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# Where Does \$100 to Compassion International Go (2018)?

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Compassion International, Inc. (CI) is a Colorado Springs, Colorado based 501 (c) (3) engaged in Christian ministry to “release children from their economic, social, physical, and spiritual poverty.” Key information (based on the information submitted on the 2018 Form 990 to the IRS) include the following:

CI raised \$953 million, nearly all of which came from contributions.

Expenses totaled \$933 million (including \$12 million in depreciation), leaving \$20 million unspent and allocated to the general fund which had \$269 million (net fund balance or what some people refer to as the endowment) at year-end.

Expenses can be viewed two ways: by broad general category (i.e. grants, program services, management and general, and fundraising) or be specific line item category (i.e. compensation, office-related expenses, travel, grants, fees for services, etc). Both are beneficial with the latter approach providing greater detail.

## **Expenses by Broad General Category**

The \$933 million (98% of revenue) in expenses were categorized as follows:

- \$635 million (67% of revenue): Grants
- \$129 million (13% of revenue): Program Services
- \$ 93 million (10% of revenue): Fundraising
- \$ 75 million (8% of revenue): Management and General Expenses

CI gave out \$635 million in grants, representing 67% of revenue (and, this is consistent year-to-year historically). Almost all grants were to foreign organizations, individuals, and governments. Schedule F of the Form 990 lists the geographic location of the grant recipients and the total amounts but CI is not required to inform the public of exactly who received the grants overseas. The three geographic areas receiving the most grants were Sub Sahara Africa (\$257 million), Central America and the Caribbean (\$131 million), and South America (\$129 million). \$225 million of the \$635 million in grants were cash grants to 26 organizations for child development recognized as charities by a foreign country and are recognized as tax exempt by the IRS.

Program Service Expenses totaled \$129 million. \$78 million of the \$129 million were for services provided overseas – primarily Sub Sahara Africa (\$31 million), Central America and the Caribbean (\$20 million), South America (\$20 million), and East Asia and the Pacific (\$11 million). It is important to note CI has dozens of affiliated non-profits overseas (i.e. Compassion International de Peru, Compassion International Lanka, Compassion International Uganda, etc) but it is unclear if grants were awarded to these organizations (in which CI is the direct controlling entity). Information in the 990 reports that grant funds are transferred monthly from the USA to its national offices (all of which are located outside the USA) who then distributes funds to its church partners and beneficiaries, so it does appear that grants were awarded to or through affiliated organizations.

Fundraising expenses totaled \$93 million, of which \$45 million was spent on staff compensation and \$24 million on advertising and promotion.

Management and general expenses totaled \$75 million, of which \$49 million was for staff compensation.

Using the above information, \$100 in revenue was spent as follows:

**\$100: Revenue**

-\$ 10: Fundraising

-\$ 8: Management and General Expenses

**-\$ 18: Subtotal Fundraising and Management and General Expenses**

**\$ 82: Revenue Remaining**

-\$ 67: Grants

-\$ 13: Program Services

**-\$ 80: Subtotal Grants and Program Services**

**\$ 2: Revenue Remaining: To General Fund**

As illustrated above, CI spent \$80 out of every \$100 on program services and grants. \$18 out of every \$100 was spent on fundraising and management and general expenses.

**Expenses by Specific Line Item Category**

The \$933 million in expenses were categorized as follows:

- \$635 million (67% of revenue): Grants
- \$168 million (18% of revenue): Compensation
- \$ 34 million ( 4% of revenue): Office-related Expenses
- \$ 28 million (3% of revenue): Fees for Services (primarily other unexplained expenses)
- \$ 27 million (3% of revenue): Advertising and Promotion
- \$ 18 million (2% of revenue): Travel
- \$ 13 million (1% of revenue): Other Expenses

Grants were previously addressed above.

Compensation totaled \$168 million for the 1,196 employees, which equates to an average compensation of \$140,500 (which is high). However, only 228 employees received more than \$100,000 in compensation.

The 17 most highly compensated employees received a collective \$5.2 million, which equates to an average compensation of \$306,000. If the total compensation to all employees (\$168 million) was adjusted for the compensation paid to the 17 most highly compensated employees, then 1,179 employees were compensated approximately \$163 million which equates to an average compensation of \$138,300 which means the employees of CI appear to be well compensated.

16 of the 17 most highly compensated employees (or 94% of the most highly compensated employees) are male while 1 (or 6% of the most highly compensated employees) is a female (and she is reported to have left 4/18). Given that 47% of the workforce in the United States is female, how is that CI does not have 1 female, at year-end on the list of the most highly compensated employees?

On Schedule F of the Form 990 (to view, click on the link at the end of the post), information on activities outside the United States are addressed including the number of employees, agents, and independent contractors in specific areas. The regions with the largest number of employees, agents, and independent contractors include Sub Sahara Africa (736), Central America and the Caribbean (394), East Asia and the Pacific (317), and South America (293). Although it appears these people are part of the 1,196 total employees reported on the Form 990, it is unclear (because the description includes “agents” and independent contractors”).

Fees for Services primarily includes \$26 million of services classified as “other.” No other detail is provided on these services. Other expenses of \$13 million are not detailed either. Collectively \$39 million in expenses are not detailed.

Using the above information, \$100 in revenue was spent as follows:

\$100: Revenue

-\$ 18: Compensation

-\$ 4: Office-related Expenses

-\$ 3: Fees for Services

-\$ 3: Advertising and Promotion

-\$ 2: Travel Expenses

-\$ 1: Other Expenses

**-\$ 31: Subtotal Compensation, Office, Fees, Advertising, Travel and Other Expenses**

**\$ 69: Revenue Remaining**

-\$ 67: Grants

**\$ 2: Revenue Remaining: To General Fund**

As illustrated above, CI spent about \$31 out of every \$100 on compensation and organization expenses.

One of the important issues to address is the monthly contribution plan to CI which is \$38 per month or \$456 annually. CI does not break out revenue and expenses by specific program on the Form 990 so the specific amount of revenue received from these contributions and the amount and detail of what was spent is not available. Hence, the above breakdown is applied based on the information on the Form 990:

**\$456: Annual Contribution (\$38 per month x 12 months)**

-\$ 82: Compensation

-\$ 18: Office-related Expenses

-\$ 14: Fees for Services

-\$ 14: Advertising and Promotion

-\$ 9: Travel

-\$ 5: Other Expenses

**-\$142: Subtotal Organization Expenses (\$12 per month)**

**\$314: Revenue Remaining**

**-\$305: Grants (\$25 per month)**

**\$ 9: Revenue Remaining (\$1 per month): To General Fund**

As illustrated above, approximately \$12 of the \$38 per month donation was used for organization expenses while \$25 of the \$38 was used for grants. \$2 of the \$38 was retained for the general fund. The general fund (or net assets or what some people refer to as the endowment) had \$269 million at year-end.

## **Summary**

CI raised \$933 million in 2018, of which \$635 million was awarded in grants to foreign organizations, individuals, and governments. \$168 million was used to compensate the 1,196 staff, who received an average compensation of \$140,500. 16 of the 17 most highly compensated employees (or 94% of the most highly compensated employees) are male while 1 (or 6% of the most highly compensated employees) is a female (and she is reported to have left 4/18). These two expenses – grants and compensation – account for 85% of expenses of CI.

The bottom line is that \$31 out of every \$100 was used to pay employees, office expenses and other organization costs while \$67 out of every \$100 was used for grants, primarily foreign. For those donors who gave \$38 a month (or \$456 annually), \$12 of that \$38 per month (or \$142 of the \$456) went to pay organization costs while \$25 of the \$38 (or \$305 out of the \$456) went to grants. It is important to note that if the grantor was an organization or government, their costs are deducted prior to reaching the designated beneficiary.

To read the IRS Form 990 (2018), click [here](#).

To read [Executive Compensation at Compassion International \(2018\)](#), click [here](#).

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