

CARE Canada

Financial Statements
June 30, 2024



Independent auditor's report

To the Board of Directors of CARE Canada

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, 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.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at June 30, 2024;
- the statement of operations for the year then ended;
- the statement 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.

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.

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



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 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.

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 5, 2024

CARE Canada

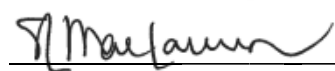
Statement of Financial Position

As at June 30, 2024

(in thousands of dollars)

	2024 \$	2023 \$
Assets		
Current assets		
Cash and cash equivalents	37,340	46,189
Amounts receivable	562	689
Program advances	2,868	4,883
Contributions receivable from donors	2,407	4,452
Government remittances receivable	565	297
Prepaid expenses	235	127
	43,977	56,637
Restricted investments (note 4)	241	245
Capital assets (note 5)	256	2,935
	44,474	59,817
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,716	2,960
Program payables	4,859	4,918
Government remittances payable	4	3
Deferred contributions (note 4)	27,568	44,498
	36,147	52,379
Deferred contributions (note 4)	230	230
	36,377	52,609
Fund balances		
Annual fund		
Unrestricted	7,841	4,273
Invested in capital assets	256	2,935
	8,097	7,208
	44,474	59,817
Commitments and contingent liabilities (note 8)		

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, 2024

(in thousands of dollars)

	2024 \$	2023 \$
Support and revenue		
Fundraising	8,083	7,655
Canadian funded	62,282	49,975
Globally funded	1,531	767
CARE International members	1,614	1,953
Investment and other income	718	1,086
	<hr/>	<hr/>
Total income	74,228	61,436
	<hr/>	<hr/>
Expenses		
Program activities		
Humanitarian programs	32,977	23,929
Development programs		
Food & Nutrition Security and Resilience to Climate Change	9,697	6,563
Sexual, Reproductive and Maternal Health	10,263	9,605
Women's Economic Empowerment	9,006	10,162
Other	1,656	1,194
Country office management and international programming	1,266	1,300
	<hr/>	<hr/>
	64,865	52,753
	<hr/>	<hr/>
Support services		
Management and general	7,480	6,110
Fundraising, public and donor relations	1,207	1,207
Membership in CARE International	461	506
	<hr/>	<hr/>
	9,148	7,823
	<hr/>	<hr/>
Total expenses	74,013	60,576
	<hr/>	<hr/>
Excess of revenue over expenses before sale of assets	215	860
Gain on sale of building	674	-
	<hr/>	<hr/>
Excess of revenue over expenses	889	860
	<hr/>	<hr/>

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, 2024

(in thousands of dollars)

	Annual Fund		
	Unrestricted \$	Invested in capital assets \$	Total \$
Fund balances as at July 1, 2022	3,576	2,772	6,348
Excess of revenue over expenses	860	-	860
Net change in invested in capital assets ¹	(163)	163	-
Fund balances as at June 30, 2023	4,273	2,935	7,208
Excess of revenue over expenses	889	-	889
Net change in invested in capital assets ¹	2,679	(2,679)	-
Fund balances as at June 30, 2024	7,841	256	8,097

	2024 \$	2023 \$
¹ Net change in invested in capital assets		
Acquisition of capital assets	-	123
Disposal of capital assets	(2,441)	-
Amortization of capital assets	(238)	(271)
Net repayment of long-term debt	-	311
	(2,679)	163

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

CARE Canada

Statement of Cash Flows

For the year ended June 30, 2024

(in thousands of dollars)

	2024 \$	2023 \$
Operating activities		
Excess of revenue over expenses	889	860
Items not affecting cash		
Amortization of capital assets	238	271
Gain on sale of building	(674)	-
	453	1,131
Changes in non-cash operating working capital items		
Decrease (increase) in amounts receivable and government remittances receivable	(141)	420
Decrease in program advances	2,015	2,761
Decrease in contributions receivable from donors	2,045	2,534
Increase in prepaid expenses	(108)	(43)
Increase (decrease) in accounts payable and accrued liabilities and government remittances payable	(42)	237
Decrease in program payables	(59)	(201)
Increase (decrease) in deferred contributions	(16,131)	10,462
	(11,968)	17,301
Investing activities		
Acquisition of capital assets	-	(123)
Proceeds from sale of building	3,115	-
Decrease in restricted investments	4	4
	3,119	(119)
Financing activities		
Repayment of long-term debt	-	(311)
Net increase (decrease) in cash and cash equivalents during the year	(8,849)	16,871
Cash and cash equivalents – Beginning of year	46,189	29,318
Cash and cash equivalents – End of year	37,340	46,189

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

CARE Canada

Notes to Financial Statements

June 30, 2024

(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

Basis of preparation

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

These financial statements include the assets, liabilities, revenue and expenses of CARE Canada's operations in Canada and Cuba for which it has responsibility.

Controlled entity

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.

Use of estimates

The preparation of financial statements in accordance with ASNPO 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, 2024

(in thousands of dollars)

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.

CARE Canada only has one fund (the Annual Fund) for the year ended June 30, 2024. The Annual Fund reports resources to be used for CARE Canada's programs and administrative activities. This fund reports unrestricted resources and those invested in capital assets. There are no restricted funds for the year ended June 30, 2024 nor were there any for the year ended June 30, 2023.

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 restricted 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 income 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 the 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.

CARE Canada

Notes to Financial Statements

June 30, 2024

(in thousands of dollars)

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.

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 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, program advances, contributions receivable from donors, restricted investments, accounts payable and accrued liabilities, program payables and government remittances payable.

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 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, 2024

(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
Computer equipment	3 years
Computer software	1 to 7 years

Leases

Leases in which CARE Canada obtains substantially all the risks and rewards of ownership are classified as capital leases. CARE Canada records its capital leases as an acquisition of an asset and an assumption of an obligation. The asset value and the amount of the obligation, recorded at the inception of the lease, are the present value of the minimum lease payments. Each lease payment is allocated between the liability and interest expense so as to achieve a constant rate of interest on the recorded capital lease obligations. Equipment acquired under a capital lease is amortized over the term of the lease, or the expected useful life of the asset when the lease contains a purchase option. CARE Canada does not currently have any leases that are classified as capital leases.

All other leases are accounted for as operating leases wherein rental payments are recognized in the statement of operations on a straight-line basis over the terms of the leases. Lease inducements are accounted for as reductions of the lease expense over the term of the lease.

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. Non-monetary assets and liabilities are translated at the exchange rates prevailing at the transaction date. Revenue and expense denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the transaction date. Any resulting foreign exchange gains or losses are recorded in the statement of operations.

CARE Canada

Notes to Financial Statements

June 30, 2024

(in thousands of dollars)

Program advances denominated in foreign currencies are considered non-monetary assets and are translated into Canadian dollars at the exchange rate in effect at the transaction date. Expenses related to the program advance are recognized at the rate in effect at the date that the initial program advance was made.

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 Deferred contributions

Short-term deferred contributions represent externally restricted contributions to fund program expenses for the next 12 months.

CARE Canada

Notes to Financial Statements

June 30, 2024

(in thousands of dollars)

	2024 \$	2023 \$
Balance – Beginning of year		
Short-term deferred contributions	44,498	34,036
Contributions receivable from donors	(4,452)	(6,986)
	<u>40,046</u>	<u>27,050</u>
Amounts received during the year		
Cash	53,107	68,306
In kind	441	-
	<u>53,548</u>	<u>68,306</u>
Amounts recognized as revenue	<u>(68,433)</u>	<u>(55,310)</u>
Balance – End of year	<u>25,161</u>	<u>40,046</u>
Balance – End of year represented by		
Short-term deferred contributions	27,568	44,498
Contributions receivable from donors	(2,407)	(4,452)
	<u>25,161</u>	<u>40,046</u>

Contributions receivable include \$2,383 (2023 – \$4,428) associated with projects held with GAC.

Amounts recognized as revenue totalling \$68,433 (2023 – \$55,310) are allocated between Canadian funded and globally funded CARE International members.

Program advances consist of short-term deferred contributions advanced to other organizations that are unspent as at June 30, 2024.

Restricted investments

Long-term deferred contributions of \$230 (2023 – \$230) represent restricted investments in fixed income securities. The principal of \$230 must be maintained until 2031. The fair value of the restricted investments is \$241 (2023 – \$245), which consist of secured investments. Coupon rates on the Canadian bank GICs as at June 30, 2024 range between 2.38% and 4.65% (2023 – between 3.05% and 4.62%) and mature between January 2025 and June 2027 (2023 – April 2024 and May 2025).

CARE Canada

Notes to Financial Statements

June 30, 2024

(in thousands of dollars)

5 Capital assets

	2024		2023	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	-	-	-	249
Buildings	-	-	-	2,263
Computer equipment	239	148	91	132
Computer software	632	467	165	255
Building improvements	-	-	-	36
	871	615	256	2,935

Amortization expense for the year was \$238 (2023 – \$271).

On January 5, 2024, CARE Canada sold its land and building at 9 Gurdwara Road, Ottawa, Ontario, for the price of \$3,275. Cash flows of \$3,115 were received after fees and associated closing costs. As part of the disposal process, office equipment, computer software and computer equipment was also derecognized. A gain of \$674 on the sale of the building is recorded in the statement of operations.

6 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 \$368 during the year ended June 30, 2024 (2023 – \$318).

7 Controlled entity

CARE Canada has committed to provide funds to the CEP Investment Trust to fund certain investment activities, including loans to enterprises in developing countries. There was \$3 in loans outstanding between CEP Investment Trust and CARE Canada as at June 30, 2024 (2023 – nil).

CEP Investment Trust has a non-contemporaneous year-end (December 31). As at December 31, 2023, CEP Investment Trust had total assets of \$1 (2022 – \$2), total liabilities of \$8 (2022 – \$8) and a capital deficit of \$12 (2022 – deficit of \$6). Total revenues in 2023 were \$18 (2022 – nil), and expenses were \$1.5 (2022 – \$1.5).

(in thousands of dollars)

8 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.

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’s estimated exposure in this dispute has been reflected in these financial statements and is included in accounts payable and accrued liabilities at \$925.

The second dispute related to reporting compliance was resolved in 2024 in CARE Canada’s favour and the previous estimated exposure of \$695 was reversed from accounts payable and accrued liabilities in the fiscal year.

Operating leases

The aggregate minimum annual commitments under operating leases for the rental of office space are as follows:

	\$
2025	102
2026	102
2027	108
2028	108
2029	63
	<hr/>
	483
	<hr/>

CARE Canada also reimburses the landlord for a portion of operating costs and realty taxes.

9 Line of credit

A secure line of credit of \$250 (2023 – \$2,000) is available for use by CARE Canada. Advances under the line of credit bear interest at the bank’s prime rate + 1% and are repayable on demand. As at June 30, 2024 and 2023, there was no outstanding balance.

CARE Canada

Notes to Financial Statements

June 30, 2024

(in thousands of dollars)

10 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.

11 Financial instruments

Fair values

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

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with its financial liabilities. CARE Canada is exposed to liquidity risk mainly with respect to its accounts payable and accrued liabilities. Cash flows from operations provide a substantial portion of CARE Canada's cash requirements. CARE Canada also has a line of credit as described in note 9. The full amount of the facility is available as at June 30, 2024.

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.

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.

CARE Canada

Notes to Financial Statements

June 30, 2024

(in thousands of dollars)

The Canadian values of amounts denominated in foreign currencies are as follows:

	2024		2023	
	Assets \$	Liabilities \$	Assets \$	Liabilities \$
United States dollars	14,961	11,270	12,452	14,630
British pounds	-	3	61	-
Euros	1	4	147	-
Kenyan shillings	-	-	53	63
Zambian kwachas	-	-	190	79
	14,962	11,277	12,903	14,772

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 is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest instruments subject CARE Canada to fair value risk, while floating rate instruments subject it to cash flow risk. As at December 31, 2023, the CARE Canada's exposure to interest rate risk is as follows:

Cash and equivalents	Floating rate
Canadian bank GICs	Fixed

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

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 cash and cash equivalents, restricted investments, amounts receivable, program advances and contributions receivable from donors.

Substantially all of CARE Canada's cash and cash equivalents are maintained at major financial institutions; therefore, CARE Canada considers the risk of non-performance of these instruments to be remote.

CARE Canada

Notes to Financial Statements

June 30, 2024

(in thousands of dollars)

12 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 \$2,737 (2023 – \$3,721). This figure does not include non-receptable fundraising revenues received during the year from other charitable organizations.

13 Comparative figures

Certain comparative figures have been reclassified to conform with the current year financial statement presentation.