

Financial statements of

The Canadian Red Cross Society

Asian Earthquake and Tsunami Fund

Haiti Earthquake Fund

March 31, 2015

The Canadian Red Cross Society

Asian Earthquake and Tsunami Fund

Haiti Earthquake Fund

March 31, 2015

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Independent Auditor's 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, 2015 and the statement of changes in net funds available for beneficiaries for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 present fairly, in all material respects, the net funds available for beneficiaries of the Canadian Red Cross Society - Asian Earthquake and Tsunami Fund and Haiti Earthquake Fund as at March 31, 2015 and the changes in net funds available for beneficiaries for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

June 10, 2015

The Canadian Red Cross Society

Asian Earthquake and Tsunami Fund

Haiti Earthquake Fund

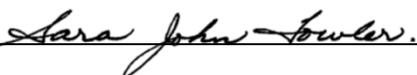
Statement of net funds available for beneficiaries

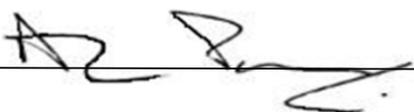
as at March 31, 2015

(in thousands of dollars)

	Haiti		Tsunami	
	2015	2014	2015	2014
	\$	\$	\$	\$
Assets				
Current assets				
Cash and cash equivalents				
Externally restricted	22,792	35,298	-	-
Internally restricted income from investments	-	-	4,989	10,886
Prepaid expenses	1,402	3,170	813	1,785
	24,194	38,468	5,802	12,671
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	1,040	1,839	369	1,154
Payable to the Canadian Red Cross Society	3,338	4,967	282	965
	4,378	6,806	651	2,119
Net funds available for beneficiaries	19,816	31,662	5,151	10,552

On behalf of the Board

 Chair

 Chair, National Audit and Finance Committee

The Canadian Red Cross Society

Asian Earthquake and Tsunami Fund

Haiti Earthquake Fund

Statement of changes in net funds available for beneficiaries

year ended March 31, 2015

(in thousands of dollars)

	Haiti		Tsunami	
	2015	2014	2015	2014
	\$	\$	\$	\$
Increase in funds				
Contributions (Note 3)	3,753	656	-	-
Investment income	219	1,860	58	608
	3,972	2,516	58	608
Decrease in funds				
Emergency relief and disaster management	1,168	1,778	1,502	3,961
Health including water and sanitation	9,950	6,431	480	905
Livelihoods	-	-	175	861
Reconstruction	-	1,850	22	937
Humanitarian values and restoring family links	-	-	191	435
Organizational development	1,388	1,508	1,524	1,768
Direct programming support (Note 4)	3,312	3,472	1,565	2,260
	15,818	15,039	5,459	11,127
Decrease in unrealized gains on investments	-	(1,276)	-	(424)
Decrease in net funds	(11,846)	(13,799)	(5,401)	(10,943)
Net funds available for beneficiaries, beginning of year	31,662	45,461	10,552	21,495
Net funds available for beneficiaries, end of year	19,816	31,662	5,151	10,552

The Canadian Red Cross Society

Asian Earthquake and Tsunami Fund

Haiti Earthquake Fund

Notes to the financial statements

March 31, 2015

(in thousands of dollars)

1. Purpose and authority of the funds

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.

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 the Department of Foreign Affairs, Trade and Development (DFATD).

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

Basis of presentation

The accompanying financial statements reflects 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 net funds available for beneficiaries as at March 31, 2015 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.

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.

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 recognized as revenue when received.

The Canadian Red Cross Society

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March 31, 2015

(in thousands of dollars)

2. Significant accounting policies (continued)

Financial instruments

The Funds' financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and Payable to the Canadian Red Cross Society.

Financial assets and financial liabilities are initially recognized at fair value when the Funds become a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for cash and cash equivalents which are recorded at fair value.

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 American Red Cross Society of \$3,502 (2014 - \$637) and represents a contribution towards the reconstruction of the St. Michel Hospital in Jacmel.

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. Financial instruments

Fair values

The carrying values of accounts payable and accrued liabilities and Payable to the Canadian Red Cross Society approximate their fair value due to the relatively short periods to maturity of the instruments.

Investment risk

The Society's Board of Directors has approved Statements of Investment Policies and Procedures which provide the guidelines for managing investments of the Funds. Concentration of risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Management believes that the concentration of risk is not unusual.

Foreign exchange risk

The Funds operate internationally, giving rise to exposure to market risks from changes in interest rates and foreign exchange rates. Foreign exchange risk is not material.

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(in thousands of dollars)

5. Financial instruments (continued)

Credit risk

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The credit is provided mainly to provincial governments and, accordingly, presents minimal credit risk to the Funds.

The maximum credit exposure of the Funds is represented by the fair value of the investments as presented in the statement of net funds available for beneficiaries.

Interest rate risk

Interest rate risk refers to adverse consequences of interest rate changes on the Funds' cash flows, financial position, investment income and interest expense. The Funds' fixed income investments are exposed to interest rate changes. The impact of adverse changes in rates is not considered material.

6. Contractual obligations

Asian Earthquake and Tsunami Fund has contractual obligations of \$73 (March 31, 2014 - \$402).

Haiti Earthquake Fund has contractual obligations of \$8,615 (March 31, 2014 - \$9,235).

7. Comparative figures

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