

Financial Statements of

**THE CANADIAN RED
CROSS SOCIETY**

Alberta Fires Fund

Year ended March 31, 2018

THE CANADIAN RED CROSS SOCIETY

Alberta Fires Fund

Financial Statements

Year ended March 31, 2018

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KPMG LLP
150 Elgin Street, Suite 1800
Ottawa ON K2P 2P8
Canada
Telephone 613-212-5764
Fax 613-212-2896

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 - Alberta Fires Fund, which comprise the statement of net funds available for beneficiaries as at March 31, 2018, the statement of changes in net funds available for beneficiaries for the year ended March 31, 2018, 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, 2018, 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. These stand-alone financial statements are prepared to provide information on the Alberta Fires Fund. As a result, the financial statements may not be suitable for another purpose.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

May 29, 2018

THE CANADIAN RED CROSS SOCIETY

Alberta Fires Fund

Statement of Net Funds Available for Beneficiaries

March 31, 2018, with comparative information for 2017

(In thousands of dollars)

	Total Fund		Public Appeal		Government of Canada		Government of Alberta	
	2018	2017	2018	2017	2018	2017	2018	2017
Assets								
Current assets:								
Cash and cash equivalents:								
Externally restricted	\$ 74,040	\$ 99,684	\$ 25,600	\$ 33,958	\$ 48,440	\$ 58,910	\$ -	\$ 6,816
Prepaid to Canadian Red Cross Society (note 3)	-	2,164	-	2,164	-	-	-	-
	74,040	101,848	25,600	36,122	48,440	58,910	-	6,816
Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	-	501	-	464	-	29	-	8
Due to Canadian Red Cross Society (note 3)	2,681	-	-	-	2,681	-	-	-
	2,681	501	-	464	2,681	29	-	8
Net funds available for beneficiaries	\$ 71,359	\$ 101,347	\$ 25,600	\$ 35,658	\$ 45,759	\$ 58,881	\$ -	\$ 6,808

See accompanying notes to financial statements.

On behalf of the Board:



Chair



Chair, Audit and Finance Committee

THE CANADIAN RED CROSS SOCIETY

Alberta Fires Fund

Statement of Changes in Net Funds Available for Beneficiaries

Year ended March 31, 2018, with comparative information for the period from May 3, 2016 to March 31, 2017

(In thousands of dollars)

	Total Fund		Public Appeal		Government of Canada		Government of Alberta	
	2018	2017	2018	2017	2018	2017	2018	2017
Increase in funds:								
Contributions (note 4)	\$ 354	\$ 323,369	\$ 383	\$ 188,566	\$ –	\$ 104,496	\$ –	\$ 30,307
Investment income	1,016	174	347	63	634	90	6	21
Support to re-entry recovery (note 5)	780	–	780	–	–	–	–	–
	2,150	323,543	1,510	188,629	634	104,586	6	30,328
Decrease in funds:								
Individuals and families:								
Relief and direct assistance	987	77,057	987	77,057	–	–	–	–
Support to re-entry	214	16,758	214	16,758	–	–	–	–
Shelter and lodging	1,903	395	115	395	1,788	–	–	–
Support to self-recovery	8,551	86,176	1,204	40,471	7,347	45,705	–	–
Safety and well-being	1,250	1,399	785	859	–	–	465	540
Disaster risk reduction	312	585	312	585	–	–	–	–
	13,217	182,370	3,617	136,125	9,135	45,705	465	540
Community initiatives and support to small business	18,546	31,218	7,576	8,238	4,621	–	6,349	22,980
Fundraising cost and future disaster planning and preparation (note 4)	375	8,608	375	8,608	–	–	–	–
	32,138	222,196	11,568	152,971	13,756	45,705	6,814	23,520
Net funds available for beneficiaries, beginning of period	101,347	–	35,658	–	58,881	–	6,808	–
Net funds available for beneficiaries, end of period	\$ 71,359	\$ 101,347	\$ 25,600	\$ 35,658	\$ 45,759	\$ 58,881	\$ –	\$ 6,808

See accompanying notes to financial statements.

THE CANADIAN RED CROSS SOCIETY

Alberta Fires Fund
Notes to Financial Statements

Year ended March 31, 2018, with comparative information for the period from May 3, 2016 to
March 31, 2017
(In thousands of dollars)

1. Purpose and authority of the fund:

The scope and purpose of the Canadian Red Cross Society – Alberta Fires Fund was approved by The Board of Directors of the Canadian Red Cross Society (the “Society”) on May 3, 2016.

In early May 2016, a wildfire tore through Fort McMurray, Alberta, destroying neighborhoods and threatening an entire community. More than 80,000 people fled through smoke and fire to reach safety. In the largest wildfire evacuation in the province’s history, many residents left with almost nothing and some with nowhere to go.

The Society raised over \$323 million from individuals, provincial and federal governments, community groups and corporate partners including matching funds from the Government of Canada (the “GOC”) of \$104 million and the Government of Alberta (the “GOA”) of \$30 million.

Donations provide relief for those affected in the form of emergency food, clothing, shelter, personal services and other necessities that assist with 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 is maintained as a separate set of accounts by the Society, and includes only those financial activities associated with the Alberta Fires.

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, 2018 are presented in accordance with Canadian accounting standards for not-for-profit organizations as deferred revenue in the general purpose financial statements of the Society.

(b) Donated services:

The Fund benefits 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.

THE CANADIAN RED CROSS SOCIETY

Alberta Fires Fund

Notes to Financial Statements

Year ended March 31, 2018, with comparative information for the period from May 3, 2016 to March 31, 2017

(In thousands of dollars)

2. Significant accounting policies (continued):

(c) Revenue recognition:

Donations, including government matching, are deferred and recognized as revenue in the period in which the related expenses are incurred.

(d) Cash and cash equivalents:

Cash and cash equivalents mature within three months or are readily converted to cash and are externally restricted for the Alberta Fires Fund and are not available for the Society's general operations.

3. Due (to) from Canadian Red Cross Society:

The Society advanced working capital to the fund to cover Alberta Fires expenditures expected to be incurred after the end of the year. In the prior year, the fund advanced working capital to the Society.

4. Fundraising cost and future disaster planning and preparation:

The fundraising costs related to this emergency appeal will not exceed 5% of the total funds raised through the public appeal, excluding the matching from the GOC and GOA. A portion (1.5%) of these funds raised through the public appeal will be used by the Society to be ready and prepared to respond to future disasters.

5. Support to re-entry recovery:

In the prior year the fund incurred support to re-entry transportation expenditures in the amount of \$2,900. In the current year the Government of Alberta provided additional funding to cover \$780 worth of these expenditures, resulting in a recovery being recorded in the Statement of Changes in Net Funds Available for Beneficiaries.

6. Contractual obligations and commitments:

The Society has committed to a total amount of \$16.2 million under signed contracts where services have yet to be delivered. In addition, a further \$21.9 million of uncontracted commitments have been agreed to. These commitments are expected to be fully expended within 3 years.