# Plan International Canada Inc.

Financial Statements
**June 30, 2008**

PRICEWATERHOUSECOOPERS

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October 23, 2008

## 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, 2008 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, 2008 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, 2008**

| | 2008 $ | 2007 $ |
|---|---|---|
| **Assets** | | |
| **Cash and cash equivalents** | 12,255,163 | 8,909,740 |
| **Investments** (notes 1 and 2) | 1,045,951 | 1,559,972 |
| **Receivables** | | |
| Pledges due from donors | 321,198 | 461,953 |
| Other receivables | 788,634 | 409,177 |
| Balance due from Plan International, Inc | - | 1,476,723 |
| **Prepaid expenses** | 217,602 | 76,379 |
| **Capital assets** (note 3) | 2,313,953 | 1,601,807 |
| | 16,942,501 | 14,495,751 |
| **Liabilities** | | |
| **Advance payments by donors** | 6,966,832 | 6,631,510 |
| **Undisbursed designated contributions** (note 4) | 2,851,236 | 3,349,266 |
| **Deferred revenue** (note 5) | 765,196 | 458,289 |
| **Accounts payable and accrued liabilities** | 1,595,400 | 1,238,499 |
| **Deferred lease amounts** (note 10) | 190,563 | 181,212 |
| **Balance due to Plan International, Inc** | 1,112,003 | - |
| | 13,481,230 | 11,858,776 |
| **Net Assets** | | |
| **Net assets restricted for endowment purposes** (note 6) | 1,098,958 | 983,682 |
| **Net assets invested in capital assets** | 2,313,953 | 1,601,807 |
| **Net unrestricted assets** | | |
| Accumulated unrealized gains on investments | 48,360 | 51,486 |
| | 3,461,271 | 2,636,975 |
| | 16,942,501 | 14,495,751 |

**Approved by the Board of Directors**

Renata La Salle _______ Director

_______ Director

# Plan International Canada Inc.

Statement of Public Support, Revenue and Expenditures

**For the year ended June 30, 2008**

| | % | 2008 | % | 2007 |
|---|---|---|---|---|
| | | $ | | $ |
| **Public support and revenue** | | | | |
| Child sponsorship income | | 63,300,733 | | 59,047,917 |
| Contributions, gifts and bequests | | 10,195,292 | | 9,355,780 |
| Government and other grants (note 8) | | 8,985,097 | | 8,096,891 |
| World Food Program's emergency food distribution (note 1) | | 10,829,598 | | 98,896 |
| | | 93,310,720 | | 76,599,484 |
| Investment and other income | | 517,873 | | 532,413 |
| Allocation of interest income from Plan International, Inc (note 1) | | 323,254 | | 124,374 |
| | | 841,127 | | 656,787 |
| **Total public support and revenue** | | 94,151,847 | | 77,256,271 |
| **Expenditures** | | | | |
| **Program** (note 1) | | | | |
| International program services | 74.4 | 69,539,971 | 74.4 | 56,981,598 |
| Canadian program services | 3.9 | 3,658,316 | 3.8 | 2,894,041 |
| | 78.3 | 73,198,287 | 78.2 | 59,875,639 |
| **Operations** | | | | |
| Fundraising | 13.1 | 12,222,591 | 13.3 | 10,150,214 |
| Operating costs | 8.6 | 7,986,532 | 8.5 | 6,541,116 |
| | 21.7 | 20,209,123 | 21.8 | 16,691,330 |
| **Total expenditures** | 100.00 | 93,407,410 | 100.00 | 76,566,969 |
| **Excess of public support and revenue over expenditures for the year** | | 744,437 | | 689,302 |

# Plan International Canada Inc.

Statement of Changes in Net Assets

**For the year ended June 30, 2008**

| | Invested in capital assets $ | Restricted for endowment purposes $ | Unrestricted | 2008 Total $ | 2007 Total $ |
|---|---|---|---|---|---|
| **Balance - Beginning of year** | | | | | |
| As previously reported | 1,601,807 | 983,682 | 51,486 | 2,636,975 | 1,873,073 |
| Adjustment for change in accounting policy (note 1) | - | - | - | - | (67,946) |
| As adjusted | 1,601,807 | 983,682 | 51,486 | 2,636,975 | 1,805,127 |
| **Additions** | | | | | |
| Endowment fund contributions | - | 82,985 | - | 82,985 | 23,114 |
| **Excess of public support and revenue over expenditures for the year** | | | | | |
| Amortization of capital assets | (867,622) | - | - | (867,622) | (424,180) |
| Investment income on endowment fund | - | 48,313 | - | 48,313 | 44,061 |
| Operations | - | - | 1,563,746 | 1,563,746 | 1,069,421 |
| | (867,622) | 48,313 | 1,563,746 | 744,437 | 689,302 |
| **Unrealized gain (loss) on investments** | - | - | (3,126) | (3,126) | 119,432 |
| **Transfers** | | | | | |
| Investment in capital assets | 1,579,768 | - | (1,579,768) | - | - |
| Investment income on endowment fund (note 6) | - | (48,313) | 48,313 | - | - |
| Inflation adjustment (note 6) | - | 32,291 | (32,291) | - | - |
| | 1,579,768 | (16,022) | (1,563,746) | - | - |
| **Balance - End of year** | 2,313,953 | 1,098,958 | 48,360 | 3,461,271 | 2,636,975 |

# Plan International Canada Inc.

Statement of Cash Flows

**For the year ended June 30, 2008**

| | 2008<br>$ | 2007<br>$ |
|---|---|---|
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| Excess of public support and revenue over expenditures for the year | 744,437 | 689,302 |
| Items not involving cash | | |
| Amortization of capital assets | 867,622 | 424,180 |
| Amortization of bond premiums | (184) | 6,450 |
| Realized gain on sale of investments | (19,014) | 12,904 |
| Amortization of deferred lease amounts | 9,351 | 26,562 |
| Net change in non-cash working capital (note 7) | 2,709,901 | (1,932,080) |
| | 4,312,113 | (772,682) |
| **Investing activities** | | |
| Net additions to capital assets | (1,579,768) | (1,092,309) |
| Proceeds from sale of investments | 972,985 | 7,068,180 |
| Purchases of investments | (442,892) | - |
| | (1,049,675) | 5,975,871 |
| **Financing activities** | | |
| Endowment fund contributions | 82,985 | 23,114 |
| **Increase in cash and cash equivalents during the year** | 3,345,423 | 5,226,303 |
| **Cash and cash equivalents - Beginning of year** | 8,909,740 | 3,683,437 |
| **Cash and cash equivalents - End of year** | 12,255,163 | 8,909,740 |

## 1 Summary of significant accounting policies

### Organization and purpose

The organization is a non-profit corporation, federally incorporated without share capital and granted status a registered charity under the Income Tax Act (Canada).

The organization is a member of Plan International Worldwide (Plan), a non-profit international child-centrec development organization. Plan strives to achieve lasting improvements in the quality of life of children through:

Enabling children, their families and their communities to meet their basic needs and to increase their ability to participate in and benefit from their societies.

Building relationships to increase understanding and unity among people of different cultures and countries.

Promoting the rights and interests of the world's children.

Plan is comprised of 17 National Organizations and Plan International, Inc (located in the United States) and subsidiaries (including Plan Limited located in the United Kingdom and Plan International Brazil).

The National Organizations (located in Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Japan, The Netherlands, Norway, Republic of Korea, Spain, Sweden, Switzerland, United Kingdom and the United States) raise funds and build relationships between sponsors and sponsored children. Each National Organization remits all funds in excess of its operating requirements to Plan International, Inc. In 2008, Plan International Canada Inc. remitted $69,539,971 (2007 - $56,981,598). Each National Organizatior has a Board of Directors that oversees the National Organization. The size of the International Board is 11 directors, the majority of whom come from National Organizations. The votes of member National Organizations are based on each National Organization's net financial contribution to Plan International, Inc.

Plan International, Inc utilizes funds raised by the National Organizations for programs benefiting children, their families and communities in 49 program countries.

Central services such as program support and global assurance for the 49 program countries are provided by Plan Limited, a subsidiary of Plan International, Inc.

National Organizations, Plan International, Inc and its subsidiaries and the 49 program countries are subject t both external and internal financial audits of an international standard in order to ensure that 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 Kingdo and are available on request.

**Basis of financial statements**

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 $323,254 (2007 - $124,374) and a like amount of additional payments for international program services.

**Accounting changes**

In July 2006, the Accounting Standards Board issued a replacement of The Canadian Institute of Chartered Accountants Handbook (CICA Handbook) Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively, unless doing so is impracticable, requires prior periods' errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors in the financial statements. The impact the adoption of Section 1506 will have on the organization's results of operations and financial condition will depend on the nature of future accounting changes. The adoption of Section 1506 effective July 1, 2007 has had no impact on these financial statements.

**Financial instruments**

Effective July 1, 2006, the organization adopted CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement, and Section 3861, Financial Instruments - Disclosure and Presentation. The adoption of these new financial instrument standards resulted in changes in the accounting for certain financial instruments. The principal changes in the accounting for financial instruments due to the adoption of these accounting standards are described below.

Under these standards, financial assets and liabilities are initially recorded at fair value and their subsequent measurements are dependent on their classification, as described below. The classification depends on the purpose for which the financial instruments were acquired, their characteristics and the organization's designation of such instruments as follows:

| | 2008 | | | | 2007 |
|---|---|---|---|---|---|
| | 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 $ | $ |
| **Carrying amounts** | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 12,255,163 | - | - | - | 8,909,740 |
| Receivables | - | - | 1,109,832 | - | 2,347,853 |
| Investments | - | 1,045,951 | - | - | 1,559,972 |
| | 12,255,163 | 1,045,951 | 1,109,832 | - | 12,817,565 |
| Financial liabilities | | | | | |
| Advance payments by donors | - | - | - | 6,966,832 | 6,631,510 |
| Undisbursed designated contributions | - | - | - | 2,851,236 | 3,349,266 |
| Deferred revenue | - | - | - | 765,196 | 458,289 |
| Accounts payable and accrued liabilities | - | - | - | 1,595,400 | 1,238,499 |
| Balance due to Plan International, Inc | - | - | - | 1,112,003 | - |
| | - | - | - | 13,290,667 | 11,677,564 |

There have been no changes in classification of financial instruments since June 30, 2007.

The estimated fair values of financial instruments as at June 30, 2008 are based on relevant market prices and information available at the time.

The carrying value of cash and cash equivalents and receivables approximates their fair value given their short-term nature.

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

Investments classified as available-for-sale 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. With the adoption of the standards effective July 1, 2006, the organization recorded a loss of $67,946 as the one-time cumulative adjustment in the opening net assets as of July 1, 2006.

When unrealized losses on available-for-sale investments are determined to be other than temporary, the unrealized 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.

**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.

World Food Program's (WFP) emergency food distribution revenue is recognized in the statement of public support, revenue and expenditures as contribution 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.

Contributions amounting to $329,396 (2007 - $nil) were collected during the period May 2, 2008 through June 13, 2008 from the Canadian public as their contribution to Cyclone Nargis in Myanmar (formerly Burma). In addition, contributions amounting to $305,984 (2007 - $nil) were collected during the period May 12, 2008 through June 23, 2008 from the Canadian public as their contribution to the earthquake in China's Sichuan province.

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.

**Cash and cash equivalents**

Cash equivalents include short-term investments with maturities of less than 90 days after the date of purchase.

### Program expenditures

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

### Investments

The organization's investment activities are governed by two investment policies set by the Board of Direct 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 a management. The funds are professionally managed by advisers associated with a major Canadian chartered bank. See financial instruments for the accounting policies.

### Capital assets and accumulated amortization

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

### Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principl 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.

### Impairment of long-lived assets

An impairment charge is recognized for long-lived assets when an event or change in circumstances causes 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.

### 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.

**Future changes in accounting policies**

- Capital disclosures

In December 2006, the CICA issued Handbook Section 1535, Capital Disclosures. This section establishes standards for disclosing information about an entity's objectives, policies and processes for managing capital (net assets in the context of a non-profit organization). This standard is effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2007 on a prospective basis. The organization will adopt this new standard effective July 1, 2008, and does not expect the financial statements to be materially affected.

- Financial instruments - disclosure and presentation

In December 2006, the CICA issued Handbook Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation. These standards enhance existing disclosures in previously issued Section 3861, Financial Instruments - Disclosure and Presentation. Section 3862 places greater emphasis on disclosures about risks related to recognized and unrecognized financial instruments and how those risks are managed. Section 3863 carries forward the same presentation standards as Section 3861. These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2007 on a prospective basis. The organization will adopt these new standards effective July 1, 2008.

- Financial statement presentation

In April 2007, the CICA Accounting Standards Board amended 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. These new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after July 1, 2008. This standard will be adopted on July 1, 2008 on a prospective basis, and is not expected to affect the financial statements.

## 2 Investments

| | 2008 $ | 2007 $ |
|---|---|---|
| At cost | 997,591 | 1,508,486 |
| At market value | 1,045,951 | 1,559,972 |

Pursuant to the adoption of the accounting policy described in note 1, the organization reflected the difference between cost and fair value of the investments in the amount of $48,360 (2007 - $51,486) on the balance sheet.

## 3 Capital assets

| | | | 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 |

| | | | 2007 |
|---|---|---|---|
| | Cost $ | Accumulated amortization $ | Net $ |
| Computer equipment and software | 2,796,355 | 1,385,734 | 1,410,621 |
| Furniture | 100,515 | 74,628 | 25,887 |
| Leasehold improvements | 239,246 | 73,947 | 165,299 |
| | 3,136,116 | 1,534,309 | 1,601,807 |

Amortization for the year ended June 30, 2008 was $867,622 (2007 - $424,180).

## 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:

| | 2008 $ | 2007 $ |
|---|---|---|
| Balance - Beginning of year | 3,349,266 | 2,738,508 |
| Less: Amount recognized as revenue in the year | (3,323,203) | (1,980,222) |
| Add: Amount received related to the following years | 2,825,173 | 2,590,980 |
| Balance - End of year | 2,851,236 | 3,349,266 |

## 5 Deferred revenue

Deferred revenue of $765,196 (2007 - $458,289), includes $656,736 (2007 - $458,289) in respect of a deferred amount from the Canadian International Development Agency (CIDA) and represents designated contributions received prior to the end of the fiscal year and not yet disbursed as at the end of the fiscal year.

## 6 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 2008, the investment income was $48,313 (2007 - $44,061). The endowment balance is adjusted on an annual basis to reflect the effects of inflation. In 2008, the inflation adjustment increase was $32,291 (2007 - $21,173).

## 7 Net change in non-cash working capital

| | 2008<br>$ | 2007<br>$ |
|---|---|---|
| Pledges due from donors | 140,755 | (109,730) |
| Other receivables | (379,457) | (69,082) |
| Prepaid expenses | (141,223) | (32,532) |
| Balance due to/from Plan International, Inc | 2,588,726 | (2,666,505) |
| Advance payments by donors | 335,322 | (2,603) |
| Undisbursed designated contributions | (498,030) | 610,758 |
| Deferred revenue | 306,907 | (116,798) |
| Accounts payable and accrued liabilities | 356,901 | 454,412 |
| | 2,709,901 | (1,932,080) |

## 8 Government and other grants

| | 2008<br>$ | 2007<br>$ |
|---|---|---|
| Government of Canada (CIDA) | 8,448,083 | 7,909,949 |
| Government of Saskatchewan (SCIC) | 31,108 | 26,942 |
| Government of Manitoba (MCIC) | 147,833 | 160,000 |
| Others | 358,073 | - |
| | 8,985,097 | 8,096,891 |

## 9 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:

| | $ |
|---|---|
| 2009 | 545,000 |
| 2010 | 545,000 |
| 2011 | 579,000 |
| 2012 | 573,000 |
| 2013 | 588,000 |
| Subsequent to 2013 | 1,177,000 |
| | 4,007,000 |

## 10 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.

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

| | Salaries and wages | | Number of employees | |
|---|---|---|---|---|
| | **2008** $ | **2007** $ | **2008** | **2007** |
| Fundraising | 1,461,634 | 1,468,557 | 32 | 26 |
| Building relationships | 925,420 | 661,780 | 25 | 24 |
| Operating | 3,141,523 | 2,198,724 | 28 | 29 |
| | 5,528,577 | 4,329,061 | 85 | 79 |

| | Number of sponsored children | |
|---|---|---|
| | **2008** | **2007** |
| Sponsored children and families assigned to sponsors | 181,397 | 169,357 |
| Sponsored children and families receiving benefits pending assignment to sponsors | 9,579 | 9,208 |
| | 190,976 | 178,565 |

## 12 Pension plan

The organization contributes to a group retirement savings plan that covers all employees. The pension plan expense as at June 30, 2008 was $290,427 (2007 - $225,499).

## 13 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.