

Financial Statements of

**THE CANADIAN RED  
CROSS SOCIETY**

Alberta Fires Fund

Year ended March 31, 2019

**THE CANADIAN RED CROSS SOCIETY**

Alberta Fires Fund  
Financial Statements

Year ended March 31, 2019

|  |       |
|--|-------|
|  | Page  |
| <b>Independent Auditors' Report</b>                                |       |
| Statement of Net Funds Available for Beneficiaries .....           | 1     |
| Statement of Changes in Net Funds Available for Beneficiaries..... | 2     |
| Notes to Financial Statements.....                                 | 3 - 4 |



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

### ***Opinion***

We have audited the financial statements of Canadian Red Cross Society - Alberta Fires Fund (the "Fund"), which comprise:

- the statement of net funds available for beneficiaries as at March 31, 2019
- statement of changes in net funds available for beneficiaries for the year then ended
- 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, 2019, and changes in net funds available for beneficiaries for the year then ended 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 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.



### ***Other Matter – Restriction on Use***

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.

### ***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 single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

September 27, 2019

# THE CANADIAN RED CROSS SOCIETY

## Alberta Fires Fund

### Statement of Net Funds Available for Beneficiaries

March 31, 2019, with comparative information for 2018

(In thousands of dollars)

|  | Total Fund |           | Public Appeal |           | Government of Canada |           | Government of Alberta |      |
|--|------------|-----------|---------------|-----------|----------------------|-----------|-----------------------|------|
|  | 2019       | 2018      | 2019          | 2018      | 2019                 | 2018      | 2019                  | 2018 |
| <b>Assets</b>                                    |            |           |               |           |                      |           |                       |      |
| Current assets:                                  |            |           |               |           |                      |           |                       |      |
| Cash and cash equivalents:                       |            |           |               |           |                      |           |                       |      |
| Externally restricted                            | \$ 53,052  | \$ 74,040 | \$ 24,400     | \$ 25,600 | \$ 28,652            | \$ 48,440 | \$ –                  | \$ – |
|  | 53,052     | 74,040    | 24,400        | 25,600    | 28,652               | 48,440    | –                     | –    |
| <b>Liabilities</b>                               |            |           |               |           |                      |           |                       |      |
| Current liabilities:                             |            |           |               |           |                      |           |                       |      |
| Due to Canadian Red Cross Society                | 1,229      | 2,681     | 1,229         | –         | –                    | 2,681     | –                     | –    |
|  | 1,229      | 2,681     | 1,229         | –         | –                    | 2,681     | –                     | –    |
| Contractual obligations and commitments (note 4) |            |           |               |           |                      |           |                       |      |
| Net funds available for beneficiaries            | \$ 51,823  | \$ 71,359 | \$ 23,171     | \$ 25,600 | \$ 28,652            | \$ 45,759 | \$ –                  | \$ – |

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, 2019, with comparative information for 2018

(In thousands of dollars)

|  | Total Fund |           | Public Appeal |           | Government of Canada |           | Government of Alberta |       |
|--|------------|-----------|---------------|-----------|----------------------|-----------|-----------------------|-------|
|  | 2019       | 2018      | 2019          | 2018      | 2019                 | 2018      | 2019                  | 2018  |
| Increase in funds:   |            |           |               |           |                      |           |                       |       |
| Contributions  | \$ 58      | \$ 354    | \$ 58         | \$ 383    | \$ –                 | \$ –      | \$ –                  | \$ –  |
| Investment income  | 1,017      | 1,016     | 425           | 347       | 592                  | 634       | –                     | 6     |
| Support to re-entry recovery   | –          | 780       | –             | 780       | –                    | –         | –                     | –     |
|  | 1,075      | 2,150     | 483           | 1,510     | 592                  | 634       | –                     | 6     |
| Decrease in funds:   |            |           |               |           |                      |           |                       |       |
| Individuals and families:  |            |           |               |           |                      |           |                       |       |
| Relief and direct assistance   | 227        | 987       | 227           | 987       | –                    | –         | –                     | –     |
| Support to re-entry  | 108        | 214       | 108           | 214       | –                    | –         | –                     | –     |
| Shelter and lodging  | 5,349      | 1,903     | 122           | 115       | 5,227                | 1,788     | –                     | –     |
| Support to self-recovery   | 3,511      | 8,551     | 548           | 1,204     | 2,963                | 7,347     | –                     | –     |
| Safety and well-being  | 201        | 1,250     | 201           | 785       | –                    | –         | –                     | 465   |
| Disaster risk reduction  | 196        | 312       | 196           | 312       | –                    | –         | –                     | –     |
|  | 9,592      | 13,217    | 1,402         | 3,617     | 8,190                | 9,135     | –                     | 465   |
| Community initiatives and support to small business                    | 10,797     | 18,546    | 1,288         | 7,576     | 9,509                | 4,621     | –                     | 6,349 |
| Fundraising cost and future disaster planning and preparation (note 3) | 222        | 375       | 222           | 375       | –                    | –         | –                     | –     |
|  | 20,611     | 32,138    | 2,912         | 11,568    | 17,699               | 13,756    | –                     | 6,814 |
| Net funds available for beneficiaries, beginning of period             | 71,359     | 101,347   | 25,600        | 35,658    | 45,759               | 58,881    | –                     | 6,808 |
| Net funds available for beneficiaries, end of period                   | \$ 51,823  | \$ 71,359 | \$ 23,171     | \$ 25,600 | \$ 28,652            | \$ 45,759 | \$ –                  | \$ –  |

See accompanying notes to financial statements.

# THE CANADIAN RED CROSS SOCIETY

## Alberta Fires Fund Notes to Financial Statements

Year ended March 31, 2019, with comparative information for 2018  
(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, 2019 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 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 (continued)

Year ended March 31, 2019, with comparative information for 2018

*(In thousands of dollars)*

---

#### **2. Significant accounting policies (continued):**

##### **(c) 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. 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.

#### **4. Contractual obligations and commitments:**

The Society has committed to a total amount of \$31.9 million (2018 - \$16.2 million) under signed contracts where services have yet to be delivered. In addition, a further \$2.3 million (2018 - \$21.9 million) of uncontracted commitments have been agreed to. These commitments are expected to be fully expended within 2 years (2018 - 3 years).