



C A R E C A N A D A

annual report

2 0 0 3

## at a glance

### vision

We seek a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security.

CARE Canada will be a global force and a partner of choice within a worldwide movement dedicated to ending poverty. We will be known everywhere for our unshakeable commitment to the dignity of people.

### mission

CARE Canada's mission is to serve individuals and families in the poorest communities of the world. Drawing strength from our global diversity, resources and experience, we promote innovative solutions and are advocates for global responsibility. We facilitate lasting change by:

- strengthening capacity for self-help,
- providing economic opportunity,
- delivering relief in emergencies,
- influencing policy decisions at all levels, and
- addressing discrimination in all its forms.

Guided by the aspirations of local communities, we pursue our mission with both excellence and compassion; the people whom we serve deserve nothing less.

## chairman's message for the annual report

It has been my privilege to Chair the CARE Canada Board of Directors for the past year, a year during which the demand for CARE's services has never been greater – particularly in emergency relief.

In Southern Africa, drought and political uncertainty left millions of people without adequate food. The CARE staff in Zambia fed 500,000 people; in Zimbabwe, the number was closer to 1.1 million. Superimposed on that reality is the HIV/AIDS pandemic, making conditions in both countries exceedingly difficult. CARE has done and continues to do stellar work in both countries, helping to avert famine, and doing everything possible to reduce death from AIDS and to offer relief to survivors. While small pockets of food insecurity continue in Zambia, the threat of widespread famine remains in Zimbabwe and CARE keeps on with its life-saving work.

With funding from CIDA and generous private donors, CARE Canada is able to continue its important work in Afghanistan, assisting in the rebuilding of shattered infrastructure and lives. Insecure conditions plague relief efforts; we are pleased that the International Security Assistance Force in which Canada is playing a major role, is gradually extending its mandate outside of Kabul.

Iraq presented major challenges to humanitarian agencies during 2003. The war and its aftermath created demands for services, and because CARE has been present in Iraq since 1991, we were able to respond. Ongoing violence threatens to curtail our efforts, but we are confident we will be able to continue our work repairing water and sanitation infrastructure and providing health services.

CARE Canada is also very much involved in development work leading to sustainable employment and increased living standards. I am pleased to report on two initiatives which hold great promise for the future. In Kenya, we are working closely with private sector marketing firms to assist subsistence farmers sell their produce, thereby increasing their incomes up to tenfold; in Honduras, we are involved with coffee producers who market their beans to a major coffee marketer in Canada, thereby increasing their incomes and the services available to their communities. This melding of the work of CARE Canada with the private sector are leading edge undertakings which we will continue to pursue.

CIDA supports CARE Canada's work throughout the world and we are grateful to them. Tens of thousands of Canadians give generously to CARE and, without them, our work would be impossible. On behalf of the Board, I pay tribute to them and to CIDA. Canada, among all nations, has always had an international vision – a caring for the world's less fortunate, and a desire to share our wealth beyond Canada's borders to improve the health, education and living standards of the poor.

The CARE brand, attractively designed several years ago by McCann Erickson, is becoming better known; we will further that recognition and our mission by systematically introducing CARE Canada to members of the corporate community in English Canada, emulating the success of our colleagues in Quebec.

## annual report

2 0 0 3



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## chairman's message for the annual report

We were honoured when ten CARE Canada nominees received the Queen's Jubilee Medal in 2003; names, citations and photographs can be found on page 13 of this report. We were also honoured when CARE received the annual award given by OpenText Inc. for best knowledge management solution for its application of Livelink to its international projects "Technology in the hands of people who want to make the world a better place is the ultimate application", said the judges. The i2K division of the Global Development Group, an affiliate of CARE Canada, is responsible for developing the application for CARE use.

I am pleased to report that our fiscal position is sound: CARE Canada generated revenues in excess of \$178 million in fiscal year 2003, and posted a modest surplus after all expenses. We also designed, built and financed a new headquarters building in Ottawa, which will be an enduring asset for the organization in the years to come.

CARE Canada is a member of CARE International, a federation of 12 member organizations with which we coordinate activities in the developing world. The former Chair of CARE Canada, Peter Crossgrove, is a member of the CARE International Board of Directors on which he serves as Treasurer; he and I are members of the C.I. General Assembly.

CARE Canada is exceedingly well-served by a committed and dedicated volunteer Board of Directors. They bring a very impressive skill and experience base from across Canada, and I thank them for their outstanding efforts. They join me in paying tribute to our Chief Executive, John Watson, and the CARE Canada staff in Canada and around the world who carry out their essential work with skill, creativity, compassion, energy and enthusiasm. As Canadians, we can be very proud of their high impact activities which result in lasting benefit to the world's needy.



Robert J. Tweedy  
Chairman

## board of directors 2003

### Chair

**Robert J. Tweedy**  
Chairman and CEO  
Sklar-Peppler Furniture Corp.

### Vice-Chair, Finance and Audit

**Susan A. Conner**  
Vice-President, Real Estate  
University Health Network

### Vice-Chair, Governance

**L. Denis Desautels**  
Executive Director, University of  
Ottawa Centre on Governance  
Former Auditor General of Canada

### Vice-Chair, Human Resources

**Paul Drager**  
Partner, Macleod Dixon LLP  
International Trade Law Dept.

### Vice-Chair, Marketing

**Laura A. Edwards**  
Director of Marketing &  
Development  
York House School

### Vice-Chair, Strategic Planning

**Tony Miller**  
Regional Director  
McCann-Erickson North America

### Vice-Chair, Programme

**Professor Janice Gross Stein**  
Director, Munk Centre for  
International Studies, University  
of Toronto

### Secretary

**A. John Watson**  
President and CEO  
CARE Canada

**Peter A. Crossgrove**  
Chairman  
Masonite Inc.

**Patricia M. Close**  
Vice-Chair  
Canadian International Trade  
Tribunal

**Ian C.B. Currie, Q.C.**  
Corporate Director  
Jannock Properties Limited

**Denis Durand**  
Partner  
Jarislowsky Fraser Limitée

**Diane Francis**  
Editor-at-Large  
Financial Post / National Post

**Carol F. Honey**  
Director  
International Education &  
Resource Network (iEARN)

**Richard J. Mahoney**  
Principal, Borealis Capital Inc.  
Counsel, Fraser Milner Casgrain

**Hon. Charles J. Mayer**  
Business Person  
Former Federal Minister of  
Agriculture

**Belinda H. Morin**  
Consultant

**Marc C. Régnier**  
Consultant

**Naju B. Shroff**  
Retired Partner Arthur Andersen LLP

**Gilles Varin**  
Executive Vice-President  
Société Immobilière ELAN  
International

### Honourary Counsel

**David W. Scott**  
Partner  
Borden Ladner Gervais

### Advisor to Programme Committee

**Hon. Flora I. MacDonald**  
Former Minister of Foreign Affairs

### Advisor to Human Resources Committee

**I. Barry Scott**

## message from the president



The theme of this annual report is the dedication of our staff. CARE staff often work in some of the most unstable and violent places on earth in order to help those in need. When I thought of how I could get across to Canadians the truly heroic performance of our front line workers, I thought it best to let one story speak for all.

When war came to Afghanistan after September 11th, all expatriate staff were evacuated and CARE communications equipment was seized or sealed. It became a capital offence for Afghans to communicate with foreigners outside the country. Our national staff were instructed to take whatever action they thought would best ensure their security. We expected many would return to their villages or leave the country.

In fact, many stayed at their posts and tried to keep some projects running so that those depending on them would not suffer. They also did a remarkable job protecting CARE assets so that operations could quickly resume once the worst of the violence had passed.

Nabi Ulah is the jack-of-all-trades who manages the CARE house in Kabul. He cooks, gardens, cleans and takes care of the laundry. He is very good at keeping generators, satellite phones and dishes in working order.

Once a neighbour called down from his balcony as Nabi Ulah worked in the garden. "You are not a true Muslim because you work for foreigners!" Nabi Ulah quietly continued his gardening.

As the war drew closer to Kabul, everyone knew they might have to run for their lives with little warning. Nabi Ulah began carrying his life savings (10,000 Pakistan rupees) with him at all times. Shortly before the regime fell, while driving his motor scooter, he was stopped by two soldiers who put a gun to his head and stole his money. Nabi Ulah said he was lucky the thieves didn't know how to drive – they let him keep the motorbike. He returned to the guest house alone and lived for days on crackers, the only food left in the pantry. He quietly continued his work.

On the day before the regime fell, he was standing on the front steps of the house when he heard a plane overhead. "That doesn't sound good", he thought, but before he could reach the basement for shelter, a bomb fell. It took out three houses behind the CARE house and blew all the glass out of the windows from back to front. Covered in glass and in his stocking feet, Nabi Ulah ran into the street thinking the CARE house would be targeted next. It wasn't. Nabi Ulah began repairs.

## message from the president



There was no fanfare announcing the regime change. One day on the street in front of the house, he noticed a single boy soldier wearing an 'odd' camouflage uniform and carrying a Kalishnikov. There was no fight for Kabul. The government simply fled. Nabi Ulah continued his work.

Three days later, at midnight, what Nabi Ulah calls 'muscle' soldiers came to the house. They were American special forces dressed as Afghan fighters. They had received a tip that the CARE house was an Al Qaeda residence and they were very aggressive. They did not believe Nabi Ulah that it was the CARE house and searched it from top to bottom. They left angry and frustrated at not having found terrorists. Nabi Ulah quietly continued his work.

If you were to visit CARE Afghanistan today, you would find Nabi Ulah still at the guesthouse. Given his quiet diligence, you might not notice him. But you should. He is a remarkable person whose bravery and sense of duty deserve special recognition.

CARE depends on hundreds of equally remarkable local staff to deliver assistance to those who are most in need during chaotic times. Often, we can not speak of their work out of fear for their security. Particularly given the challenges we faced during the past year, I salute them all!



A. John Watson  
President and CEO CARE Canada

## CARE projects



The projects below are CARE Canada managed activities. The figures shown include all projects managed by CARE Canada in all Country Offices, and all projects in CARE Canada-led Country Offices.



### HIV/AIDS

Total Programme: **\$1,882,336**

CARE Canada provides leadership in responding to the AIDS pandemic by supporting people to avoid HIV-infection, while helping communities build resilience that helps to deal with the effects of AIDS. By identifying effective ways in which communities and households have responded to the pandemic, systems can be developed for communities – and government services – to support these initiatives. This support can be in the form of facilitating access to home and community-based health care and support; building strong social networks; youth education, awareness and counseling; reproductive health services; formal and non-formal childhood education and livelihood support for households affected by HIV/AIDS.

### CARE PROJECTS

- Africa** — AIDS Impact on Economic Empowerment Projects
- Cambodia** — Care & Support for HIV Infected People Study
- Cameroon** — Guindal HIV Centre • HIV/AIDS/STD prevention education for Truck Drivers
- Canada** — HIV Positive: AIDS through a New Lens Exhibit
- Kenya** — HIV/AIDS Prevention of Mother to Child Transmission
- Laos** — Care & Support for HIV Infected People Study
- Southern Africa** — HIV/AIDS Tool Kit for Mining Companies



- Thailand** — Care & Support for HIV Infected People Study
- Vietnam** — Care & Support for HIV Infected People Study
- Zambia** — AIDS in Focus: Everyone's Crisis: a Multimedia Photo Exhibit • Sexual and Gender-Based Violence in Refugee Camps • Tuberculosis / HIV/AIDS Prevention
- Zimbabwe** — Prevention of Sexual Exploitation • Income Generation Support for AIDS-Affected People

## CARE projects



### DEVELOPMENT

Total Programme: **\$62,881,954**

CARE Canada works with communities in need to improve living conditions through a broad range of long term development programmes in water and community health, agroforestry and conservation, and small enterprise and income generation. Specifically, through water and health projects, CARE Canada helps people gain access to primary health care through public education, nutrition, social-services outreach and health-worker training programmes. CARE implements water and sanitation programming to reduce the incidence of water-related diseases and dehydration. Through agroforestry and conservation projects, by providing access to credit as well as improved seeds, farming tools and technology, CARE helps establish the land needed to grow crops. To protect the environment, CARE promotes agroforestry – the planting of trees with crops to enrich degraded soil and prevent erosion. Through small enterprise and income generation projects, CARE Canada improves economic security while expanding income opportunities for poor people, especially women. By providing access to credit and helping to create savings mechanisms, CARE helps people invest in themselves and increase their earning power.

In all its activities CARE Canada has developed an exemplary reputation for community-based programmes built on community participation and solid research and design. CARE Canada's staff and partners have proven managerial capacity to handle large and complex international projects.

### CARE PROJECTS

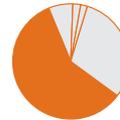
- Afghanistan** — Partnership Initiative
- Albania** — Culture and Sports Activities for Youth in Lezha • Global Food for Education Initiative • Participatory Approaches to Environmental Rehabilitation
- Bangladesh** — Reducing Vulnerability to Climate Change • Rural Maintenance Project
- Benin** — Improving the Iron Intake of Children and Lactating Women
- Bosnia & Herzegovina** — Advisory Service/NGO Support • Balkan Youth Project • Global Development Framework • Integrated and Sustained Returnee Programme • Micro-Finance Expansion • NGO Foundation • Local NGO Support • Rural Economic Activities Promotion • Rural Maintenance Project • Srebrenica Memorial Contract • Strengthening Enterprises for Employment Generation • Youth Advocacy Initiative • Youth Fair in Croatia
- Burundi** — Peace Building in Ngozi
- Cameroon** — Youth Workshop • Health Reform in Extreme North Province • Meningitis Prevention • Monitoring and Evaluation of FAO Project • Potable Water & Community Health in Adamaoua • Village Water Drilling
- Costa Rica** — Tools For Development
- Cuba** — Integrated Programme for Agricultural Development • Water & Sanitation in Guantanamo
- Ecuador** — Tools For Development
- Ghana** — Resources and Markets in the NE Corridor of Ghana
- Global** — Civil Society Engagement Fund • Nutrition Innovation • Rural Enterprises Agribusiness Programme (REAP)





- Honduras** — Coffee Export • Pasos II (Sustainable Water & Sanitation)
- Indonesia** — Area Approach For Nurturing Child's Development • Civil Society Support & Strengthening • Control of Tuberculosis Through Community-Based Monitoring • Environmental Conservation Of Marginal Lands • Environmental Education & Media Development • Humanitarian Response & Economic Recovery • Improve Access to Education • Kampung Improvement • Kecamatan Development Programme • Maternal and Infant Survival • Preparedness for Environmental Emergency • Rural Business Services • Strengthen Indonesian Nurses Association • Water Supply & Sanitation
- Jamaica** — Tools For Development
- Kenya** — Capacity Building in Basic Education • Child Protection Research • Child Survival • Girl Child Development Network • Hope For The African Child Initiative • Jamaa Wazima Healthy Households • Nyanza Healthy Water • Regional Food Security Initiative • Rural Enterprise & Agri-Business Promotion • Sudan Advocacy • Water, Sanitation and Health Education
- Kosovo** — Elderly Rights Project • Off-Season Vegetable Production
- Malawi** — Civil Society Education Coalition Support
- Mali** — Jama Ka Kalan (Our School Belongs To Everyone)
- Mozambique** — Malaria Prevention for Children and their Mothers
- Nepal** — Participation Of Women for Civil Representation
- Palestine** — Popular Theatre In Palestine
- Peru** — Bilingual Education
- Rwanda** — Community Assisted Water Management • Strengthening New Communities

- Sri Lanka** — Local Initiatives for Tomorrow
- Tanzania** — Canadian Initiative For Poverty Reduction (IMARA) • Hujakwama (Community Services) • Kahama Education Enhancement Project
- Thailand** — Civil Society Engagement Fund
- Timor-Leste** — Community-Based Natural Resource Management For Carbon Sequestration • East Timor Childrens' Magazine • Local NGO Support for Rehabilitation • Rural Community Water & Environmental Health
- Uganda** — Civil Society Engagement Fund
- Zambia** — City Community Challenge Fund • Improvement of Basic Education • Community Based Natural Resource Management • Copperbelt Urban Livelihood Programme • George Community Empowerment Programme • Groundwater Development and Sanitation Improvement • Hope for African Children Initiative • Infant & Child Mortality Reduction • Initiatives for Urban Learning & Practices • Vitamin A Supplementation Project • On-Site Milling • Partnership For Capacity Building • Peri-Urban Lusaka Small Enterprise • PROSPECT – Urban Water and Sanitation Improvement • Strengthening Community Participation for Empowerment • Integrated Health Programme • Integrated Health Service Programme
- Zimbabwe** — Expansion Of Agribusiness • Business Development Services in Midlands Province • Community Based Food Security • Credit for the Informal Sector Programme • Livelihood Improvement • Micronutrient Initiatives • Rural Micro-Finance • Improved Access to Grain • Savings & Credit Opportunities • Women's Health & Development Trust



## EMERGENCY RELIEF

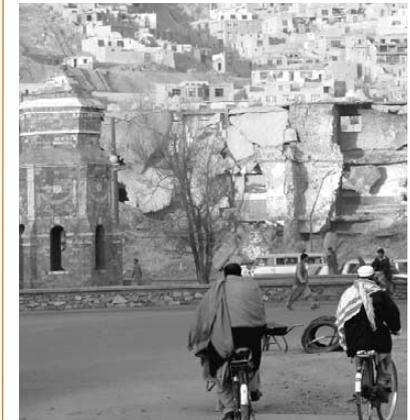
Total Programme: \$101,418,653

Each year, CARE Canada provides millions of people with basic needs: food, health care, temporary shelter, seeds and tools, and support for rehabilitation. CARE has a three-pronged strategy aimed at natural and human devastation. It includes disaster preparedness, quick and effective response, and recovery.

## CARE PROJECTS

- Afghanistan** — Community Organization for Primary Education • Drought Assistance in Logar • Kabul Widows Emergency Feeding • Refugee/ Internally Displaced People (IDP) Crisis 2001
- Albania** — Mine Awareness
- Burundi** — Community Conflict Management • Water Rehabilitation & Livelihood
- Colombia** — Food Security for IDP in Colombia • Humanitarian Aid in Colombia to Displaced Families
- Democratic Republic of Congo** — Kasongo Water & Sanitation
- Ethiopia** — Emergency water & Sanitation Response Project
- Global** — Emergency Fund Activities
- Guatemala** — Post Conflict Democratization
- Honduras** — Central America Mitigation Initiative
- Indonesia** — Fires & Drought Emergency • Girls and Boys Education • Health Centre Rehabilitation • Internally Displaced People Relief (West Timor) • Flood Relief • Peace & Community Development • Posso Urban Livelihood Emergency Recovery
- Iraq** — Mobile Workshop Unit
- Kenya** — Assistance to Flood Affected Areas • Drought Intervention • Food Aid and Development Assistance • Refugee Assistance Programme • Study: Durable Solutions for Somali Refugees
- Kosovo** — Shelter

- Macedonia** — Livelihood Security Project for Returnees/IDPs in Tetovo
- Sudan** — Wau Conflict & Peace Transformation
- Timor-Leste** — IDP Relief
- Zambia** — Angolan Refugee Emergency • Emergency Assistance to Flood & Drought-Affected Population • Refugee Empowerment • Emergency Agricultural Recovery Programme
- Zimbabwe** — Emergency Farm Aid • Emergency Food Assistance • Food Security • Response to Drought Emergency • Supplementary Feeding



## CARE projects

## our partners

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### REHABILITATION

Total Programme: \$6,896, 871

CARE Canada delivers assistance in the aftermath of disaster or social conflict, providing urgently needed food, water, and shelter. Once the immediate crisis is over, CARE works with communities to re-establish stability, and assists through social and economic rehabilitation.

### CARE Projects

**Albania** — Gramsh Rehabilitation

**Bosnia & Herzegovina** — Integrated Rehabilitation in Municipality of Gradiska

**Bosnia & Herzegovina** — PAX (Bosnia & Herzegovina) • Phoenix Civil Society • Reach (Welcome)

**India** — CARE/FICCI: Gujarat Reconstruction Fund

**Indonesia** — Flores Water Supply

**Jordan** — Reform of Livestock & Rangeland Management

**Zimbabwe** — Small Dams & Community Resource Management



OTHERS: \$245,461

**Canada** — UNHCR Administrative Support • Inside Afghanistan: A Speaking Tour By Asif Rahimi

## our partners

### THE CARE NETWORK AND ITS INSTITUTIONAL DONORS

#### CARE International

CARE International operates in over 70 developing countries. Its members are CARE Australia, CARE Canada, CARE Denmark, CARE Deutschland, CARE France, CARE Japan, CARE Nederland, CARE Norge, CARE Österreich, CARE Raks Thai, CARE UK and CARE USA.

#### CARE Canada

CARE Canada is an operational agency that, as a member of the CARE International network, supports development projects and relief operations around the world. It is also the lead agency responsible for coordinating the overall efforts of the CARE International network in Albania, Bosnia-Herzegovina, Cameroon, Colombia, Croatia, Cuba, Indonesia, Jamaica, Kenya, Timor Leste, Zambia and Zimbabwe.

CARE Canada's work would not be possible without the commitment of institutional donors, particularly the Canadian International Development Agency (CIDA). We take this opportunity to thank all donors for their significant support.

#### CARE Canada and CIDA

##### CIDA Matching Funds

Public donations to CARE Canada are often matched by the Canadian International Development Agency (CIDA) in varying ratios depending on the type of project to which they are applied. CARE Canada projects receive different funding from three different branches of CIDA: Canadian Partnership, Bilateral programmes and Multilateral programmes.

##### Canadian Partnership

Under this branch, CIDA contributes three dollars for every dollar donated to a project's direct costs. These projects, which are initiated by a non-profit, non-government organization like CARE, encourage partnerships between Canadian and developing country participants. Self-reliance and maximum use of the local resources in the host country are also emphasized.

##### Bilateral Programmes

Under this branch, the usual practice is that CIDA covers the majority of cash requirements while CARE Canada and its partners make substantial in-kind contributions. These projects, which call for an agreement between the Government of Canada and the host government, are normally larger in scope. Development projects are often capital-intensive and involve infrastructure development such as building roads, warehouses, water supply and sanitation systems, or integrated community development.

##### Multilateral Programmes

International Humanitarian Assistance (IHA) projects under this branch meet the immediate relief needs of disaster victims, with CIDA funding up to 100 percent of costs. It also provides for emergency food distribution in famine areas. As well, the Multilateral Food Aid Programme supports food monetization and food swaps where proceeds are used for rehabilitation or long-term development activities.

#### CARE CANADA AND THE MULTILATERALS

The UN family of specialized agencies includes the UN High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP). CARE Canada enters into contracts with these agencies, in countries where it is the lead CARE member, for assistance to refugees and the delivery of food. CARE Canada has a growing relationship with the World Bank and, through CARE International, with the European Union's humanitarian assistance organization. The International Fund for Agriculture and Development (IFAD) supports CARE Canada rural-enterprise development projects in Zambia and Kenya. These projects focus on the integration of small holder farmers in the market economy.

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## Queen's Golden Jubilee Medals awarded to 10 CARE nominees

## Queen's Golden Jubilee Medals awarded to 10 CARE nominees

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On April 14, 2003, 10 people nominated by CARE Canada were honoured for their work and dedication to CARE's international humanitarian efforts when the Honourable James K. Bartleman, Lieutenant Governor of Ontario, presented Queen's Jubilee Medals at the Toronto Club.

The awards were announced by The Queen to celebrate her Golden Jubilee. They were intended to recognize and reward excellence in voluntary activities carried out by members of the community who improve the quality of life and the opportunities of others.



### The CARE recipients included the following:

- Susan Conner, the Vice-Chair of CARE Canada and Chair of its Finance Committee. A chartered accountant by profession, Ms Conner is Vice-President, Real Estate of the University Hospitals, Toronto. She plays a key role in helping not-for-profit organizations with their financial affairs;
- Andrew Crosby, an award-winning producer of television commercials, watched in horror as the Ethiopian famine unfolded on television, his medium. Since then he has been producing, getting regulatory approval and distributing Public Service Announcements to television stations across Canada on CARE's behalf, as a voluntary contribution;
- Peter Crossgrove was the Chair of CARE Canada from 1995 – 2002, and is currently the treasurer of CARE International. A successful business person – he is the founder and current chairman of Masonite Inc., and serves on many corporate boards – he has devoted countless hours of time to improving the plight of the less fortunate, both in Canada and abroad;

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- Andrew Stawicki is a staff photographer at the Toronto Star, and the founder of PhotoSensitive, a group of photographers who donate their expertise to worthwhile causes. In 2002, Andrew and six of his colleagues spent a week in Zambia, taking photographs of people living with, and dying from, HIV/AIDS. The impact of the photographs, subsequently made into an exhibition, is moving and emotionally powerful and has done much to raise awareness about the HIV/AIDS pandemic;
- Gail Steckley is the former Vice-President for Special Programmes at CARE Canada. From 1997 to 2000 she was based in Zambia where she led community development projects and on her return she created and directed CARE's HIV/AIDS programming. Ms. Steckley was also the President of the Inter-Agency Coalition on Aids and Development (ICAD);
- Robert Tweedy is the Chair of CARE Canada, and has served on the Board since 1996. Chairman and CEO of Sklar-Peppler, and director of many corporations, he is a member of the General Assembly of CARE International. Mr. Tweedy has visited several CARE projects overseas, encouraging staff and seeking resources for their work;
- John Watson is the President and CEO of CARE Canada, a position he has held since 1985. Dr. Watson holds a PhD in political economy from the University of Toronto; he applies his considerable knowledge and expertise to helping poor people in the developing world through CARE's development and relief programming.

The following CARE nominees also received Queen's Jubilee Medals in other ceremonies:

- Marc Lachance, who heads the CARE Canada Corporate Advisory Council, a Quebec-based group of business leaders whose purpose is to increase awareness of humanitarian issues and raise funds for CARE in Québec;
- Dennis O'Brien, Country Director for CARE in Kenya, who, when holding a similar position in Zimbabwe in 2000, was kidnapped and held briefly by the so-called war veterans. Mr. O'Brien continued working in Zimbabwe until 2002, spearheading food relief distribution to Zimbabweans;
- John Scoggan, who died in September 2002 while on CARE business in Peru. John worked in Indonesia, Zimbabwe and Ottawa. A true renaissance man, he designed innovative and creative projects to assist poor families in the developing world and is sadly missed by his family and colleagues.

**OTTAWA**

**Communications**

Rajani, Aly-Khan

**Core**

Gordon, Nancy  
McCort, Kevin  
Tassie, Rosemary  
Watson, John

**Finance**

Cambranes, Rafael  
Campos, Xiomara  
Elmi, Mohamed  
Erflle, Wendy  
Grant, Randall  
Henriquez, Estela  
Kibui, Mwaura  
Koehler, Anita  
Loi, Kimberly  
Madhavan, Madhu  
McDonald, James  
Mendoza, Edwin  
Ng, Kimberly  
Wolff, Brian  
Woodstock, Nathalie

**Internal Audit**

Oliveira, John  
Singh, Amarinder

**Marketing**

Anderson, Beverley  
Clifford, Andrea  
Ducharme, Kelly  
Latour, Gilles  
Lombardo, Maria  
Luciano, Joanna  
Stirling, Tracy

**Overseas Operations**

Hyba, Jessica  
Issac, Cindy  
Lindor, Jean-Bernard  
Matthews, Brennen  
O'Brien, Kathleen  
Palanque, Nicolas  
Paquette, Stefan  
Paterson, Richard  
Peake, Maria  
Qazilbash, Mohammed  
Rahimi, Asif  
Seahra, Nina  
Seshadri, Paul  
Umbach, Jill

**Sector Specialists**

Drost, Nancy  
Sharma, Devendra  
Munro, Michelle

**TORONTO**

**Communications and Marketing**

Moore, Jesse

**Overseas Operations**

Megarry, Roy  
Puzinas, Caroline  
Tamayo, Dario

**MONTREAL**

**Marketing**

Aubin, Daniel  
Bouchard, Carole

**Overseas Operations**

Audet, François

**CARE CANADA PERSONNEL — OVERSEAS**

**Afghanistan**

Bowdridge, Robert

**Albania**

Earle, Charles  
Havelka, Eva  
Howlader, Santi  
Majagira, David

**Bangladesh**

Pasha, Aneeta  
Schaerer, Claudia  
Tanner, Philip

**Bosnia**

Gallagher, David  
Gwanu, Collin

**Cameroon**

Boucher, Cyrille  
Desir, Saint-Phard  
Dillow, Alden  
Tonelli, Lise

**Cuba**

Hedley, Darren

**France**

Roberts, Beverly

**Honduras**

Lainez, Nelson  
Lantagne, Serge  
Perez, Elsa

**Indonesia**

Gilbert, Steven  
Kalumba, Fridah  
Nightingale, Wayne  
Porta, Gerardo  
Shea, Garry

**Ingushetia**

Ainsworth, Daryll  
D'Andrea, John  
Field, Jan

**Kenya**

Bhuiyan, Jalal  
O'Brien, Dennis  
Pangantihon, Imelda  
Worsley, Stuart

**Kosovo**

Dionne, Guy

**Rwanda**

Drainville, Paule Josée

**Timor-Leste**

Burke, Ted  
Cardinoza, Marlon  
De Grâce, René  
Mijovic, Hana  
Pokhrel, Bishnu  
Salem, Catherine  
Wong, Jessica

**Zambia**

Bayombong, Teresa  
Charpentier, Patrice  
Copper, Brenda  
Klincic, Ana  
Mair, Gordon  
Murray, Miles  
Orange, Nevin  
Rauf, Waleed  
Uriarte, Reymundo

**Zimbabwe**

Alam, Rokibul  
Carandang, Vivian  
Christensen, Philip  
Davis, James  
Eltayeb, Ali  
Furany, Kadry  
Gwynne-Vaughan, Stephen  
Heaney, Mark  
Hunt, Mary  
Khaled, Mohamed  
Lee, Andrea  
Masse, Justine  
McCarthy, Seamus  
Muita, Mugo  
Ndungu, Patrick  
Were, Paul  
Yussuf, Hussein



## country directors

In CARE Canada Lead Countries, as of June 30, 2003.

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### CARE Albania

**Charles (Chuck) Earle**  
**Eva Havelka**

Chuck and Eva share country director responsibilities. They are a well-known team within international development communities. Both with credentials as Urban Developers, Project Planners, Managers and Civil Engineers, they have worked together in Albania, Angola, Bolivia, Canada, Ethiopia, Ghana, Lesotho, Sudan, Tanzania, Uganda and Albania.

### CARE Bosnia-Herzegovina/Croatia

**David Gallagher**

David comes with extensive experience in international trade and sustainable livelihoods projects for over 30 years. He has worked on development programmes in Latin America, Africa and Asia.

### CARE Cameroon

**Lise Tonelli**

Lise has worked in the development sector for over 12 years. Her work with CARE has taken her to Indonesia, the Philippines, Rwanda, Burundi, Guinea, Kenya and, most recently, Cameroon. In August 30, 2003, Stefan Paquette took over the post of country director of CARE Cameroon.

### CARE Cuba

**Darren Hedley**

Originally from Alberta, Darren has been active in the development field since the mid 1980s. He joined CARE in Zambia 8 years ago refining a highly successful urban development programme and has been in Cuba since 2002.

### CARE Indonesia

**Walter (Bud) Crandall**

Bud joined CARE in 1990 in Sierra Leone and has worked in senior roles in Kenya, Bosnia and currently, Indonesia. He has experience working in health and nutrition, social services, and micro-enterprise programming.

### CARE Kenya

**Dennis O'Brien**

A native of Ontario, Dennis has over 25 years professional experience in Canada, Papua New Guinea, Zambia, Kenya and Zimbabwe. He is particularly skilled in situation analysis, risk and threat assessment, and disaster response.

### CARE Timor-Leste

**René de Grâce**

Born and raised in New Brunswick, René joined CARE in April, 2002. He has a vast amount of international experience totaling 23 years. He holds a Masters degree in Comparative Analysis and Political Science.

### CARE Zambia

**Brenda Copper**

A committed development professional since 1978, Brenda has contributed her expertise in management to CARE for over 10 years. She has worked with CARE as Country Director in Zambia, Indonesia, Bosnia-Herzegovina / Croatia.

### CARE Zimbabwe

**Philip Christensen**

A native of British Columbia, Phil is an 8-year veteran of CARE Canada who has worked in Burundi, Zaire, Haiti and, most recently, Zimbabwe.

## advisory committee (quebec)

As of June 30, 2003.

### President of the Council

Marc Lachance

President

Assurance Marc Lachance et Associés Inc.

### Founding President

Gilles Varin

Executive Vice-President

Société Immobilière Elan International

### Vice-President of the Council

Claude Poisson

President

Société des Casinos du Québec

### Members

Louise Bernier

Director

Business Development and Loss Management

XN Financial Services (Canada) Inc.

Michel Couillard

President and CEO

Corporation Immobilière BUSAC

Lise Douville

First Vice-President

Industrielle Alliance Valeurs Mobilières Inc.

Denis Durand

Senior Partner

Jarislowsky Fraser Limitée

18

Jean-Serge Grisé

Director of Public Affairs

Quebec EDS

Dr. Michel Larose

Medical Assessor

Commission des lésions professionnelles

Direction régionale de Montréal

Pierre Léger

Consultant

Terry Soucy

Financial Advisor

CIBC-Wood Gundy

Gérald Tremblay, Esq.

President

Quebec Region McCarthy Tétrault

Pierre Trépanier, Esq.

Partner

Heenan Blaikie

Martin Vidal

Executive Vice-President

Pro-Amino International Inc.

The Honourable P.H. Vincent, Esq.

Former Minister of the Environment



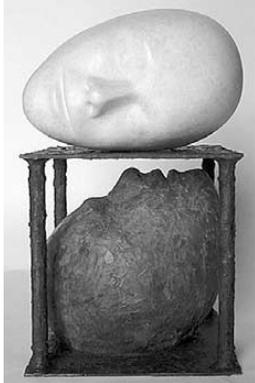
## MEMORIAL

In memory of the three staff members of CARE who died in the course of carrying out their humanitarian duties in 2002-2003:

Valentine Moyo, Zimbabwe 2002; John Scoggan, Canada 2002; Indira Shethra, Nepal 2002.



**For Outstanding Humanitarian Leadership and Compassion**



The Imani Award recognizes outstanding contributions – financial and in kind, from individuals and from groups – to CARE Canada’s humanitarian work with individuals and communities struggling to overcome disaster and poverty.

“Imani” is a Swahili word which, depending on the context, has the following meanings: compassion, trust, faith, conviction, confidence, honesty, kindness. These are qualities inherent in the award’s recipients, whose leadership and compassion have allowed CARE Canada to assist individuals and families in some of the world’s poorest communities to regain a measure of security, well-being, hope and dignity.

CARE Canada is proud to honour Marcelle and Jean Coutu as the first recipients of the Imani award. The couple made their first personal gift to CARE Canada in 1985. In subsequent years, CARE developed an exceptionally cooperative relationship with the

Fondation Marcelle et Jean Coutu. The most enduring legacy of that relationship is without doubt the Marcelle et Jean Coutu Emergency Fund, which has become the cornerstone of CARE Canada’s emergency preparedness and early response capacity.

Year after year, CARE’s rapid response in the critical first days of a natural or man-made disaster has saved countless lives, thanks to the Marcelle et Jean Coutu Emergency Fund. The Rwandan genocide, Hurricane Mitch in Central America, the massive influx of Kosovar refugees into Albania, the devastation of the Bosnian war, the earthquakes in Salvador and India, the deadly rampage surrounding East Timor’s referendum on independence: these are only a few of the crises where the Coutu contribution was crucial.

CARE would like to publicly thank a number of donors who made significant contributions to CARE’s work in 2002-2003.

A list of donors making significant contributions to CARE is available in printed version of the annual report.





**25** **How does CARE choose projects to support?**  
CARE project proposals are developed by our staff in close collaboration with communities, local governments and organizations. This ensures that our projects address the most critical needs of each country. CARE works exclusively in developing countries.

**What are your administration costs?**

The audited statements for 2003 in this report show that our administration costs remained low at 2.9 percent of total expenditure. This includes the cost of fundraising.

**How can I support CARE?**

There are several ways to support CARE. You can donate by cheque or money order, or make a credit-card donation using your VISA, American Express or MasterCard. You can also support our work through convenient, automatic monthly withdrawals from your bank account or credit card (CARE Plan), bequests, gifts of stock, life-insurance donations and annuities.

Donations can also be made securely over the Internet at [www.care.ca](http://www.care.ca). Please visit our new online sponsorship programme at: [www.careconnects.ca](http://www.careconnects.ca) for an opportunity to directly experience CARE's support for children's education in Zambia.

For more details, contact CARE Canada's Donor Relations Team at 1-800-267-5232.

Did you know that CARE has expanded its online giving capabilities? In addition to secure donations from our website ([www.care.ca](http://www.care.ca)) using your credit card, cash donations can also be made to CARE Canada through the online and telephone systems of Canada's major banks: Royal Bank, CIBC, Scotiabank, TD Bank, and the National Bank.

**Is my donation eligible for a tax credit?**

Yes. All donations to CARE Canada are eligible for tax credit under the registration number 11883 8333 RR0001.



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The accompanying financial statements and all other information contained in this annual report are the responsibility of CARE Canada management.

The financial statements have been prepared on the basis of historical costs and include judgements and estimates in accordance with Canadian generally accepted accounting principles. Significant accounting policies adopted by CARE Canada are described in Note 2 of the financial statements.

The preparation of financial information is an integral part of the ongoing operation of the Organization. Management has established internal control systems to ensure that all financial details are objective and reliable, and that the Organization's assets are safeguarded.

The Board of Directors is responsible for the financial statements through the Organization's finance and audit committee, which is comprised of five board members at large. The finance and audit committee meets regularly with management as well as internal and the external auditors to ensure the adequacy of internal controls and to review the financial statements and auditors' report.

The finance and audit committee reviews the audited financial statements with management and the external auditors before making recommendations to the board and the membership for their acceptance. The finance and audit committee annually recommends to the board the appointment or re-appointment of the external auditors.

The financial statements have been audited by external auditors KPMG LLP, Chartered Accountants. The report outlines the scope of KPMG's examination as well as its opinion of CARE Canada's financial statements.

A. John Watson  
President and C.E.O.

**CARE Canada**

Financial Statements  
Year ended June 30, 2003

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**AUDITORS' REPORT TO THE DIRECTORS**

We have audited the statement of financial position of CARE Canada as at June 30, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of CARE Canada's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of CARE Canada as at June 30, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. 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 year.

*KPMG LLP*

Chartered Accountants

Ottawa, Canada  
October 3, 2003

**CARE Canada**

Statement of Financial Position  
June 30, 2003, with comparative figures for 2002

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	2003	2002
<b>Assets</b>		(as restated note 16)
Current assets:		
Cash and cash equivalents	\$20,179,827	\$22,663,128
Amounts receivable	3,569,428	1,752,546
Contributions receivable from donors (net of allowance)	19,767,527	24,092,856
Programme advances for field operations	4,400,169	1,971,093
Prepaid expenses	1,114,149	583,957
	49,031,100	51,063,580
Long-term assets:		
Restricted investments (note 4)	229,794	229,794
Long-term investments (note 5)	391,354	371,969
Capital assets (note 6)	4,019,871	389,656
	4,641,019	991,419
	\$53,672,119	\$52,054,999
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$9,758,853	\$7,790,834
Programme advances from donors	39,111,939	40,479,446
Current portion of loan payable (note 7)	177,949	–
	49,048,741	48,270,280
Loan payable (note 7)	531,834	–
Funds held in trust (note 4)	229,794	229,794
Net assets:		
Invested in capital assets	3,310,088	389,656
Unrestricted	551,662	3,165,269
	3,861,750	3,554,925
<b>Commitments and contingencies (notes 12 and 13)</b>		
	\$53,672,119	\$52,054,999

See accompanying notes to financial statements.

On behalf of the Board:

*Aileen Connor*  
Director

*Robert P. Jurewsky*  
Director

**CARE Canada**

Statement of Operations

Year ended June 30, 2003, with comparative figures for 2002

	2003	2002
<b>Support and revenue:</b>		
Donations:		
Unrestricted	\$5,212,297	\$5,210,352
Restricted	495,430	657,009
Canadian Government (CIDA) contributions (note 8)	29,916,965	28,191,641
Multilateral Agencies contributions	66,029,477	12,981,668
CARE International Members contributions	69,922,561	43,114,369
Other contributions	5,246,553	7,688,504
Interest income	178,648	857,754
Miscellaneous	1,739,592	1,288,151
	178,741,523	99,989,448
<b>Expenses:</b>		
Programme activities (schedule):		
HIV/AIDS	1,882,336	502,173
Development	62,881,954	60,191,148
Emergency relief	101,418,653	30,402,648
Rehabilitation	6,896,871	3,804,004
Others	245,461	352,466
	173,325,275	95,252,439
<b>Support services:</b>		
Management and general	2,640,581	2,469,610
Fundraising, public and donor relations	2,156,391	2,042,524
Membership in CARE International	312,451	336,989
	5,109,423	4,849,123
	178,434,698	100,101,562
Excess (deficiency) of revenue over expenses	\$ 306,825	\$(112,114)

See accompanying notes to financial statements.



**CARE Canada**

Statement of Changes in Net Assets

Year ended June 30, 2003, with comparative figures for 2002

	Invested in capital assets	Unrestricted	Total 2003	Total 2002
Net assets, beginning of year	\$389,656	\$3,165,269	\$3,554,925	\$3,667,039
Excess (deficiency) of revenue over expenses	—	306,825	306,825	(112,114)
Loan for capital assets related to SCALA implementation (note 7)	(789,321)	789,321	—	—
Repayment of loan payable	79,538	(79,538)	—	—
Acquisition of capital assets	3,658,159	(3,658,159)	—	—
Amortization of capital assets	(27,944)	27,944	—	—
Net assets, end of year	\$3,310,088	\$551,662	\$3,861,750	\$3,554,925

See accompanying notes to financial statements.



**CARE Canada**

Statement of Cash Flows

Year ended June 30, 2003, with comparative figures for 2002

	2003	2002
<b>Cash provided by (used in):</b>		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$306,825	\$(112,114)
Amortization of capital assets, which does not involve cash	27,944	31,877
Changes in non-cash working capital:		
Decrease (increase) in amounts receivable	(1,816,882)	625,189
Decrease (increase) in contributions receivable from donors	4,325,329	(17,686,239)
Decrease (increase) in programme advances for field operations	(2,429,076)	1,530,860
Increase in prepaid expenses	(530,192)	(289,983)
Increase in accounts payable and accrued liabilities	1,968,019	615,006
Increase (decrease) in programme advances from donors	(1,367,507)	7,735,290
	484,460	(7,550,114)
<b>Financing and investing activities:</b>		
Acquisition of capital assets	(3,658,159)	(293,252)
Decrease in short-term investments	–	50,885
Increase in long-term investments	(19,385)	(287,797)
Proceeds from loan payable	789,321	–
Repayment of loan payable	(79,538)	–
	(2,967,761)	(530,164)
Decrease in cash and cash equivalents	(2,483,301)	(8,080,278)
Cash and cash equivalents, beginning of year	22,663,128	30,743,406
Cash and cash equivalents, end of year	\$20,179,827	\$22,663,128

CARE Canada considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

See accompanying notes to financial statements.

**CARE Canada**

Notes to Financial Statements

Year ended June 30, 2003

**1. Description:**

CARE Canada is an independent member of CARE International. CARE Canada was established in 1946 and incorporated without share capital under Part II of the Canada Corporations Act in 1977. CARE Canada is a non-profit, non-governmental organization in the field of relief, reconstruction and development in developing countries and is governed by a volunteer board of directors whose services are provided at no cost to CARE Canada. CARE Canada is a registered charitable organization for purposes of the Income Tax Act (Canada) and as such is not subject to income tax.

**2. Significant accounting policies:**

**(a) Financial statement presentation:**

These financial statements include the assets and liabilities of CARE Canada's Canadian operations and the nine overseas Country Offices (Albania, Cameroon, Croatia/Bosnia and Herzegovina, Cuba, East Timor, Indonesia, Kenya, Zambia, and Zimbabwe) for which it has responsibility, and revenue and expenses for which CARE Canada and its nine overseas Country Offices enter into contracts with donors for the funding of projects in various countries.

**(b) Donations:**

Unrestricted donations are recorded as revenue when received. Donor restricted funds are recorded as liabilities and subsequently transferred to revenue when such funds are utilized in accordance with the donor restrictions.

**(c) Canadian Government (CIDA) and other contributions:**

CARE Canada enters into contracts with the Canadian Government (the Canadian International Development Agency – "CIDA") and other donors for the funding of projects in various countries. These funds are recorded as revenue in the statement of operations as related expenses are incurred. Any indirect cost recovery, management fee or procurement fee that is applicable to CARE Canada is recorded as revenue in the statement of operations in accordance with the terms in the individual contracts.

Contributions received in excess of donors' share of funds expended in the current year for project activities represent unspent externally restricted contributions for expenditures in future years, and are shown in the statement of financial position as programme advances from donors. Any contributions expended in excess of the contributions received from the donors are shown in the statement of financial position as contributions receivable from donors.

**CARE Canada**

Notes to Financial Statements (continued)  
Year ended June 30, 2003

**(d) Contributions and donated services:**

Grain and other contributions-in-kind received from multilateral donors, Government of Canada and other organizations are recorded as revenue and programme activity expenses at fair market value.

Wherever government and local communities in countries in which CARE Canada operates contribute labour, services, transportation and storage facilities to various projects, the value of such contributions is not reflected in the financial statements because of the difficulty of measurement.

Similarly, contributions by various media for public information and fundraising campaigns are not reflected in the financial statements because of the difficulty of measurement.

**(e) Expense allocation:**

Expenses that can be directly identified with programme activities or support services are charged accordingly. Certain support services have been allocated to programme activities, based on management's best determination of use.

**(f) Agricultural commodities:**

CARE Canada may receive funding to purchase commodities which when sold are designated for specific CARE Canada project activities. The proceeds are recorded as programme advances from donors. Revenue and expense are recognized in the statement of operations as the funds are utilized in project activities.

**(g) Long-term investments:**

Long-term investments are recorded at cost. Interest is recognized as it is earned. When there is a loss in value that is other than a temporary decline, the investments are written down to market.

**(h) Capital assets:**

Capital assets acquired for direct use in projects are expensed in the year of acquisition. Those that are not project specific are capitalized and amortized over their estimated useful lives.

For internal use software, the costs of software licenses and associated consulting costs, installation costs and the payroll cost of employees directly associated with the project are capitalized. The costs of software maintenance, training and data conversion are expensed in the period incurred.

Construction-in-progress includes costs associated with the new building (note 15). Construction-in-progress will be transferred to buildings and amortization will begin upon commencement of use.

Amortization is provided on a straight-line basis over the estimated useful lives as follows:

Asset	Useful life
Buildings	15 years
Office equipment	5 years
Computer hardware	3 years
Computer software	3-5 years

**(i) Foreign currency translation:**

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the statement of financial position date. All other assets and liabilities are translated at their historical rate. Revenue and expense items are translated using average rates for the fiscal period. Any resulting foreign exchange gains or losses are charged to miscellaneous income.

**(j) Use of estimates:**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

Significant estimates include assumptions used in estimating the recoverability of project overexpenditures used to determine the allowance for contributions receivable from donors.

**3. CARE Country Office assets and liabilities:**

Country Office operations are an integral part of CARE Canada's business. With these operations, CARE Canada is exposed to certain risks based on the economic and political environments of the host countries. Assets in the amount of \$39,206,774 (2002 – \$30,539,217) and liabilities in the amount of \$35,518,368 (2002 – \$29,400,608) of the Country Offices are included in the statement of financial position.

**4. Funds held in trust:**

CARE Canada's funds held in trust for the donor consist of fixed income securities. Use of the investment income of \$11,568 (2002 – \$11,568) earned on these investments has been restricted by the donor for use in children's programmes.

The market value of funds held in trust is approximately \$229,000.

**CARE Canada**

Notes to Financial Statements (continued)  
Year ended June 30, 2003

**5. Long-term investments:**

	Cost	2003 Market value	Cost	2002 Market value
Bonds	\$84,172	\$86,888	\$84,172	\$87,711
CARE International Revolving Fund	307,182	315,449	287,797	297,553
	\$391,354	\$402,337	\$371,969	\$385,264

**6. Capital assets:**

	Cost	Accumulated amortization	2003 Net book value	2002 Net book value
Land	\$271,023	\$ –	\$271,023	\$ –
Buildings	213,258	150,145	63,113	81,947
Construction-in-progress	2,605,400	–	2,605,400	–
Office equipment	645,516	606,907	38,609	14,457
Computer hardware	102,752	99,990	2,762	–
Computer software	1,234,321	195,357	1,038,964	293,252
	\$5,072,270	\$1,052,399	\$4,019,871	\$389,656

Cost and accumulated amortization at June 30, 2002 amounted to \$1,414,111 and \$1,024,455 respectively.

**7. Loan payable:**

A loan in the amount of \$789,321 (US \$585,506) was provided to CARE Canada by CARE USA. This consisted of \$350,506 (US \$260,000) to finance the acquisition of SCALA software licenses, and \$438,815 (US \$325,506) to finance capital expenditures relating to the SCALA information system implementation. The loan is non-interest bearing and is repayable in US dollars, quarterly over a five-year period, to be fully repaid by June 30, 2007. As at June 30, 2003, the outstanding balance of the loan payable is \$709,783 (US \$526,506).

Principal repayments in Canadian dollars over the next four years are as follows: 2004 – \$177,949; 2005 – \$177,949; 2006 – \$177,949; and 2007 – \$175,936.

The fair value of the loan is approximately \$631,000 based on the net present value of the loan using CARE Canada's incremental borrowing rate.

**8. Canadian Government (CIDA) Contributions:**

Included in this amount is \$6,842,304 (2002 – \$6,707,712) of funds made available to CARE Canada by the Government of Bangladesh. CIDA donates grain to the Government of Bangladesh which sells the grain locally. Proceeds realized on the sale of grain are provided to CARE Canada for use in project activities in Bangladesh.

**9. Lines-of-credit:**

An unsecured line-of-credit of \$2,000,000 is available for use by CARE Canada. Advances under the line-of-credit bear interest at the bank's prime rate and are repayable on demand. As at June 30, 2003, the line-of-credit had not been drawn down by CARE Canada.

An additional unsecured line-of-credit of \$404,430 (US \$300,000) is available for use by CARE Canada from CARE USA for non-capital expenditures relating to the SCALA information system implementation. Advances under the line-of-credit bear interest at 2.5% and are repayable in US dollars. As at June 30, 2003, CARE Canada had not drawn down the line-of-credit.

**10. Controlled entity:**

The Global Development Group ("GDG") was incorporated as a not-for-profit organization under the Canada Corporations Act. Its purpose is to bridge the gap between business and international development for improvement of the world's needy. CARE Canada controls GDG through Board of Directors representation. GDG's financial statements have not been consolidated with CARE Canada's financial statements. A financial summary of GDG is as follows:

	2003	2002
<b>Financial position:</b>		
Total assets	\$661,135	\$1,238,517
Total liabilities	545,591	1,179,040
<b>Total net assets</b>	<b>\$115,544</b>	<b>\$59,477</b>
<b>Summary of operations:</b>		
Total revenue	\$2,755,732	\$1,450,172
Total direct costs	2,403,388	1,174,515
<b>Total administrative expenses</b>	<b>296,277</b>	<b>240,433</b>
<b>Excess of revenue over expenses</b>	<b>\$56,067</b>	<b>\$35,224</b>

Amounts due from GDG are \$135,490 (2002 – \$91,931) as of June 30, 2003 and have been included in amounts receivable.

**CARE Canada**

Notes to Financial Statements (continued)

Year ended June 30, 2003

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**11. Pension plan:**

The pension plan (the "Plan") for employees of CARE Canada is a defined contribution plan covering all the employees of CARE Canada who meet eligibility requirements as specified in the Plan Agreement. CARE Canada is required to contribute 5% of the employee's gross earnings for all members. CARE Canada contributed \$225,785 (2002 – \$185,550) during the year and this contribution is recorded in the statement of operations in accordance with expense allocation as described in note 2(e). Pension benefits are recorded as expenses in the period they are incurred.

Effective January 1, 2003, GDG, a related party, became an additional plan sponsor and the employees of the GDG became eligible for membership in the Plan.

**12. Commitments:**

**(a) Leases:**

CARE Canada is committed to payments under operating leases in the Country Offices and in Canada with lease expiry dates ranging from 2004 to 2007. Minimum annual payments for the next four years are as follows:

	Country Offices	Canada	Total
2004	\$953,528	\$35,085	\$988,613
2005	426,032	–	426,032
2006	225,663	–	225,663
2007	58,076	–	58,076
	\$1,663,299	\$35,085	\$1,698,384

**(b) Letter of credit and performance guarantees:**

A guaranteed letter of credit in the amount of \$75,000 has been assigned to CARE Canada's landlord for compensation arising out of any default of CARE's obligations under the terms and conditions of a lease agreement.

A guaranteed letter of credit in the amount of \$200,000 has been assigned to CIDA for compensation for any or all losses arising from non-performance of GDG's (note 10) contract with CIDA on the establishment of a program support unit in Afghanistan.

**(c) Legal actions:**

In the ordinary course of business activities, CARE Canada becomes involved in various legal actions. While the ultimate effect of such actions cannot be ascertained at this time, management believes that their resolution will not have a material adverse effect on the financial statements.

**13. Contingencies:**

As stated in note 2(c), Canadian Government (CIDA) and other contributions are subject to conditions regarding the expenditures of the funds. CARE Canada's accounting records, as well as those of member institutions subcontracted to execute the projects, are subject to audit by CIDA and other funding agencies to identify instances, if any, in which the amounts charged to projects have not complied with the agreed terms and conditions, and which, therefore, would be refundable to the funding agency. Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

**14. Financial instruments:**

**Fair values**

The carrying values of cash and cash equivalents, amounts receivable, contributions receivable from donors, programme advances for field operations, accounts payable and accrued liabilities and programme advances from donors approximate their fair value due to the relatively short periods to maturity of the instruments.

Refer to Notes 4, 5 and 7 for fair values related to CARE Canada's other financial instruments.

**Foreign exchange risk**

CARE Canada operates internationally, giving rise to significant exposure to market risks from changes in interest rates and foreign exchange rates.

Cash and cash equivalents, amounts receivable, contributions receivable from donors, and programme advances for field operations at June 30, 2003 include amounts due in foreign currencies as follows:

	Amount due in CDN \$
United States Dollars	\$28,864,283
Albania Leke	40,945
Australian Dollars	44,331
Bosnia BAM	1,523,952
British Pounds	743,745
Burundi Francs	74,683
Cameroon CFA	63,804
Euros	1,503,373
Indonesia Rupiah	1,500,524
Kenya Shilling	1,129,657
Zambia Kwacha	2,956,398
Zimbabwe Dollars	254,457

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**CARE Canada**

Notes to Financial Statements (continued)  
Year ended June 30, 2003

Accounts payable and accrued liabilities, and programme advances from donors at June 30, 2003 include amounts due in foreign currencies as follows:

	Amount due in CDN \$
United States Dollars	\$16,044,466
Albania Leke	13,558
Australian Dollars	26,082
Bosnia BAM	499,555
British Pounds	4,037,973
Cameroon CFA	102,741
Euros	2,381,454
Indonesia Rupiah	4,584,372
Kenya Shilling	924,285
Zambia Kwacha	2,030,658
Zimbabwe Dollars	664,253

Schedule of Programme Activities According to Sectors  
Year ended June 30, 2003, with comparative figures for 2002

Programme Activities						2003	2002
	HIV/AIDS	Development	Emergency Relief	Rehabilitation	Others		
Advocacy	\$ -	\$2,110,115	\$264,966	\$1,117,522	\$ -	\$3,492,603	\$3,454,110
Agriculture and Natural Resources	-	12,926,616	12,040,772	269,573	-	25,236,961	15,343,025
Reproductive Health	1,882,336	118,012	-	-	-	2,000,348	671,410
Child Care	-	5,741,584	-	-	-	5,741,584	6,408,922
Communications	-	-	-	-	3,163	3,163	65,026
Education	-	8,529,515	-	-	-	8,529,515	5,005,885
Finance and Business	-	-	-	-	-	-	44,836
Human Resource Projects	-	269,748	230	-	236,284	506,262	813,438
Infrastructure	-	1,000,320	4,074,490	5,468,392	-	10,543,202	5,525,726
Integrated and Other Health	-	6,189,260	-	-	-	6,189,260	6,510,952
Nutritional Support	-	626,734	84,817,726	-	-	85,444,460	21,081,623
Small Enterprise Economic Development	-	18,979,813	-	-	-	18,979,813	22,504,489
Water Supply and Sanitation	-	3,169,942	14,105	31,028	-	3,215,075	3,270,174
Other	-	3,220,295	206,364	10,356	6,014	3,443,029	4,552,823
	<b>\$1,882,336</b>	<b>\$62,881,954</b>	<b>\$101,418,653</b>	<b>\$6,896,871</b>	<b>\$245,461</b>	<b>\$173,325,275</b>	<b>\$95,252,439</b>

**15. Subsequent event:**

CARE Canada moved to a new building on August 1, 2003. The costs involved with the new building up to June 30, 2003 totalled \$2,876,423; \$271,023 was for the purchase of land and the remainder was for the construction of the building.

CARE Canada entered into a mortgage of \$2,700,000 for the building effective September 18, 2003. The mortgage payable bears interest at a rate of 5.71%, has monthly principal repayments of \$22,267 starting November 1, 2003 and is due October 1, 2008.

The mortgage payable is secured by general security agreements over all of the assets of CARE Canada.

**16. Prior period adjustment:**

The 2002 comparative figures have been restated to correct certain errors in the presentation of the statement of financial position. These errors occurred due to incorrect grouping, with the most significant error being the improper netting of contributions receivable from donors (net of allowance) and programme advances from donors. As a result of the restatements, total assets and total liabilities have increased by \$19,583,284. There is no impact on the statement of operations and the unrestricted net assets balance at June 30, 2002.

**17. Comparative figures:**

Certain 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2003.



CARE Canada is incorporated as a non-profit organization under Part II of the Canada Corporations Act and has been granted tax-exempt status by the Canada Customs and Revenue Agency.

Registration Number 11883 8333 RR0001.

This Annual Report covers the period July 1, 2002 to June 30, 2003.

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**C A R E C A N A D A**

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