

Humanitarian Coalition
Financial Statements
December 31, 2023

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Independent Auditor's Report

To the Members of
Humanitarian Coalition

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Opinion

We have audited the financial statements of Humanitarian Coalition (hereafter "the Coalition"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Coalition as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Coalition in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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.

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 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.

In preparing the financial statements, management is responsible for assessing the Coalition'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 Coalition or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Coalition's financial reporting process.

Auditor's 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 auditor's 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 these 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 Coalition'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 Coalition's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Coalition 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.

We 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.

Raymond Chabot Grant Thornton LLP

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
April 16, 2024

Humanitarian Coalition Operations and Net Assets

Year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
Revenue		
Global Affairs Canada	37,884,718	15,792,418
Appeals	3,741,136	4,058,753
Emergency response fund	1,057,738	930,667
Coalition members contributions	<u>463,685</u>	<u>413,600</u>
	<u>43,147,277</u>	<u>21,195,438</u>
Expenses		
Salaries and employee benefits	759,198	743,589
Operations	359,168	356,140
Program funding	41,775,321	19,961,131
Communications and fundraising	<u>321,479</u>	<u>305,237</u>
	<u>43,215,166</u>	<u>21,366,097</u>
Deficiency of revenues over expenses	(67,889)	(170,659)
Net assets, beginning of year	<u>1,219,673</u>	<u>1,390,332</u>
Net assets, end of year	<u><u>1,151,784</u></u>	<u><u>1,219,673</u></u>

The accompanying notes are an integral part of the financial statements.

Humanitarian Coalition

Cash Flows

Year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	(67,889)	(170,659)
Non-cash items		
Changes in working capital items		
Trade and other receivables	(209,189)	30,332
Prepaid expenses		1,103
Trade and other payables	3,090,999	(399,884)
Deferred contributions	(3,205,914)	2,102,974
Cash flows from operating activities	<u>(391,993)</u>	<u>1,563,866</u>
INVESTING ACTIVITIES		
Investments	(9,500,000)	(1,512,247)
Disposal of investments	10,000,000	
Cash flows from investing activities	<u>500,000</u>	<u>(1,512,247)</u>
Net increase in cash	108,007	51,619
Cash, beginning of year	<u>6,526,349</u>	<u>6,474,730</u>
Cash, end of year	<u><u>6,634,356</u></u>	<u><u>6,526,349</u></u>

The accompanying notes are an integral part of the financial statements.

Humanitarian Coalition

Financial Position

December 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
ASSETS		
Current		
Cash	6,634,356	6,526,349
Term deposits	1,012,247	1,512,247
Trade and other receivables (Note 3)	225,318	16,129
Prepaid expenses	<u>3,128</u>	<u>3,128</u>
	<u>7,875,049</u>	<u>8,057,853</u>
 LIABILITIES		
Current		
Trade and other payables (Note 4)	3,555,395	464,396
Deferred contributions (Note 5)	<u>3,167,870</u>	<u>6,373,784</u>
	<u>6,723,265</u>	<u>6,838,180</u>
 NET ASSETS		
Unrestricted	<u>1,151,784</u>	<u>1,219,673</u>
	<u>7,875,049</u>	<u>8,057,853</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

Andy Harrington

Director

Barbara York

Director

Humanitarian Coalition

Notes to Financial Statements

December 31, 2023

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

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(1)(I) 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 Coalition.

2 - SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The Coalition's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the Coalition may undertake in the future. Actual results may differ from these estimates.

Revenue recognition

Contributions

The Coalition follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and 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.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Coalition's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Humanitarian Coalition

Notes to Financial Statements

December 31, 2023

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Subsequent measurement

At each reporting date, the Coalition measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets). The Coalition has not elected to carry any financial assets and liabilities at fair value.

With respect to financial assets measured at amortized cost, the Coalition assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Coalition determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

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.

3 - TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
Trade accounts receivable	208,606	
Indirect taxes receivable	16,712	16,129
	<u>225,318</u>	<u>16,129</u>

4 - TRADE AND OTHER PAYABLES

Government remittances total \$Nil as at December 31, 2023 (\$Nil as at December 31, 2022).

5 - DEFERRED CONTRIBUTIONS

Deferred contributions consist of appeal funds that have been allocated to humanitarian projects supported by the 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.

	<u>2023</u>	<u>2022</u>
	\$	\$
Canadian Humanitarian Assistance Fund	2,010,983	5,939,089
Monitoring and evaluation	48,947	48,947
Deferred appeals	1,107,940	385,748
	<u>3,167,870</u>	<u>6,373,784</u>

Humanitarian Coalition

Notes to Financial Statements

December 31, 2023

6 - COMMITMENTS

The Coalition has entered into a long-term lease agreement for the rental of premises.

The lease expires on August 31, 2024.

Minimum lease payments for next year are \$7,468.

7 - 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.

8 - NET ASSETS

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, 2022.

9 - FINANCIAL RISKS

Market risk

The Coalition's financial instruments expose it to market risk, in particular, interest rate risk which results from investing activities.

Interest rate risk

The Coalition is exposed to interest rate risk with respect to financial assets that bear interest at a fixed rate.

Liquidity risk

The Coalition's liquidity risk represents the risk that the Coalition could encounter difficulty in meeting obligations associated with its financial liabilities. The Coalition is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.