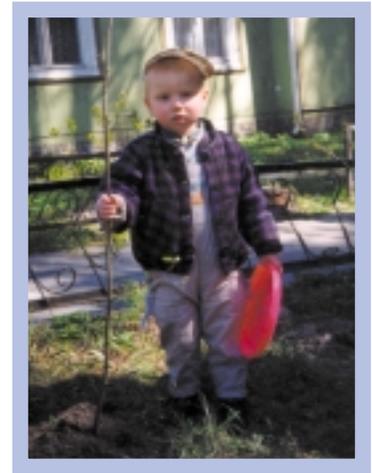


The Kids First Fund

FROM THE PRESIDENT

2005 was a year of careful stewardship for the Kids First Fund.

Webster's College Dictionary defines a steward as, "a person who manages another's property or financial affairs; one who administers anything as an agent of another." In every regard, the Kids First Fund is a careful steward of your donations and never forgets the identity of its stakeholders — you!



Your contributions represent an investment that is entrusted to the stewardship of the board of directors. Charitable organizations are measured by a unique standard. The "return" on your investment is determined by how well the Kids First Fund delivers on its promise to help abused and abandoned children in resource-poor areas of the world.

The directors of the Kids First Fund take their mission very seriously. The shared experience, blended wisdom, and rock-solid integrity of your American and Latvian board members works to maximize the impact of every dollar. Experience has taught the board that the best results involve cooperation with carefully chosen partners in Latvia. Wisdom suggests the best relationships are developed through person-to-person contact. Integrity places value on partners that fulfill the promises made to each other.

This wonderful combination of mission focus, partnership orientation, and board experience has led the Kids First Fund to establish relationships with two highly-regarded organizations in Latvia: Latvia Children's Fund and Dardedze Center Against Abuse. Together this partnership will build a family shelter to serve abused children in Latvia's poorest region.

Your past support will allow construction of the shelter to begin in 2006. Our \$120,000 financial commitment will largely deplete our funds during the coming year. This is a good thing, as donations sitting in a bank account represent a lifeless resource. Strangely enough, our stakeholders only realize a "dividend" when money is spent — not saved — in service to children.

"The journey
has been made
all the more enjoyable
by your support."

JAY SORENSEN



Upon reflection, 2005 was full of challenges for our world. The year began with the horror of the tsunami in south Asia, continued with ongoing violence in the Middle East, and concluded with natural disasters in Pakistan and the Mississippi Gulf. Donors throughout the world have met these needs by contributing a record amount of money and resources to emergency relief efforts.

During these troubled times, donor activity for the Kids First Fund has remained at consistent levels. Cash contributions for 2005 were in excess of \$19,000 and were \$100 above the total amount received during the prior year. 2004 fundraising activities were boosted by two events that generated an additional \$29,000. Fundraising activity during 2005 was limited to the Great Online Auction for Kids event that produced in excess of \$19,000. The donor base grew significantly during 2005, which resulted in more individuals donating money and a drop in average contribution size.

The Kids First Fund web site was the victim of a bizarre Internet scam, which involved the cloning of the site by a group of money launderers likely based in Russia. Essentially, the criminals copied the mission of our organization and the content of our site for their own illicit fundraising purposes under another name. The numerous cloned web sites were eventually shut down through weeks of nonstop effort. Unfortunately, the perpetrators have not been arrested and quickly found another web site to clone. The situation was unfortunate because it stole precious time from fundraising activities.

As is our policy, zero donor money was spent during 2005 on overhead, salaries and fundraising. Travel is always at the expense of individual board members. The Kids First Fund benefits from a great group of friends that donate their professional services. Matthew Frederick generously donates web site development and hosting. Melinda Caughill creates banner advertising and other collateral and never charges a cent. Amy Thomas has contributed her skills to design this annual report. Stephen Swenson is simply an amazing resource for all fundraising activities involving professional hockey. Your board of directors also generously volunteers time and donates money to support the organization. I thank all of you!

The Kids First Fund only exists because of its many friends. The most important of these are you — our donors. 2005 was a year in which we built a solid foundation by steadily growing our fund balance and establishing partnerships for our family shelter project. The journey has been made all the more enjoyable by your support, and the collective work of a wonderful board of directors. Thank you for the privilege of allowing me to lead these efforts!

For the kids,

A handwritten signature in black ink that reads "Jay Sorenson". The signature is stylized and cursive.

Jay Sorenson

Volunteer and President

“Employer matching doubled my donation during 2005.”

JEFF PATRIAS

Kids First Fund Board Member
(Minneapolis, Minnesota, USA)

“Swiss Air Lines loves being onboard with the annual travel auction for kids.”

STEVE DIGGELMANN

Swiss International Air Lines
(New York, New York, USA)

NUMBERS HELP TELL OUR STORY

The following statistics describe the accomplishments of the **Kids First Fund** since its founding in 1999:

- Direct assistance for the care of abused children: **approximately 380 children have received services since 2000**

- Professionals such as police officers, doctors, legislators, judges and prosecutors, reached via the seminar series since 2001: **420**

- Donations received 1999 through 2005: **\$258,000**

- Grants made 1999 through 2005: **\$73,000**

- Future project expenditures planned: **\$120,000**

- Cash account balance on December 31, 2005: **\$185,000**

- Amount deducted in U.S. for overhead, salaries, fundraising and administration: **\$0**

The 2004 tax return filed with the IRS is available at the Kids First Fund web site.

MORE THAN 100 AIRLINE TICKETS AUCTIONED ONLINE

The **Great On-Line Travel Auction for Kids** sold more than 100 airline tickets during April 2005 and generated over \$19,000. Auction proceeds were boosted by a rebate of the online auction fees normally charged by eBay through its charitable Mission Fish initiative.



Airline tickets and hotel stays were listed with opening bids beginning at \$1. Participating airlines included: ATA, AirTran Airways, LAN Airlines, jetBlue Airways, Midwest Airlines, Song/Delta Air Lines, South African Airways, Sun Country Airlines, Swiss International Air Lines and Virgin Atlantic Airways.

Airbus North America donated a 1/100 scale model (over 2.5 foot wingspan) of its new A380 aircraft. Hilton Hotels, Intercontinental Hotels and Xanterra Parks & Resorts offered gift certificates for destinations throughout the United States available for auction. In addition, Cruise America, the nationwide RV rental company, donated a \$350 gift certificate. Please show your support for these donor travel companies!

The 2006 Great On-Line Travel Auction for Kids will launch on April 1, 2006. Find the eBay auction link at KidsFirstFund.org.

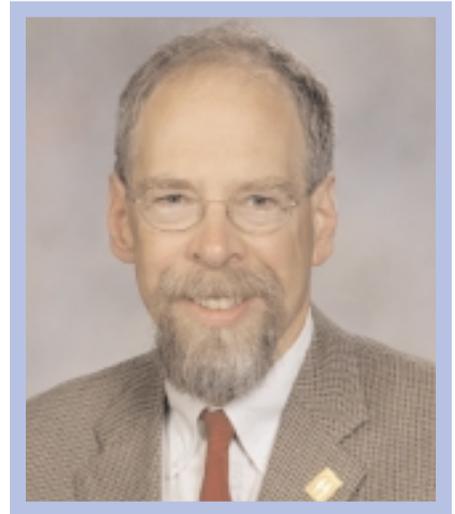


IN MEMORY OF BOARD MEMBER DR. WILLIAM FRIEDRICH

Husband, dad, friend and Kids First Fund board member William Friedrich, Ph.D. lost a valiant battle against cancer on September 26, 2005. Bill's time as a board member was brief; he joined the Kids First Fund just one year earlier. The opening lines of his obituary define the spirit of this man, "We ask that no one wears black as this will be a joyous celebration of his extraordinary life."

Bill was a member of the pediatric and psychology staff at Mayo Clinic. In his work in clinical psychology at Mayo Clinic Rochester, he studied the impact of traumatic events on children, adolescents and adults. He earned his Ph.D. in clinical psychology from the University of North Dakota, an M.P.H. in behavioral sciences from the University of Texas, and completed a clinical psychology internship at the Texas Research Institute of Mental Sciences.

His research on the impact of traumatic events on children resulted in the development of the Child Sexual Behavior Inventory and the Adolescent Sexual Behavior Inventory, two scales that are used as outcome measures for treatment. Bill also participated as a team member for child abuse-related project work in Latvia, and other eastern European countries, through the Soros Foundation and as a Fulbright Scholar. In 2005 he received the Mayo Medical Faculty Service Award.



International travel was one of Bill's favorite hobbies. Bill was planning to join Jay Sorensen on a spring trip to Latvia, but declining health canceled his trip. His advice and counsel was instrumental in creating the philosophy and operating plan for the family shelter project in Latgale. He was always available to answer any question on the topic of child abuse prevention and treatment.

Survivors include his wife Wanda, daughter Hannah and son Karl. Bill was a fantastic father and husband; he was well respected by his friends and colleagues. Bill will be immeasurably missed.

“Bill brought a magical combination of broad knowledge, passion, dedication, and hands-on Latvian experience to the Kids First Fund board of directors.”

JUDGE MICHAEL DWYER

Kids First Fund Board Member
(Milwaukee, Wisconsin, USA)

KIDS FIRST FUND COMMITS TO ESTABLISH FAMILY SHELTER

The Kids First Fund has committed to a partnership with the Latvian Children's Fund and the Dardedze Center Against Abuse to establish a residential shelter for abused children and their mothers in the Latgale region of Latvia.

Board members participated in meetings and on-site visits in Latvia during 2004 and 2005 to facilitate the development of partner relationships and to learn more about the Latgale region. As part of its commitment with the two Latvia-based non-profit organizations, the Kids First Fund will provide up to US\$120,000 for the development of this new shelter. The site for the facility is still under consideration and may involve the renovation of an existing structure or the construction of a new building in Latgale

The Latgale Family Shelter will provide residential shelter for mothers and children with a capacity for 24 persons. Latgale, a region in southeast Latvia, is among the poorest sections of the country, with unemployment in some areas exceeding 40 percent. In addition to providing residential shelter for mothers and children, the Latgale Family Shelter will be an educational resource for child abuse issues. This function will provide outreach services through schools, police departments, medical professionals, social workers and clergy to assist early detection and prevention efforts.

Oversight of the project will be undertaken by a newly established Latvian-based non-government organization (NGO). This NGO, to be developed by the Latvia Children's Fund, will include representatives from the three founding organizations. The Dardedze Center Against Abuse (Riga) would be responsible for shelter operations and administration. The shelter is expected to open by February 2007.



From left to right: Mrs. Veronika Lemesevska (Latvia Children's Fund grants and projects manager), Mr. Rogers Grigulis (Kids First Fund board member) and Mr. Andris Berzins (Latvia Children's Fund president).

“This is an exciting step in providing much-needed resources for abused children in Latvia.”

ANDRIS BERZINS

Latvia Children's Fund President
(Riga, Latvia)

“3% of the royalties from my new novel will benefit the Kids First Fund.”

PAULS TOUTONGHI

Author

(Brooklyn, New York, USA)

NOVEL RED WEATHER BY PAULS TOUTONGHI TO BENEFIT THE KIDS FIRST FUND

Pauls Toutonghi is a self-described “mongrel”

born in Seattle, Washington to a Latvian mother and an Egyptian father. He has worked as a burrito roller, a pizza delivery driver, a waiter in a retirement community, a vendor of vintage baseball jerseys, a telemarketer, a sandwich maker, a college professor, a shipping clerk in a medical supply store, and a research assistant for the *Complete Poems of Alfred Lord Tennyson*.

Fortunately for the Kids First Fund, he is about to become a published novelist!

Red Weather hits bookstores May 2006 and will be published by Shaye Arehart Books, a division of Random House. The following description is from the author's web site at **paulstoutonghi.com**:

The setting for the novel is Milwaukee, Wisconsin — home to an array of breweries and abandoned factories and down-on-their-luck Eastern European immigrants. Revolutions are sweeping through the nations of the Eastern Bloc. Communism is unraveling. And nobody feels this unraveling more piquantly than Yuri (the novel's Latvian character) whose parents mortify him with their stubbornly foreign accents and habits.

But when Yuri falls in love with Hannah Graham — the daring and dangerous daughter of a prominent Milwaukee socialist — chaos ensues. Within weeks he has joined the staff of the Socialist Worker, and his ideological betrayal will have more serious consequences than breaking his parents' hearts.

*Red Weather is by turns funny and bittersweet, tinged with a rueful comic sense that is at once reminiscent of Michael Chabon's *The Mysteries of Pittsburgh* and Khaled Hosseini's *The Kite Runner*.*

Red Weather is available for pre-order at **amazon.com**, Barnes & Noble and **powells.com**.



“These kids...
they have lost souls.
These kids have
no voice. They’re too
small, too far down.
And they need
somebody to speak
for them.”

ARTURS IRBE

Kids First Fund Board Member
(Salzburg, Austria)

“I don't charge for
small repairs, I just
ask my customers
to put something
in the jar for the kids.”

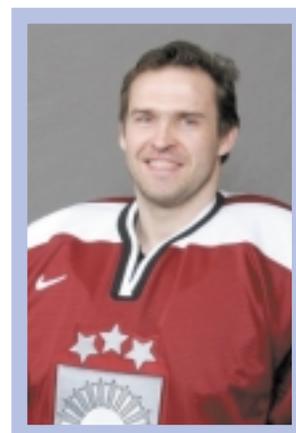
OLEG “ALEX” YUSUFOV

Custom Tailor
(Shorewood, Wisconsin, USA)

WHERE IS ARTURS IRBE?

Kids First Fund board member and professional hockey player Arturs Irbe is back in action! The quote (see left) from a 2003 newspaper article explains why this amazing man has staying power — he’s got heart and passion!

For Irbe, the 2004/2005 hockey season was marked by the season-long NHL lockout. During the summer of 2005 Arturs returned to his homeland of Latvia and spent a very enjoyable summer with his two children. During the fall he wore the uniform of the Riga2000 hockey team and had the opportunity to practice and play with his countrymen on a daily basis on home ice. More recently, Arturs joined the Red Bulls Salzburg professional hockey team on December 5, 2005. He will be skating for Latvia on its national team during the 2006 Olympic Games in Turin.

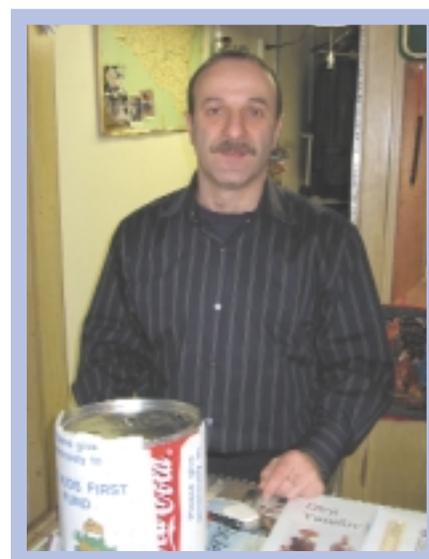


Arturs was a founding member of the Kids First Fund in 1999 and remains an ever-active board member. Arturs’ fellow board members are delighted he is back on the ice and are eager to see victory for Latvia in Turin. Hint — look for Arturs to wear a special Kids First Fund helmet during the Olympics!

OLEG YUSUFOV THE CUSTOM TAILOR MAKES A DIFFERENCE

Oleg Yusufov inherited a jar when he took over Joe Vella’s tailor shop in the village of Shorewood, just north of downtown Milwaukee. Joe started the custom of soliciting charitable donations when he thought a customer’s alternation or minor repair didn’t warrant a formal charge for his services. But letting the customer walk out the store without feeling a little lighter in the pocket didn’t seem to make sense either. So, he placed a jar on the counter with a simple handwritten sign — Give generously to the Kids First Fund.

Those “somethings” have a habit of adding up. Jay Sorensen stopped by Shorewood’s Custom Tailor shop recently to meet the new tailor. Oleg Yusufov is an exceptional tailor who emigrated from Baku, Azerbaijan over 13 years ago. A quick trip to the local bank confirmed those somethings added up to \$82.10. Thank you Alex for continuing Joe’s tradition!



“We make money
the old-fashioned
way — we earn it.”

JOHN HOUSEMAN
Spokesman for Smith Barney

KIDS FIRST FUND NOW ACCEPTS APPRECIATED STOCK AS GIFTS

If you are planning to make a contribution to the Kids First Fund, you might consider donating appreciated stock from your investment portfolio instead of cash. Your tax benefits from the donation can be increased and the Kids First Fund now has the ability to receive donated stock.

Donating appreciated stocks that have been held for more than one year can be a wise philanthropic decision. This gift enables you to 1) make a significant gift to the Kids First Fund, 2) receive a charitable donation deduction on your income taxes, and 3) bypass capital gains taxes. To receive the full benefit when donating appreciated stock, it's vital you donate the stock itself. Do not sell it first and donate the cash proceeds.

There are special limitations that apply to this method of making charitable contributions. Prior to making any contribution, check with your tax professional. At the very least, read IRS Publication 526 for additional information on the contribution limitations. If you get the green light — please refer to the following information to donate stock held by a broker:

1. Contact your broker about making a gift of stock to the Kids First Fund, Inc.
2. Choose the long-term appreciated stock and determine the number of shares to be transferred. The easiest and quickest way to complete a gift of stock held by a broker is through a “back office electronic transfer.” Provide the following information to your broker:

Account Name: Kids First Fund, Inc.
Account Number: 784-274-109
DTC: 0188 (Ameritrade routing code)
3. Contact the Kids First Fund at 414-961-1939 and inform us of the gift to ensure proper acknowledgement.



ABOUT THE KIDS FIRST FUND

The Kids First Fund helps abused and abandoned children. We protect children from abuse. We empower young adults with a positive future. We strengthen families. We build awareness of child abuse. We operate in countries where resources are very limited. Current projects provide support for children in the democratic republic of Latvia located on the Baltic Sea. The Kids First Fund supports programs to educate child welfare professionals such as police officers, judges, social workers and prosecutors on child abuse issues. Direct assistance is also provided to centers providing care for abused children. The Kids First Fund is a very efficient non-profit organization and does not incur any expenses since all staffing and services are donated.

Learn more and donate online at:

KidsFirstFund.org

Write to us at:

The Kids First Fund
1916 E. Kensington Blvd.
Shorewood, WI 53211, USA

