
Financial statements of
The Canadian Red Cross Society

March 31, 2024

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Independent Auditor's Report

To the Members of
The Canadian Red Cross Society

Opinion

We have audited the financial statements of the Canadian Red Cross Society (the "Society"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Financial and Operations Review.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Financial and Operations Review prior to the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS, 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 controls 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 Society'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 Society'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 Society 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 23, 2024

The Canadian Red Cross Society

Statement of financial position

As at March 31, 2024

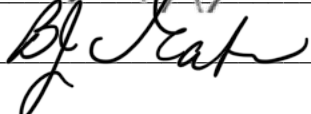
(in thousands of dollars)

	Notes	2024	2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	3	277,945	387,090
Accounts receivable		115,630	120,651
Grants receivable		23,616	68,979
Inventory		18,599	21,609
Prepaid expenses		10,174	18,965
		445,964	617,294
Long-term investments	4	84,899	81,066
Tangible capital and intangible assets	5	69,616	63,914
Assets held for sale	6	—	638
Defined benefit pension plan asset	10	3,368	3,855
		603,847	766,767
Liabilities and net assets			
Current liabilities			
Bank indebtedness	21	—	3,238
Account payable and accrued liabilities	7	42,673	53,639
Deferred contributions – short-term	8	250,490	423,736
		293,163	480,613
Deferred contributions - long-term	8	58,846	33,841
Deferred contributions related to tangible capital and intangible assets	9	10,343	9,386
Other defined benefit plans liability	10	3,436	4,014
		365,788	527,854
Net assets			
Invested in tangible capital and intangible assets	11	59,273	55,166
Restricted for endowment purposes		2,249	2,209
Internally restricted	12	80,270	106,577
Unrestricted		96,267	74,961
		238,059	238,913
Commitments, contingent liabilities, and guarantees	13, 14	603,847	766,767

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

On behalf of the Board

 _____, Chair

 _____, Chair, Audit and Finance Committee

The Canadian Red Cross Society

Statement of operations

Year ended March 31, 2024

(in thousands of dollars)

	Notes	2024	2023
		\$	\$
Revenue			
Fundraising	15	116,101	102,481
Core programs		456,376	561,652
Total revenue		572,477	664,133
Expenses	16		
Organizational capacity			
Fundraising	15	47,812	52,974
Governance and general management		16,541	24,403
		64,353	77,377
Core programs			
Humanitarian services		430,184	530,698
Health		85,833	73,939
		516,017	604,637
Total expenses		580,370	682,014
Deficit of revenue over expenses before the undernoted		(7,893)	(17,881)
Organizational Consolidation and Optimization restructuring	19	(2,940)	(143)
Investment income, net of fees		8,778	1,196
Gain on sale of tangible capital assets and assets held for sale	5, 6	1,003	9,929
Deficit of revenue over expenses		(1,052)	(6,899)

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

The Canadian Red Cross Society
Statement of changes in net assets

Year ended March 31, 2024

(in thousands of dollars)

		2024				
		Invested in tangible capital and intangible assets	Restricted for endowment purposes	Internally restricted	Unrestricted	Total
		\$	\$	\$	\$	\$
Net assets, beginning of the year		55,166	2,209	106,577	74,961	238,913
Deficit of revenue over expenses		—	40	—	(1,092)	(1,052)
Remeasurement gain on defined benefit pension plan asset and other defined benefit plans liability		—	—	—	198	198
Changes to net assets invested in tangible capital and intangible assets	17	4,107	—	—	(4,107)	-
Internally restricted	12	—	—	(26,307)	26,307	-
Net assets, end of the year		59,273	2,249	80,270	96,267	238,059
		2023				
		Invested in tangible capital and intangible assets	Restricted for endowment purposes	Internally restricted	Unrestricted	Total
Net assets, beginning of the year		45,002	2,307	108,593	90,019	245,921
Deficit of revenue over expenses		—	(98)	—	(6,801)	(6,899)
Remeasurement loss on defined benefit pension plan asset and other defined benefit plans liability		—	—	—	(109)	(109)
Changes to net assets invested in tangible capital and intangible assets	17	10,164	—	—	(10,164)	—
Internally restricted	12	—	—	(2,016)	2,016	—
Net assets, end of the year		55,166	2,209	106,577	74,961	238,913

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

The Canadian Red Cross Society

Statement of cash flows

Year ended March 31, 2024

(in thousands of dollars)

	Notes	2024	2023
		\$	\$
Operating activities			
Deficit of revenue over expenses		(1,052)	(6,899)
Items not involving cash			
Increase in net employee future benefits		107	40
Amortization of tangible capital and intangible assets		10,508	8,313
Amortization of deferred contributions related to tangible capital and intangible assets		(2,656)	(2,250)
(Increase) decrease in cumulative unrealized gains on investments		(3,948)	1,925
Gain on sale of tangible capital assets and assets held for sale		(1,003)	(9,929)
Changes in non-cash operating working capital			
Accounts receivable		50,384	(4,328)
Inventory		3,010	2,206
Prepaid expenses		8,791	(8,211)
Accounts payable and accrued liabilities		(10,966)	5,982
Deferred contributions		(148,241)	176,085
		(95,066)	162,934
Investing activities			
Net purchase of long-term investments		115	(3,992)
Proceeds on sale of tangible capital assets and assets held for sale		1,664	12,163
Acquisitions of tangible capital and intangible assets		(16,245)	(20,786)
		(14,466)	(12,615)
Financing activities			
Deferred contributions related to tangible capital and intangible assets		3,625	2,325
Increase (decrease) in cash and cash equivalents		(105,907)	152,644
Cash and cash equivalents, beginning of the year		383,852	231,208
Cash and cash equivalents, end of the year		277,945	383,852
Represented by	3, 21		
Unrestricted cash (bank indebtedness)		8,830	(3,238)
Unrestricted cash equivalents		83	1,654
Externally restricted		269,015	376,459
Internally restricted		17	8,977
Cash and cash equivalents		277,945	383,852

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

The Canadian Red Cross Society

Notes to the financial statements

March 31, 2024

(in thousands of dollars)

1. Purpose of the organization

The Canadian Red Cross Society (the "Society") is a not-for-profit volunteer-based humanitarian organization dedicated to helping people in Canada and around the world with situations that threaten their survival and safety, their security and well-being, or their human dignity. The Society relies on continuing support from various levels of governments, corporations and fundraising from other donors.

The Society, which is incorporated without share capital under the laws of Canada, is a registered Canadian charity and, as such, is exempt from income taxes under paragraph 149(1)(f) of the *Income Tax Act* (Canada).

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Basis of presentation

These financial statements reflect the assets, liabilities, revenues and expenses of the operations of the Society including all operations within Canada and internationally.

The Society's Vision 2025 reflects two fields of work namely, Emergencies and Health. During the year, the Society created a new division, Humanitarian Services, which groups emergency management service lines (Domestic and International response, Recovery Services, Risk Reduction and Resilience), as well as international programming. Health encompasses Prevention and Safety and Community Health and Wellness service lines.

The Organizational capacity and Core programs sections of the Statement of operations reflect the revenue and expenses of the Humanitarian Services and Health programs after application of the Society's common support services expenses for programs. The Schedule provides a detailed summary of the net contributions of these two fields of work and the underlying programs after common support services expenses.

Revenue recognition

The Society follows the deferral method of accounting to account for contributions for not-for-profit organizations.

The Society receives donations from annual fundraising campaigns for operating purposes and from special campaigns for disaster relief programs in Canada and internationally.

Unrestricted donations are recognized as revenue when received. Restricted donations, other than endowments, are deferred and recognized as revenue in the year in which the related expenses are recognized. Revenue from the sale of goods or services is recognized when the goods are delivered or services rendered.

Externally restricted donations used to purchase depreciable tangible capital and intangible assets are deferred and amortized over the life of the related tangible capital and intangible asset. Externally restricted contributions used to purchase land are recorded as a direct increase in the net assets invested in tangible capital and intangible assets.

Externally restricted contributions that have not been expensed are recorded as deferred contributions on the Statement of financial position.

Endowment contributions are recognized as direct increases in net assets restricted for endowment purposes.

The fair value of donated tangible capital and intangible assets is deferred and amortized to income on the same basis as the related depreciable tangible capital and intangible assets are amortized.

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

2. Significant accounting policies (continued)

Revenue recognition (continued)

Investment income includes dividend and interest income, realized and unrealized investment gains and losses and, where applicable, charges for other than temporary impairment of investments. Dividend and interest income as well as realized and unrealized gains and losses have been recorded directly in the Statement of operations.

Unrealized gains and losses on financial assets are included in investment income and recognized as revenue in the Statement of operations or deferred depending on the nature of any external restrictions imposed on the investment income.

Restricted investment income is deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Financial instruments

(a) Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Society becomes a party to the contractual provisions of the financial instrument.

(b) Subsequent measurement

All financial instruments are subsequently measured at amortized cost except for the investments in listed shares and derivative financial instruments that are not designated in a qualifying hedging relationship, which are measured at fair value at the balance sheet date. The fair value of listed shares is based on the latest closing price, and the fair value quote received from the bank counterparty is used as a proxy for the fair value of derivative financial instruments.

Interest earned on short-term investments and bonds, dividends received on unlisted shares, unrealized gains and losses on listed shares, and realized gains and losses on sales of short-term investments and bonds are included in Investment income in the Statement of operations.

(c) Transaction costs

Transaction costs related to financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

(d) Impairment

With respect to financial assets measured at cost or amortized cost, the Society recognizes an impairment loss, if any, in net earnings when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents represent cash and equivalents that mature within six months and those that can be readily converted to cash, less bank indebtedness.

Donated services

The Society benefits greatly from donated services in the form of volunteer work for various activities. The value of donated services is not recognized in the financial statements because of the difficulty of measurement.

Inventory

Inventory consists of emergency relief, medical and other supplies that are necessary for the conduct of the Society's core programs and are required to be available for use on an immediate basis. The use of these supplies is recorded as an expense of the respective core program in the period deployed by the Society. Inventory also includes items used or sold in the Society's Prevention and Safety programs. Inventory is valued at the lower of cost and replacement value. Cost is determined using the first in first out method.

Tangible capital and intangible assets

Purchased tangible capital and intangible assets are recorded at cost. Contributed tangible capital assets are recorded at their estimated fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the asset as follows:

Assets	Useful life
Buildings	20 to 40 years
Building improvements	10 to 20 years
Leasehold improvements	Life of related lease
Furniture, office and healthcare equipment	3 to 5 years
Vehicles	2 to 5 years
Computer hardware	2 to 3 years
Intangible assets	5 to 7 years
Intangible assets – Cloud computing implementation activities	5 to 7 years

Land is not amortized due to its infinite life. Assets under development are only amortized once they are put into use by the Society. Intangible assets include purchased and internally developed software. When a tangible capital or intangible asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value.

The gain or loss on disposal of tangible capital and intangible assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal and is included in profit or loss in the year of disposal.

The useful life and residual value of tangible capital and intangible assets are reviewed annually. Judgment is applied in determining the useful lives of tangible capital and intangible assets. Any reassessment of useful life and residual value in a particular year will affect depreciation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

2. Significant accounting policies (continued)

Early adoption of Accounting Guideline 20 ("AcG-20"), Customer's Accounting for Cloud Computing Arrangements

Effective March 31, 2024, the Society has early adopted AcG-20. The guideline provides guidance on determining whether a software element is a software intangible asset or a software service, and how to account for expenditures in a cloud computing arrangement.

In accordance with AcG-20, an entity has an option to apply the simplification approach to account for expenditures in a cloud computing arrangement within the scope of the guideline. In applying the simplification approach, the expenditures in the arrangement shall be treated as the supply of services and the entity shall recognize the expenditures related to the elements in the cloud computing arrangement as an expense as incurred. The simplification approach is an accounting policy that shall be applied consistently to expenditures in all cloud computing arrangements.

An entity that does not apply the simplification approach is required to determine if a software element within the scope of AcG-20 is a software intangible asset or a software service:

- (a) If the software element is an intangible asset, an entity will apply Section 3064, Goodwill and Intangible Assets, to account for the implementation expenditures.
- (b) If the software element is a service, the guideline provides a policy choice to either capitalize qualifying implementation expenditures or expense implementation expenditures.

The Society has elected not to apply the simplification approach and has elected to capitalize qualifying costs associated with implementing a software service. Capitalized implementation expenditures associated with implementing a software service have been disclosed separately in note 5, Tangible capital and intangible assets, and have been presented in "Cloud computing implementation activities".

The Society has applied the guideline in accordance with the transition provisions of AcG-20. An entity that does not apply the simplification approach shall apply the guideline either retrospectively or only to expenditures on implementation activities incurred in a cloud computing arrangement on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the guideline. The Society has elected to apply AcG-20 retrospectively.

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

2. Significant accounting policies (continued)

Post-retirement benefits

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of discount rate, retirement ages of employees and expected health care costs. Plan obligations are discounted using current market interest rates and plan assets are presented at fair market value.

The Society measures its accrued benefits obligations for accounting purposes as at March 31 of each year by extrapolating the value from the most recent actuarial valuation prepared for funding purposes for the defined benefit pension plan and using the accounting basis for the other defined benefit plans.

The benefit plan expense for the year consists of the current service and finance costs. Remeasurements and other items are recorded directly on the Statement of changes in net assets.

Allocation of expenses

The Society incurs support service expenses that are common to its programs and administration.

The Society allocates support services expenses directly to its programs based on activity, cost or revenue drivers such as number of transactions, number of full-time equivalents or service line gross revenue.

Governance and general management expenses are not allocated and are accounted for as part of organizational capacity.

Fund Development expenses are not allocated and are accounted for directly in Fundraising expense.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. In the opinion of management, these financial statements reflect, within reasonable limits of materiality, all adjustments necessary to present fairly the results for the years presented. Actual results could differ from these estimates. Key management estimates include the useful lives of tangible capital and intangible assets, allowance for doubtful accounts, provision for obsolete inventory, assumptions underlying the employee future benefit liability calculations, the impairment allowance on tangible capital and intangible assets where applicable, and the determination of certain accrued liabilities and contingencies. These estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the period in which they become known.

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

3. Cash and cash equivalents

Cash and cash equivalents related to deferred contributions are restricted externally for specified purposes and not available for the Society's general operations. Cash and cash equivalents internally restricted have been allocated to specific activities identified by management and approved by the Board of Directors. The funds are not available for the Society's general operations. Total cash and cash equivalents is allocated as follows:

	2024	2023
	\$	\$
Cash		
Unrestricted	8,830	—
Externally restricted – General	17,130	9,158
Externally restricted – Employment and Social Development Canada	58,067	161,335
Externally restricted – Ukraine	8,724	20,993
Externally restricted – COVID 19	2,183	2,392
Externally restricted – Alberta Fires 2016	4,649	5,173
Externally restricted – BC Fires 2017	3,085	109
Externally restricted – Türkiye Syria Earthquake	10,363	27,532
Internally restricted	17	6,477
	113,048	233,169
Cash equivalents		
Unrestricted	83	1,654
Externally restricted – General	113,366	90,035
Externally restricted – Ukraine	37,000	35,000
Externally restricted – COVID 19	14,448	22,732
Externally restricted – BC Fires 2017	—	2,000
Internally restricted	—	2,500
	164,897	153,921
Total cash and cash equivalents before bank indebtedness	277,945	387,090
Less: Bank indebtedness	—	(3,238)
Total cash and cash equivalents	277,945	383,852

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

4. Long-term investments

	2024		2023	
	Fair value and carrying value	Cost	Fair value and carrying value	Cost
	\$	\$	\$	\$
Investments				
Fixed income	43,235	46,299	41,813	45,441
Equities	37,953	32,032	39,109	36,572
Cash on hand	3,711	3,711	144	144
	84,899	82,042	81,066	82,157

The fair values of investments are based on quoted market prices.

Fixed income investments are comprised of government and corporate bonds with maturity dates ranging from 2024 to 2099, earning interest up to 21% (ranging from 2023 to 2172, earning interest up to 16.35% in 2023).

5. Tangible capital and intangible assets

	2024			2023
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	3,351	—	3,351	3,351
Buildings and building improvements	30,378	20,186	10,192	11,240
Leasehold improvements	13,203	3,729	9,474	10,179
Furniture, office and healthcare equipment	37,760	32,768	4,992	3,926
Vehicles	6,644	5,623	1,021	1,173
Computer hardware	7,930	6,925	1,005	1,133
Intangible assets	23,100	12,287	10,813	12,640
Intangible assets - Cloud computing implementation activities	19,280	7,549	11,731	6,175
Assets under development	17,037	-	17,037	14,097
	158,683	89,067	69,616	63,914

Cost and accumulated amortization at March 31, 2023 amounted to \$143,992 and \$80,078 respectively. Amortization expense for the year was \$8,313.

Intangible assets include purchased and internally developed software.

During the year, the Society disposed of tangible capital assets with a net book value of \$52 (\$620 in 2023) for proceeds on disposal of \$148 (\$92 in 2023), resulting in a gain on disposal of \$96 (loss of \$528 in 2023).

6. Assets held for sale

As part of the Society's strategy to reduce its physical footprint to deliver its services, certain properties were considered as redundant and contracted for sale during the past few years.

During the current year, the Society disposed of assets previously held for sale with a net book value of \$609 (\$1,614 in 2023) for proceeds on disposal of \$1,516 (\$12,071 in 2023), resulting in a gain on disposal of \$907 (\$10,457 in 2023).

There are no assets currently held for sale.

7. Accounts payables and accrued liabilities

As at March 31, 2024, the Society had \$176 (\$230 in 2023) payable for government remittances, including harmonized sales tax, goods and services tax and payroll remittances.

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

8. Deferred contributions

Deferred contributions are comprised of amounts restricted for the funding of expenses to be incurred in the future and are composed of cash and other assets. The movement of the deferred contributions is as follows:

									2024
	General	COVID-19	Employment and Social Development Canada	Türkiye Syria Earthquake	BC Floods 2021	Ukraine	Alberta Fires 2016	BC Fires 2017	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	135,163	24,991	161,335	37,532	26,166	55,993	5,174	11,223	457,577
Donations and grants received	151,011	2,519	3,000	5,598	2,563	5,526	—	—	170,217
Interest earned and deferred	4,137	598	4,659	775	1,081	2,931	252	482	14,915
Recognized as revenue	(149,808)	(9,537)	(110,925)	(32,994)	(3,241)	(18,701)	(777)	(6,257)	(332,240)
Reallocated among funds	2,268	(1,940)	—	—	(328)	—	—	—	—
Reallocated to deferred contributions	(1,133)	—	—	—	—	—	—	—	(1,133)
Closing balance	141,638	16,631	58,069	10,911	26,241	45,749	4,649	5,448	309,336
Deferred contributions - short-term	141,638	16,631	58,069	4,713	14,054	10,970	1,698	2,717	250,490
Deferred contributions - long-term	—	—	—	6,198	12,187	34,779	2,951	2,731	58,846

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

8. Deferred contributions (continued)

	2023								
	General	COVID-19	Employment and Social Development Canada	Türkiye Syria Earthquake	BC Floods 2021	Ukraine	Alberta Fires 2016	BC Fires 2017	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	106,181	29,941	—	—	41,039	78,083	7,923	18,325	281,492
Donations and grants received	183,157	38,323	161,984	40,771	1,697	78,250	—	—	504,182
Interest earned and deferred	1,118	276	1,685	142	386	1,737	195	185	5,724
Recognized as revenue	(144,939)	(49,889)	(2,334)	(3,644)	(16,956)	(102,228)	(2,633)	(7,287)	(329,910)
Reallocated among funds	(6,443)	6,340	—	263	—	151	(311)	—	—
Reallocated to deferred contributions	(3,911)	—	—	—	—	—	—	—	(3,911)
Closing balance	135,163	24,991	161,335	37,532	26,166	55,993	5,174	11,223	457,577
Deferred contributions - short-term	135,163	24,991	161,335	37,532	26,166	29,242	1,904	7,403	423,736
Deferred contributions - long-term	—	—	—	—	—	26,751	3,270	3,820	33,841

The amounts recognized as revenue in respect of COVID-19, Employment and Social Development Canada, Türkiye Syria Earthquake, BC Floods 2021, Ukraine, Alberta Fires 2016 and BC Fires 2017 are included as part of the Humanitarian Services revenue in the Detailed statement of operations - schedule.

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

9. Deferred contributions related to tangible capital and intangible assets

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

	2024	2023
	\$	\$
Balance, beginning of the year	9,386	9,340
Donations and grants received, used for the purchase of tangible capital and intangible assets during the year	3,625	2,325
Amortization of deferred contributions related to tangible capital and intangible assets	(2,656)	(2,250)
Gain on sale of tangible capital assets and assets held for sale	(12)	(29)
Balance, end of the year	10,343	9,386

10. Employee future benefits

The Society is the sponsor and administrator of a defined contribution and a defined benefit pension plan. During the year ended March 31, 2024, the Society's contribution to its employees' defined contribution pension plan was \$4,126 (\$4,110 in 2023).

The Society discontinued the defined benefit option of its pension plan on September 30, 1998. Members were given the option to convert their entitlements to a defined contribution basis or to have an annuity purchased on their behalf. Certain members' elections with respect to the conversion of past service benefits accrued to the date of discontinuation have not been finalized; therefore, no annuities have been purchased on behalf of these individuals. The Society remains responsible for the frozen benefits accrued under the defined benefit option of the Plan up to September 30, 1998.

The Society also sponsors life and health benefits for its retired employees (Other Benefit Plans). However, effective September 30, 2020, post-retirement health benefits are no longer offered to new retirees. There is no impact on those employees who retired on or before that date. These benefits are not pre-funded.

The most recent actuarial valuation for the Society's defined benefit pension plan was performed in September 2022 and extrapolated to March 31, 2024. The next valuation for this plan will be performed as of September 2025. The most recent actuarial valuations for the Society's other defined benefit plans were performed in March 2022 and extrapolated to March 31, 2024. The next valuation for these plans will be performed by March 2025.

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

10. Employee future benefits (continued)

The information about the employee benefit plans is presented in the tables below:

	2024		2023	
	Defined benefit pension plan	Other defined benefit plans	Defined benefit pension plan	Other defined benefit plans
	\$	\$	\$	\$
Accrued benefit obligations, beginning of the year	3,117	4,014	3,230	5,141
Current service cost	—	—	—	—
Finance cost	125	197	129	216
Benefits paid	(197)	(606)	(237)	(636)
Actuarial loss	(185)	(169)	(5)	(707)
Accrued benefit obligations, end of the year	2,860	3,436	3,117	4,014
Fair value of plan assets	6,228	—	6,972	—
Defined benefit asset (liability)	3,368	(3,436)	3,855	(4,014)

The significant actuarial assumptions adopted in measuring the Society's accrued benefit obligations are as follows:

	2024		2023	
	Defined benefit pension plan	Other defined benefit plans	Defined benefit pension plan	Other defined benefit plans
Discount rate for obligations	5.10%	4.90%	4.00%	4.20%
Discount rate for expenses	4.00%	4.90%	4.00%	4.20%
Post-retirement indexation, 5.50% at January 1, 2023, 3.35% at January 1, 2024, 2.00% at January 1, 2025 and 1.75% per annum thereafter	3.35%	—%	1.75%	—%
Dental cost increases		4.00%		4.00%
Extended healthcare cost escalations, 6.60% per annum in 2019 grading down to 4.00% per annum in and after 2040		5.98%		6.10%
Hospital benefit cost escalation		4.00%		4.00%

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

10. Employee future benefits (continued)

Other information about the Society's benefit plans is as follows:

	2024		2023	
	Defined benefit pension plan	Other defined benefit plans	Defined benefit pension plan	Other defined benefit plans
	\$	\$	\$	\$
Employees and employer contributions	—	655	—	636
Benefits paid	197	606	237	636

11. Net Assets

The Society defines its capital as its net assets. Its objectives in managing capital are:

- to maintain a minimum reserve in its net assets, including \$35 million under the Legacy Fund, to ensure the ability to deliver on the operational plan priorities approved by the Board of Directors as well as continue operations in the face of unexpected events;
- to invest funds in financial instruments permitted under the Board of Directors' approved Statements of Investment Policies and Procedures ("SIP&P"); and
- to manage grants and donations with external restrictions in order to comply with the conditions for using these financial resources.

The Society monitors its net assets by reviewing various financial metrics, including cash flows and variances to forecasts and budgets.

Net asset management objectives, policies and procedures are unchanged since the preceding year.

The Society has complied with all the external requirements, including the requirements respecting the external restrictions.

12. Internally restricted funds

The Society restricts the use of portions of its unrestricted net assets for specific future uses. When incurred, related expenses are charged to operations and the balance of internally restricted net assets is reduced accordingly.

Internally restricted funds are comprised of:

- Legacy Fund: This fund provides investment income to support operations. As at March 31, 2024, the cumulative amounts of \$80,247 (\$73,995 in 2023) internally restricted and \$2,249 (\$1,454 in 2023) endowed are reserved to both ensure the ability to continue operations in the face of unexpected events and provide investment income to support operations. The Society allocates annually up to 3% of the average prior three-year fair value of the fund to the unrestricted reserves to support operations.
- Strategic Investment Reserve Fund ("SIRF"): This fund was reserved to finance strategic initiatives. Effective December 31, 2023, it was closed and merged into the general reserve funds of the Society to allow greater cash flow flexibility. The cumulative amount internally restricted at the time of transfer was \$16,826 (2023 - \$27,159).
- Other: This category was comprised of the COVID-19 Insurance Fund and Tsunami Fund. Effective December 31, 2023, the COVID-19 Insurance Fund was closed and merged into the general reserve funds of the Society as no pandemic-related claims ever arose. The cumulative amount at the time of transfer was \$5,400 (\$5,400 in 2023). The Tsunami Fund has a cumulative amount of \$17 (\$23 in 2023).

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

13. Commitments

The Society has entered into various operating leases for buildings and equipment. The minimum annual lease payments for the next five fiscal years are as follows:

	\$
2025	9,011
2026	7,820
2027	7,009
2028	4,434
2029	1,760

The Society has also committed a total amount of \$91,240 (\$53,802 in 2023) under signed contracts where the services have yet to be delivered. In addition, \$13,421 (\$167,280 in 2023) of uncontracted commitments have been agreed upon. Of this amount, all are expected to be expended within five years.

14. Contingent liabilities and guarantees

The Society receives contributions from federal and provincial funding agencies that are subject to restrictions as to the use of the funds. The Society's accounting records, as well as those of member institutions subcontracted to execute the projects, are subject to audit 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.

In the normal course of operations, the Society provides indemnification agreements with various counterparties in transactions such as service agreements, software licenses, leases, and purchases of goods. Under these agreements, the Society agrees to indemnify the counterparty against loss or liability arising from the acts or omissions of the Society in relation to the agreement. The nature of the indemnification agreements prevents the Society from making a reasonable estimate of the maximum potential amount that the Society would be required to pay such counterparties.

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

15. Fundraising

Fundraising revenue and expenses are as follows:

	2024	2023
	\$	\$
Revenue		
Bequests	21,218	12,307
Direct marketing	73,174	68,105
Special events and other fundraising	21,709	22,069
	116,101	102,481
Direct expenses		
Bequests	1,254	1,391
Direct marketing	31,830	35,817
Special events and other fundraising	14,728	15,766
	47,812	52,974
	68,289	49,507

During the year, the Society received donations amounting to \$113,467 unrestricted (\$98,748 in 2023) and \$2,634 restricted (\$3,733 in 2023). In addition, the Society received restricted donations accounted for as program revenue of \$13,485 (\$10,428 in 2023) and restricted donations accounted for as deferred contributions of \$65,369 (\$138,880 in 2023), for total fundraising of \$194,955 (\$251,789 in 2023) raised during the year.

16. Allocation of expenses

Net support services are allocated directly to programs. During the year, they were allocated as follows:

	2024	2023
	\$	\$
Organizational capacity	19,482	24,518
Humanitarian services:		
Emergency management	39,638	44,410
International programming	3,130	4,456
Total Humanitarian services	42,768	48,866
Health:		
Prevention and safety	3,458	4,332
Community health and wellness	12,663	7,167
Total Health	16,121	11,499
	78,371	84,883

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

17. Changes to net assets invested in tangible capital and intangible assets

Net changes are comprised of the following:

	2024	2023
	\$	\$
Amortization of tangible capital and intangible assets	(10,508)	(8,313)
Amortization of deferred contributions related to tangible capital and intangible assets	2,656	2,250
Gain on sale of tangible capital assets and assets held for sale	1,003	9,929
Proceeds on sale of tangible capital assets and assets held for sale	(1,664)	(12,163)
Acquisitions of tangible capital and intangible assets	16,245	20,786
Increase in deferred contributions related to tangible capital and intangible assets	(3,625)	(2,325)
	4,107	10,164

18. Financial risks

The Society is subject to the following risks from its financial instruments:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, namely foreign currency risk, interest rate risk and other price risk:

Foreign currency risk

The Society operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. Foreign exchange risk is not significant as risk is limited to USD and other foreign currency cash holdings totaling \$5,867 (\$4,611 in 2023).

Interest rate risk

Interest rate risk refers to adverse consequences of interest rate changes on the Society cash flows, financial position, investment income and interest expense. The Society's exposure to interest rate risk is limited to its fixed income investments as disclosed in Note 4. The fair value of financial instruments having fixed rates of interest could fluctuate because of changes in market interest rates. The potential impact of adverse changes in rates is not considered significant. Bank indebtedness bears interest at variable interest rates. As a result, the Society is subject to the interest rate risk based on the fluctuation of the prime rate. However, an increase would not have a material impact on the Society's results and financial condition.

The Canadian Red Cross Society
Notes to the financial statements

March 31, 2024

(in thousands of dollars)

18. Financial risks (continued)

Market risk(continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society is exposed to other price risk with respect to its long-term investments, its holdings of pooled fund investments and equity investments as disclosed in Note 4. There has been no significant change in this exposure from the previous period.

Liquidity risk

Liquidity risk is the risk that the Society will be unable to fulfill its obligations associated with financial liabilities or to meet cash requirements on a timely basis or a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The liquidity risk associated with accounts receivable is the most material for the Society to fulfill its obligations. As at March 31, 2024, the most significant financial liabilities are the accounts payable and accrued liabilities.

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 Society's accounts receivable represent credit provided for the Society's programs. The Society extends credit to its authorized providers and funding agencies. The Society's Humanitarian Services programs represent 95% (2023 - 96%) of the total accounts receivable. The credit is provided mainly to federal and provincial governments and, accordingly, presents minimal credit risk to the Society.

The maximum credit exposure of the Society is represented by the fair value of the investments and amounts receivable as presented in the Statement of financial position. The Society has an allowance for doubtful accounts of \$1,563 (\$3,176 in 2023), including a provision for accrued receivables.

There has been no significant change in the risk exposures of the Society in the year.

19. Restructuring

Starting in 2023, the Society implemented an Organizational Consolidation and Optimization project to consolidate and reduce infrastructure costs. Restructuring activities associated with this project are expected to carry over into the 2025 fiscal year. To-date in 2024, costs incurred have totaled \$2,997 (\$143 in 2023), mainly for employment-related obligations.

The Canadian Red Cross Society

Notes to the financial statements

March 31, 2024

(in thousands of dollars)

20. Ongoing COVID-19 programs

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and societal impact. There were no significant impacts to the Society prior to that time.

During the year ended March 31, 2024, the COVID-19 pandemic continued to have a significant impact on operating revenues and expenditures of the Society with total operating revenues of \$120,704 (\$41,116 in 2023) received to fund the Society's emergency response efforts.

During the year ended March 31, 2023, the Society entered into a \$164,984 contribution agreement with Employment and Social Development Canada to deliver a granting program as part of the Community Services Recovery Fund to respond to the adaptation and modernization needs of non-profit and charitable Community Service Organizations facing immediate and long-term impacts of the COVID pandemic as they continue to support communities. During the current fiscal year, \$110,925 of revenues have been recognized (\$2,334 in 2023), with the remainder in externally restricted cash and deferred contributions (see notes 3 and 8).

21. Bank indebtedness

The Society has a revolving demand facility with the Royal Bank of Canada for \$30,000 which is secured with a general security providing first ranking over the Society's assets. Interest payable on the facility is under a flat rate interest arrangement at prime + 0.0%. As of March 31, 2024, prime was 7.2% (6.7% in 2023) and nil was drawn against this facility (\$3,238 in 2023).

22. Comparative information

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

The Canadian Red Cross Society
Detailed statement of operations - schedule

Year ended March 31, 2024

(in thousands of dollars)

	Notes	2024			2023		
		Revenue	Expenses	Net	Revenue	Expenses	Net
		\$	\$	\$	\$	\$	\$
Organizational capacity							
Fundraising	15	116,101	47,812	68,289	102,481	52,974	49,507
Governance and general management		—	16,541	(16,541)	—	24,403	(24,403)
		116,101	64,353	51,748	102,481	77,377	25,104
Core programs							
Humanitarian services							
Emergency management		360,077	407,296	(47,219)	470,022	504,867	(34,845)
International programming		19,551	22,888	(3,337)	22,313	25,831	(3,518)
Total Humanitarian services		379,628	430,184	(50,556)	492,335	530,698	(38,363)
Health							
Prevention and safety		23,375	22,370	1,005	20,509	21,418	(909)
Community health and wellness		53,373	63,463	(10,090)	48,808	52,521	(3,713)
Total Health		76,748	85,833	(9,085)	69,317	73,939	(4,622)
		456,376	516,017	(59,641)	561,652	604,637	(42,985)
Deficit of revenue over expenses before the undernoted		572,477	580,370	(7,893)	664,133	682,014	(17,881)
Other income and expenses							
Organizational Consolidation and Optimization restructuring	19	—	2,940	(2,940)	—	143	(143)
Investment income		9,316	538	8,778	2,209	1,013	1,196
Gain on sale of tangible capital assets and assets held for sale	5, 6	992	(11)	1,003	9,929	—	9,929
Deficit of revenue over expenses		582,785	583,837	(1,052)	676,271	683,170	(6,899)