



Child's Dream Association

Audited Financial Report 2010

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Introduction

2010 was again a very successful year for Child's Dream, but also a year of consolidation, stabilisation and empowerment of our staff. Despite our initial worries about the difficult economic climate in Europe and the United States and a potential negative financial impact on our organisation, we managed to keep the consolidated donation volume¹ at the previous year's level while keeping the administration cost ratio low.

The slow-down from our past growth allowed us and our team members to focus on the implementation of our new management structure, which was initiated in late 2009. It was inspiring to see how all staff members embraced their new responsibilities, a clear signal to us that they enjoy their empowerment. We were surprised by the many innovative and impactful initiatives they developed. Their identification with Child's Dream and their dedication to our organisation grew strongly. This allowed both of us to take our first long breaks since the establishment of Child's Dream and the start of this exciting journey back in 2003. It was truly a test for us to 'let go' and an equal test for our team to manage without us. It worked brilliantly.

The focus group heads, who constitute our middle management, lived up to their new responsibilities not only in evaluating and implementing projects or programmes but also in managing and coaching their own team members. Our administration team was assigned additional financial authority which leads to higher accountability and to a more thorough control mechanism when checking each other's work. In 2010 we hired only a few people to strengthen our project implementation capacity, while we ourselves could focus on coaching and capacity building of our existing staff to prepare them for new challenges ahead. With the delegation of more decision making power to our middle management we were able to diversify the overall operational risk, making Child's Dream less dependent on us.

Each of the three focus groups has increased their range of activities and expanded their geographical coverage.²

Our Basic Education (BE) focus group, with its objective to broaden the access to basic education, has started activities in Myanmar by building two monastic schools in the area of Mandalay.

Our Higher Education (HE) focus group, with its objective to prepare youth for either employment or for an academic career path, expanded their activities on the Thai-Myanmar border. We continued our higher education programmes and also our university scholarship programme which saw more students successfully graduating from their studies. Most graduates now have meaningful positions in the non-governmental sector that will allow them to transfer their knowledge and help to further develop their communities.

¹ 'Consolidated' means that we look at our Swiss and Thai legal entities as one.

² In order to get a comprehensive overview of our work, please have a look at our 'Consolidated Annual Report 2010' available on our website.

Finally, our Health focus group, with its objective to reduce childhood mortality, expanded all programmes to reach even more children in need of health services. These projects, however, are run by our sister organisations Child's Dream Foundation and *diverse*ethics Foundation.

These synergies and improvements were made possible due to generous contributions of our donors, who, despite the economic uncertainty, maintained their commitments.

We now feel we have reached our optimal size in terms of staff members. We are big enough to have reached economies of scale, but we are still small enough to respond quickly, flexibly and efficiently to the changing needs of our beneficiaries. It is important to us to continue staying close to our beneficiaries and our donors – our two main stakeholders.

We look forward to yet another exciting and successful year. We hope to be able to count on the continuing support of our donors, volunteers and staff. Thank you very much for your trust. Together we can give even more children the health and education they deserve and support them to live their dreams.



Daniel Marco Siegfried
Founder & President



Marc Thomas Jenni
Founder & Vice-President

Reference to our Consolidated Annual Report 2010

Child's Dream as a charitable organisation consists of Child's Dream Association Switzerland and Child's Dream Foundation Thailand. Our sister organisation *diversethics* Foundation Switzerland is complementing the work of Child's Dream in the Mekong Sub-Region. In order to give you an overview of our work, a consolidated annual report is available on our website.

This audited financial report 2010 only reports on the work of Child's Dream Association, Switzerland. The financial statements are audited according to the latest Swiss standards. The audit report can be found on page 13.

Our Mandate

Child's Dream Association is a charitable, not for profit association with the goal of providing disadvantaged, prosecuted and oppressed children in Asia with material assistance and assistance to self-help. The association combats exploitation and abuse of children. Its aim is to materially support existing aid projects and organisations, which pursue the goals specified above. The association concentrates primarily on the Mekong Sub-Region, covering Thailand, Myanmar, Laos and Cambodia. Its principal purpose is the general support of refugee and street children, orphans and children from poor backgrounds. The association aims at preventing children from being abused for prostitution or begging. "Children" are defined as persons up to the age of 20, but education in some cases goes on after the age of 20. Therefore, students aged over 20 years (but under the age of 30) can still be supported if they are studying.

Our Board

Daniel Marco SIEGFRIED	President & Founder	(1 year term)
Marc Thomas JENNI	Vice-President & Founder	(1 year term)
Andrea KLEINERT	Secretary	(1 year term)
Susanna RUEEGGER KOECHLI	Ambassador Singapore	(1 year term)
Dominique BECHT	Ambassador Switzerland	(1 year term)
Pamela PHUA	Ambassador Hong Kong	(1 year term)

Management Team of the Organisation

For management and daily operations, the following individuals are responsible:

Marc Thomas JENNI, Swiss Certified Banker	Founder, Finance & Administration
Daniel Marco SIEGFRIED, CFA	Founder, Project Implementation
Manuela Celestina BIANCHI, MSc	COO, Operations & HR

Financial Statements 2010

Balance Sheet (in CHF)

	31.12.2010	31.12.2009
Assets		
Liquid assets	3,080,492	2,646,785
Fixed assets	3,703	-
Total Assets	3,084,195	2,646,785
Liabilities, funds and capital		
Liabilities	-	-
Restricted funds	789,961	391,366
Paid-in capital	-	-
Internally generated unrestricted operating funds	38,815	798,172
Unrestricted capital	2,255,419	1,457,247
Surplus for the year (after allocation)	-	-
Total liabilities, funds and capital	3,084,195	2,646,785

Statement of Operations (in CHF)

		1.1.2010 - 31.12.2010		1.1.2009 - 31.12.2009
Income				
Donation private individuals	377,090		950,647	
Restricted	1,274,863	1,651,953	847,831	1,798,478
Donations corporate	402,193		425,970	
Restricted	977,410	1,379,603	613,171	1,039,141
Donations shop		1,221		
Interest		3,415		12,011
Total Income		3,036,192		2,849,630
Expenditures				
Project expenditures (see pages 9/10)		1,076,636		693,990
Administration & fundraising expenditures				
Personnel costs	32,268		35,149	
Administration, legal & travel	2,555		1,606	
Financial costs	43	34,866	585	37,340
Donation transfer to Child's Dream Foundation (Thailand)		1,487,280		1,234,666
Total Expenditures		2,598,782		1,965,996
Allocation to/from restricted funds		398,595		85,462
Surplus for the year (prior to allocation)		38,815		798,172
Total		3,036,192		2,849,630

Statement of Changes in Capital for 2010 (in CHF)

	Opening balance	Allocation (external)	Internal fund transfers	Use (external)	Closing balance
Internally generated funds					
Surplus for the year	0	38,815	-38,815	0	0
Internally generated unrestricted capital	2,255,419	0	38,815	0	2,294,234
Capital of the organisation	2,255,419	38,815	0	0	2,294,234
Restricted funds	391,366	2,252,273	0	1,853,678	789,961

Notes

1. The financial statements were compiled in accordance with Swiss GAAP FER21 (for charitable, social non-profit organisations).
2. Income and expenditure are recorded on cash basis. A funds flow statement has not been compiled (according to Swiss GAAP FER 21, Rz. 26).
3. The consolidated administration expenditures of Child's Dream Association (Switzerland) and Child's Dream Foundation (Thailand) were 6.9%.
4. The administration expenditures are not allocated to projects. An allocation would be calculated proportionally to project costs.
5. An amount of CHF 32,267 was spent on social security and health insurance for the three members of management.
6. There are currently no liabilities concerning projects; otherwise, this would be disclosed in the following 'breakdown of project expenses'.
7. No provisions have been made.
8. A significant amount of 'restricted funds' was spent on projects realised by Child's Dream Foundation (Thailand).
9. The Swiss registered organisation *diversethics* Foundation is run by the same management team as Child's Dream Association. There is no financial interdependence.
10. The management team is constantly reassessing the risk situation (according to article 663b Swiss Code of Obligations).
11. The cost for this audit was covered by the audit company and not charged to the association.

Performance Report 2010

The performance report was compiled in accordance with article 43, Swiss GAAP FER21:

- | | |
|--|-------------------|
| a) Mandate of the organisation | see page 5 |
| b) Board of the association and term | see page 5 |
| c) Management team of the organisation | see page 6 |
| d) Interdependence to associated organisations | see page 5 and 11 |

Breakdown of Project Expenses 2010

2010 Expenses

Myanmar

Loi Tai Laeng Primary School

66,026

We are currently in the process of building a new primary school in the village of Loi Tai Laeng. This school will ultimately cater for 790 primary school students aged between 5 and 13 years. There are 35 teachers caring for the children. We are building 12 classrooms with a total space of 864m². We target to complete this project in February 2011.

Karen State Education Assistance Group (KSEAG)

199,607

This working group aims to ensure that educational assistance reaches all Karen State schools equally and that stationery is distributed in a systematic manner. In 2010, KSEAG supported 897 schools, 3,134 teachers and 65,206 students (34,558 girls and 30,648 boys). Our support focuses on the organisation and actual provision of teaching and learning materials.

Minmahaw Higher Education Programme (MHEP)

126,075

A major hurdle for students from Myanmar to get into university is their non-formal and non-accredited education, which makes them ineligible for admission. MHEP is an exam-focused course, which aims to legitimise these students' education by preparing them for an internationally recognised and accredited high school exam. Students will receive a high school diploma upon passing the exam, which will allow them to pursue a university education. This programme is fully funded by us and is currently supporting 24 students in their preparation for university.

FLD Management Course

56,587

This course provides the framework for a series of modules designed to deliver the skills needed by youth in Myanmar to become social entrepreneurs. Funding covers the initial design of the modules and classes for the first year. After the first year, a local community based organisation (CBO) will continue the classes on their own, as part of their community learning centres.

Shwe Kyaung Gyi Primary School

76,944

We are in the process of building a new primary school in the Mandalay Division of Myanmar. The school will cater for approximately 300 children of which 50 are boarding students. We are building 12 rooms and 5 toilets. This school offers education for primary grades 1 – 6. Expected completion is in April 2011.

Thaw Tu Za Na Primary and Middle School

57,195

With an enrolment of 953 students, aged between 6 and 16 years, the classrooms are overcrowded and overflowing with students. The school still lacks space to accommodate all their students, even though they have tried their best in converting every available space into a classroom. With the construction of a new school building with 12 classrooms and 5 toilets, we hope to support them in alleviating the overcrowded situation and to improve their sanitary standards. We target to complete this school in April 2011.

Cambodia

Trapieng Krabao Primary School

56,225

Students were initially taught by unqualified teachers in a villager's house. The villagers decided to build a temporary school with two classrooms and a basic shelter was later added to accommodate more students. With walls built out of coconut leaves, the weak structure of the temporary buildings is not safe for students. We built a school to support 262 students in pursuing their primary education.

Kdol Primary School

61,776

Having fled the village during the Khmer Rouge regime, the villagers returned in 1989 and established a small school using their own resources. As the school was no longer safe for classes, we built a new building with 5 rooms so that the children can attend classes in a safe and conducive environment. Currently, there are 6 teachers taking care of the 258 students enrolled with the school.

<i>Tbeng Primary School</i>	26,834
<p>Started in 1994, many children from the Tbeng Thmei village have graduated from the classrooms of this primary school. Having served the community for 17 years, the school building was no longer safe, nor conducive for students. We are in the process of building a new school building with 5 classrooms to support the 5 teachers in educating the 226 students who are currently studying in this school. We target to complete the school by March 2011.</p>	
<i>Ampil Primary School</i>	27,074
<p>Having fled their village during the Khmer Rouge and Cambodian civil war, the villagers returned in 1990 and built a primary school out of wood. Over the years, the condition of the wooden building deteriorated and was no longer suitable for the growing number of students. We are currently building a new school so that the 436 students, aged between 6 and 12, can continue to attend classes. We target to complete the school by March 2011.</p>	
<i>Child's Dream Cambodia Organisation ('CDCO', formerly 'CDAK')</i>	103,278
<p>Over the last three years, we have been working on a step-by-step integration of our Cambodian partner organisation into the Child's Dream family. Unfortunately, we realised in 2010 that such an integration will not be successful, leading us to the decision to setup our own legal entity in Cambodia, called 'Child's Dream Cambodia Organisation' (CDCO). The former cooperation with CDAK ended as of 30th September 2010.</p>	
<p>We expect to have Child's Dream Cambodia Organisation fully registered during the first quarter 2011.</p>	
<p>The previously supported three programmes, namely 'Basic Education Project (BEP)', 'Community Learning Centre Project (CLC)' as well as the 'Primary School Scholarship Programme (SSP)' were continued by our previous partner organisation.</p>	
<p>Going forward, CDCO will continue focusing on infrastructure projects such as building schools, playgrounds as well as providing drinking water systems. Furthermore, we will continue our regular school health activities. A scholarship programme for high school students will also be established. Our work in Cambodia is now fully aligned with our work in the rest of the Mekong Sub-Region.</p>	
<p>An amount of CHF 37'377 was transferred to CDCO as initial operating capital to setup the new legal entity. This amount is included in the here mentioned CHF 103,278.</p>	
Mekong Sub-Region	
<i>University Scholarship Programme</i>	209,494
<p>Ongoing scholarship programme that covers all education costs (tuition, living costs and essential school supplies) for 31 students studying at accredited universities in Thailand and Hong Kong. The 7 alumni who have graduated from their university programme have found jobs and many are holding positions in community based organisations (CBOs) or non-profit organisations (NGOs).</p>	
<i>Others</i>	9,521
<p>Various smaller projects are not listed individually. This position also includes non allocated project costs such as travel and communication expenses, overtime of project managers, per diem allowances and project evaluation & monitoring expenditures.</p>	
TOTAL (in CHF)	1,076,636

Responsibility for Project Work (by legal entity)

Child's Dream Association (Switzerland) is responsible for the realisation of projects in Myanmar and Cambodia, whereas Child's Dream Foundation (Thailand) is investing in Thailand and Laos.

Further information can be obtained by downloading the following reports from our website:

- Financial Report 2010 'Child's Dream Foundation' (Thailand)
- Consolidated Annual Report 2010 'Child's Dream'

Information for Donors

The following link gives you an overview of the different ways to financially support us.

<http://childsdream.org/donate/>

Donations are possible via bank transfer, credit cards, PayPal and cheques.

Switzerland

Swiss-taxed donors are able to deduct donations from their taxable income. Please get in touch with us if you require a tax receipt.

Donors outside Switzerland

We have set up legal entities or have entered into co-operation agreements with feeder organisations in the following countries:

- Australia
- France
- Germany
- Hong Kong
- Italy
- The Netherlands
- United Kingdom
- United States of America

Donors domiciled in the above mentioned countries can claim tax relief on their donations to Child's Dream Association if they follow the donation path indicated under the respective country. More information can be found at <http://childsdream.org/donate/>

Contact Information

Please visit us!

We will be happy to show you where and how we work. It would be a privilege to bring our very special world a bit closer to you.

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E-mail info@childsdream.org
www.childsdream.org (English)
www.kindertraum.org (German)

Legal Domicile

Child's Dream Association
c/o Ritter Rechtsanwälte AG
Bahnhofstrasse 26
8001 Zurich
Switzerland

Please do not contact us at our legal domicile but only at our address in Thailand.

Report of the Auditor



To the General Meeting of
Child's Dream Association
c/o Richard C. Ritter Rechtsanwälte AG
Bahnhofstrasse 26
8001 Zürich

Basel, 9. Februar 2011
MM/z

Report of the statutory auditors on the financial statements 2010

As statutory auditors, we have examined the financial statements as shown on pages 6 to 8 (balance sheet, statement of operations, statement of changes in capital, notes and performance report) of Child's Dream Association for the year ended December 31, 2010.

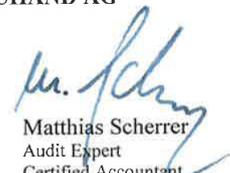
These financial statements are the responsibility of the Managing Committee. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the company's articles of incorporation.

INTER REGIO TREUHAND AG


Max Müller
Audit Expert
Certified Fiduciary
Auditor in Charge


Matthias Scherrer
Audit Expert
Certified Accountant

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Mitglied der TREUHAND-KAMMER