

Financial Statements

Canadian UNICEF Committee

March 31, 2010

AUDITORS' REPORT

To the Members of
Canadian UNICEF Committee

We have audited the balance sheet of **Canadian UNICEF Committee** ["UNICEF Canada"] as at March 31, 2010 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of UNICEF 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 UNICEF 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. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The financial statements for the preceding year were audited by another auditor.

Toronto, Canada,
May 7, 2010.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Canadian UNICEF Committee


BALANCE SHEET

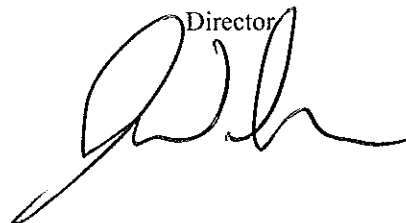
As at March 31

	2010	2009
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	11,051,647	3,878,635
Accounts receivable <i>[note 4]</i>	855,430	902,693
Inventory	—	447,867
Prepaid expenses	165,391	221,147
Total current assets	12,072,468	5,450,342
Property and equipment, net <i>[note 5]</i>	547,773	1,315,229
	12,620,241	6,765,571
LIABILITIES AND NET ASSETS		
Current		
Payable to UNICEF <i>[note 4]</i>	7,179,676	2,467,394
Accounts payable and accrued liabilities	1,621,569	1,106,069
Restructuring costs payable <i>[note 6]</i>	1,207,370	—
Deferred revenue <i>[note 7]</i>	271,404	539,593
Total current liabilities	10,280,019	4,113,056
Restructuring costs payable <i>[note 6]</i>	455,163	—
	10,735,182	4,113,056
NET ASSETS		
Unrestricted net assets <i>[note 8]</i>	547,773	1,315,229
Internally restricted net assets <i>[note 9]</i>	1,337,286	1,337,286
	1,885,059	2,652,515
Commitments <i>[note 10]</i>	12,620,241	6,765,571

See accompanying notes

On behalf of the Board:

Director


Director


Canadian UNICEF Committee

STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	2010	2009
	\$	\$
REVENUE		
Fundraising		
Donations	37,279,276	25,547,294
Gifts-in-kind	41,692,869	35,486,857
	<u>78,972,145</u>	<u>61,034,151</u>
Product sales	3,684,403	4,616,152
Government and other grants <i>[note 11]</i>	123,034	5,793,343
Other income	134,770	188,919
Total revenue	<u>82,914,352</u>	<u>71,632,565</u>
EXPENSES		
Programmes		
International contributions <i>[note 1]</i>	59,835,092	50,173,050
Public advocacy and Canadian programmes <i>[note 12]</i>	3,990,675	4,641,551
	<u>63,825,767</u>	<u>54,814,601</u>
Product <i>[notes 4 and 12]</i>	<u>2,598,745</u>	<u>3,373,164</u>
Fundraising and administration <i>[note 12]</i>		
Fundraising	11,056,984	10,434,933
Administration	3,006,010	3,159,992
	<u>14,062,994</u>	<u>13,594,925</u>
Restructuring <i>[note 6]</i>	<u>3,194,302</u>	<u>—</u>
Total expenses	<u>83,681,808</u>	<u>71,782,690</u>
Deficiency of revenue over expenses for the year	<u>(767,456)</u>	<u>(150,125)</u>

See accompanying notes

Canadian UNICEF Committee

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	2010		
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Net assets, beginning of year	1,315,229	1,337,286	2,652,515
Deficiency of revenue over expenses for the year	(767,456)	—	(767,456)
Net assets, end of year	547,773	1,337,286	1,885,059

	2009		
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Net assets, beginning of year	1,500,637	1,302,003	2,802,640
Excess (deficiency) of revenue over expenses for the year	(185,408)	35,283	(150,125)
Net assets, end of year	1,315,229	1,337,286	2,652,515

See accompanying notes

Canadian UNICEF Committee

STATEMENT OF CASH FLOWS

Year ended March 31

	2010	2009
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	(767,456)	(150,125)
Add items not affecting cash		
Amortization	435,531	538,468
Property and equipment written off [note 5]	440,628	—
Restructuring costs payable [note 6]	1,662,533	—
Changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	47,263	273,870
Decrease (increase) in inventory	447,867	(447,867)
Decrease in prepaid expenses	55,756	166,537
Increase in payable to UNICEF	4,712,282	638,369
Increase in accounts payable and accrued liabilities	515,500	214,330
Increase (decrease) in deferred revenue	(268,189)	444,883
Cash provided by operating activities	<u>7,281,715</u>	<u>1,678,465</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(108,703)	(353,060)
Cash used in investing activities	<u>(108,703)</u>	<u>(353,060)</u>
Net increase in cash and cash equivalents during the year	7,173,012	1,325,405
Cash and cash equivalents, beginning of year	3,878,635	2,553,230
Cash and cash equivalents, end of year	<u>11,051,647</u>	<u>3,878,635</u>

See accompanying notes

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

1. NATURE OF ORGANIZATION AND BASIS OF PRESENTATION

The Canadian UNICEF Committee ["UNICEF Canada"] is the official partner in Canada for the United Nations Children's Fund ["UNICEF"]. UNICEF Canada is a corporation incorporated without share capital under the Canada Corporations Act by Letters Patent dated September 22, 1969 and has members comprising the directors of UNICEF Canada and others, as approved by the UNICEF Canada Board. UNICEF Canada is a registered charity, is able to issue donation receipts for income tax purposes under registration number 122680572RR001 and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

The objectives of UNICEF Canada include:

- to raise and receive funds for the work of UNICEF; and
- to stimulate interest, provide information and to involve Canadians and their governments in protecting the rights of children throughout the world in meeting these needs.

UNICEF Canada is party to a co-operation agreement with UNICEF, which establishes, among other things, that the net funds raised after expenditures relating to public advocacy and Canadian programmes will be transferred to UNICEF for the funding of programmes approved by the UNICEF Executive Board.

As the obligation to transfer funds to UNICEF arises in the year in which the funds are raised, the amounts to be transferred are charged to expense [International programmes] during that same year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of UNICEF Canada have been prepared in accordance with Canadian generally accepted accounting principles. The accrual basis of accounting is used for reporting all revenue and expenses.

Financial instruments

UNICEF Canada has chosen to continue to apply the Canadian Institute of Chartered Accountants ["CICA"] 3861, *Financial Instruments - Disclosure and Presentation* in place of CICA 3862, *Financial Instruments - Disclosures* and CICA 3863, *Financial Instruments - Presentation*.

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

Changes in accounting policies

Effective April 1, 2009, UNICEF Canada has adopted retroactively those revisions to the 4400 series and certain other sections to amend or improve those parts of the CICA Handbook related to not-for-profit organizations that impact its financial statements. The revisions that have been adopted together with their impact are set out below:

Additional disclosures required as a result of adopting CICA 4470, *Disclosure of Allocated Expenses for Not-for-Profit Organizations*, have been provided in the accounting policies and note 12.

As a result of adopting the changes to the recommendations in CICA 4400, *Financial Statement Presentation for Not-For-Profit Organizations*, that eliminate the requirement to separately disclose the amount of net assets invested in property and equipment, UNICEF Canada has eliminated from the financial statements details about the amount of net assets invested in property and equipment and the calculation of this amount. As a result, UNICEF Canada has reclassified the prior year financial statements to include the amount of net assets invested in property and equipment as at April 1, 2008 of \$1,500,637 and as at April 1, 2009 of \$1,315,229 in unrestricted net assets, previously called the Operating Fund [note 15].

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bankers' acceptances maturing within 90 days or less from the date of acquisition and units held in a pooled fund that holds short-term federal and provincial treasury bills, bankers' acceptances, commercial paper and floating rate short-term notes of large organizations. These short-term investments are classified as held-for-trading and are reflected at fair value.

Inventory

Inventory, which consists of pharmaceutical gifts-in-kind, is carried at its fair value, based on pricing published in industry recognized resources.

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

Property and equipment

Property and equipment are recorded at cost, less amortization. Amortization is charged at annual rates on a straight-line basis, designed to amortize the cost of the assets over their estimated useful lives as follows:

Office furniture and equipment	10%
Computer equipment and software	20%
Leasehold improvements	over the terms of the leases

Revenue recognition

UNICEF Canada follows the deferral method of accounting for contributions, which include donations and grants. Unrestricted donations are recognized on a cash basis. Unrestricted grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted donations and grants are recognized as revenue in the year in which the related expenses are incurred.

Gifts-in-kind, representing donated goods for international programmes, are recorded at fair value based on pricing published in industry resources and recognized as revenue when the title to the goods passes to UNICEF Canada. Gifts-in-kind which will be distributed in future periods are included in deferred revenue.

Revenue from the sale of items from the greeting card programme, included in product sales, is recognized when title passes and collection is reasonably assured.

Employee pension plan

UNICEF Canada participates in a defined contribution benefit pension plan. Contributions to this plan are expensed when due.

Allocation of expenses

Salaries and benefits and other direct costs are allocated to departments. Direct costs allocated to departments that provide general support, such as finance, human resources and information technology, and indirect costs such as occupancy at head office, are not allocated to other departments and are presented as administration expenses in the statement of revenue and expenses. The costs of the departments are allocated to the functions disclosed in the statement of revenue and expenses based on an estimate of the percentage of time spent by personnel in each department on activities related to each function.

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

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 revenue and expenses during the reporting period, as well as the disclosure of contingencies at the date of the financial statements. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

UNICEF Canada's financial instruments consist of cash and cash equivalents, accounts receivable, payable to UNICEF and accounts payable and accrued liabilities. Management is of the opinion that UNICEF Canada is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the carrying value of these financial instruments approximates their fair value.

4. RELATED PARTY TRANSACTIONS

The Payable to UNICEF is due shortly after the fiscal year-end.

Product expenses exclude the cost of greeting cards and items sold as these costs are borne directly by UNICEF.

During the year, contributions aggregating \$210,000 [2009 - \$1,208,000] were recorded from UNICEF to invest in fundraising initiatives. Contributions outstanding and included in accounts receivable are \$210,000 [2009 - nil].

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

5. PROPERTY AND EQUIPMENT

	2010		
	Cost \$	Accumulated amortization \$	Net book value \$
Office furniture and equipment	399,200	324,678	74,522
Computer equipment and software	602,464	396,126	206,338
Leasehold improvements	673,245	406,332	266,913
	<u>1,674,909</u>	<u>1,127,136</u>	<u>547,773</u>

	2009		
	Cost \$	Accumulated amortization \$	Net book value \$
Office furniture and equipment	1,214,691	721,387	493,304
Computer equipment and software	1,864,940	1,257,603	607,337
Leasehold improvements	736,404	521,816	214,588
	<u>3,816,035</u>	<u>2,500,806</u>	<u>1,315,229</u>

Property and equipment with a net book value of \$440,628 was written off during the year [note 6].

6. RESTRUCTURING

UNICEF Canada restructured its business and operations in January 2010, resulting in the reduction of staff and the closure of some regional offices and parts of the head office.

The major costs are as follows:

	Total \$	Payable \$
Employee termination benefits and related costs	1,847,031	882,777
Rent and early lease termination costs	906,643	779,756
Property and equipment written off	440,628	—
	<u>3,194,302</u>	<u>1,662,533</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

As at March 31, 2010, all of the restructuring activities had been completed except for the termination of leases. Rent and early lease termination costs include all rent and operating costs until the expiration of the leases for locations or spaces which UNICEF Canada no longer uses for its operations.

7. DEFERRED REVENUE

As at March 31, 2009, deferred revenue included \$447,867 of gifts-in-kind recorded as inventory at year end.

8. UNRESTRICTED NET ASSETS

Unrestricted net assets are equal to the value of property and equipment of UNICEF Canada.

9. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets were set up with the proceeds from the sale of properties, and are to be used for the future purchase of property which must have prior approval from the Board of Directors.

10. COMMITMENTS

The future minimum annual lease payments for premises and office equipment are as follows:

	\$
2011	767,000
2012	613,000
2013	82,000
	<u>1,462,000</u>

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

11. GOVERNMENT AND OTHER GRANTS

	2010 \$	2009 \$
Canadian International Development Agency		
Overseas projects	—	5,197,145
Administration and Canadian programmes	55,096	564,147
	<u>55,096</u>	<u>5,761,292</u>
Other	67,938	32,051
	<u>123,034</u>	<u>5,793,343</u>

12. ALLOCATION OF EXPENSES

General support and fundraising expenses are allocated to functions reported in the statement of revenue and expenses as follows:

	2010		
	General support \$	Fundraising \$	Total \$
Public advocacy and Canadian programmes	687,311	1,790,607	2,477,918
Product	216,604	316,484	533,088
Fundraising	1,588,561	—	1,588,561
	<u>2,492,476</u>	<u>2,107,091</u>	<u>4,599,567</u>
	2009		
	General support \$	Fundraising \$	Total \$
Public advocacy and Canadian programmes	873,484	1,625,646	2,499,130
Product	268,676	344,465	613,141
Fundraising	1,626,163	—	1,626,163
	<u>2,768,323</u>	<u>1,970,111</u>	<u>4,738,434</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

13. PENSION PLAN

UNICEF Canada maintains a defined contribution pension plan for all permanent employees. Eligible employees can join the pension plan after completing at least six months of continuous service with UNICEF Canada. Employees contribute 5% of earnings to the plan, and UNICEF Canada matches this contribution. The expense recognized in the year for the pension plan was \$243,000 [2009 - \$216,000].

14. MANAGEMENT OF CAPITAL

In managing capital, UNICEF Canada focuses on liquid resources available for operations. UNICEF Canada's objectives are to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2010, UNICEF Canada has met its objectives of having sufficient liquid resources to meet its current obligations.

15. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2010 financial statements.

Effective April 1, 2009, UNICEF Canada changed the name of the Operating Fund to unrestricted net assets. UNICEF Canada also changed the name of the Capital Property Reserve Fund to internally restricted net assets.

