

# **CARE Canada**

Financial Statements

**June 30, 2022**

(in thousands of dollars)



## Independent auditor's report

To the Board of Directors of CARE Canada

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CARE Canada (the Organization) as at June 30, 2022 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 (ASNPO).

#### What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at June 30, 2022;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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## **Emphasis of matter – restated comparative information**

We draw attention to note 17 to the financial statements, which explains that certain comparative information presented for the year ended June 30, 2021, has been restated. The financial statements for the year ended June 30, 2021 (prior to the adjustments that were applied to restate certain comparative information explained in note 17) were audited by another auditor, who expressed an unmodified opinion on those financial statements on December 9, 2021. Our opinion is not modified in respect of this matter.

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## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
December 15, 2022

# CARE Canada

## Statement of Financial Position

As at June 30, 2022

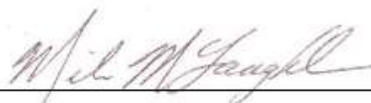
(in thousands of dollars)

	2022 \$	2021 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	29,318	29,213
Amounts receivable (note 5)	9,048	8,045
Contributions receivable from donors (note 6)	6,986	6,730
Prepaid expenses	84	170
	<hr/> 45,436	<hr/> 44,158
<b>Restricted investments</b> (note 7)	249	235
<b>Loans receivable</b> (note 10)	2	201
<b>Capital assets</b> (note 8)	<hr/> 3,083	<hr/> 3,221
	<hr/> <b>48,770</b>	<hr/> <b>47,815</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	7,842	7,357
Government remittances payable	3	27
Deferred contributions (note 7)	34,036	33,463
Current portion of long-term debt (note 12)	144	146
	<hr/> 42,025	<hr/> 40,993
<b>Long-term debt</b> (note 12)	167	766
<b>Deferred contributions</b> (note 7)	<hr/> 230	<hr/> 230
	<hr/> <b>42,422</b>	<hr/> <b>41,989</b>
<b>Fund balances</b>		
Annual Fund		
Unrestricted	3,576	3,517
Invested in capital assets	<hr/> 2,772	<hr/> 2,309
	<hr/> <b>6,348</b>	<hr/> <b>5,826</b>
	<hr/> <b>48,770</b>	<hr/> <b>47,815</b>
<b>Commitments and contingent liabilities</b> (note 11)		

Approved by the Board of Directors



Director



Director

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

**CARE Canada**  
**Statement of Operations**  
**For the year ended June 30, 2022**

(in thousands of dollars)

	2022 \$	2021 \$ (restated – note 17)
<b>Support and revenue</b>		
Fundraising	5,263	5,423
Canadian funded	50,390	41,326
Globally funded	-	251
CARE International members	1,290	756
Miscellaneous and investment revenue	327	1,276
	<u>57,270</u>	<u>49,032</u>
<b>Expenses</b>		
Program activities		
Humanitarian programs	21,610	18,827
Development programs		
Food & Nutrition Security and Resilience to Climate Change	8,671	8,091
Sexual, Reproductive and Maternal Health	4,994	2,799
Women's Economic Empowerment	11,332	9,368
Other	1,511	283
Country office management and international programming	903	1,931
	<u>49,021</u>	<u>41,299</u>
<b>Support services</b>		
Management and general	6,220	5,349
Fundraising, public and donor relations	958	1,184
Membership in CARE International	549	598
	<u>7,727</u>	<u>7,131</u>
	<u>56,748</u>	<u>48,430</u>
Excess of revenue over expenses from continued operations	522	601
Discontinued operations (note 4)	-	(524)
<b>Excess of revenue over expenses</b>	<u>522</u>	<u>77</u>

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

**CARE Canada**  
**Statement of Changes in Fund Balances**  
**For the year ended June 30, 2022**

(in thousands of dollars)

	<b>Annual Fund</b>		<b>Total</b>
	<b>Unrestricted</b>	<b>Invested in capital assets</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Fund balances as at June 30, 2020	1,657	4,092	5,749
Excess of revenue over expenses	77	-	77
Net change in invested in capital assets <sup>1</sup>	1,783	(1,783)	-
Fund balances as at June 30, 2021	3,517	2,309	5,826
Excess of revenue over expenses	522	-	522
Net change in invested in capital assets <sup>1</sup>	(463)	463	-
Fund balances as at June 30, 2022	3,576	2,772	6,348
		<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<sup>1</sup> Net change in invested in capital assets			
Acquisition of capital assets		93	62
Amortization of capital assets		(231)	(261)
Disposition of capital assets		-	(672)
Net repayment (advance) of long-term loan		601	(912)
		463	(1,783)

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

**CARE Canada**  
**Statement of Cash Flows**  
**For the year ended June 30, 2022**

(in thousands of dollars)

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Excess of revenue over expenses	522	77
Item not affecting cash		
Amortization of capital assets	231	261
	<u>753</u>	<u>338</u>
Changes in non-cash operating working capital items		
Increase in amounts receivable	(1,003)	(454)
Decrease (increase) in contributions receivable from donors	(256)	393
Decrease in prepaid expenses	86	345
Increase (decrease) in accounts payable and accrued liabilities	485	(5,073)
Increase (decrease) in government remittances payable	(24)	(307)
Increase in deferred contributions	573	8,430
	<u>614</u>	<u>3,672</u>
<b>Investing activities</b>		
Acquisition of capital assets	(93)	(62)
Disposal of capital assets – Discontinued operations (note 4)	-	672
Decrease in loans receivable	199	22
Decrease (increase) in restricted long-term investments	(14)	2
	<u>92</u>	<u>634</u>
<b>Financing activities</b>		
Advance of long-term debt	-	1,000
Repayment of long-term debt	(601)	(88)
	<u>(601)</u>	<u>912</u>
<b>Net increase in cash and cash equivalents during the year</b>	<b>105</b>	<b>5,218</b>
<b>Cash and cash equivalents – Beginning of year</b>	<b>29,213</b>	<b>23,995</b>
<b>Cash and cash equivalents – End of year</b>	<b>29,318</b>	<b>29,213</b>

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



# CARE Canada

## Notes to Financial Statements

June 30, 2022

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(in thousands of dollars)

### 1 Description of the organization

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

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and include the following significant accounting policies.

#### Basis of presentation

These financial statements include the assets and liabilities of CARE Canada's operations in Canada and Cuba for which it has responsibility, and the revenues and expenses for which CARE Canada and its operations in the Cuba office enter into contracts with donors for the funding of projects.

#### 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 the CEP Investment Trust. The CEP Investment Trust's 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 programs and administrative activities. This fund reports unrestricted resources and invested in capital assets.

# CARE Canada

## Notes to Financial Statements

June 30, 2022

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(in thousands of dollars)

### **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 enters into contracts with the Canadian government (the Department of Global Affairs Canada (GAC)) 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 cost recovery, management fee or procurement fees that are applicable to CARE Canada are 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 in which the contributions are spent. Any contribution expended in excess of the contributions received from the donors is shown in the statement of financial position as contributions receivable from donors.

Other investment revenue is recognized as revenue of the Annual Fund when earned.

### **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 toward the acquisition of capital assets are deferred and amortized to revenue on the same basis as the related capital assets are amortized.

# CARE Canada

## Notes to Financial Statements

June 30, 2022

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(in thousands of dollars)

### **Expense allocation**

CARE Canada's expenses are recorded and reported by program and support services. CARE Canada 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 and international programming, 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 one overseas country office is 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 investments, loans receivable, accounts payable and accrued liabilities, government remittances payable and long-term debt.

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

Transaction costs related to financial assets measured at fair value are expensed as incurred. Transaction costs related to other financial assets and financial liabilities are included or deducted in the initial measurement of the asset or liability.

At the end of each reporting period, CARE Canada assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and CARE Canada determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized.

### **Cash and cash equivalents**

Cash and cash equivalents consist of internally restricted and unrestricted cash and cash equivalents. 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.

# CARE Canada

## Notes to Financial Statements

June 30, 2022

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(in thousands of dollars)

### 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 at cost and amortized over their estimated useful life. Contributed capital assets are recorded at fair value at the date of contribution.

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

Buildings	10 and 40 years
Vehicles	3 years
Office equipment	5 years
Computer equipment	3 years
Computer software	1 to 7 years

### Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset (or asset group) exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposal. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Impairments of long-lived assets are not reversed.

### 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 projects are translated using first-in first-out rates (FIFO), and in some cases monthly average 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 ASPE 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 management's best estimates as additional information becomes available in the future.

# CARE Canada

## Notes to Financial Statements

June 30, 2022

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(in thousands of dollars)

### 3 Capital management

CARE Canada's objectives in managing capital are 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;
- safeguard its ability to continue as a charitable organization and meet the objectives of the Annual Fund as described in note 2;
- maintain the Annual Fund's unrestricted reserve to an equivalent of a minimum of six months of operating expenses; and
- invest funds in financial instruments that conform to the 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 Discontinued operations

In 2021, CARE Canada transferred its oversight of country offices in Zambia and Zimbabwe (February 1), Kenya (March 1) and Chad (April 1), to another CARE International member.

# CARE Canada

## Notes to Financial Statements

June 30, 2022

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(in thousands of dollars)

Revenue and expenses from discontinued operations, relating to the four country offices being transferred to other confederation members, amounts to \$33,275 and \$33,799, respectively, and are detailed as follows:

	2021 \$ (restated – note 17)
Support and revenue	
Globally funded	10,658
CARE International members	21,646
Miscellaneous and investment revenue	971
	<hr/>
	33,275
	<hr/>
Expenses	
Program activities	
Humanitarian programs	24,168
Development programs	
Food & Nutrition Security and Resilience to Climate Change	4,874
A Life Free from Violence	18
Sexual, Reproductive and Maternal Health	754
Women's Economic Empowerment	420
Other	1,813
Country office management and international programming	1,752
	<hr/>
	33,799
	<hr/>
Deficiency of revenue over expenses	(524)
	<hr/>

Included in the globally funded revenue and humanitarian programs expense reported above, are contributions in kind received from multilateral donors recorded at fair value as disclosed below.

	2021 \$
Country offices	
Kenya	2,311
	<hr/>
	2,311
	<hr/>

# CARE Canada

## Notes to Financial Statements

June 30, 2022

(in thousands of dollars)

### Allocation of expenses

A portion of program activities is related to coordination costs incurred in CARE Canada's four overseas country offices. These costs have been allocated as follows:

	2021 \$
Allocated to	
Program activities	1,954
Humanitarian programs	
Development programs	
Food & Nutrition Security and Resilience to Climate Change	456
A Life Free from Violence	-
Sexual, Reproductive and Maternal Health	39
Women's Economic Empowerment	100
Other	197
	<u>2,746</u>
Allocated from	
Support services	<u>2,746</u>

### 5 Amounts receivable

	2022 \$	2021 \$
General funding receivable	8,921	7,604
Government remittances	127	441
	<u>9,048</u>	<u>8,045</u>

### 6 Contributions receivable from donors

	2022 \$	2021 \$
Contributions receivable from donors	6,986	7,565
Allowance for doubtful accounts	-	(835)
	<u>6,986</u>	<u>6,730</u>

# CARE Canada

## Notes to Financial Statements

June 30, 2022

(in thousands of dollars)

### 7 Deferred contributions

Short-term deferred contributions represent externally restricted contributions to fund program expenses for the next twelve months.

	2022 \$	2021 \$
Balance – Beginning of year		
Short-term deferred contributions	33,463	25,033
Contributions receivable from donors	(6,730)	(7,123)
	<u>26,733</u>	<u>17,910</u>
Amounts received during the year		
Cash	52,492	79,173
In kind	78	2,311
	<u>52,570</u>	<u>81,484</u>
Amounts recognized as revenue	<u>(52,253)</u>	<u>(72,661)</u>
	317	8,823
Balance – End of year	<u>27,050</u>	<u>26,733</u>
Balance – End of year represented by		
Short-term deferred contributions	34,036	33,463
Contributions receivable from donors (note 6)	(6,986)	(6,730)
	<u>27,050</u>	<u>26,733</u>

Contributions receivable include \$6,984 (2021 – \$4,116) associated with projects held with GAC.

Short-term deferred contributions include \$5,840 (2021 – \$5,429) of advances to projects that are unspent as at June 30, 2022. This amount is included in amounts receivable in the statement of financial position.

Amounts recognized as revenue totaling \$52,253 (2021 – \$72,661) are allocated between Canadian funded and globally funded CARE International members.

#### Restricted investments

Long-term deferred contributions of \$230 (2021 – \$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 is \$249 (2021 – \$235) which consists of Canadian bonds. Coupon rates on the bonds as at June 30, 2022, range between 2.38% and 3.05% (2021 – between 2.38% and 3.05%) and will mature between April 2023 and January 2025 (2021 – April 2023 and January 2025).



# CARE Canada

## Notes to Financial Statements

June 30, 2022

(in thousands of dollars)

### 8 Capital assets

			2022	2021
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Land	249	-	249	249
Buildings	4,289	1,913	2,376	2,489
Office equipment	314	314	-	-
Computer equipment	976	884	92	17
Building improvements	101	49	52	68
Computer software	1,090	776	314	398
	7,019	3,936	3,083	3,221

### 9 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 \$311 (2021 – \$318) during the year.

### 10 Controlled entity

CARE Canada has committed to provide funds to the CEP Investment Trust to fund certain investment activities. The loans are unsecured and without any established term of repayment. The fair value of the loans receivable is approximately \$2 (2021 – \$201).

As at December 31, 2021, the CEP Investment Trust had total assets of \$200 (2020 – \$200), total liabilities of \$205 (2020 – \$203) and a capital deficit of \$5 (2020 – deficit of \$3). Total revenues in 2021 were nil (2020 – \$22), and expenses were \$1.5 (2020 – \$5).

# CARE Canada

## Notes to Financial Statements

June 30, 2022

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(in thousands of dollars)

### 11 Commitments and contingent liabilities

#### 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

While CARE Canada was responsible for managing the country office operational platform in Kenya (transferred in 2021 to another CARE member), two tax disputes emerged. The first tax dispute was related to the Kenya Revenue Authority (KRA) denying exempt taxation status of expatriate staff. A judgment has been awarded in CARE Canada's favour; however, the KRA has appealed. CARE Canada is negotiating with the KRA on the second tax dispute related to reporting compliance. A portion of CARE Canada's estimated exposure in these disputes has been reflected in these financial statements and is included in accounts payable and accrued liabilities at \$625 (2021 – \$625).

### 12 Long-term debt

In 2020, CARE Canada secured financing in the amount of \$1,000. In 2022, CARE Canada made a \$455 principal repayment.

	2022 \$	2021 \$
Loan repayable in monthly capital instalments of \$12 plus interest, at an RBC Prime rate + 2% maturing in September 2022 and secured by land and building located at 9 Gurdwara Road, Ottawa, Ontario	311	912
Less: Current portion	144	146
	<hr/> 167	<hr/> 766

The payments for the next three years and thereafter are as follows:

	\$
2023	144
2024	144
2025	23
	<hr/> 311

# CARE Canada

## Notes to Financial Statements

June 30, 2022

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(in thousands of dollars)

An unsecured line of credit of \$2,000 (2021 – \$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, 2022 and 2021, there was no outstanding balance. A funded project in Cuba by GAC required a letter of guarantee of \$500. This reduces the amount of available credit.

### 13 Government contributions

As stated in note 2, the contributions from GAC and other donors may be 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 GAC 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.

### 14 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 values due to the relatively short periods to maturity of the instruments.

Refer to note 7 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.

#### Market risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. CARE Canada is mainly exposed to currency risk and interest rate risk.

# CARE Canada

## Notes to Financial Statements

June 30, 2022

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(in thousands of dollars)

### Currency 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:

	2022		2021	
	Monetary assets \$	Monetary liabilities \$	Monetary assets \$	Monetary liabilities \$
United States dollars	5,624	8,724	10,135	9,358
British pounds	61	109	1,104	116
Euros	147	-	2,631	3,420
Chad – Central African francs	-	-	1,522	1,040
Kenyan shillings	-	-	331	164
Zambian kwachas	-	-	312	345
Australian dollars	-	-	-	229
	5,832	8,833	16,035	14,672

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

### Interest rate risk

Interest rate risk refers to adverse consequences of interest rate changes on CARE Canada's cash flows, financial position, investment income and interest expenses.

CARE Canada's fixed income investments are exposed to interest rate changes. The impact of adverse changes in rates is not considered material.

Long-term debt bears interest at a variable rate, and CARE Canada is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

### 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 restricted investments and all receivables as presented in the statement of financial position.

# CARE Canada

## Notes to Financial Statements

June 30, 2022

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(in thousands of dollars)

### 15 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 \$2,910 (2021 – \$3,270). This figure does not include non-receiptable fundraising revenues received during the year from other charitable organizations.

### 16 COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time, and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of CARE Canada in future periods.

### 17 Restatement of comparative figures

The comparative figures for the year ended June 30, 2021 have been restated to properly reflect revenue and expenses from discontinued operations relating to the four country offices transferred to other confederation members (note 4).

As a result, for the year ended June 30, 2021, on the statement of operations, Canadian funded revenue was increased from \$37,293 to \$41,326, humanitarian program expenses were increased from \$16,658 to \$18,827, development programs – Food & Nutrition Security and Resilience to Climate Change expenses were increased from \$6,821 to \$8,091 and development programs – Women’s Economic Empowerment expenses were increased from \$8,774 to \$9,368. The increases in revenue and expenses have been reflected as decreases in the corresponding amounts presented in note 4.

There was no impact on excess revenue over expenses for the year ended June 30, 2021, which is unchanged at \$77. There is also no impact on deficiency of revenue over expenses attributable to discontinued operations, net assets or cash flows.