

Financial Statements of

**THE HUMANITARIAN  
COALITION**

Year ended December 31, 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 statement of financial position as at December 31, 2011, 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 generally accepted accounting principles, 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 qualified audit opinion.



### *Basis for Qualified Opinion*

In common with many charitable organizations, The Humanitarian Coalition derives revenue in the form of donations. The predecessor auditor's verification of donation revenue was limited to amounts recorded in the records of The Humanitarian Coalition and were therefore unable to determine whether, as at and for the year ended December 31, 2010, any adjustments might be necessary to appeals revenue, excess of revenue over expenses, current assets and net assets reported in the financial statement. This caused the predecessor auditors to qualify their audit opinion on the financial statements as at and for the year ended December 31, 2010.

Our opinion on the financial statements as at and for the year ended December 31, 2011 is also modified because of the possible effects of this matter on the comparability of the current period's figures and the prior period figures.

### *Qualified Opinion*

In our opinion, except for the possible effects on the comparative information of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the The Humanitarian Coalition as at December 31, 2011 and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### *Other Matter*

The financial statements of the The Humanitarian Coalition as at and for the year ended December 31, 2010 were audited by another auditor who expressed a qualified opinion on those statements on February 23, 2011 due to the matter described in the Basis for Qualified Opinion paragraph.

### **Report on Other Legal Requirements**

As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP' with a long horizontal line underneath.

Chartered Accountants, Licensed Public Accountants

August 16, 2012

Ottawa, Canada

# THE HUMANITARIAN COALITION

## Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
<b>Assets</b>		
Current assets:		
Cash	\$ 800,382	\$ 806,435
Due from members:		
CARE Canada	65,242	-
Oxfam-Quebec	-	59,549
GST/HST receivable	40,347	24,609
Prepaid expenses	1,510	1,797
	<u>\$ 907,481</u>	<u>\$ 892,390</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 104,210	\$ 26,299
Deferred revenue (note 3)	384,853	622,464
	<u>489,063</u>	<u>648,763</u>
Net assets:		
Unrestricted	369,364	243,627
Internally restricted (note 4)	49,054	-
	<u>418,418</u>	<u>243,627</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

## Statement of Operations and Changes in Net Assets

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Appeals	\$ 7,798,798	\$ 2,200,322
Emergency Response Fund	49,054	-
Coalition members contributions	171,573	74,163
One-time membership fee	75,787	-
Monitoring and evaluation	54,454	-
CARE Canada (CIDA-funded project)	65,242	-
Other	2,911	6,932
	<u>8,217,819</u>	<u>2,281,417</u>
Expenses:		
Program Funding:		
CARE Canada	1,817,128	495,967
Oxfam Canada	1,698,728	495,966
Oxfam-Quebec	761,843	231,422
Plan Canada	1,480,000	-
Save the Children	1,286,060	429,867
Monitoring and evaluation	93,449	-
	<u>7,137,208</u>	<u>1,653,222</u>
Communication and fundraising:		
Advertising and marketing	250,311	223,431
Call center	-	11,692
Stewardship	131,177	8,411
Translation	4,200	-
Website and other	25,284	10,928
	<u>410,972</u>	<u>254,462</u>
Operations:		
Bank and credit card charges	151,498	54,529
Database management	45,655	14,115
Donation processing fees	9,733	10,143
Insurance	1,885	-
Office and other	17,933	6,262
Professional fees	19,431	9,134
Telecommunications	53,169	4,317
	<u>299,304</u>	<u>98,500</u>
Travel and meetings	32,945	3,257
Wages and benefits	162,599	40,644
	<u>8,043,028</u>	<u>2,050,085</u>
Excess of revenue over expenses	\$ 174,791	\$ 231,332

See accompanying notes to financial statements.

# THE HUMANITARIAN COALITION

## Statement of Changes in Net Assets

Year ended December 31, 2011, with comparative figures for 2010

	Unrestricted	Internally restricted	2011	2010
Net assets, beginning of year	\$ 243,627	\$ -	\$ 243,627	\$ 12,295
Excess of revenue over expenses	174,791	-	174,791	231,332
Transfer to internally restricted	(49,054)	49,054	-	-
Net assets, end of year	\$ 369,364	\$ 49,054	\$ 418,418	\$ 243,627

See accompanying notes to financial statements.

# THE HUMANITARIAN COALITION

## Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 174,791	\$ 231,332
Change in non-cash operating working capital:		
Increase in due from members	(5,693)	(59,549)
Increase in GST/HST receivable	(15,738)	(24,609)
Decrease (increase) in prepaid expenses	287	(1,797)
Increase in accounts payable and accrued liabilities	77,911	26,299
Increase (decrease) in deferred revenue	(237,611)	622,464
Increase (decrease) in cash	(6,053)	794,140
Cash, beginning of year	806,435	12,295
Cash, end of year	\$ 800,382	\$ 806,435

See accompanying notes to financial statements.

# THE HUMANITARIAN COALITION

## Notes to Financial Statements

Year ended December 31, 2011

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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.

### 1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles 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 \$3,975 (2010 - \$4,578) in capital asset purchases were included in expenses.

(c) Use of estimates:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and, accordingly, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.



# THE HUMANITARIAN COALITION

Notes to Financial Statements (continued)

Year ended December 31, 2011

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## 1. Significant accounting policies (continued):

### (d) Financial instruments:

The Coalition has classified due from members and GST/HST receivable as loans and receivable and accounts payable and accrued liabilities as other liabilities. Upon initial recognition, these financial assets and liabilities are recorded at fair value. Subsequent to initial recognition, these financial assets and liabilities are measured at amortized cost using the effective interest rate method of amortization.

### (e) 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.

## 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. 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.

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	2011	2010
Pakistan	\$ -	\$ 497,193
Haiti	-	125,271
East Africa	289,307	-
Monitoring and evaluation	95,546	-
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	\$ 384,853	\$ 622,464

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# THE HUMANITARIAN COALITION

Notes to Financial Statements (continued)

Year ended December 31, 2011

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## 4. Capital disclosures:

### (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, 2010.

### (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 they are considered revenue as they are received, but are internally restricted to be used for future emergencies.

## 5. Financial instruments and risk management:

The Coalition's financial instruments consist of cash, due from members, GST/HST receivable and accounts payable and accrued liabilities. Management believes that the Coalition is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

The carrying values of these financial instruments approximate their fair values.

## 6. Unrestricted net assets:

Prior to beginning its independent operations in June 2010, the Coalition's finances were maintained under CARE Canada. The amount carried forward of \$12,295 represents a budget surplus that was attributed to the Coalition's operations and is reflected as the opening balance of unrestricted net assets.