

OPEN ARMS TO INTERNATIONAL ADOPTION

PUBLIC ANNUAL REPORT FOR YEAR ENDED DECEMBER 31, 2010

Open Arms to International Adoption (“OA”) is licensed under the *Intercountry Adoption Act* to facilitate adoptions from the People’s Republic of China, and has been licensed under this Act since its inception in 2000. At this time, OA only facilitates the adoption of non-special needs children from China, who are generally girls (although there are occasionally boys) between the ages of 10 and 20 months in good health. Although OA’s experience to date with the health of adopted children from China has been very good, there can never be any absolute guarantees in this regard.

Adoption activity at OA is restricted to residents of Ontario and is summarized in the chart below:

Adoptions completed during 2010	11
Adoption applications submitted during 2010	12
Total adoption applications pending	101

The wait to receive a referral after a file has been sent to China is currently approximately fifty-eight months for non-expedited files that were submitted to China in mid-2006. The corresponding wait for expedited files (applicable to applicants who were born in China or both of whose parents were born in China) is currently approximately forty-five months. **These wait times will continue to increase significantly for the foreseeable future, since the referral process from China is continuing to slow down on an ongoing basis.** Unfortunately, no one knows where wait times will end up, since the CCAA is providing very limited guidance with respect to future referral timelines. As a result of this slowdown in referrals, **OA has determined that it will no longer be accepting any new adoptive applicants.**

OA is overseen by a volunteer board of directors, currently consisting of 10 directors, as follows:

Angus Armstrong (Chairman)
Senior Executive: Toronto Port Authority

Susan Abbey
Psychiatrist

Catherine Byrne
School Vice-Principal

Jean-Philippe Cadot
Banking Executive

Anne Claessens
Medical Doctor

Sophia Hadzipetros
Broadcast Managing Editor

Robert Klein
Businessman

Susan Porritt
Child Service Worker

Brenda Welsh
Social Worker

Debbie Wright
Book Editor

Staff consists of an executive director (*Deborah Maw*), supplemented by a part-time assistant. Any complaints pertaining to OA should be directed in the first instance to the executive director and, if the matter cannot be resolved, should then be directed to the Chairman of OA's board of directors.

A schedule of fees and disbursements payable to OA forms part of this report. Until amounts are payable, they are deposited in a trust account and a final reconciliation is provided once the two post-adoption reports required following an adoption have been completed.

OA's financial information is prepared by an experienced bookkeeper and has been the subject of an annual audit by a licensed chartered accountant since prior to the introduction of the licensing requirements under the *Intercountry Adoption Act* in 2000. The audited financial report for OA for the year ended December 31, 2010 forms part of this report.

--- April 2011

SCHEDULE OF FEES AND DISBURSEMENTS

Fees

Agency Fee.....	\$ 3000
(\$250 deposit on registration; balance on submission of dossier)	
Annual Maintenance Fee.....	250
(payable commencing in first calendar year following initial registration with OA)	

Disbursements

Notarization, authentication, certification and translation of documents.....	1350
Registration with China Centre of Adoption Affairs.....	(US) 750
Miscellaneous disbursements (couriers, long-distance calls, etc.).....	150
Deposit towards payment of two post-adoption reports.....	400

Notes:

(1) All of the above disbursements are paid to third parties and are consequently subject to change.

(2) All other expenses of the adoption are the responsibility of the applicants and are not included in the fees and disbursements charged by OA. This includes, without limitation, items such as fingerprinting, passports, visas, immigration fees, fees (if any) charged by the Ministry of Children and Youth Services, travel to and within China, charge for administrative expenses of the orphanage and other expenses in China.

HST is added where applicable

OPEN ARMS TO INTERNATIONAL ADOPTION

FINANCIAL STATEMENTS

DECEMBER 31, 2010



Saeed & Company

Chartered Accountant Professional Corporation



AUDITORS' REPORT

To the Members of
Open Arms To International Adoption:

We have audited the statement of financial position of Open Arms To International Adoption as at December 31, 2010, and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many charitable and not-for-profit organizations, the Organization derives revenue from the receipt of cash, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenses, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the receipts referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Open Arms To International Adoption as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

SAEED & COMPANY
CHARTERED ACCOUNTANT PROFESSIONAL CORPORATION
Authorized to practice public accounting by
The Institute of Chartered Accountants of Ontario

Toronto, Ontario
March 8, 2011

OPEN ARMS TO INTERNATIONAL ADOPTION

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010

	2010	2009
ASSETS		
Current assets:		
Cash (note 3)	\$ 241,960	\$ 243,111
Prepaid expenses	3,792	4,032
	<u>\$ 245,752</u>	<u>\$ 247,143</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,891	\$ 6,325
Due to clients	160,791	173,563
	<u>168,682</u>	<u>179,888</u>
Net assets	<u>77,070</u>	<u>67,255</u>
	<u>\$ 245,752</u>	<u>\$ 247,143</u>

Approved on behalf of the board:

_____ Director

_____ Director

See accompanying notes to the financial statements



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OPEN ARMS TO INTERNATIONAL ADOPTION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
Revenues:		
Management fees	\$ 29,000	\$ 28,476
Interest	186	939
Maintenance fees	15,000	-
Other income	300	-
	44,486	29,415
Expenses:		
Salaries and benefits	15,784	39,593
General and office	11,417	12,653
Agency license and memberships	1,800	1,800
Advertising and promotion	-	74
Interest and bank charges	26	25
Conference and training	263	-
Event costs	31	1,226
Courier and postage	513	1,020
Insurance	4,790	4,510
Travel	47	-
	34,671	60,901
Excess (deficiency) of revenues over expenses for the year	9,815	(31,486)
Net assets, beginning of year	67,255	98,741
Net assets, end of year	\$ 77,070	\$ 67,255

See accompanying notes to the financial statements



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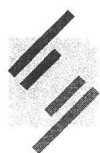
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OPEN ARMS TO INTERNATIONAL ADOPTION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
Operating activities:		
Excess (deficiency) of revenues over expenses for the year	\$ 9,815	\$ (31,486)
Changes in non-cash working capital balances (note 5)	(10,966)	(23,966)
Net decrease in cash during the year	(1,151)	(55,452)
Cash, beginning of year	243,111	298,563
Cash, end of year	\$ 241,960	\$ 243,111

See accompanying notes to the financial statements



OPEN ARMS TO INTERNATIONAL ADOPTION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

1. Organization activities:

Open Arms To International Adoption ("Open Arms") is a private, not-for-profit organization that provides assistance to couples and individuals ("clients") who wish to adopt a child from China.

In March of the 2000 fiscal year upon Proclamation of the Intercountry Adoption Act, the Ministry of Community and Social Services granted to Open Arms, its Licence to facilitate Intercountry Adoptions in China.

The China Centre for Adoption Affairs which oversees the International Adoption Program in China granted accreditation status to Open Arms in November of the 2000 fiscal year. Open Arms is one of only four Ontario agencies to have obtained this accreditation. Without this accreditation, it is not possible to undertake international adoption in China.

2. Summary of accounting policies:

The accounting policies of the Organization are in accordance with Canadian generally accepted accounting principles followed by not-for-profit organizations. Outlined below are those policies considered particularly significant.

(a) Financial instruments

The Organization designates its cash, accounts payable and accrued liabilities and the balance due to clients as held-for-trading. These financial assets and liabilities are measured at their carrying amount which is comparable to fair value due to their short-term nature.

The Organization has elected to use the exemption made available to not-for-profit organizations by the Canadian Institute of Chartered Accountants ("CICA") not to apply Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, which would have otherwise applied to these financial statements. The Organization has adopted the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.

(b) Revenue recognition

The operations of the Organization are primarily funded by the management fees paid to Open Arms by clients. Payments received from clients are initially recorded as amounts due to clients. Revenue is recognized as the adoption documentation is completed and disbursements on behalf of clients are made.



OPEN ARMS TO INTERNATIONAL ADOPTION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

2. Summary of accounting policies: (cont'd)

(c) Capital assets

Capital assets are recorded as expenses in the year they are acquired.

As the average of the annual revenues recognized in the statement of operations in the current and prior year is less than \$500,000, the Organization is not required to capitalize purchases but needs only to provide certain disclosures about capital assets. Thus there has been no amortization of capital assets, no write-down of capital assets or recording of contributed capital assets on the financial statements. When capital assets acquired are expensed, the amount expensed in the current period will be disclosed.

(d) Income taxes

A provision for income taxes has not been recorded in these financial statements as the Organization is a not-for-profit organization which is exempt under the Income Tax Act.

3. Cash:

This amount consists of the following individual cash balances:

	2010	2009
Bank - operating	\$ 70,351	\$ 36,454
Bank - trust	171,609	206,657
	<u>\$ 241,960</u>	<u>\$ 243,111</u>

4. Related party transactions:

Open Arms Children's Foundation (the "Foundation") is a registered charitable organization which was formed to assist orphaned children in the Peoples Republic of China. There is one common director between Open Arms to International Adoption and the Foundation. In addition, the Executive Director of Open Arms to International Adoption is also a board member of the Foundation.



OPEN ARMS TO INTERNATIONAL ADOPTION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

5. Changes in non-cash working capital:

Cash provided by (applied to) changes in other working capital components is summarized as follows:

	2010	2009
Decrease in current assets:		
Prepaid expenses	\$ 240	\$ 1,471
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	1,566	(460)
Due to clients	(12,772)	(24,977)
	<u>\$ (10,966)</u>	<u>\$ (23,966)</u>

