

Financial Statements of

**THE HUMANITARIAN
COALITION**

Years ended December 31, 2012 and 2011



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INDEPENDENT AUDITORS' REPORT

To the Members of the The Humanitarian Coalition

Report on the Financial Statements

We have audited the accompanying financial statements of The Humanitarian Coalition, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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 financial position of The Humanitarian Coalition as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations, its changes in net assets and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal Requirements

As required by the Canada Corporations Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that extends to the right.

Chartered Accountants, Licensed Public Accountants

May 2, 2013

Ottawa, Canada

THE HUMANITARIAN COALITION

Statements of Financial Position

December 31, 2012, December 31, 2011 and January 1, 2011

	December 31, 2012	December 31, 2011	January 1, 2011
Assets			
Current assets:			
Cash	\$ 584,820	\$ 800,382	\$ 806,435
Due from members:			
CARE Canada	-	65,242	-
Oxfam-Quebec	-	-	59,549
HST receivable	24,077	40,347	24,609
Other accounts receivable	175	-	-
Prepaid expenses	1,352	1,510	1,797
	<u>\$ 610,424</u>	<u>\$ 907,481</u>	<u>\$ 892,390</u>

Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities (note 3)	\$ 283,475	\$ 104,210	\$ 26,299
Deferred revenue (note 4)	53,510	384,853	622,464
	<u>336,985</u>	<u>489,063</u>	<u>648,763</u>
Net assets (note 5):			
Unrestricted	154,557	369,364	243,627
Internally restricted	118,882	49,054	-
	<u>273,439</u>	<u>418,418</u>	<u>243,627</u>
	<u>\$ 610,424</u>	<u>\$ 907,481</u>	<u>\$ 892,390</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

THE HUMANITARIAN COALITION

Statements of Operations

Years ended December 31, 2012 and 2011

	2012	2011
Revenue:		
Appeals	\$ 1,669,355	\$ 7,798,798
Emergency Response Fund	129,155	49,054
Coalition members contributions	188,543	171,573
One-time membership fee	-	75,787
Monitoring and evaluation	42,035	54,454
CARE Canada (CIDA-funded project)	4,787	65,242
Other	28,000	2,911
	<u>2,061,875</u>	<u>8,217,819</u>
Expenses:		
Program Funding:		
CARE Canada	367,575	1,817,128
Oxfam Canada	322,473	1,698,728
Oxfam-Quebec	148,410	761,843
Plan Canada	367,575	1,480,000
Save the Children	264,211	1,286,060
Monitoring and evaluation	42,035	93,449
	<u>1,512,279</u>	<u>7,137,208</u>
Communication and fundraising:		
Advertising and marketing	187,448	250,311
Stewardship	9,916	131,177
Translation	9,226	4,200
Website and other	47,521	25,284
	<u>254,111</u>	<u>410,972</u>
Operations:		
Bank and credit card charges	32,563	151,498
Database management	24,004	45,655
Donation processing fees	13,761	9,733
Insurance	1,885	1,885
Office and other	34,487	17,933
Professional fees	28,502	19,431
Telecommunications	16,595	53,169
	<u>151,797</u>	<u>299,304</u>
Travel and meetings	25,758	32,945
Wages and benefits	262,909	162,599
	<u>2,206,854</u>	<u>8,043,028</u>
Excess (deficiency) of revenue over expenses	\$ (144,979)	\$ 174,791

See accompanying notes to financial statements.

THE HUMANITARIAN COALITION

Statements of Changes in Net Assets

Years ended December 31, 2012 and 2011

December 31, 2012	Unrestricted	Internally restricted	Total
Net assets, beginning of year	\$ 369,364	\$ 49,054	\$ 418,418
Deficiency of revenue over expenses	(144,979)	-	(144,979)
Transfer to internally restricted	(69,828)	69,828	-
Net assets, end of year	\$ 154,557	\$ 118,882	\$ 273,439

December 31, 2011	Unrestricted	Internally restricted	Total
Net assets, beginning of year	\$ 243,627	\$ -	\$ 243,627
Excess of revenue over expenses	174,791	-	174,791
Transfer to internally restricted	(49,054)	49,054	-
Net assets, end of year	\$ 369,364	\$ 49,054	\$ 418,418

See accompanying notes to financial statements.

THE HUMANITARIAN COALITION

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (144,979)	\$ 174,791
Change in non-cash operating working capital:		
Decrease (increase) in due from members	65,242	(5,693)
Decrease (increase) in HST receivable	16,270	(15,738)
Increase in other accounts receivable	(175)	-
Decrease in prepaid expenses	158	287
Increase in accounts payable and accrued liabilities	179,265	77,911
Decrease in deferred revenue	(331,343)	(237,611)
Decrease in cash	(215,562)	(6,053)
Cash, beginning of year	800,382	806,435
Cash, end of year	\$ 584,820	\$ 800,382

See accompanying notes to financial statements.

THE HUMANITARIAN COALITION

Notes to Financial Statements

Years ended December 31, 2012 and 2011

The Humanitarian Coalition (the "Coalition") was incorporated under the Canada Corporations Act on October 2, 2009 and became a registered charity on the same date with tax-exempt status under Paragraph 149(l)(f) of the Income Tax Act. The Charity is designated as a Public Foundation with the objective to receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, to charitable organizations that are also registered charities under the Income Tax Act.

The Humanitarian Coalition is a network of Canadian non-government organizations (NGOs) determined to unite in cases of humanitarian crises. Five of Canada's leading aid organizations have founded The Humanitarian Coalition: CARE Canada, Oxfam Canada, Oxfam-Québec, Plan Canada, and Save the Children Canada.

The Humanitarian Coalition was initially operated under the financial management of CARE Canada and began its independent operations during June 2010.

On January 1, 2012, the Coalition adopted Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations.

In accordance with the transitional provisions in Canadian accounting standards for not-for-profit organizations, the Coalition has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying Canadian accounting standards for not-for-profit organizations.

There were no adjustments to net assets as at January 1, 2011 or excess (deficiency) of revenue over expenses for the year ended December 31, 2011 as a result of the transition to Canadian accounting standards for not-for-profit organizations.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies:

(a) Revenue recognition:

The Coalition follows the deferral method of accounting for contributions for not-for-profit organizations. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

THE HUMANITARIAN COALITION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

1. Significant accounting policies (continued):

(b) Capital assets:

Capital asset purchases under \$5,000 are expensed in the year of purchase. During the year, a total of \$1,506 (2011 - \$3,975) in capital asset purchases were included in expenses.

(c) Expenses:

In the statement of operations, the Coalition presents its expenses by function.

Expenses are recognized in the year incurred and are recorded in the function to which they are directly related. The Coalition does not allocate expenses between functions after initial recognition.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial assets include amounts due from members, HST receivable and other accounts receivable. Financial liabilities include accounts payable and accrued liabilities. All financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Coalition has not elected to carry any such financial instruments at fair value.

All financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Coalition determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Coalition expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

THE HUMANITARIAN COALITION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period they have become known.

2. Funding policy:

The Coalition has adopted a funding model whereby a minimum of 88% of appeal funds will be allocated to programs, with this percentage to be applied to the combination of Humanitarian Coalition and member agency funds and costs. The balance may be applied towards core operating costs of the Coalition and as such is included in unrestricted net assets.

3. Accounts payable and accrued liabilities:

At year-end, the Coalition had no amounts payable for government remittances.

4. Deferred revenue:

Deferred revenue consists of appeal funds that have been allocated to humanitarian projects supported by the five member organizations of the Coalition for programs that will be undertaken or continued in the next fiscal year. These amounts include allocations for joint monitoring and evaluation of the member's programs funded by the related appeals.

	December 31, 2012	December 31, 2011	January 1, 2011
Pakistan	\$ -	\$ -	\$ 497,193
Haiti	-	-	125,271
East Africa	-	289,307	-
Monitoring and evaluation	53,510	95,546	-
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	\$ 53,510	\$ 384,853	\$ 622,464

THE HUMANITARIAN COALITION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

5. Net assets:

(a) Capital management:

The Coalition considers its capital to consist of its net assets. The objective of the Coalition with respect to its capital is to generally match the structure of its capital to the underlying nature and term of the assets being financed, and to hold sufficient funds to enable it to withstand negative unexpected financial events in order to ensure the ability to continue as a going concern and to maintain sufficient liquidity to meet its obligations as they become due.

The Coalition is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended December 31, 2011.

(b) Internally restricted net assets:

The Emergency Response Fund was established by the Board of Directors and is made up of donations which are not appeal-specific. For that reason, these donations are considered revenue as they are received and are internally restricted to be used for future emergencies.

6. Financial risk management:

The Coalition's financial instruments consist of cash, due from members, HST receivable, other accounts receivable and accounts payable and accrued liabilities.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Coalition is exposed to credit risk with respect to the amounts due from members, HST receivable and other accounts receivable.

The Coalition assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year end, there were no amounts allowed for in accounts receivable.

(b) Other risks:

Management believes that the Coalition is not exposed to significant interest rate, currency or liquidity risks arising from these financial instruments.