

Plan International Canada Inc.

Financial Statements
June 30, 2009

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September 16, 2009

Auditors' Report

**To the Directors of
Plan International Canada Inc.**

We have audited the balance sheet of **Plan International Canada Inc.** (the organization) as at June 30, 2009 and the statements of public support, revenue and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization'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 the organization as at June 30, 2009 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

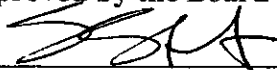
Plan International Canada Inc.

Balance Sheet

As at June 30, 2009

	2009 \$	2008 \$
Assets		
Cash and cash equivalents	8,985,052	12,255,163
Investments (note 2)	1,881,541	1,045,951
Receivables		
Pledges due from donors	647,273	321,198
Other receivables	482,627	788,634
Balance due from Plan International, Inc.	916,318	-
Prepaid expenses	509,267	217,602
Capital assets (note 3)	1,693,352	2,313,953
	<u>15,115,430</u>	<u>16,942,501</u>
Liabilities		
Advance payments by donors	5,264,466	6,966,832
Undisbursed designated contributions (note 4)	3,506,428	2,851,236
Undisbursed grants (note 5)	909,961	765,196
Accounts payable and accrued liabilities	2,467,667	1,595,400
Deferred lease amounts (note 6)	196,639	190,563
Balance due to Plan International, Inc.	-	1,112,003
	<u>12,345,161</u>	<u>13,481,230</u>
Net Assets		
Net assets restricted for endowment purposes (note 7)	1,134,200	1,098,958
Net assets invested in capital assets	1,693,352	2,313,953
Net unrestricted assets		
Accumulated unrealized gains (losses) on investments	(57,283)	48,360
	<u>2,770,269</u>	<u>3,461,271</u>
	<u>15,115,430</u>	<u>16,942,501</u>

Approved by the Board of Directors



Director



Director

Plan International Canada Inc.

Statement of Public Support, Revenue and Expenditures
For the year ended June 30, 2009

	<u>2009</u>		<u>2008</u>	
	\$		\$	
Public support and revenue				
Child sponsorship income		67,810,744		63,300,733
Contributions, gifts and bequests		8,288,087		10,195,292
Government and other grants (note 9)		10,287,442		8,985,097
World Food Program's emergency food distribution		19,523,218		10,829,598
		<u>105,909,491</u>		<u>93,310,720</u>
Investment and other income		269,551		517,873
Allocation of interest income from Plan International, Inc. (note 10)		<u>353,468</u>		<u>323,254</u>
		<u>623,019</u>		<u>841,127</u>
Total public support and revenue		<u>106,532,510</u>		<u>94,151,847</u>
	%		%	
Expenditures				
Program (note 1)				
International program services	75.0	80,364,862	74.4	69,539,971
Canadian program services	3.9	4,153,899	3.9	3,658,316
	<u>78.9</u>	<u>84,518,761</u>	<u>78.3</u>	<u>73,198,287</u>
Operations				
Fundraising	12.3	13,192,234	13.1	12,222,591
Operating costs	8.8	9,442,116	8.6	7,986,532
	<u>21.1</u>	<u>22,634,350</u>	<u>21.7</u>	<u>20,209,123</u>
Total expenditures	<u>100.00</u>	<u>107,153,111</u>	<u>100.00</u>	<u>93,407,410</u>
Excess (deficiency) of public support and revenue over expenditures for the year		<u>(620,601)</u>		<u>744,437</u>

Plan International Canada Inc.

Statement of Changes in Net Assets

For the year ended June 30, 2009

	2009			2008	
	Invested in capital assets \$	Restricted for endowment purposes \$	Unrestricted	Total \$	Total \$
Balance - Beginning of year	2,313,953	1,098,958	48,360	3,461,271	2,636,975
Additions					
Endowment fund contributions	-	35,242	-	35,242	82,985
Excess (deficiency) of public support and revenue over expenditures for the year					
Amortization of capital assets	(990,415)	-	-	(990,415)	(867,622)
Investment income on endowment fund	-	38,945	-	38,945	48,313
Operations	-	-	330,869	330,869	1,563,746
	(990,415)	38,945	330,869	(620,601)	744,437
Unrealized loss on investments	-	-	(105,643)	(105,643)	(3,126)
Transfers					
Investment in capital assets	369,814	-	(369,814)	-	-
Investment income on endowment fund (note 7)	-	(38,945)	38,945	-	-
Inflation adjustment (note 7)	-	-	-	-	-
	369,814	(38,945)	(330,869)	-	-
Balance - End of year	1,693,352	1,134,200	(57,283)	2,770,269	3,461,271

Plan International Canada Inc.

Statement of Cash Flows

For the year ended June 30, 2009

	2009 \$	2008 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of public support and revenue over expenditures for the year	(620,601)	744,437
Items not involving cash		
Amortization of capital assets	990,415	867,622
Realized gain on investments	1,254	(19,198)
Amortization of deferred lease amounts	6,076	9,351
Net change in non-cash working capital (note 13)	(2,370,196)	2,709,901
	<u>(1,993,052)</u>	<u>4,312,113</u>
Investing activities		
Net additions to capital assets	(369,814)	(1,579,768)
Proceeds from sale of investments	417,552	972,985
Purchases of investments	(1,360,039)	(442,892)
	<u>(1,312,301)</u>	<u>(1,049,675)</u>
Financing activities		
Endowment fund contributions	35,242	82,985
	<u>35,242</u>	<u>82,985</u>
Increase (decrease) in cash and cash equivalents during the year	(3,270,111)	3,345,423
Cash and cash equivalents - Beginning of year	12,255,163	8,909,740
Cash and cash equivalents - End of year	<u>8,985,052</u>	<u>12,255,163</u>

Plan International Canada Inc.

Notes to Financial Statements

June 30, 2009

1 Summary of significant accounting policies

Organization and purpose

Plan International Canada Inc. (Plan Canada), has been a member of the Plan International group of companies (Plan) since 1968. It is a non-profit corporation, federally incorporated without share capital and granted status as a registered charity under the Income Tax Act (Canada).

Plan is a global movement for change, mobilizing millions of people around the world to support social justice for children in developing countries. Founded in 1937 as Foster Parents Plan, Plan is one of the world's oldest and largest international development agencies, working in partnership with millions of people around the world to end global poverty. Not-for-profit, independent and inclusive of all faiths and cultures, Plan has only one agenda: to improve the lives of children.

Worldwide, Plan is a group of companies comprised of Plan International, Inc. (whose principal office is located in the United States) and its 18 membership corporations (known as National Organizations). It also has a subsidiary (Plan Limited located in the United Kingdom) and other related entities such as Plan International Brasil.

The National Organizations (located in Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Japan, The Netherlands, Norway, Republic of Korea, Spain, Sweden, Switzerland, United Kingdom and the United States) raise funds, primarily through the child sponsorship model, and build relationships between sponsors and sponsored children.

Each National Organization remits the funds it raises in excess of its operating requirements to Plan International, Inc. which is responsible for implementing programs in developing countries. In 2009, Plan Canada contributed \$80,364,862 (2008 - \$69,539,971) including the value of contributions in-kind to Plan International, Inc. A National Organization's net financial contribution to Plan International, Inc., determines that National Organization's representation at the Member's Assembly according to a formula set out in the Bylaws of Plan International, Inc. The Member's Assembly, which is the highest decision-making body, sets high-level strategy and direction for the global organization, approves the financial budgets and receives the audited accounts, as well as electing the Board of Directors of Plan International, Inc., which reports and is accountable to the Member's Assembly. There can be up to 11 directors on the Board of Directors of Plan International, Inc., the majority of whom must be sitting board members of a National Organization, however there are currently only 10 Board Directors in place.

Plan International, Inc. utilizes funds raised by the National Organizations for programs benefiting children, their families and communities in 48 program countries. Central services such as program support and global assurance for the 48 program countries are provided by Plan Limited, a subsidiary of Plan International, Inc. National Organizations, Plan International, Inc. and its subsidiaries and the 48 program countries are subject to both external and internal financial audits of an international standard in order to ensure funds raised are used only for work that contributes to Plan's stated aims and that these funds are properly accounted for and recorded. Plan's combined financial statements are audited by PricewaterhouseCoopers LLP (United Kingdom) and are available on request.

Plan International Canada Inc.

Notes to Financial Statements

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Revenue recognition

Child sponsorship contributions are recognized in revenue for the sponsorship month on an accrual basis. Sponsorship contributions received prior to the end of the fiscal year and applicable to periods subsequent to that date are reported on the balance sheet as "Advance payments by donors." Amounts received in the following fiscal year relating to pledges up to June 30, as well as specific bequests known to be in probate, are shown as "Pledges due from donors."

Designated contributions and cash gifts are recognized in the statement of public support, revenue and expenditures when they are spent. Undisbursed designated contribution amounts shown on the balance sheet represent amounts received by the organization and Plan, but not yet disbursed in the field as stipulated by the donor.

Government and other grants are recognized in the statement of public support, revenue and expenditures when they are spent. Undisbursed grant amounts shown on the balance sheet represent amounts received by the organization and Plan but not yet disbursed in the field as stipulated by the grant terms.

World Food Program's (WFP) emergency food distribution revenue is recognized in the statement of public support, revenue and expenditures as contributions-in-kind upon receipt of official documentation from WFP confirming the amount and value of food distributed by the organization's field offices. These contributions are stated at fair value in US dollars and are translated into Canadian dollars using the average monthly exchange rate.

Endowment contributions are recorded at fair value in net assets restricted for endowment purposes when the organization becomes unconditionally entitled to receive economic future benefits and the amounts are capable of reliable measurement.

Contributed services

A number of volunteers contribute their services to the organization each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements.

Program expenditures

International program services represent funds expended in Plan's five program domains: Growing Up Healthy, Learning, Habitat, Livelihood and Building Relationships. Canadian program services include costs incurred in Canada toward the goal of enhancing cross-cultural awareness and understanding, as well as expenditures related to the Global Education program.

Cash and cash equivalents

Cash equivalents include short-term investments with maturities of less than 90 days after the date of purchase and are classified as held-for-trading.

Plan International Canada Inc.

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Investments

The organization's investment activities are governed by two investment policies set by the Board of Directors, for the general fund and the endowment fund, respectively. These policies have strict guidelines as to asset categories and mix in accordance with the risk and return objectives established by the Board of Directors and management. The funds are professionally managed by advisers associated with a major Canadian chartered bank.

Investments are classified as available-for-sale.

Receivables

Receivables are classified as loans and receivables. Allowance for doubtful collections is booked when necessary.

Capital assets and accumulated amortization

Capital assets are stated at cost less accumulated amortization and impairment losses. Amortization is provided by the straight-line method over the estimated useful lives of the assets, primarily three to five years. Leasehold improvements are amortized over the term of the lease.

Impairment of long-lived assets

An impairment charge is recognized for long-lived assets when an event or change in circumstances causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the fair value of the assets and their carrying value.

Financial instruments

All financial instruments are measured at fair value on initial recognition. The estimated fair values of financial instruments as at June 30, 2009 are based on relevant market prices and information available at the time.

After initial recognition, financial instruments are measured at their fair values, except for loans and receivables and other financial liabilities, which are measured at amortized cost. The organization has designated cash and cash equivalents as held-for-trading. Receivables are classified as loans and receivables. Advance payments by donors, undisbursed designated contributions, undisbursed grants, balance due to Plan International, Inc. and accounts payable and accrued liabilities are classified as other financial liabilities.

Investments are classified as available-for-sale and are carried at fair value with the changes in fair value recorded in the statement of changes in net assets. Fair value is determined by reference to quoted bid prices for financial assets held with active markets.

Plan International Canada Inc.

Notes to Financial Statements

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When unrealized gains or losses on available-for-sale investments are determined to be other than temporary, the unrealized gains or losses are recorded in investment income in the statement of public support, revenue and expenditures. Gains and losses realized on disposal of investments classified as available-for-sale are recognized in investment income in the statement of public support, revenue and expenditures.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenditures during the reporting period. Actual results could differ from those estimates. Estimates are used when accounting for amortization and allocating certain expenditures.

Accounting pronouncements adopted during the year

- Financial instruments

As disclosed in the prior year's financial statements, the organization was originally required to adopt The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, on July 1, 2008. Recent changes provide not-for-profit organizations with the option of continuing to apply Section 3861, Financial Instruments - Disclosure and Presentation, rather than adopting Section 3862 and Section 3863. Accordingly, the organization has chosen to continue to apply Section 3861, Financial Instruments - Disclosure and Presentation, and not to adopt Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

- Financial statement presentation

Effective July 1, 2008, the organization adopted the amendments to CICA Handbook Section 1400, General Standards of Financial Statement Presentation. These amendments require management to disclose any uncertainties that cast significant doubt on the entity's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management must take into account all available information about the future, which is at least, but is not limited to, 12 months from the balance sheet date. The adoption of the standard has had no impact on these financial statements.

- Capital disclosures

Effective July 1, 2008, the organization adopted CICA Handbook Section 1535, Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate the organization's objectives, policies and processes for managing capital, including disclosure of any externally imposed capital requirements and the consequences of non-compliance. The adoption of these recommendations only required additional disclosures, which are provided in note 15.

Plan International Canada Inc.

Notes to Financial Statements

June 30, 2009

Recent Canadian accounting pronouncements issued but not yet adopted

- Financial statement presentation for not-for-profit organizations

Recent amendments to CICA Handbook Section 4400, Financial Statement Presentation by Not-for-Profit Organizations, will modify the requirements with respect to various elements of financial statement presentation. These amendments include:

- making cash flow statements applicable to not-for-profit organizations. The more significant changes to the statement prepared for not-for-profit organizations include the need to present separately investing and financing activities and disclosing interest paid;
- reporting certain revenues gross in the statement of public support, revenue and expenditures; and
- allowing not-for-profit organizations the option of eliminating the requirement to separately disclose the amount of net assets invested in capital assets.

The new standard applies to financial statements relating to the fiscal years beginning on or after January 1, 2009, specifically July 1, 2009 for the organization. Management does not expect the financial statements to be materially affected by these revisions.

- Disclosure of allocated expenses by not-for-profit organizations

For years beginning on or after January 1, 2009, specifically July 1, 2009 for the organization, a not-for-profit organization that classifies its expenses by function and allocates some of its fundraising and general support costs to another function, is required to adopt CICA Handbook Section 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations, disclosing both the policy adopted for expenses and the amounts allocated from each of these two functions to the other functions. Management is assessing the impact of this standard, which is expected to impact only the organization's presentation and disclosures.

- Financial statement concepts

In February 2008, the Accounting Standards Board amended CICA Handbook Section 1000, Financial Statement Concepts, to clarify that costs not meeting the definition of an asset or the recognition criteria are not permitted to be recognized on the balance sheet.

The amendments are effective for financial statements for fiscal years beginning on or after October 1, 2008, specifically July 1, 2009 for the organization. The organization is examining its current approach to recognizing costs as assets and will implement these standards retroactively effective July 1, 2008 with restatement of the prior year. Management does not expect the financial statements to be materially affected by these revisions.

Plan International Canada Inc.

Notes to Financial Statements

June 30, 2009

2 Investments

	2009 \$	2008 \$
At cost	1,938,824	997,591
At market value	1,881,541	1,045,951

In accordance with the accounting policy described in note 1, the organization reflected the difference between the cost and fair value of the investments in the amount of \$(57,283) (2008 - \$48,360) in accumulated unrealized gains (losses) on investments on the balance sheet.

3 Capital assets

	2009		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment and software	4,348,189	3,101,916	1,246,273
Furniture	204,680	124,771	79,909
Leasehold improvements	532,829	165,659	367,170
	5,085,698	3,392,346	1,693,352
	2008		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment and software	4,004,463	2,191,432	1,813,031
Furniture	190,272	97,028	93,244
Leasehold improvements	521,149	113,471	407,678
	4,715,884	2,401,931	2,313,953

Amortization for the year ended June 30, 2009 was \$990,415 (2008 - \$867,622).

Plan International Canada Inc.

Notes to Financial Statements

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4 Undisbursed designated contributions

Undisbursed designated contributions represent designated contributions received from donors prior to the end of the fiscal year and not yet disbursed as at the end of the fiscal year. Changes in the undisbursed designated contributions are as follows:

	2009 \$	2008 \$
Balance - Beginning of year	2,851,236	3,349,266
Less: Amount recognized as revenue in the year	(2,329,927)	(3,323,203)
Add: Amount received related to the following years	2,985,119	2,825,173
	<hr/>	<hr/>
Balance - End of year	3,506,428	2,851,236

5 Undisbursed grants

Undisbursed grants of \$909,961 (2008 - \$765,196), include \$823,731 (2008 - \$656,736) of amounts received from the Canadian International Development Agency (CIDA) prior to the end of the fiscal year and not yet disbursed as at the end of the fiscal year.

6 Deferred lease amounts

The benefits of lease inducements are accounted for as an adjustment to rental expense over the term of the lease on a straight-line basis.

7 Net assets restricted for endowment purposes

The endowment amount represents amounts designated by donors to be held for periods from ten years to perpetuity, after which the capital will be used to sponsor children. As specified by the donors, the investment income earned on the endowments is transferred to, and included in, child sponsorship income in the statement of public support, revenue and expenditures. In 2009, the investment income was \$38,945 (2008 - \$48,313). The endowment balance is adjusted on an annual basis to reflect the effects of inflation. In 2009, the inflation adjustment increase was \$nil (2008 - \$32,291) due to negative growth in the economy.

Plan International Canada Inc.

Notes to Financial Statements

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8 Financial instruments

	2009			2008	
	Financial instruments required to be classified as held- for-trading \$	Financial instruments classified as available- for-sale \$	Loans and receivables at amortized cost \$	Financial liabilities at amortized cost \$	Total \$
Carrying amounts					
Financial assets					
Cash and cash equivalents	8,985,052	-	-	-	12,255,163
Receivables	-	-	1,129,900	-	1,109,832
Investments	-	1,881,541	-	-	1,045,951
Balance due from Plan International, Inc.	-	-	916,318	-	-
	<u>8,985,052</u>	<u>1,881,541</u>	<u>2,046,218</u>	<u>-</u>	<u>14,410,946</u>
Financial liabilities					
Advance payments by donors	-	-	-	5,264,466	6,966,832
Undisbursed designated contributions	-	-	-	3,506,428	2,851,236
Undisbursed grants	-	-	-	909,961	765,196
Accounts payable and accrued liabilities	-	-	-	2,467,667	1,595,400
Balance due to Plan International, Inc.	-	-	-	-	1,112,003
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,148,522</u>	<u>13,290,667</u>

There have been no changes in classification of financial instruments since June 30, 2008.

The carrying values of receivables and the balance due from Plan International, Inc. approximate their fair value given their short-term nature.

The carrying value of advance payments by donors, undisbursed designated contributions, undisbursed grants, accounts payable and accrued liabilities and balance due to Plan International, Inc. approximate their fair value given their short-term nature.

Plan International Canada Inc.

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9 Government and other grants

	2009	2008
	\$	\$
Government of Canada (CIDA)	8,733,257	8,448,083
Government of Saskatchewan (SCIC)	27,920	31,108
Government of Manitoba (MCIC)	137,168	147,833
World Food Program (WFP)	1,191,945	342,090
Others	197,152	15,983
	<u>10,287,442</u>	<u>8,985,097</u>

10 Allocation of interest income from Plan International, Inc.

To support Plan program expenditures, each National Organization has committed to Plan the excess of its revenues received over its current operating expenditures, capital asset needs and any endowment funds received. Funds transmitted to Plan that exceed its current disbursement needs are invested by Plan. The interest income earned on those investments is then allocated back to the National Organizations. Thus, the accompanying statement of public support, revenue and expenditures of the organization includes interest so allocated of \$353,468 (2008 - \$323,254) and a like amount of additional payments for international program services.

11 Summary of salaries and wages, number of employees and number of sponsored children and families assisted

	Salaries and wages		Number of employees	
	2009	2008	2009	2008
	\$	\$		
Fundraising	1,942,494	1,461,634	32	32
Building relationships	1,077,725	925,420	23	25
Operating	3,967,419	3,141,523	35	28
	<u>6,987,638</u>	<u>5,528,577</u>	<u>90</u>	<u>85</u>

Plan International Canada Inc.

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	<u>Number of sponsored children</u>	
	(Unaudited)	
	2009	2008
Sponsored children and families assigned to sponsors	176,788	181,397
Sponsored children and families receiving benefits pending assignment to sponsors	33,451	19,499
	<u>210,239</u>	<u>200,896</u>

12 Pension plan

The organization contributes to a group retirement savings plan that covers all employees. The pension plan expense for the year ended June 30, 2009 was \$350,373 (2008 - \$290,427).

13 Net change in non-cash working capital

	2009	2008
	\$	\$
Pledges due from donors	(326,075)	140,755
Other receivables	306,007	(379,457)
Prepaid expenses	(291,665)	(141,223)
Balance due to/from Plan International, Inc.	(2,028,321)	2,588,726
Advance payments by donors	(1,702,366)	335,322
Undisbursed designated contributions	655,192	(498,030)
Undisbursed grants	144,765	306,907
Accounts payable and accrued liabilities	872,267	356,901
	<u>(2,370,196)</u>	<u>2,709,901</u>

14 Commitments

The organization is obligated under the terms of operating leases for office premises and office equipment. Lease commitments for the next five years and beyond are approximately as follows:

	\$
2010	550,570
2011	582,938
2012	574,226
2013	588,413
2014	588,413
Subsequent to 2014	588,413
	<u>3,472,973</u>

Plan International Canada Inc.

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15 Capital management

The organization defines its capital as the amounts included in its net assets balances.

The organization's objective when managing its capital is to safeguard the organization's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services for children in developing countries.

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences 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 budget. As at June 30, 2009, the organization has met its objective of having sufficient liquid resources to meet its current obligations.

The organization has established a reserves policy, which requires having three months of normal operating expenses or a minimum of \$6,000,000 available in liquid assets.

A portion of the organization's capital is restricted in that the organization is required to meet certain requirements in order to utilize its externally restricted net assets balance, as described in note 7. The organization has internal control processes to ensure the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.