



INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of War Child Canada, which comprise the balance sheets as at December 31, 2012 and December 31, 2011, and the statements of operations and changes in net assets, and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

War Child Canada, in common with many other charitable organizations, derives some of its revenue from donations which, by their nature, are not susceptible to complete audit verification. Accordingly, our verification of these revenues were limited to the amounts recorded in the records of the organization and we were unable to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditure, and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of War Child Canada as at December 31, 2012, December 31, 2011, and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
May 31, 2013.

McCay Duff LLP

Balance Sheet

CHARITABLE REG. #872374426RR0001

ASSETS

December 31, 2012

December 31, 2011

Current Assets

Cash	\$	527,112	\$	1,301,748
Term deposits		1,316,750		1,300,000
Grants receivable		124,573		87,291
Accounts receivable		256,343		295,200
Prepaid expenses and deposits		23,970		26,071

2,248,748

3,010,310

Furniture and equipment

31,864

34,776

\$ 2,280,612

\$ 3,045,086

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued liabilities	\$	68,460	\$	33,709
Deferred contributions		286,192		1,116,182

354,652

1,149,891

Net Assets

1,925,960

1,895,195

\$ 2,280,612

\$ 3,045,086

Statement of Operations

REVENUE

	December 31, 2012	December 31, 2011
Grants	\$ 4,274,159	\$ 5,916,397
Foundations	170,891	362,225
Partnerships	1,344,306	796,014
Donations	465,555	730,081
Special events	209,032	157,252
Cause marketing	190,936	95,603
Interest income	18,768	11,387
Other revenue	80,676	13,016
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	\$ 6,754,323	\$ 8,055,943

EXPENDITURES

International programmes	\$ 4,186,215	\$ 6,456,135
Partnership projects	1,344,306	796,014
Programme support	585,578	335,138
Educational programmes	204,116	141,902
Resource development	248,744	198,390
Public engagement	145,932	108,937
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	\$ 6,714,891	\$ 8,036,516
Surplus (Deficiency) on programme operations	39,432	19,427
Less amortization	(8,667)	(13,510)
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Excess of revenue over expenditure	\$ 30,765	\$ 5,917