

Financial Statements of

**THE CANADIAN RED  
CROSS SOCIETY**

Asian Earthquake and Tsunami Fund  
and Haiti Earthquake Fund

Year ended March 31, 2017

# THE CANADIAN RED CROSS SOCIETY

Asian Earthquake and Tsunami Fund and Haiti Earthquake Fund  
Financial Statements

Year ended March 31, 2017

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Canadian Red Cross Society

We have audited the accompanying financial statements of the Canadian Red Cross Society - Asian Earthquake and Tsunami Fund and Haiti Earthquake Fund, which comprise the statement of net funds available for beneficiaries as at March 31, 2017, the statement of changes in net funds available for beneficiaries for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting described in note 2(a) to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements as at and for the year ended March 31, 2017, are prepared, in all material respects, in accordance with the basis of accounting described in note 2(a) to the financial statements.

*Emphasis of Matter*

Without modifying our opinion, we draw your attention to note 2(a) to the financial statements which describes the basis of accounting used in the preparation of these financial statements.

Our report is intended solely for the Board of Directors of the Canadian Red Cross Society. The financial statements are prepared to provide stand-alone financial information of the Asian Earthquake and Tsunami Fund and Haiti Earthquake Fund. As a result, the financial statements may not be suitable for another purpose.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

June 7, 2017

Ottawa, Canada

# THE CANADIAN RED CROSS SOCIETY

## Asian Earthquake and Tsunami Fund and Haiti Earthquake Fund Statement of Net Funds Available for Beneficiaries

March 31, 2017, with comparative information for 2016  
(In thousands of dollars)

	Haiti Earthquake Fund		Asian Earthquake and Tsunami Fund	
	2017	2016	2017	2016
<b>Assets</b>				
Current assets:				
Cash and cash equivalents:				
Externally restricted	\$ 10,125	\$ 15,180	\$ –	\$ –
Internally restricted income from investments	–	–	1,345	1,908
Prepaid expenses	363	644	98	431
Receivable from the Canadian Red Cross Society	–	–	–	431
	10,488	15,824	1,443	2,770
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,298	1,401	84	260
Payable to the Canadian Red Cross Society	4,747	606	14	–
	6,045	2,007	98	260
Net funds available for beneficiaries	\$ 4,443	\$ 13,817	\$ 1,345	\$ 2,510

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Chair

\_\_\_\_\_ Chair, National Audit and Finance Committee

# THE CANADIAN RED CROSS SOCIETY

## Asian Earthquake and Tsunami Fund and Haiti Earthquake Fund Statement of Changes in Net Funds Available for Beneficiaries

Year ended March 31, 2017, with comparative information for 2016  
(In thousands of dollars)

	Haiti Earthquake Fund		Asian Earthquake and Tsunami Fund	
	2017	2016	2017	2016
Increase in funds:				
Contributions (note 3)	\$ 1,414	\$ 9,522	\$ –	\$ –
Investment income	55	62	3	9
	1,469	9,584	3	9
Decrease in funds:				
Emergency relief and disaster management	–	–	326	675
Health, including water and sanitation	5,407	11,336	–	116
Livelihoods	–	–	–	11
Reconstruction	2,466	467	–	–
Humanitarian values and restoring family links	–	–	18	151
Organizational development	648	1,103	651	1,143
Direct programming support (note 4)	2,322	2,677	173	554
	10,843	15,583	1,168	2,650
Decrease in net funds	(9,374)	(5,999)	(1,165)	(2,641)
Net funds available for beneficiaries, beginning of year	13,817	19,816	2,510	5,151
Net funds available for beneficiaries, end of year	\$ 4,443	\$ 13,817	\$ 1,345	\$ 2,510

See accompanying notes to financial statements.

# THE CANADIAN RED CROSS SOCIETY

## Asian Earthquake and Tsunami Fund and Haiti Earthquake Fund Notes to Financial Statements

Year ended March 31, 2017  
(In thousands of dollars)

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### 1. Purpose and authority of the funds:

#### (a) Purpose and authority of the Asian Earthquake and Tsunami Fund:

The scope and purpose of the Canadian Red Cross Society - Asian Earthquake and Tsunami Fund (the "Fund") were approved by the Board of Directors of the Canadian Red Cross Society (the "Society") on February 26, 2005.

As a result of the decisions made by the Board of Directors, the Fund is used exclusively to meet the immediate and long-term recovery needs of the people affected by the Asian Earthquake and Tsunami that occurred on December 26, 2004 and all investment income is restricted to the Fund. Donor-expressed designations that are more specific than the overall Fund purpose (for example, contributions for use in specific countries), will be strictly honoured and used in accordance with those designations.

#### (b) Purpose and authority of the Haiti Earthquake Fund:

The devastating earthquake on January 12, 2010 of 7.3 magnitude on the Richter scale that struck Haiti, left more than 1.2 million homeless in need of a full range of emergency assistance as well as recovery and longer-term reconstruction efforts.

The Society has raised over \$200 million from the public, provincial and federal governments and corporations, which includes a \$54 million matching fund established by Global Affairs Canada ("GAC").

The Board approved allocation of funds to Emergency and Relief Response in the first twenty-four months, Recovery Response in the next thirty-six months and to the longer-term support for the Organizational Development of the Haitian Red Cross Society.

### 2. Significant accounting policies:

#### (a) Basis of presentation:

The accompanying financial statements reflect the net funds available for beneficiaries and the changes in net funds available for beneficiaries of the Asian Earthquake and Tsunami Fund and Haiti Earthquake Fund (the "Funds"). The Funds are maintained as a separate set of accounts by the Society, and include only those financial activities associated with the Funds' response to these disasters.

The Funds are an unincorporated operating segment of the Society. Accordingly, these financial statements may not be indicative of the financial activity that would have been achieved if the Funds operated as an unaffiliated organization.

# THE CANADIAN RED CROSS SOCIETY

Asian Earthquake and Tsunami Fund and Haiti Earthquake Fund  
Notes to Financial Statements (continued)

Year ended March 31, 2017  
(In thousands of dollars)

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## 2. Significant accounting policies (continued):

### (a) Basis of presentation (continued):

The net funds available for beneficiaries as at March 31, 2017 are presented in accordance with Canadian accounting standards for not-for-profit organizations as deferred revenue, and as internally restricted net assets for the investment income portion of the Asian Earthquake and Tsunami Fund, in the financial statements of the Canadian Red Cross Society.

### (b) Donated services:

The Funds benefit greatly from donated services in the form of volunteer work for various activities. The value of donated services is not recognized in these financial statements because of the difficulty of measurement.

### (c) Revenue recognition:

Corporate and government contributions are recognized as revenue at the earlier of the date of receipt or the date the contribution becomes receivable under the terms of the applicable funding agreement. Donations from individuals are deferred and recognized into revenue in the year in which the related expenses are incurred.

### (d) Cash and cash equivalents:

Cash and cash equivalents represent internally restricted income from investments and externally restricted cash and equivalents and mature within three months.

Externally restricted cash and cash equivalents are restricted for the Haiti Earthquake Fund's purposes and are not available for the Society's general operations.

Internally restricted income from investments represents income from the original Asian Earthquake and Tsunami Fund investments set aside to fund specific activities identified by management and approved by the Board of Directors. The funds are not available for the Society's general operations.

## 3. Contributions:

Haiti funding received in the current fiscal period is primarily from the International Organization for Migration (IOM) in the amount of \$1,414 (2016 - \$8,165) and represents contributions to the resettlement of IDP camps project

# THE CANADIAN RED CROSS SOCIETY

Asian Earthquake and Tsunami Fund and Haiti Earthquake Fund  
Notes to Financial Statements (continued)

Year ended March 31, 2017  
*(In thousands of dollars)*

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#### **4. Direct programming support:**

The Society provides the necessary direct supporting activities of the disaster response, recovery and reconstruction including relief supplies, field visits, assessments and missions by staff and support services.

#### **5. Contractual obligations:**

Asian Earthquake and Tsunami Fund has contractual obligations of \$Nil (2016 - \$Nil). Haiti Earthquake Fund has contractual obligations of \$1,562 (2016 - \$2,221).