



2016 - 2017

Annual Report

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MISSION

The **Canadian Red Cross** works to improve the lives of vulnerable people by mobilizing the power of humanity in Canada and around the world.

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VISION

The **Canadian Red Cross** is the leading humanitarian organization through which Canadians voluntarily demonstrate their care and compassion for others.

.....

FUNDAMENTAL PRINCIPLES

- Humanity
 - Impartiality
 - Neutrality
 - Independence
 - Voluntary Service
 - Unity
 - Universality
-

HUMANITARIAN VALUES

- Respect, dignity and inclusiveness
 - Integrity, accountability, effectiveness, transparency and adaptability
 - Quality and safety
-



Message from the President & CEO

Over the past year, a series of defining moments enhanced our growth, capacity and innovation at the Canadian Red Cross. At home and around the world, we offered help and hope to people in need, as we responded to disasters and conflict, worked to improve health and wellness in communities, and provided education about essential prevention and safety practices. In numerous ways, the Red Cross demonstrated impressive progress and positive change, often in challenging circumstances, as we made a difference in people's lives.

Certainly, the wildfires in northern Alberta, which caused the sudden evacuation of more than 80,000 people from Fort McMurray and surrounding communities last May, was a pivotal moment for every person affected by the fires, as well as the Canadian Red Cross. In this report, a special feature on the Alberta wildfires describes the important contributions and creative solutions adopted by Red Cross as we helped thousands of people forced to leave almost everything behind. In fact, a recent article by the International Federation of Red Cross and Red Crescent Societies (IFRC) praised our "outstanding innovations for quick response" during the wildfires, which included "the largest single-day cash transfer in humanitarian history" to their knowledge.

In each of our three areas of excellence, our operations in Canada and around the globe last year have made a crucial impact on the lives of people, and we could have not accomplished this work without the contribution of thousands of volunteers. Red Cross relies daily on our network of trained, professional and experienced volunteers in this country and around the world, and we are always extremely grateful for their skilled and selfless participation. Internationally, after Hurricane Matthew devastated communities in Haiti and earthquakes caused deaths and severe damage in Ecuador, our emergency response unit with expert medical delegates assisted with much-needed

healthcare services. Also in South Sudan, a mobile health team with Canadian Red Cross and local Red Cross members has provided critical healthcare, including childhood immunizations, in vulnerable communities. These initiatives and many others demonstrate that Red Cross is delivering in the last mile in the most difficult situations, and making important strides toward improving the health and survival of women, children and adolescents, while also improving our Movement's actions in disaster and emergency preparedness, response and recovery.

In disaster and emergency management in Canada, in addition to the Alberta wildfires, Red Cross responded to severe ice storms in New Brunswick, where widespread power outages initially affected more than 133,000 homes and businesses, by offering vehicles, cots, blankets and other supplies, as well as warming centres, shelters and other key services. Of course, trained volunteers make our work possible.

Last year, our volunteers helped Red Cross respond to personal disasters, such as house fires, every three hours in this country.

As well, Red Cross continues to assist Syrian refugees as they settle in Canada. It was a major undertaking in 2016 when we first greeted and helped thousands of refugees at Canadian airports, welcome centres and interim lodging sites in Montreal, Vancouver and Victoria. Today, we continue to help ease their long-term integration into new communities, offering a range of programs - from women's health to an Arabic language hotline. The Syrian refugee operation is just one example of incredible teamwork and the dedication of our volunteers who make our work possible. It also reflects our ongoing commitment to assist people as long as they need our support, whether they are refugees, survivors of the Ecuador earthquake, or people rebuilding lives after the Alberta wildfires.

In prevention and safety, programs in first aid, swimming and water safety have made significant shifts to better meet people's ever-changing needs by offering their courses online. Respect Education also gained important recognition in many regions, such as New Brunswick where the provincial high school curriculum now includes our Healthy Youth Relationships lesson plans, and Ontario where successful summer camps for indigenous communities were focused on water safety, bullying prevention and other life skills.



MEET THE CANADIAN RED CROSS ORGANIZATIONAL LEADERSHIP TEAM ON REDROSS.CA/ABOUTUS

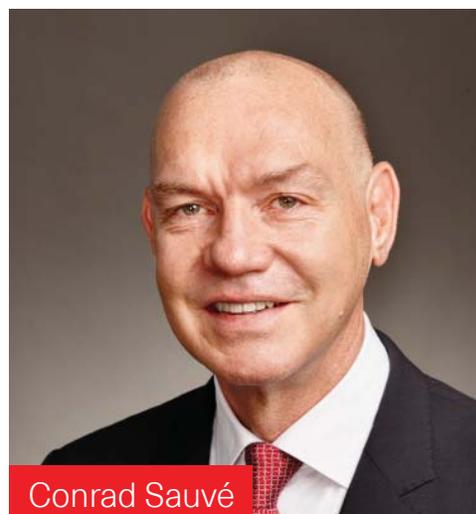
Community health and wellness has also continued to evolve and innovate. As Red Cross transitions from some community health programs, resources are being refocused to address unmet needs and deliver innovative solutions on health issues related to an aging population and people's increasing social isolation.

As well, our investment in new technologies is improving our ability to serve people. At the Red Cross, we are continually adapting to meet the ever-changing needs of Canadians.

But like most progress and successes, Red Cross does not accomplish these things alone. In fact, each time need arises, it is our relationships, collaboration and agreements with governments and other partners in the community that we have been able to count on for generosity and support. In many ways, these relationships help ensure that Canadians are safer and better prepared for tomorrow.

Together, we are writing a new chapter in the history of the Canadian Red Cross, and I am grateful for the support of so many, as we continue to help people live safe, hopeful and healthy lives.

Sincerely,



Conrad Sauvé

President and CEO, Canadian Red Cross



Message from the Chair of the Board

After the 1988 Armenian earthquake, I had my first experience with the International Red Cross Movement, helping survivors who suffered spinal cord injuries. Now, as I conclude my three-year term as Board Chair for the Canadian Red Cross Society, I remain privileged to contribute, collaborate and help shape an organization which assists vulnerable people in Canada and around the world.

Over the decades in various roles, I have always been extremely proud and passionate about the work that we do together. It is a great pleasure to work among thousands of talented, committed volunteers and staff. Whether we are assisting distraught families displaced by the Alberta wildfires, participating in ground-breaking water safety research, or providing essential services to seniors, the Canadian Red Cross is an organization that continues to do the right thing for the right reasons at the right time.

During my term as Board Chair, I have been honoured to work with 15 exemplary Board Directors from diverse regions, backgrounds and areas of expertise. Among the Board's recent accomplishments was a collaborative process which ultimately produced new bylaws in 2015, and strengthened our governance philosophy and structure. This change aligned with the One Red Cross mandate and reinforced our ability to work together effectively and efficiently across all our regions and programs. There is no doubt the One Red Cross vision has been a significant culture change for our organization, and I am constantly impressed by the adaptability of volunteers and staff as we embrace and implement practices and systems that expand our reach.

After approval of our new bylaws, which established Provincial Advisory Committees that offer expert guidance to provincial operations, a task force of volunteers from every province worked for a year to create a practical framework. In so doing, I am confident we have created stronger leadership within the Canadian Red Cross with well-defined and impactful volunteer roles. And, as I've noted in the past, good governance is not just about establishing a framework for making decisions. It's also about creating a clear understanding, across all levels of the organization, about what we do and how we do it, so everyone is successfully working together to improve the lives of people in need.

For similar reasons, I was very pleased to be involved in the establishment of our new Quality and Safety Committee of the Board. This process started with discussions about our health programs and expanded to produce a common template for improved reporting on all our areas of excellence including disaster management, prevention and safety, community health and wellness, and international operations, as well as fund development. At a recent Board meeting, it was agreed that this initiative has strengthened and improved our ability as an organization to monitor and reflect all facets of our work.

A defining moment in Canadian Red Cross disaster response history also occurred during my term as Board Chair. When wildfires struck northern Alberta in May 2016 and produced our biggest response to date, the Board's level of involvement and engagement was also heightened. We incorporated regular reporting on the operation into our meetings, helped to provide oversight, discuss and approve strategy, and later, many of us visited the affected region. In numerous ways, the Alberta wildfires response reaffirmed for me, our ability to be nimble and effective, while supporting vulnerable populations at home and internationally. And, once again, this response highlighted the dedication of our trained volunteers who are essential to everything we do.

Looking ahead, it is my hope that we continue to **build on the experience** gained from our successful operations and programs.



MEET THE CANADIAN RED CROSS BOARD OF DIRECTORS ON REDCROSS.CA/ABOUTUS

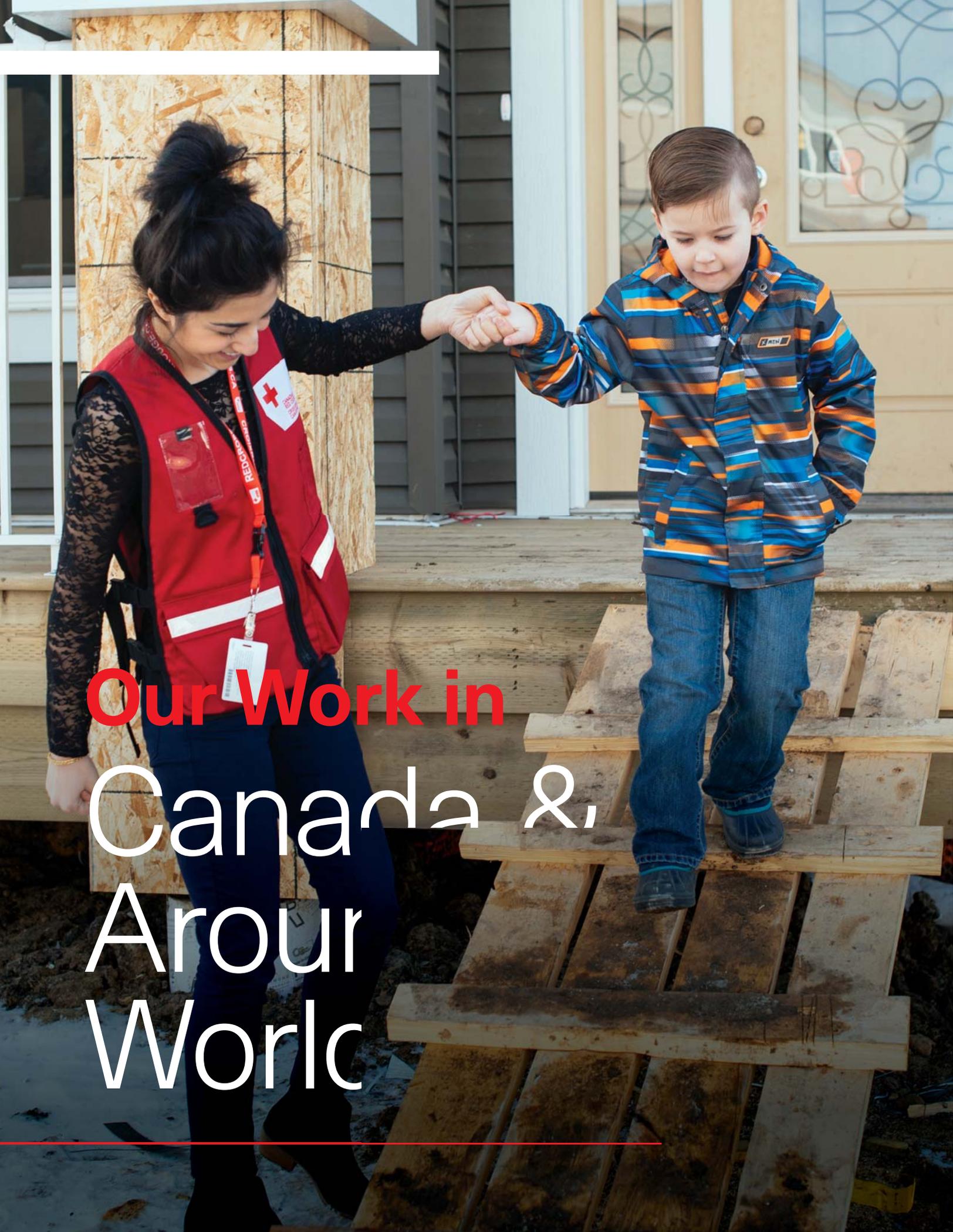
We must always strive to expand our reach. Certainly, we're doing that again with the creation of a formal Indigenous Peoples Strategy. I feel privileged to be leaving my position as Board Chair on such an exciting and innovative note. I also know that my work with the Red Cross is not finished. I look forward to fresh challenges amongst people who continue to contribute in such important and meaningful ways. Finally, I would like to say thank you again to Canadians for their generosity and support, and to Canadian Red Cross staff and volunteers who make our work possible.

Sincerely,



Sara John Fowler

Chair of the Board



Our Work in
Canada &
Aroun
World

Alberta Wildfires

SPECIAL FEATURE

When wildfires sparked the evacuation of more than 80,000 people from Fort McMurray and the surrounding region last May, the Canadian Red Cross supported those in need while also introducing outstanding innovations in disaster response.

The scale of destruction and upheaval in northern Alberta was unprecedented, and required the largest disaster response in Canadian Red Cross history. From coast to coast, 3,725 Red Cross volunteers and staff rallied to provide food, clothing, shelter and other emergency relief, while generous donations poured in from Canada and around the world. Just one week after the evacuation, thanks to the overwhelming support of donors and matching funds from the Canadian

and Alberta governments, the Red Cross was able to announce \$50 million in immediate financial assistance for evacuated people. For the first time, electronic bank transfers were used on a large scale, and in just one day, funds were provided to 64,000 people who needed help. This single-day cash transfer became the largest and fastest distribution of immediate financial aid to people from the Red Cross, not only in Canada, but around the world.

In the following weeks, caring, often innovative, contributions offered by so many people at Red Cross – from information technology and call centre personnel to caseworkers and our community partners – produced many other milestones of note:

The Red Cross recognizes that recovery takes time and remains committed to assisting people affected by the fires for as long as it takes.



Evacuees spread across Alberta and Canada, often to find shelter with friends and family. Our electronic registration system, which recorded 65,000 households following the disaster, made it possible to provide help wherever they relocated.



At the peak of the response, the Red Cross operated **13 call centres** and **responded to over 147,000 phone inquiries**. Across the country, staff and volunteers also worked long and hard to assist people who arrived at our local offices seeking help.



When it was safe for evacuees to return home, the Red Cross provided **10,900 flight and bus tickets**, as well as **financial assistance**, and more than **37,000 clean-up kits** for their households.



More than 11,900 families received housing support, including assistance for rent or mortgage and utilities, as well as household goods such as pillows, sheets, mattresses, dishes and cookware.



More than 3,200 eligible small businesses, which provide essential services to the community, also received financial assistance from Red Cross which committed \$30 million, including matching funds of \$15 million from the Alberta government to an initiative to support eligible small businesses.



As residents returned home, the need for services increased and the Red Cross announced **\$50 million to support community organizations**. To date, we have 54 partnerships helping people and their communities recover from the wildfires.



More than **4,900 people were also supported through mental health and psychosocial programming**. This includes partnerships with local agencies that provide counselling, wellness workshops and support groups in such places as schools and community centres.

Additional information on the Alberta Fires response can be found in our 2016 Alberta Fires one year donor update.

Disaster Management in Canada

The Canadian Red Cross helps communities affected by emergencies and disasters, which can range from house fires and power outages to floods, wildfires and ice storms that disrupt entire regions. With a network of trained volunteers across the country, the Canadian Red Cross responds on average every three hours to disasters, wherever and whenever they strike.

Our Disaster Management Programs In Canada Last Year



RESPONDED TO OVER
3,135 Canadian
Disasters



ASSISTED
147,586 Canadians
(including those assisted for the
Alberta Wildfires response)



ENGAGED
5,252 volunteers



**DELIVERED DISASTER
PREPAREDNESS TRAINING TO**
11,082 people

“Our future looks very bright, and it’s only because of the help we received. The Red Cross kept our family together and I truly don’t know what we would have done.”

SHEILA CHAMPION OF FORT MCMURRAY



Personal Disaster Response

When fire or another emergency strikes a household, the Canadian Red Cross provides affected people with **food, shelter, clothing** and **essential supplies** for up to **72 hours**.

Thousands of volunteers give their time and energy, train extensively, and respond 24 hours a day, seven days a week, to those in need across Canada. Our dedicated disaster response volunteers offer crucial assistance during personal emergencies. These volunteers also answer the call when large-scale disasters strike, ensuring Red Cross is always ready to help.

Personal Disaster Response Work in Canada:

On Average, The Canadian Red Cross Assists



129

Canadians daily



and responds
to a disaster

every **3** hours



*“Our hearts are with you all.
You are strong people.
We are Canadians.”*

KATHLEEN AND PETER, RED CROSS DONORS

Syrian Refugee Community Integration

Last year, the Canadian Red Cross assisted nearly 11,000 Syrian refugees as they arrived at airports, welcome centres and interim lodging sites in Montreal, Vancouver and Victoria.

When refugees later moved from temporary accommodations into their new communities and homes, the Canadian Red Cross again helped ease their transition and address any unmet needs.

As of March 31, 2017, the Red Cross has implemented 68 integration projects serving over 25,000 Syrian refugees in partnership with trusted community organizations across Canada. Recognizing the many challenges that newcomers face, these projects include support for housing, health, employment, community events, recreational activities, youth programs, and language skills.

Support For Integration of Syrian Refugees Includes:



Educational programs for Syrian refugee youth covering English, Math and an introduction to the Canadian school system



Summer camps and **support groups** for youth



English and French language classes for all ages



Women's health support group



Skills training for job opportunities



Arabic language hotline for Syrian refugees to access referrals, immediate support and information



Transportation to health clinics



Mental health support for families through their transition



Swimming lessons, First Aid classes and **Disaster Preparedness** training

“The Red Cross has always been a symbol of help and hope. Back in my country, when you see Red Cross, you knew someone was coming to help out. There are no words to express how much transportation and interpretation services helped me.”

A SYRIAN REFUGEE IN CANADA





New Brunswick Ice Storms

An ice storm in New Brunswick on January 24, 2017, brought down hundreds of utility poles and thousands of kilometres of wires, resulting in widespread power outages which at their peak affected more than 133,000 homes and businesses. The northeastern part of the province suffered the most severe damage with thousands of people having to endure cold weather without electricity for up to two weeks.

The Canadian Red Cross worked closely with the provincial Department of Public Safety, municipalities and other partners to help those most impacted. We deployed vehicles, cots, blankets, generators and other supplies to the hardest-hit areas and our teams of trained Red Cross disaster volunteers from across New Brunswick were bolstered by personnel from Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Quebec, Ontario and Alberta.

More than 40 warming centres or shelters were opened. The Red Cross managed four in the hardest-hit communities on the Acadian Peninsula and supported

several run by municipalities or other groups, providing volunteers as well as cots, blankets and other supplies. The Red Cross activated call centres to provide information, registration and financial aid to those affected by the outages. Through electronic fund transfers and other means, the Red Cross provided emergency financial assistance to 5,318 households on behalf of the New Brunswick government, later offering additional support to people with urgent needs thanks to donations from the public.

“On behalf of New Brunswick, I would like to thank you again for helping us and all the other great work that the Red Cross does!”

RESIDENT IMPACTED BY THE ICE STORMS

International Operations

The Last Mile

When conflict, a health crisis or disaster strikes, the Canadian Red Cross rapidly delivers lifesaving assistance to people and communities, often in some of the world's most remote regions. This is our commitment to delivering in the last mile, reaching those who need us most, and helping people for as long it takes to recover.

The Canadian Red Cross has the expertise and experience to alleviate suffering and provide people with such basic needs as food, shelter, clean water, and emergency health care. We are specialists in rapid deployment of mobile hospitals with teams of medical professionals. Canadian Red Cross works with other Red Cross societies around the world to strengthen their ability to respond to disasters and other emergencies. We also work closely with community partners on the ground, as well as the International Committee of the Red Cross (ICRC) and the International Federation of Red Cross Red Crescent Societies (IFRC) to offer coordinated programs together.

Red Cross has also built partnerships with Canadian research institutions, universities and governments to further strengthen and continuously improve the quality of our international assistance. With a focus on health in emergencies, particularly for women and children, these partnerships provide an opportunity for innovative approaches to international health assistance. Importantly, much of the experience brought back by our international teams is also used to improve our work in response to emergencies and disaster in Canada.

As the future challenges us, we will continue to respond with agility and innovative solutions - like our pilot program in Haiti and the Philippines, where drones remotely scanned landscapes after a disaster to transmit live footage to Red Cross emergency response teams.

At Canadian Red Cross, we focus on two key areas:

- Health in emergencies including a focus on women, children and adolescents
- Disaster preparedness and response



Over
2,810,000 People
assisted **globally**



2 Field Clinics
were **deployed** last year
(Haiti and Ecuador) with
**OVER 48,000 MEDICAL
CONSULTATIONS PERFORMED**



**136 Canadian
Experts**
DEPLOYED to
32 countries

INTERNATIONALLY, CANADIAN RED CROSS PROVIDES:

Field Hospitals; Specialized Health Teams; Pandemic Response; Reproductive, Maternal, Neo-Natal, Child & Adolescent Health programs; Community-Based Interventions for Malaria, and Water, Sanitation & Hygiene; Construction & Infrastructure Rehabilitation; and support to Red Cross and Red Crescent partners to strengthen disaster management.

PUBLIC EDUCATION AND ENGAGING CANADIANS ON HUMANITARIAN ISSUES IS A KEY ACTIVITY WE CONTINUE TO LEAD.

International Humanitarian Law (IHL) is discussed across Canada with various audiences: academics, law and journalism students, high school teachers and the military, in partnership with universities and the Canadian Armed Forces.

Haiti: Hurricane Matthew

The Canadian Red Cross mobile health clinic was the first humanitarian assistance to reach the community of Cap à Fou, Carcasse after Hurricane Matthew in October 2016. Local Haitian Red Cross volunteers and Canadian mobile clinic members offered a range of health services. In the photo below, a Haitian Red Cross nurse conducts a blood test for malaria on a patient in Cap à Fou.

Tamara Bournival, a Canadian Red Cross medical logistician in Haiti, describes what it is like to reach vulnerable people in a remote area, and deliver aid along the last mile:

“Today was one of a kind - the kind of day I used to imagine when I dreamed of doing humanitarian work. Thanks to our unstoppable drivers, our Red Cross mobile clinic team was able to reach Cap à Fou, an isolated village which, due to impassable roads, had received absolutely no help (medical or otherwise) since Hurricane Matthew [over six weeks ago].

My emotions ran the gamut – from incredible sadness at the devastation, to joy at seeing the relief on faces of worried mothers as their sick children got the help for which they had been desperately waiting, and then to pride in my team of gutsy doctors, nurses, drivers and volunteers from Canada, France and Haiti. This is a day that will stay with me forever.”



Nepal: Two Years after the Earthquakes

The work never ends for female community health volunteers, Dawa Wangmo Tamang and Yangjen Ghole. For more than 23 years, they have served women and children in their remote community on a mountainside in Nepal, which experienced deadly earthquakes in 2015. Women are often engaged to reach the most vulnerable families in marginalized or underprivileged communities, as part of a government initiative to educate people about maternal and newborn health, and malnutrition.

“We love being able to help children, women and pregnant mothers in the district,” says Yangjen.

In the village of Dhunche, electricity is hard to come by, or unreliable. The Red Cross has distributed 245 donated Waka Waka solar-powered phone chargers and flashlights to help volunteers like Dawa and Yangjen respond to calls – day or night.

“With the light, we can safely reach homes where a woman is going into labour late at night and we can help them to the hospital,” says Dawa.

In Nepal, the Canadian Red Cross is supporting rebuilding efforts with home reconstruction, income support, and the provision of water and sanitation facilities. We are also strengthening the local health systems by training healthcare providers, reconstructing rural health facilities, and supporting the Nepal Red Cross and communities to improve community health and prepare for a future disaster.



South Sudan: Providing Healthcare To Women and Children

The Canadian Red Cross is supporting the South Sudan Red Cross and Ministry of Health to give community-based lifesaving services. In this photo, immunization is given to a child by a South Sudan Red Cross/Canadian Red Cross outreach health team member. Two outreach health teams provide critical healthcare in vulnerable communities.

Countries where we work



The Canadian Red Cross responds to humanitarian needs in times of conflict and natural disasters, wherever and whenever they occur.

"[Healthcare centres are] too far. Now I can go to the medical outreach team, get treated and go home to look after my family."

SOUTH SUDANESE MOTHER





Community Health & Wellness

For more than a century, the Canadian Red Cross has provided health and wellness programming in communities across this country. During that time, we have kept pace with a rapidly changing world, adapted to shifting needs, and consistently refined our focus to ensure that we are best positioned to help people.

In Canada, Red Cross has offered a variety of services in three key areas based on the specific needs of provinces and regions. The Health Equipment Loan Program (HELP) provides wheelchairs, crutches, hospital beds and other specialized gear to people experiencing illness or injury. Community Support Services assists with safe transitions home after hospital stays, including transportation, meals, and other programs to support independence. Home Support Services offers homemaking, personal support, home care and attendant outreach at people's residences.

As our population ages, we are identifying innovative methods to help address such growing issues as social isolation, safety and other needs associated with an older population. At Red Cross, we are committed to leveraging the skills, training and passion of our volunteer network and channeling our efforts into health and wellness solutions that bring unique value to people and their communities.

333,233 RIDES PROVIDED
to **seniors** and **recovering patients**

10,778 PEOPLE
given **transportation assistance**

609 PEOPLE
received **assisted living services** in their homes

269,299 LOANS
of **health equipment** like walkers and wheelchairs

156,181 PEOPLE
loaned **health equipment**

334,945 MEALS
delivered

3,345 PEOPLE
received **meals**

1.01 MILLION HOURS
of **home support** provided

1,950 PEOPLE
received **home support**



Prevention & Safety

The Canadian Red Cross always strives to provide Canadians with the latest knowledge, skills and techniques needed to stay safe, along with their friends, families and other community members.

Since recent studies suggest less than 25 per cent of Canadians are willing to help during emergency situations, the Red Cross has adjusted its first aid programs to bolster people's confidence and ultimately save more lives. The Red Cross is calling upon other groups to join us in this shift in first aid education to a new industry model with an increased emphasis on competence and practical learning.

The Red Cross continues to create and utilize new methods, resources, and online tools to ensure adults and children get excellent, up-to-date

information and training in first aid, swimming and water safety. More than one million Canadians participated in Red Cross swimming programs in the past year.

Because education is also key to the prevention of abuse, bullying, violence and sexual exploitation, Red Cross continues to innovate with Respect Education programs such as Beyond The Hurt, and Be Safe!, as well as online courses for family, clients or work colleagues. More than 108,000 people received Healthy Youth Relationships training last year, and about 52,000 people took the Its Not Your Fault program. As well, 4.6 million people learned social awareness skills. We also continued to support Red Cross Pink Day events and show the world that, together, we can imagine no bullying!

Our Prevention & Safety Programs In Canada Last Year



TAUGHT RED CROSS FIRST AID PROGRAMS TO OVER
621,000 Canadians



MAINTAINED CLOSE TO
11,000 Active
First Aid Instructors



DELIVERED RED CROSS SWIMMING AND WATER SAFETY COURSES TO ALMOST
1.1 Million Canadians
AND MAINTAINED OVER
29,000 Active Swimming & Water Safety Instructors

OVER 738,000 Canadians
ATTENDED RESPECT EDUCATION
WORKSHOPS IN CANADA



MAINTAINED AND TRAINED
4,146 Youth Facilitators



Swimming and Water Safety

DROWNING & FLOTATION RESEARCH PROGRAM

In 2016, Red Cross released two reports on the incidence of water-related fatalities in Canada. The Flotation Report contains research on the incidences and causes of water-related fatalities and lifejacket/personal flotation use in Canada from 1991-2010.

The report found that boating accounts for more than one-third of immersion/drowning deaths in Canada. The vast majority of victims were males aged 15 to 74. The most frequent risk factor was not wearing personal flotation devices (PFDs). As a result, Red Cross is running annual public education campaigns specifically targeting this issue and audience.

First Aid

LAUNCH OF REVISED FIRST AID & CPR PROGRAM

The **Canadian Red Cross First Aid & CPR program** has evolved and differs greatly from other first aid training providers.

This approach allows us to achieve our goal of creating safer environments and communities through first aid education. We are encouraging industry colleagues and agencies to join us in this shift in first aid education – a new industry model that incorporates social, behavioural, and educational sciences into training – to help save more lives.



Report of the Chief Financial Officer

The Canadian Red Cross Society operates four core programs – Disaster Management, Prevention and Safety, Community Health and Wellness, and International Operations – which are supported by donations (restricted and unrestricted) and fee-for-service contracts.

The total revenues for the year ending March 31, 2017 were \$521.8 million (2016: \$302.1 million) and the total operating expenses were \$510.9 million (2016: \$307.3 million). The increase in both the revenues and expenses is largely due to the impact of the Alberta Fires Appeal. The total expenses are shown in the chart on the following page.

In the year ended March 2017, the Red Cross earned an operating surplus of \$10.9 million (2016: deficit \$5.2 million), which was largely attributable to gains on the sale of buildings (\$9.3 million) and investment income (\$4.0 million). The sale of Red Cross properties was in accordance with our facilities strategy, under which redundant properties are sold to redeploy the capital to Red Cross programs.

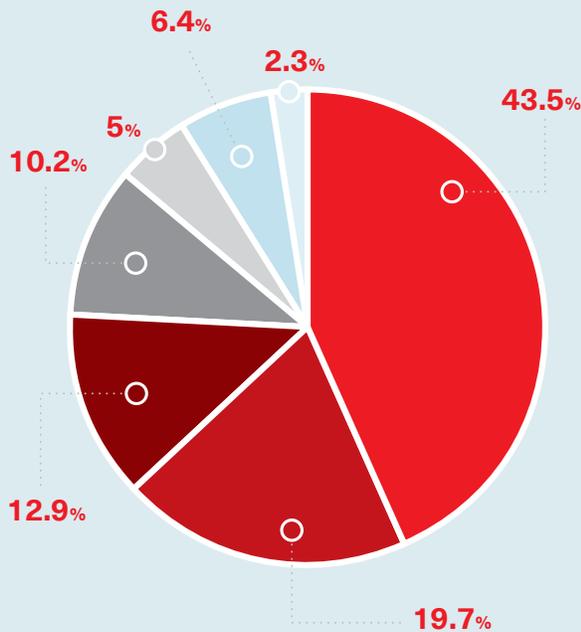
Excluding the gains on sale of buildings and the investment income, the Red Cross incurred an operating deficit of \$2.4 million (2016: \$5.9 million). The decrease in the deficit from 2016 is primarily due to increased revenues from operations although this was partially offset by restructuring charges and other costs associated with the announced closure or transfer to other agencies of community health programs.

The Ontario Home Support program transfers will be implemented in the next fiscal year.



Total Expenses

- DISASTER MANAGEMENT - ALBERTA FIRES
- COMMUNITY HEALTH & WELLNESS
- INTERNATIONAL OPERATIONS
- DISASTER MANAGEMENT - OTHER
- PREVENTION & SAFETY
- FUNDRAISING
- GOVERNANCE & GENERAL MANAGEMENT



Total Program expenses	91.3%
Total Fundraising expenses	6.4%
Governance and general management expenses	2.3%
<hr/>	
TOTAL EXPENSES FOR THE YEAR	\$510.9 MILLION

DISASTER MANAGEMENT

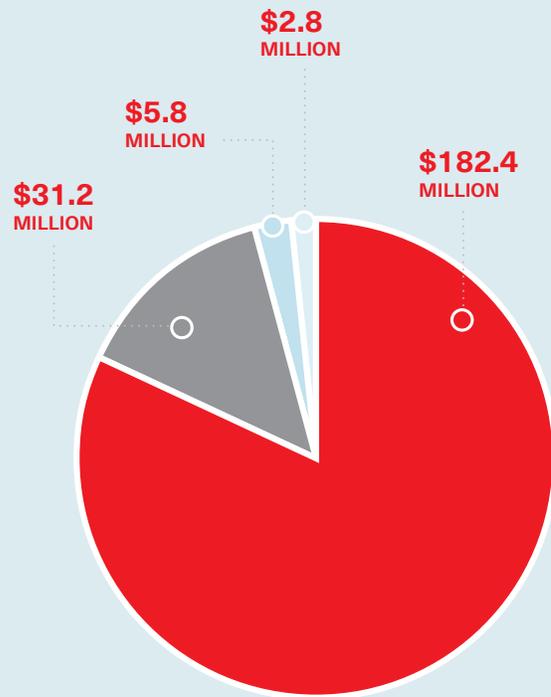
Disaster management revenues were \$270.1 million (2016: \$54.7 million) and mainly comprised the Alberta Fires Appeal (\$222.2 million) and baseline operations.

Donations to the Alberta Fires Appeal amounted to \$189 million. In addition, the Federal and Alberta governments provided matching grants of \$104 million and \$30 million for a total of \$323 million.

Of this amount, \$244 million have been spent or committed to date. At March 31, 2017, \$222.2 million (69% of the total funds contributed) had been spent in the following segments:

Alberta Fires Spending

- INDIVIDUALS AND FAMILIES
- COMMUNITY INITIATIVES AND SUPPORT TO SMALL BUSINESS
- FUNDRAISING COSTS
- FUTURE DISASTER PLANNING AND PREPARATION



The remaining funds of \$101.3 million, which are maintained in trust, have been committed or earmarked for various programs over the next two years.

Separate from the Alberta Fires, the disaster management program had total revenues of \$47.9 million (2016: \$46.9 million) representing the provision of disaster management services under fee-for-service contracts to provincial and federal agencies. In addition, the Red Cross continued to provide personal disaster assistance across Canada.

INTERNATIONAL OPERATIONS

The International Operations program had revenues of \$64.4 million (2016: \$84.7 million) the main components of which were programming for emergency response (\$33.2 million), global programming (\$26.5 million) and international appeals (\$2.2 million).

The decrease in program revenues was due to anticipated reductions in program spending in Haiti in accordance with long-term recovery plans. In addition, programs in Nepal were delayed due to the local government's approval process and projects in South Sudan were deferred due to political unrest and conflicts. The only major international appeals in the year were for Hurricane Matthew and the Ecuador earthquakes.

PREVENTION AND SAFETY

Prevention and Safety programs had revenues of \$24.1 million (2016: \$25.3 million), mainly represented by First Aid training sales (\$16.6 million), Water Safety (\$3.8 million) and Respect Education (\$3.7 million). The decrease in program revenues and net revenues was due to reductions in sales volume and prices in the First Aid program. In addition, the Red Cross continued to implement its strategic plan to change its delivery model for First Aid training from direct program delivery to training partner delivery. This also contributed to the decrease in revenue.

COMMUNITY HEALTH & WELLNESS

Community Health and Wellness programs, which mostly operate in the Atlantic region, Ontario, Alberta and British Columbia, had revenues of \$76.8 million (2016: \$75.7 million) mainly in home support (\$29.2 million), health equipment loans (\$20.9 million), transportation (\$11.0 million), and meals (\$4.4 million).

No major change occurred in the activity level of these programs during the year. The closure or planned transfers of several programs to other agencies resulted in restructuring and other charges of about \$7 million.

These charges were the main reason for the increase in total expenses from \$89.8 million in 2016 to \$100.5 million in 2017.

FUNDRAISING

Philanthropy raised \$298.7 million (2016: \$120.1 million) in restricted and unrestricted donations. The overall increase is largely attributable to the \$189 million in restricted donations raised for the Alberta Fires.

Total unrestricted donations were \$73.2 million (2016: \$60.6 million) and net unrestricted donations were \$40.4 million (2016: \$32.7 million). The increase in unrestricted donations and net unrestricted donations was largely due to increased donor response to the work of Red Cross following the Alberta Fires Appeal.

The cost of fundraising for Red Cross decreased to 10.7% from 22.8% in 2016 due to the \$189 million raised for the Alberta Fires. The five year rolling average cost of fundraising for Red Cross is 17.7%.

FINANCIAL POSITION

As of March 31, 2017, the Red Cross was in a strong financial position with net assets of \$114.1 million (2016: \$104.6 million). The increase was largely due to the sale of buildings during the period. The Red Cross realized the fair market value of properties which had been owned for periods of 5 to 25 years.

Unrestricted cash and cash equivalents were \$34.8 million (2016: \$9.6 million) increased by about \$25 million due to donations, programming revenues and the sale of properties. Externally restricted cash and cash equivalents of \$205.3 million (2016: \$128.8 million) represent restricted donations from appeals during the year or carried forward from prior years. The increase in externally restricted cash is due to over \$323 million raised from the Alberta Fires Appeal of which \$101.3 million is unspent but is committed for programming in the next two years. The Red Cross maintains about \$27 million as a contingency fund to ensure the continuity of operations if a disruptive event impacts Red Cross fundraising or program revenues.

Working capital for Red Cross consists mainly of accounts receivable and accounts payable arising from credit provided to or from its program partners. The Red Cross has limited credit risk as the majority of its debtors are provincial and federal governments.

Inventory is maintained for our disaster management and international program to respond quickly to any disaster across Canada or internationally.



Larry Mills

Chief Financial Officer

ACCOUNTABILITY AND ENTERPRISE RISK MANAGEMENT

The audited financial statements of the Red Cross have been prepared in accordance with generally accepted Canadian accounting principles for not-for-profit organizations established by the Accounting Standards Board of the Canadian Institute of Chartered Professional Accountants.

The Board of the Canadian Red Cross Society approves an annual operating budget and receives quarterly reports from management. Additionally, the National Audit and Finance Committee (NAFC) of the Board – composed of volunteers with expertise in finance, accounting and risk management – meets quarterly with management to monitor the external audit, financial performance and internal control environment of the organization.

During the period, management further strengthened the enterprise risk management policies, processes and reporting practices of the Red Cross. These risks and the related mitigation strategies were reported to, and reviewed by, the NAFC. The Red Cross has prepared special purpose financial statements for:

- Alberta Fires Appeal
- Tsunami and Haiti Appeal

Audited financial statements and special purpose financial statements are available on the Red Cross website at redcross.ca.

Sincerely,

COST OF FUNDRAISING

<i>(in thousands of dollars)</i>	5 Year Total \$	2017 \$	2016 \$	2015 \$	2014 \$	2013 \$
Fundraising revenue	260,543	65,399	53,125	49,762	49,825	42,433
Bequest revenue	34,243	7,751	7,525	7,858	5,426	5,684
Donations in program revenue	62,841	13,539	11,595	11,861	9,023	16,823
Deferred revenue donations	402,409	211,999	47,878	16,093	114,144	12,295
Total fundraising and donations revenue	760,037	298,688	120,122	85,573	178,418	77,235
Total fundraising expenses	141,516	32,809	28,023	27,293	27,799	25,591
SURPLUS	618,521	265,879	92,099	58,280	150,619	51,644
Percentage of cost of total fundraising	18.6%	11.0%	23.3%	31.9%	15.6%	33.1%
Lotteries and gaming revenue	13,218	1,207	1,208	1,403	4,016	5,384
Lotteries and gaming expenses	9,628	892	922	1,015	2,920	3,879
Percentage of cost of Fundraising excluding Lotteries and Gaming	17.7%	10.7%	22.8%	31.2%	14.3%	30.2%

Thank you to all our donors,
partners and supporters.

Canadian Red Cross

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CANADIAN RED CROSS OFFICES,
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