

KIDS & FUTURE FOUNDATION

2016 ANNUAL REPORT



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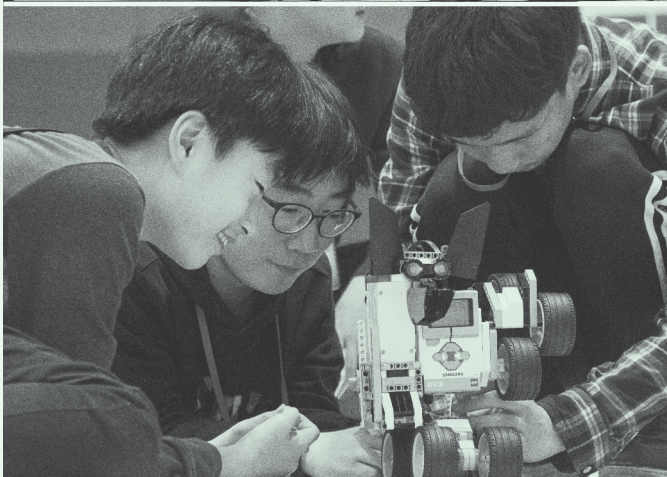
K&F Campaign 'FC Malawi'

How to Support K&F



**A tree becomes part of a forest with its young leaves;
the stream flows to be part of the ocean.**

Thanks to the warm interest and love of our sponsoring companies and citizens, we were able to present a new future to our children with all our heart during the past year. A tomorrow that our children can look forward to and a happy today, and sharing hope, endlessly, to isolated places in need of help—these are the values that Kids & Future Foundation (K&F) pursues.



About the Foundation and Its People



Our Foundation's accomplishments are truly recognized when we observe our children flourish day by day.

Introduction to K&F

Name : Kids & Future Foundation

Chairman : Hoon-kyu Lee

Location : 5F Sam-bo B/D, 272, Sadang-ro, Dongjak-gu, Seoul, Korea

Permitted by : Korean Ministry of Health and Welfare, License No. 832

Corporation Type : Social Welfare Corporation

Applicable Statute : Article 16 of Social Welfare Service Act

Target Audience : Social welfare facilities and personnel of children and youth-related work; neglected children and youth

Date of Establishment : March 28, 2000

Contribution Deduction : Designated donations (in accordance with Paragraph 1, Article 34, Income Tax Act); relevant organizations and individuals: 30%; corporations: 10%

Core Values



Creativity We are open and flexible; we are not afraid of making a change for a better and happier world for children.



Trust Through our financial transparency, we build trust with our partner organizations and our donors. Our mutual respect is based on integrity and trust, through which we gather our ideas.



Passion We make dedicated efforts based on our incessant passion for children's bright future.



Action We have no hesitation in stepping up to challenges, planning, and taking action accordingly if we find something of value to the youth we serve.

Vision



VISION

K&F pursues a society where every child can dream of a brighter future.

Mission



MISSION

We aim at providing children and youth ample opportunities to play and learn in a healthy and stable environment.

Please join us in protecting our children's future.



Since the establishment of K&F in March 2000 with funds from venture companies, we have been concerting our efforts to provide children, in our nation and abroad, with the opportunity to dream of a better future, going beyond supporting their basic needs.

In the past year, we had the privilege of offering various education programs, scholarships, and a comfortable environment to children and youth in the society's blind spots, together with our sponsoring companies and individual donors who have been supporting us for the past 17 years.

As for corporate social responsibility (CSR), we have designed welfare programs which match our partner companies' philosophy to facilitate companies' social contribution activities. Through such endeavors, we have been striving to deliver educational needs and other kinds of support which children desperately need.

Our Foundation's campaigns include FC Malawi and K&F Talent Scholarship, which aim at fostering domestic and overseas children's dreams and future goals despite their challenging situation. In addition, through Korea's broadcasting station MBC, we have raised awareness of Malawi children's circumstances and shared the achievements and necessity of the FC Malawi campaign, touching the hearts of many citizens.

All these accomplishments were only possible due to the support of our sponsors, companies, and individual donors. We extend our sincere gratitude to all our sponsors who have given hope to our children.

In this annual report, we have tried our best to deliver transparently and accurately how your valuable funds have been used for our children. Please stay tuned for our plans hereafter.

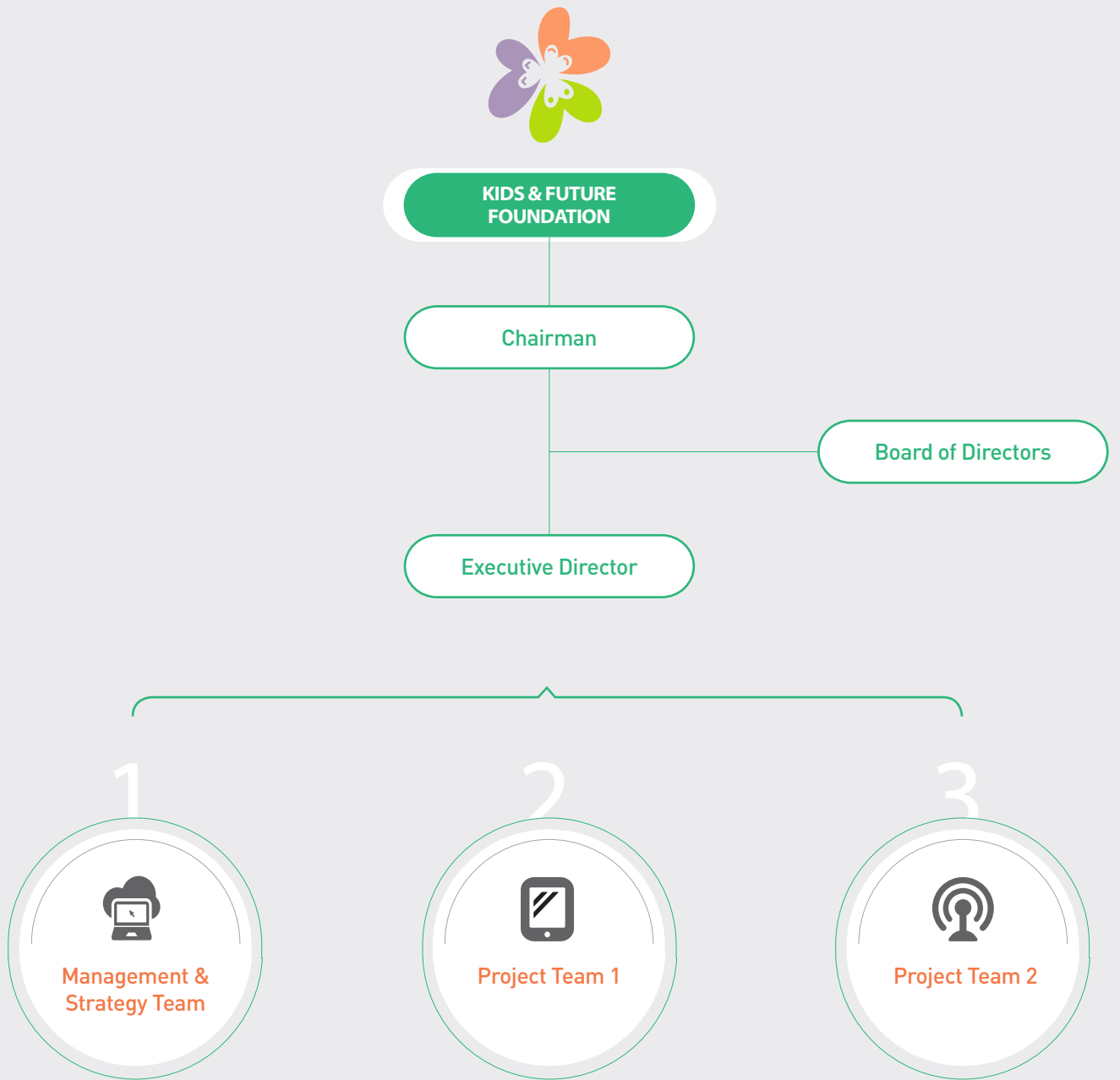
Keeping in mind K&F's mission, to enable every child to play, learn, and experience various aspects within a healthy, safe environment, our devotion will continue throughout this year as well.

A handwritten signature in black ink that reads "H. K. Lee".

LEE Hoon-kyu

Chairman, Kids & Future Foundation

Organization



K&F's 3-year Operation Outcomes

Revenue (2014-2016)

(Unit: KRW)

Category	2014	2015	2016
Individual donations	1,544,540,089	1,558,669,385	1,502,811,331
Corporate & group donations	7,790,971,653	9,328,332,603	9,812,043,504
Support funds from fundraising organizations & foundations	1,346,732,400	1,598,665,218	1,182,708,164
Donated goods	254,091,482	236,932,000	402,796,637
Other income (interest earnings, etc.)	194,370,451	126,573,995	174,201,168
Balance carried over	2,972,751,446	5,505,395,265	7,422,237,577
Total	14,103,457,521	18,354,568,466	20,496,798,381

※The increased amount of balance carried over in the past three years have all been used for the donation fund for CSR projects.

Expenses (2014-2016)

(Unit: KRW)

Category	2014	2015	2016
Project costs	8,229,616,419	10,627,297,833	12,875,331,806
General administration & fundraising fees	456,595,387	468,726,268	628,882,396
Total	8,686,211,806	11,096,024,101	13,504,214,201
Reserve fund for the following year's projects	5,505,395,265	7,422,237,577	7,063,503,827

※The reserve fund includes the past year's expenses, accounts payable, etc.

Net Worth Details

(Unit: KRW)

Category	2014	2015	2016
Net worth without constraints	572,955,557	721,616,570	631,912,824
Net worth with temporary constraints	4,777,382,500	6,362,880,479	6,024,935,396
Total	5,350,338,057	7,084,497,049	6,656,848,220
Net worth with permanent constraints (fundamental property)	3,000,000,000	3,000,000,000	3,000,000,000

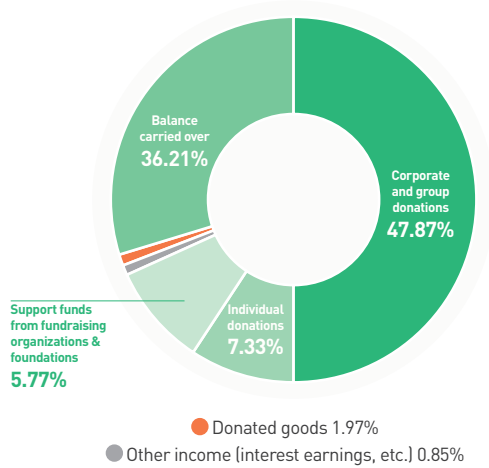
Composition of Personnel Expenses (2016)

(Unit: KRW)

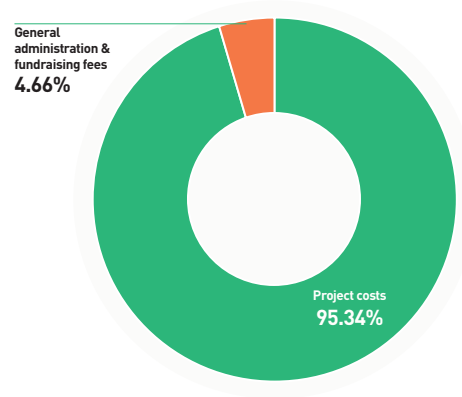
Total	Project-related	Fundraising-related	Management
1,086,139,430 (100%)	796,750,561 (73.36%)	111,935,065 (10.31%)	177,453,804 (16.34%)

K&F's 3-year Operation Outcomes

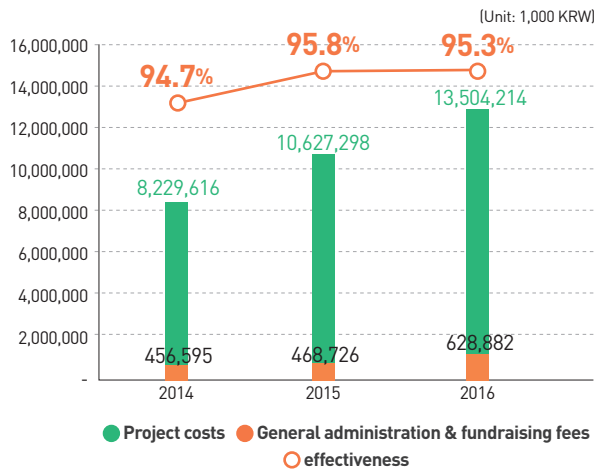
2016 Income



2016 Expenses

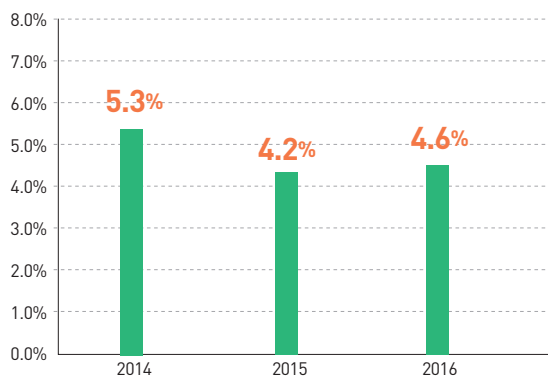


Fiscal Stability: Changes in the Efficiency of Project Expenses

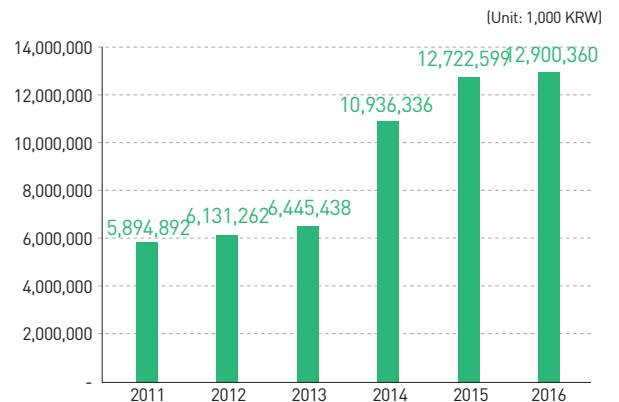


Expenses are divided into different functions (projects cost and general administration & fundraising fees) according to the disclosure form (such as closing statement) of nonprofit organizations stipulated by the National Tax Service (Article 25 of the Inheritance Tax and Gift Tax Act, revised 2016).

Changes in the Efficiency of General Management/Fund Expenses



Changes in Annual Donations Received



About Our Transparency

K&F places the highest value in abiding by a transparent and truthful principle of finance operation.

It is our Foundation's principle, based on accountability and efficiency, to allocate our supporters' donations to the right purpose.

K&F is the most transparent nonprofit organization (NPO) in the Republic of Korea. In 2001, our Foundation was the first NPO to implement an external auditing system. In addition, in 2008, we founded GuideStar Korea to communicate with our donors as the leading NPO of transparency.

The core value and mission of K&F are reflected in our every activity. We are doing our utmost in project implementation, hiring and evaluation, and smooth communicative processes. Meanwhile, we make endeavors toward receiving regular external audit, assessing project performance, and communicating with our sponsors.

As the most transparent foundation in Korea, K&F's achievements of the past three years can be confirmed through this report.

For the sustainable growth and development of the nonprofit sector, K&F has concluded an MOU with Arthur "Buzz" Schmidt, founder of GuideStar USA, in 2005.
In 2008, K&F has founded GuideStar Korea.

Through GuideStar Korea, it has become possible to share information on NPOs' mission, values, activities, and operational status, as well as to communicate with donors.

Our citizens, thus, are able to participate in NPOs' efforts with greater trust and in more diverse ways.



▶ 박관희의 작은 이야기

매일함을 열어보면 하루에도 수많은 보도자료가 와있습니다. 읽어보고 지우는 보도자료들 가운데, 최근 한 자료가 눈에 띄었습니다. 사회복지법인 '아이들과미래'가 올해 15년이 되었는데, 2005년 4억원이던 기부금이 지난해 109억원에 달했다는 내용입니다. 2600%나 늘었습니다. 삼성증권, 신한카드, KB국민은행, 삼성카드, 머르세데스-벤츠 등 프라나 기업이 50개나 된다고 합니다. 까다롭기로 유명한 기업 기부금을 이렇게 확대해온 비결은 무엇일지 궁금했습니다. 박두준 상임이사는 "투명성을 바탕으로 쌓아온 신뢰"라고 했습니다. 아이들과미래는 실제 비영리기관 최초로 2001년부터 내부감사 외에 외부감사 시스템을 도입했습니다.

투명성은 과연 기부금을 끌어올리는 견인차 역할을 하는가. 아이들과미래 사례를 보면 분명 맞는 말입니다. 하지만 아직 비영리단체에선 투명성에 관해 깊은 관심이 한정됩니다. 올

투명성은 기부의 견인차

해 6월 말이면 자산 50억원 이상, 수입 3억원 이상 공익법인은 모두 결산서류를 공시해야 하기 때문입니다. 거의 대부분의 공익법인이 이에 해당합니다. 이런 개인 기부금이 가장 많은 곳, 사업비율 가장 많이 쓰는 곳 등 기부자들이 원하는 정보들이 쏟아져나오게 됩니다. 물론 첫 해이기 때문에 공시항목을 어떻게 해석하느냐에 따라 여러 혼란이 일어날 가능성이 높습니다. 이 때문에 일부에서는 옹기종기하는 분위기도 상당히 높습니다.

국세청으로부터 공시정보를 받아서 이를 공개하는 역할을 맡은 곳은 한국가이드스타입니다. 미국 가이드스타를 본떠 이를 국내에 도입하는데 결정적인 역할을 한 박두준 사무총장이 그 뒷배를 들었습니다.

"초창기에 근무하던 비영리단체에서 잊분들이 금전적으로 사고를 치는 바람에 단체가 와해했고, 직원들도 모두 울타리를 잃었다. 이후 투명성에 인성을 걸었다. 한국가이드스타가 만

들어선 2008년 당시 투명성은 아무도 관심조차 없었습니다. 송차 이사장은 '우리나라 기업이만큼 성장한 건 공시 덕분이다. 공시를 도입할 당시 재벌 CEO들이 왜 내 살림집을 다 보아야 하느냐고 반발했지만, 결국은 이 바람이 옳았다'며 적극 지지했다.

국세청 공무원들이 관심이 없어 애가 뒀는데, 송차 이사장의 재자가 국세청의 국장였고 그 위치가 공감해줬기에 국적으로 법인이 만들어졌다. 가이드스타가 만들어진 초창기에 열악이 장난 아니었다. 자녀들에게 사회복지법인을 불러줬었던 일부 법인대표들은 '반긴 조실하'라 고 했다. 한편은 대형 모교단체 이사장들의 조언에모임에서 가이드스타의 취지와 내용을 소개했는데, 조복우상인이재고(고) 김석산 회장이 휘파라 나옴이니 귀속할로 "집 팔아서라도 반드시 성사시키게"라고 하더라."

그의 이야기를 들었는데, 지난해 방문했던 미

국 최대의 자선단체 평가기관인 '더 나은미래' 게이티(Charity Navigator)가 이 대표의 믿이 떠올랐습니다. 게이티 대"70년 비영리단체로부터 엄청난 배부부와 언론의 관심을 받으며 대표 평가관으로 자리매김했다"고 말했다.

기부시장이 확대되면, 투명성을 받고 싶을 수 있는 단체에게 대한 관심이 높아질 것입니다. 박두준 사무총장은 "투명성이 투명성인, 기대 반 장정 반"이라고 했습니다. 단, 단체의 반익비 부익부가 투명성을 올릴까, 혹시 기부금에 대한 부정적 인식으로 문제를 잘 풀기 위해 머리를 맞대면 좋겠습니다. 더나은미래 편집장

[The Better Future (of The Chosun Ilbo)]

April 14, 2015

Transparency is the Driving Force of Donations

Kids & Future Foundation is the first nonprofit organization to implement an external auditing system in addition to internal audit.

Based on transparency, donated funds increased by 2,600%, from 0.4 billion KRW to 10.9 billion KRW.

[Dong-A Ilbo]

Oct. 26, 2015

Finance of 5,542 Nonprofit Foundations Examined for the First Time

Overhead costs according to the analysis of NPOs in 2014 by GuideStar Korea

- Community Chest of Korea 8.3% · Compassion Korea 12.1%
- Kids & Future Foundation 14.8% These organizations made efforts to manage overhead ratio at an appropriate level. Certain foundations with excessively low overhead costs had included fundraising-related or project-related personnel expenses in project expenditures. NPOs need to be assessed based on performance and not donations based on the organization's reputation.

투명한 기부시대 열다

공동모금회 5883억... 월드비전, 대·중소협력재단, 유니세프 順

(L) 공익법인 5542곳 재정 첫 분석
한우라·라 2015년도 기부금은 총 1035800억 원, 2014년 개인은 1358000억 원, 기업법인은 426000억 원 등 기부금으로 나뉘고 있다고 보고했다. 이를 2014년 4년 기부금 1950억 원은 평균 125% 증가로 추정했다. 그 중 15% 이상을 집행해달라 도모한 것으로 밝혀졌다. 예산 85% 원가에는 초과해 기부금이다. 원가 10%는 "이번 공익법인 재정 공개를 계기로 한민익인 기부문화 확산이 필요하다"고 지적했다.

구분	2015년 10월 말까지 실적(2015.10.31 기준)	2014년 실적(2014.12.31 기준)
기부금 총액	1035800	1358000
기업법인	426000	426000
개인	1358000	1358000
기타	259800	259800
기타	259800	259800



조사대상 45개 공익법인 투명성 평가 순위

등급	단체명	총점	등급	단체명	총점
A	사회복지공동모금회	92.5	C	굿네이버스	57.5
	대한적십자사	90.0		한국백혈병어린이재단	56.0
B	아이들과미래	78.5		부스라기사랑스러운희	52.0
	송기원	77.75		바보의 나눔	47.25
	임강복지재단	76.25	D	동행사회복지회	54.75
	아름다운재단	75.5		한국백혈병소아암협회	51.75
	어린이재단	75.0		다할복지재단	50.75
	월드비전	74.75		굿네이버스 인터넷봉사	48.5
	아름다운가게	74.75		유진원	46.5
	푸르메	73.25		구세군복지재단	46.25
	한국국제기아대책기구	73.0		한국제이티에스	41.25
	한국사회복지협의회	72.75		유니세프한국위원회	41.0
C	한국심장재단	70.0	F	네트웍	39.75
	한경재단	69.0		한국복지재단	39.0
	한국컴패션	67.25		서울특별시사회복지협의회	36.0
	함께할하는재단	64.25		대한예수교장로회심포니	31.5
	홀트아동복지회	63.75		사각장애인지원회	30.0
	한국해비타트	63.5		기아대책	12.75
	월드 푸기	63.0		기독교대한감리회	6.75
	함께 만드는 세상	61.5		한국기독교청년회	6.0
	대한사회복지회	61.25		전국장애인부모연대	-1.0
	세이브다들드르코리아	60.75		마리아수녀회	-3.75
	전국장애구호협회	60.0		유니버설문화재단	-4.0

자료:한국복지, 기획경제, 속명익대 공동연구팀

[Hankook Ilbo]

Dec. 21, 2015

Where Donations are Spent Not Known... How Do Donors Trust Organizations?

K&F's fundraising amount exceeds 3 billion KRW. As a result of evaluating the 'transparency' of 45 organizations, K&F ranked 3rd among domestic nonprofit foundations and 1st among private nonprofit organizations.

K&F in the Media

K&F was able to reach our sponsors closer through the fundraising broadcast.



331

No. of regular sponsors via fundraising broadcast



In accordance with FC Malawi's slogan, "Change the Future through Football," former Korean national league players Kim Byung-ji and Lee Chun-soo paid a visit to Malawi to teach children football as well as to deliver a message of hope.

The broadcast program was sponsored by KTB Investment & Securities, SK Hynix, and Community Chest of Korea. Moreover, our 231 sponsors who have pledged to support us regularly have become the "owners" of FC Malawi, enabling a more secure educational environment for Malawian children.

Despite the fact that our program "Share Happiness" was aired at one in the morning, we received 100 new sponsors through the occasion.

We supported the treatment for boy/girl twin Hyung-jun and Min-ha who are suffering from a rare incurable disease, while introducing the K&F Talent Scholarship and the Golden Bell Stage. Our sincere gratitude goes out to our many sponsors who have taken part in our Foundation's vision—to help children who do not have the privilege of receiving education due to their circumstances despite their talent. We are truly grateful for your care.

Our children will not give up their dreams with the love and support of K&F, working diligently for the future of children around the world, and our sponsoring companies and individual donors.

K&F Campaign

FC Malawi

Through the possibility that football brings, we change our children's future and foster the future leaders of society.

MBC Fundraising Broadcast and Transportation Support

- Hosted the "MBC and Good Friends Fundraising Broadcast" with MBC
- Provided a mini bus to support FC Malawi children's transportation means for away games

FC Malawi Photo Exhibition: A Day with Chisomo

- A photo exhibition held with club owner and photographer Chang-ho Jeong who K&F met through the cultural volunteer group "Beholding Malawi" intended for recording the activities of FC Malawi
- Duration: February 13–23, 2016
- Theme: A day with Chisomo, an FC Malawi player, and other children

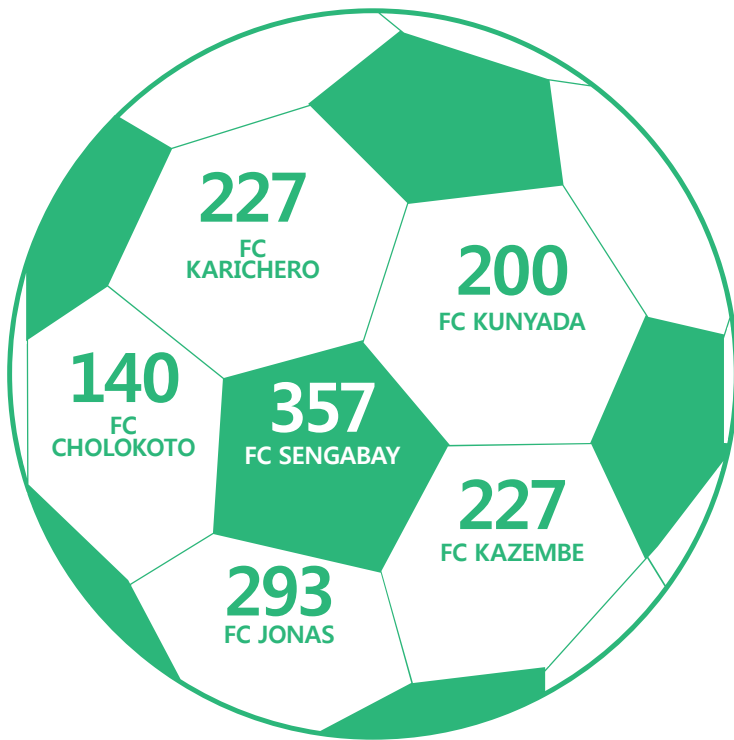
International Sports Day Campaign for Development and Peace

- Date of Participation: April 6, 2016
- Content: Took part in the Let's play for Sustainable Development Goals campaign, an effort toward achieving 16 UN Sustainable Development Goals (SDGs), hosted by the UN Office on Sport for Development and Peace (UNOSDP)
 - Good Health and Well-being: Enhancing children's health through football
 - Quality Education: Providing opportunities for high-quality education by utilizing football and various educational programs
 - Gender Equality: Achieving gender equality through football

Establishment of FC Incheon Airport Kunyada

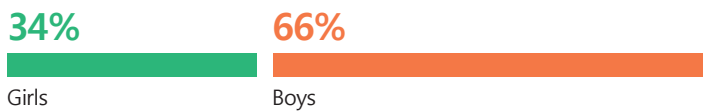
- Sponsor: Incheon International Airport Corporation
- Date of Establishment: July 4, 2016
- A region where traditional cultural customs are abided by; low education levels and overall underdeveloped infrastructure
- Content: A site survey for the month of June was conducted on the youth football team in the Salima region who are recommended by FC Malawi coaches (Kunyada, Kachele, Ngwale). The football club was selected through the team training observation and site survey based on which quantitative assessment was performed for gender equality index, education level, child health status, sports field condition, etc. It was found that the residents and the team had a close relationship and the operational capability and potential for development were highly assessed.





6 Teams

1,444 Youth Players



365
Individual Donors

7
Sponsoring Companies

Interview of FC Malawi

What is the community's response about FC Malawi like?

Sirage Issa (FC Kalichrocoach):

Many parents thought that the FC Malawi Project is not meaningful at all. They regarded the football field as a place where children may engage in risky behaviors (e.g., drinking, prostitution, smoking, etc.). However, after they observed their children coming to football training every single time and going to school consistently, they approved their children's participation in FC Malawi.

How did children change after taking part in FC Malawi?

Kenneth Mwamadi (FC Sengabaycoach):

A boy named Rodrick (who lost his parents due to a traffic accident) was very depressed when he first came to FC Malawi. He did not talk to his peers nor was he active when playing football. After participating in FC Malawi activities, however, he became more active, little by little. He talked with his friends and gained more initiative. His school grades got better as well.

Mdala Liwande (FC Jonas coach):

There was a child who used to have bad habits such as fighting with other children eating thrown away food in the market before participating in FC Malawi activities. But now, he is a completely new boy. These children are not only fully engaged in their family and school but also in football training, so I am also very happy about it.

How to Support K&F

Individual Donation

A donation can be made in a fixed amount over a consecutive period of time; a one-time donation is also possible starting at 10,000 KRW. These funds are allotted to our foundation's campaigns such as the K&F Talent Scholarship and FC Malawi.

How to Make a Donation:

You can participate by just a few clicks; click on 'Donation' on our website (eng.kidsfuture.or.kr)

Happy Bean Donation:

Participation is also possible through Naver's 'Happy Bean Donation' (www.happylog.naver.com/kidsfuture.do)

Direct donation is available via ARS

+82-60-700-1533 or +82-2-843-8478

Deposit can be made to the accounts below.

-Shinhan Bank: 100-016-715700

-Kookmin Bank: 813001-04-046748

“It was very disheartening to see a widening education gap between children on account of poor family conditions. We want the foundation to help children realize their dreams of a better future.”

Rosetta Stone, Corporate Donator

Partnership for Corporate Social Responsibility (CSR)

Our partnerships operate in the process below. For more information, you can contact us through our website, via telephone, or by email. We will get back to you upon reviewing your inquiry.



Designated Donations from Employees and Organizations

There are various convenient ways to donate for business employees and individuals of organizations. For example, contributions can be made by having the donation amount automatically deducted from individuals' monthly salary, through matching grants, or by donating an agreed amount.

Donating Goods

You can join our sharing efforts by donating various goods such as school supplies, clothes, and books.

KIDS & FUTURE FOUNDATION
2016 ANNUAL REPORT



KIDS&FUTURE FOUNDATION

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