

Plan International Canada Inc.

Financial Statements
June 30, 2011

October 11, 2011

Independent Auditor's Report

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

We have audited the accompanying financial statements of Plan International Canada Inc. (the organization), which comprise the balance sheet as at June 30, 2011 and the statements of public support, revenue and expenditures, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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 generally accepted accounting principles, 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.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit 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 auditor's 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 auditor considers 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 organization as at June 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

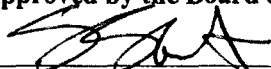

PriceWaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Plan International Canada Inc.

Balance Sheet

As at June 30, 2011

	2011 \$	2010 \$	
Assets			
Cash and cash equivalents	9,399,065	11,229,780	
Investments (note 2)	4,889,040	3,536,727	
Receivables			
Pledges due from donors	350,621	316,596	
Other receivables	822,097	334,592	
Advances to Plan International, Inc.	6,213,761	4,218,258	
Prepaid expenses	139,231	109,241	
Capital assets (note 3)	1,059,107	902,851	
Intangible assets (note 4)	400,832	545,318	
	<u>23,273,754</u>	<u>21,193,363</u>	
Liabilities			
Advance payments by donors	4,577,072	5,317,069	
Undisbursed designated contributions (note 5)	7,665,057	8,894,578	
Undisbursed grants (note 6)	5,102,520	1,654,615	
Accounts payable and accrued liabilities	2,677,057	2,445,028	
Deferred lease amounts	174,480	202,715	
	<u>20,196,186</u>	<u>18,514,005</u>	
Net Assets			
Net assets restricted for endowment purposes (note 7)	1,458,692	1,219,276	
Net assets invested in capital and intangible assets	1,459,939	1,448,169	
Net unrestricted assets			
Accumulated unrealized gains on investments	158,937	11,913	
	<u>3,077,568</u>	<u>2,679,358</u>	
	<u>23,273,754</u>	<u>21,193,363</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, 2011

	2011		2010	
	\$		\$	
Public support and revenue				
Child sponsorship income		70,133,554		69,722,771
Contributions, gifts and bequests		15,089,451		9,123,398
Government and other grants (note 9)		13,597,152		8,196,963
Gifts-in-kind (note 10)		41,942,266		28,039,948
		<u>140,762,423</u>		<u>115,083,080</u>
Investment and other income		354,030		236,216
Allocation of interest income from Plan International, Inc. (note 11)		97,962		67,650
		<u>451,992</u>		<u>303,866</u>
Total public support and revenue		<u>141,214,415</u>		<u>115,386,946</u>
		%		%
Expenditures				
Program				
International program services	74.8	105,585,669	73.3	84,723,520
Canadian program services	4.5	6,303,967	4.0	4,642,042
		<u>79.3</u>		<u>77.3</u>
		<u>111,889,636</u>		<u>89,365,562</u>
Operations				
Fundraising	14.1	19,981,697	14.9	17,259,217
Operating costs	6.6	9,288,295	7.8	8,995,278
		<u>20.7</u>		<u>22.7</u>
		<u>29,269,992</u>		<u>26,254,495</u>
Total expenditures	<u>100.0</u>	<u>141,159,628</u>	<u>100.0</u>	<u>115,620,057</u>
Excess (deficiency) of public support and revenue over expenditures for the year		<u>54,787</u>		<u>(233,111)</u>

Plan International Canada Inc.

Statement of Changes in Net Assets

For the year ended June 30, 2011

	2011			2010	
	Invested in capital and intangible assets \$	Restricted for endowment purposes \$	Unrestricted \$	Total \$	Total \$
Balance - Beginning of year	1,448,169	1,219,276	11,913	2,679,358	2,770,269
Additions					
Endowment fund contributions	-	196,399	-	196,399	73,004
Excess (deficiency) of public support and revenue over expenditures for the year					
Amortization of intangible assets	(377,041)	-	-	(377,041)	(657,822)
Amortization of capital assets	(415,963)	-	-	(415,963)	(391,128)
Investment income on endowment fund (note 7)	-	50,208	-	50,208	32,021
Operations	-	-	797,583	797,583	783,818
	(793,004)	50,208	797,583	54,787	(233,111)
Unrealized gains on investments	-	-	147,024	147,024	69,196
Transfers					
Investment in capital assets	572,219	-	(572,219)	-	-
Investment in intangible assets	232,555	-	(232,555)	-	-
Investment income on endowment fund (note 7)	-	(50,208)	50,208	-	-
Inflation adjustment (note 7)	-	43,017	(43,017)	-	-
	804,774	(7,191)	(797,583)	-	-
Balance - End of year	1,459,939	1,458,692	158,937	3,077,568	2,679,358

Plan International Canada Inc.

Statement of Cash Flows

For the year ended June 30, 2011

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of public support and revenue over expenditures for the year	54,787	(233,111)
Items not involving cash		
Amortization of capital assets	415,963	391,128
Amortization of intangible assets	377,041	657,822
Amortization of discounts on bonds	12,298	6,590
Amortization of deferred lease amounts	(28,235)	6,076
Net change in non-cash working capital (note 14)	(836,607)	3,739,566
	<u>(4,753)</u>	<u>4,568,071</u>
Investing activities		
Net additions to capital assets	(572,219)	(455,864)
Net addition to intangible assets	(232,555)	(347,903)
Proceeds from sale of investments	193,832	-
Purchases of investments	(1,411,419)	(1,592,580)
	<u>(2,022,361)</u>	<u>(2,396,347)</u>
Financing activities		
Endowment fund contributions	196,399	73,004
	<u>196,399</u>	<u>73,004</u>
Increase (decrease) in cash and cash equivalents during the year	(1,830,715)	2,244,728
Cash and cash equivalents - Beginning of year	11,229,780	8,985,052
Cash and cash equivalents - End of year	<u>9,399,065</u>	<u>11,229,780</u>

Plan International Canada Inc.

Notes to Financial Statements

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1 Summary of significant accounting policies

Organization and purpose

Plan International Canada Inc. (Plan Canada or the organization) 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, Plan Canada 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 Canada has only one agenda: to improve the lives of children.

Worldwide, Plan is a group of companies comprising Plan International, Inc. (whose principal office is located in the United States) and its 20 membership corporations (known as National Organizations). Plan also has a subsidiary, Plan Limited (located in the United Kingdom) and other related entities, such as Plan International Brazil.

The National Organizations (located in Australia, Belgium, Canada, Colombia, Denmark, Finland, France, Germany, Hong Kong, India, 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. The National Organizations in India and Colombia raise funds primarily through grants and corporate donations. In addition, these two organizations also carry out programs in their respective jurisdictions and, hence, have also been included under program countries.

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 2011, Plan Canada contributed \$105,585,669 (2010 - \$84,723,520), including the value of gifts-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 Members' Assembly according to a formula set out in the bylaws of Plan International, Inc. The Members' 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 Members' 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. Currently, there are 11 directors in place.

Plan International, Inc. utilizes funds raised by the National Organizations for programs benefiting children, their families and communities in 50 program countries. Central services, such as program support and global assurance for the 50 program countries are provided by Plan Limited, a subsidiary of Plan International, Inc. National Organizations, Plan International, Inc. and its subsidiaries and the 50 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

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recorded. Plan's combined financial statements are audited by PricewaterhouseCoopers LLP (United Kingdom) and are available on request.

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

Revenue 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 Programme's (WFP) emergency food distribution revenue is recognized in the statement of public support, revenue and expenditures as gifts-in-kind on receipt of official documentation from WFP confirming the amount and value of food distributed by the organization's related party field offices to partners and end-users. These contributions are stated at fair value in US dollars and are translated into Canadian dollars using the average monthly exchange rate.

Gifts-in-kind revenue relating to pharmaceutical and other medical supplies is recognized at fair value when distributed by the organization's related party field offices to partners and end-users.

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.

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Program expenditures

International program services represent funds expended in Plan's eight program thematic areas. Canadian program services include costs incurred in Canada toward the goal of enhancing youth and public engagement in international development as well as cost of personnel travel and other expenses directly related to supporting international programs.

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.

Investments

The organization's investment activities are governed by 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. An 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.

Intangible assets

Intangible assets acquired individually or as part of a group of other assets are initially recognized and measured at cost. Plan Canada's intangible assets consist of computer software, which is amortized on a straight-line basis over three years. The amortization method and estimated useful lives of intangible assets are reviewed annually.

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 asset and its carrying value.

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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.

Financial instruments

All financial instruments are measured at fair value on initial recognition. The estimated fair values of financial instruments as at June 30, 2011 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, 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 financial assets held with active markets.

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.

The organization has chosen to continue to apply The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, Financial Instruments - Disclosures and Presentation, in place of Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

Allocation of expenses

The organization engages in providing international program and Canadian program services. The costs of each program include the costs of personnel and other expenses that are directly related to providing the programs.

In addition, Plan Canada allocates the marketing, development, program, donor relations and administration costs using various bases as described below, in relation to the activities relating to Canadian program services, fundraising and operating functions. Such allocations are reviewed, updated and applied on a prospective basis.

The marketing, development, program, donor relations and administration expenses are allocated to program, fundraising, and operating functions as follows:

- Personnel costs are allocated based on the percentage of relevant employees' time involved in supporting the program, fundraising, and operating functions.
- Public education expenses, publications and other donor specific material are allocated based on the extent of content applicable to public education, awareness and fundraising content.

Plan International Canada Inc.

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- Other operating and general expenses are allocated on a proportionate basis relating to the function.

Amounts allocated are detailed in note 15.

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.

2 Investments

	2011 \$	2010 \$
At cost	4,730,103	3,524,814
At fair value	4,889,040	3,536,727

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 \$158,937 (2010 - \$11,913) in accumulated unrealized gains on investments on the balance sheet.

3 Capital assets

	2011		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment	2,093,808	1,638,513	455,295
Furniture	423,693	207,080	216,613
Leasehold improvements	686,850	299,651	387,199
	3,204,351	2,145,244	1,059,107

Plan International Canada Inc.

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	2010		
	Cost	Accumulated	Net
	\$	amortization	\$
	\$	\$	\$
Computer equipment	1,773,177	1,350,438	422,739
Furniture	275,203	157,096	118,107
Leasehold improvements	583,752	221,747	362,005
	<u>2,632,132</u>	<u>1,729,281</u>	<u>902,851</u>

Amortization for the year ended June 30, 2011 was \$415,963 (2010 - \$391,128).

4 Intangible assets

	2011	2010
	\$	\$
Computer software - net of accumulated amortization of \$3,089,056 (2010 - \$2,712,015)	<u>400,832</u>	<u>545,318</u>

5 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:

	2011	2010
	\$	\$
Balance - Beginning of year	8,894,578	3,506,428
Less: Amount recognized as revenue in the year	(7,864,221)	(2,643,672)
Add: Amount received related to the following years	<u>6,634,700</u>	<u>8,031,822</u>
Balance - End of year	<u>7,665,057</u>	<u>8,894,578</u>

6 Undisbursed grants

Undisbursed grants of \$5,102,520 (2010 - \$1,654,615) include \$1,806,235 (2010 - \$937,838) 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.

Contributions received in the field for programs supported by Plan Canada and attributed to the organization by Plan prior to the end of the fiscal year and not yet disbursed as at the end of the fiscal year are \$2,323,738 (2010 - \$nil).

Plan International Canada Inc.

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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 can be used toward projects. As specified by the donors, the investment income earned on the endowments is transferred to, and included in the statement of public support, revenue and expenditures. In 2011, the investment income was \$50,208 (2010 - \$32,021). The endowment balance is adjusted on an annual basis to reflect the effects of inflation to preserve the capital spending power. In 2011, the inflation adjustment increase was \$43,017 (2010 - \$12,072).

8 Financial instruments

					2011	2010
	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 \$	Total \$
Carrying amounts						
Financial assets						
Cash and cash equivalents	9,399,065	-	-	-	9,399,065	11,229,780
Receivables	-	-	1,172,718	-	1,172,718	651,188
Investments	-	4,889,040	-	-	4,889,040	3,536,727
Advances to Plan International, Inc.	-	-	6,213,761	-	6,213,761	4,218,258
	9,399,065	4,889,040	7,386,479	-	21,674,584	19,635,953
Financial liabilities						
Advance payments by donors	-	-	-	4,577,072	4,577,072	5,317,069
Undisbursed designated contributions	-	-	-	7,665,057	7,665,057	8,894,578
Undisbursed grants	-	-	-	5,102,520	5,102,520	1,654,615
Accounts payable and accrued liabilities	-	-	-	2,677,057	2,677,057	2,445,028
	-	-	-	20,021,706	20,021,706	18,311,290

There have been no changes in the classification of financial instruments since June 30, 2010.

The carrying values of receivables and the advances to Plan International, Inc. approximate their fair values given their short-term nature.

The carrying values of advance payments by donors, undisbursed designated contributions, undisbursed grants, accounts payable and accrued liabilities approximate their fair values given their short-term nature.

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9 Government and other grants

	2011 \$	2010 \$
Government of Canada and Provincial Governments of Saskatchewan (SCIC) and Manitoba (MCIC)	6,604,172	6,953,127
Multilaterals, UN agencies, overseas foundations, Canadian charities and other	6,992,980	1,243,836
	<u>13,597,152</u>	<u>8,196,963</u>

Contributions received in the field for programs supported by Plan Canada and attributed to the organization by Plan are \$4,260,188 (2010 - \$92,734).

10 Gifts-in-kind

	2011 \$	2010 \$
World Food Programme	12,546,483	11,111,036
Medicines and supplies	29,395,783	16,928,912
	<u>41,942,266</u>	<u>28,039,948</u>

11 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 \$97,962 (2010 - \$67,650) and a like amount of additional payments for international program services.

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

	Salaries and wages		Number of employees	
	2011 \$	2010 \$	2011	2010
Fundraising	2,320,828	2,435,125	27	36
Building relationships and programs	2,443,390	1,703,594	41	27
Operating	4,098,045	3,527,421	49	38
	<u>8,862,263</u>	<u>7,666,140</u>	<u>117</u>	<u>101</u>

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	Number of sponsored children	
	(Unaudited)	
	2011	2010
Sponsored children and families assigned to sponsors	180,865	178,182
Sponsored children and families awaiting assignment to sponsors	25,053	35,657
	<u>205,918</u>	<u>213,839</u>

13 Pension plan

The organization contributes to a group retirement savings plan that covers all full-time permanent employees. The pension plan expense for the year ended June 30, 2011 was \$449,801 (2010 - \$402,248).

14 Net change in non-cash working capital

	2011	2010
	\$	\$
Pledges due from donors	(34,025)	330,677
Other receivables	(487,505)	148,035
Prepaid expenses	(29,990)	400,026
Advances to Plan International, Inc.	(1,995,503)	(3,301,940)
Advance payments by donors	(739,997)	52,603
Undisbursed designated contributions	(1,229,521)	5,388,150
Undisbursed grants	3,447,905	744,654
Accounts payable and accrued liabilities	232,029	(22,639)
	<u>(836,607)</u>	<u>3,739,566</u>

15 Allocation of expenses

As more fully described in note 1, marketing, development, programs, donor relations and administration costs have been allocated as follows:

	2011			
	Canadian program services	Fundraising	Operating	Total
	\$	\$	\$	\$
Marketing, development and programs	4,618,774	19,177,013	1,295,253	25,091,040
Donor relations and administration	1,685,193	804,684	7,993,042	10,482,919
	<u>6,303,967</u>	<u>19,981,697</u>	<u>9,288,295</u>	<u>35,573,959</u>

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	2010			
	Canadian program services \$	Fundraising \$	Operating \$	Total \$
Marketing, development and programs	3,062,200	15,964,111	1,257,668	20,283,979
Donor relations and administration	1,579,842	1,295,106	7,737,610	10,612,558
	<u>4,642,042</u>	<u>17,259,217</u>	<u>8,995,278</u>	<u>30,896,537</u>

16 Tax received donations

The organization is a member of Imagine Canada and has adopted its Ethical Fundraising and Financial Accountability Code, which requires disclosure of the amount of donations received for income tax purposes.

During fiscal 2011, the organization issued donation receipts for income tax purposes in the amount of \$82,094,060 (2010 - \$74,243,398).

17 Fundraising solicitations

Third party fundraisers were contracted to solicit sponsorships on behalf of the organization. Remuneration is based on an hourly rate and during the year, \$9,600,028 (2010 - \$6,828,905) was paid for these services.

During fiscal 2011, contributions from donors sourced through third party fundraisers amounted to \$37,044,239 (2010 - \$30,849,702).

18 Commitments

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

	\$
2012	298,236
2013	307,703
2014	306,439
2015	292,480
2016	11,718
	<u>1,216,576</u>

Plan International Canada Inc.

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19 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, 2011, 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 (2010 - \$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.

20 Comparative figures

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