

Financial statements of

**CARE Canada**

June 30, 2015

# CARE Canada

June 30, 2015

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## Independent Auditor's Report

To the Board of Directors of  
CARE Canada

We have audited the accompanying financial statements of CARE Canada, which comprise the statement of financial position as at June 30, 2015, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CARE Canada as at June 30, 2015, 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants

November 17, 2015

# CARE Canada


## Statement of financial position

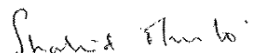
as at June 30, 2015

(in thousands of dollars)

	2015	2014
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	35,157	39,084
Amounts receivable	4,120	3,982
Contributions receivable from donors (Note 4)	4,733	4,021
Prepaid expenses	222	550
	<b>44,232</b>	<b>47,637</b>
Restricted investments (Note 4)	230	230
Loans receivable (Note 12)	341	447
Long-term investments (Note 5)	6	211
Capital assets (Note 6)	3,866	4,272
<b>Total assets</b>	<b>48,675</b>	<b>52,797</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	4,961	5,312
Government remittances payable	312	422
Deferred contributions (Note 4)	36,143	40,013
Current portion of long-term debt (Note 7)	227	219
	<b>41,643</b>	<b>45,966</b>
Long-term debt (Note 7)	566	791
Deferred contributions (Note 4)	230	230
Deferred contributions related to capital assets (Note 8)	23	68
<b>Total liabilities</b>	<b>42,462</b>	<b>47,055</b>
Commitments, contingent liabilities and guarantees (Notes 13 and 14)		
<b>Fund balances</b>		
Annual Fund		
Unrestricted	2,249	1,634
Invested in capital assets	3,050	3,194
Venture and Emergency Fund	914	914
<b>Total fund balances</b>	<b>6,213</b>	<b>5,742</b>
<b>Total liabilities and fund balances</b>	<b>48,675</b>	<b>52,797</b>

On behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# CARE Canada

## Statement of operations

year ended June 30, 2015

(in thousands of dollars)

	2015	2014
	\$	\$
<b>Support and revenue</b>		
Donations		
Unrestricted	4,369	3,648
Restricted	5,287	2,294
Canadian funded	37,170	34,758
Globally funded	38,022	34,425
CARE International Members	34,755	34,009
Interest and investment income (Note 9)	277	430
Amortization of deferred contributions related to capital assets (Note 8)	45	509
Miscellaneous	1,450	1,982
Foreign exchange gains (losses)	248	(24)
<b>Total support and revenue</b>	<b>121,623</b>	<b>112,031</b>
<b>Expenses</b>		
Program activities (Schedule)		
Humanitarian and Emergency Assistance	52,102	53,868
Environment and Natural Resource Management	8,164	5,353
Health and HIV	25,166	23,564
Multi-Sectoral Programs	15,899	10,717
Enterprise Development	10,355	10,049
Country office management	936	995
International programs	1,287	1,290
	<b>113,909</b>	<b>105,836</b>
<b>Support services</b>		
Management and general	3,559	3,623
Fundraising, public and donor relations	2,644	2,764
Membership in CARE International	1,040	937
	<b>7,243</b>	<b>7,324</b>
<b>Total expenses</b>	<b>121,152</b>	<b>113,160</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>471</b>	<b>(1,129)</b>

# CARE Canada

## Statement of changes in fund balances year ended June 30, 2015

(in thousands of dollars)

	Venture and Emergency Fund	Annual Fund		Total	
		Invested in capital assets	Unrestricted	2015	2014
	\$	\$	\$	\$	\$
<b>Fund balances, beginning of year</b>	<b>914</b>	<b>3,194</b>	<b>1,634</b>	<b>5,742</b>	6,871
Excess (deficiency) of revenue over expenses	-	-	471	471	(1,129)
Net change in investment in capital assets <sup>1</sup>	-	(144)	144	-	-
<b>Fund balances, end of year</b>	<b>914</b>	<b>3,050</b>	<b>2,249</b>	<b>6,213</b>	5,742

<sup>1</sup> Net change in invested in capital assets

Net acquisitions					98
Amortization of capital assets					(504)
Amortization of deferred contributions related to capital assets					45
Repayment of long-term debt					217
					(144)

**CARE Canada**  
Statement of cash flows  
year ended June 30, 2015  
(in thousands of dollars)

	2015	2014
	\$	\$
Net inflow (outflow) of cash related to the following activities:		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	471	(1,129)
Items not affecting cash:		
Amortization of capital assets	504	972
Amortization of deferred contributions related to capital assets	(45)	(509)
Gain on disposal of capital assets	-	(5)
Foreign exchange gains (losses)	(248)	24
	<b>682</b>	<b>(647)</b>
Changes in non-cash operating working capital items:		
Decrease (increase) in amounts receivable	(138)	(1,648)
Decrease (increase) in contributions receivable from donors	(712)	613
Decrease (increase) in prepaid expenses	328	(157)
Decrease in accounts payable and accrued liabilities	(351)	(1,164)
Increase (decrease) in government remittances payable	(110)	138
Increase (decrease) in deferred contributions	(3,870)	17,344
	<b>(4,171)</b>	<b>14,479</b>
<b>Investing</b>		
Acquisition of capital assets	(98)	(75)
Proceeds from disposal of capital assets	-	27
Decrease (increase) in loans receivable	106	(209)
Decrease in long-term investments	205	3
	<b>213</b>	<b>(254)</b>
<b>Financing</b>		
Repayment of long-term debt	(217)	(209)
Foreign exchange (loss) gain on cash held in foreign currency	248	(24)
Net cash (outflow) inflow	<b>(3,927)</b>	13,992
Cash and cash equivalents, beginning of year	<b>39,084</b>	25,092
<b>Cash and cash equivalents, end of year</b>	<b>35,157</b>	39,084



# CARE Canada

## Notes to the financial statements

June 30, 2015

(in thousands of dollars)

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### 1. Description

CARE Canada was established in 1946 and was incorporated in 1977 under Part II of the Canada Corporations Act. In 2014, CARE Canada received a Certificate of Continuance under the Canada Not-for-Profit Corporations Act. CARE Canada is a not-for-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. CARE Canada is an independent member of CARE International.

### 2. Significant accounting policies

#### *Basis presentation*

These financial statements include the assets and liabilities of CARE Canada's Canadian operations and the six (2014 - seven) overseas Country Offices (Chad, Cuba, Indonesia, Kenya, Zambia and Zimbabwe) for which it has responsibility, and the revenue and expenses for which CARE Canada and its six overseas Country Offices enter into contracts with donors for the funding of projects. During the year, the Country Office located in Djibouti was wound up.

#### *Controlled entities*

CARE Canada established the CEP Investment Trust in 2007 and provided the Trust with long-term loans to facilitate investments in Pro-Poor businesses in the Third World. CARE Canada is the sole beneficiary of CEP Investment Trust. The CEP Investment Trust financial statements have not been consolidated with CARE Canada's financial statements. The CEP Investment Trust has a December 31 year-end.

#### *Fund accounting*

CARE Canada follows the restricted fund method of accounting for contributions. To ensure observance of limitations and restrictions placed on the use of resources available to CARE Canada, the accounts of CARE Canada are classified for reporting purposes into funds in accordance with activities or objectives specified by the donors or in accordance with the directives issued by the Board of Directors. Transfers between funds are recorded as approved by CARE Canada's Board of Directors.

The Annual Fund reports resources to be used for CARE Canada's program and administrative activities. This fund reports unrestricted resources and restricted contributions.

The Venture and Emergency Fund includes donations and contributions the use of which is restricted by the donors for:

- the Emergency Relief Rapid Response Program to be used as a vehicle to help at the very onset of a crisis; and
- the Pro-Poor Business Program to be used to effectively reduce poverty by utilizing market mechanisms and business enterprise functions designed to put more income into the hands of poor people.

#### *Revenue recognition*

Unrestricted contributions are recorded as revenue of the Annual Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue in the Annual Fund in the year in which the related expenses are incurred.

# CARE Canada

## Notes to the financial statements

June 30, 2015

(in thousands of dollars)

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### 2. Significant accounting policies (continued)

#### *Revenue recognition (continued)*

Investment income earned on the Venture and Emergency Fund is recognized as revenue in the Venture and Emergency Fund or the Annual Fund depending on the nature of any restrictions imposed by the donor. Other investment income is recognized as income of the Annual Fund when earned.

Canadian funded:

CARE Canada enters into contracts with the Canadian Government (the Department of Foreign Affairs, Trade and Development (DFATD)) and other donors for the funding of projects in various countries. These funds are recorded as revenue of the Annual Fund as related expenses are incurred. Any indirect costs recovery, management fee or procurement fee that is applicable to CARE Canada is recorded as revenue of the Annual Fund in accordance with the terms in the individual contracts.

The portion of the contributions that relates to a future period is deferred and recognized as revenue of the Annual Fund in the period that the contributions are spent. 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.

Contributions and donated services:

Contributions-in-kind received from multilateral donors, the Canadian Government and other organizations are recorded as revenue and program activity expenses at fair 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 in kind by various media for public information and fundraising campaigns are not reflected in the financial statements because of the difficulty of measurement.

Donated capital assets are capitalized and amortized and contributions received towards the acquisition of capital assets are deferred and amortized to revenue on the same basis as the related depreciable capital assets are amortized.

#### *Expense allocation*

CARE Canada's expenses are recorded and reported by program and support services. The Organization incurs a number of general support expenses that are common to the administration of CARE Canada and its programs. General support expenses incurred in CARE Canada's Canadian operations are included under "Country office management", "International programs", "Management and general" and "Fundraising, public and donor relations". There is no allocation of Canadian general support expenses to different program activities. General support expenses, such as budgeting, accounting, human resources, and information technology, incurred in CARE Canada's six (2014 - seven) overseas Country Offices are allocated to program activities. Personnel costs are allocated based on the percentage of relevant employees' time involved in supporting the program and other operating and general expenses are allocated on a proportionate basis relating to the function. Such allocations are reviewed, updated and applied on a prospective basis.

#### *Financial instruments*

CARE Canada's financial instruments consist of cash and cash equivalents, amounts receivable, contributions receivable from donors, restricted and long-term investments, loans receivable, accounts payable and accrued liabilities, government remittances payable and long-term debt.

CARE Canada initially measures its financial assets and liabilities at fair value. They subsequently measure all its financial assets and liabilities at amortized cost except for cash and cash equivalents and investments which are measured at fair value.

# CARE Canada

## Notes to the financial statements

June 30, 2015

(in thousands of dollars)

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### 2. Significant accounting policies (continued)

#### *Cash and cash equivalents*

Cash and cash equivalents include internally restricted and unrestricted cash and cash equivalents that are readily convertible to a known amount of cash. In accordance with the Investment Policy approved by the Board of Directors, cash and cash equivalents are held in highly liquid investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### *Capital assets*

Capital assets acquired for direct use in donor-funded projects are expensed in the year of acquisition as CARE Canada is not entitled to ownership. Those that are not project-specific are capitalized and amortized over their estimated useful lives. Contributed capital assets are recorded at fair value at the date of contribution.

For internally used software, the acquisition costs of software licenses and associated consulting costs and the payroll costs of employees directly associated with implementation of the asset are capitalized. The costs of software maintenance, training and data conversion are expensed in the period incurred.

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

Buildings	10 and 40 years
Vehicles	3 years
Leasehold improvements	Over the term of the lease
Office equipment	5 years
Computer equipment	3 years
Computer software	1 to 3 years

Land is not amortized due to its infinite life.

#### *Impairment of long-lived assets*

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer has long-term service potential. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its residual value.

#### *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 monthly rates. Any resulting foreign exchange gains or losses are recorded in the statement of operations.

#### *Use of estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the 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 they become known.

Significant estimates include assumptions used in estimating the recoverability of project expenditures and the determination of the allowance for doubtful contributions receivable from donors, the useful life of capital assets, the fair value of investments and the amount of accrued liabilities.

# CARE Canada

## Notes to the financial statements

June 30, 2015

(in thousands of dollars)

### 3. Capital management

CARE Canada's objectives in managing capital are:

- a) to ensure that sufficient financial resources are in place to deliver on the priorities set by the Board of Directors during its annual budget and business plan review;
- b) to safeguard the Entity's ability to continue as a charitable organization and meet the objectives of the different funds as described in Note 2;
- c) to maintain the Annual Fund unrestricted reserve to an equivalent of a minimum of six months of operating expenses; and
- d) to invest funds in financial instruments that conform to investment policy and which present a low risk for CARE Canada.

CARE Canada manages several funding agreements with external restrictions that specify the conditions for using these financial resources. CARE Canada has complied with the requirements respecting these restricted contributions. CARE Canada monitors its capital by reviewing various financial metrics, including cash flows and variances to forecasts and budgets.

Capital management objectives, policies and procedures are unchanged since the preceding year. CARE Canada has complied with all the capital requirements.

### 4. Deferred contributions

Short-term deferred contributions represent externally restricted contributions to fund program expenses of future period.

	<b>2015</b>	2014
	\$	\$
Balance, beginning of year		
Short-term deferred contributions	<b>40,013</b>	22,669
Contributions receivable from donors	<b>(4,021)</b>	(4,634)
	<b>35,992</b>	18,035
Amounts received during the year		
Cash	<b>91,876</b>	107,028
In-kind (Note 10)	<b>18,776</b>	16,415
	<b>110,652</b>	123,443
Amounts recognized as revenue	<b>(115,234)</b>	(105,486)
	<b>(4,582)</b>	17,957
Balance, end of year	<b>31,410</b>	35,992
Balance, end of year represented by:		
Short-term deferred contributions	<b>36,143</b>	40,013
Contributions receivable from donors	<b>(4,733)</b>	(4,021)
	<b>31,410</b>	35,992

Long-term deferred contributions of \$230 (2014 - \$230) are represented by restricted investments in fixed income securities. The principal of \$230 must be maintained until 2031. The fair value of the restricted investments approximates the book value.

# CARE Canada

## Notes to the financial statements

June 30, 2015

(in thousands of dollars)

### 5. Long-term investments

	2015		2014	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Annual Fund Bonds	3	3	34	34
Venture and Emergency Fund				
Investment in MicroVest I				
Self-Liquidating Trust	3	3	10	10
Investment in Edyficar	-	-	17	167
	<b>6</b>	<b>6</b>	<b>61</b>	<b>211</b>

Coupon rates on the bonds as at June 30, 2015 range between 2.12% and 2.57% (2014 - between 2.22% and 10%) and will mature between December 2017 and December 2019 (2014 - October 2014 and December 2014).

To enhance economic opportunity, deepen financial services and promote private sector and enterprise development, CARE Canada invests in pro-poor businesses and micro-finance investments in developing countries. The objective of these investments is to increase access to financial services in underserved communities and promote entrepreneurship and sustainable economic development.

In this regard, CARE Canada has invested in Edyficar that provides micro-finance services in Peru. Edyficar is a profit-making financial entity. CARE Canada sold its minority, non-controlling interest in Edyficar in 2015. CARE Canada had also invested in MicroVest I, LP Fund - an investment fund that places investments in microfinance institutions in developing countries. This investment was sold during 2012. As part of the sale agreement, residual accumulated income was retained in the newly formed Microvest I Self-Liquidating Trust. These funds will be returned to CARE Canada over a three-year period ending in 2016.

### 6. Capital assets

	Cost	Accumulated amortization	2015	2014
			Net book value	Net book value
	\$	\$	\$	\$
Land	249	-	249	249
Buildings	4,449	1,052	3,397	3,643
Vehicles	1,060	963	97	129
Leasehold improvements	81	78	3	5
Office equipment	490	454	36	60
Computer equipment	642	588	54	142
Computer software	3,564	3,534	30	44
	<b>10,535</b>	<b>6,669</b>	<b>3,866</b>	<b>4,272</b>

Cost and accumulated amortization as at June 30, 2014 amounted to \$10,437 and \$6,165, respectively.

# CARE Canada

## Notes to the financial statements

June 30, 2015

(in thousands of dollars)

### 7. Long-term debt

	2015	2014
	\$	\$
Mortgage payable in monthly installments of \$21, including principal and interest at an annual rate of 3.80%, secured by land and a building with a net book value of \$3,417 (2014 - \$3,531), maturing in October 2018	793	1,010
Less current portion	(227)	(219)
	<u>566</u>	<u>791</u>

Estimated principal repayments over the next four years based on current terms and conditions are as follows:

	\$
2016	227
2017	236
2018	245
2019	85
	<u>793</u>

The fair value of the mortgage approximates its book value.

### 8. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized amount of donations and grants received and used for the purchase of capital assets. The changes in the deferred contributions balance for the year are as follows:

	2015	2014
	\$	\$
Balance, beginning of year	68	577
Amount amortized to revenue	(45)	(509)
Balance, end of year	<u>23</u>	<u>68</u>

### 9. Interest and investment income

	2015	2014
	\$	\$
Annual Fund - Interest income	219	229
Inter-Company Loans - Interest income	58	-
Venture and Emergency Fund - Dividend income	-	201
	<u>277</u>	<u>430</u>

# CARE Canada

## Notes to the financial statements

June 30, 2015

(in thousands of dollars)

### 10. Contributions-in-kind

Contributions-in-kind received from multilateral donors, Government of Canada and other organizations are recorded as revenue and program activity expenses at fair value. Contributions-in-kind included in revenue and program activity expenses are as follows:

	2015	2014
	\$	\$
Zimbabwe	1,715	671
Kenya	15,781	15,062
Zambia	1,006	-
Ethiopia	-	472
Djibouti	50	63
Philippines	-	147
Nepal	225	-
	18,777	16,415

### 11. Pension plan

The pension plan for employees of CARE Canada (the "Plan") is a defined contribution plan covering all 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 (2014 - \$239) during the year.

### 12. Controlled entity

CARE Canada has committed to provide funds to CEP Investment Trust to fund certain investment activities. The loan is unsecured and without any established term of repayment. The fair value of the loans receivable is approximately \$341 (2014 - \$447).

As at December 31, 2014, CEP Investment Trust had total assets of \$468 (2013 - \$468), total liabilities of \$454 (2013 - \$248) and a capital surplus of \$14 (2013 - \$220). Total revenues in 2014 were \$NIL (2013 - \$NIL) and expenses were \$6 (2013 - \$25). The CEP Investment Trust made a capital distribution of \$NIL to CARE Canada in 2015 (2014 - \$200).

### 13. Commitments and contingent liabilities

#### Leases

CARE Canada is committed to payments under operating leases in Country Offices and in Canada with lease expiry dates ranging from 2016 to 2018. Minimum annual payments for the next three years are as follows:

	\$
2016	367
2017	179
2018	38
	584

# CARE Canada

## Notes to the financial statements

June 30, 2015

(in thousands of dollars)

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### 13. Commitments and contingent liabilities (continued)

#### *Legal actions*

In the ordinary course of business, 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.

#### *Uncertain tax position*

CARE Canada has appealed and is currently negotiating a disputed tax assessment related to expatriate CARE International staff in Kenya. The maximum exposure is currently established at \$4,909 under which CARE Canada's portion is estimated at \$1,694. The final value of any potentially payable amount is not readily estimable and not reflected in these statements.

#### *Credit facility*

An unsecured line of credit of \$2,000 renewable on an annual basis 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, 2015, there was no outstanding balance (2014 - \$NIL).

### 14. Guarantees

As stated in Note 2, the contributions from DFATD and other contributions are subject to restrictions as to the use 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 DFATD 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, if any, will be recorded in the period in which they become known.

### 15. Allocation of expenses

A portion of program activities are related to administration costs incurred in CARE Canada's six (2014 - seven) overseas Country Offices (Chad, Cuba, Indonesia, Kenya, Zambia and Zimbabwe). It also includes the cost of the Country Office located in Djibouti before the wind up. These costs have been allocated as follows:

	2015	2014
	\$	\$
<b>Allocated to:</b>		
Program activities		
Humanitarian and Emergency Assistance	1,580	2,077
Environment and Natural Resource Management	695	499
Health and HIV	1,147	1,598
Multi-Sectoral Integrated Programs	287	633
Enterprise Development	1,527	1,349
	<b>5,236</b>	<b>6,156</b>
<b>Allocated from:</b>		
Support Services	5,236	6,156



# CARE Canada

## Notes to the financial statements

June 30, 2015

(in thousands of dollars)

### 16. Financial instruments

#### *Fair values*

The carrying values of amounts receivable, contributions receivable from donors, accounts payable and accrued liabilities and government remittances payable approximate their fair value due to the relatively short periods to maturity of the instruments.

Refer to Notes 4, 5, 7 and 13 for fair values related to CARE Canada's other financial instruments.

#### *Investment risk*

CARE Canada's Board of Directors has approved an Investment Policy that provides the guidelines for managing the investments of the organization. The overall objective of CARE Canada's investment program is to allocate the assets of CARE Canada in order to support the strategic and operational objectives of the organization.

#### *Foreign exchange risk*

CARE Canada operates internationally, giving rise to significant exposure to market risks from changes in interest rates and foreign exchange rates. CARE Canada does not use derivatives to hedge its foreign exchange risk but relies on prudent cash management practices to minimize exposure to foreign exchange risk.

Amounts denominated in foreign currencies are as follows:

	2015		2014	
	Monetary assets	Monetary liabilities	Monetary assets	Monetary liabilities
	\$	\$	\$	\$
Country Offices				
United States Dollars	8,553	11,466	9,632	10,103
Euros	2,655	1,798	2,739	2,370
Chad XAF	1,937	1,867	1,918	720
Cuban Pesos	11	-	8	-
Djiboutian Francs	-	-	431	297
Indonesian Rupiah	230	388	606	415
Kenyan Shilling	1,973	2,245	1,004	2,610
Zambia Kwacha	949	837	705	486
	<b>16,308</b>	<b>18,601</b>	17,043	17,001
Headquarters				
United States Dollars	11,559	4,209	9,729	3,678
British Pounds	4,285	-	365	-
Euros	1,141	3,787	472	1,170
	<b>33,293</b>	<b>26,597</b>	27,609	21,849

Monetary assets include cash and cash equivalents, amounts receivable and contributions receivable from donors. Monetary liabilities include accounts payable and accrued liabilities and deferred contributions.

# CARE Canada

## Notes to the financial statements

June 30, 2015

(in thousands of dollars)

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### 16. Financial instruments (continued)

#### *Credit risk*

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The maximum credit exposure of CARE Canada is represented by the fair value of the investments and all receivables as presented in the statement of financial position.

#### *Interest rate risk*

Interest rate risk refers to adverse consequences of interest rate changes on CARE Canada cash flows, financial position, investment income and interest expenses. CARE Canada's mortgage and fixed income investments are exposed to interest rate changes. The impact of adverse changes in rates is not considered material.

### 17. Tax receipted donations

CARE Canada is a member of Imagine Canada and has adopted the Ethical Fundraising and Financial Accountability Code (the "Code"). The Code requires disclosure of donations that are receipted for income tax purposes. During the year, CARE Canada issued donation receipts for income tax purposes in the amount of \$4,340 (2014 - \$3,035). This figure does not include non-receiptable fundraising revenues received during the year from other charitable organizations.

### 18. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

# CARE Canada

## Program activities according to sectors - Schedule

year ended June 30, 2015

(in thousands of dollars)

	Humanitarian and Emergency Assistance	Environment and Natural Resource Management	Health and HIV	Multi-Sectoral Programs	Enterprise Development	2015	2014
	\$	\$	\$	\$	\$	\$	\$
Advocacy	-	429	-	-	123	552	381
Agriculture and Natural Resources	1,909	2,213	-	5,843	-	9,965	7,416
Child & Reproductive Health	17	-	4,980	2	2,207	7,206	10,708
Education	-	-	-	2,612	-	2,612	1,409
Infrastructure	4,395	70	1,154	41	2,211	7,871	8,728
Integrated and Other Health	2,689	-	6,642	230	-	9,561	8,939
Nutritional Support	30,558	(41)	7,443	48	-	38,008	32,737
Integrated Projects	7,408	494	1,086	7,123	732	16,843	17,311
Small Economic Activity Development	-	-	-	-	5,082	5,082	2,832
Water Supply and Sanitation	5,126	4,999	3,861	-	-	13,986	13,090
	<b>52,102</b>	<b>8,164</b>	<b>25,166</b>	<b>15,899</b>	<b>10,355</b>	<b>111,686</b>	<b>103,551</b>