

COVER DVD

MILLIONS OF WOMEN ARE FORGING A FUTURE FOR THE WORLD'S CHILDREN. CARE CANADA IS HELPING THEM DO IT.

WATCH THIS FOUR-MINUTE DVD AND SEE FOR YOURSELF THE POWER WOMEN HAVE TO NURTURE FAMILIES, BUILD COMMUNITIES AND HELP HEAL ALL FORMS OF HUMAN SUFFERING.

Vision

We seek a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security.

CARE Canada will be a global force and a partner of choice within a worldwide movement dedicated to ending poverty. We will be known everywhere for our unshakeable commitment to the dignity of people.

Mission

CARE Canada's mission is to serve individuals and families in the poorest communities of the world. Drawing strength from our global diversity, resources and experience, we promote innovative solutions and are advocates for global responsibility. We facilitate lasting change by:

- strengthening capacity for self-help,
- providing economic opportunity,
- delivering relief in emergencies,
- influencing policy decisions at all levels, and
- addressing discrimination in all its forms.

Guided by the aspirations of local communities, we pursue our mission with both excellence and compassion; the people whom we serve deserve nothing less.

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AT A GLANCE

FACTS AND FIGURES

NUMBER OF COUNTRIES WITH
CARE CANADA PROJECTS

44

NUMBER OF CARE PROJECTS
BY PROGRAM ACTIVITY

Health and HIV/AIDS

39

Economic Development

27

Humanitarian Assistance
and Emergencies

81

Livelihoods

97

TOTAL

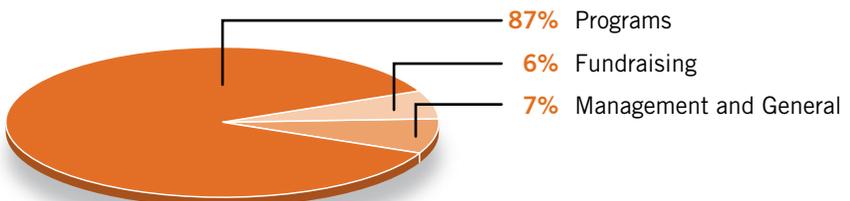
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COUNTRIES WITH CARE CANADA SUPPORTED PROJECTS

Afghanistan	Kenya
Bangladesh	Lebanon
Cambodia	Madagascar
Cameroon	Malawi
Chad	Mali
Chechnya/ Ingushetia	Mozambique
Colombia	Myanmar
Cote d'Ivoire	Nepal
Cuba	Nicaragua
Democratic Republic of the Congo	Nigeria
Egypt	Pakistan
El Salvador	Peru
Ethiopia	Philippines
Ghana	Senegal
Guatemala	Somalia
Haiti	South Africa
Honduras	Sri Lanka
India	Sudan
Indonesia	Tajikistan
Jordan	Tanzania
	Timor-Leste
	Zambia
	Zimbabwe

CARE Canada is a member of CARE International, which operates in nearly 70 countries.

ALLOCATION OF CANADIAN-SOURCED REVENUE FOR THE YEAR 2008





THE EVOLUTION OF CARE

1946:

THE CARE PACKAGE

Even as soldiers put down their guns, hundreds of thousands of European men, women and children who survived World War II faced starvation. Canadians saw the need and, moved by fellowship, compassion and generosity, packed boxes full of canned and dried goods to ship overseas. In its first delivery on May 11, 1946, CARE rushed lifesaving packages to more than 20,000 families.

1950–1969:

A WORLD IN NEED

Keenly aware of how man-made and natural disasters can undermine human life and dignity, Canadians relied on CARE to rush food and other essential supplies to communities in crisis. CARE expanded into Africa and Asia, sending emergency relief where necessary to meet the basic needs of impoverished families, and soon began training doctors to give thousands of children, women and men access to quality healthcare.



1970–2007: WHEN FOOD IS NOT ENOUGH

Even with food to serve their families, aid recipients had life but no hope. They still lacked access to clean water, adequate shelter, effective medicines and affordable education. CARE Canada responded. In the 1970s, CARE Canada began to help communities overcome long-term housing, education, economic development, and water and sanitation challenges. Among its many activities, CARE Canada offered training to farmers and businesspeople, imparted basic nutrition and health-care information to community nurses, and presented vital non-food items such as carpentry tools, blankets, school supplies and water-purification systems to families.

2008: REACHING THE ROOT OF THE FAMILY AND COMMUNITY

The empowerment of women has long been a principal goal of all CARE Canada programs. Never, however, have the benefits of such an approach been more apparent. Impoverished women around the world are taking ownership of their lives and the future of their families and communities. This year, CARE Canada formally recommits to helping women fight not only poverty, but also discrimination, exclusion and cultural norms that perpetuate inequality.

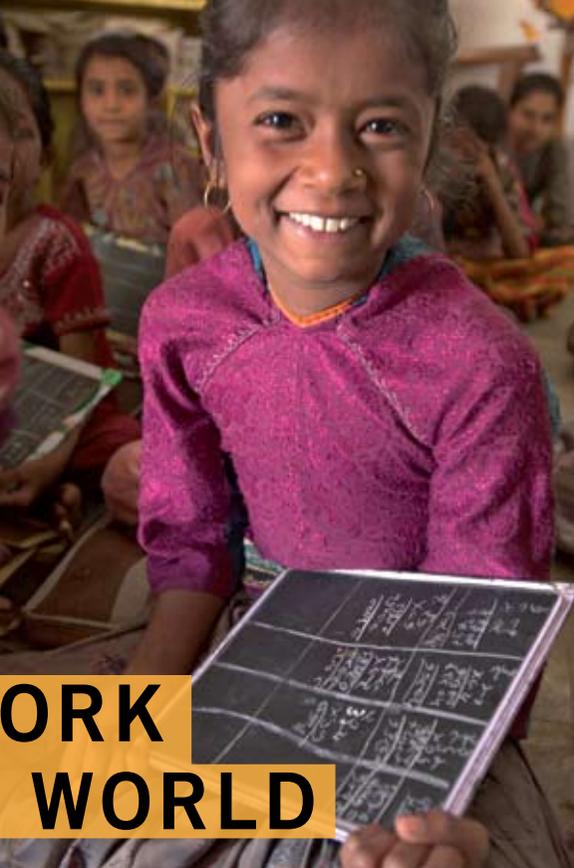


A POWERFUL PARTNERSHIP

CHRISTINA KNOWS the rewards of hard work. A Tanzanian woman of 53, she is, against all odds, the owner of a small business.

Two years ago, Christina had barely enough money to feed her husband, elderly mother and eight children, let alone invest in an entrepreneurial vision. But when she became a member of a CARE Village Savings and Loans group, Christina was able to apply for and obtain a loan of 4,000 Tanzanian shillings—roughly \$40—enough to establish a modest gravel-making company.

Christina is now her own boss. Her profits are hers to spend on building a burnt-brick house that does not leak, sending her son Paulo to secondary school and reinvesting in the Village Savings and Loans group so that other members may benefit from the pooled resources as she did.



WOMEN AT WORK AROUND THE WORLD

CARE CANADA RALLIES WOMEN IN DEVELOPING COUNTRIES AROUND THE WORLD, KNOWING—FROM MORE THAN 60 YEARS OF EXPERIENCE—THAT EARNEST EFFORT, STEADFAST DETERMINATION AND UNFLINCHING HOPE CAN CHANGE THE WORLD.





IN KENYA

Two days after Kenyans waited for hours in oppressive heat to cast their ballots, choose their next president and make their voices heard, violence erupted. When allegations of election fraud degenerated into incidents of widespread plunder and murder, CARE Canada's local team of more than 300 women and men went immediately to work, offering assistance to displaced families and preparing villages to welcome them back once tensions eased.

IN BANGLADESH

Teams of impoverished women are building roads—literally—to gain access to jobs in this South Asian country. Their efforts over the past 20 years have earned them not only recognition and respect within their own villages, but also the attention of the international community. In 2008, their construction program was honoured with a Canadian Award for International Cooperation.

IN AFGHANISTAN

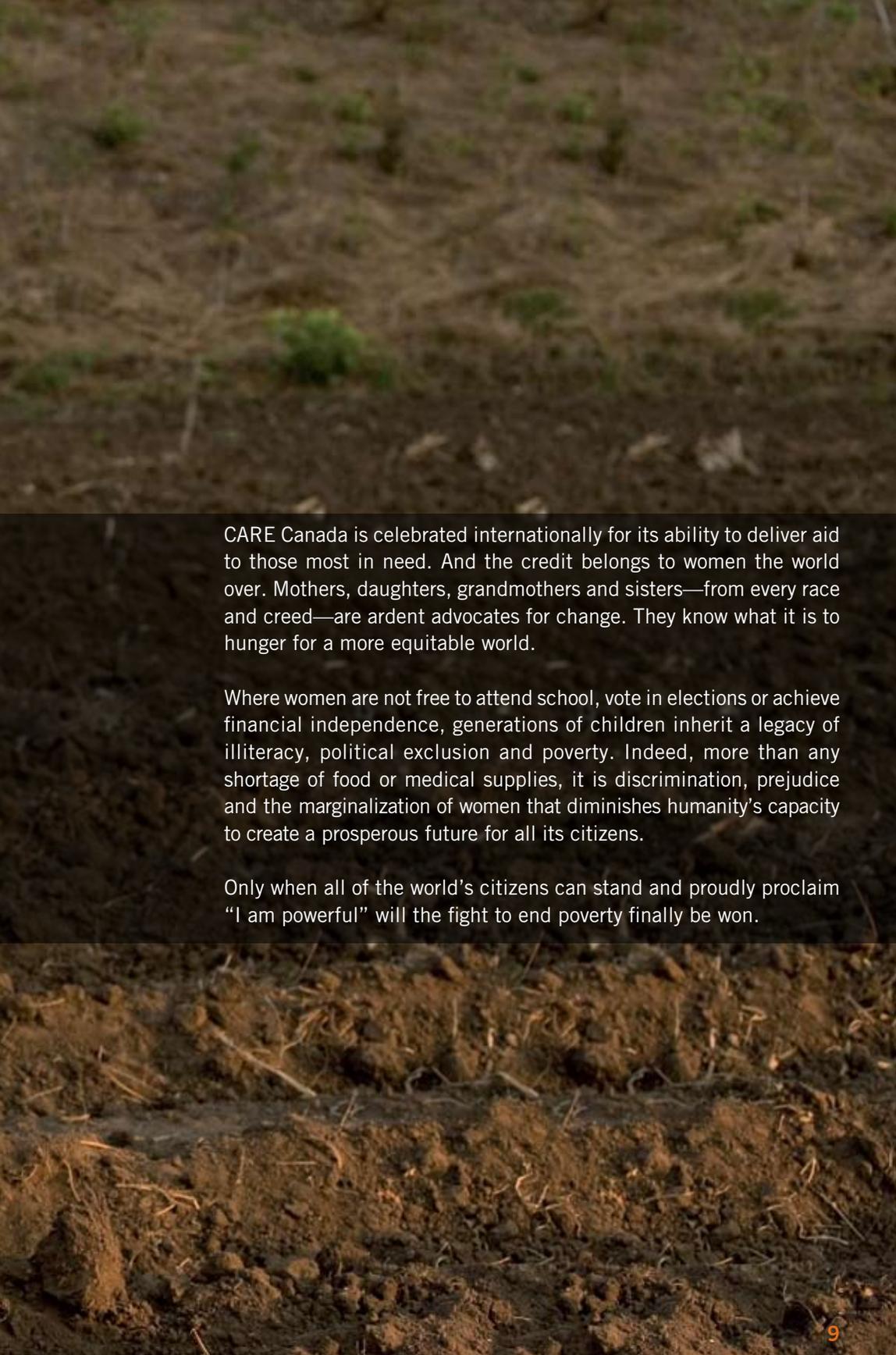
Widowed by three decades of intense conflict, a generation of Afghan women is now without means of supporting themselves or their families. Excluded from education and economic opportunities, they rely on a CARE Canada food program for survival. But these courageous women are not without hope for a more prosperous future. As students in a CARE Canada vocational-training program, they learn practical skills that will enable them to earn wages and enjoy long-denied lives of self-sufficiency, stability and security.

IN NICARAGUA

Women are improving health and environmental sustainability for themselves, their families and their communities. They are learning water conservation and trying new technologies adapted to their unique conditions, such as fortified crops, and environment- and health-friendly stoves and latrines.

A woman stands in a rural, outdoor setting, wearing a headscarf and a patterned top with a long skirt. She holds a wooden staff vertically. The background is a mix of dirt and sparse vegetation. A semi-transparent dark band is overlaid across the middle of the image, containing the text.

THE POWER TO CHANGE



CARE Canada is celebrated internationally for its ability to deliver aid to those most in need. And the credit belongs to women the world over. Mothers, daughters, grandmothers and sisters—from every race and creed—are ardent advocates for change. They know what it is to hunger for a more equitable world.

Where women are not free to attend school, vote in elections or achieve financial independence, generations of children inherit a legacy of illiteracy, political exclusion and poverty. Indeed, more than any shortage of food or medical supplies, it is discrimination, prejudice and the marginalization of women that diminishes humanity's capacity to create a prosperous future for all its citizens.

Only when all of the world's citizens can stand and proudly proclaim "I am powerful" will the fight to end poverty finally be won.

MESSAGE FROM THE CHAIRMAN

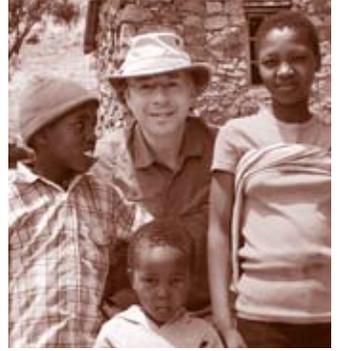
Amid the devastation of World War II, a seed took root. Compassion, planted in the form of the CARE Package, gave rise to the CARE organization. Weathering seasons of scarcity and flourishing in bumper years, CARE has since become one of the most effective global institutions in the fight against poverty. I am very pleased to say that in 2007-2008 CARE Canada emerged from a year of challenges and transition to one of new growth and rejuvenation.

The financial health of the organization has strengthened. The Board of Directors has welcomed some exceptional new talent: Susan Smith, retired Senior VP of RBC Royal Bank; Dr. Martha Piper, past UBC President; and Louise Fréchette, former Deputy Secretary General of the UN and an Officer of the Order of Canada.

This year we also made a point to keep building our relationships with corporate donors and corporations involved in extensive international operations. We look forward to using our expertise in emergency response and fighting poverty in conjunction with and supported by our corporate partners.

Beyond Canada's borders we have seen growth as well. 2008 saw CARE Canada once again take a significant leadership role within the CARE International family. We have played a leading role in governance changes in CARE International, culminating in the hire of a new Secretary General, the election of a new Chairperson and a complete renewal of the governance structure, which now more closely corresponds to CARE Canada's needs and requirements.

Perhaps most significantly, 2008 saw the blossoming of the *I Am Powerful* campaign. The inspiring message is already attracting significant positive public and media attention across Canada. The strength of that message is born of its integrity. *I Am Powerful* is more than a brand. It is the fundamental development philosophy that has guided CARE projects for many years now. The campaign is about action as well as words, which is why the list of partners who want to be a part of this campaign is growing by the day.



Strong growth rarely happens unaided. CARE Canada owes gratitude to many individuals and groups for our successes over this past year. Gratitude to our Board members who retired during the year: Lise Douville, Carol Honey and Marc Lachance. Their exceptional service and dedication have been beyond value. Over the year, we have also received incredible support and cooperation from such CARE International members as CARE USA and CARE Australia. I wish to take this opportunity to thank them publicly for their collegial support. As always too, CARE Canada is deeply grateful to the Canadian International Development Agency and other multilateral organizations with whom we work for their unwavering support. Finally, of course, a special thanks to our donors. Their generous contributions allow our programs to bear fruit and attract increased funding from major donor countries. The net effect is a huge increase in the amount of aid delivered to the most needy.

This year I was lucky to have the opportunity to visit CARE operations in Africa and see firsthand the incredible job the staff, management and volunteers in the field are doing to alleviate the suffering of HIV/AIDS victims and enhance agricultural production for the poorest in such nations as Zambia and Ethiopia. To see the fruit of compassion is to know why we must all work so hard to continually nurture its growth.

Paul Drager

Chair, CARE Canada

BOARD OF DIRECTORS

Chair

Paul Drager
*Partner,
International Trade Law
Department,
Macleod Dixon LLP*

Vice-Chair, Marketing and Development

Tony Miller
*Chairman Emeritus,
MacLaren McCann*

Vice-Chair, Programme

Professor Janice Gross Stein
*Director,
Munk Centre for
International Studies,
University of Toronto*

Vice-Chair, Governance and Nomination

L. Denis Desautels
*Executive in Residence,
School of Management,
University of Ottawa;
Former Auditor General
of Canada*

Honourary Counsel

David W. Scott
*Partner,
Borden Ladner Gervais*

Members

Patricia M. Close
*Former Vice-Chair,
Canadian International
Trade Tribunal*

Piers Cumberlege
*Vice-President,
Private equity, Cordiant*

Lise Douville
*Executive Vice-President,
Industrial Alliance
Securities Inc.*

Denis Durand
*Partner,
Jarislowsky Fraser Limited*

Laura A. Edwards
*Director of Development,
York House School*

Louise Frechette,
*Distinguished Fellow,
Centre for International
Governance Innovation
(CIGI);
Board of Governors,
University of Waterloo*

Carol F. Honey
*Director,
International Education and
Resource Network (iEARN)*

Marc Lachance
*Vice-President,
BFL Canada Business
Development (Eastern region)*

Aldéa Landry,
P.C., M.C., Q.C.
*President,
Landal Inc.*

Richard J. Mahoney
*Executive Vice-President
and General Counsel,
Globespan Capital Inc.*

Hon. John Paul Manley
*Senior Counsel,
McCarthy Tétrault LLP*

Hon. Charles J. Mayer
*Businessperson;
Former federal Minister
of Agriculture*

Martha Piper, Ph.D
*Former President
and Vice-Chancellor,
University of British Columbia*

Naju B. Shroff
*Retired partner,
Arthur Andersen LLP*

Susan Smith
*Former President and CEO,
RBC Technology Ventures*

Nizar Somji
*President and CEO,
Matrikon Inc.*

Robert J. Tweedy
*Chairman and CEO,
Sklar-Peppler Furniture Corp.*

MESSAGE FROM THE PRESIDENT AND CEO

This year's annual report illustrates the reach and variety of CARE's work. It is important that our supporters understand the common approach we take to all our activities. CARE believes that to achieve sustainable and lasting change we need to work in a comprehensive fashion.

Human condition

First, it is essential to address the human condition and ensure that people, at the very least, have adequate food, water, shelter, medical supplies and other necessities. No one can be expected to climb out of poverty when every day is struggle between life and death.

CARE programs in Chad and Zimbabwe are examples of this commitment, with CARE providing support to tens of thousands of refugees from Darfur, and food aid and school feeding programs to close to one million Zimbabweans suffering from drought and unrest. CARE does much more than relief work too. In fact, CARE won an award for our longer-term development efforts. The Canadian Manufacturers and Exporters recognized CARE's Rural Maintenance Program in Bangladesh at the association's annual conference as the best project in the Construction/Reconstruction/Rehabilitation of Public Infrastructure sector.

Social position

The social position of our beneficiaries is also of critical importance. When issues of exclusion and discrimination conspire to prevent people—most often women and girls—from getting an education, holding meaningful employment and accessing health care, humanity allows barriers to exist that hold an entire society back from reaching its full potential. CARE's work in Nepal demonstrates the impact of enabling people to participate in their communities. CARE is working with 7,500 poor, vulnerable and socially excluded women as well as building the capacity of local NGOs to promote sustainable socio-economic change for these women.

Enabling environment

CARE also accepts that policies matter, and we understand that we have a unique opportunity and role in influencing the enabling environment in pro-poor ways. Desmond Tutu, in a recent address to CARE, highlighted the fact that we have a unique position in this world: we live and work among the poor and the prosperous alike. There may be no organization better placed than CARE to help policymakers and voters

MESSAGE FROM THE PRESIDENT AND CEO

(continued)

in the developed world understand the barriers that the poor face, and see how and why those barriers must come down—to everyone’s benefit. Whether we are speaking about connecting Kenyan and Peruvian farmers to local, regional and international food markets, or providing constructive suggestions about addressing poverty in Afghanistan, CARE is making the voices of the poor heard.

CARE works with our partners and beneficiaries to understand their particular community needs, and designs programs that address one, two or all three of the above dimensions of poverty and exclusion.

Perhaps most importantly though, is the focus we take on engaging women and their families in all that we do. The “I am Powerful” campaign we launched this year continues to build on the message that “She has the power to change her world, and you have the power to help her do it”. Our donors and partners are embracing this positive and inspiring message, knowing that it is based on real results and sustained impact seen in CARE programs around the world.

While evidence of impact is abundant, many donors concerned about how much of their donation gets to where it is intended ask us about our administration and control environment. Not only have we been sharpening our program focus overseas, but we have also worked to strengthen our administrative and control systems in Canada and abroad.

We have restructured and streamlined our Canadian operations over the past year to seek even greater efficiency in our administration and at the same time increase our accountability to donors and beneficiaries. For example, we have merged our Communications and Fundraising group into one department to ensure clarity in our messages to the Canadian public. We have established an Operations department that is focused exclusively on guaranteeing our overseas offices are managed wisely and securely. A single international programs team now covers the full range of CARE programs, ensuring that lessons learned in one part of the world are applied elsewhere. And we reintegrated our Human Resources department back into CARE so as to manage this essential resource ourselves rather than depend on an out-sourced service provider.



The result of these changes has been a more focused and efficient organization that ensures funds get where they are needed and are neither consumed by excessive administration nor diverted from the intended programs. CARE controls its funds from donor to beneficiary.

To me, the bottom line is that CARE is a uniquely positioned and strikingly effective charity. Where most see nothing but problems and obstacles, we see opportunities and challenges to be overcome. Where someone's life is at risk, we see a life that can be saved. Where others may see only poverty, we see an entrepreneur striving to break free. Where many see conflict, we see the potential for peace.

We are committed to working with the world's poor—women and children, for the most part. We are also committed to working with those who can help them find a way out of poverty, including men, women, corporations and governments. We depend on our donors who give us the means to take this unconventional worldview and put it into practice.

We often hear the expression that the world needs more Canada. You, our donors, are making this a reality with your support to CARE.

Kevin McCort

President and CEO

CARE PROJECTS

HEALTH AND HIV/AIDS

Health is a fundamental human right, enshrined in constitutions and treaties the world over. And yet, millions of people still do not have access to even basic medications, nutrition information and other health services.

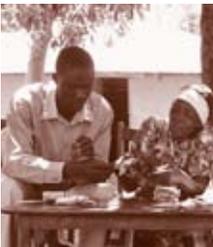
CARE Canada works with impoverished women, men and children, along with community leaders and governments, to address widespread malnutrition and rein in preventable diseases such as cholera, malaria and tuberculosis.

No preventable disease however, devastates more families around the world than HIV/AIDS. For this reason, CARE Canada is particularly dedicated to education, prevention and treatment programs for at-risk populations in Africa, where more than 15 million people have died from the epidemic.



Irkulgaba (We Have the Will), Mali

In the politically and economically hopeful country of Mali, most women are denied the right to choose if and when they will have children. Men are entrusted with the reproductive planning and health-care decisions of the family. Consequently, fewer than two percent of pregnant women in the Gao region receive prenatal care. CARE Canada's Irkulgaba program helps local governments, community leaders and NGO partners balance responsibilities and coordinate resources to meet the medical and social needs of the district's 17,640 pregnant women and children under five.



Sauti Ya Wamama (Women's Voices), Kenya

CARE Canada's Sauti Ya Wamama project helps approximately 18,000 women and children who are impacted by HIV/AIDS secure stable incomes. Through microfinance projects and group savings and loan associations, participants earn enough money to afford nutritious food, adequate shelter and quality healthcare, as well as enjoy greater respect within their families and wider communities, and find relief from the stigma that plagues victims of HIV/AIDS.

ECONOMIC DEVELOPMENT

Economic development does more than create jobs, raise family incomes and establish sustainable local economies. It opens school doors to young girls, protects the fundamental rights of women and offers boundless opportunities to whole communities. Through village savings and loans programs and small and medium-sized enterprise development, CARE Canada helps build markets that work—for everyone.



Urban Micro-Entrepreneurs Project, Zimbabwe

Despite having the highest inflation rate in the world, Zimbabwe is home to inspiring economic successes. Through the Urban Micro-Entrepreneurs Project, 500 women and men in the city of Masvingo recently opened small businesses, and are now learning new business skills, building relationships with suppliers and buyers, and providing hope to a country struggling to curb poverty.



PULSE, Zambia

Over the past 10 years, the Peri-Urban Lusaka Small Enterprise (PULSE) microfinance program has loaned 13,000 low-income Zambians seed money to start their own small and medium-sized enterprises. The return on investment has been staggering. Thousands of thriving businesses across the country now generate wealth and social opportunities for countless—formerly impoverished—families. In fact, the initiative has proven so successful that PULSE is now a fully accredited microfinancing institution with a plan to reach more than 40,000 clients over the next five years.

CARE PROJECTS

HUMANITARIAN ASSISTANCE AND EMERGENCIES

With ongoing operations in more than 70 countries, CARE personnel are on the ground and ready to respond the moment an emergency arises. Already intimately familiar with local languages, customs and suppliers, CARE immediately helps victims by distributing food, clean water and shelter, as well as by offering medical treatment to the sick and injured. Equally important, CARE remains in the affected areas to help rebuild communities and prepare people to manage any future crises.



Famine in Ethiopia

CARE Canada has broadened its emergency response in Ethiopia to include not only the hardest hit areas of Hararghe, Borana, Afar and Amhara, but also urban centres where an increasing number of orphaned and abandoned children are forced to scrounge for food. In all, CARE provides food aid to more than 200,000 malnourished children, women and men.



Cyclone hits Myanmar

On May 3, 2008, Cyclone Nargis devastated Myanmar. There when fierce rains first pummeled the country's shores, CARE was intimately familiar with the villages in the storm's path and had the community connections to deliver more than \$1.2 million in humanitarian aid. Within hours, CARE was distributing water-purification systems, family shelters and household survival kits, complete with jerry cans, cooking utensils and soap.

LIVELIHOODS

Poverty is perpetuated by a unique set of influences in each community of the developing world. As a result, CARE livelihood programs are as diverse as the people we serve. Education, water and sanitation, adaptation to climate change, sustainable agriculture and gender-based violence are but a few of the issues we work with local leaders to resolve.



Sahabhagita, Nepal

With the support of CARE, impoverished and socially excluded Nepalese women are becoming powerful agents of peace in a country emerging from a decade of armed civil conflict. The Sahabhagita project strengthens local and national women's networks, providing members with the resources to champion gender equality and assume more important roles in social and political life.



PASOS, Honduras

Along the northern coast of Honduras, dirty drinking water has long been a spring of diarrhoeal diseases such as cholera, e. coli and typhoid fever. Until now, that is. Women in 82 communities are taking charge of the water and sanitation systems, serving on 56 local water-management committees and maintaining infrastructure with plumbing and other technical skills learned at CARE vocational-training centres.

OUR PARTNERS

CARE INTERNATIONAL

CARE International operates in nearly 70 developing countries. CARE International is a federation comprised of 12 members: CARE Australia, CARE Canada, CARE Denmark, CARE Deutschland-Luxembourg, CARE France, CARE Japan, CARE Nederland, CARE Norge, CARE Österreich, CARE Raks Thai, CARE UK and CARE USA.

CONSEIL CONSULTATIF (QUÉBEC)

The Conseil Consultatif is a group of business women and men in Québec who meet regularly to raise awareness of CARE amongst francophones in Canada. They are active in the Québec business community, building strategic partnerships and fundraising for CARE's humanitarian and development work.

Gilles Varin is the founding President. The post has since been held by distinguished Quebecers such as Claude Poisson, Lise Douville, and currently by Terry Soucy.

CARE CANADA AND CIDA

CARE Canada projects receive funding from three different branches of CIDA:

Canadian Partnership

Under this branch, CIDA contributes three dollars for every dollar donated to a project's direct costs. These projects, which are initiated by a non-profit, non-governmental organization like CARE, encourage partnerships between Canadian and developing-country participants. Self-reliance and maximum use of the local resources in the host country are also emphasized.

Bilateral Programmes

Under this branch, CIDA usually covers the majority of cash requirements while CARE Canada and its partners make substantial in-kind contributions. These projects, which call for an agreement between the Government of Canada and the host government, are normally large in scope. Development projects are often capital-intensive and involve infrastructure development such as building roads, warehouses, water supply and sanitation systems, or integrated community development.

Multilateral Programmes

Humanitarian Assistance, Peace and Security projects under this branch primarily meet the immediate relief needs of disaster victims, with CIDA funding up to 100 per cent of costs. The Health and Nutrition Directorate supports the delivery of health-services programs which are key to fighting disease and malnutrition.

MULTILATERALS AND INTERNATIONAL DONORS

The United Nations family of specialized agencies includes the UN High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP). CARE Canada enters into contracts with these agencies, in countries where it is the lead CARE member, to assist refugees and deliver food. CARE Canada also partners with foreign aid agencies such as USAID, DFID (UK), ECHO (EU), and SIDA (Sweden).

CARE CANADA PERSONNEL

In 2008 the following individuals dedicated their time and talent to defending dignity and fighting poverty around the world.

OTTAWA

Executive Office

Cornish, Stephen
Dumitru, Bogdan
Kaiman, Jennifer
McCort, Kevin

Fundraising & Communications

Bocking, Emily
Boubane, Marie-Hélène
Campbell, Amy
Cruikshank, Jeffrey
Girouard, Julie
Green, Kieran
Gunn, Hana
Lanthier-Seymour, Andrea
Luciano, Joanna
Mutoni, Marcel
Scherling, Aline
Tassie, Rosemary
Tomlin, Jessica
Trepanier Van Rens, Diane

Corporate Services

Abboud, John
Brunet, Christopher
Correia, Nancy
Dora, Priti
Gingras, Laura
Grenon, Suzanne
McCormick, Kimberly
McNeil, Dianne
Peake, Maria
Wolff, Brian
Smart, Pamela

Human Resources & Knowledge Management

Ayre, Nick
Fu, Tieming
Garcia, José
Guillaume, Yasmine
Kornish, Madina
Prince, Robyn
Watkins, Melissa

International Operations

Barth, Gillian
Furany, Kadry
Craig, Jamie
Kibui, Mwaura
Lataille, Susan
Saidou Kindo, Hadjia
Saint-Mieux, Caroline
Wayne Nightingale

International Programs

Abdulla, Shameza
Ambrose, Kaia
Bhuiyan, Jalal
Campos, Xiomara
Chiesa, Teresa
Dufresne, Eve
Elmi, Mohamed
Issac, Cindy
Jiwa, Farouk
Koehler, Anita
Lapierre, Alain
Marrs, Caroline
Monpetit, Audrée
Moyer, Nicolas
Nychyperovych, Tatyana
Paterson, Richard
Perreault, Carole
Rashid, Jawwad
Singh, Amarinder
Sandoval Rodriguez, Irene
Tanner, Philip
Tremblay, Marie-Christine
Vijayasekaran, Kowshalya

CEP Investments Unit

Langille, Allison
Palaez, Paula
Shariff, Masood

OVERSEAS

Afghanistan

Ahluwalia, Jasveen
Dupuis, Sylvie
Rahimi, Asif

Chad

Bizimana, Richard
Burger, Albert-Philip
Coulibaly, Jean Paul
De Saba, Théophile
Gasana, Jean-Claude
Karuru, Valentine
Maximin, Hervé
Mirasano, Joseph
Namanga, Kinge
Pinard, Renée
Rowell, Jennifer
Uwumuremyi, Laurent
Wood, Anne
Yacoubi, Rachid

Cuba

Poussart, Caroline

Ghana

Dazé, Angela

Honduras

Charpentier, Patrice

Indonesia

Assi, Ramadan
Bayombong, Teresa
Callarec, Jean-Francois
De Groot, Robert
Gurung, Yam
Hyba, Jessica
Khantadze, Mamuka
Nalli, Salathiel
Page, Frank
Swaleh, Abdulmalik
Van Sice, Heather

Kenya

Helz, Kristin
Korus, Anieszka
Little, David
Odo, George

Mozambique

Mispelaar, Michael
Peham, Andreas

Nicaragua

Lantagne, Serge

Pakistan

Helal, Ahsan ul Haque

Senegal

Flament, Sandrine

Zambia

Adams, Michael
Fuhrer, Michael
O'Brien, Kathleen
Power, Steve
Schroll, Michael
Vander Vort, Mark

Zimbabwe

Gwynne-Vaughan, Stephen
Kalumba, Fridah
Ndungu, Patrick
Prabhu, Govindaraj
Rukundo, Yves
Sanchez, Walter

FINANCIAL REPORTING RESPONSIBILITY

The accompanying financial statements of CARE Canada have been prepared by management in accordance with Canadian generally accepted accounting principles and contain certain items that reflect best estimates and judgment of management. The integrity and reliability of the data in these financial statements are management's responsibility. Management is responsible for ensuring that all information in the Annual Report is consistent with the financial statements.

In support of its responsibility for the integrity and reliability of these financial statements, and the accounting system from which they are derived, management has developed and maintains a system of internal controls to provide reasonable assurance that: transactions are properly authorized and recorded, financial information is reliable, assets are safeguarded, liabilities recognized, and operations are carried out effectively.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls and exercises this responsibility through the Finance, Audit and Risk Management Committee of the Board. The Finance, Audit and Risk Management Committee is composed of members who are neither officers nor employees of CARE Canada, and who are financially literate. The Finance, Audit and Risk Management Committee is therefore qualified to review CARE Canada's annual financial statements and recommend their approval by the Board of Directors. The Finance, Audit and Risk Management Committee meets with management and CARE Canada's external auditors, and recommends to the Board of Directors the appointment or reappointment of external auditors. The Finance, Audit and Risk Management Committee has established processes to evaluate the independence of CARE Canada's external auditors and reviews all services provided by these professionals. The Finance, Audit and Risk Management Committee has a duty to review the adoption of, and changes in, accounting principles and procedures that have a material effect on the financial statements, and assess key management judgments and estimates material to the reported financial information.

These financial statements have been audited by CARE Canada's external auditors, Deloitte & Touche LLP, and their report is presented herein. The external auditors have full and unrestricted access to the Finance, Audit and Risk Management Committee to discuss their audit and related findings.

Kevin McCort
President and CEO

Jamie Craig
*VP Corporate Services
and Chief Financial Officer*

AUDITORS' REPORT

To the Directors of CARE Canada

We have audited the statement of financial position of CARE Canada as at June 30, 2008 and the statements of operations and changes in fund balances and of cash flows for the year then ended. These financial statements are the responsibility of CARE Canada'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 CARE Canada as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, except for the changes in accounting for financial instruments as explained in Note 2 to the financial statements, these principles have been applied on a basis consistent with that of the preceding year.


Deloitte and Touche, LLP
Chartered Accountants
Licensed Public Accountants

August 29, 2008

STATEMENT OF FINANCIAL POSITION

as at June 30, 2008

	Venture and Emergency Fund	Annual Fund	Total 2008	Total 2007
Current assets				
Cash and cash equivalents	\$ -	\$ 21,902,225	\$ 21,902,225	\$ 23,953,096
Amounts receivable	-	7,409,192	7,409,192	6,109,938
Contributions receivable from donors (note 3)	-	5,388,270	5,388,270	9,276,374
Prepaid expenses	-	539,919	539,919	953,829
	-	35,239,606	35,239,606	40,293,237
Restricted investments (note 3)	-	229,794	229,794	229,794
Long-term investments (note 4)	709,550	11,695	721,245	531,429
Prepaid capital campaign expenses (note 5)	209,460	-	209,460	272,234
Capital assets (note 6)	-	4,688,521	4,688,521	5,262,862
	\$ 919,010	\$ 40,169,616	\$ 41,088,626	\$ 46,589,556
Current liabilities				
Inter-fund balance	\$ 369,754	\$ (369,754)	\$ -	\$ -
Accounts payable and accrued liabilities	203,720	9,717,115	9,920,835	9,788,421
Deferred contributions (note 3)	-	24,997,295	24,997,295	30,528,846
Current portion of long-term debt (note 8)	-	152,939	152,939	144,895
	573,474	34,497,595	35,071,069	40,462,162
Long-term debt (note 8)	-	1,935,490	1,935,490	2,088,429
Deferred contributions (note 3)	-	229,794	229,794	229,794
Deferred contributions related to capital assets (note 9)	-	338,100	338,100	383,180
	573,474	37,000,979	37,574,453	43,163,565
Commitments, contingent liabilities and guarantees (notes 15 and 16)				
Fund balances				
General - unrestricted	-	906,645	906,645	613,894
General - invested in capital assets (note 10)	-	2,261,992	2,261,992	2,646,358
Externally restricted - Venture and Emergency Fund	345,536	-	345,536	165,739
	345,536	3,168,637	3,514,173	3,425,991
	\$ 919,010	\$ 40,169,616	\$ 41,088,626	\$ 46,589,556

On behalf of the Board

Denis Durand
Director

Patricia Close
Director

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

year ended June 30, 2008

	Venture and Emergency Fund	Annual Fund	Total 2008	Total 2007
Support and revenue				
Donations				
Unrestricted	\$ -	\$5,362,147	\$ 5,362,147	\$ 5,827,728
Restricted (note 11)	454,639	1,588,812	2,043,451	2,049,509
Canadian Funded	-	17,974,131	17,974,131	25,698,093
Globally Funded	-	37,458,311	37,458,311	35,311,986
CARE International Members	-	69,982,858	69,982,858	74,752,142
Other contributions	-	3,513,862	3,513,862	5,812,152
Interest and investment income	4,909	540,459	545,368	761,932
Foreign exchange gains				
Realized (note 17)	-	5,008	5,008	312,583
Unrealized (note 17)	-	168,385	168,385	283,354
Amortization of deferred contributions related to capital assets (note 9)	-	45,080	45,080	45,080
Miscellaneous	-	1,287,958	1,287,958	896,753
	459,548	137,927,011	138,386,559	151,751,312
Expenses				
Programme activities (schedule)				
Environment and Natural Resource Mgmt	-	7,961,863	7,961,863	10,332,990
Enterprise Development	-	9,446,378	9,446,378	10,682,086
Health and HIV	-	10,124,570	10,124,570	15,550,638
Humanitarian and Emergency Assistance	-	86,179,749	86,179,749	88,615,134
Multi-sectoral Integrated Programmes	-	16,383,172	16,383,172	15,738,290
International Operations	-	664,786	664,786	957,743
International Programmes	-	1,268,231	1,268,231	1,733,077
Venture Fund	-	132,129	132,129	164,306
	-	132,160,878	132,160,878	143,774,264
Support services				
Management and general	-	2,951,255	2,951,255	3,313,251
Fundraising, public and donor relations	62,931	2,660,498	2,723,429	4,686,383
Membership in CARE International	216,820	245,995	462,815	625,966
	279,751	5,857,748	6,137,499	8,625,600
Total expenses	279,751	138,018,626	138,298,377	152,399,864
Excess (deficiency) of revenue over operating expenses	179,797	(91,615)	88,182	(648,552)
Loss on investment	-	-	-	(727,095)
Excess (deficiency) of revenue over expenses	179,797	(91,615)	88,182	(1,375,647)
Fund balance, beginning of year	165,739	3,260,252	3,425,991	4,801,638
Fund balance, end of year	\$345,536	\$3,168,637	\$ 3,514,173	\$ 3,425,991

STATEMENT OF CASH FLOWS

year ended June 30, 2008

	2008	2007
Cash provided by (used in) the following activities:		
Operating		
Excess (deficiency) of revenue over expenses	\$ 88,182	\$ (1,375,647)
Amortization of capital assets	605,355	734,008
Amortization of deferred contributions related to capital assets	(45,080)	(45,080)
Amortization of prepaid Capital Campaign costs	62,774	827,061
Loss on investment	-	727,095
	711,231	867,437
Changes in non-cash operating working capital items:		
Increase in amounts receivable	(1,299,254)	(168,525)
Decrease in loan receivable	-	210,000
Decrease in contributions receivable from donors	3,888,104	4,344,112
Decrease in prepaid expenses	413,910	413,623
Increase in accounts payable and accrued liabilities	132,414	663,423
Decrease in deferred contributions	(5,531,551)	(11,075,953)
	(1,685,146)	(4,745,883)
Financing and investing		
Acquisition of capital assets	(116,007)	(570,839)
Increase in prepaid Capital Campaign expenses	-	(344,996)
Proceeds on disposal of capital assets	84,993	14,250
Increase in long-term investments	(189,816)	(441,295)
Repayment of long-term debt	(144,895)	(282,390)
	(365,725)	(1,625,270)
Decrease in cash and cash equivalents	(2,050,871)	(6,371,153)
Cash and cash equivalents, beginning of year	23,953,096	30,324,249
Cash and cash equivalents, end of year	\$ 21,902,225	\$ 23,953,096

NOTES TO THE FINANCIAL STATEMENTS

year ended June 30, 2008

1. DESCRIPTION

CARE Canada was established in 1946 and was incorporated in 1977 under Part II of the Canada Corporations Act. CARE Canada is a not-for-profit, non-governmental organization in the field of relief, reconstruction and development in developing countries and is governed by a volunteer Board of Directors whose services are provided at no cost to CARE Canada. CARE Canada is a registered charitable organization for purposes of the Income Tax Act (Canada) and as such is not subject to income tax. CARE Canada is an independent member of CARE International.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations and reflect the following significant accounting policies:

Basis of presentation

These financial statements include the assets and liabilities of CARE Canada's Canadian operations and the six (2007 - eleven) overseas Country Offices (Chad, Cuba, Indonesia, Kenya, Zambia and Zimbabwe) for which it has responsibility, and the revenue and expenses for which CARE Canada and its six (2007 - eleven) overseas Country Offices enter into contracts with donors for the funding of projects in various countries.

Fund accounting

CARE Canada follows the restricted fund method of accounting for contributions. To ensure observance of limitations and restrictions placed on the use of resources available to CARE Canada, the accounts of CARE Canada are classified for reporting purposes into funds in accordance with activities or objectives specified by the donors or in accordance with the directives issued by the Board of Directors. Transfers between funds are recorded as approved by CARE Canada's Board of Directors.

The Annual Fund (formerly the General Fund) reports resources to be used for CARE Canada's programme and administrative activities. This fund reports unrestricted resources and restricted contributions.

The Venture and Emergency Fund (formerly the Capital Campaign Restricted Fund) includes donations and contributions the use of which is restricted by the donors for:

- the Emergency Relief Rapid Response Programme to be used as a vehicle to help at the very onset of a crisis;

NOTES TO THE FINANCIAL STATEMENTS

year ended June 30, 2008

- the Pro-Poor Business Programme to be used to effectively reduce poverty by utilizing market mechanisms and business enterprise functions designed to put more income into the hands of poor people.

Revenue recognition

Contributions:

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

Restricted contributions related to general operations are recognized as revenue in the Annual Fund in the year in which the related expenses are incurred.

Restricted contributions for the Venture and Emergency Fund are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Investment income earned on the Venture and Emergency Fund is recognized as revenue in the Venture and Emergency Fund or the Annual Fund depending on the nature of any restrictions imposed by the donor. Other investment income is recognized as income of the Annual Fund when earned.

Canadian funded:

CARE Canada enters into contracts with the Canadian Government (the Canadian International Development Agency - "CIDA") and other donors for the funding of projects in various countries. These funds are recorded as revenue of the Annual Fund as related expenses are incurred. Any indirect costs recovery, management fee or procurement fee that is applicable to CARE Canada is recorded as revenue of the Annual Fund in accordance with the terms in the individual contracts.

The portion of the contributions that relates to a future period is deferred and recognized as revenue of the Annual Fund in the period that the contributions are spent. Any contributions expended in excess of the contributions received from the donors are shown in the statement of financial position as contributions receivable from donors.

Contributions and donated services:

Grain and other contributions-in-kind received from multilateral donors, Government of Canada and other organizations are recorded as revenue and programme activity expenses at fair value.

Wherever government and local communities in countries in which CARE Canada operates contribute labour services, transportation and storage facilities to various projects, the value of such contributions is not reflected in the financial statements because of the difficulty of measurement.

Similarly, contributions by various media for public information and fundraising campaigns are not reflected in the financial statements because of the difficulty of measurement.

Donated capital assets and contributions received towards the acquisition of capital assets are deferred and amortized to income on the same basis as the related depreciable capital assets are amortized.

Expense allocation

Expenses that can be directly identified with programme activities or support services are charged accordingly.

Cash and cash equivalents

Cash and cash equivalents are held in highly liquid investments with maturities of three months or less.

Agricultural commodities

CARE Canada may receive funding to purchase commodities which, when sold, are designated for specific CARE Canada project activities. The proceeds are recorded as deferred contributions. Revenue and expenses are recognized in the statement of operations as the funds are utilized in project activities.

Capital assets

Capital assets acquired for direct use in donor-funded projects are expensed in the year of acquisition as CARE Canada is not entitled to ownership. Those that are not project-specific are capitalized and amortized over their estimated useful lives. Contributed capital assets are recorded at fair value at the date of contribution.

For internal use software, the costs of software licenses and associated consulting costs and the payroll costs of employees directly associated with the project are capitalized. The costs of software maintenance, training and data conversion are expensed in the period incurred.

NOTES TO THE FINANCIAL STATEMENTS

year ended June 30, 2008

Amortization is provided on a straight-line basis over the estimated useful lives as follows:

Buildings	10 and 40 years
Vehicles	3 years
Leasehold improvements	5 years
Office equipment	5 years
Computer equipment	3 years

Prepaid capital campaign expenses

Direct support costs incurred in the campaign for the Venture and Emergency Fund are capitalized and amortized in the Venture and Emergency Fund based on the percentage of Campaign donations received in the year over the total estimated donations expected as a result of the Campaign.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the statement of financial position date. All other assets and liabilities are translated at their historical rate. Revenue and expense items are translated using average monthly rates. Any resulting foreign exchange gains or losses are disclosed separately in the Annual Fund.

Use of estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

Significant estimates include assumptions used in estimating the recoverability of project over-expenditures and used to determine the allowance for contributions receivable from donors, the amortization period of capital assets, the value of the investments and the prepaid capital campaign expenses.

Classification of financial instruments

All financial instruments reported on the Statement of Financial Position of CARE Canada as at July 1, 2007 are classified as follows:

Classification:

Cash and cash equivalents	Held-for-trading
All amounts receivable	Loans and receivables
Long-term investments	Available-for-sale
Accounts payable and accrued liabilities	Other liabilities
Mortgage payable	Other liabilities

Held-for-trading

These financial assets are measured at fair value at the Statement of Financial Position date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in interest and investment income.

Available-for-sale

These financial assets are carried at fair value with unrealized gains and losses included in accumulated unrealized gains and losses in the Statement of Changes in Fund Balances until realized when the cumulative gains or losses are transferred to revenue or expense.

Loans and receivables

These financial assets are initially measured at fair value and thereafter are measured at amortized cost using the effective interest rate method, less any impairment.

Other liabilities

These financial liabilities are recorded at amortized cost using the effective interest rate method.

Changes in accounting policies

Effective July 1, 2007, CARE Canada complied with the new Financial Instrument standards in Sections 3855, 3861, 3865, and changes in Section 4400 of the Canadian Institute of Chartered Accountants (CICA) Handbook. These sections require new classification and measurement of all financial instruments with an increased use of fair values and recognition of unrealized gains and losses on those instruments.

CARE Canada's practice in the past was to recognize all financial instruments at cost and to not recognize any unrealized gains and losses on those instruments within the financial statements. These new standards require adoption on a retrospective basis without restatement of comparative balances. There was no impact on CARE Canada's fund balances as a result of the adoption of these new standards.

NOTES TO THE FINANCIAL STATEMENTS

year ended June 30, 2008

Future accounting changes

In December 2006, the CICA issued Section 3862, *Financial Instruments – Disclosures*; Section 3863, *Financial Instruments – Presentation*; and Section 1535, *Capital Disclosures*. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, CARE Canada will adopt the new standards for its fiscal year beginning on July 1, 2008. Section 3862 on financial instruments disclosures requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance; and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the Statement of Financial Position date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about the entity's objectives, policies and processes for managing capital.

CARE Canada is currently evaluating the impact of the adoption of these new standards on its financial statements. CARE Canada does not expect that the adoption of these new Sections will have a material impact on its financial statements.

3. DEFERRED CONTRIBUTIONS

Short-term deferred contributions represent externally restricted contributions to fund programme expenses of future periods.

	2008	2007
Balance, beginning of year		
Short-term deferred contributions	\$ 30,528,846	\$ 41,604,799
Contributions receivable from donors	(9,276,374)	(13,620,486)
	21,252,472	27,984,313
Amounts received during the year	132,161,421	134,265,859
Amounts recognized as revenue	(130,517,974)	(140,997,700)
	(1,643,447)	(6,731,841)
	\$ 19,609,025	\$ 21,252,472
Balance, end of year represented by:		
Short-term deferred contributions	\$ 24,997,295	\$ 30,528,846
Contributions receivable from donors	(5,388,270)	(9,276,374)
	\$ 19,609,025	\$ 21,252,472

Long-term deferred contributions of \$229,794 (2007 - \$229,794) are represented by restricted investments in fixed income securities. Use of the investment income of \$9,327 (2007 - \$8,814) earned on these investments has been restricted by the donor for use in children's programmes. The principal of \$229,794 must be maintained until 2031. The market value of the restricted investments is approximately \$229,794 (2007 - \$229,794).

4. LONG-TERM INVESTMENTS

	2008		2007	
	Cost Plus Accrued Interest	Market Value	Cost Plus Accrued Interest	Market Value
Annual Fund				
Bond	\$ 6,602	\$ 6,602	\$ 6,581	\$ 6,581
Emergency Assessment Fund – CARE International	5,093	5,093	5,317	5,317
	11,695	11,695	11,898	11,898
Venture and Emergency Fund				
Investment in MicroVest I, LP	122,593	122,593	122,593	122,593
Investment in Edyficar	17,209	17,209	17,209	17,209
Loans to agri-business enterprises in Peru	65,778	65,778	79,729	79,729
Loans to CEP Investment Trust	503,970	503,970	300,000	300,000
	709,550	709,550	519,531	519,531
	\$ 721,245	\$ 721,245	\$ 531,429	\$ 531,429

The effective yield on the bond as at June 30, 2008 is 10% (2007 - 10%) and the bond will mature in October 2014.

To enhance economic opportunity, deepen financial services and promote private sector and enterprise development, CARE Canada invests in pro-poor businesses and micro-finance investments in developing countries. The objective of these investments is to increase access to financial services in underserved communities and promote entrepreneurship and sustainable economic development.

In this regard, CARE Canada has invested in MicroVest I LP Fund - an investment fund that places investments in microfinance institutions in the Third World and in Edyficar that

NOTES TO THE FINANCIAL STATEMENTS

year ended June 30, 2008

provides micro-finance services in Peru. Edyficar is a profit-making financial entity. CARE Canada holds a minority, non-controlling interest in Edyficar. Given that these investments do not have a quoted market price in an active market, they are recorded at cost.

CARE Canada has also advanced multi-year loans to three small agri-business enterprises in Peru that promote women entrepreneurship, established the CEP Investment Trust and provided the Trust with long-term loans to facilitate investments. The Trust has placed its first investment in the Aavishkaar Micro-Venture Fund in India and has committed to invest an additional amount of \$203,970. The Aavishkaar Fund expects to invest in a number of socially relevant rural enterprises in India over the next several years.

5. PREPAID CAPITAL CAMPAIGN EXPENSES

	2008		2007	
Balance, beginning of year	\$	272,234	\$	754,299
Cost incurred during the year		-		344,996
Amortization		(62,774)		(827,061)
Balance, end of year	\$	209,460	\$	272,234

6. CAPITAL ASSETS

	2008			2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Land	\$ 271,023	\$ -	\$ 271,023	\$	271,023
Buildings	4,635,666	758,287	3,877,379		4,051,293
Vehicles	1,018,216	621,454	396,762		681,014
Leasehold improvements	40,351	39,609	742		17,616
Office equipment	329,992	300,042	29,950		119,482
Computer equipment	1,217,767	1,105,102	112,665		122,434
	\$ 7,513,015	\$ 2,824,494	\$ 4,688,521	\$	5,262,862

Cost and accumulated amortization at June 30, 2007 amounted to \$7,838,555 and \$2,575,693.

7. CREDIT FACILITY

An unsecured line of credit of \$2,000,000 renewable on an annual basis is available for use by CARE Canada. Advances under the line of credit bear interest at the bank's prime rate and are repayable on demand. As at June 30, 2008, there was no outstanding balance (2007 - \$NIL).

8. LONG-TERM DEBT

	2008	2007
Mortgage payable in monthly installments of \$22,263, including principal and interest at an annual rate of 5.71%, secured by land and a building with a net book value of \$3,716,947 (2007 - \$3,815,402), renewable in October 2008	\$ 2,088,429	\$ 2,233,324
Less current portion	(152,939)	(144,895)
	<u>\$ 1,935,490</u>	<u>\$ 2,088,429</u>

Principal repayments over the next five years under the same terms and conditions of the existing mortgage are as follows:

2009	\$ 152,939
2010	161,899
2011	171,384
2012	181,425
2013	192,054
Thereafter	1,228,728

The fair value of the mortgage approximates the book value.

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent a building located in Kenya which was contributed in January 2006. The changes in the deferred contributions balance for the year are as follows:

	2008	2007
Balance, beginning of year	\$ 383,180	\$ 428,260
Amount amortized to revenue	(45,080)	(45,080)
Balance, end of year	<u>\$ 338,100</u>	<u>\$ 383,180</u>

NOTES TO THE FINANCIAL STATEMENTS

year ended June 30, 2008

10. INVESTED IN CAPITAL ASSETS

	2008		2007
Balance, beginning of year	\$ 2,646,358	\$	2,496,307
Acquisitions	116,007		570,839
Amortization of capital assets	(605,355)		(734,008)
Amortization of deferred contributions related to capital assets	45,080		45,080
Disposals	(84,993)		(14,250)
Repayment of long-term debt	144,895		282,390
Balance, end of year	\$ 2,261,992	\$	2,646,358

11. RESTRICTED DONATIONS

Restricted donations received under the Venture and Emergency Fund includes the following:

	2008		2007
Venture and Emergency Fund donations	\$ 505,154	\$	694,344
Less amounts recognized as unrestricted donations in the Annual Fund	(50,515)		(69,434)
	\$ 454,639	\$	624,910

12. CONTRIBUTIONS-IN-KIND

	2008		2007
Food Programmes			
Zimbabwe	\$ 30,780,043	\$	13,319,871
Indonesia	670,473		566,172
Kenya	415,996		207,741
Rural road maintenance programme			
Bangladesh	-		1,034,673
Donated services in Timor Leste	-		23,528
Tools projects in Peru, Ecuador and Jamaica	-		1,900
	\$ 31,866,512	\$	15,153,885

13. PENSION PLAN

The pension plan for employees of CARE Canada (the "Plan") is a defined contribution plan covering all employees of CARE Canada who meet eligibility requirements as specified in the Plan Agreement. CARE Canada is required to contribute 5% of the employee's gross earnings for all members. CARE Canada contributed \$225,535 (2007 - \$243,902) during the year. Pension benefits are recorded as an expense in the period incurred.

14. CONTROLLED ENTITIES

CARE Canada established the CEP Investment Trust in 2007 to undertake investments in Pro-Poor businesses in the Third World. CARE Canada is the sole beneficiary of CEP Investment Trust. The CEP Investment Trust financial statements have not been consolidated with CARE Canada's financial statements.

During the year, CARE Canada committed to provide to CEP Investment Trust to fund certain investment activities. The outstanding amount due to CEP Investment Trust at June 30, 2008 under this commitment was \$203,970 (2007 - \$NIL)

CARE Canada controls the Global Development Group ("GDG") through Board of Directors representation. GDG was incorporated as a not-for-profit organization under the Canada Corporations Act. Its purpose was to bridge the gap between business and international development for improvement of the world's needy. GDG's financial statements have not been consolidated with CARE Canada's financial statements.

On September 4, 2007, the Board of Directors of GDG approved a plan to wind down the operations of the Organization in an orderly fashion. A team was appointed to implement the closure of GDG. Due to this action, it was determined that the Organization is no longer a going concern and as such, the assets and liabilities have been presented herein on a net realizable value basis. A financial summary of GDG is as follows:

	2008	2007
	(Unaudited)	(Unaudited)
Financial position		
Total assets	\$ 89,022	\$ 638,673
Total liabilities	(256,313)	(1,157,646)
Total net liabilities	\$ (167,291)	\$ (518,973)
Summary of operations		
Total revenue	\$ 913,657	\$ 4,182,576
Total expenses	(561,975)	(5,234,842)
Excess (deficiency) of revenue over expenses	\$ 351,682	\$ (1,052,266)
Summary of cash flows		
Net inflow from operating	\$ 99,273	\$ 211,217
Net outflow from investing and financing	(92,387)	(246,558)
Net cash inflow (outflow)	\$ 6,886	\$ (35,341)

Amounts due from GDG are \$241,529 (2007 - \$5,867) and are included in accounts receivable.

NOTES TO THE FINANCIAL STATEMENTS

year ended June 30, 2008

15. COMMITMENTS AND CONTINGENT LIABILITIES

Leases

CARE Canada is committed to payments under operating leases in Country Offices and in Canada with lease expiry dates ranging from 2009 to 2011. Minimum annual payments for the next three years are as follows:

2009	\$	121,242
2010		35,209
2011		12,511
	\$	168,962

Legal actions

In the ordinary course of business, CARE Canada becomes involved in various legal actions. While the ultimate effect of such actions cannot be ascertained at this time, management believes that their resolution will not have a material adverse effect on the financial statements.

16. GUARANTEES

As stated in Note 2, the contributions from the Canadian Government (CIDA) and other contributions are subject to restrictions as to the use of the funds. CARE Canada's accounting records, as well as those of member institutions subcontracted to execute the projects, are subject to audit by CIDA and other funding agencies to identify instances, if any, in which the amounts charged to projects have not complied with the agreed terms and conditions, and which, therefore, would be refundable to the funding agency. Adjustments to the financial statements as a result of these audits, if any, will be recorded in the period in which they become known.

17. FINANCIAL INSTRUMENTS

Foreign exchange risk

CARE Canada operates internationally, giving rise to significant exposure to market risks from changes in interest rates and foreign exchange rates. During the year, CARE Canada included within revenues realized exchange gains of \$5,008 (2007 – realized exchange gains of \$312,583). Unrealized exchange gains included in revenues amount to \$168,385 (2007 - unrealized exchange gains of \$283,354). CARE Canada does not use derivatives to hedge its foreign exchange risk.

Cash and cash equivalents, amounts receivable and contributions receivable from donors include amounts denominated in foreign currencies as follows:

	2008	2007
Country Offices		
United States Dollars	\$ 21,086,855	\$ 24,721,208
Cameroon XAF	707	1,936,582
Chad XAF	1,335,160	2,006,734
Colombia Pesos	-	35,383
Cuba Pesos	170,068	25,295
Indonesian Rupiah	2,363,987	3,216,187
Ingushetia Ruble	5,990	76,832
Kenya Shilling	853,754	1,094,103
Zambia Kwacha	3,523,746	911,335
Senegal XOF	72,184	33,541
Zimbabwe Dollars	29	73,294
	29,412,480	34,130,494
Headquarters		
United States Dollars	2,299,761	1,379,511
	\$ 31,712,241	\$ 35,510,005

Accounts payable and accrued liabilities and deferred contributions include amounts denominated in foreign currencies as follows:

	2008	2007
Country Offices		
United States Dollars	\$ 16,619,344	\$ 17,527,770
Cameroon XAF	-	2,447,531
Chad XAF	1,471,161	2,481,056
Colombia Pesos	-	991
Indonesian Rupiah	4,301,874	4,577,077
Kenya Shilling	2,174,829	2,221,672
Zambia Kwacha	1,225,729	753,344
Senegal XOF	3,415	4,789
Zimbabwe Dollars	50,544	221,131
	25,846,896	30,235,361
Headquarters		
United States Dollars	1,283,079	2,614,084
	\$ 27,129,975	\$ 32,849,445

NOTES TO THE FINANCIAL STATEMENTS

year ended June 30, 2008

Credit risk

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The maximum credit exposure of CARE Canada is represented by the fair value of the investments and amounts receivable as presented in the statement of financial position.

Interest rate risk

Interest rate risk refers to adverse consequences of interest rate changes on CARE Canada cash flows, financial position, investment income and interest expenses. CARE Canada's mortgage and fixed income investments are exposed to interest rate changes. The impact of adverse changes in rates is not considered material.

18. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

SCHEDULE

PROGRAMME ACTIVITIES ACCORDING TO SECTORS

year ended June 30, 2008

	Environ- ment and Natural Resource Management	Enterprise Development	Health and HIV	Human- itarian and Emergency Assistance	Multi- Sectoral/ Integrated Programmes	Total 2008	Total 2007
Advocacy	\$ -	\$ 675,790	\$ 449	\$ 403,601	\$ 666,603	\$ 1,746,443	\$ 1,596,411
Agriculture and Natural Resources	3,972,860	2,812,979	51,757	1,186,099	2,779	8,026,474	8,985,152
Child Health	-	-	1,916,460	347,495	-	2,263,955	2,837,206
Education	254,362	1,044,552	99,903	2,990	2,554,025	3,955,832	3,298,843
Infrastructure	-	159,414	-	1,059,963	210,491	1,429,868	14,088,275
Integrated and Other Health	4,103	-	2,760,621	2,283,301	45,164	5,093,189	5,228,869
Multi-Sector projects	-	500,406	-	2,723,448	183,005	3,406,859	982,150
Nutritional Support	1,036	19,340	-	51,548,056	2,126,940	53,695,372	40,045,629
Other	99,159	151,617	210,995	20,317,803	9,746,223	30,525,797	34,268,779
Programme Management	28,953	665,988	-	336,709	355,247	1,386,897	2,405,105
Reproductive Health	-	-	3,580,818	2,564	43,534	3,626,916	9,487,654
Small Economic Activity Development	-	3,416,292	-	425,640	115,729	3,957,661	6,265,887
Water Supply and Sanitation	3,601,390	-	1,503,567	5,542,080	333,432	10,980,469	11,429,178
	\$ 7,961,863	\$ 9,446,378	\$ 10,124,570	\$ 86,179,749	\$ 16,383,172	\$ 130,095,732	\$ 140,919,138

IN MEMORIAM



Shirley Case
(1977-2008)



Jackie Kirk
(1968-2008)

On August 13, 2008, Shirley Case and Jackie Kirk were brutally slain along with their driver and a fellow aid worker in an ambush by insurgents in Afghanistan.

Shirley and Jackie dedicated their lives to empowering women and children around the globe. Their sudden and violent deaths are an acute reminder of just how much we—as humanitarian workers, as Canadians and as citizens of the world—still must do to protect all people’s rights to lives of dignity.

Not many have the courage to venture where these two women worked. Afghanistan today is an exceptionally dangerous and volatile place. Shirley and Jackie, however, boldly set out to help the country’s most vulnerable survive. In so doing, they demonstrated the selflessness, strength and sensitivity with which we should all reach out to others.

The CARE Canada family is now more committed than ever to continue its work to realize Shirley and Jackie’s dream: the empowerment of women and children everywhere.

ARE YOU INTERESTED IN SUPPORTING CARE?

CARE is committed to being accountable and transparent to our supporters. We are effective and successful because our efforts ensure our work in every neighbourhood addresses the most critical needs of each community.

HOW TO SUPPORT CARE

There are several ways to support CARE. You can donate by cheque or money order, or make a credit-card donation using your VISA, American Express or MasterCard. You can also support our work through convenient, automatic monthly withdrawals from your bank account or credit card, bequests, gifts of stock, life-insurance donations and annuities. Donations can also be made securely over the Internet at www.care.ca.

For more details on any of these options, contact CARE Canada's donor relations team at 1-800-267-5232.

CARE offers the ability to donate online at www.care.ca. Cash donations can also be made to CARE Canada through the online and telephone systems of Canada's major banks: Bank of Montreal, Caisse Populaire, CIBC, National Bank of Canada, Royal Bank of Canada, Scotiabank and TD Canada Trust.

All donations to CARE Canada are eligible for tax credit under the registration number 11883 8333 RR0001.

CARE Canada is incorporated as a non-profit organization under Part II of the *Canada Corporations Act* and has been granted tax-exempt status by the Canada Revenue Agency.

Registration Number: 11883 8333 RR0001

This annual report covers the period July 1, 2007 to June 30, 2008.

Ce rapport est aussi disponible en français.

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SHE HAS
the **POWER**
to change her world.

YOU HAVE
the **POWER**
to help her do it.



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