

Christian Children's Fund of Canada

Financial Statements

March 31, 2010

(in thousands of dollars)

Christian Children's Fund of Canada

Index to Financial Statements

March 31, 2010

(in thousands of dollars)

	Page
AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF OPERATIONS	3
STATEMENT OF CHANGES IN NET ASSETS	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 14
SCHEDULE OF FUNDRAISING AND ADMINISTRATION	15

June 22, 2010

Auditors' Report

To the Members of
Christian Children's Fund of Canada

We have audited the statement of financial position of **Christian Children's Fund of Canada** as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Christian Children's Fund of Canada's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Christian Children's Fund of Canada** as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

Christian Children's Fund of Canada

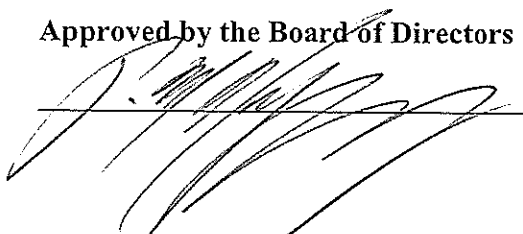
Statement of Financial Position

As at March 31, 2010

(in thousands of dollars)

	2010	2009
	\$	\$
Assets		
Current assets		
Cash	588	987
Accounts receivable	264	262
Prepaid expenses and other	193	181
Donated goods in transit	2,237	-
	<u>3,282</u>	<u>1,430</u>
Investments (note 3)	3,947	2,421
Capital assets (note 4)	<u>6,583</u>	<u>7,149</u>
	<u>13,812</u>	<u>11,000</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,134	1,064
Current portion of obligations under capital leases and mortgage payable (note 6)	<u>143</u>	<u>188</u>
	1,277	1,252
Deferred contributions (note 5)	4,068	2,258
Long-term liabilities		
Long-term portion of obligations under capital leases and mortgage payable (note 6)	<u>1,789</u>	<u>1,997</u>
	<u>7,134</u>	<u>5,507</u>
Net Assets		
Unrestricted funds	2,375	1,391
Investments - net unrealized losses	<u>(413)</u>	<u>(950)</u>
	1,962	441
Invested in capital assets (note 4)	4,651	4,964
Endowment	<u>65</u>	<u>88</u>
	<u>6,678</u>	<u>5,493</u>
	<u>13,812</u>	<u>11,000</u>

Approved by the Board of Directors


Director


Director

Christian Children's Fund of Canada

Statement of Operations

For the year ended March 31, 2010

(in thousands of dollars)

	2010	2009
	\$	\$
Revenue		
Sponsorship support for children, families and communities	18,334	18,334
Donated goods and related contributions	15,123	15,439
General contributions	1,131	1,349
Special gifts for children	1,923	1,612
Specific project appeals	1,139	601
Bequests	330	397
Grants	1,194	304
Realized gain (loss) on investments	(22)	72
Other income	52	115
	<hr/> 39,204	<hr/> 38,223
Expenditure		
Program services		
Health and nutrition	19,932	19,390
Education	4,925	5,680
Institutional and organizational strengthening	3,193	2,884
Water and sanitation	1,964	1,736
Micro enterprise	1,348	1,337
Emergency response	126	50
	<hr/> 31,488	<hr/> 31,077
Fundraising (schedule)	4,211	3,697
Administration (schedule)	2,857	2,729
	<hr/> 38,556	<hr/> 37,503
Excess of revenue over expenditure for the year	<hr/> 648	<hr/> 720

Christian Children's Fund of Canada

Statement of Changes in Net Assets

For the year ended March 31, 2010

(in thousands of dollars)

					2010	2009
	Invested in capital assets \$	Unrestricted \$	Investments - net unrealized gains (losses) \$	Endowment \$	Total \$	Total \$
Net assets - Beginning of year	4,964	1,391	(950)	88	5,493	5,602
Excess (deficiency) of revenue over expenditure for the year	(830)	1,478	-	-	648	720
Transfers from endowment to unrestricted fund	-	23	-	(23)	-	-
Purchase of other capital assets	364	(364)	-	-	-	-
Payment of obligations under capital leases	137	(137)	-	-	-	-
Termination of capital lease	(100)	100	-	-	-	-
Payment of obligation - mortgage	116	(116)	-	-	-	-
Investments - available-for-sale - net changes	-	-	537	-	537	(829)
Net assets - End of year	4,651	2,375	(413)	65	6,678	5,493

Christian Children's Fund of Canada

Statement of Cash Flows

For the year ended March 31, 2010

(in thousands of dollars)

	2010	2009
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditure for the year	648	720
Items not affecting cash		
Donated goods and related contributions	15,123	15,439
Support and contributions to affiliated programs	(15,123)	(15,439)
Amortization of capital assets	830	830
Changes in non-cash operating working capital items		
Accounts receivable	(1)	(92)
Prepaid expenses and other	(12)	(20)
Donated goods in transit	(2,237)	1,866
Accounts payable and accrued liabilities	70	(41)
Deferred contributions	1,810	(1,579)
	<u>1,108</u>	<u>1,684</u>
Financing activities		
Payment of obligations under capital leases	(35)	(59)
Payment of obligation - mortgage	(116)	(109)
	<u>(151)</u>	<u>(168)</u>
Investing activities		
Net purchase of investments	(989)	(34)
Purchase of other capital assets	(367)	(1,256)
	<u>(1,356)</u>	<u>(1,290)</u>
(Decrease) increase in cash during the year	(399)	226
Cash - Beginning of year	987	761
Cash - End of year	588	987

Christian Children's Fund of Canada

Notes to Financial Statements

March 31, 2010

(in thousands of dollars)

1 Purpose of organization

Christian Children's Fund of Canada (CCFC or the organization) strives as a worldwide team to create a future of hope for children. CCFC is renowned for its compassion for children of all faiths and cultural backgrounds and is inspired by Christ's example of personal, caring love. Working side by side with its colleagues in developing countries, CCFC emphasizes a child-centred community development ministry, starting with basic assistance and leading to programs stressing self-help and eventual independence.

CCFC is incorporated under the laws of the Province of Ontario as a not-for-profit organization and is registered as a charity under the Income Tax Act (Canada).

2 Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, as set out in The Canadian Institute of Chartered Accountants (CICA) Handbook. The more significant of the accounting policies are outlined below:

Revenue

Revenue is derived from the following significant sources:

a) Sponsorship support for children, families and communities

Sponsorships received that are considered to be prepayments of monthly sponsorship support for children, families and communities are included with deferred contributions on the statement of financial position.

b) Donated goods

Donated goods are valued at their estimated fair value. The recognition of donated goods is limited to donations where CCFC takes possession or constructive title of the donated goods and CCFC was the original recipient of the goods, was involved in partnership with the end-user agency, or the goods were used in CCFC programs. Donated goods are recorded as revenue at such time as the goods are deployed for charitable purposes to the end-user agencies.

c) General contributions and undesignated bequests

General contributions and undesignated bequests from the public, which are not designated for a specific purpose, are recognized in the financial statements as revenue when received.

d) Restricted contributions

Contributions that are restricted for a designated purpose are recognized in the financial statements using the deferral method, whereby contributions related to expenses of future years are deferred and recognized as revenue in the year in which the related expenses are incurred. These contributions include special gifts for children, specific project appeals, designated bequests and grants.

Endowment contributions are recognized as direct increases in net assets.

Christian Children's Fund of Canada

Notes to Financial Statements

March 31, 2010

(in thousands of dollars)

Allocation of expenses

The organization engages in the following program services: health and nutrition, education, institutional and organizational strengthening, water and sanitation, micro enterprise, and emergency response. Expenses relating to program services are initially recorded by the appropriate expense classification. These expenses are reclassified to the program service categories based on information provided by end-users. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program services.

The organization also incurs fundraising and administration expenses, which provide benefits to the program services. The organization allocates certain of its fundraising and administration expenses to program services based on the estimated level of benefit received by each program service. The appropriate basis of allocation is identified for each component expense, as described below, and is applied consistently each year.

Fundraising and administration expenses are allocated to program services as follows:

- Fundraising

Semi-annual publication, ChildVoice is allocated to program services based on the total costs times the percentage of content relating to each of the individual program service categories.

- Administration

General support personnel costs are allocated to program services based on the percentage of the relevant employees' time involved in supporting program services.

Premises costs are allocated to program services based on the headcount of program services over the total headcount of the organization.

Other shared costs including information technology, human resources management, insurance, and equipment rental are allocated to program services based on headcount and other bases deemed to be appropriate.

Amounts allocated from fundraising and administration are detailed in note 9. The schedule of fundraising and administration details the unallocated amounts.

Capital assets

Capital assets are recorded at cost, less accumulated amortization. Maintenance and repairs that do not significantly extend or improve the useful lives of the respective assets are expensed when incurred.

Christian Children's Fund of Canada

Notes to Financial Statements

March 31, 2010

(in thousands of dollars)

Capital assets are amortized using the straight-line method over the following periods:

Head office	
Building	50 years
Computer, customized software, office equipment and furniture	5 to 10 years
Equipment under capital leases	term of the lease
International field offices	
Computer and office equipment, furniture and field program vehicles	3 years

Net assets

- Unrestricted funds

The balance of unrestricted funds represents the accumulated excess of unrestricted contributions over related expenditure, less the amount invested in capital assets.

- Investments - net unrealized losses

Unrealized losses from investments, net of unrealized gains, is recorded on an accumulated basis as a reserve against unrestricted net assets to be realized upon sale pursuant to the cash flow needs of the organization (see financial instruments section below).

- Invested in capital assets

Net assets invested in capital assets represent the amount of previously unrestricted net assets allocated to investments in capital assets

- Endowment

Endowment contributions are required to be maintained on a permanent basis and only the income derived therefrom is available to support organizational activities.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification, as described below. The classification depends on the purpose for which these financial instruments were acquired or issued, their characteristics and the organization's designation of such instruments. The standards require that all financial assets be classified as held-for-trading (HFT), available-for-sale (AFS), held-to-maturity (HTM) or loans and receivables. Financial liabilities should be classified as HFT or as other liabilities.

Christian Children's Fund of Canada

Notes to Financial Statements

March 31, 2010

(in thousands of dollars)

Financial instrument	Category	Measurement
Cash	held-for-trading	fair value
Accounts receivable	loans and receivables	amortized cost
Investments	available-for-sale	fair value
Accounts payable and accrued liabilities	other liabilities	amortized cost
Mortgage payable	other liabilities	amortized cost

Assets classified as AFS will have revaluation gains and losses included in the statement of changes in net assets (and not included in the statement of operations) until such time as the financial asset is disposed of or incurs a decline in fair value that is other than temporary. At such time, any gains or losses will then be realized and reclassified to the statement of operations. Transaction costs related to items classified as AFS are expensed as incurred.

The organization has chosen to apply the CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in place of Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

Financial instrument risks

The main risks CCFC's financial instruments are exposed to are credit risk, liquidity risk and market risk.

- Credit risk

CCFC is exposed to credit risk on accounts receivable. The organization's credit risk is considered to be low.

- Liquidity risk

CCFC believes it has low liquidity risk given the makeup of its accounts payable and accrued liabilities.

- Market risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of CCFC. Short-term instruments (accounts receivable, accounts payable and accrued liabilities) are not subject to market risk. The organization's market risk is considered to be low.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure at the date of the financial statements and the reported amounts of revenue and expenditure during the year. Actual results could differ from such estimates.

Christian Children's Fund of Canada

Notes to Financial Statements

March 31, 2010

(in thousands of dollars)

New accounting pronouncements

- Section 4400, Financial Statement Presentation By Not-for-Profit Organizations

Effective January 1, 2009, the organization adopted retrospectively the changes to the recommendations in CICA Handbook Section 4400, Financial Statement Presentation By Not-for-Profit Organizations, that includes the option to eliminate the requirement to separately disclose the amount of net assets invested in capital assets. The organization has chosen to continue its current disclosure of net assets invested in capital assets as a separate component of its net assets as it considers the information relevant given the significant investment in capital assets.

- Section 4470, Disclosure of Allocated Expenses By Not-for-Profit Organizations

Effective January 1, 2009, the organization adopted retrospectively CICA Handbook Section 4470, Disclosure of Allocated Expenses By Not-for-Profit Organizations, which requires an organization to disclose its allocation policy, if it classifies expenses by function and allocates some of its fundraising and general support costs to another function (note 9). This standard impacts the organization's disclosures but does not affect the organization's results or financial position.

- Section 1000, Financial Statement Concepts

Effective January 1, 2009, the organization adopted retrospectively the changes to the recommendations in CICA Handbook Section 1000, Financial Statement Concepts. This standard clarifies that items that do not meet the definition of an asset or a liability may not be recognized on the statement of financial position. The adoption of this standard has had no impact on the financial statements of the organization.

3 Investments

The carrying values and fair values of investments as at March 31 are as follows:

	2010		2009	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Bonds	2,342	2,461	1,294	1,303
Common and preferred shares	1,585	1,086	1,134	569
Treasury bills and money market funds	19	19	32	32
Mutual funds	415	381	911	517
	<u>4,361</u>	<u>3,947</u>	<u>3,371</u>	<u>2,421</u>

Christian Children's Fund of Canada

Notes to Financial Statements

March 31, 2010

(in thousands of dollars)

4 Capital assets

Capital assets consist of the following:

	2010		
	Cost \$	Accumulated amortization \$	Net \$
Land	1,093	-	1,093
Building	3,354	228	3,126
Computer equipment and customized software	4,058	2,015	2,043
Office equipment and furniture	326	193	133
Equipment under capital leases	154	98	56
Field program vehicles	258	126	132
	<u>9,243</u>	<u>2,660</u>	<u>6,583</u>
			2009
	Cost \$	Accumulated amortization \$	Net \$
Land	1,093	-	1,093
Building	3,358	160	3,198
Computer equipment and customized software	4,912	2,505	2,407
Office equipment and furniture	828	658	170
Equipment under capital leases	287	96	191
Field program vehicles	379	289	90
	<u>10,857</u>	<u>3,708</u>	<u>7,149</u>

Invested in capital assets

Invested in capital assets consists of the following:

	2010 \$	2009 \$
Capital assets - net	6,583	7,149
Less: Capital lease obligations and mortgage loan payable	<u>1,932</u>	<u>2,185</u>
	<u>4,651</u>	<u>4,964</u>

Christian Children's Fund of Canada

Notes to Financial Statements

March 31, 2010

(in thousands of dollars)

5 Deferred contributions

Deferred contributions include sponsorship funds received that relate to periods subsequent to March 31, 2010 and restricted contributions, including special gifts for children, specific project appeals, designated bequests, grants and donated goods, which are to be disbursed after March 31, 2010, as set out in the following table:

	Balance - April 1, 2009 \$	Received \$	Recognized as revenue \$	Balance - March 31, 2010 \$
Sponsorship support for children, families and communities	1,029	18,310	18,334	1,005
Special gifts for children	264	1,416	1,573	107
Specific project appeals	670	797	1,139	328
Designated bequests	145	212	183	174
Grants	150	1,207	1,140	217
Donated goods and related contributions	-	17,360	15,123	2,237
	<u>2,258</u>	<u>39,302</u>	<u>37,492</u>	<u>4,068</u>

6 Capital lease obligations and mortgage loan payable

Capital leases

The minimum annual lease payments for equipment under capital leases and mortgage payable are as follows:

	Capital leases \$	Mortgage payable \$	Total \$
2011	33	1,974	2,007
2012	32	-	32
Total minimum lease/mortgage payments	<u>65</u>	<u>1,974</u>	<u>2,039</u>
Less: Interest expense	3	104	107
Balance of obligation	*62	1,870	1,932
Less: Current portion	<u>30</u>	<u>113</u>	<u>143</u>
	<u>32</u>	<u>1,757</u>	<u>1,789</u>

The mortgage bears interest at a rate of 6.35% per annum, calculated semi-annually, amortized over 15 years and having a term of five years ending on February 11, 2011. The mortgage is secured by the head office property. Interest expense is as follows:

Christian Children's Fund of Canada

Notes to Financial Statements

March 31, 2010

(in thousands of dollars)

	2010	2009
	\$	\$
Capital leases	8	11
Mortgage payable	121	128
	<hr/>	<hr/>
	129	139

Operating leases

The minimum annual rental payments for premises and office equipment under operating leases are as follows:

	\$
2011	151
2012	98
2013	69
2014	52

7 Contingent gain

CCFC is the beneficiary under various life insurance policies, which vest irrevocably with CCFC. All premiums due have been paid in full. There is no cash surrender value attached to these policies. The total full face value of the policies that will be received in the future is approximately \$1,242 (2009 - \$913). It is not possible to determine the fair value of this amount given the uncertainty of the maturity dates. CCFC will receive the face value of each individual policy on the death or at the age of 100 of the individual donors. The proceeds of each policy will be recorded in the financial statements on receipt.

8 Management of capital

CCFC defines its capital as its net assets.

The objective of CCFC when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide sufficient funding for its mission.

\$65 (2009 - \$88) of CCFC's capital is externally restricted where only the interest from the endowments in the noted amount may be used in various CCFC operations. CCFC has been in compliance with all external restrictions throughout the year.

Christian Children's Fund of Canada

Notes to Financial Statements

March 31, 2010

(in thousands of dollars)

9 Allocation of expenses

As described in note 2, certain expenses are allocated from fundraising and administration to program services.

Fundraising expenses are stated after allocation of the following amounts:

	2010	2009
	\$	\$
Program services		
Health and nutrition	17	16
Education	26	39
Institutional and organizational strengthening	18	16
Water and sanitation	12	12
Micro enterprise	8	7
	<u>81</u>	<u>90</u>

Administration expenses are stated after allocation of the following amounts:

	2010	2009
	\$	\$
Program services		
Health and nutrition	236	184
Education	349	461
Institutional and organizational strengthening	251	184
Water and sanitation	157	137
Micro enterprise	107	84
	<u>1,100</u>	<u>1,050</u>

10 Comparative figures

Certain of the comparative figures have been reclassified to conform to the presentation adopted for the current year.

Christian Children's Fund of Canada

Schedule of Fundraising and Administration

For the year ended March 31, 2010

(in thousands of dollars)

	2010	
	Fundraising \$	Administration \$
Salaries and benefits	769	1,686
Advertising	3,197	-
Legal and audit	-	89
Consulting	79	267
Data processing	20	82
Amortization	40	162
Equipment rental and maintenance	8	33
General office	5	18
Insurance	2	8
Postage and delivery	44	65
Printing and stationery	5	16
Rent and building expenses	14	57
Telephone and fax	9	18
Travel and meetings	19	64
Administrative cost recovery	-	(71)
Interest and bank charges	-	363
	4,211	2,857
	2009	
	Fundraising \$	Administration \$
Salaries and benefits	992	1,502
Advertising	2,508	-
Legal and audit	-	148
Consulting	32	283
Data processing	26	75
Amortization	51	147
Equipment rental and maintenance	6	18
General office	6	18
Insurance	3	8
Postage and delivery	18	82
Printing and stationery	7	18
Rent and building expenses	17	48
Telephone and fax	9	11
Travel and meetings	22	44
Administrative cost recovery	-	-
Interest and bank charges	-	327
	3,697	2,729