

Bringing hope.

Changing lives.



Dear Friend of HOPE *worldwide* –



It is a pleasure to share with you this 2004 HOPE *worldwide* Annual Report. On behalf of the more than one million poor and needy in the 80 nations we served during the year, thank you for your contribution that has allowed us to continue and expand programs that bring hope and change to their lives.

The South Asian tsunami on December 26, 2004 resulted in overwhelming loss of life and devastation in countless communities that had few resources to help themselves. As one of the first charities to reach the hardest-hit areas, HOPE *worldwide* provided immediate relief to many of the disaster victims. Staff and volunteers from established programs near the devastated regions helped clear debris, set up medical clinics and sanitary facilities, and meet the psychosocial needs of the victims. We are grateful for the generosity of thousands of individuals, churches and corporations who made this possible.

HOPE *worldwide's* work extends well beyond disaster relief. Our mission is to bring hope to the poor and needy by working to produce sustainable change and improvements to their lives.

In the Indian fishing village of Pudupattinam, for instance, HOPE foundation, our affiliate in India, partnered with IMGE Emergency Relief following the tsunami to establish the “Save the Family” campaign. This program provided displaced fishermen with new boats, motors and fishing nets thereby restoring their community’s hope for sustainable economic development.

HOPE *worldwide* began serving the poor and needy in 1991. Since then, the organization’s programs have been recognized for innovative approaches to chronic needs around the world, including the following:

- Helping to rebuild the health care infrastructure of Cambodia, decimated by the Khmer Rouge, through free, high quality care provided by the Sihanouk Hospital Center of HOPE.
- HIV/AIDS care and prevention programs in Africa cited as “Best Practices” by the World Health Organization
- Rehabilitating a community of 4,000 leprosy patients and their families in Delhi, India through the Village of Hope
- Significantly improving pre-school immunization rates in underserved urban areas around the United States.

Cover: Back to the Sea

The massive South Asian tsunami on December 26, 2004 devastated the Indian coastal communities of Pudupattinam, Oyyalikuppam and Tharangambadi. The “Save the Family” campaign provided boats and equipment for the fishermen on the cover to return to work and

restore their families’ hopes for the future. The rapid response and great impact of this work by HOPE foundation, HOPE *worldwide's* India affiliate, attracted international media attention and prominent coverage by CNN and The Times (London) among others.

HOPE *worldwide* is grateful for the hearts and generosity of thousands of individuals, churches and organizations who volunteered for disaster relief work and provided financial support through the HOPE *worldwide* Disaster Relief Fund.

(Photo courtesy of Dominick Fiorille and the Times Herald-Record; Orange County, New York)



We believe the Centers of HOPE *worldwide*, which will be launched in 2005, will bring heightened focus and increased effectiveness to these and other programs around the world.

Please note the following in regards to our 2004 audited financials:

- HOPE *worldwide* revenues have more than doubled since 1999, reaching \$42.8 million in 2004
- 92% of fiscal (calendar) year 2004 expenditures went directly to program costs, making HOPE *worldwide* a leader in operating efficiency.
- HOPE *worldwide's* increasingly diverse and generous donors invest in programs that have been cited as Best Practices in 17 different countries around the world for their high quality of care that produces consistent, positive and sustainable outcomes.
- A value cannot be placed on the efforts of our global pool of volunteers. We are truly grateful for their generous and compassionate hearts.

Isaiah 25:4 says, "You have been a refuge for the poor, a refuge for the needy in his distress, a shelter from the storm and a shade from the heat." Thank you for your generosity in supporting the work towards this end.



- Indicates a country where HOPE *worldwide* has been recognized for "Best Practices":
- Afghanistan
- Africa (South and West)
- Cambodia
- China (Hong Kong)
- India
- Indonesia
- Jamaica
- Kenya
- Mexico
- Nigeria
- Philippines
- Papua New Guinea
- Romania
- Russia
- United Kingdom
- United States

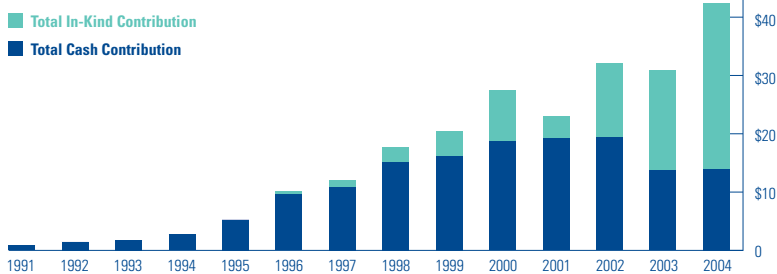
2004 Financial Summary

HOPE *worldwide* is a tax-exempt 501(c)(3) nonprofit 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

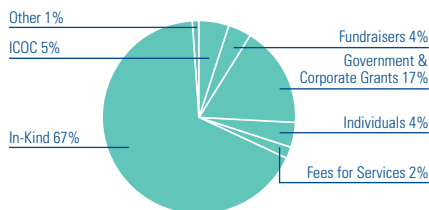
In the first 13 years of service to the poor and needy around the world, HOPE *worldwide* has seen its annual income grow from less than \$0.8 million in 1991 to \$42.8 million by the end of 2004. We continued to maintain programs on all six populated continents meeting a variety of needs from healthcare, 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.

Total Income (in millions)
(1991-2004)



In 1991, HOPE *worldwide's* revenue consisted almost exclusively (95%) of donations from the International Churches of Christ (ICOC). By 2004, the portion received from churches had decreased to 5%, as other sources of funding were identified and developed. These sources include individual donors (4%), local fundraising events (4%), government and corporate grants (17%), and program revenue such as fees for service (2%). Continuing a trend from 2002, in-kind supplies (primarily medical and equipment) increased by \$11.2 million dollars from 2003 to 2004. 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.

2004 Sources of Donations and Other Income
\$42,817,032



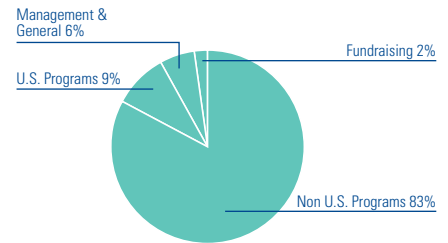
Allocation of Expenditures

Total expenditures in 2004 were up 29% from the previous year, primarily due to the sizeable increase of in-kind donations (see above). Cash expenditures for the same period were down 9.6% continuing the trend of the previous year. Of the total expenditures for the year, programs accounted for 92%, management and general, 6%, and fundraising, 2%. Overall the percentage of overhead costs (management and general as well as fund-raising) decreased from 14% in the prior year to 8% in 2004. In addition, the actual dollar cost of overhead decreased by \$1,196,500 (26%). Of program support, 10% went to U.S. programs (9% of total expenditures) while 90% went to non-U.S. programs (83% of total expenditures).

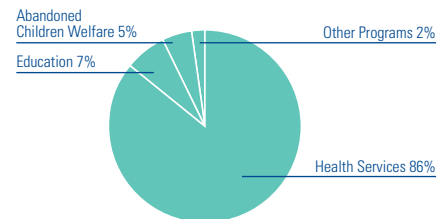
Program Areas

HOPE *worldwide's* program expenditures are characterized by type of service provided. "Health Services" programs account for 86% 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 7% 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 comprises 5% of all program funds expended. The category referred to as "Other Programs" (2%) includes disaster relief as well as volunteer services where the areas of service were unspecified.

2004 Expenditures Worldwide
\$42,920,116



2004 Program Expenses by Type of Services
\$42,920,116



2004 Financial Statements

HOPE worldwide, Ltd.

Consolidated Statements of Financial Position

Years ended December 31	2004	2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,317,229	\$ 2,329,738
Accounts receivable (net of \$24,500 and \$13,100 allowance for doubtful accounts)	314,942	413,961
Pledges receivable (net of \$15,000 and \$21,000 allowance for doubtful accounts)	210,000	195,400
Prepaid expenses and other current assets	421,548	340,041
Total current assets	2,263,719	3,279,140
Non-current assets:		
Investments	4,570,427	5,095,287
Property and Equipment, at cost:		
Building	2,923,735	3,036,397
Equipment	1,285,619	1,285,303
Leasehold improvements	235,084	235,083
	4,417,438	4,556,783
Less: Accumulated depreciation and Amortization	(1,809,145)	(1,630,141)
	2,608,293	2,926,642
Total assets	\$ 9,442,439	\$11,301,069
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 139,395	\$ 276,376
Accrued expenses and other current liabilities	79,822	107,123
Deferred Revenue	4,513,042	5,141,126
Short-term debt	292,708	705,313
Current maturities of long-term debt	147,306	159,402
Total current liabilities	5,172,273	6,389,340
Long-term debt	1,782,396	1,929,702
Total liabilities	6,954,669	8,319,042
Net assets:		
Unrestricted	577,797	680,881
Temporarily restricted	822,705	1,249,684
Permanently restricted	1,087,268	1,051,462
Total net assets	2,487,770	2,982,027
Total liabilities and net assets	\$ 9,442,439	\$11,301,069

HOPE worldwide, Ltd.

Consolidated Statements of Activities and Changes in Net Assets

Years ended December 31	2004	2003
ASSETS		
Changes in unrestricted net assets:		
Operating support and revenues:		
Contributions	\$32,232,655	\$22,856,186
Grants and other	8,072,440	5,940,200
	40,305,095	28,796,386
Net assets released from restrictions	2,511,937	2,553,556
Total operating support, revenues, and net assets released from restrictions	42,817,032	31,349,942
Expenses:		
U.S. Programs	3,863,309	5,821,188
Non-U.S. Programs	35,619,148	22,819,054
Management and general	2,552,077	3,485,936
Fundraising	885,582	1,148,215
Total expenses	42,920,116	33,275,023
Increase in unrestricted net assets	(103,084)	(1,925,081)
Changes in temporarily restricted net assets:		
Operating support and revenues:		
Contributions	2,060,367	2,125,562
Investment income, net	5,544	31,054
Unrealized appreciation on investments	19,853	38,849
Net assets released from restrictions	(2,511,937)	(2,553,556)
Transfer to increase Principal value of endowment	(806)	(1,005)
Increase (decrease) in temporarily restricted net assets	(426,979)	(359,096)
Changes in permanently restricted net assets:		
Operating support and revenues:		
Contributions	35,000	0
Transfer to unrestricted	0	0
Investment earnings allocation	806	1,005
Increase in permanently restricted net assets	35,806	1,005
Increase (decrease) in net assets	(494,257)	(2,283,172)
Net assets, at beginning of year	\$ 2,982,027	\$ 5,265,199
Net assets, at end of year	\$ 2,487,770	\$ 2,982,027

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, 2004 and 2003. The consolidated financial data presented on the following pages were derived from financial statements audited by PricewaterhouseCoopers, LLP.

HOPE worldwide, Ltd.

Schedule of Expenses by Services Provided

Year ended December 31, 2004	Health	Education & Development	Children/Adoption Care	Other Services*	Fundraising	Management & General	TOTAL
Salaries	\$ 771,318	\$1,300,252	\$ 514,412	\$ 271,050	\$ 424,580	\$1,087,309	\$ 4,368,921
Employee benefits	62,728	143,091	94,932	39,499	65,017	155,780	561,047
Payroll expenses	42,503	107,013	52,920	17,583	30,935	70,947	321,901
Out of town Expenses**	74,783	127,661	32,256	19,613	94,858	77,931	427,102
Conference/seminar	1,230	6,954	100	158	2,050	1,084	11,576
Meals/entertainment	987	28,808	1,636	5,221	13,586	15,936	66,174
Travel	358	34,165	9,562	2,855	3,021	5,017	54,978
Gifts	961	3,791	51	1,048	518	3,634	10,003
Office equipment rental/maintenance	3,452	13,391	4,518	2,425	8,550	41,073	73,409
Maintenance & Repairs -							
Building/Grounds/Equipment	340	1,083	255	212	0	64,995	66,885
Bad debt expense	0	0	6,741	0	0	11,035	17,776
Depreciation	17,510	766	0	86	0	217,540	235,902
Printing	438	12,931	11,234	765	32,464	3,598	61,430
Promotional expenses	1,458	9,872	30,867	3,121	15,341	4,767	65,426
Professional/legal fees	33,886	110,734	12,747	9,348	21,219	180,789	368,723
Insurance	6,569	23,134	2,396	3,571	9,944	89,986	135,600
License/fees/taxes	1,444	3,376	7,872	2,338	9,449	62,271	86,750
Interest Expense	108	1,838	27	212	0	185,684	187,869
Rent	1,155	94,504	61,439	27,059	35,823	55,794	275,774
Supplies	9,329	30,939	7,468	9,784	15,414	50,102	123,036
Bank charges	108	2,887	4,578	1,171	106	18,426	27,276
Shipping/postage	11,670	2,364	12,035	475	47,968	15,484	89,996
Miscellaneous Office Expense	1,210	600	3	127	8,762	5,700	16,402
Telephone expenses	7,205	33,329	21,561	6,665	24,145	61,202	154,107
Utilities	2,603	911	3,425	9,635	444	61,673	78,691
Special events	0	0	0	0	9,988	0	9,988
Program expenses	33,006,803	538,593	1,098,028	364,230	11,400	4,320	35,023,374
	\$34,060,156	\$2,632,987	\$1,991,063	\$ 798,251	\$ 885,582	\$2,552,077	\$42,920,116

* Services that can be included in more than one category

** Includes HOPE Youth Corps expenses

HOPE worldwide Leadership

2004 Board Members

Andy Blocker, Director
 Ron Brumley, Director
 Patricia Gempel, Director
 Robert Gempel, Director
 Frank Kim, Director
 Karen Louis, Director
 Gregg Marutzky, Director
 Jenny Nash, Chairman, Director
 Wendy Richard, Director
 Charlie Stolper, Director
 Jenny Tate, Director

Management Team

Robert F. Gempel –
President & Chief Executive Officer
 Patricia A. Gempel –
Executive Vice President
 Randolph S. Jordan –
Vice President & Secretary
 Thomas W. Briscoe –
Chief Financial Officer

Independent Auditors

Pricewaterhouse Coopers LLP
 Philadelphia, Pennsylvania





Our Mission

HOPE *worldwide* is an international charity that changes lives by harnessing the compassion and commitment of dedicated staff and volunteers to deliver sustainable, high-impact, community-based services to the poor and needy.

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 nongovernmental organization in special consultative status with the Economic and Social Council of the United Nations and is registered private voluntary organization with the United States Agency for International Development (USAID).



HOPE *worldwide* Awarded 4 Stars
Rated: Exceptional since 2002



HOPE *worldwide*

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