. Basil B. Dulin established a scholarship for Appalachian high school graduates to assist with their higher education. Five students were awarded the scholarship to help with the cost of books, tuition, and other various school-related needs. After learning he was a recipient, one young man, Thomas, wrote

With this scholarship, I will be able to pay for my meal plan, my room, and then some for my books. I really want you to know that I never thought in my wildest dreams that any of this would be possible. You are an inspiration to me and all the students you help. Without your help, none of what I will accomplish throughout my life would be possible.
– Thomas P.

The children and families in this division were hard hit by inclement weather. Snow storms in the winter months shut down schools, businesses, and roads. The hardships of paying the fuel bill, random power outages, frozen water pipes, house fires caused by woodstoves, not being able to get food because of impassable roads, and keeping the children warm enough were just a few of the challenges facing Appalachian families this past year. This caused an increase in requests for emergency funds. Severe flooding in eastern Kentucky in the spring caused even more emergency situations. Through generous donations to our Warm Clothing Fund and Seeds of Hope Annual Fund, we were able to respond to the needs of over 500 children, allowing families to get back on their feet.

Our Appalachian Division, as well as our other U.S. divisions, also benefitted from gifts-in-kind. Groups like the Pajama Program, Page Auto Group, and From the Heart donated over 50 cases of pajamas, gowns, sleepwear, hand stitched hats, scarves, and warm clothing items.

Inner City Division

(Detroit, MI, New Orleans, LA, Richmond, VA,)

- \$46,471 in sponsorships
- \$27,433 in special gifts
- \$7,821 in designated funds
- \$7,581 gifts in kind

This year, our Inner City Division managed sponsorships for 439 children, with 124 children waiting for a sponsor at year's end.

The Inner City Division grew in terms of project sites and children this year. We saw two additional elementary schools added to our program in Richmond, Virginia which added fifty children to our program. We are proud to announce that a new school joined our program, Ferebee Hope Elementary in our nation's capital, Washington, D.C. Located in D.C's "8th Ward," we are able to serve children from the poorest urban area in the nation.

A highlight every year for this division is our annual Back-to-School Shopping program. For the third summer in a row, we were able to take 125 children to Target to shop for school clothes. Each child was paired with a volunteer shopper who helped in the shopping and decision-making process. The children were also given backpacks filled with school supplies.

Thanks to a generous grant from the Tuckahoe Woman's Club of Richmond, VA 140 pairs of new shoes were purchased by Children, Incorporated staff and delivered to five of our Richmond, Virginia schools. Payless Shoes offered a sizeable discount and helped us in the selection of the shoes. The items our project volunteers most often request are shoes, socks, and underwear. "Being able to provide Richmond schools with new shoes for basically all of the children enrolled in the CI program was like a dream come true!" remarked Ron Carter, Inner City Division director. "We couldn't have done this without the grant money from the Tuckahoe Woman's Club."

Through the generous donation made by United Presbyterian Church of Rochester, Minnesota, we were able to provide the Fischer Elementary School library with new books. Many of the school's books were destroyed in the wake of hurricane Katrina that hit New Orleans. Members of the church joined Ron Carter in New Orleans to present the books and get them on the shelves.

As with our other divisions, the Inner City Division experienced an increase in emergency requests. Once again, due to the support of our Warm Clothing Fund and Seeds of Hope Annual Fund, we were able to provide for more than 200 children in this division. The Inner City Division also benefitted from the generosity of corporate supporter, Nussentials, with more than thirty children receiving assistance through sponsorship.

CHILDREN, INCORPORATED
STATEMENTS OF ACTIVITIES

Year Ending June 30, 2009

UNRESTRICTED NET ASSETS

Support		
Other contributions	\$	180,442
Bequests		258,804
Investment (loss) income		(591,064)
Other income		<u>20,995</u>
<u>Total Unrestricted Support</u>		(130,823)
Net assets released from restriction		<u>5,861,610</u>
<u>Total Unrestricted Support and Reclassification</u>		<u>5,730,787</u>
Expenses		
Child care program		5,641,577
Fund raising		658,846
Management and general		<u>533,368</u>
<u>Total Expenses</u>		<u>6,833,791</u>
<u>Decrease in Unrestricted Net Assets</u>		<u>(1,103,004)</u>

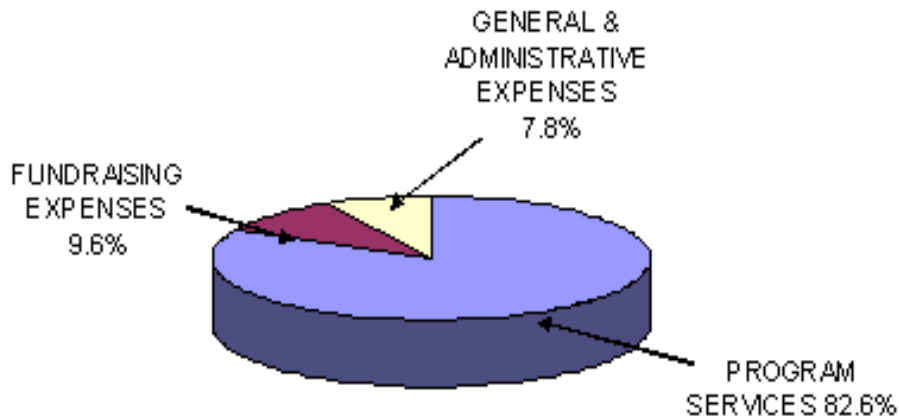
TEMPORARILY RESTRICTED NET ASSETS

Sponsorship contributions	4,076,850
Other contributions	1,455,030
Commodity gifts	293,396
Investment income	(8,809)
Net assets released from restrictions	<u>(5,861,610)</u>
<u>Decrease in Temporarily Restricted Net Assets</u>	<u>(45,143)</u>
<u>Decrease in Net Assets</u>	<u>(1,148,147)</u>

NET ASSETS

Beginning of year	<u>4,883,850</u>
End of year	<u>3,735,703</u>

CHILDREN, INCORPORATED
FUNCTIONAL EXPENSES
FY2009



Our Supporters

The assistance that we are able to provide the children would not be possible without the continued support and dedication of our donors. Here, we recognize those who have given of their time, talents, and treasures. To join forces and know the power of something greater than oneself is a remarkable thing.

"If you have a few extra dollars per month and you really want to make a difference in a child's life, I would suggest contacting Children Incorporated in Richmond, VA at 1-800-538-5381. The people involved with this organization are caring and first rate: from the helpful field coordinator at my sponsored child's school to the President. I encourage you to visit your sponsored child which I had the good fortune of doing; it will broaden your horizons and touch the very essence within your heart. Each of us can make a difference."

George S. – PA

The *Jeanne Clarke Wood Legacy Society* honors those who have included Children, Incorporated in their estate plans. These individuals and families have already taken this step, embodying the same generosity and foresight that led Jeanne Clarke Wood to create Children, Incorporated more than forty years ago.

Jeanne Clarke Wood Legacy Society

Gary Archer
David Bahrs
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Mildred Beck
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Anonymous
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Cathy and George Spencer
Helen Squier
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Monica Woody
Marilyn Workman

"Children, Incorporated has made a phenomenal commitment to communities world-wide. I am always struck by the letters we receive; by the huge difference Children, Incorporated has made not only to the children, but to entire villages. It is a pleasure to help Children, Incorporated in any small way. Our customers and vendors have been incredibly generous in their donations, and they deserve a large debt of gratitude in helping us support Children, Incorporated." –Barry Chappell, Barry Chappell Fine Art Showcase

Seeds of Hope Annual Fund

Visionary Society

Stewards

California Community Foundation
Mr. & Mrs. Thomas Chewning
Mary & Nelson Evans

Benefactors

Dr. Barbara Kravitz

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Mr. James Frye
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Daryl E. Warder, M.D.

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