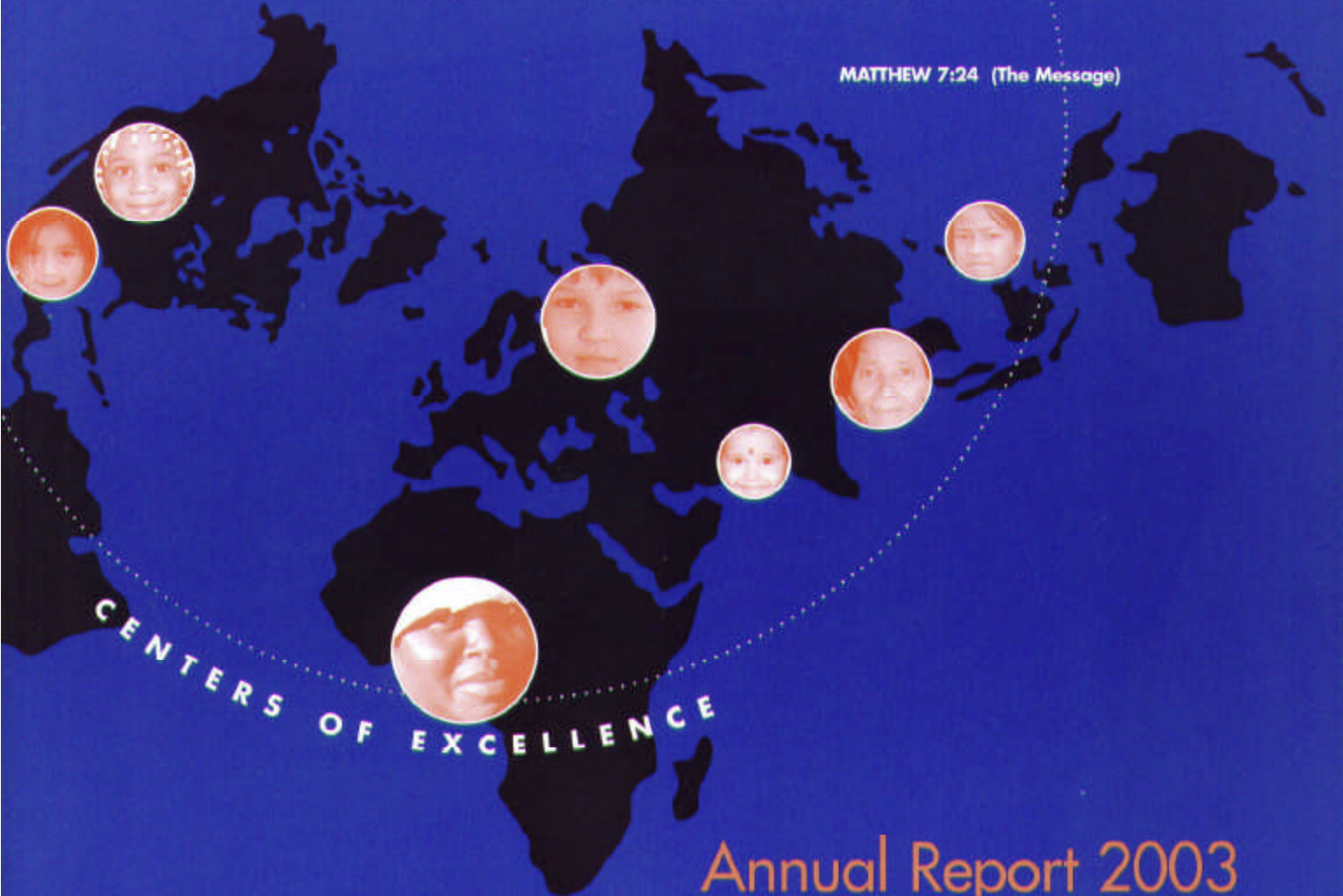


These words I speak  
... are **foundational** words,  
words to **build a life** on.  
If you **work** these words into your life,  
you are like a smart carpenter  
who built his house **on solid rock.**

MATTHEW 7:24 (The Message)



Annual Report 2003

**A LETTER FROM ROBERT AND PATRICIA GEMPEL,**  
**President and Executive Vice President, HOPE worldwide**

## Dear Friend of HOPE worldwide,

HOPE worldwide's work on behalf of the poor and needy began more than twelve years ago. With a faith-inspired mission to bring hope to a hurting world, HOPE worldwide staffers and volunteers have been reaching out and improving the lot of millions around the world.

The work began in 1991 with just a few programs including medical care for trash sorters in Mexico City; an adoption agency in Atlanta, Georgia; an AIDS clinic in Abidjan, Ivory Coast; and a tuberculosis control program in Chennai, India. This year our multinational staff, working with tens of thousands of volunteers, brought hope to the impoverished, disadvantaged and abandoned through our five major program areas: Health, Education, Children, Seniors and Volunteerism.

### **Centers of Excellence – Building on a Firm Foundation**

HOPE worldwide is moving forward by developing Centers of Excellence. Built on a firm foundation of faith, experience, and proven strengths, the Centers are helping to meet the needs of their local communities for this and future generations. This evolving concept has led to the establishment of venues for healthcare and education, and, in particular, for abandoned children and seniors. An important added benefit is a secure environment for our volunteers who wish to serve.

The Village of HOPE in Deihi, India is a good example of a Center of Excellence. It began eleven years ago as a housing



program for leprosy patients. However, the needs of this 800 family community extended far beyond housing. In the course of constructing homes, educational programs were developed for the children of these families, including nursery, primary and computer schools. An on-site clinic meets the special healthcare needs of the patients. In addition, a micro-lending program has fostered the creation of a number of small businesses in the village. These changes have restored an increasing level of dignity to the patients, as evidenced most dramatically in the reduction of the number of patients who resort to begging for a living. Prior to HOPE worldwide's involvement, more than 80% were beggars. Today, virtually all who can work are employed.

Building on the Centers of Excellence concept the following programs are actively bringing hope into the lives of thousands:

- The Sihanouk Hospital Center of HOPE in Phnom Penh, Cambodia has not only served the needs of more than 500,000 patients since 1996, but, because it is training a new generation of Cambodian

healthcare professionals, is also changing the face of healthcare in this nation. We are blessed to have received a three-year \$5.2 million grant from the U.S. Department of Agriculture that, together with funding from private sources, will enable the hospital to operate through 2005.

- In the city of Bhuj in the state of Gujarat, India, the epicenter of a devastating earthquake in 2001, private donations from within India have allowed the construction of a Center. It is meeting the primary educational needs of a number of poor families through schools, vocational training and a medical clinic.
- In the South India city of Trichy, the generous donations of one extended family are funding the construction of yet another Center of Excellence. This Center will house our second orphanage in India, which began operating this year at a temporary location nearby.
- Thanks to an additional grant from the U.S. Department of Agriculture, another Center is under construction in Manila, Philippines. This Center will initially focus on the needs of street children.
- Though not bricks and mortar, our community-based HIV/AIDS work in Africa has gained international recognition for its extraordinary contributions to helping families and children who have been devastated by this pandemic.
- After School, Saturday Academy and mentoring programs are giving America's at-risk inner city children a safe place to learn and grow. We are grateful for the opportunity to serve in a dozen cities throughout the country.

### **Thank you**

The Lord has blessed us with a mandate to help the poor and needy. We are very grateful for your partnership in our efforts to respond; together with our approximately 800 sacrificial and hard working staff members, we are promoting the cause of the poor and needy around the world.

To our volunteers, including the teens and college students who have participated in the HOPE Youth Corps – thank you. Without you, our hearts would not be as strong for the task.

We are grateful to our Board of Directors who discharge their duty of care and loyalty with prayer and courage.

We are grateful to our donors. Without you, the work simply could not go forward.

Our sincere appreciation goes to those of you who have given unrestricted funds. These support the worldwide management team and empower them to raise and administer the funds restricted to programs.

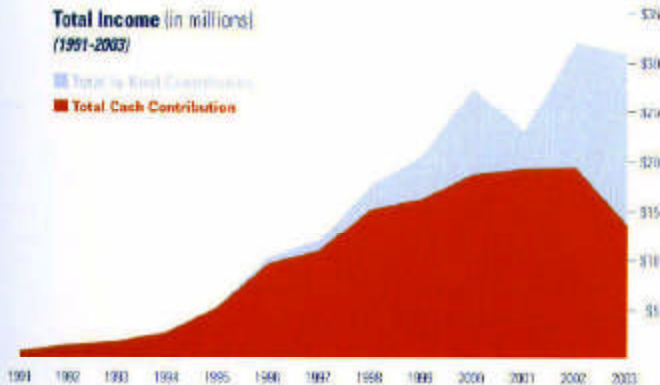
In the coming year, please pray consistently for the poor and needy and that the power of the Lord will be evident to all who are touched by our programs. We covet your continued support as we strive to fulfill our mission of bringing hope to a hurting world.

## 2003 FINANCIAL SUMMARY

HOPE *worldwide* is a tax-exempt 501(c)(3) non-profit corporation founded in 1991 by the International Churches of Christ. Since its inception, the organization has been committed to ensuring that its financial resources are managed effectively and efficiently. Funds are accounted for under generally-accepted standards and practices for nonprofit accounting and in strict accordance with donor restrictions.

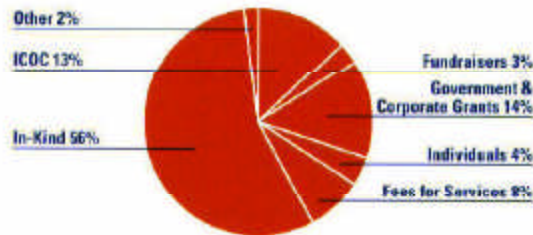
### Income

With just over 12 years of service to the poor and needy around the world, HOPE *worldwide* has seen its annual income grow from less than \$0.8 million in 1991 to approximately \$31 million by the end of 2003. We continued to maintain programs on all six populated continents meeting a variety of needs from healthcare, nutrition and education to orphan care, adoption, and senior services. While a value cannot be placed on the time and energy contributed by our global pool of volunteers, we are truly grateful for their generous and compassionate hearts.



In 1991, HOPE *worldwide*'s revenue consisted almost exclusively (95%) of donations from the International Churches of Christ (ICOC). By 2003, the ICOC portion had decreased to 13%, as other sources of funding were identified and developed. These sources include individual donors (4%), local fundraising events (3%), government and corporate grants (14%), and program revenue such as fees for service (8%). Continuing a trend from 2002, in-kind supplies (primarily medical and equipment) increased by \$4.6 million dollars from 2002 to 2003. This increase can be attributed to the continued growth of the Sihanouk Hospital Center of HOPE in Cambodia and the Karte Seh Hospital in Kabul, Afghanistan as well as other medical programs around the world.

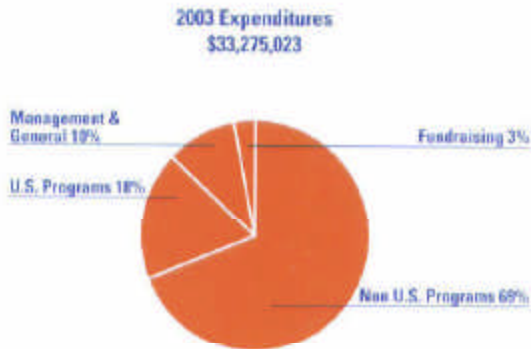
### Sources of Donations and Other Income



### Allocation of Expenditures

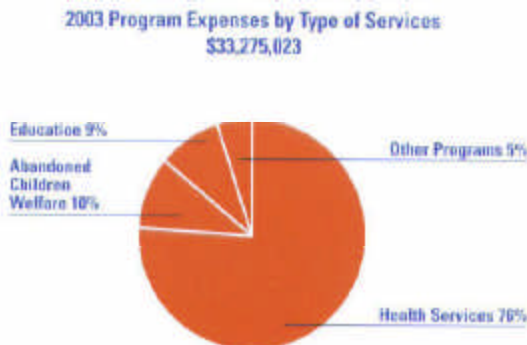
Total expenditures in 2003 were up by 7% from the previous year, primarily due to the sizeable increase in in-kind donations (see above). Cash expenditures for the same period were down 15% continuing the trend of the previous year. Of the total expenditures for the year, programs accounted for 86%, management and general, 10.5%, and fundraising, 3.5%. Overall the percentage of overhead costs (management and general as well as fund-raising) decreased from 17% in the prior year to 14% in 2003. In addition,

the actual dollar cost of overhead decreased by \$563,000 (11%). Of program support, 20% went to U.S. programs (17.5% of total expenditures) while 80% went to non-U.S. programs (68.6% of total expenditures).



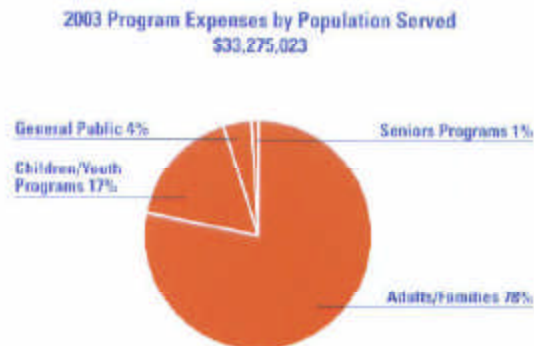
### Strategic Program Areas

In order to track HOPE *worldwide's* performance against strategic goals and objectives, program expenditures are characterized in two ways. The first is by type of service provided. "Health Services" programs account for 76% of all program funds expended encompassing not only primary and secondary healthcare (clinics and hospitals), but also other health-related activities such as feeding, nutrition, disease eradication and immunization. It also includes volunteer-driven community outreach programs designed to promote awareness of public health issues such as HIV/AIDS and tuberculosis. "Education" programs account for 9% of all program dollars. This includes a wide range of activities from schools to after-school programs, computer learning and job training, as well as youth leadership development. "Abandoned



Children Welfare" programs include orphan care, foster care and adoption services and comprise 10% of all program funds expended. The category referred to as "Other Programs" (5%) includes disaster relief as well as volunteer services where the areas of service were unspecified.

The second way that program expenditures are characterized is by target populations served, specifically whether they are children and youth, adults (including families) or the elderly. Most of HOPE *worldwide's* programs provide services to adults and their families. This group is the recipient of 78% of all program funds. Four percent (4%) of expenditures were directed primarily to volunteer community-based programs that serve all age groups. Another 17% of funds went to programs serving children and youth, while only 1% of program funding serves exclusively the elderly. Most programs for the elderly involve the devotion of time by large numbers of volunteers whose impact is not adequately measured by the dollars spent.



HOPE worldwide, Ltd.

## Consolidated Statements of Financial Position

Years ended December 31	2003	2002
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,329,738	\$ 3,251,759
Accounts receivable (net of \$33,821 allowance for doubtful accounts)	413,961	667,567
Pledges receivable	195,400	471,560
Prepaid expenses and other current assets	340,041	117,690
<b>Total current assets</b>	<b>3,279,140</b>	<b>4,508,576</b>
<b>Non-current assets:</b>		
Investments	5,095,287	2,863,961
<b>Property and equipment:</b>		
Building	3,036,397	3,036,397
Equipment	1,285,303	1,336,420
Leasehold improvements	235,083	236,238
	4,556,783	4,609,055
Less: Accumulated depreciation and Amortization	(1,630,141)	(1,484,044)
	2,926,642	3,125,011
<b>Total assets</b>	<b>\$11,301,069</b>	<b>\$10,497,548</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 276,378	\$ 294,177
Accrued expenses and other current liabilities	107,123	292,400
Deferred Revenue	5,141,126	2,121,780
Short-term debt	705,313	287,519
Current maturities of long-term debt	159,402	147,368
<b>Total current liabilities</b>	<b>6,389,340</b>	<b>3,143,244</b>
Long-term debt	1,929,702	2,089,105
<b>Total liabilities</b>	<b>8,319,042</b>	<b>5,232,349</b>
<b>Net assets:</b>		
Unrestricted	680,881	2,605,962
Temporarily restricted	1,249,684	1,608,780
Permanently restricted	1,051,462	1,050,457
<b>Total net assets</b>	<b>2,982,027</b>	<b>5,265,199</b>
<b>Total liabilities and net assets</b>	<b>\$11,301,069</b>	<b>\$10,497,548</b>

HOPE worldwide, Ltd.

## Consolidated Statements of Activities and Changes in Net Assets

Years ended December 31	2003	2002
<b>ASSETS</b>		
<b>Changes in unrestricted net assets:</b>		
<b>Operating support and revenues:</b>		
Contributions	\$22,856,186	\$24,097,221
Grants and other	5,940,200	4,745,649
	28,796,386	28,842,870
Net assets released from restrictions	2,553,556	2,348,775
<b>Total operating support, revenues, and net assets released from restrictions</b>	<b>31,349,942</b>	<b>31,191,645</b>
<b>Expenses:</b>		
U.S. Programs	5,821,818	8,406,935
Non-U.S. Programs	22,819,054	17,518,447
Management and general	3,485,936	3,674,663
Fundraising	1,148,215	1,522,528
<b>Total expenses</b>	<b>33,275,023</b>	<b>31,122,573</b>
<b>Increase in unrestricted net assets</b>	<b>(1,925,081)</b>	<b>69,072</b>
<b>Changes in temporarily restricted net assets:</b>		
<b>Operating support and revenues:</b>		
Contributions	2,125,562	3,264,663
Investment income, net	31,054	14,322
Unrealized appreciation on investments	38,849	(42,882)
Net assets released from restrictions	(2,553,556)	(2,348,775)
Investment earnings allocation	(1,005)	(600)
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>(359,096)</b>	<b>886,728</b>
<b>Changes in permanently restricted net assets:</b>		
<b>Operating support and revenues:</b>		
Contributions	0	5,500
Investment earnings allocation	1,005	600
<b>Increase in permanently restricted net assets</b>	<b>1,005</b>	<b>6,100</b>
<b>Increase (decrease) in net assets</b>	<b>(2,283,172)</b>	<b>961,900</b>
<b>Net assets, at beginning of year</b>	<b>\$ 5,265,199</b>	<b>\$ 4,303,299</b>
<b>Net assets, at end of year</b>	<b>\$ 2,982,027</b>	<b>\$ 5,265,199</b>

### Reports of Audited Financial Statements

The consolidated financial information provided for the United States corporations has been derived from the audited consolidated financial statements of HOPE worldwide, Ltd. (Wayne, Pennsylvania) and its U.S. subsidiaries as of and for the years ending December 31, 2003 and 2002. The consolidated financial data presented on the following page were derived from financial statements audited by PricewaterhouseCoopers, LLP.

HOPE worldwide, Ltd.

**Schedule of Expenses by Services Provided**

Year ended December 31, 2003	Health	Education & Development	Children/Adoption Care	Other Services*	Fundraising	Management & General	TOTAL
Salaries	\$ 1,061,954	\$1,219,198	\$ 769,834	\$ 817,207	\$ 570,489	\$1,807,017	\$ 6,245,699
Employee Benefits	138,209	159,271	148,127	114,105	80,360	314,612	954,684
Payroll Expenses	63,905	92,703	61,145	48,255	33,796	114,533	414,337
Out of town expenses**	40,063	240,572	41,942	47,442	48,132	95,286	513,437
Conference/seminar	2,827	1,163	3,276	4,334	2,035	3,529	17,164
Local Meals/Entertainment	3,102	52,147	4,458	9,556	7,205	20,376	96,844
Local Travel	454	20,616	18,116	5,339	4,910	5,322	54,757
Gifts	327	2,294	3,122	3,257	5,381	5,859	20,240
Office Equipment Rental/maintenance	9,709	11,012	13,259	6,999	9,999	38,457	89,435
Maintenance & Repairs –							
Building/Grounds/Equipment	0	416	69	216	7,768	50,515	58,984
Bad Debts Expenses	0	24,354	12,886	0	0	96,107	135,357
Depreciation	28,719	24,412	10,271	26,063	11,259	194,994	295,718
Printing	1,103	17,142	16,013	11,796	100,286	5,855	152,195
Promotional expenses	418	5,045	51,486	705	11,196	3,191	72,041
Professional/legal fees	40,882	164,921	53,469	24,868	25,438	187,250	496,828
Insurance	19,851	8,797	44	7,907	6,962	39,606	83,167
License/fees/taxes	5,999	1,899	3,395	1,699	10,679	53,623	77,294
Interest expense	2,536	9,800	8	2,809	23,229	154,727	193,109
Rent	86,482	81,577	62,904	38,496	27,239	68,327	365,025
Supplies	26,969	13,841	13,512	6,904	9,161	52,569	122,976
Bank charges	986	2,972	4,216	2,153	33	13,770	24,130
Shipping/Postage	29,566	3,421	18,881	2,491	9,090	20,416	83,865
Miscellaneous office expenses	1,150	1,080	4,760	2,095	143	16,666	25,894
Telephone expenses	18,530	44,505	34,330	30,462	20,927	71,217	219,971
Utilities	9,172	6,940	5,183	1,457	8,254	50,112	81,118
Special Events	0	0	0	0	114,244	0	114,244
Program expenses	20,151,623	351,836	1,403,516	359,735	0	0	22,266,510
<b>Grand Total</b>	<b>\$21,744,556</b>	<b>\$2,561,744</b>	<b>\$2,758,222</b>	<b>\$1,576,350</b>	<b>\$1,148,215</b>	<b>\$3,485,936</b>	<b>\$33,275,023</b>

\* Services that can be included in more than one category.

\*\* Includes HOPE Youth Corps expenses

**HOPE worldwide Leadership**

**Board Members**

Andy Blocker  
 Ron Brumley  
 Henry Cramer  
 Patricia Gempel  
 Robert Gempel  
 Frank Kim  
 Karen Louis  
 Gregg Marutzky  
 Jenny Nash  
 Wendy Richard  
 Wyndham Shaw  
 Charles Spiller  
 Charlie Stolper  
 Jenny Tate

**Management Team**

Robert F. Gempel –  
*President & Chief Executive Officer & Executive Director*  
 Patricia A. Gempel –  
*Executive Vice President & Secretary*  
 Randolph S. Jordan –  
*Vice President & General Counsel*  
 Michael Nosil –  
*Treasurer & Chief Financial Officer*  
 Thomas W. Briscoe –  
*Director of Development*  
 Dan Liu –  
*Vice President, China*  
 Shawn Wooten –  
*Vice President, Eurasia*  
 Elexa Liu, Joanne Webber, Lena Wooten –  
*Vice Presidents, Women's and Children's Programs*

**Independent Auditors**

Pricewaterhouse Coopers LLP  
 Philadelphia, Pennsylvania

Audited financial statements for 2004 will be available after completion of the corporation's annual audit expected in July 2005.

## OUR MISSION

HOPE *worldwide*'s mission is to bring hope to a hurting world through programs on all six inhabited continents. With the support of a global pool of volunteers, HOPE *worldwide* serves more than a million needy people annually. HOPE *worldwide* is a 501 (c)(3) faith-based charity founded in 1991 by the International Churches of Christ. Our non-sectarian programs serve disadvantaged children and the elderly, provide education, and deliver medical services in developing communities. HOPE *worldwide* is a recognized non-governmental organization in special consultative status with the Economic and Social Council of the United Nations and is a registered private voluntary organization with the United States Agency for International Development (USAID).



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USA  
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Fax 610.254.8989  
[www.hopeworldwide.org](http://www.hopeworldwide.org)