

Financial Statements of

**THE CANADIAN RED
CROSS SOCIETY**

Ukraine Humanitarian Appeal Fund

And Independent Auditors' Report thereon

For the period from February 24, 2022 to March 31, 2022

THE CANADIAN RED CROSS SOCIETY

Ukraine Humanitarian Appeal Fund

For the period from February 24, 2022 to March 31, 2022

Independent Auditors' Report

Page

Financial Statements

Statement of Net Funds Available for Beneficiaries	1
Statement of Changes in Net Funds Available for Beneficiaries	2
Notes to Financial Statements	3 - 4



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Canadian Red Cross Society

Opinion

We have audited the financial statements of the Canadian Red Cross Society – Ukraine Humanitarian Appeal Fund (the “Fund”), which comprise:

- the statement of net funds available for beneficiaries as at March 31, 2022
- statement of changes in net funds available for beneficiaries for the 36-day period from February 24, 2022 to March 31, 2022
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the net funds available for beneficiaries of the Fund as at March 31, 2022, and changes in net funds available for beneficiaries for the 36-day period from February 24, 2022 to March 31, 2022 in accordance with the basis of accounting described in note 2(a) to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter - Financial Reporting Framework

We draw attention to note 2(a) to the financial statements, which describes the applicable financial reporting framework.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 17, 2022

THE CANADIAN RED CROSS SOCIETY

Ukraine Humanitarian Appeal Fund

Statement of Net Funds Available for Beneficiaries

March 31, 2022

(In thousands of dollars)

	Total Fund	Public Appeal	Government of Canada
Assets			
Current assets:			
Cash			
Externally restricted	\$ 60,970	\$ 60,970	\$ –
Receivable from Global Affairs Canada	20,000	–	20,000
	80,970	60,970	20,000

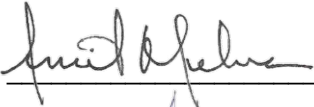
Liabilities

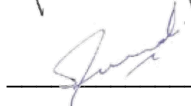
Current liabilities:

Payable to the Canadian Red Cross Society	2,887	2,887	–
Net funds available for beneficiaries	\$ 78,083	\$ 58,083	\$ 20,000

See accompanying notes to financial statements.

On behalf of the Board:

 Chair

 Chair, Audit and Finance Committee

THE CANADIAN RED CROSS SOCIETY

Ukraine Humanitarian Appeal Fund

Statement of Changes in Net Funds Available for Beneficiaries

For the period from February 24, 2022 to March 31, 2022

(In thousands of dollars)

	Total Fund	Public Appeal	Government of Canada
Increase in funds:			
Contributions (note 3)	\$ 141,231	\$ 111,231	\$ 30,000
Investment income	11	11	–
	141,242	111,242	30,000
Decrease in funds:			
Relief and direct assistance	60,723	50,723	10,000
Programming support and coordination	230	230	–
Appeal support (note 3)	2,206	2,206	–
	63,159	53,159	10,000
Net funds available for beneficiaries, end of period	\$ 78,083	\$ 58,083	\$ 20,000

See accompanying notes to financial statements.

THE CANADIAN RED CROSS SOCIETY

Ukraine Humanitarian Appeal Fund Notes to Financial Statements

For the period from February 24, 2022 to March 31, 2022
(In thousands of dollars)

1. Purpose and authority of the fund:

The scope and purpose of the Canadian Red Cross Society – Ukraine Humanitarian Appeal Fund (the "Fund") was launched as an appeal by the Canadian Red Cross Society (the "Society") on February 24, 2022.

The Society established the Fund to respond to those affected by this ongoing crisis. Donations will enable the Society and the International Red Cross and Red Crescent Movement to respond to humanitarian needs in Ukraine and surrounding countries, including immediate and ongoing relief efforts, as well as preparedness as more people seek safety in neighboring countries, long-term recovery and resiliency.

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 Fund. The Fund financial statements reflect only those financial activities associated with the Ukraine crisis.

The Fund is 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 Fund operated as an unaffiliated organization.

The net funds available for beneficiaries as at March 31, 2022 are presented in accordance with Canadian accounting standards for not-for-profit organizations as deferred contributions in the general purpose financial statements of the Society.

(b) Donated services:

The Fund benefits 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) Contributions:

Donations, including government matching funds, are recognized when received or receivable.

THE CANADIAN RED CROSS SOCIETY

Ukraine Humanitarian Appeal Fund Notes to Financial Statements (continued)

For the period from February 24, 2022 to March 31, 2022
(In thousands of dollars)

2. Significant accounting policies (continued):

(d) Cash:

Cash related to the Fund is held within the Society's main cash accounts and is externally restricted for the Ukraine Humanitarian Appeal Fund and is not available for the Society's general operations.

3. Appeal support

The fundraising costs related to this emergency appeal will not exceed 5% of the total funds raised through the public appeal, excluding the matching funds from Global Affairs Canada.

4. Contractual obligations:

Pursuant to the grant agreement with the Government of Canada, the Society must channel the contributions from the Government of Canada to the International Red Cross and Red Crescent Movement partners in Ukraine. The remaining commitment is \$20.0 million and is expected to be fully expended within one year.