

THE MISSION TO CHILDREN
FINANCIAL STATEMENTS
JUNE 30, 2007



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AUDITORS' REPORT

To the Board of Directors of
The Mission to Children

We have audited the statement of financial position of The Mission to Children as at June 30, 2007 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the charity'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 charity as at June 30, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Veres Picton & Co. LLP
CHARTERED ACCOUNTANTS

Edmonton, Alberta
October 31, 2007

Suite 400 10339 - 124 Street, Edmonton, Alberta T5N 3W1
Tel • 780 482 2349 Fax • 780 452 9060 E-mail • veres@planet.eon.net Web • www.verespicton.com

**THE MISSION TO CHILDREN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>2007</u>	<u>2006</u>
Revenue		
Donations	\$ 792,122	\$ 586,335
Sponsorship donations carried forward from prior year	28,279	33,061
Sponsorship donations related to future year	(26,430)	(28,279)
Interest income	<u>20,515</u>	<u>13,513</u>
	<u>814,486</u>	<u>604,630</u>
Program expenditures		
Overseas child welfare	372,236	363,501
Religious publishing and broadcasting	<u>71,706</u>	<u>73,183</u>
Total program expenditures	<u>443,942</u>	<u>436,684</u>
Administration expenditures		
Bank charges	414	1,114
Contracted services	13,067	13,388
Fundraising	13,085	8,700
Office and general administration	60,511	60,759
Professional fees	14,096	13,077
Rent	5,460	6,342
Telephone	1,638	1,736
Wages and benefits	<u>12,740</u>	<u>13,345</u>
Total administration expenditures	<u>121,011</u>	<u>118,461</u>
Total expenditures	<u>564,953</u>	<u>555,145</u>
Excess of revenue over expenditures for the year	<u>\$ 249,533</u>	<u>\$ 49,485</u>

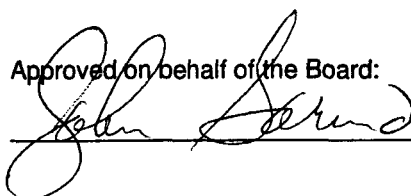
**THE MISSION TO CHILDREN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>2007</u>	<u>2006</u>
Net assets, beginning of year	\$ 696,606	\$ 647,121
Excess of revenue over expenditures for the year	<u>249,533</u>	<u>49,485</u>
Net assets, end of year	<u>\$ 946,139</u>	<u>\$ 696,606</u>

**THE MISSION TO CHILDREN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2007**

	Assets	
	<u>2007</u>	<u>2006</u>
Current		
Cash and cash equivalents (Note 3)	\$ 76,603	\$ 776,054
Short-term investments (Note 4)	979,000	-
Accounts receivable	<u>2,615</u>	<u>5,128</u>
	\$ <u>1,058,218</u>	\$ <u>781,182</u>
	Liabilities	
Current		
Accounts payable and accrued liabilities	\$ 85,649	\$ 56,297
Sponsorship donations related to future year (Note 5)	<u>26,430</u>	<u>28,279</u>
	<u>112,079</u>	<u>84,576</u>
	Net Assets	
Net assets	<u>946,139</u>	<u>696,606</u>
	\$ <u>1,058,218</u>	\$ <u>781,182</u>

Approved on behalf of the Board:

 Director

**THE MISSION TO CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

1. Nature of operations

The Mission to Children is a registered Canadian charity operating programs since 1963 to propagate the Christian gospel and to provide funds for needy children throughout the world. The Mission to Children is incorporated under the Societies Act in the Province of Alberta. As a result, the charity is exempt from income tax under subsection 149.1(l) of the Income Tax Act.

Mission to Children is a U.S. charity operating programs since 1971 to propagate the Christian gospel and to provide funds for needy children throughout the world. Mission to Children (U.S.) is a legally separate and distinct charity from The Mission to Children (Canada) and maintains its own separate Board of Directors and prepares its own financial statements.

The Mission to Children (Canada) and Mission to Children (U.S.) operate under common goals and objectives and carry out their charitable activities jointly in order to achieve maximum efficiency and effectiveness in the use of the donations that they each receive.

2. Significant accounting policies

(a) Basis of presentation

These financial statements are prepared using the deferral method, where donations relating to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

(b) Short-term investments

Short-term investments are recorded at the lower of cost and market value. When there has been a loss in value of an investment that is other than a temporary decline, the investment will be written down to recognize the loss.

(c) Revenue recognition

Donation revenue is recognized upon receipt of the contribution with the exception of child sponsorship donations which are deferred and recognized as revenue on a monthly basis consistent with the disbursement of funds to international sponsorship organizations.

(d) Financial instruments

The charity's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the charity is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values unless otherwise noted.

(e) Statement of cash flows

A statement of cash flows has not been prepared as it would not provide additional useful information.

**THE MISSION TO CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

2. Significant accounting policies - continued

(f) 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

4. Short-term investments

	<u>2007</u>	<u>2006</u>
Guaranteed Investment Certificate bearing interest at 3.75% per annum, maturing June 2008	\$ <u>979,000</u>	\$ <u> -</u>

5. Sponsorship donations related to future year

This balance represents donations made in advance of the donor's monthly sponsorship commitment. These funds will be used toward the sponsorship of children in the next year.

6. Commitments

Under terms of the Income Tax Act, the charity is required to disburse a minimum amount of funds each year for charitable purposes. The charity's disbursement quota is based on 80% of the total of the preceding year's receipted donations less amounts received from estates and trusts. For the 2008 year end the charity has a requirement to spend \$371,083 on charitable work.