

**DEFENCE FOR CHILDREN INTERNATIONAL - CANADA**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2006 AND 2005

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## AUDITORS' REPORT

To the Board of Directors,  
Defence For Children International – Canada:

We have audited the statement of financial position of Defence for Children International - Canada (DCI) as at June 30, 2006 and 2005 and the statements of changes in net assets, revenue and expenditure and cash flows for the periods 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.

Except as explained in the following paragraph, 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 common with similar organizations, DCI derives revenues from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, net revenue for the periods, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Defence for Children International - Canada as at June 30, 2006 and 2005 and the results of its operations and its cash flows for the periods then ended in accordance with Canadian generally accepted accounting principles.

Ottawa, Ontario  
March 29, 2007

*OHCD LLP.*

OUSELEY HANVEY CLIPSHAM DEEP LLP  
Licensed Public Accountants

# DEFENCE FOR CHILDREN INTERNATIONAL - CANADA

BALANCE SHEET  
AS AT JUNE 30, 2006 AND 2005

	2006	2005
<b>CURRENT ASSETS</b>		
Cash	\$ 388,987	\$ 431,376
Project advances	141,709	112,510
Accounts receivable	9,403	4,842
Prepaid expenses	776	776
	<b>\$ 540,875</b>	<b>\$ 549,504</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 23,924	\$ 27,413
Deferred revenue - CAP	-	130,367
Deferred revenue - CFA	437,628	361,201
	<b>461,552</b>	<b>518,981</b>
<b>NET ASSETS</b>		
Unrestricted net assets	79,323	30,523
	<b>\$ 540,875</b>	<b>\$ 549,504</b>

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## DEFENCE FOR CHILDREN INTERNATIONAL - CANADA

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE PERIODS ENDED JUNE 30, 2006 AND 2005

### UNRESTRICTED NET ASSETS

	2006 (12 months)	2005 (11 months)
BALANCE - BEGINNING OF PERIOD	\$ 30,523	\$ 26,771
Excess of revenue over expenses for the period	48,800	3,752
BALANCE - END OF PERIOD	\$ 79,323	\$ 30,523

## DEFENCE FOR CHILDREN INTERNATIONAL - CANADA

### STATEMENT OF REVENUE AND EXPENSES FOR THE PERIODS ENDED JUNE 30, 2006 AND 2005

	2006 (12 months)	2005 (11 months)
<b>REVENUE</b>		
Children as Peacebuilders (CAP) - CIDA	\$ 104,904	\$ 73,582
Canada Fund for Africa (CFA) - CIDA	1,029,462	143,957
Other	128,947	65,785
	<hr/> 1,263,313	<hr/> 283,324
<b>EXPENSES</b>		
Children as Peacebuilders (schedule)	104,904	73,582
Canada Fund for Africa (schedule)	1,029,463	143,936
Administration	75,784	58,790
Outreach	4,362	2,665
Fundraising	-	600
	<hr/> 1,214,513	<hr/> 279,572
Excess of revenue over expenses for the period	<hr/> \$ 48,800	<hr/> \$ 3,752

## DEFENCE FOR CHILDREN INTERNATIONAL - CANADA

STATEMENT OF CASH FLOWS  
FOR THE PERIODS ENDED JUNE 30, 2006 AND 2005

CASH PROVIDED BY (USED FOR)

	2006 (12 months)	2005 (11 months)
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the period	\$ 48,800	\$ 3,752
Change in operating components of working capital		
Accounts receivable	(4,561)	(3,217)
Project advances	(29,199)	(90,283)
Prepaid expenses	-	379
Accounts payable	(3,489)	11,539
Deferred revenue	(53,940)	210,342
<b>INCREASE (DECREASE) IN CASH</b>	<b>(42,389)</b>	<b>132,512</b>
Cash - beginning of period	431,376	298,864
<b>CASH - END OF PERIOD</b>	<b>\$ 388,987</b>	<b>\$ 431,376</b>

# DEFENCE FOR CHILDREN INTERNATIONAL - CANADA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 and 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Organization and basis of presentation

Defence for Children International - Canada (DCI Canada) is incorporated as a not-for-profit organization without share capital under the laws of Canada. DCI Canada is a human rights organization, whose mission is to promote and protect the rights of children across the world. The corporation is a registered charity and is not subject to income taxes.

During 2005 DCI changed its fiscal year end from July 31 to June 30. As a result the 2005 figures report on an eleven month period from August 1, 2004 to June 30, 2005. The 2006 figures represent the year ended June 30, 2006.

### (b) Revenue recognition

DCI follows the deferral method of accounting for contributions. Donations are recorded as revenue when received. Donated goods and services are recorded at their fair market value.

### (c) Capital assets

Capital assets acquired are recorded as expenses in the year of purchase. The expense for the year, related to the purchase of computer equipment, was \$6,866 (2005 - \$5,371).

### (d) Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### (e) CIDA contributions

Contributions received from CIDA are subject to specific terms and conditions regarding the expenditure of the funds. DCI's accounting records are subject to audit by CIDA to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which, therefore, would be refundable to CIDA. Adjustments to prior years' contributions are recorded in the year in which CIDA requests the adjustment.

## 2. DEFERRED REVENUE

Deferred revenue consists of program funding that relates to the subsequent fiscal year. It is comprised of \$nil (2005 - \$130,367) from CIDA for the Children as Peacebuilders project and \$437,628 (2005 - \$361,201) from CIDA for the Canada Fund for Africa.

## DEFENCE FOR CHILDREN INTERNATIONAL - CANADA

SCHEDULE OF PROJECT EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2006

	2006 (12 months)		
	Children As Peace- builders	Canada Fund for Africa	Total
Personnel	\$ 8,560	\$ 173,095	\$ 181,655
Consultants	21,106	13,724	34,830
Travel	20,496	28,480	48,976
Project support and workshops	54,742	814,164	868,906
	<b>\$ 104,904</b>	<b>\$ 1,029,463</b>	<b>\$ 1,134,367</b>

## DEFENCE FOR CHILDREN INTERNATIONAL - CANADA

SCHEDULE OF PROJECT EXPENSES  
FOR THE PERIOD ENDED JUNE 30, 2005

	2005 (11 months)		
	Children As Peace- builders	Canada Fund for Africa	Total
Personnel	\$ 3,210	\$ 92,976	\$ 96,186
Consultants	6,570	15,098	21,668
Travel	49,733	14,063	63,796
Project support and workshops	14,069	21,799	35,868
	<b>\$ 73,582</b>	<b>\$ 143,936</b>	<b>\$ 217,518</b>