

**War Child Canada**  
**Financial Statements**  
**For the year ended December 31, 2024**

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For the year ended December 31, 2024

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## Independent Auditor's Report

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To the Members of War Child Canada

### Opinion

We have audited the financial statements of War Child Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2024, the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the year ended December 31, 2024 and 2023, current assets as at December 31, 2024 and 2023, and net assets as at January 1 and December 31 for both the 2024 and 2023 years. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other Matter

The financial statements for the year ended December 31, 2023, were audited by another auditor who expressed a qualified opinion on those financial statements on May 13, 2024, for reasons described in the *Basis for Qualified Opinion* paragraph.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
April 25, 2025

# War Child Canada

## Statement of Financial Position

December 31 2024 2023

### Assets

#### Current

Cash	\$ 3,643,186	\$ 5,855,532
Investments (Note 3)	3,040,490	1,695,762
Accounts and donor receivables (Note 4)	1,034,610	668,715
Prepaid expenses	1,141,896	1,187,208
	<u>8,860,182</u>	<u>9,407,217</u>

Intangible assets (Note 5) 93,751 82,911

Capital assets (Note 6) 37,032 46,913

\$ 8,990,965 \$ 9,537,041

### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities	\$ 1,110,644	\$ 1,311,473
Deferred Contributions (Note 7)	<u>6,575,508</u>	<u>7,276,721</u>
	<u>7,686,152</u>	<u>8,588,194</u>

#### Net assets

Unrestricted 1,304,813 948,847

\$ 8,990,965 \$ 9,537,041

On behalf of the Board:

Original signed by Adrian Lang \_\_\_\_\_ Director

Original signed by Michael Eizenga \_\_\_\_\_ Director

# War Child Canada

## Statement of Operations and Changes in Net Assets

For the year ended December 31 2024 2023

### Revenue

Grants	\$ 16,539,108	\$ 14,846,553
Foundation donations	1,514,505	934,628
Individual donations	1,280,052	1,274,673
Special events	1,247,110	1,154,123
Donations-in-kind	373,495	223,352
Other	193,087	131,435
Investment income	152,157	35,703
Corporate donations	80,633	147,833
	<u>21,380,147</u>	<u>18,748,300</u>

### Expenses

Program		
International programmes (Schedule)	17,637,198	15,887,347
Programme support (Note 10)	1,099,282	850,000
Operations		
Fundraising (Note 10)	1,672,240	1,626,233
General administration (Note 10)	959,177	626,037
Donations-in-kind	373,495	223,352
	<u>21,741,392</u>	<u>19,212,969</u>

### Deficiency of revenue over expenses before the undernoted

(361,245) (464,669)

Amortization	(12,167)	(14,150)
Unrealized gain on investments	<u>729,378</u>	<u>129,110</u>

### Excess (deficiency) of revenue over expenses

355,966 (349,709)

### Net assets, beginning of year

948,847 1,298,556

### Net assets, end of year

\$ 1,304,813 \$ 948,847

## War Child Canada Statement of Cash Flows

For the year ended December 31

2024

2023

### Cash provided by (used in)

#### Operating activities

Excess (deficiency) of revenue over expenses	\$ 355,966	\$ (349,709)
Adjustments required to reconcile excess (deficiency) of revenue over expenses with net cash provided by operating activities		
Amortization	12,167	14,150
Unrealized gains on investments	(729,378)	(129,110)
Realized losses on sale of investments	2,950	13,580
Changes in intangible assets (Note 5)	(10,840)	9,250
Impairment on intangible assets	-	31,161
Changes in non-cash working capital balances		
Accounts and donor receivables	(365,895)	1,481,502
Prepaid expenses	45,312	(218,080)
Accounts payable and accrued liabilities	(200,829)	(115,295)
Deferred contributions	(701,213)	3,424,914
	<u>(1,591,760)</u>	<u>4,162,363</u>

#### Investing activities

Purchase of capital assets	(2,286)	-
Proceeds from (additions to) investments, net	(618,300)	325,298
	<u>(620,586)</u>	<u>325,298</u>

<b>Increase (decrease) in cash during the year</b>	<b>(2,212,346)</b>	<b>4,487,661</b>
<b>Cash, beginning of year</b>	<b>5,855,532</b>	<b>1,367,871</b>
<b>Cash, end of year</b>	<b>\$ 3,643,186</b>	<b>\$ 5,855,532</b>

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# War Child Canada

## Notes to Financial Statements

December 31, 2024

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### 1. Nature of Organization

War Child Canada (the "Organization") was incorporated without share capital under the Canadian Corporations Act on February 2, 1999, and was continued under the Canada Not-For-Profit Corporations Act on April 4, 2013. The Organization is registered as a charitable organization under the Income Tax Act (Canada).

The Organization was established for the purpose of bringing relief to persons anywhere in the world who are suffering hardship, sickness or distress as a result of war and, in particular, to bring such relief to children who are suffering. The Organization's additional objective is to advance education of the public on the effects of war, and especially the effects of war on children.

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### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit Organizations. The Organization's significant accounting policies are as follows:

#### Revenue recognition

The Organization follows the deferral method of recording contributions.

Unrestricted grants and donations are recognized as revenue when received or receivable. Revenue is recognized when the amount to be received can be reasonably estimated and collection is assured.

Externally restricted contributions such as grants, donations, and special events are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Revenue received that relates to future periods is recorded as deferred revenue.

Donations-in-kind are recorded at the fair market value that the Organization would otherwise have paid for such goods and services.

Other income is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as earned.

#### Financial Instruments

Financial instruments consist of cash, investments, accounts and donor receivables, and accounts payable and accrued liabilities. Financial instruments are recorded at fair value on initial recognition. In subsequent periods, equities traded in an active market at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.



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# War Child Canada

## Notes to Financial Statements

December 31, 2024

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### 2. Significant Accounting Policies (Continued)

#### Financial instruments (continued)

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

#### Foreign Currency Translation

Transactions denominated in foreign currencies are translated at the exchange rate in effect on the date they occur. Monetary assets and liabilities that are denominated in foreign currencies are translated at the exchange rate in effect as of the statement of financial position date. Gains or losses arising from foreign exchange translations are recorded in the statement of operations and changes in net assets.

#### Capital Assets

Capital assets are recorded at cost less accumulated amortization and impairment, if any. Amortization is provided at the following annual rates and bases:

Furniture and equipment	20%	Declining balance
Computer hardware	30%	Declining balance
Motor vehicles	8 years	Straight-line

When a capital asset no longer contributes to the Organization's ability to provide goods and services, or the future economic benefits or service potential of the capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

#### Contributed Goods and Services

In its day-to-day operations, the Organization receives goods and services from various businesses and organizations. Such services and products are reported at their fair value if they would normally be purchased.

#### Intangible Assets - Aeroplan miles

Aeroplan miles are measured at their estimated redemption value and recorded as revenue and an intangible asset when received. Aeroplan miles are subsequently expensed when used.

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## War Child Canada

### Notes to Financial Statements

December 31, 2024

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#### 2. Significant Accounting Policies (Continued)

##### Allocation of expenses

The Organization classifies its functional activities between the programme support, general administration and fundraising activities. The costs of each activity include the direct costs associated with those activities, such as personnel and other direct expenses. In addition, the Organization incurs several common or shared operating expenses in connection with these activities, such as occupancy costs and indirect administration costs. Where shared or indirect costs relate to more than one activity, the Organization allocates these costs among all activities based on a historical analysis or the level of staff activity and support by function. Management reviews the calculation on a regular basis.

##### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for non-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates are reviewed periodically, and adjustments are made to excess of revenue over expenses as appropriate in the year they become known. Key estimates include the useful lives of capital assets, the resulting amortization expenses, and intangible assets. Actual results could differ from those estimates.

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#### 3. Investments

The fair value of investments is as follows:

	2024	2023
Common stock	\$ 2,841,497	\$ 1,695,762
Pooled funds - global equity	198,993	-
	<u>\$ 3,040,490</u>	<u>\$ 1,695,762</u>

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#### 4. Accounts and Donor Receivables

	2024	2023
Grants receivable	\$ 728,147	\$ 521,206
Accounts receivable	195,284	63,700
War Child USA	52,402	30,344
Harmonized Sales Tax	58,777	53,465
	<u>\$ 1,034,610</u>	<u>\$ 668,715</u>

# War Child Canada

## Notes to Financial Statements

December 31, 2024

### 5. Intangible Assets

	2024		2023	
Balance, beginning of year	\$	82,911	\$	123,322
Additions during the year		31,486		53,484
Redemptions during the year		(20,646)		(62,734)
Impairment		-		(31,161)
	\$	93,751	\$	82,911

During the year, the Organization redeemed a total of 1,385,596 Aeroplan Miles (2023 - 3,060,219) with an estimated value of \$20,646 (2023 - \$62,734). The Organization used an estimate of \$0.0149 per Aeroplan mile in 2024 (2023 - \$0.0149). During the prior year it was determined that the value of Aeroplan mile should be \$0.0149 based on analysis of the Organization's expected usage. This led to an impairment of \$31,161 in 2023. As at December 31, 2024, the remaining Aeroplan miles balance was 6,292,038 (2023 5,564,499) with an estimated value of \$93,751 (2023 - \$82,911).

### 6. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 95,695	\$ 73,109	\$ 22,586	\$ 28,232
Computer hardware	5,870	2,883	2,987	1,493
Motor vehicles	45,835	34,376	11,459	17,188
	\$ 147,400	\$ 110,368	\$ 37,032	\$ 46,913

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## War Child Canada

### Notes to Financial Statements

December 31, 2024

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#### 7. Deferred Contributions

Deferred Contributions consist of contributions and grants that are designated for specified programs and events.

	2024	2023
Balance, beginning of year	\$ 7,276,721	\$ 3,851,807
Amounts received or receivable in the year	15,837,895	18,271,467
Revenue recognized during the year	<u>(16,539,108)</u>	<u>(14,846,553)</u>
Balance, end of year	<u>\$ 6,575,508</u>	<u>\$ 7,276,721</u>

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#### 8. Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees subject to disclosure are as follows:

- a) The Organization has provided indemnities under a lease agreement for the use of an operating facility. Under the terms of this guarantee, the Organization agrees to indemnify the counter parties for various items including, but not limited to, all liabilities, loss, lawsuits, and damages arising during, on or after, the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
  - b) The Organization indemnifies all directors and volunteers for various items, including but not limited to, all costs to settle suits on actions due to services provided to the Organization, subject to certain restrictions. The Organization has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated.
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#### 9. Commitments

The Organization has entered into an operating lease for certain premises and office equipment as well as other non-cancelable service agreements. Minimum annual amounts due under these agreements for the next five years are as follows:

2025	\$ 514,111
2026	265,992
2027	145,402
2028	23,695
2029	<u>25,163</u>
	<u>\$ 974,363</u>

In addition to the fixed commitments disclosed above, the Organization is committed to proportionately matching the amount of the contributions made by certain donors.

# War Child Canada

## Notes to Financial Statements

December 31, 2024

### 10. Allocation of Expenses

The Organization allocates certain shared or indirect costs that relate to more than one activity based on a historical analysis or the level of staff activity and functional support. The allocated expenses are included in the Statement of Operations and Changes in Net Assets as follows:

	2024			
	Programme support	General administration	Fundraising	Total
Salaries	\$ 515,263	\$ 331,115	\$ 182,361	\$ 1,028,739
Rent and utilities	22,136	7,652	18,115	47,903
Administration	261,685	98,106	214,150	573,941
	<b>\$ 799,084</b>	<b>\$ 436,873</b>	<b>\$ 414,626</b>	<b>\$ 1,650,583</b>

  

	2023			
	Programme support	General administration	Fundraising	Total
Salaries	\$ 468,286	\$ 271,416	\$ 177,725	\$ 917,427
Rent and utilities	19,338	9,684	21,253	50,275
Administration	243,842	122,102	267,978	633,922
	<b>\$ 731,466</b>	<b>\$ 403,202</b>	<b>\$ 466,956</b>	<b>\$ 1,601,624</b>

### 11. Credit Facilities

The Organization has an operating line of credit of \$750,000. The facility is secured by a general security agreement granting a first security interest in all present and after-acquired personal property in Ontario. This credit facility bears interest at the prime rate plus 1%. As at year end, \$Nil (2023 - \$Nil) has been drawn on this facility.

## War Child Canada Notes to Financial Statements

December 31, 2024

### 12. Financial Instruments

#### Currency Risk

*Currency risk* is the risk that arises from fluctuations in foreign exchange rates. The Organization is exposed to currency risk with respect to foreign currency contributions and purchase transactions. A significant portion of the Organization's contributions and project expenses are denominated in foreign currencies.

The Organization entered into the following transactions which have been converted into Canadian dollars:

	2024					
	US Dollar	Australian Dollar	Afghan Afghani	Sudanese Pound	South Sudanese Pound	Uganda Shilling
Cash	\$ 1,583,001	\$ -	\$ 586,672	\$ 6,102	\$ 2,138	\$ 127,220
Investments	1,883,522	-	-	-	-	-
Accounts and donor receivables	130,275	39,143	674,965	-	-	8,307
	3,596,798	39,143	1,261,637	6,102	2,138	135,527
Accounts payable and accrued liabilities	373,185	-	226,967	32,852	-	265,466
Net financial instruments foreign currency balance	3,223,613	39,143	1,034,670	(26,750)	2,138	(129,939)
Deferred contributions	4,742,916	-	-	-	-	84,587
Net Foreign Currency Balance	\$(1,519,303)	\$ 39,143	\$ 1,034,670	\$ (26,750)	\$ 2,138	\$ (214,526)

## War Child Canada Notes to Financial Statements

December 31, 2024

### 12. Financial Instruments (Continued)

#### Currency Risk (continued)

	2023					
	US Dollar	Euro	Afghan Afghani	Sudanese Pound	South Sudanese Pound	Uganda Shilling
Cash	\$ 3,935,805	\$ 6	\$ 94,789	\$ 86,816	\$ 7,482	\$ 330,748
Investments	1,409,598	-	-	-	-	-
Accounts and donor receivables	99,486	-	47,860	12,532	-	11,662
	5,444,889	6	142,649	99,348	7,482	342,410
Accounts payable and accrued liabilities	788,116	-	58,229	67,415	-	134,431
Net financial instruments foreign currency balance	4,656,773	6	84,420	31,933	7,482	207,979
Deferred contributions	4,758,975	-	-	-	-	13,006
Net Foreign Currency Balance	\$ (102,202)	\$ 6	\$ 84,420	\$ 31,933	\$ 7,482	\$ 194,973

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## War Child Canada

### Notes to Financial Statements

December 31, 2024

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#### 12. Financial Instruments (Continued)

##### **Credit Risk**

*Credit risk* is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk primarily with respect to accounts and donor receivables. The Organization manages this risk as accounts and donor receivables are from Government agencies and organizations and individuals known to the Organization with a proven history of payment. An allowance of \$Nil (2023 - \$Nil) has been provided for potential credit losses.

##### **Interest Rate Risk**

*Interest rate risk* is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Organization is exposed to interest rate risk on its cash balances. There was no significant change in exposure from the prior year.

##### **Liquidity Risk**

*Liquidity risk* is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk primarily in respect of its accounts payable.



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## War Child Canada

### Schedule of International Programme Expenses

<b>For the year ended December 31</b>	<b>2024</b>	<b>2023</b>
Uganda	<b>\$ 9,688,784</b>	\$ 7,589,972
Afghanistan	<b>4,417,608</b>	3,386,786
South Sudan	<b>2,609,092</b>	2,734,117
Congo	<b>690,539</b>	849,453
Yemen	<b>175,365</b>	443,769
Sudan	<b>45,312</b>	863,254
Iraq	<b>10,498</b>	19,996
	<b>\$ 17,637,198</b>	<b>\$ 15,887,347</b>

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