

Financial Statements of

# **HUMANITARIAN COALITION**

Year ended December 31, 2015



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## INDEPENDENT AUDITORS' REPORT

To the Members of the Humanitarian Coalition

We have audited the accompanying financial statements of Humanitarian Coalition, which comprise the statement of financial position as at December 31, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, 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 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 present fairly, in all material respects, the financial position of Humanitarian Coalition as at December 31, 2015, and its results of operations, its changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

May 30, 2016

Ottawa, Canada

# HUMANITARIAN COALITION

## Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash	\$ 2,138,193	\$ 666,164
Harmonized sale tax receivable	23,198	22,555
Prepaid expenses	1,456	1,652
	<u>\$ 2,162,847</u>	<u>\$ 690,371</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 621,764	\$ 90,038
Deferred revenue (note 4)	1,143,328	206,239
	<u>1,765,092</u>	<u>296,277</u>
Net assets (note 5):		
Unrestricted	188,250	222,050
Internally restricted	209,505	172,044
	<u>397,755</u>	<u>394,094</u>
	<u>\$ 2,162,847</u>	<u>\$ 690,371</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# HUMANITARIAN COALITION

## Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Global Affairs Canada	\$ 1,894,153	\$ 2,000,498
Appeals	2,814,975	1,687,224
Emergency Response Fund	326,160	276,690
Coalition members contributions	254,533	254,533
Other	8,536	40,755
	<u>5,298,357</u>	<u>4,259,700</u>
Expenses:		
Programs	4,556,875	3,853,689
Communication and fundraising	352,255	187,303
Wages and benefits	229,168	170,401
Operations	156,398	127,479
	<u>5,294,696</u>	<u>4,338,872</u>
Excess (deficiency) of revenue over expenses	\$ 3,661	\$ (79,172)

See accompanying notes to financial statements.

# HUMANITARIAN COALITION

## Statement of Changes in Net Assets

Year ended December 31, 2015, with comparative information for 2014

	Unrestricted (note 5(a))	Internally restricted (note 5(b))	2015 Total	2014 Total
Net assets, beginning of year	\$ 222,050	\$ 172,044	\$ 394,094	\$ 473,266
Excess (deficiency) of revenue over expenses	3,661	-	3,661	(79,172)
Transfer to internally restricted (note 5(b))	(37,461)	37,461	-	-
Net assets, end of year	\$ 188,250	\$ 209,505	\$ 397,755	\$ 394,094

See accompanying notes to financial statements.

# HUMANITARIAN COALITION

## Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 3,661	\$ (79,172)
Change in non-cash operating working capital:		
Decrease in accounts receivable	-	187,827
Increase in harmonized sale tax receivable	(643)	(1,320)
Decrease in prepaid expenses	196	242
Increase in accounts payable and accrued liabilities	531,726	38,208
Increase (decrease) in deferred revenue	937,089	(874,263)
Increase (decrease) in cash	1,472,029	(728,478)
Cash, beginning of year	666,164	1,394,642
Cash, end of year	\$ 2,138,193	\$ 666,164

See accompanying notes to financial statements.

# HUMANITARIAN COALITION

## Notes to Financial Statements

Year ended December 31, 2015

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Humanitarian Coalition (the "Coalition") was incorporated without share capital on October 2, 2009 under the Canada Corporations Act. Effective November 21, 2013, the Coalition continued their articles of incorporation from the Canada Corporations Act to the Canada Not-for-profit Corporations Act. The Coalition is a registered charity and as such is not subject to income tax under Paragraph 149(l)(f) of the Income Tax Act (Canada).

The Coalition is designated as a Public Foundation with the objective of receiving or maintaining 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 (Canada).

The 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 founded the Humanitarian Coalition.

### 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 CPA Canada Handbook – Accounting 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.

#### (b) Capital assets:

Capital asset purchases under \$5,000 are expensed in the year of purchase. During the year, a total of \$Nil (2014 - \$Nil) 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.



# HUMANITARIAN COALITION

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All other 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.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate 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.

### (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 85% 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.

# HUMANITARIAN COALITION

Notes to Financial Statements (continued)

Year ended December 31, 2015

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### 3. Accounts payable and accrued liabilities:

At year-end, the Coalition had no amounts payable for government remittances, such as harmonized sales tax or payroll-related taxes.

### 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.

	2015	2014
Ebola	\$ -	\$ 127,071
Syria 2015	328,840	-
Monitoring and evaluation	61,897	43,186
Canadian Humanitarian Assistance Fund	752,591	35,982
	<u>\$ 1,143,328</u>	<u>\$ 206,239</u>

### 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, 2014.

# HUMANITARIAN COALITION

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 5. Net assets (continued):

(b) Internally restricted net assets:

	Balance, beginning of year	Restricted in year	Used in year	Balance, end of year
Emergency Response Fund	\$ 172,044	\$ 37,461	\$ -	\$ 209,505

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 when they are received and are internally restricted to be used for future emergencies. During the year, net donations of \$268,693 were received and \$231,232 of emergency response funds were disbursed for responses of members to crises in Benin, Democratic Republic of Congo, Sierra Leone, Western Sahara, Pakistan, Somalia and India. The remaining amount of \$37,461 has been internally restricted for use in future years.

## 6. Financial risk management:

(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 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.

# HUMANITARIAN COALITION

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## **6. Financial risk management (continued):**

### (b) Other risks:

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

There have been no changes to the Coalition's risk exposures from 2014.

## **7. Comparative information:**

Certain 2014 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.