

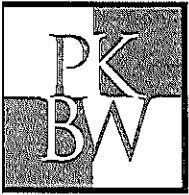
**CANADIAN LUTHERAN WORLD RELIEF
INDEPENDENT AUDITORS' REPORT
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2011**

CANADIAN LUTHERAN WORLD RELIEF

MARCH 31, 2011

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GROUP

CHARTERED ACCOUNTANTS
BUSINESS ADVISORS INC.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Canadian Lutheran World Relief:

We have audited the accompanying financial statements of Canadian Lutheran World Relief, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, changes in net assets, and cash flow for the year then ended, 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 the 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.

Auditors' 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 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 organization'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 organization'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, these financial statements present fairly, in all material respects, the financial position of Canadian Lutheran World Relief as at March 31, 2011, and its results of operations, changes in net assets, and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The prior year's financial statements were audited by another firm of Chartered Accountants whose auditors' report was dated August 18, 2010.

A handwritten signature in cursive script that reads 'PKBW Group'.


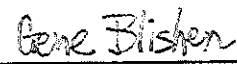
Winnipeg, Manitoba
September 25, 2011

CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

**CANADIAN LUTHERAN WORLD RELIEF
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011**

	<u>General Fund</u>	Alternative <u>Trade Fund</u>	<u>Restricted Fund</u>	<u>Total 2011</u>	<u>Total 2010</u>
ASSETS					
CURRENT ASSETS					
Cash and short term deposits	\$ 1,933,137	142,563	647	2,076,347	2,309,506
Accounts receivable	134,313	2,982	-	137,295	180,407
Accrued interest	75,217	-	60,947	136,164	131,574
Advances to programs	1,729,430	-	-	1,729,430	660,101
Inventory	-	-	-	-	25,094
Prepaid expenses	59,632	-	-	59,632	58,948
Due from restricted fund	<u>823,725</u>	<u>-</u>	<u>-</u>	<u>823,725</u>	<u>712,014</u>
	4,755,454	145,545	61,594	4,962,593	4,077,644
INVESTMENTS (Note 3)	4,043,204	-	1,124,629	5,167,833	3,944,026
CAPITAL ASSETS (Note 4)	<u>112,467</u>	<u>-</u>	<u>-</u>	<u>112,467</u>	<u>159,056</u>
	<u>\$8,911,125</u>	<u>145,545</u>	<u>1,186,223</u>	<u>10,242,893</u>	<u>8,180,726</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$1,195,275	11,079	-	1,206,354	481,343
Deferred revenue (Note 5)	3,209,845	-	-	3,209,845	2,173,210
Due to general fund	-	-	823,725	823,725	712,014
Sponsorship funds (Note 6)	<u>1,102,004</u>	<u>-</u>	<u>-</u>	<u>1,102,004</u>	<u>995,951</u>
	5,507,124	11,079	823,725	6,341,928	4,362,518
NET ASSETS					
Internally restricted (Sch. 3)	-	-	362,498	362,498	445,255
Invested in capital assets	112,467	-	-	112,467	159,056
Unrestricted	<u>3,291,534</u>	<u>134,466</u>	<u>-</u>	<u>3,426,000</u>	<u>3,213,897</u>
	3,404,001	134,466	362,498	3,900,965	3,818,208
	<u>\$8,911,125</u>	<u>145,545</u>	<u>1,186,223</u>	<u>10,242,893</u>	<u>8,180,726</u>

APPROVED BY THE BOARD:


 _____ Director

 _____ Director

**CANADIAN LUTHERAN WORLD RELIEF
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2011**

	<u>General Fund</u>	<u>Canadian Food Grains Bank Alternative Fund (Note 2(i))</u>	<u>Trade Fund</u>	<u>Restricted Fund</u>	<u>Total 2011</u>	<u>Total 2010</u>
NET ASSETS, BEGINNING OF YEAR, as previously reported	\$3,216,116	451,705	156,837	445,255	4,269,913	4,058,686
CHANGE IN ACCOUNTING POLICY (Note 2(i))	<u>-</u>	<u>(451,705)</u>	<u>-</u>	<u>-</u>	<u>(451,705)</u>	<u>(368,986)</u>
NET ASSETS, BEGINNING OF YEAR, as restated	3,216,116	-	156,837	445,255	3,818,208	3,689,700
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>187,885</u>	<u>-</u>	<u>(22,371)</u>	<u>(82,757)</u>	<u>82,757</u>	<u>128,508</u>
NET ASSETS, END OF YEAR	<u>\$3,404,001</u>	<u>-</u>	<u>134,466</u>	<u>362,498</u>	<u>3,900,965</u>	<u>3,818,208</u>

**CANADIAN LUTHERAN WORLD RELIEF
STATEMENT OF OPERATIONS
MARCH 31, 2011**

	<u>General Fund</u>	<u>Alternative Trade Fund</u>	<u>Restricted Fund</u>	<u>Total 2011</u>	<u>Total 2010</u>
REVENUE					
Congregations and individuals (Sch. 1)	\$3,480,791	-	-	3,480,791	3,470,903
Government and other grants (Sch. 2)	2,980,938	-	-	2,980,938	3,286,862
	6,461,729	-	-	6,461,729	6,757,765
Interest	113,953	-	9,430	123,383	138,766
Four Corners sales	-	112,921	-	112,921	238,703
	<u>6,575,682</u>	<u>112,921</u>	<u>9,430</u>	<u>6,698,033</u>	<u>7,135,234</u>
EXPENSES					
Relief - material aid and self help (Sch. 4)	4,037,594	-	-	4,037,594	4,188,838
General management (Sch. 5)	312,230	-	-	312,230	212,585
Regional offices (Sch. 6)	178,581	-	-	178,581	224,311
Community relations	504,042	-	92,187	596,229	707,040
Refugees	345,403	-	-	345,403	386,930
International volunteer service	80,590	-	-	80,590	94,959
Program management	600,304	-	-	600,304	528,992
Project management	126,330	-	-	126,330	70,165
Material aid management	238,581	-	-	238,581	196,727
Alternative Trade Operations (Sch. 7)	-	135,292	-	135,292	788,605
	<u>6,423,655</u>	<u>135,292</u>	<u>92,187</u>	<u>6,651,134</u>	<u>7,399,152</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS					
	<u>152,027</u>	<u>(22,371)</u>	<u>(82,757)</u>	<u>46,899</u>	<u>(263,918)</u>
OTHER ITEMS					
Unrealized gain on investments	6,711	-	-	6,711	24,434
Recognition of service	-	-	-	-	13,090
Sundry income	122	-	-	122	368,317
Gain (loss) on translation of foreign currency	29,025	-	-	29,025	(13,415)
	<u>35,858</u>	<u>-</u>	<u>-</u>	<u>35,858</u>	<u>392,426</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES					
	<u>\$ 187,885</u>	<u>(22,371)</u>	<u>(82,757)</u>	<u>82,757</u>	<u>128,508</u>

**CANADIAN LUTHERAN WORLD RELIEF
STATEMENT OF CASH FLOWS
MARCH 31, 2011**

	<u>General Fund</u>	<u>Alternative Trade Fund</u>	<u>Restricted Fund</u>	<u>Total 2011</u>	<u>Total 2010</u>
CASH PROVIDED BY (USED FOR)					
OPERATING ACTIVITIES					
Cash received from CIDA	\$ 1,875,000	-	-	1,875,000	2,933,621
Cash received from other government agencies	1,138,206	-	-	1,138,206	168,693
Cash received from congregations and individuals	4,485,280	-	368	4,485,648	4,658,306
Cash received from sales	-	135,462	-	135,462	-
Investment income	138,685	-	(19,892)	118,793	198,213
Cash paid for administration	(1,795,491)	(83,296)	-	(1,878,787)	(2,354,105)
Cash paid for programs	(4,879,786)	-	(92,187)	(4,971,973)	(4,456,096)
Cash paid for inventory	-	(7,476)	-	(7,476)	-
Sponsorship funds received (net of funds disbursed)	106,053	-	-	106,053	200,754
Interfund transfer	(111,711)	-	111,711	-	-
	<u>956,236</u>	<u>44,690</u>	<u>-</u>	<u>1,000,926</u>	<u>1,349,386</u>
INVESTING ACTIVITIES					
Proceeds from disposal of land and building	-	-	-	-	483,840
Purchase of investments	(1,217,096)	-	-	1,217,096	(83,728)
Purchase of capital assets	(16,989)	-	-	16,989	(105,230)
	<u>(1,234,085)</u>	<u>-</u>	<u>-</u>	<u>(1,234,085)</u>	<u>294,882</u>
INCREASE (DECREASE) IN CASH AND SHORT TERM DEPOSITS	(277,849)	44,690	-	(233,159)	1,644,268
CASH AND SHORT-TERM DEPOSITS, BEGINNING OF YEAR	<u>2,210,986</u>	<u>97,873</u>	<u>647</u>	<u>2,309,506</u>	<u>665,238</u>
CASH AND SHORT-TERM DEPOSITS, END OF YEAR	<u>\$ 1,933,137</u>	<u>142,563</u>	<u>647</u>	<u>2,076,347</u>	<u>2,309,506</u>

**CANADIAN LUTHERAN WORLD RELIEF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

1. ACCOUNTING ENTITY

Canadian Lutheran World Relief (CLWR) is a non-profit organization incorporated, without share capital, in the Province of Manitoba. It is registered with Canada Revenue Agency as a charitable organization under the registration number 106863038 RR0001. CLWR is the service delivery arm for overseas development programming and relief for the Evangelical Lutheran Church in Canada and Lutheran Church - Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Fund Accounting

The organization follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Alternative Trade Fund accounts for the organization's Alternative Trade Operation (ATO). The purpose of ATO is to provide a market for goods produced by artisans in lesser developed countries. ATO activities are conducted through a sales outlet operating under the name "Four Corners". On March 6, 2010 the Board of Directors supported the management decision to close and wind up the sales outlet.

The organization also has the following internally restricted funds. These funds are to be used at the discretion of the Board of Directors.

- (i) The Financial Assistance Fund provides loans to immigrants, refugees and other individuals or groups.
- (ii) The Special Projects Fund is to be used for initiatives to be determined at a future date. Within this fund disclosed in Schedule 3 is a balance for the Ruth E. Jensen travel Fund in the amount of \$26,983.
- (iii) The Resource Generation Fund was initiated four years ago to help increase CLWR's implementation of a fundraising strategy. March 31, 2011 marks the end of four years and the fund is now closed.
- (iv) The Disaster Aid Fund is to be used to provide material and relief for domestic emergencies.

(b) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted Fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Cash and short term deposits

Cash and short term deposits consist of balances with banks.

**CANADIAN LUTHERAN WORLD RELIEF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Capital Assets

Purchased capital assets are recorded at cost. Amortization is provided as follows:

Buildings	20 years straight line
Leasehold improvements	46 months straight line
Furniture and fixtures	10 years straight line
Computer hardware and software	4 years straight line
Regional office furniture, computer and vehicles	10 and 4 years straight line

In the year of acquisition, one-half of the annual amortization rate is applied.

(e) Translation of Foreign Exchange

Revenue and expense items denominated in foreign currencies are translated at exchange rates in effect at the transaction dates. Assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at March 31, 2011.

(f) Regional offices and programs

The consolidation of the financial statement of regional offices and programs with CLWR's operations is based on financial reports which are subject to individual examination by independent auditor's in the countries the offices and programs are located. The audit in respect of these financial statements is carried out on a test basis on the documentation and analysis of figures shown in those financial reports, which do not include the underlying substantive documentation.

(g) Contributed Services and Donated Materials

Contributed services and donated materials are not recognized in the financial statements.

(h) Allocation of expenses

Expenses are recorded on an accrual basis and are charged to the programs and projects according to the activity they benefit.

The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs. Expenses related to salaries and benefits and administration are allocated to programs based on a percentage of budgeted expenses. This basis of allocation is reviewed periodically and may be revised according to circumstances prevailing from time to time.

(i) Change in Accounting Policy

The organization has retroactively changed how it accounts for its interest in Canadian Foodgrains Bank Association Inc. (CFGB). The previous accounting policy was to account for a component of the interest in CFGB on a consolidation method, recognizing a component of their member equity account as an asset in the statement of financial position. CICA standard 4450 (Reporting Controlled and Related Entities by Not-for-profit Organizations) provides alternatives for reporting organizations in which a not-for-profit has an economic interest and where significant influence exists. The organization has decided to provide disclosure of the interest in CFGB in accordance with CICA 4450 in note 9 to the financial statements.

This change in accounting policy has resulted in an elimination of the Canadian Food Grains Bank Fund, a decrease in the prior year opening net assets of \$368,986, a decrease in prior year revenues of \$995,072, a decrease in prior year expenses of \$912,353 and a decrease in assets and net assets of \$451,705 for the year ended March 31, 2010.

**CANADIAN LUTHERAN WORLD RELIEF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Future Accounting Policy Changes

The Accounting Standards Board of the CICA has issued new standards for non-profit organization's (NPO's) which will be effective for annual reporting periods that commence on or after January 1, 2012, although earlier standard adoption is permitted. These new standards are not expected to have any significant impact on the results of operation or financial position of the organization. It is anticipated that the organization will adopt these new standards for its year ending March 31, 2012.

3. INVESTMENTS

	<u>2011</u>		<u>2010</u>	
	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Fixed income	\$3,942,307	1,124,629	5,066,936	3,849,840
Common shares	75,466	-	75,466	73,472
Mutual funds	25,431	-	25,431	20,714
	<u>\$4,043,204</u>	<u>1,124,629</u>	<u>5,167,833</u>	<u>3,944,026</u>

4. CAPITAL ASSETS

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
General Fund				
Leasehold improvements	\$ 75,331	34,390	75,331	14,739
Furniture and fixtures	44,797	23,359	169,280	149,683
Computer hardware and software	104,844	78,391	221,442	185,436
Regional offices furniture, computer and vehicles	95,980	72,345	95,980	60,771
	<u>320,952</u>	<u>208,485</u>	<u>562,033</u>	<u>410,629</u>
Alternative Trade Fund				
Furniture and fixtures	-	-	10,211	6,763
Computer hardware and software	-	-	22,086	17,882
	<u>-</u>	<u>-</u>	<u>32,297</u>	<u>24,645</u>
	<u>320,952</u>	<u>208,485</u>	<u>594,330</u>	<u>435,274</u>
	<u>\$ 112,467</u>		<u>159,056</u>	

5. DEFERRED REVENUE

	<u>2011</u>	<u>2010</u>
Canadian International Development Agency Partnerships with Canadians	\$ 625,210	503,942
Province of Manitoba	-	89,000
Donations from congregations and individuals	<u>2,584,635</u>	<u>1,580,268</u>
	<u>\$3,209,845</u>	<u>2,173,210</u>

6. SPONSORSHIP FUNDS UNDER ADMINISTRATION

Funds are being held in trust on behalf of individuals who have applied for sponsorship of refugees and other individuals to immigrate to Canada. The funds will be paid to the immigrants once they have settled in Canada. If an individual is not allowed to immigrate, the funds along with accrued interest will be returned to the contributor.

**CANADIAN LUTHERAN WORLD RELIEF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

7. COMMITMENTS

The organization has entered into a number of operating leases for equipment and space for its Winnipeg, Vancouver and Toronto offices. The minimum annual lease payments required under these leases for the next four years are as follows:

2012	\$78,916
2013	34,241
2014	3,285
2015	843

A number of these leases also require the payment of amounts for shared costs. The amount of these shared costs cannot be reasonably determined at this time.

8. CONTINGENCIES

The organization receives funding from Canadian International Development Agency (CIDA) and other organizations to administer various relief and development programs. CLWR transfers funds to these programs based on approved financial plans and budgets. Under the terms of various agreements with CIDA, the activities of CLWR are subject to audit by CIDA to ensure compliance with the agreements. Should an audit disclose any discrepancies, CLWR may be required to reimburse CIDA for any expenses that may be disallowed as project expenses.

CLWR is a participating employer in the Pension Plan for Clergy and Lay Workers of the Evangelical Lutheran Church in Canada, a multi-employer pension plan. The most recent actuarial valuation prepared as at December 31, 2010 reported that the multi-employer plan had an unfunded liability of \$2,649,834 (2009 - \$4,261,569) on a total plan liability of \$54,998,578 (2009 - \$57,214,781).

9. CANADIAN FOODGRAINS BANK ASSOCIATION INC.

The organization exercises significant influence over Canadian Foodgrains Bank Association Inc. (CFGB) as it is one of fifteen partners in the Canadian Foodgrains Bank Association Inc. (CFGB), a non-profit organization without share capital, incorporated under the laws of Canada and has the ability to appoint two of CFGB's board of directors. CFGB conducts a centralized grain collection system on behalf of its member agencies, negotiates master agreements with Canadian International Development Agency, the Canadian Wheat Board and other organizations, manages procurement and shipping for members and engages in policy and learning activities related to hunger and food security.

CLWR has a member equity account with CFGB that is shown as internally restricted net assets on the financial statements of CFGB. This member equity account receives designated gifts (designated to CLWR and received by CFGB), CIDA grants and transfers from other members. The member equity account also accounts for disbursements for programs administered by CFGB, disbursements to CLWR for projects administered by CLWR, and disbursements for shared operating expenses and other projects carried out by CFGB. The balance in CLWR's member equity account as of March 31, 2011 is \$941,176 (2010 - \$762,608). Of this balance, \$600,365 (2010 - \$310,903) is reserved for future projects, while \$340,811 (2010 - \$451,705) is available for CLWR to commit to new projects, as long as the projects meet the objectives of CFGB.

During the year ended March 31, 2011 the organization received funding of \$1,087,038 (2010 - \$961,937) from CFGB.

10. RECOGNITION OF SERVICE

An employee who leaves CLWR for any reason other than cause will be paid an amount for past service. For every year worked, departing employees will receive one weeks' salary with the payment based on the employees salary at the time they leave. \$131,790 (2010 - \$128,664) has been recorded as the accrued liability to the existing employees as at March 31, 2011.

**CANADIAN LUTHERAN WORLD RELIEF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

11. CLOSURE OF FOUR CORNERS

On March 6, 2010 the Board of Directors supported the management decision to close and wind up the operations of Four Corners effective on April 14, 2010. At March 31, 2010 the existing inventory was written down in value to an estimated realizable value of \$25,094. Any future costs related to the wind up will be account for in the period they are incurred.

12. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial instruments

The organization has continued to apply CICA Section 3861 Financial Instruments - Disclosure and Presentation in place of CICA Sections 3862 and 3863, as permitted by the CICA Handbook. Financial assets and liabilities held for trading are measure at fair value and changes in those fair values are recognized in the statement of operations. Financial assets held to maturity, loans or receivables and other financial liabilities are measure at amortized cost using the effective interest rate method of amortization.

CLWR has categorized its financial assets and liabilities as follows:

- (i) Cash is classified as held for trading.
- (ii) Accounts receivable and loans receivable are classified as held for trading.
- (iii) Investments in common shares and mutual funds are classified as held for trading and are measured at fair value.
- (iv) Investments in fixed income securities are classified as held to maturity and are recorded at amortized cost using the effective interest rate method.
- (v) Accounts payable and sponsorship funds under administration are classified as other financial liabilities.

At March 31st of each year CLWR assesses whether a financial asset is permanently impaired. If there is objective evidence that an impairment loss exists, the amount of the loss is measure as the difference between the carrying amount of the asset and its fair value. The carrying amount of the asset is reduced and the amount of the loss is recognized in investment income.

(b) Fair value of financial instruments

The carrying value of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities approximates fair market value due to their short-term nature.

(c) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes in the organization's cash flows, financial position and revenue. This risk arises from differences in the timing and amount of cash flows related to CLWR's assets. The value of CLWR's assets is affected by short term changes in prevailing market interest rates and equity markets. As at March 31, 2011 CLWR's investments in bonds and debentures mature from June 2011 to June 2015, with interest rates ranging from 0.75% to 4.60%, while the weighted average rate of return is 2.18%.

**CANADIAN LUTHERAN WORLD RELIEF
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(d) Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities, deferred revenue and sponsorship funds under administration. Accounts payable and accrued liabilities are paid in the normal course of business and except under certain exceptions, no later than one month.

The organization's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At March 31, 2011, the organization has a cash balance of \$2,076,347.

(e) Credit risk

The organization is exposed to credit risk to the extent that its donors may experience financial difficulty and would be unable to meet their obligations. CLWR has a large number of diverse donors which minimizes this risk.

(f) Foreign Currency Risk

Foreign currency risk arises from certain of the organization's obligations which must be settled in US dollars in the coming fiscal year. CLWR does not engage in hedging transactions to preclude its exposure to foreign currency risk.

(g) Capital Management

The organization defines its capital as the amounts included in its net assets. Its objective when managing capital is to safeguard its ability to sustain itself as a going concern so that it can continue to provide benefits and services to its stakeholders.

Management and the Board of Directors considers fundraising campaigns, government grants and investment income to ensure that sufficient funds will be available to meet CLWR's short and long-term objectives.

CLWR monitors its financial performance against an annual budget. Surpluses from operational activities are accumulated in the General Fund. The organization does budget for operating deficits from all funds, however, no deficit will be allowed to exceed the total funds available in unrestricted net assets.

14. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted in the current year.

**CANADIAN LUTHERAN WORLD RELIEF
SCHEDULES OF REVENUE
YEAR ENDED MARCH 31, 2011**

CONTRIBUTIONS AND DONATIONS	SCHEDULE 1	
	<u>2011</u>	<u>2010</u>
GENERAL FUND		
Contributions and donations from congregations and individuals	\$ 4,485,158	4,236,830
Deferred revenue, beginning of year	1,580,268	778,634
Deferred revenue, end of year	<u>(2,584,635)</u>	<u>(1,580,268)</u>
Congregations and individuals	3,480,791	3,435,196
ALTERNATIVE TRADE FUND		
Congregations and individuals	-	10,704
RESTRICTED FUND		
Congregations and individuals	<u>-</u>	<u>25,003</u>
	<u>\$ 3,480,791</u>	<u>3,470,903</u>

GOVERNMENT AND OTHER GRANTS	SCHEDULE 2	
	<u>2011</u>	<u>2010</u>
Canadian International Development Agency		
Partnerships with Canadians	\$ 1,753,732	1,884,332
International Humanitarian Assistance	<u>-</u>	<u>360,900</u>
	1,753,732	2,245,232
Canadian Foodgrains Bank Association Inc.	1,087,038	961,937
Province of Manitoba	121,969	58,498
Province of Saskatchewan	<u>18,199</u>	<u>21,195</u>
	<u>\$ 2,980,938</u>	<u>3,286,862</u>

**CANADIAN LUTHERAN WORLD RELIEF
SCHEDULE OF INTERNALLY RESTRICTED FUNDS
YEAR ENDED MARCH 31, 2011**

SCHEDULE 3

	<u>Financial Assistance</u>	<u>Special Projects</u>	<u>Resource Generation</u>	<u>Disaster Aid</u>	<u>Total 2011</u>	<u>2010</u>
REVENUE						
Interest	\$ 3,521	4,708	-	1,201	9,430	24,853
Donations	-	-	-	-	-	25,003
	<u>3,521</u>	<u>4,708</u>	<u>-</u>	<u>1,201</u>	<u>9,430</u>	<u>49,856</u>
EXPENSES						
Community relations	-	-	92,187	-	92,187	312,062
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	3,521	4,708	(92,187)	1,201	(82,757)	(262,206)
NET ASSETS, BEGINNING OF YEAR	<u>131,532</u>	<u>176,533</u>	<u>92,187</u>	<u>45,003</u>	<u>445,255</u>	<u>707,461</u>
NET ASSETS, END OF YEAR	<u>\$ 135,053</u>	<u>181,241</u>	<u>-</u>	<u>46,204</u>	<u>362,498</u>	<u>445,255</u>

**CANADIAN LUTHERAN WORLD RELIEF
SCHEDULE OF RELIEF - MATERIAL AID AND SELF HELP
YEAR ENDED MARCH 31, 2011**

SCHEDULE 4

	<u>2011</u>	<u>2010</u>
LATIN AMERICA		
Argentina	\$ 10,000	7,500
Bolivia	251,139	275,425
Chile	5,000	-
Columbia	5,333	3,417
Nicaragua	48,620	22,352
Peru	244,068	279,824
CENTRAL AMERICA		
El Salvador	18,527	32,007
Haiti	653,601	18,921
AFRICA		
Cameroon	9,985	7,500
Ethiopia	718,025	728,846
Global	25,066	21,255
Malawi	-	13,384
Mozambique	301,399	355,553
Rwanda	936	581
Sudan	2,327	2,946
Southern Africa	36,307	37,500
Tanzania	7,362	8,928
Zambia	477,073	740,797
ASIA		
Bangladesh	9,660	10,797
Burma	-	83,541
Cambodia	1,581	36,948
China	7,200	37,085
India	795,120	524,812
Indonesia	-	13,287
Pakistan	4,500	43,021
South Asia	11,731	-
MIDDLE EAST		
Afghanistan	-	300
Israel/Palestine	65,417	384,931
Jordan	12,007	15,000
MISCELLANEOUS		
Evaluations/Program Reviews	40,433	73,045
Lutheran World Federation, Geneva	145,000	145,000
Environmental and Capacity Training	65,616	75,885
Church related and small projects (recovery)	64,561	186,204
New Initiatives	-	2,246
	<u>\$4,037,594</u>	<u>4,188,838</u>

**CANADIAN LUTHERAN WORLD RELIEF
SCHEDULES OF EXPENSES
YEAR ENDED MARCH 31, 2011**

SCHEDULE 5

GENERAL MANAGEMENT

	<u>2011</u>	<u>2010</u>
SALARIES		
Total salaries	\$ 1,155,289	1,232,787
Allocated to other departments	<u>(1,025,225)</u>	<u>(1,121,466)</u>
Net salaries	<u>130,064</u>	<u>111,321</u>
BENEFITS		
Total benefits	265,222	278,110
Allocated to other departments	<u>(238,791)</u>	<u>(253,303)</u>
Net benefits	<u>26,431</u>	<u>24,807</u>
TRAVEL		
Total travel	289,882	145,352
Allocated to other departments	<u>(208,491)</u>	<u>(127,302)</u>
Net travel	<u>81,391</u>	<u>18,050</u>
ADMINISTRATION EXPENSES		
Amortization	44,352	45,659
Board expenses	37,090	34,912
General expenses	22,914	23,265
Bank and credit card fees	21,840	26,204
Postage	10,024	18,706
Office supplies	8,097	13,144
Communications	23,114	25,411
Building expense	-	6,731
Service contracts	5,238	4,455
Membership and agency relations	67,641	68,911
Staff search	6,683	15,340
Equipment updates and expense	8,015	4,234
Consultancy services	21,640	33,899
Equipment leasing	4,468	4,468
Professional development	29,602	3,650
Rent	76,879	60,266
Audit and legal fees	<u>17,910</u>	<u>22,385</u>
	<u>405,507</u>	<u>411,640</u>
Allocated to other departments	<u>(331,163)</u>	<u>(353,233)</u>
Net administration	<u>74,344</u>	<u>58,407</u>
	<u>\$ 312,230</u>	<u>212,585</u>

**CANADIAN LUTHERAN WORLD RELIEF
SCHEDULES OF EXPENSES
YEAR ENDED MARCH 31, 2011**

SCHEDULE 6

REGIONAL OFFICES

	<u>2011</u>	<u>2010</u>
Africa	\$ (8,154)	6,039
Bolivia	111,156	142,579
Peru	<u>75,579</u>	<u>75,693</u>
	<u>\$ 178,581</u>	<u>224,311</u>

**CANADIAN LUTHERAN WORLD RELIEF
SCHEDULE OF ALTERNATIVE TRADE OPERATIONS
YEAR ENDED MARCH 31, 2011**

SCHEDULE 7

	<u>2011</u>	<u>2010</u>
REVENUE		
Sales	\$ 112,921	\$ 238,703
COST OF SALES	<u>32,570</u>	<u>168,228</u>
GROSS PROFIT	<u>80,351</u>	<u>70,475</u>
EXPENSES		
Salaries and benefits	41,327	146,505
Travel and conventions	455	4,271
General support	27,442	25,688
Casual labour and volunteer	-	2,853
Freight, courier and postage	3,324	4,363
Advertising and promotion	1,365	11,948
Office supplies	642	2,091
Amortization	-	3,121
Audit and legal	-	2,058
Bank charges	2,345	2,519
Honorarium - ELW	-	1,382
Miscellaneous	22	405
Training and education	-	385
Moving and renovation	-	3,801
Bad debt	<u>18,148</u>	<u>-</u>
	<u>95,070</u>	<u>211,390</u>
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER ITEM	<u>(14,719)</u>	<u>(140,915)</u>
OTHER ITEM		
Inventory write-down	-	(408,987)
Donations	-	10,704
Capital asset write-off	<u>(7,652)</u>	<u>-</u>
	<u>(7,652)</u>	<u>(398,283)</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (22,371)</u>	<u>(539,198)</u>