



Child's Dream Association

Audited Financial Report 2012



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Introduction

Starting a new year is like opening a diary full of blank pages waiting to be written on. There is a certain excitement about opening a brand-new diary because no one knows whether, at the end of the year, the pages will contain more words of happiness and love or of sadness and anger. The Child's Dream diary never has to wait long for its first comments as all our staff, armed with freshly sharpened pencils and pens fully loaded with ink, are eagerly waiting to start the new year.

Our diary for 2012 turned out to be a fat story book filled with excitement, compassion, love, success and, of course, a sweet happy ending. It is true that 2012 was, in many ways, the most successful year since our establishment nine years ago. All the pieces that make Child's Dream what it is came together beautifully to unleash the full potential of our work improving the lives of thousands of children, youth and even adults.

In 2012 we were able to implement more projects and expand more programmes than ever before. We built more schools and boarding houses, granted more high school and university scholarships and educated more youth in refugee camps and migrant communities, all with a simple, but important goal of giving our students a real chance for a successful and self-determined life.

On the health side we also accepted more patients in our Children Medical Fund to provide them with life-saving operations. Also the community health programmes that we support in Myanmar were able to protect more children and adults from deadly diseases and illnesses.

Our 2012 highlights come in many different forms, ranging from a child's laughter at the Children's Day, to graduation ceremonies of our junior colleges in the refugee camps, to the success of a difficult heart surgery, to big opening ceremonies of schools. These are highlights not because of us, but for what it means for the person directly affected by our work.

Now we cannot wait to write on the empty pages of the 2013 diary. Many challenges and opportunities await us. The Mekong Sub-Region will continue to grow and the main challenge for the countries will be to spread the economic benefits of the growth more equally to maintain political stability.

In Myanmar the transition from a military dictatorship to a democratic economy offers new opportunities to assist the people from within the country. At the same time we are facing tremendous challenges to ensure that the ethnic opposition groups are included in this transition phase.

In Laos and Cambodia we will continue to support the government in expanding its education system into the remote areas to prepare the next generation to participate in the upswing.

In Thailand, widening access to secondary schools for students living in remote areas will remain a priority. In general, we will put a strong focus on relevant education such as English language, IT and general life skills.

We believe that this will be enough to fill our diary with many exciting stories.

Thank you very much for all your support and trust in 2012. All these highlights and success stories would not have been possible without your generous support.

Together we really can make a difference.

A handwritten signature in blue ink, appearing to read 'D. Siegfried', with a stylized, cursive script.

Daniel Marco Siegfried
Founder & President

A handwritten signature in black ink, appearing to read 'M. Jenni', with a stylized, cursive script.

Marc Thomas Jenni
Founder & Vice-President

Reference to our Consolidated Financials 2012

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 has in the past complemented the work of Child's Dream in the Mekong Sub-Region. As of 31st December 2012 *diversethics* Foundation was fully integrated into Child's Dream Association and subsequently liquidated. In order to give you an overview of our work, the consolidated financials are available on our website.

This Audited Financial Report 2012 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 14.

Our Mandate

Child's Dream Association is a charitable association with the purpose of supporting underprivileged communities in the Mekong-Sub-Region, which comprises Myanmar, Laos, Thailand and Cambodia. The association is at liberty to extend its geographical reach, especially in Asia. The association concentrates, first and foremost, on the support of children and youth. Adults can also be considered, especially – but not exclusively – when support would lead to an improvement in their health or educational situation and would increase the socio-economic opportunities of entire communities. The main purpose of the association's activities is the improvement of health and education. Furthermore, the association is entitled to contribute to emergency aid in the event of a disaster. The association reaches its goal in close cooperation with the communities affected.

The association can become associated with either national or international organisations which follow the same or similar objectives. The objectives have no commercial purpose, nor do they serve any personal interests of the members. The activities of the association serve the interests of the general public only and are not-for-profit.

Our Board

President & Founder

Daniel Marco SIEGFRIED (3 years – end 2014)

Vice-President & Founder

Marc Thomas JENNI (3 years – end 2014)

Secretary

Andrea Claudia KLEINERT (3 years – end 2014)

Ambassador Singapore

Susanna RUEEGGER KOECHLI (3 years – end 2014)

Ambassador Switzerland

Dominique BECHT (3 years – end 2014)

Ambassador Hong Kong

Pamela PHUA (3 years – end 2014)

Management Team of the Organisation

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

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

Financial Statements 2012

Balance Sheet (in CHF)

	31.12.2012	31.12.2011
Assets		
Liquid assets	5,045,576	3,114,341
Fixed assets	-	8,000
Total Assets	5,045,576	3,122,341
Liabilities, Funds and Capital		
Liabilities	6,383	-
Restricted funds	1,396,957	698,207
Paid-in capital	-	-
Internally generated unrestricted operating funds	1,218,102	129,900
Unrestricted capital	2,424,134	2,294,234
Surplus for the year (after allocation)	-	-
Total Liabilities, Funds and Capital	5,045,576	3,122,341

Statement of Operations (in CHF)

	1.1.2012 - 31.12.2012		1.1.2011 - 31.12.2011	
Income				
Donation private individuals	1,076,643		390,381	
<i>Restricted</i>	<u>1,305,687</u>	2,382,330	<u>1,267,971</u>	1,658,352
Donations corporate	356,985		284,874	
<i>Restricted</i>	<u>1,776,983</u>	2,133,968	<u>1,077,490</u>	1,362,364
Donations shop		2,650		2,689
Interest		3,295		4,175
Total Income		4,522,243		3,027,580
Expenditure				
Project expenditure (see pages 9-11)		1,177,209		1,016,103
Administration & fundraising expenditure				
<i>Personnel costs</i>	33,000		34,844	
<i>Administration, legal & travel</i>	401		2,020	
<i>Financial costs</i>	424		498	
<i>Depreciation</i>	<u>62,332</u>	96,157	<u>9,194</u>	46,556
Donation transfer to Child's Dream Foundation (Thailand)		2,270,011		1,926,774
Donation Transfer from <i>diverse</i> thics Foundation (Switzerland)				
<i>restricted</i>		-585,592		
<i>unrestricted</i>		-352,395		
Total Expenditure		2,605,390		2,989,433
Allocation to/from restricted funds		698,750		-91,753
Surplus for the year (prior to allocation)		1,218,103		129,900
Total		4,522,243		3,027,580

Statement of Changes in Capital (in CHF)

	Opening balance	Allocation (external)	Internal fund transfers	Use (external)	Closing balance
Internally generated funds					
Surplus for the year	0	1,218,103	-1,218,103	0	0
Internally generated unrestricted capital	2,424,134	0	1,218,103	0	3,642,237
Capital of the organisation	2,424,134	1,218,103	0	0	3,642,237
Restricted funds	698,207	3,082,670	0	-2,383,920	1,396,957

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 expenditure of Child's Dream Association (Switzerland) and Child's Dream Foundation (Thailand) was 6.9%.
- 4) Administration expenditures are not allocated to projects. An allocation would be calculated proportionally to project costs.
- 5) An amount of CHF 33,000 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. The total value of our contact and project database was written-off in the amount of CHF 62,332.
- 8) A significant amount of 'restricted funds' was spent on projects/programmes realised by Child's Dream Foundation (Thailand).
- 9) The Swiss registered organisation *diversethics* Foundation was run by the same management team as Child's Dream Association until the full integration and liquidation as of end of December 2012. 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 2012

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

Mandate of the organisation	see page 5
Board of the association and term	see page 5
Management team of the organisation	see page 6
Interdependence to associated organisations	see page 5 and 11

Breakdown of Project Expenses 2012 (in CHF)

Expenses

Myanmar

Loi Tai Laeng Primary School	13,397
Having previously completed a secondary school and a primary school, we are now supporting parts of the running costs, including salaries, maintenance, utilities, transportation and stationery for both the primary and secondary schools.	
Karen State Education Assistance Group(KSEAG)	226,999
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 2012 KSEAG supported 1,110 schools, 4,673 teachers and 102,978 students. Our support focuses on the organisation and actual provision of teaching and learning materials.	
Minmahaw Higher Education Programme (MHEP)	78,438
As education in Myanmar is often non-formal and non-accredited, admission into university becomes a major hurdle for many individuals from Myanmar. MHEP is an exam-focused course, which aims to legitimise students' education by preparing them for an internationally recognised and accredited high school examination. Upon passing the exam, students will receive a high school diploma, which allows them to pursue a university education. This programme is fully funded by us and is currently supporting 24 students in their preparation for university.	
Shan Chaung Monastic School	9,536
Established in the 1990s, this school has become a critical institution that provides children and youth with opportunities to access basic education ranging from grades 1 to 6. The buildings were in a terrible condition. We built a new school on stilts. The space underneath will be used as an additional classroom, weather permitting. It also has two new toilet facilities and a water storage tank.	
NEED - Model Farm Initiative	47,480
This is an ongoing programme that trains youth from Myanmar in sustainable agriculture. As agriculture is the main livelihood in most rural parts of Myanmar, this programme is both essential and promotes sustainability. After completing the training programme, the youth will return to their communities in Myanmar to share their knowledge and implement the farming techniques that they have learnt. We are partially supporting the running cost of the programme.	
Mehn Kan Kyi Learning Centres	19,732
A project that comprises five learning centres, Mehn Kan Kyi aims to provide young people in Myanmar with opportunities to pursue education. This project was established by one of the beneficiaries from our first cohort of university scholars. He had successfully graduated with a degree in English Communication Arts and has had more than seven years of experience in teaching and working in schools. The funding includes the initial set up cost and salaries for staff.	
Yadanar Mung Muae Monastic Education School (YAM)	121,878
Located in the Mandalay division of central Myanmar, this school has been providing education to their community of 5,000 families since 2002. With the enrolment of 620 students, every space available in their premises has been used for classes that range from kindergarten to grade 9. We are building a new facility with twelve classrooms and ten toilets for the school and community. This school plans to offer grade 10 and 11 classes, as many students would otherwise drop out after completing grade 9.	
Ohn Chit Kone Monastic Education School (OCK)	93,428
Established in 1965, this school plays an important role in providing kindergarten to grade 5 classes to more than 500 children from the community. The existing building is more than 45 years old, is beyond	

repair and is neither safe nor suitable for use. We support the construction of a new two-storey building with ten classrooms. Construction is expected to be completed in early 2013.

Shan State School Support (SSS)

4,088

It is estimated that only 4% of children attend school in the Nam Lam and Loi Sak districts of Shan State. Our support of the SSS project will assist nine struggling schools in Shan State to improve their school facilities and improve school conditions.

Loi Kaw Wan School

4,303

In 2005 we supported the village by building a new school complex with a canteen, toilets and also an orphanage. As other organisations have terminated their support, we are additionally supporting parts of the school's running costs for salaries, maintenance, utilities, transportation and stationery from 1st June 2012 to 31st May 2013.

Cambodia

O Kroch Primary School

26,355

The school, which was originally built by the villagers, had become termite infested and the mud floor often became muddy and flooded with water during the rainy season. Earning an average annual income of USD 400 per household (on average more than 5 persons), the families of O Kroch community continue to struggle to make ends meet. We built one school building with five classrooms for the students.

Tom Nup Thmei Primary School

50,866

The community of Ao Trach started this school in 2005. The two school buildings were constructed from wood, leaves and some zinc sheets. In 2009 the facility was extended to include a kitchen and two additional classrooms. Built out of natural materials, the buildings had become unsafe and not suitable for classes. In 2012 we built a new school and equipped the classrooms with furniture.

Svay Chrum Primary School

52,912

Ao Svay Village built this very basic school in 1998, using wood for the walls and thatch and some zinc sheeting for the roof. Lack of space meant that there had to be two sessions a day to accommodate all the children. The building was in a very poor condition and could no longer shelter the students from the harsh weather. We built a new school building, a flagpole, an entry gate and also furnished the classrooms. UNICEF has already built toilets. The local community contributed some labour and basic materials.

Bak Roteh Primary School

66,334

This simple wooden school, with a zinc roof and no walls between classes, was built in 1987. It has been renovated by the community of poor farmers and fisherman many times. Despite that, it remains in very poor condition and was no longer safe for students. We are building one new school building, which is scheduled for completion at the beginning of 2013. The school committee and the villagers prepared the land, filled up the foundation and built a fence.

Various supporting activities at our Cambodian school

48,958

Our project implementation office in Cambodia, Child's Dream Cambodia Organisation (CDCO), has been fully registered with the Ministry of Education, Youth and Sport since March 2011. Our work in Cambodia focuses on developing infrastructure to promote education and increase children's access to basic education. This position includes various supporting activities such as providing playgrounds and water systems, running school health initiatives as well as a High School Scholarships Programme. We also provide stationery to most of our schools.

Mekong Sub-Region

University Scholarship Programme 303,082

The ongoing University Scholarship Programme covers all educational costs (tuition, living costs and essential school supplies) for 63 students (33 Myanmar, 30 Laotian) who are currently studying at accredited universities in Thailand and Laos. The 20 alumni (16 Myanmar, 4 Laotian) who have graduated from their university programmes have found jobs and many are holding positions in community based organisations (CBOs) or non-profit organisations (NGOs). See the annual report 2012 of our sister organisation *diverse*ethics Foundation for more details.

Others 9,423

This includes non allocated project costs such as travel and communication expenses, visa costs, over-time of project managers, per diem allowances and project evaluation & monitoring expenditure.

TOTAL (in CHF) 1,177,209

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) invests in Thailand and Laos.

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

- Financial Report 2012 'Child's Dream Foundation' (Thailand)
- Financial Report 2012 '*diverse*ethics Foundation' (Switzerland)
- Consolidated Financials 2012 (all three legal entities)

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
- Luxembourg
- 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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www.childsdream.org

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

Basle, March 1, 2013
MM/z

Report of the statutory auditors on the financial statements 2012


As statutory auditors, we have examined the financial statements as shown on pages 7 to 9 (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, 2012.


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