



Report of Independent Auditors

To the Board of Trustees of
Latter-day Saint Charities:

In our opinion, the accompanying statement of financial position and the related statements of activities, functional expenses, and cash flows present fairly, in all material respects, the financial position of Latter-day Saint Charities ("LDSC") at December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of LDSC's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of expenses by country on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2010 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2010 basic financial statements taken as a whole.

As discussed in the accompanying notes to the financial statements, LDSC has significant transactions with affiliates.

PricewaterhouseCoopers LLP

June 16, 2011

LATTER-DAY SAINT CHARITIES

STATEMENT OF FINANCIAL POSITION
as of December 31, 2010

(In thousands)

ASSETS

Cash	\$ 6,187
Investments	14,084
Amounts due from related parties	22
Interest in trusts held by others	1,648
Other assets	<u>75</u>
Total assets	<u>\$ 22,016</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 41
Amounts due to related parties	898
Committed project expenses	5,871
Annuities payable	<u>474</u>
Total liabilities	<u>7,284</u>

Unrestricted net assets	5,564
Temporarily restricted net assets	3,620
Permanently restricted net assets	<u>5,548</u>
Total net assets	<u>14,732</u>
Total liabilities and net assets	<u>\$ 22,016</u>

The accompanying notes are an integral part of the financial statements

LATTER-DAY SAINT CHARITIES

STATEMENT OF ACTIVITIES for the year ended December 31, 2010

(In thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and other revenue:				
Public support	\$ 98	\$ 165	\$ 2	\$ 255
Appropriations from the Church:				
Cash support	15,820	-	-	15,820
Goods-in-kind and administrative overhead	4,264	29	-	4,293
Investment gain	818	201	-	1,019
Interest income	20	61	-	81
Net assets released from restrictions	800	(800)	-	-
Total support and other revenue	21,820	(354)	2	21,468
Expenses:				
Program services:				
Humanitarian assistance	2,241	-	-	2,241
Emergency response	6,520	-	-	6,520
Health	3,091	-	-	3,091
Wheelchair distribution	1,362	-	-	1,362
Clean water	2,822	-	-	2,822
Family food production	1,117	-	-	1,117
Supporting services:				
Management and general	385	-	-	385
Total expenses	17,538	-	-	17,538
Change in net assets	4,282	(354)	2	3,930
Net assets at beginning of year	1,282	3,974	5,546	10,802
Net assets at end of year	\$ 5,564	\$ 3,620	\$ 5,548	\$ 14,732

The accompanying notes are an integral part of the financial statements

LATTER-DAY SAINT CHARITIES

STATEMENT OF FUNCTIONAL EXPENSES for the year ended December 31, 2010

(in thousands)

	Program Services					Supporting Services		
	Humanitarian Assistance	Emergency Response	Health	Wheelchair Distribution	Clean Water	Family Food Production	Management and General	Total
Emergency relief	\$ -	\$ 2,787	\$ -	2	\$ 79	\$ 75	\$ -	\$ 2,943
Commodities	-	599	-	-	-	102	-	701
Scholarships	-	-	-	-	-	64	-	64
Medical supplies	72	63	1,006	820	18	-	-	1,979
Labor	12	189	88	26	22	338	132	807
Contract labor	14	169	40	77	2,628	89	-	3,017
Travel	11	35	216	177	57	22	75	643
Supplies	10	2	1,013	-	238	134	28	1,425
Equipment and vehicles	-	186	51	195	2	13	15	462
Physical facilities	-	-	-	-	-	36	20	56
Freight and customs	17	633	21	175	-	4	-	850
Local project initiatives	667	8	64	4	656	-	-	1,399
Goods-in-kind	1,574	1,679	366	-	-	-	-	3,619
Committed project expenses	(453)	69	(205)	(154)	(890)	155	-	(1,478)
Other	317	51	431	40	12	85	115	1,051
Totals	\$ 2,241	\$ 6,520	\$ 3,091	\$ 1,362	\$ 2,822	\$ 1,117	\$ 385	\$ 17,538

The accompanying notes are an integral part of the financial statements

LATTER-DAY SAINT CHARITIES

STATEMENT OF CASH FLOWS for the year ended December 31, 2010

(In thousands)

Cash flows from operating activities:	
Change in net assets	\$ 3,930
Unrealized investment gain	(663)
Net realized and unrealized gain on trusts held by others	(207)
Contributions restricted for investment in permanently restricted net assets	(2)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Decrease in amounts due from related parties	109
Increase in other assets	(23)
Increase in accounts payable	31
Increase in amounts due to related parties	124
Decrease in annuities payable	(9)
Decrease in committed project expenses	(1,478)
Net cash provided by operating activities	<u>1,912</u>
Cash flows from investing activities:	
Purchase of investments	(240)
Proceeds from trust assets	234
Net cash used by investing activities	<u>(6)</u>
Cash flows from financing activities:	
Contributions restricted for investment in permanently restricted assets	2
Net cash provided by financing activities	<u>2</u>
Increase in cash	1,908
Cash at beginning of year	<u>4,279</u>
Cash at end of year	<u>\$ 6,187</u>

The accompanying notes are an integral part of the financial statements

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION:

Latter-day Saint Charities, ("LDSC") is a not-for-profit, nongovernmental organization affiliated with The Church of Jesus Christ of Latter-day Saints (the "Church"), providing charitable, educational, humanitarian and welfare services and programs worldwide. The headquarters of LDSC is located in Salt Lake City, Utah, U.S.A. LDSC was organized and commenced operations effective January 1, 1998. The programs administered by LDSC include:

- Humanitarian assistance -- local projects to meet chronic needs and provide assistance that strengthens self-reliance of individuals and families through organizations that serve others by providing goods, services, training and financial assistance.
- Emergency response -- assistance to people temporarily deprived of the necessities to sustain life or who are in chronic conditions associated with poverty.
- Major initiatives -- specific programs to meet widespread needs. The current major initiatives include health (neonatal resuscitation training, vision treatment training, and immunizations), wheelchair distribution, clean water, and family food production.

LDSC does not receive funds or goods from any governmental agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of LDSC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities in accordance with accounting principles generally accepted in the United States of America.

LDSC's net assets are classified into three categories: Unrestricted, Temporarily Restricted and Permanently Restricted. These categories are determined based on the existence or absence of donor-imposed restrictions on resources provided to LDSC. Unrestricted net assets are available for a variety of purposes and have no donor-imposed restrictions or all restrictions have been met. Temporarily restricted net assets include funds with stipulated time or purpose restrictions. When those restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. If a restriction is fulfilled in the same period in which the contribution is received, LDSC would report the contribution as unrestricted. Permanently restricted net assets have restrictions that require them to be maintained in perpetuity. All the income from the investment of these assets is made available for expenditures.

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS, Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:

Cash

LDSC places most of its cash with the Church which is headquartered in Utah, with remaining cash held in several working funds around the world. LDSC is subject to concentration of credit risk as essentially all cash is not covered by depository insurance.

Investments

Investments are carried at fair value (Notes 5 and 6). The unrestricted portion of these investments is available at LDSC's discretion.

Interest in Trusts Held by Others

LDSC is named as beneficiary of certain irrevocable trusts. Revenues and assets included in the financial statements are based on the fair value of assets and the net present value of expected proceeds from those trusts.

Fair Value Measurements

Certain financial instruments and trust assets are carried at fair value, as discussed in Note 5.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk.

In determining fair value, LDSC uses various valuation techniques and prioritizes the use of observable inputs. The availability of observable inputs varies from instrument to instrument and depends on a variety of factors including the type of instrument, whether the instrument is actively traded, and other characteristics particular to the transaction. For many financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants, and the valuation does not require significant management discretion. For other financial instruments, pricing inputs are less observable in the marketplace and may require management judgment.

LDSC assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and are the most observable. LDSC has no assets valued using Level 1 inputs. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS, Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:

LDSC's fair value processes include controls that are designed to ensure that fair values are appropriate. Such controls include model validation, review of key model inputs, analysis of period-over-period fluctuations, and reviews by senior management.

Amounts due to/from Related Parties

The Church pays some of LDSC's international project expenditures and is reimbursed by LDSC monthly. Infrequently LDSC pays expenses for the Church and is reimbursed by the Church monthly. Any amounts left at year-end are due to timing differences and are recorded as amounts due to/from related parties.

Committed Project Expenses

When LDSC commits to a project, the estimated cost is reflected in the Statement of Financial Position and the Statements of Activities and Functional Expenses as committed project expenses. These expenses are reclassified to the applicable functional expense accounts in the year expenditures are actually made. Any committed project expenses terminated prior to completion, or completed at a cost lower than originally committed, will be recorded as a reduction of expenses in the year of termination.

Annuities Payable

Annuities payable represent LDSC's estimated annuity obligation to certain donors and their designees under contractual gift agreements that are maintained by a Church affiliate. No significant financial benefit is being or can be realized by LDSC until the contractual obligations are released. LDSC uses the actuarial method of recording annuities when received. Under this method, when a gift is received, the present value of the aggregate annuity obligation is recorded as a liability, based upon life expectancy tables. The remainder is recorded as a contribution on the Statement of Activities. Annually, LDSC makes an adjustment to record the actuarial gain or loss due to recomputation of the liability based upon the revised life expectancy.

Donated Services

When humanitarian projects require human resources, LDSC selects candidates from among thousands of retired individuals and couples who volunteer up to three years of service to the Church. When serving with LDSC, these volunteers are assigned to conduct projects that often relate to their professional or occupational specialty, or to manage country operations. Approximately 106,000 hours were contributed to LDSC by volunteers during the year ended December 31, 2010. The value of such services is not included in the Statements of Activities and Functional Expenses.

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS, Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:

Restricted and Unrestricted Revenue and Support

LDSC's primary source of support is unrestricted appropriations from the Church and its affiliates. Contributions are also received from the public. All contributions are available for unrestricted use unless specifically restricted by the grantor/donor(s). Restricted contributions received from grantor/donor(s) are reported as temporarily restricted or permanently restricted support and increase the respective net asset classes. Restrictions on contributions that expire within the same accounting period as receipt of the contributions are considered unrestricted support.

Functional Expenses and Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to the natural expense classification.

Income Tax Status

LDSC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reporting period. Actual results could differ from those estimates.

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS, Continued

3. NET ASSETS:

The following table presents descriptions and amounts classified as unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, (in thousands):

Description of Amounts Classified as Permanently Restricted Net Assets,
Temporarily Restricted Net Assets, and Unrestricted Net Assets (in thousands)

	<u>2010</u>
Unrestricted net assets	
The portion of funds that is available for any purposes of LDSC	\$ 5,564
Total classified as unrestricted net assets	<u>5,564</u>
Temporarily restricted net assets	
The portion of funds that is restricted to specific use by donors	
Food production - specified projects	105
Food production - unspecified projects	3,516
Total classified as temporarily restricted net assets	<u>3,620</u>
Permanently restricted net assets	
The portion of funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA	
General endowment - use earnings for food production projects	4,820
Scholarship endowments - use earnings for international students working in food production or related studies	<u>728</u>
Total classified as permanently restricted net assets	<u>5,548</u>
Total net assets	<u>\$ 14,732</u>

4. ENDOWMENTS:

LDSC's endowment fund consists of individual donor-restricted endowments. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS, Continued

4. ENDOWMENTS, Continued:

Management has interpreted the adopted Utah "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, LDSC classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by LDSC in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, LDSC considers the following factors in making a determination to appropriate or accumulate endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of LDSC and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and appreciation of investments
- 6) Other resources of LDSC
- 7) The investment policies of LDSC

The following tables present LDSC's endowment composition, changes, and net asset classifications:

Endowment Net Asset Composition by Type of Fund
As of December 31, 2010 (In thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 5,548	\$ 5,548
Total funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,548</u>	<u>\$ 5,548</u>

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS, Continued

4. ENDOWMENTS, Continued:

Changes in Endowment Net Assets
For the year ended December 31, 2010 (In thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ 5,546	\$ 5,546
Investment gains	-	-	42	42
Contributions	-	-	2	2
Appropriations of endowment assets for expenditure	-	-	(42)	(42)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,548</u>	<u>\$ 5,548</u>

Description of Amounts Classified as Permanently Restricted Net Assets (In thousands)

	<u>2010</u>
Permanently Restricted Net Assets	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA	
General endowment - use earnings for food production projects	\$ 4,820
Scholarship endowments - use earnings for international students working in food production or related studies	<u>728</u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 5,548</u>

Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits associated with funds functioning as endowments, when they exist, are likewise classified as a reduction of unrestricted net assets. There were no deficits of this nature as of December 31, 2010.

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS, Continued

4. ENDOWMENTS, Continued:

Return Objectives and Risk Parameters

LDSC has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy endowment assets are invested in a manner that is intended to yield a long-term rate of return of approximately 3-4 percent annually, while assuming a conservative level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Investment Objectives

To achieve its long-term rate of return objectives, LDSC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). LDSC targets a diversified asset allocation that places greater emphasis on fixed income based investments to achieve its long-term objectives within prudent risk constraints.

Relationship of Spending Policy to Investment Objectives

The Welfare Executive Committee of the Church ("the Committee") determines the method to be used to appropriate endowment funds for expenditure. The appropriation amount is determined as of the end of the previous year, taking into consideration income and donations from the prior year. In establishing this method, the Committee considered the expected long-term rate of return on the investment of LDSC's endowment funds. Accordingly, over the long-term, LDSC expects the current spending policy to allow its endowment to grow at an average of 3-4 percent annually, consistent with its intention to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts. Depending upon market conditions and the needs and available resources of LDSC, appropriations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the endowment.

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS, Continued

5. FAIR VALUE MEASUREMENTS:

The following table summarizes the fair values of financial instruments measured at fair value on a recurring basis at December 31, 2010 (in thousands):

	Items Measured at Fair Value on a Recurring Basis			
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2010
Assets				
Investments	\$ -	\$ 8,536	\$ -	\$ 8,536
Interest in trusts held by others	-	-	1,648	1,648
Total assets at fair value	\$ -	\$ 8,536	\$ 1,648	\$ 10,184

Substantially all of the Investments above consist of utilized Interests in Investment pools managed by a Church affiliate.

The following table summarizes the changes in Level 3 financial instruments measured at fair value on a recurring basis for the year ended December 31, 2010 (in thousands):

	Fair Value at January 1, 2010	Total Gains (Losses)	Net Purchases (Settlements)	Assets Transferred out	Balance as of December 31, 2010
Assets					
Interest in trusts held by others	\$ 1,675	\$ 207	\$ (234)	\$ -	\$ 1,648
Total assets at fair value	\$ 1,675	\$ 207	\$ (234)	\$ -	\$ 1,648

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS, Continued

6. INVESTMENTS:

Investments are invested with and managed by a Church affiliate (Note 9). Investments as of December 31, 2010 are as follows (in thousands):

	<u>2010</u>
Cash with permanent donor stipulations	\$ 5,548
Investments at fair value	
Equity portfolios	4,793
Fixed Income portfolios	3,743
Total Investments at fair value	<u>\$ 14,084</u>

For the year ended December 31, 2010, net investment income included (in thousands):

	<u>2010</u>
Dividend and interest income from investments	\$ 238
Realized gain on trusts held by others	88
Unrealized gain on trusts held by others	119
Unrealized gain on actuarial adjustment of annuities	11
Unrealized gain on investments carried at fair value	563
	<u>\$ 1,019</u>

7. INTEREST IN TRUSTS HELD BY OTHERS:

LDSC is named as beneficiary or remainderman for a number of irrevocable charitable remainder trusts. Most of these trusts are administered by a Church affiliate (Note 9). Expected receipts from these trusts (determined using discount rates ranging from approximately 5.5 to 7.3 percent) at December 31, 2010 are as follows (in thousands):

	<u>2010</u>
Less than one year	\$ 210
One to five years	347
More than five years	1,091
	<u>\$ 1,648</u>

LATTER-DAY SAINT CHARITIES
NOTES TO FINANCIAL STATEMENTS, Continued

8. COMMITTED PROJECT EXPENSES:

Commitments for humanitarian projects, which extend beyond December 31, 2010, are payable as follows (in thousands):

2011	\$ 4,854
2012	610
2013	<u>407</u>
Total	<u>\$ 5,871</u>

9. RELATED PARTY TRANSACTIONS:

Management and general costs, including personnel and employee benefits, are funded by cash appropriations from the Church. The Church also provides donated goods-in-kind, administrative support, office facilities and equipment to LDSC, which are recorded at an estimated fair market value determined by the Church. All cash, investment, and trust balances are maintained with the Church or a Church affiliate.

10. SUBSEQUENT EVENTS:

LDSC has evaluated, for potential recognition and disclosure, events that occurred after the balance sheet date of December 31, 2010, through June 16, 2011, the date of the financial statements were available to be issued. No events have been identified that will have a material effect on the financial statements.

LATTER-DAY SAINT CHARITIES
SCHEDULE OF EXPENSES BY COUNTRY
for the year ended December 31, 2010

(In thousands)

Armenia	\$ 2,281
Bolivia	375
Cambodia	1,168
DR Congo	4
Ecuador	208
Egypt	517
Ethiopia	637
Guatemala	137
Haiti	5,446
Hong Kong	2
India	845
Kenya	2,527
Malawi	4
Myanmar	157
Nepal	260
Philippines	1,516
Sri Lanka	78
Syria	61
Turkey	475
Vietnam	763
Zimbabwe	1,170
Total aid by country	<u>\$ 18,631</u>
Committed project expenses	(1,478)
Total project expenses	<u>\$ 17,153</u>
Supporting services	385
Total Expenses	<u><u>\$ 17,538</u></u>