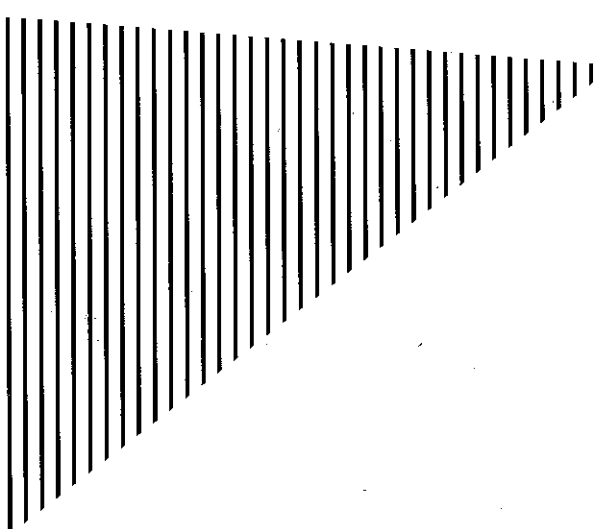


Financial Statements

Canadian UNICEF Committee
March 31, 2013 and 2012



INDEPENDENT AUDITORS' REPORT

To the Members of the
Canadian UNICEF Committee

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the **Canadian UNICEF Committee** ["UNICEF Canada"], which comprise the balance sheets as at March 31, 2013 and 2012, and April 1, 2011, and the statements of revenue and expenses, changes in net assets and cash flows for the years ended March 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Canadian UNICEF Committee** as at March 31, 2013 and 2012, and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Canada Corporations Act (Ontario), we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,
June 7, 2013.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Canadian UNICEF Committee

BALANCE SHEETS

As at

	March 31, 2013	March 31, 2012	April 1, 2011
	\$	\$	\$
ASSETS			
Current			
Cash and cash equivalents	6,485,012	7,333,154	6,059,292
Accounts receivable [notes 4 and 8]	195,083	246,443	1,591,658
Prepaid expenses	111,670	113,056	169,084
Total current assets	6,791,765	7,692,653	7,820,034
Capital assets, net [note 5]	426,497	426,412	365,095
	7,218,262	8,119,065	8,185,129
LIABILITIES AND NET ASSETS			
Current			
Payable to UNICEF [notes 1 and 4]	4,666,655	5,662,525	4,447,889
Accounts payable and accrued liabilities	725,115	687,741	1,399,719
Restructuring costs payable [note 6]	—	3,751	387,590
Deferred revenue	62,709	1,350	179,977
Total current liabilities	5,454,479	6,355,367	6,415,175
Restructuring costs payable [note 6]	—	—	67,573
	5,454,479	6,355,367	6,482,748
Net assets			
Unrestricted net assets [note 7]	426,497	426,412	365,095
Internally restricted net assets [note 9]	1,337,286	1,337,286	1,337,286
	1,763,783	1,763,698	1,702,381
	7,218,262	8,119,065	8,185,129

Commitments [note 10]

See accompanying notes

On behalf of the Board:

Director



Director



Canadian UNICEF Committee

STATEMENTS OF REVENUE AND EXPENSES

Years ended March 31

	2013	2012
	\$	\$
REVENUE		
Fundraising		
Donations	23,710,087	27,330,074
Gifts-in-kind	—	1,657,818
	<u>23,710,087</u>	<u>28,987,892</u>
Product sales	725,564	558,287
Government and other grants <i>[notes 4 and 11]</i>	95,266	1,748,040
Other income	61,702	241,500
Total revenue	<u>24,592,619</u>	<u>31,535,719</u>
EXPENSES		
Programmes		
International contributions <i>[note 1]</i>	10,564,305	15,026,391
Public advocacy and Canadian programs <i>[note 12]</i>	4,314,117	3,697,397
	<u>14,878,422</u>	<u>18,723,788</u>
Product <i>[notes 4 and 12]</i>	<u>183,297</u>	111,370
Fundraising and administration <i>[note 12]</i>		
Fundraising	7,166,422	9,875,692
Administration	2,364,393	2,763,552
	<u>9,530,815</u>	<u>12,639,244</u>
Total expenses	<u>24,592,534</u>	<u>31,474,402</u>
Excess of revenue over expenses for the year	<u>85</u>	<u>61,317</u>

See accompanying notes

Canadian UNICEF Committee

STATEMENTS OF CHANGES IN NET ASSETS

Years ended March 31

	2013		
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Net assets, beginning of year	426,412	1,337,286	1,763,698
Excess of revenue over expenses for the year	85	—	85
Net assets, end of year	426,497	1,337,286	1,763,783

	2012		
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Net assets, beginning of year	365,095	1,337,286	1,702,381
Excess of revenue over expenses for the year	61,317	—	61,317
Net assets, end of year	426,412	1,337,286	1,763,698

See accompanying notes

Canadian UNICEF Committee

STATEMENTS OF CASH FLOWS

Years ended March 31

	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	85	61,317
Add item not affecting cash		
Amortization	71,414	225,037
	<u>71,499</u>	<u>286,354</u>
Changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	51,360	1,345,215
Decrease in prepaid expenses	1,386	56,028
Increase (decrease) in payable to UNICEF	(995,870)	1,214,636
Increase (decrease) in accounts payable and accrued liabilities	37,374	(711,978)
Decrease in restructuring costs payable	(3,751)	(451,412)
Increase (decrease) in deferred revenue	61,359	(178,627)
Cash provided by (used in) operating activities	<u>(776,643)</u>	<u>1,560,216</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(71,499)	(286,354)
Cash used in investing activities	<u>(71,499)</u>	<u>(286,354)</u>
Net increase (decrease) in cash and cash equivalents during the year	(848,142)	1,273,862
Cash and cash equivalents, beginning of year	7,333,154	6,059,292
Cash and cash equivalents, end of year	<u>6,485,012</u>	<u>7,333,154</u>

See accompanying notes

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

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 that establishes, among other things, that the net funds raised after expenditures relating to public advocacy and Canadian programs will be transferred to UNICEF for the funding of programs 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 programs] during that same year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the Canadian Institute of Chartered Accountants' ["CICA"] Handbook – Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Financial instruments

Financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost net of any provisions for impairment.

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short term to maturity of approximately three months or less.

Capital assets

Tangible capital assets are recorded at cost less accumulated 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:

Tangible	
Office furniture and equipment	10%
Computer equipment	20%
Leasehold improvements	Over the terms of the leases
Intangible	
Software	20%

Revenue recognition

UNICEF Canada follows the deferral method of accounting for contributions, which include donations and grants. Unrestricted donations are recognized as received. 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 initially deferred and then recognized as revenue in the year in which the related expenses are incurred.

Gifts-in-kind, representing donated goods for international programs, 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.

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

Employee pension plan

UNICEF Canada participates in a defined contribution pension plan. Contributions to this plan are expensed when due on an accrual basis.

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

Allocation of expenses

Salaries and benefits and other function costs for general support, such as finance, human resources and information technology and occupancy at head office included in administration, are allocated to the other functions disclosed in the statements 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.

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.

Credit risk

UNICEF Canada is exposed to credit risk in connection with its accounts receivable and its short-term investments and fixed income investments included in cash and cash equivalents because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. As at March 31, 2013, 98% of the accounts receivable balance is due from the Government of Canada [March 31, 2012 - 82.9%; April 1, 2011 - 18.56%.]

Interest rate risk

UNICEF Canada is exposed to interest rate risk with respect to its fixed income investments included in cash and cash equivalents because the fair value will fluctuate due to changes in market interest rates. In addition, UNICEF Canada is exposed to interest rate risk with respect to its available operating line of credit [which has not been drawn upon] because cash flows will fluctuate because the interest rate is linked to the bank's prime rate, which changes from time to time.

Liquidity risk

UNICEF Canada is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

4. RELATED PARTY TRANSACTIONS

The payable to UNICEF is due before September 30 after the fiscal year end and is non-interest bearing.

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

During the year, contributions aggregating \$50,000 [March 31, 2012 - \$1,584,000; April 1, 2011 - \$1,500,000] were received from UNICEF to invest in fundraising initiatives [note 11]. Contributions outstanding and included in accounts receivable as at March 31, 2013 are nil [March 31, 2012 - nil; April 1, 2011 - \$716,000].

5. CAPITAL ASSETS

	March 31, 2013		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	585,752	490,650	95,102
Computer equipment	543,599	373,931	169,668
Leasehold improvements	420,712	405,041	15,671
Intangible			
Software	499,459	353,403	146,056
	2,049,522	1,623,025	426,497

	March 31, 2012		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Tangible			
Office furniture and equipment	585,752	486,196	99,556
Computer equipment	502,792	337,318	165,474
Leasehold improvements	420,712	400,736	19,976
Intangible			
Software	468,767	327,361	141,406
	1,978,023	1,551,611	426,412

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

	April 1, 2011		
	Cost	Accumulated	Net book
	\$	amortization	value
	\$	\$	\$
Tangible			
Office furniture and equipment	584,930	427,641	157,289
Computer equipment	388,286	250,365	137,921
Leasehold improvements	399,200	364,598	34,602
Intangible			
Software	319,253	283,970	35,283
	<u>1,691,669</u>	<u>1,326,574</u>	<u>365,095</u>

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.

Costs related to this restructuring consist of employee termination benefits and related costs and rent and early lease termination costs. The payable as at March 31, 2013 was nil [March 31, 2012 - \$3,751; April 1, 2011 - \$455,163].

7. UNRESTRICTED NET ASSETS

Unrestricted net assets are equal to the value of capital assets of UNICEF Canada.

8. GOVERNMENT REMITTANCES RECEIVABLE

As at March 31, 2013, accounts receivable include government remittances receivable of \$166,719 [March 31, 2012 - \$203,495; April 1, 2011 - \$273,120].

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.

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

10. COMMITMENTS

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

	\$
2014	431,668
2015	172,956
2016	37,000
2017	6,200
	<u>647,824</u>

In addition to minimum rentals, leases for offices generally require the payment of various operating costs.

11. GOVERNMENT AND OTHER GRANTS

	2013	2012
	\$	\$
Canadian International Development Agency Administration and Canadian programs	45,266	164,040
UNICEF International <i>[note 4]</i>	50,000	1,584,000
	<u>95,266</u>	<u>1,748,040</u>

12. ALLOCATION OF EXPENSES

Certain administrative expenses are allocated to functions reported in the statements of revenue and expenses as follows:

	2013	2012
	\$	\$
Public advocacy and Canadian programs	1,740,365	1,629,323
Product	31,048	29,430
Fundraising	245,257	235,555
	<u>2,016,670</u>	<u>1,894,308</u>

Canadian UNICEF Committee

NOTES TO FINANCIAL STATEMENTS

March 31, 2013 and 2012

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 for the year recognized in the statements of revenue and expenses for the pension plan was \$204,731 [2012 - \$215,986].

14. FIRST-TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

These financial statements are the first financial statements that UNICEF Canada has prepared in accordance with Part III of the CICA Handbook - Accounting Standards for Not-for-Profit Organizations, which constitutes generally accepted accounting principles for not-for-profit organizations in Canada. First-time adoption of this new basis of accounting had no impact on excess of revenue over expenses for the year ended March 31, 2012, or net assets as at April 1, 2011, the date of transition.

