



Results for Children

An Update from Save the Children | Q1-2 | 2013



Save the Children®

ANNUAL REPORT

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and Board of Trustees Chair
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ON THE COVER:

Children like 3-year-old Sana* are no longer the forgotten victims of Syria's brutal civil war; thanks to your compassionate support of our critical work to help keep kids safe and meet their unique needs in crisis.

* Name changed for protection

Check out our "THANK YOU" video:
www.savethechildren.org/results-thankyou.

Save the Children is the world's leading independent organization for children in need, with programs in nearly 120 countries, including the United States. We aim to inspire breakthroughs in the way the world treats children, and to achieve immediate and lasting change in their lives by improving their health, education and economic opportunities. In times of acute crisis, we mobilize rapid assistance to help children recover from the effects of war, conflict and natural disasters.



From our President & CEO and Board of Trustees Chair

Dear friends and colleagues,

As expressed so fundamentally in our 2012 year-end campaign: *Without you, children go without.* Without a healthy start in life and nutritious food to eat, without the chance to learn the skills they need to succeed, without protection from harm and care in an emergency, and without the opportunity to realize their true potential. But *with you*, we were able to help 78 million children last year, not only survive, but thrive.

In this issue of *Results for Children*, we invite you to review the accomplishments of our successful 2008–2012 strategy, “Getting to Great for Children,” specifically those achieved in 2012. You will learn about the American children we serve every day, including when disaster strikes, like it did during Hurricane Sandy, our second largest domestic emergency response to date, and in the traumatic events in Newtown, Conn. And how we’re taking bold action to advocate for keeping our kids safe and holding our leaders accountable. Bold action that’s already yielding results.

You will learn about our breakthroughs in saving newborn lives – breakthroughs that will enable us to save even more babies when we take this signature program to scale, as well as the innovative campaigns we’ve created to support this vital work. You’ll learn about the groundbreaking research proving the impact of our education and livelihoods work for children, and the results of our major advocacy efforts for protecting children in adversity. Perhaps most movingly, you’ll experience childhood under fire through the voices of Syria’s own children – and our relief work underway, in extremely dangerous conditions, to save their lives.

Results like these take real resources, like those outlined in our 2012 finance report on page 14. Save the Children’s financial standing remains sound, even through the largest period of change in our 80-year history. And with our second highest level of revenue, we enter 2013 well positioned to move forward in our transition into one global movement for children.

Thank you for your commitment to the world’s most precious resource: our children. As we embark on our new 2013–2015 strategy, “Investing in Impact for Children,” we hope you will continue to support our work – by raising your voice and by making a financial contribution. Together, we are achieving real change for children today and building a better future for tomorrow.

Carolyn Miles
President & CEO

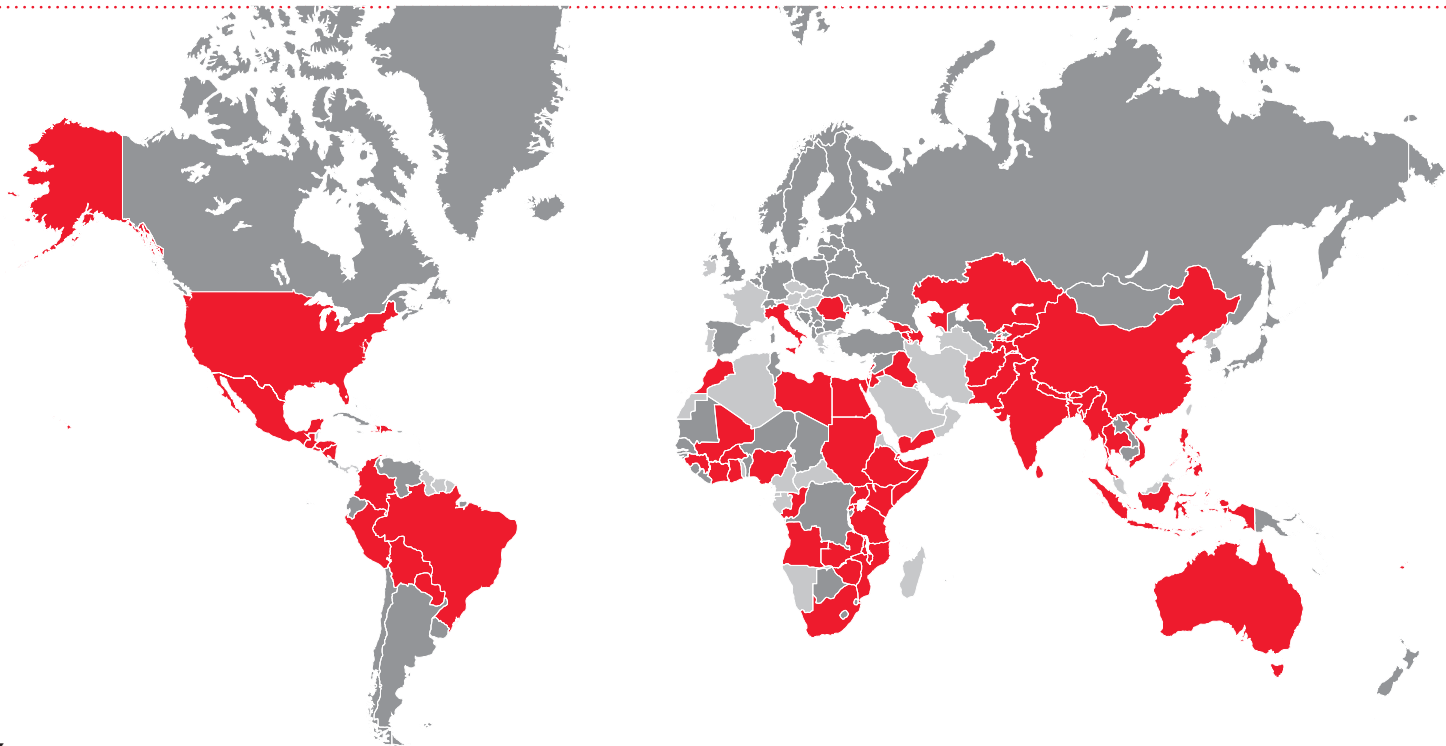
Anne Mulcahy
Chair, Save the Children Board of Trustees

Read Carolyn’s blog: www.savethechildren.org/results-loggingmiles.

Follow Carolyn on Twitter: twitter.com/carolynsave.

Our Reach:

Thanks to the tremendous support of our donors and partners, Save the Children helps millions of children in the United States and around the world. Here's an overview of our 2012 reach.



Key:

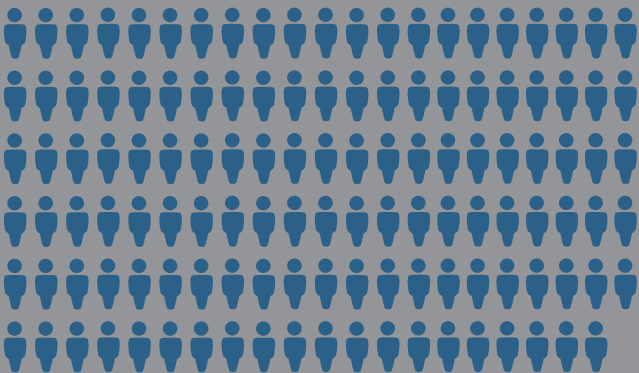
Save the Children USA
Save the Children USA and partners worked to improve the lives of children in more than 60 countries in 2012.

Save the Children's Global Movement
With 30 member organizations worldwide, Save the Children's global movement and partners worked to improve the lives of children in nearly 120 countries in 2012.

In 2012, Save the Children USA helped more than
78 million children
surpassing our goal of 74 million children



In 2012, Save the Children's 30-member global movement
helped more than
125 million children*



*Children may benefit from programs funded by more than one Save the Children member

Our Results:

Your support enables us to achieve immediate and lasting change in children's lives. Here's an overview of last year's results.

In 2012, Save the Children helped:*



U.S. PROGRAMS

ENSURE
240,000 children
IN 18 STATES AND D.C. WERE
HEALTHY, PREPARED TO SUCCEED
IN SCHOOL AND PROTECTED
IN EMERGENCIES

- Save the Children provided 100,000 American children and caregivers with critical emergency relief, recovery and preparedness training, including 45,000 children and caregivers affected by Hurricane Sandy
- 69% of children in our literacy programs showed improved reading achievement



HEALTH & NUTRITION

PROVIDE
17 million children
WITH ACCESS TO
LIFESAVING HEALTH CARE
PREVENT MALNUTRITION FOR
9 million children

In 11 priority countries, we supported Ministries of Health to:

- Treat 3 million cases of children's malaria, diarrhea, pneumonia and malnutrition
- Deliver 670,000 babies, with skilled birth attendants
- Immunize 1.2 million children
- Train 58,000 frontline health workers



EDUCATION

GIVE
9 million children
THE CHANCE TO PREPARE FOR
AND SUCCEED IN SCHOOL,
INCLUDING 100,000 CHILDREN IN
OUR LITERACY BOOST PROGRAM

- In Ethiopia, 93% of third-graders participating in Literacy Boost knew the alphabet and 89% read with comprehension
- In Nepal, we helped create safe learning environments in 48% of supported primary schools and 54% of early childhood development centers to date



HUNGER & LIVELIHOODS

PROVIDE
7 million children and adults
WITH KNOWLEDGE AND
RESOURCES TO IMPROVE
HOUSEHOLD FOOD SECURITY

- Pursuing their education is the #1 reason children save as a part of our YouthSave programs in Ghana, Kenya and Nepal (see the article on page 10)



CHILD PROTECTION & HIV/AIDS

KEEP
3 million children
SAFE AND
PROTECTED FROM HARM
PROVIDE
39 million children**
WITH HIV/AIDS PREVENTION
AND CARE

- In Iraq, 93,000 children accessed emotional and other support in our Child Friendly Spaces
- In Bangladesh, 8 in 10 participating children knew about HIV prevention and 7 in 10 participating youth in Ethiopia used preventive services



HUMANITARIAN RESPONSE

SUPPORT
9 million children
WITH CRITICAL EMERGENCY
RELIEF AND RECOVERY SUPPORT,
AS WELL AS PREPAREDNESS
TRAINING

*Children may receive support from more than one program

**Includes 25 million children reached through a mass media campaign in Bangladesh



KEEPING KIDS SAFE

Every child deserves a happy and safe childhood and the opportunity for a bright future. But for far too many – including the 20 young lives lost in Newtown, Conn., and the 16 million American children who live in poverty – that isn't a reality. We cannot stand by and let fear, violence and poverty become pervasive parts of childhood in America.

That's why Save the Children is building a national movement to do more to keep our kids safe. Joined by more than 40 organizations, we've already garnered more than 100,000 voices to push for progress and ensure America's leaders give children's issues top priority. We also hosted hundreds of advocates in Washington, D.C., during our 11th annual Advocacy Summit, where they championed children's issues at the White House and on Capitol Hill.

Together, we're working to do the right thing for our children.

Raise your voice for kids today:
www.savethechildren.org/results-keepingkidssafe.

SUPPORTING SANDY HOOK'S SMALL SURVIVORS

"Thank goodness you're here!" That's what we heard over and over again from families of the more than 370 young children we served in our Child Friendly Space – the only such resource available for families in the immediate aftermath of the Sandy Hook Elementary School shooting. We continue to work with town and state officials on important next steps in the recovery.

Save the Children is honored to support our Newtown, Conn., neighbors during this devastating time – and to continue working for the safety and protection of our precious children.

Surviving Superstorm Sandy

Hurricane Sandy certainly earned its nickname: "Superstorm Sandy." According to the National Hurricane Center, Sandy was the deadliest hurricane to hit the northeastern United States in 40 years and the second costliest in our nation's history, with severe, widespread damage to property – and lives.

Children, as always, are among the most vulnerable in emergencies. That's why Save the Children was on the ground from the start, delivering child-focused, lifesaving relief. And we're still there, committed to providing long-term recovery and strengthening emergency preparedness planning to help protect kids. This is our largest domestic emergency response since Hurricane Katrina in 2005.

Emergency Relief

In the wake of Hurricane Sandy, Save the Children immediately mobilized our staff and resources for children. We provided protection through our Child Friendly Spaces in emergency shelters across New York and New Jersey. We also distributed food, diapers, baby blankets and other vital supplies for families in need.

Long-Term Recovery

Save the Children continues to help children and communities hard hit by Hurricane Sandy. We've partnered with local mental health providers to deliver our Journey of Hope emotional recovery program. We're helping restore child care programs so parents can return to work. And we're training child care leaders to better prepare for emergencies.

Emergency Preparedness

Save the Children is looking beyond this emergency and working to strengthen emergency preparedness throughout the region. While the New York area may have some of the most sophisticated emergency response plans in the country, strategies to meet children's unique needs are often missing. Through our workshops, trainings, advocacy and emergency plan drafting, we're helping ensure that when another emergency strikes, states will be better prepared to protect and support children. This work builds on Save the Children's national preparedness initiatives, including our Resilient and Ready Communities program and our newly launched U.S. Center for Child Development & Resiliency, an online family and community resource. Being prepared makes the best, most cost-effective use of emergency resources for our children.

With your support, our work continues until all American children are protected when emergencies like Hurricane Sandy strike.



“MIRACLE” CENTER

Hope dawned for Abrianna and her family in hard-hit Staten Island when Save the Children led a partnership effort to rapidly open a much-needed community child care center. It's a place where children like Abrianna can safely play and learn while their parents return to work and begin to rebuild their lives. The community calls it “a miracle.”

Save the Children staffer Steve Wells enjoys a tea party with 4-year-old Didi in one of our Child Friendly Spaces – giving children a safe, supervised place to play and begin to cope with trauma.

Hurricane Sandy emergency response results:

Thanks to you, we're delivering a comprehensive emergency response, helping more than

45,000 children and caregivers including:

EMERGENCY RELIEF

- Cared for and protected nearly 1,500 children in 16 Child Friendly Spaces
- Helping 18 schools and child care centers restore programs

RECOVERY

- Providing our Journey of Hope program to thousands of children and adults
- Supporting the recovery of more than 100 child care programs

PREPAREDNESS

- Strengthening emergency preparedness planning
- Training 1,250 child care providers on emergency preparedness
- Providing Resilient and Ready workshops to more than 2,000 children
- Piloting a school preparedness symposium
- With Columbia University, developing a preparedness scorecard

HURRICANE SANDY SPONSORS

Special thanks to these partners for their generous support of our Hurricane Sandy response: **Carnival Corporation & plc., HP, IKEA, Jefferies, Johnson & Johnson, L.L. Bean, Merck, PepsiCo Foundation, Ronald McDonald House Charities Global, Ronald McDonald House Charities New York Tri-State Area Chapter, The Hearst Corporation, The Robin Hood Foundation, The Walt Disney Company, TOMS, Towers Watson, Toys “R” Us and Viking Global.**

Review more results of our Hurricane Sandy emergency response:
www.savethechildren.org/results-hurricanesandy



Breakthroughs for Babies

Saving newborn babies is critical to achieving breakthroughs in our commitment to ending preventable childhood deaths. Why? Of the 6.9 million children around the world under age 5 who die each year, more than 40 percent are newborns. This is unacceptable.

Since 2000, Save the Children's Saving Newborn Lives program, supported by the **Bill & Melinda Gates Foundation** and others, has worked with governments and partners in many of the world's poorest countries to develop and support the implementation of effective, evidence-based newborn health programs.

Our challenge is to take these successful programs to scale in countries around the world, including Nepal.

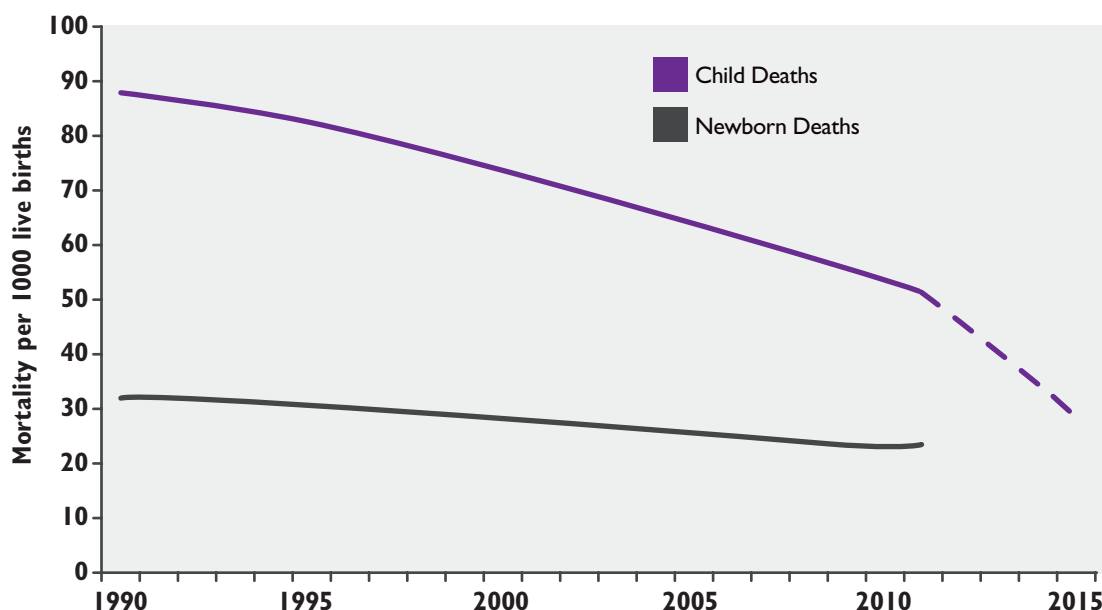
Save the Children has already made great strides in Nepal. This includes working with our partners to test and evaluate the feasibility and impact of newborn health interventions, engaging Nepal's government and other stakeholders to develop a national newborn health strategy and a community-based newborn health package, and advancing the implementation of this lifesaving package.

Today, despite pervasive poverty, poor infrastructure and recent conflict, Nepal is recognized as a leader in the effort to improve newborn and child survival. In fact, Nepal is one of the poorest countries on track to meet the Millennium Development Goal of reducing child mortality by two-thirds by 2015.

With your generous support, we will continue to bring this breakthrough, signature program to scale, saving even more newborn babies in Nepal and in many more places around the world.

MAJOR GAINS FOR OLDER CHILDREN, BUT SLOWER PROGRESS FOR NEWBORNS

Child mortality rates are declining faster than ever before. Since 1990, child deaths after the first month of life have been cut almost in half (by 47%). But newborn mortality has dropped only 32%. Because of this slower decline, newborn deaths now account for a higher proportion of under-5 deaths: 43% in 2011, up from 36% in 1990.



Data sources: UNICEF Global Databases; Health Newborn Network data compiled for *A Decade of Change for Newborn Survival, Policy and Programmes (2000-2010): A Multi-Country Evaluation of Progress Towards Scale*, Joy Lawn, Mary Kinney and Anne Pfizter (eds.), *Health Policy and Planning*, Volume 27, Supplement 3 (2012); and UNICEF, *Levels and Trends in Child Mortality: 2012 Report*.

See our signature Saving Newborn Lives program in action:
www.savethechildren.org/results-savingnewbornlives



Saving Newborn Lives gives mothers like Yeshoda in Nepal something to celebrate: healthy newborn babies!

Saving Newborn Lives in Nepal:

- Defined a national newborn health strategy
- Developed a community-based newborn health package
- Helped implement the package in **34 of 75 districts** to date
- Helped achieve a **30% decrease** in newborn mortality from 2000 to 2011, surpassing the worldwide decrease of 22% – resulting in more than **50,000 newborn lives** saved



THE POWER OF A HEARTBEAT

In September 2012, Save the Children and the Ad Council launched Every Beat Matters™, an original campaign that draws on the power of a song inspired by children's heartbeats – “Feel Again” by the Grammy-nominated band OneRepublic. The campaign gives Americans new ways to help millions more children survive, by downloading the song or taking other meaningful actions.

“‘Feel Again’ is an opportunity for us to be the voices for these children,” says lead singer Ryan Tedder. “We hope the song they inspired will now inspire others to join Every Beat Matters.”

Experience for yourself the power of a heartbeat: www.EveryBeatMatters.org.

Both of these innovative campaigns, overall, have generated more than **29,000 advocacy actions**, such as calls to Congress or signing a petition, and continue to help save children's lives around the world.

THE REAL AWARDS

It is estimated that every three seconds, a child's death is prevented thanks to care provided by a frontline health worker. The first-of-its-kind REAL Awards were created by Save the Children and the Frontline Health Workers Coalition to honor the millions of health workers in the United States and around the world who dedicate their lives to caring for others and saving lives – the world's REAL heroes.

The awards are sponsored by **Medtronic Foundation, Merck Company Foundation** and **Masimo Foundation for Ethics, Innovation, and Competition in Healthcare**.

Meet the inspiring inaugural class of REAL Awards honorees and take action on their behalf: www.therealawards.com.



The Essential Package study results:

Our six-month field validation study shows the potential for improving household ability to care for vulnerable young children.

In Zambia test group:

- Nearly **100% of children** received needed health care, up from 84%
- **19% more caregivers** reported receiving social support

In Mozambique test group:

- **19% decrease** in primary care givers suffering acute/chronic illness
- **32% increase** in the number of children provided with play materials by primary caregivers

An historic, new child protection policy ensures vulnerable young children, like Jessefa from Mozambique, get the essential care they need early in life – so they can realize their full potential.

It's Essential: Protecting Our Children

Save the Children helped make history last year. As a key member of the Children in Adversity Policy Partnership, we helped shape and then endorsed a bold initiative for children – the first-ever U.S. Government Action Plan on Children in Adversity.

Grounded in evidence that shows a promising future belongs to nations that invest wisely in their children, the plan provides a framework for delivering effective, evidence-based international assistance to children who are orphaned, affected by HIV/AIDS, involved in emergencies or vulnerable to violence, abuse, exploitation and neglect.

The plan lays out three principal objectives, which closely align with key components of Save the Children's child protection work:

- 1. Build strong beginnings** – Increase the percentage of children surviving and reaching full development potential.
- 2. Put family care first** – Reduce the percentage of children living outside of family care.
- 3. Protect children** – Reduce the percentage of girls and boys exposed to violence and exploitation.

The Essential Package, developed by Save the Children and partners, and funded by the **Conrad N. Hilton Foundation**, is highlighted in the plan as a model program for supporting these objectives, with compelling results in Zambia and Mozambique, where we've developed and tested pilot programs. It's a comprehensive, integrated framework to address the needs of vulnerable young children affected by HIV and AIDS, as well as their primary caregivers, with age-appropriate health, nutrition, protection and livelihoods support. U.S. government agencies have committed to expanding this successful program – so even more children are cared for and protected.

A major policy achievement, the Action Plan on Children in Adversity will ultimately benefit not only children without appropriate care, but also families, communities and countries around the world.

“The science is clear: Childhood experiences shape adult outcomes, including health, cognitive development, academic achievement and employment. If we are serious about change, really breaking through the cycles of poverty and inequality, we must start early.”

– Dr. Neil Boothby, U.S. Government Special Advisor on Children in Adversity

A Family: Healing and Hopeful

Several years after her husband's tragic death, Eugenia, who is HIV-positive, and her three young children continued to struggle with the long-term effects of unprocessed trauma and grief – this, in addition to the daunting demands of daily living with extremely limited resources. Then a Save the Children volunteer began regular visits, as part of our Essential Package pilot program in Mozambique. The volunteer addressed not only the family's physical needs, but their social and emotional needs, as well. She advised Eugenia on basic health and hygiene, she supported Eugenia in helping herself and her children begin to heal, and she encouraged them all to build positive family relationships.

Eugenia has noticed the difference – in herself and her children. “Since [the volunteer] started to come here, I have changed my way of doing things. I am more patient with my children. I play with them. I sing to them. I help them with their lessons. From there on, our relationships were good, and the children started to help me do many things in the household.” Eugenia is committed to helping her children grow up healthy and learn the skills they need to someday support themselves.

Thanks to the generosity of donors like you, this family is healing – and hopeful for a happier future.



View all the ways we care for and protect vulnerable children:
www.savethechildren.org/results-childprotection

Savings Accounts Are for Kids

According to the World Bank, 1.5 billion youth are transitioning into adulthood over the next few decades, 85% of whom live in developing countries. Banks face barriers in serving this population, including a lack of information about whether and why young people in poor countries save money. Do these youth save money? If so, why? What do youth savers want? Are youth savers a good investment for banks? And what, if any, measurable impact does saving have on youth development?

These are some of the fundamental questions being asked by YouthSave, a pioneering consortium project led by Save the Children and made possible by the generous support of **The MasterCard Foundation**. Working with local banks and research partners, YouthSave is developing and testing the impact of savings accounts accessible to low-income youth, ages 12 to 18, in Colombia, Ghana, Kenya and Nepal – as well as how banks can sustainably serve their needs. The project is based on emerging evidence that shows helping adolescents from poor families build savings improves the way they see themselves, how well they do in school and how they take care of their health – giving them a tangible stake in their futures.

The results so far: Low-income youth do save money – mostly very small amounts, in insecure places, like piggy banks – for short-term needs. But what they really want is to save more money, more securely over the long term, and learn how to manage it, to pay for education or to start a business – to finance a better future. Based on these insights, Save the Children's partner banks are now offering youth savings accounts that help build sound savings habits and hold the promise of sustainability in the long term.

To help more banks serve the youth market, YouthSave is now conducting the largest study of its kind to understand how young people are using these accounts. In Ghana, the consortium is also testing the social and economic development impacts, especially on young people's psychological well-being, education and health – how having a savings account will shape their lives, now and in the future.

YouthSave research results:

INSECURE SAVINGS, SPENT TOO SOON

What low-income youth do today...

- Surprisingly, save some money
- Save in insecure places
- Learn savings habits at home
- Spend savings too soon, on basic needs

LONG-TERM SAVINGS AND SKILLS

What low-income youth want for tomorrow...

- Save more, in secure savings options
- Save for long-term goals
- Develop better money-management skills

MORE YOUTHSERVE STATISTICS:

- Nearly **23,000 youth savers**
- Delivered financial education to nearly **19,000 youth**, plus more than **32,000 community members**
- Reached about **660,000 people** with financial education via radio in Nepal



Learn more about this pioneering, empowering project:
www.savethechildren.org/results-youthsave



YouthSave builds on research showing that youngsters like Pramod, age 12, experience health, education and other benefits from saving money now to fund their dreams for the future. Pramod dreams of continuing his education in Nepal and beyond.

A CHANGE IN CHARLOTTE

Charlotte, a 14-year-old from West Africa's Ghana, has changed. Each week, she proudly deposits a portion of her allowance, about \$1, into the bank.

"Nowadays she doesn't spend her money on [treats]," says her admiring mother. "She has her own savings account, which she really likes, and that has made her very responsible."

Charlotte's family attributes the change to her participation in Save the Children's YouthSave program, which teaches teenagers the value of saving money, even in very small amounts, using slogans like "Start Tomorrow Today" and "Little Drops of Water Make a Mighty Ocean."

Every time young people like Charlotte make a savings account deposit, no matter the size, they're creating change in their lives – an investment in their dreams for a brighter future. Charlotte's dream: "I'm going to work in a bank!"



Each week, 14-year-old Charlotte, here with her mother, banks about \$1 through YouthSave – an investment in her future.



THE STORIES THEY TELL

At Save the Children, we've witnessed first-hand the misery being inflicted on Syria's children, and we've heard the stories they tell, through haunting words and pictures. Stories that must be told.

In their own words (with names changed to protect their identities):

"We had to stay in one room, all of us... I watched my father leave, and watched as my father was shot outside our home... I started to cry, I was so sad... Everything changed for me that day."

— Yasmine, age 12

"What do I remember of Syria? I remember two things – our house being bombed, and not having any bread... I was very scared."

— Sana, age 3

"I miss the days my mom took me to the playground in Syria. My mom is dead, and my two older brothers, too... They died from the shelling of our home... I just wish they were still alive."

— Ibrahim, age 9

"My message to the world? The war should stop in Syria, so we could be able to go back to our country."

— Nidal, age 6



Our Syria emergency response results:

Save the Children and our partners have helped more than **270,000 children and adults** to date across the region with lifesaving emergency care, including:

- Food and clean water
- Basic health care and hygiene kits
- Warm clothes and blankets
- Heating fuel and stoves
- Emergency shelter kits
- Back-to-school initiatives and supplies
- Specialized care and protection, including reuniting children with their families and creating Child Friendly Spaces where children can safely cope with trauma



Childhood Under Fire

As Syria's civil war rages unabated, children continue to be the forgotten victims, their very childhoods at risk. Thousands of children have died and many more have been injured, traumatized or forced to flee their homes. Due to major challenges in security, access and funding, many are not receiving the humanitarian assistance they so desperately need.

It is estimated that nearly 2 million children trapped within Syria are in need of assistance, in addition to the more than 1 million children and adults who have fled across the borders into neighboring Lebanon, Iraq and Jordan. In fact, the fighting is on such a scale that few children have been spared its effects. According to a research study by Bahcesehir University in Turkey:

- 3 in 4 Syrian children have experienced the death of a loved one due to the conflict
- 1 in 3 children have been personally hit, kicked or shot at.

According to the United Nations, some abuses in Syria are so heinous that they represent grave violations of children's rights – children used in combat, even as human shields, and subjected to sexual violence.

Save the Children – one of only a handful of agencies able to operate in both government and non-government held areas of Syria – is on the ground, in very dangerous conditions, helping keep children safe, providing the basics they need and offering assistance to help them cope with trauma. Our humanitarian impartiality demands that we respond on the basis of need alone. We're also working nonstop for children and families in refugee camps and host communities.

But the crisis continues to escalate. Save the Children is calling on the international community to take urgent action to end the violence and ensure that humanitarian aid reaches children in need. With your much-needed support, we can help save Syria's children, working to protect and support them during this crisis.

“For millions of Syrian children, the innocence of childhood has been replaced by the cruel realities of trying to survive this war. We cannot allow this to continue unchecked. The lives of too many children are at stake.”

**– Carolyn Miles, President & CEO
Save the Children**

Your compassionate generosity means little ones like 9-year-old Horieh* are safe from the horrors of war and supported on the road to recovery – so they can begin to be children again.

* Name changed for protection

Help save Syria's children under fire:
www.savethechildren.org/results-Syria

2012 Finance Report

Save the Children USA's financial standing continues to remain sound, even through the biggest changes in our 80-year history.

In 2012, Save the Children USA completed the majority of the transition of our international field operations to Save the Children International (SCI), as part of our consolidation of operations with other Save the Children members worldwide into one global movement for children. This was completed while maintaining operating revenue and expense levels within 3 percent of previous year's levels.

2012 brought the second-highest level of revenue to Save the Children USA in agency history: \$597.2 million, a 3 percent decrease from 2011. This level was maintained by raising more gifts from U.S. donors with our newly expanded portfolio of locations. This helped offset the loss of revenue from other Save the Children members, which now goes directly to SCI. Contributions and private grants accounted for \$286.5 million, 48 percent of revenues, while U.S. government support, including its portion of Commodities, totaled \$215.3 million, or 36 percent of revenues, an 8 percent growth from 2011.

Agency spending for the year totaled \$617.5 million, an historic high, with significant spending of temporarily restricted funds raised in prior years for multi-year emergency responses in Haiti, Japan, Pakistan and the Horn of Africa. Approximately 30 percent of programmatic spending was related to emergency response activities, 25 percent for health/nutrition and 20 percent for education. We delivered \$122.9 million in program activities through SCI and \$396.4 million through Save the Children USA.

Save the Children USA experienced an unrestricted operating deficit of \$3.6 million in 2012, due mainly to the challenging U.S. economy and the costs of transitioning our international operations to SCI. The transition costs are one-time events and will be offset by future efficiency savings in administrative costs. We also experienced a \$16.6 million timing-related deficit in temporarily restricted funds from the spending mentioned above (timing differences of restricted surpluses in 2010 and 2011, followed by a deficit in 2012). This phenomenon also occurred in 2005–2009 with the Asia Tsunami emergency.

Unrestricted net assets totaled \$111.6 million in 2012, up \$3.4 million from 2011, but total net assets declined 6 percent to \$182.9 million, due to the spending of temporarily restricted net assets. The overall net asset changes reflect endowment gift inflow, currency exchange, the operating deficit and an 11.5 percent overall investment performance (with 7 percent used to increase net assets).

In 2012, Save the Children USA directed 89 percent of overall expenses to programs – an important measure of financial health. For the past eight years, we have kept the private cost of raising \$1 below 10 cents. And for the 11th year in a row, Charity Navigator gave us its highest four-star rating.

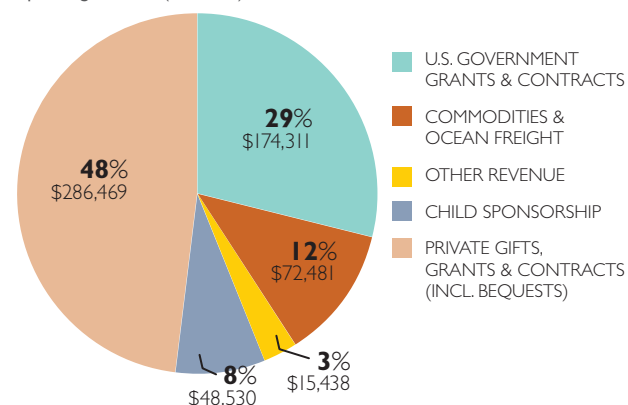
Save the Children USA enters 2013 financially sound and well positioned to move forward in expanding its one global movement for children.

Richard K. Trowbridge Jr.

Richard K. Trowbridge, Jr.
Vice President, Finance
Chief Financial Officer and Treasurer

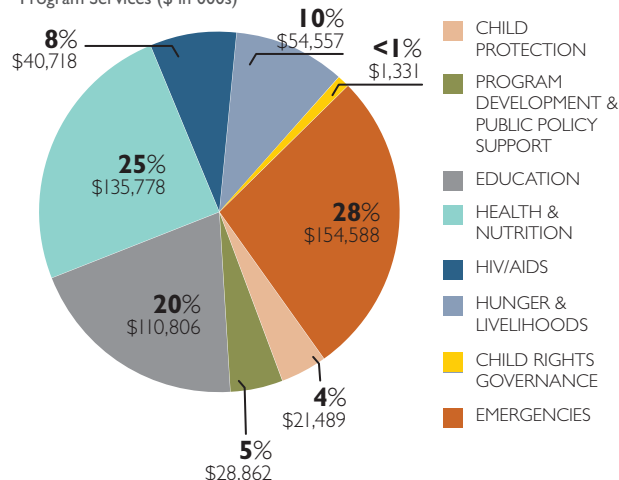
WHERE WE RAISE OUR FUNDS

Operating Revenue (\$ in 000s)



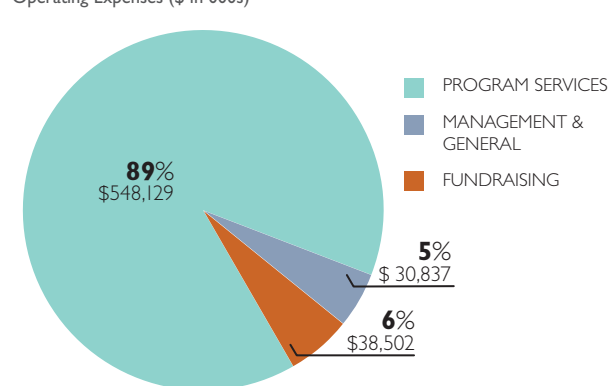
NATURE OF OUR WORK

Program Services (\$ in 000s)



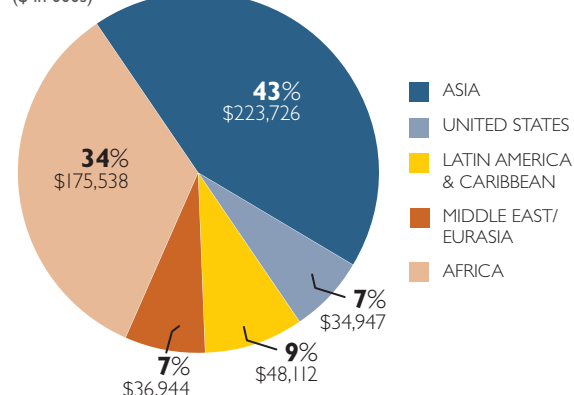
HOW WE USE OUR FUNDS

Operating Expenses (\$ in 000s)



WHERE WE WORK

(\$ in 000s)



Condensed Audited Financial Information

For the 12-month period ending December 31, 2012

(\$ in 000s)

OPERATING REVENUE	2012	2011	CHANGE \$	CHANGE %
Private Gifts, Grants, & Contracts (incl. Bequests)	\$ 286,469	\$ 335,239	\$ (48,770)	(15%)
U.S. Government Grants & Contracts	174,311	170,460	3,851	2%
Commodities & Ocean Freight	72,481	57,273	\$15,208	27%
Child Sponsorship	48,530	43,768	4,762	11%
Other Revenue	15,438	11,887	3,551	30%
Total Operating Revenue	597,229	618,627	(21,398)	(3%)

OPERATING EXPENSES AND CHANGES IN NET ASSETS

Program Services

Emergencies	154,588	161,400	(6,812)	(4%)
Health & Nutrition	135,778	110,158	25,620	23%
Education	110,806	122,172	(11,366)	(9%)
Hunger/Livelihoods	54,557	56,842	(2,285)	(4%)
HIV/AIDS	40,718	33,340	7,378	22%
Child Protection	21,489	23,125	(1,636)	(7%)
Child Rights Governance	1,331	1,973	(642)	(33%)
Subtotal Program Activities *	519,267	509,010	10,257	2%
Program Development & Public Policy Support	28,862	30,127	(1,265)	(4%)

Total Program Services	548,129	539,137	8,992	2%
Fundraising	38,502	39,070	(568)	(1%)
Management & General	22,121	21,144	977	5%
Management & General - SCI	8,716	5,924	2,792	47%
Total Operating Expenses	617,468	605,275	12,193	2%

Excess/(Deficiency)** of Operating Revenue over Expenses	(20,239)	13,352	(33,591)	(252%)
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Excess/(Deficiency) related to Unrestricted Funds	(3,645)	160	(3,805)
Excess/(Deficiency) related to Temporarily Restricted Funds	(16,594)	13,192	(29,786)

Non-Operating Activity (Endowment gifts & pledges, investment earnings and exchange gain/loss)	8,629	1,923	6,706	349%
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Total Increase/(Decrease) in Net Assets	\$ (11,610)	\$ \$15,275	\$ (26,885)	(176%)
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Composition of Net Assets

Unrestricted	\$ 111,577	\$ 108,147	\$ 3,430	3%
Temporarily Restricted	42,431	58,293	(15,862)	(27%)
Permanently Restricted	28,893	28,071	822	3%
Total Net Assets	\$ 182,901	\$ 194,511	\$ (11,610)	(6%)

* Program Activities	396,418	474,086	(77,668)	(16%)
Program Activities - SCI	122,849	34,924	87,925	252%
Total Program Activities	519,267	509,010	10,257	2%
Program expenses as a percent of total expenses (pie chart)	88.8%	89.1%		
Pie chart ratio without donated media	89.9%	90.7%		

**The operating deficit in 2012 and surplus in 2011 mainly represent the difference between spending against designated gifts received in prior and current years compared to the volume of new gifts raised for those programs for future years. The new gifts primarily supported major emergency activities in Pakistan (floods), Haiti (earthquake), Japan (earthquake/tsunami) and the Horn of Africa (food crisis). The majority of the revenue for these emergencies was raised in 2010-2011 but spent in the 2010-2012 timeframe.

In 2012, on average, based on 2011 costs to administer cash gifts (non Gifts-in-Kind) donated for current use, Save the Children charged 7 percent for fundraising, 5 percent for management and general, and 5 percent for program development and public policy support.

The Promise of Preschool

A vast volume of research shows that investing in the early years can change the course of a child's development by the time he or she enters school. However, until now, no research had tested this model in Africa.

For the first time, we have research results that prove early learning works in rural Africa – and that it's affordable. **The World Bank**, with funding from **3ie**, partnered with Save the Children to evaluate our preschool programs in rural Mozambique, a region of the world with very few early learning opportunities for children, leaving many without the skills they need to succeed in school – and life.

Early learning research:

In Mozambique, children who attended preschool were:

- **24% more likely** to enroll in primary school
- **Significantly better equipped** to learn
- **More interested in math and writing**
- **Better able to recognize shapes**
- **More respectful of other children**

Family “ripple effect”:

- Parents were **26% more likely** to work
- **Older siblings were more likely to go to school**

It's affordable:

- Costs about **\$2.50** per student per month

The World Bank study, “The Promise of Preschool in Africa: A Randomized Impact Evaluation of Early Childhood Development in Rural Mozambique,” released in 2012, shows that preschool helps children in rural Africa learn more so they're better prepared to enter primary school, with an unexpectedly positive “ripple effect” on their families. And costing about \$2.50 per child per month, early childhood programs are an inexpensive way to improve the lives of all African children and their families.

Thanks to our results and our advocacy efforts, the government of Mozambique is now developing its first-ever early childhood education program, based on the Save the Children model.

Every child, everywhere, deserves the opportunity to realize his or her potential – starting with the promise of preschool.

The “American Idol” Connection

Thanks in large part to the fans, the “American Idol Gives Back” campaign helped us launch this incredible preschool program in Mozambique back in 2008 through a \$1 million donation from the 2007 “Idol Gives Back” television special.

“AWAKENED INTELLIGENCE”

Clencia, just 5 years old when Save the Children started a preschool program in her remote community in Mozambique, was one of our first graduates! She's now a thriving fifth-grader, who excels in school and is always surrounded by friends.

One of her teachers, Ana Palua, praises her problem-solving and leadership qualities. She says that Clencia, like other children who attended preschool, is “quick to grasp new concepts and easy to teach.”

Clencia's mother, Ligia, also notices the positive changes in her daughter. She says, “Save the Children's early learning program awakened my child's intelligence.” A profound statement on the promise and power of preschool.



Preschool helped prepare 8-year-old Clencia, here with her mother Ligia in rural Mozambique, for success in school – and later, in life.



Review this groundbreaking early learning report:
www.savethechildren.org/results-worldbankstudy

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Learn how Save the Children helps millions of children worldwide get the health care, education and protection they need to overcome poverty and thrive.

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Your donation to Save the Children will prepare children to break out of the cycle of poverty and build a better future for their families and communities.

Take Action

www.savethechildren.org/results-takeaction

When you join in getting the word out to your friends, family, community and elected officials, you help expand Save the Children's advocacy efforts to build a global movement for children.



Save the Children®

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Save the Children is the world's leading independent organization for children in need, with programs in nearly 120 countries, including the United States. We aim to inspire breakthroughs in the way the world treats children, and to achieve immediate and lasting change in their lives by improving their health, education and economic opportunities. In times of acute crisis, we mobilize rapid assistance to help children recover from the effects of war, conflict and natural disasters.



Our Partners for Change:

We recognize the corporate and foundation partners featured in this issue, in addition to all of our 2012 partners, whose generous support makes it possible for Save the Children to achieve immediate and lasting change for children.

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