

# In unity there is strength



2014-2015 Annual Report



# In unity there is strength.

The strength to act when there is no time to hesitate. The strength to give comfort when it is most desperately needed, and to face challenges that would otherwise be insurmountable.

The strength of the Canadian Red Cross stems from a common commitment to care for the vulnerable whether by responding to disasters and emergencies, contributing to community health and wellness, or preventing harms and promoting safety.

In 2014–2015, we acted as ‘One Red Cross’ in all of these capacities — for the benefit of Canadians and those in need around the world.

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# **Message from the President and CEO**

## **Every day around the globe people come to the Red Cross for help and hope.**

Some come to receive assistance, others to provide it. All come with the expectation we'll be there when it matters most – with the expertise, compassion and integrity synonymous with our brand.

It's an expectation with roots more than 100 years old – when the Red Cross first emerged in Canada to help the sick and wounded in war.

As the world has evolved, so too, has the work of the Canadian Red Cross. We have operated outpost hospitals and nursing stations in new and remote settlement areas of the country; we have led efforts to prevent disease; and we operated Canada's voluntary blood donation system for more than 50 years.

Today, we are not your 'Parent's Canadian Red Cross', but we are as vibrant and relevant as ever.

We have played a leadership role in responses to some of the largest disasters ever – here and around the world; we have become Canada's leading provider of first aid training; we have more than one million annual participants in our swim and water safety programs; we are delivering education to prevent abuse and bullying to hundreds of thousands of people – here and abroad; we have become the partner of choice for many public authorities; we have become recognized as a leader within the Red Cross Movement; and recently, we were named national non-profit 'Brand of the Year' in a Harris Decima Poll of Canadians.

Through the past 10 years, Canadians have recognized and supported the work of the Red Cross with donations totalling nearly a billion dollars.

During the past year, once again, that support has allowed us to make a significant difference whenever and wherever needed most.

It allowed us to help contain the Ebola outbreak in Western Africa that infected close to 25,000 people and killed nearly 10,000 in one year.

It also enabled us to help the Kenyan Red Cross deliver two programs to increase peace and collaboration between two communities locked in a conflict that has cost hundreds of lives and displaced more than 100,000 people.

Here at home, your support enabled the Red Cross to again assist thousands affected by emergencies and disasters.

Red Cross volunteers were there, in Moncton, New Brunswick, to set up a call centre to help dispatchers whose services were overwhelmed after the shooting of three local RCMP officers. And they were there in Manitoba, providing temporary shelter, beneficiary accountability services and resilience services to nearly 2,500 evacuees in 15 First Nation communities affected by flooding between 2009 and 2014.

The author of one of the best-selling organizational effectiveness books of this generation was asked recently if the Red Cross was the best disaster organization in the world. His response was: “I don’t know. But it’s the easiest answer to the question: How can I help?”

That is an expectation and a trust the Canadian Red Cross has helped to create – and it is the challenge we must continue to live up to every moment in everything we do.

I believe we’re up to that challenge. And I look forward to what we’ll accomplish together in the year ahead.

A handwritten signature in black ink, appearing to read "Conrad Sauvé".

Conrad Sauvé



# Message from the Board Chair

## **There has never been a greater time to be involved with the Canadian Red Cross.**

The organization is in a healthy financial position, our programs are finely-tuned, our brand and reputation are the envy of most and our governance structure is agile and adaptive.

As always, the Canadian Red Cross is grateful to the many volunteers, donors, partners and employees who have contributed to those successes.

It is our mandate to keep pace with all that affects our ability to serve.

Meeting the expectations that Canadians have of us, and that we have for ourselves, comes with the responsibility to continuously examine and challenge our thinking, our processes, our structures, our oversight and our governance. We remain adaptable to changing external environments by remaining nimble and flexible in adapting internally, while remaining focused on our priorities and true to our values and our Fundamental Principles. This is the challenge before us today and in the years ahead.

Again this year, *Money Sense* gave the Canadian Red Cross an A+ grade, which demonstrates the importance of reputation in high public expectations, as well as, the need to protect reputational currency by maintaining solid financial performance, sound governance, legal compliance and high ethical standards.

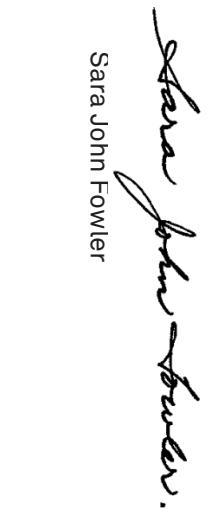
During 2014, the Board conducted consultations with leadership volunteers across the country in exploration of Strategy 2020, a plan of aligning organizational structure and operations to realize the Society's ambitions. Strategy 2020 will see a unified 'One Red Cross' approach to strategic direction, priorities and standards designed to strengthen expertise and efficiencies, and alignment with stakeholders, federal and provincial governments, and local authorities.

Over the past year, the Board also continued to improve governance, including reflecting on who we are as an organization, and the difference we aspire to make in our fast-changing world. In doing so, we visited communities across the country to see the work of the Canadian Red Cross first-hand, and participated in educational opportunities.

The past year held many achievements throughout the Canadian Red Cross. Along with these achievements learnings arose providing clarity of the opportunities and challenges that lie ahead.

Going forward, we will remain focused in order to maintain the positive position and trust we hold with clients and beneficiaries, governments and supporters.

I know that together we will.



A handwritten signature in black ink, reading "Sara John Fowler".

Sara John Fowler





# Caring together: fighting Ebola in West Africa, rebuilding communities in Kenya

**When major emergencies and disasters occur anywhere in the world, the Canadian Red Cross is there, working alongside its sister Red Cross and Red Crescent organizations and others to restore health and wellbeing.**

#### **RESPONDING TO EBOLA OUTBREAK**

The outbreak of Ebola in Western Africa last year claimed over 10,000 lives and infected more than 25,000 people.

In response, the Canadian Red Cross dispatched 44 aid workers to support thousands of local Red Cross workers in providing care, psychological support and disease prevention education to survivors and community members in Sierra Leone, Liberia and Guinea.

Red Cross treatment centres in Sierra Leone (Kenema and Kono) and Guinea (Macenta and Forecariah) became hubs for these activities, each with the capacity to house up to 60 patients.

Relief efforts have resulted in a decline in the reporting of new Ebola cases, but the Canadian Red Cross continues with aid crucial to affected individuals and communities while looking ahead to recovery.

Efforts of the Canadian Red Cross have been fuelled by more than \$19 million in generous donations from Canadians.

#### **UNITING COMMUNITIES IN KENYA**

During the past year, the Canadian Red Cross supported a Kenyan Red Cross violence prevention program to promote peace and foster cooperation between the Pokomo and Orma communities of the Tana Delta.

In 2012, violent clashes between these two communities resulted in the deaths of 160 women, girls and boys, and displaced more than 100,000 people.

Working with the Kenyan Red Cross, the Canadian Red Cross launched a Disaster Risk Reduction project that has helped reduce violence and increase collaboration for improved livelihoods for residents of the Tana Delta.

A number of initiatives have helped to reconcile differences between the communities, including the introduction of peace treaties and peace committees led by local leaders.

The Red Cross has also created female-led inter-community income-generating activities, pursued religious dialogue, provided psychological support, and initiated youth-led cultural and sporting events.



**Compassionate and coordinated:  
on the ground when disaster strikes**

## **Last year the Red Cross again demonstrated its ability to cut through chaos and confusion to deliver the support and services Canadians need in times of emergency.**

### **GIVING COMFORT**

A quiet section of Moncton, New Brunswick suddenly found itself under siege last June when a heavily-armed man launched a deadly attack on local Royal Canadian Mounted Police (RCMP) officers.

In the space of 20 minutes three officers were killed and two injured before the gunman fled into a wooded area – sparking a manhunt that would continue until his capture 28 hours later.

Throughout the ordeal, residents were advised to lock their doors and stay inside. Schools, stores, offices and businesses were closed, bus service was suspended and vehicles searched.

As police pursued the suspect, 9-1-1 dispatchers found themselves overwhelmed by inquiries. In response, Red Cross volunteers coordinated with the RCMP to set up a call centre for the 64,000 residents barricaded in their homes within the lockdown zone.

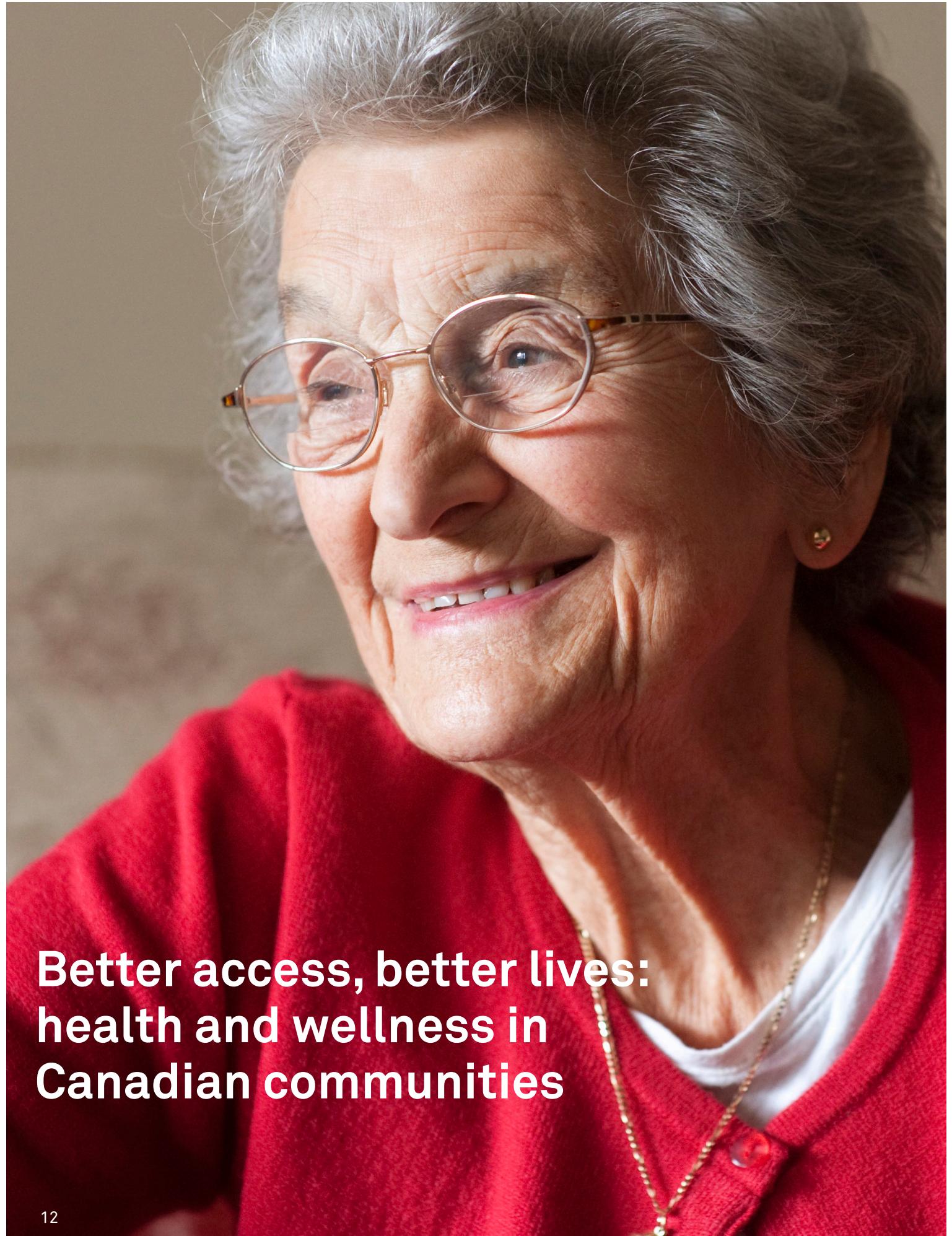
When the suspect was arrested, the Red Cross then managed a support centre to help reunify a shattered and grieving community. Through the centre, residents could access counsellors and get information to help them deal with the tragedy. At the funeral for the slain officers, the Red Cross again stepped forward to help, this time handing out water, sunscreen, snacks and tissue to officers participating in the funeral march. Volunteers also helped to protect the privacy of the slain officers' families.

### **GIVING SHELTER**

Dozens of residents were forced into the bitter cold with only the clothes on their back when fire ripped through an apartment building one evening last December in Yorkton, Saskatchewan.

The Red Cross helped several of the evacuees find a place to stay, then set up a reception centre the next morning to provide information and hand out clothing and vouchers for groceries and medicine. The volunteers also channelled community donations of furniture and appliances for displaced families – helping them to make it through a difficult winter.

Similar stories of Red Cross responses to fires played out across the country again in 2014 – from Saint John, New Brunswick, to Coquitlam, British Columbia.



**Better access, better lives:  
health and wellness in  
Canadian communities**

## **The Canadian Red Cross is committed to advancing health and wellness in communities across the country, in part through helping to provide access to programs and services that improve lives.**

### **A MODEL OF BETTER LIVING**

Last year, the Canadian Red Cross partnered with local organizations in southwestern Ontario to expand access to a ‘hub’ model of health services and assisted living programs that provide high risk seniors the opportunity to live better and fuller lives.

This year, a similar partnership between the Red Cross and the Erie St. Clair Local Health Integration Network (LHIN) is providing frail seniors, and those with disabilities, Alzheimer’s disease or dementia with affordable transportation to a range of health and wellness services in the Lambton, Essex and Chatham-Kent regions of Ontario.

### **IT'S BEEN A 'GODSEND'**

For nearly four years now, St. John’s resident Stephen Ritchie has gone for dialysis treatment three times a week.

The appointments are scheduled with precision. If you miss one, he says, you missed it – and if you’re late, your treatment is cut short because someone else needs the machine. “Missed appointments can leave you pretty sick,” Stephen says.

From the beginning, getting to those treatments has posed him problems. Stephen couldn’t drive himself because the treatment was too draining to get home safely. His wife Frances helps as she can, but works overnight. “It was wearing her out,” he recalls.

Other transportation services were not reliable – showing up late or not at all. Some left him with long waits after the draining treatments. Three months ago, Ritchie signed up with the Red Cross transportation program. “I haven’t missed a treatment or been late since,” he says. “It’s a big deal... a Godsend, really.”

### **PROVIDING HELP AND HOPE**

A debilitating form of arthritis has changed many aspects of Pamela John’s life. Eventually, the joint pain and fatigue progressed to the point where the Victoria, B.C. resident was no longer able to walk or live independently for nearly five years. After surgery to replace both knees and hips, Pamela began physical rehabilitation with renewed hope – and a referral from her Occupational Therapist to the local Red Cross Health Equipment Loan Program.

“Almost immediately after returning home from hospital, the Red Cross installed the equipment I needed so as I could begin using it right away,” recalls Pamela. As she progressed through her recovery, Pamela needed different equipment – and once again, the Red Cross was there.

“They picked up what I no longer required and got me more suitable equipment right away,” she says. “With what I have now, I’m able to live much more independently – and that has greatly improved my quality of life.”

Pamela can’t imagine how challenging life might have been if not for the Red Cross. “I’m so grateful for the service and for the amazing staff and volunteers there. Thank you Red Cross!”



**Safety first – and for all: preventing  
violence and injuries in Canada**

**Knowledge gives people the best opportunity to lead safe, healthy lives. Through its respect education, water safety and first aid programs, the Canadian Red Cross helps people gain skills to take care of themselves and their communities.**

**DELIVERING HELP AND HOPE**

Nunavut, Canada, has one of the highest suicide rates in the world. If you live there, you are nine times more likely than other Canadians to experience family violence. If under the age of 18, you are 10 times more likely to experience sexual violations.

The numbers are staggering. The challenge is daunting – but since 2013, the Canadian Red Cross has been working to improve life in Nunavut communities through delivery of the Society's violence, bullying and abuse prevention programs. The Red Cross uses its 'Ten Steps' approach to deliver community-based education, counselling, mentoring and first aid training to residents of all ages.

The programs are being delivered in centres across the territory and were rewarded recently when the Nunavut Department of Mental Health joined the partnership and boosted funding that will expand the initiative's reach.

**DID YOU KNOW?**

- One million Canadians enrol in Red Cross Swim programs each year?
- In many communities, programs are available that teach Red Cross Swim water safety skills to those with special physical and learning needs?
- The Canadian Red Cross is collaborating with workplace health and safety regulators, labour groups and the Canadian Standards Association to create a first aid standard for Canada?

# The year in numbers

## INTERNATIONAL OPERATIONS

236 missions in 51 countries

### Emergencies and Recovery Activities

\$25,853,862	provided in support to global emergency response
68	emergency operations in 55 countries
141	delegate deployments
3	Ebola field hospital deployments supported

### Health: Mother, Newborn and Child; Disaster Preparedness and Violence Prevention

\$15,340,324	provided in support to development programs
7,035,734	beneficiaries
7,178	National Society volunteers
1,293	communities supported
28	projects in 30 countries

## EMERGENCIES AND DISASTERS IN CANADA

226,505	Canadians trained in disaster preparedness
135,680	volunteer hours
46,973	people directly assisted
6,007	trained disaster response volunteers
2,914	disaster responses in Canada
1,187	disaster preparedness events

## HEALTH AND SOCIAL PROGRAMS

734,579	number of Home Service hours
352,694	number of meals provided
337,631	number of rides provided by transportation services
270,100	number of articles loaned through the Health Equipment Loan Program
95,794	number of days dedicated to assisted living/supportive housing

## DETENTION MONITORING

Promotes basic rights of people detained under the *Immigration and Refugee Protection Act*

- 55 visits to detention facilities holding immigration detainees
- 137 volunteers across Canada

## FIRST AID

- 644,441 Canadians took Red Cross First Aid courses
- 6,387 active instructors in First Aid

## SWIMMING AND WATER SAFETY

- 1,114,123 Canadians took Red Cross Swimming and Water Safety courses
- 30,522 active instructors in swimming and water safety

## HUMANITARIAN ISSUES AND INTERNATIONAL HUMANITARIAN LAW

A set of rules which seeks to limit the effects of armed conflict

- 749 number of public engagement events across the country
- 20,998 number of participants reached through these events

## VIOLENCE, BULLYING AND ABUSE PREVENTION

- 697,382 children, youth and adults attended RespectED workshops in Canada; 54% increase in number of adults educated
- 69,695 children, youth and adults attended RespectED workshops in other countries
- 1,821 active RespectED youth facilitators
- 764 active RespectED adult prevention educators
- 23 National Societies working with the Canadian Red Cross to create safe environments

## RESTORING FAMILY LINKS (RFL)

Helps people to re-establish contact with family when contact has been lost due to conflict, disaster and migration.

- 911 people served
- 454 new cases opened
- 440 cases resolved
- 145 volunteers across Canada

→ **Sara John Fowler**  
Chair



← **Gavin Giles**  
Vice-Chair

↓ **Alan Dean**  
Immediate Past Chair

↓ **Conrad Sauvé**  
Secretary General and  
Chief Executive Officer

## Directors of the Canadian Red Cross

↓ **Amit Mehra**



→ **Dennis Chow**



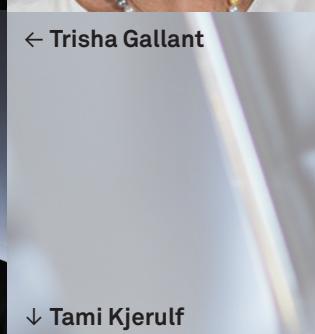
↑ **Colleen Schneider**



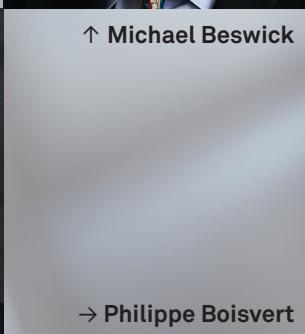
↑ **Alan Pearson**



↑ **Harvey Wyers**



↓ **Peter Sloly**



↑ **Michael Beswick**

→ **Philippe Boisvert**

↑ **Peter Collens**

→ **Conrad Sauvé**  
Secretary General and  
Chief Executive Officer



## The Executive Leadership Team



↑ **Almin Surani**  
Chief Information Officer



← **John L. Byrne**  
Director General,  
Disaster Management



← **Samuel Schwisberg**  
General Counsel,  
Corporate Secretary



← **Ann Clancy**  
Chief of Staff/Interim  
Director General, Ontario



↑ **Susan Johnson**  
Director General,  
International Operations



↑ **Pam Aung Thin**  
National Director,  
Public Affairs and  
Government Relations



↑ **Louise Castonguay**  
Director General,  
Atlantic Canada



↑ **Michel Léveillé**  
Director General, Quebec  
and National Fund  
Development



↓ **Tracey Pope**  
National Director,  
Human Resources and  
Volunteer Services



← **Lori Holloway**  
National Director,  
Community Health  
and Wellness



↓ **Amy Mapara**  
Deputy Chief of Staff

## THE 2014-15 HONORARY CHAIRS AND COUNCIL DESIGNEE MEMBERS\*

### PATRON

Her Majesty Queen Elizabeth II

### HONORARY CHAIR

His Excellency the Governor General of Canada

### HONORARY VICE-CHAIRS

#### (Appointed)

The Right Honourable Prime Minister of Canada

The Honourable Leader of the Opposition

### HONORARY VICE-CHAIRS

The Honourable Robert L. Barnes

Janet Davidson

Armand de Mestral

Mario Dionne

Gene Durnin

Darrell D. Jones

Huguette Labelle

Jane McGowan

Jon Turpin

Myrle Vokey

George Weber

Kate Wood

Ted Tanaka

## VOTING MEMBERS

### ATLANTIC

John Webb

Geoff Moon

Rick Graham

Ella Kelly

Marian Templeton

Erin Kielly

### ONTARIO

Ella West

Vikram Deskmukh

Robert Fontanini

Michael Furii

Aun Ali Khokhawala

Jamie Dzikowski

### QUEBEC

Jean-Claude Bellavance

Jean-Louis Carignan

Denis Desilets

Marco Gagon

Michèle Lacombe

Rima Naim

### WESTERN

Scott Osmachenko

Cassandra Consiglio

Leslie Kerschtien

Roy Bluehorn

Patrick Lichowit

Ivan Watson

\* As of the June 2014 annual meeting

# Leadership of the Canadian Red Cross

## Strategy 2020

### ONE RED CROSS, THREE AREAS OF EXCELLENCE

The ‘One Red Cross’ approach is at the heart of Strategy 2020, a vision for the way forward developed in 2014-15 by the organization’s executive leadership and Board of Directors in consultation with stakeholders across the country.

Strategy 2020 focuses on three areas of excellence – Emergencies and Disasters, Community Health and Wellness, and Prevention and Safety – that underpin the organization’s operational plans and budgets for the next five years.

Four key objectives will drive work of the Canadian Red Cross: Establishing a clear focus for its activities; engaging in greater collaboration and cooperation; cultivating greater adaptability; and increasing the efficiency with which the organization carries out its work.

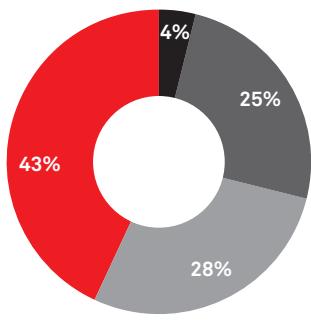
Strategy 2020 recognizes the need for the Canadian Red Cross to leverage expertise, technology and innovation to increase opportunities for growth, and make it easier for people to get service, give service and donate.

# Report of the Chief Financial Officer

## Key Highlights

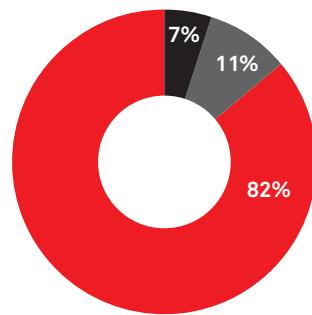
For the year ended March 31, 2015, the organization had a net deficiency of revenue over expenses of \$4.2 million (2014 – \$7.8 million). With the exclusion of amounts relating to Tsunami activities and discontinued operations, the organization had a deficiency of revenue over expenses of \$5.4 million (2014 – \$4.1 million excess of revenue over expenses).

The Canadian Red Cross delivers its services through three core programs: emergencies and disasters in Canada and around the world, prevention and safety, and community health and wellness. Our ongoing pursuit of continuous quality improvement in all of our programs ensures that money entrusted to us by Canadians is used effectively and efficiently.



REVENUES

- Donations
- Government Grants/Contracts
- Fee for Service/Sales
- Other



EXPENDITURES

- Programs
- General & Support
- Fundraising

All charts reflect five year averages.

### REVENUES

Total revenue for the year grew 8.7% to \$299.6 million (2014 – \$275.5 million).

The fluctuation in the annual percentage cost of fundraising, as shown on page 30, is attributable to two main factors. First, revenue from disaster appeal activity is, by nature, unpredictable in both timing and magnitude. Second, strategic investments in fundraising typically take more than one year to yield results.

#### COST OF FUNDRAISING AS PERCENTAGE OF REVENUE (five year average)

**21.4%** Excluding lotteries and gaming

**23.3%** Including lotteries and gaming

During the year, management adjusted its investment asset mix to align with the organization's operational requirements, resulting in lower investment revenue of \$2.2 million (2014 – \$4.2 million). Board-approved Statements of Investment Policies and Procedures (“SIP&Ps”) govern various aspects of the organization's investments (including asset mixes, ethical restrictions and target benchmark returns), with the goal of preserving capital while maximizing returns. In 2014-15, the investments of Society funds and restricted donor funds were in compliance with these SIP&Ps and earned returns which met or exceeded the benchmarks.

## **PROGRAMS**

The 2014-15 financial results reflect higher levels of activity across all three core program areas.

Internationally, the organization continued its work in providing integrated health programs for communities in Haiti following the 2010 earthquake. Investments were made during the year to expand the organization's Emergency Response Unit field hospital capability, allowing it to be quickly deployed to respond to the needs of crises-affected people around the world. Additionally, the organization helped strengthen the capacities of the Red Cross and Red Crescent Movement to mitigate, prepare and respond to emergencies. Programs in maternal, newborn and child health expanded during the year with funding arrangements from the Federal Government.

In Canada, strategic investments were made to improve emergency preparedness and disaster response across the country. In addition to new municipal disaster response arrangements, the organization provided expanded services to flood-affected First Nations communities in Manitoba following an agreement with the Federal Government.

This year, growth in injury prevention programs was attributable to increased program offerings, demand from municipalities and higher volume of sales for our first aid products. Investments were made to streamline warehousing and increase distribution of materials. We continue to harmonize our services to increase community capacity through our programs. Next year, we expect to see steady continued growth in demand with the support of our training partners.

Domestically, the Canadian Red Cross is committed to growth in community health and wellness programs. A National Community Health and Wellness strategy is being refined to focus efforts by setting strategic priorities, goals and objectives. The organization continues to grow and expand in its three main areas of Home Care, Community Support Services, and the Health Equipment Loan Program.

Program expenditures in 2014-15 exceeded the minimum disbursement quota set by the Canada Revenue Agency.

### **TSUNAMI EXPENSES**

Recovery programming continued throughout the year in affected countries following the Asian Earthquake and Tsunami in 2004. Interest income earned on donations received in respect of this disaster is recognized as revenue in the year earned and as an expense in the year that it is spent. As a result, the ongoing expenditure of funds on Tsunami-related recovery programs from previously recognized interest of \$4.9 million (2014 – \$10.9 million) appears as a separate line on the statement of operations without an offsetting revenue amount.

Separate audited financial statements for both the Asian Earthquake and Tsunami Fund and the Haiti Earthquake Fund are available on the Society's website [www.redcross.ca](http://www.redcross.ca).

### **DISCONTINUED OPERATIONS**

On September 25, 2014 the organization sold its shares in Red Cross Care Partners for cash consideration of \$12.3 million, resulting in a net gain of \$7.1 million. Proceeds of the sale were internally restricted by the Board in support of future strategic investments.

The sale does not diminish our high commitment to community health and wellness, which remains a cornerstone of our work in Canada and internationally. We provide ongoing help to those in need through community support services including transportation, nutrition programs, personal support services, and health equipment loans. Additionally, we continue to invest in innovative solutions and partnerships to increase the overall health and safety of some of our most vulnerable residents.

### **RISK MANAGEMENT AND PLANNING**

The annual budget and planning process is aligned with the organization's assessment of operational priorities and associated risks. Mitigation measures are evaluated and monitored on an ongoing basis.

Guided by *Strategy 2020* and the organization's risk profile, management is developing three-year operational plans and budgets. On a quarterly basis, the Board monitors financial performance against budget.

### **LOOKING FORWARD**

Management is committed to making strategic investments to prepare for future challenges. A key investment priority for the current year is to augment our capacity in emergency preparedness and disaster response. Additionally, we are reviewing our operations and support services (including initiating a multi-year technology investment to upgrade our enterprise applications) as part of ongoing efforts to streamline the organization through efficiency, cost savings and control.

We are grateful for the generosity of donors, the support of our partners and the efforts of our dedicated volunteers and staff. United in purpose, the Canadian Red Cross remains trusted by those in need across Canada and around the world.



**Jimmy Mui, CPA, CA**  
Chief Financial Officer

# Auditor's report

## Independent Auditor's Report on Summary Consolidated Financial Statements

To the Board of Directors of  
The Canadian Red Cross Society

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at March 31, 2015, the summary consolidated statement of operations for the year then ended, and related notes are derived from the audited consolidated financial statements of the Canadian Red Cross Society (the "Society") for the year ended March 31, 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated June 10, 2015.

The summary consolidated financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations applied in the preparation of the audited consolidated financial statements of the Society. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Society.

### **MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

Management is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the established criteria disclosed in Note 1 to the summary consolidated financial statements.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

### **OPINION**

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Society for the year ended March 31, 2015 are a fair summary of those consolidated financial statements in accordance with the established criteria disclosed in Note 1 to the summary consolidated financial statements.

*Deloitte LLP*

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants

June 10, 2015

# Financials

## Summary Consolidated Statement of Financial Position

as at March 31, 2015  
(in thousands of dollars)

	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	173,670	186,133
Accounts receivable	19,789	22,609
Inventory and prepaid expenses	21,595	25,780
	<b>215,054</b>	<b>234,522</b>
Long-term investments (Note 4)		
Capital assets	21,433	39,609
Intangible assets	50,325	52,358
Goodwill	–	1,480
Accrued defined benefit pension plan asset	9,315	1,947
	<b>9,315</b>	<b>8,498</b>
<b>TOTAL ASSETS</b>	<b>296,127</b>	<b>338,414</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	21,861	24,847
Government remittances payable	460	1,353
Deferred revenue – short-term (Note 5)	132,737	152,174
Current portion of mortgage payable	–	28
	<b>155,058</b>	<b>178,402</b>
Deferred revenue — long-term (Note 5)		
Deferred contributions related to capital assets	8,181	18,607
Deferred gain	10,089	10,886
Mortgage payable	–	3,873
Accrued other benefit plans liability	13,266	915
	<b>13,266</b>	<b>12,797</b>
<b>TOTAL LIABILITIES</b>	<b>186,594</b>	<b>225,480</b>
<b>COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES</b>		
<b>NET ASSETS</b>		
Invested in capital assets	40,236	40,529
Invested in RCCP (Note 3)	–	3,954
Restricted for endowment purposes	1,310	1,284
Internally restricted – General	58,601	47,531
Internally restricted – Tsunami interest	5,151	10,552
Unrestricted	4,235	9,084
	<b>109,533</b>	<b>112,934</b>
<b>TOTAL NET ASSETS</b>	<b>296,127</b>	<b>338,414</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>296,127</b>	<b>338,414</b>
ON BEHALF OF THE BOARD		
<i>Suzanne John-Sawyer.</i>		
Chair		
Chair, National Audit and Finance Committee		

See accompanying notes to the summary consolidated financial statements.

Chair, National Audit and Finance Committee

## Summary Consolidated Statement of Operations

year ended March 31, 2015  
(in thousands of dollars)

	Budget 2015	Actual 2015	Actual 2014
	\$ (Unaudited)	\$	\$ (Restated) (Note 2)
<b>REVENUE</b>			
Organizational capacity			
Fundraising	60,808	57,619	55,251
Investment income (Note 4)	2,715	2,182	4,202
Other	209	690	195
	63,732	60,491	59,648
Core programs	175,417	215,812	172,407
Support services	6,711	7,015	16,192
Disaster appeals	–	16,265	27,299
<b>TOTAL REVENUES</b>	<b>245,860</b>	<b>299,583</b>	<b>275,546</b>
<b>EXPENSES</b>			
Organizational capacity			
Fundraising	29,910	27,293	27,799
Investment expense	155	185	166
Other	969	678	691
	31,034	28,156	28,656
Core programs			
International programs	66,765	77,661	62,593
Disaster management	16,691	41,289	18,980
Health and injury prevention	84,373	90,622	83,331
Program management and volunteer resources	5,127	4,717	4,158
	172,956	214,289	169,062
Support services	45,088	46,305	46,386
Disaster appeals	–	16,265	27,299
<b>TOTAL EXPENSES</b>	<b>249,078</b>	<b>305,015</b>	<b>271,403</b>
Excess (deficiency) of revenue over expenses			
from continuing operations before Net Tsunami expenses	(3,218)	(5,432)	4,143
Net Tsunami expenses	(4,894)	(4,931)	(10,943)
Deficiency of revenue over expenses from continuing operations	(8,112)	(10,363)	(6,800)
Discontinued operations (Note 3)			
Deficiency of revenue over expenses from RCCP	–	(922)	(1,030)
Gain on disposal of investment in RCCP	–	7,116	–
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<b>(8,112)</b>	<b>(4,169)</b>	<b>(7,830)</b>

See accompanying notes to the summary consolidated financial statements.

## **Notes to the Summary Consolidated Financial Statements**

March 31, 2015  
(in thousands of dollars)

### **1. BASIS OF PRESENTATION**

The summary consolidated financial statements are derived from the complete set of financial statements of the Society and they meet the recognition and measurement principles of Canadian accounting standards for not-for-profit organizations.

### **2. CHANGE IN ACCOUNTING POLICY**

For the fiscal year ended March 31, 2015, the Society adopted the Chartered Professional Accountants of Canada Handbook, Part II, Section 3462, Employee Future Benefits and Part III, Section 3463, Employee Future Benefits for Not-for-Profit Organizations.

The Society has chosen to use the funding valuation prepared by the actuary for financial reporting purposes.

The impact of these policy changes were accounted for retrospectively with restatement of comparative figures.

### **3. DISCONTINUED OPERATIONS**

The Society owned 50% of the voting shares of Red Cross Care Partners (“RCCP”) and its financial results were proportionately consolidated in these summary consolidated financial statements until September 25, 2014. On that date, the Society (the “Seller”) sold its shares of RCCP to 1003694 Ontario Inc. (the “Buyer”) for cash. The sale price was determined based on two independent valuations. Following the transaction, the Buyer became the sole owner of RCCP.

### **4. LONG-TERM INVESTMENTS**

	2015		2014	
	Fair value and carrying value	Cost	Fair value and carrying value	Cost
	\$	\$	\$	\$
<b>INVESTMENTS</b>				
Fixed income	10,150	9,646	22,261	21,843
Equities	11,283	11,000	17,348	16,060
	<b>21,433</b>	<b>20,646</b>	<b>39,609</b>	<b>37,903</b>

The fair values of long-term investments are based on quoted market prices.

Fixed income investments are comprised of Government of Canada and corporate bonds with maturity dates ranging from 2015 to 2064, earning interest up to 12.2% (2014 – ranging from 2014 to 2049, earning interest up to 7.0%).

Gross investment income earned is reported as follows:

	2015	2014
	\$	\$
Investment income – General	2,182	4,202
Investment income – Tsunami	69	247
	<b>2,251</b>	<b>4,449</b>

## Notes to the Summary Consolidated Financial Statements (continued)

### 4. LONG-TERM INVESTMENTS (continued)

Investment income earned from the Haiti fund of \$234 (2014 – \$584) is externally restricted and allocated to Haiti deferred revenue.

Investment income earned from the General fund of \$693 (2014 – \$838) is externally restricted and allocated to General deferred revenue.

### 5. DEFERRED REVENUE

Deferred revenue is comprised of amounts restricted for the funding of expenses to be incurred in the future. The movement of the deferred revenue is as follows:

	2015			2014		
	General	Haiti	Total	General	Haiti	Total
	\$	\$	\$	\$	\$	\$
Opening balance	140,863	29,918	170,781	73,299	43,717	117,016
Donations and grants received	108,653	3,503	112,156	194,100	625	194,725
Interest earned and deferred	693	234	927	838	584	1,422
Recognized as revenue	(127,378)	(15,568)	(142,946)	(127,374)	(15,008)	(142,382)
CLOSING BALANCE	122,831	18,087	140,918	140,863	29,918	170,781
Deferred revenue – short-term	122,831	9,906	132,737	140,863	11,311	152,174
Deferred revenue – long-term	–	8,181	8,181	–	18,607	18,607

### 6. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

## Cost of Fundraising —Five-year Comparison

(Unaudited)  
(in thousands of dollars)

	5 Year Total	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$	\$
Fundraising revenue	218,194	49,761	49,825	42,433	41,210	34,965
Bequest revenue	29,009	7,858	5,426	5,684	4,592	5,449
Donations in program revenue	53,708	11,861	9,023	16,823	8,748	7,253
Deferred revenue donations	260,796	16,093	114,144	12,295	57,332	60,932
Total fundraising and donations revenue	561,707	85,573	178,418	77,235	111,882	108,599
Total fundraising expenses	130,968	27,293	27,799	25,591	24,172	26,113
<b>SURPLUS</b>	<b>430,739</b>	<b>58,280</b>	<b>150,619</b>	<b>51,644</b>	<b>87,710</b>	<b>82,486</b>
Percentage of cost of total fundraising	23.3%	31.9%	15.6%	33.1%	21.6%	24.0%
Lotteries and gaming revenue	22,560	1,403	4,016	5,384	5,702	6,055
Lotteries and gaming expenses	15,761	1,015	2,920	3,879	3,831	4,116
<b>PERCENTAGE OF COST OF FUNDRAISING EXCLUDING LOTTERIES AND GAMING</b>	<b>21.4%</b>	<b>31.2%</b>	<b>14.3%</b>	<b>30.2%</b>	<b>19.2%</b>	<b>21.5%</b>

Notes and schedules to the consolidated financial statements are available on the Red Cross website at [www.redcross.ca](http://www.redcross.ca).

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