

ADRA Canada
Financial Statements
For the Year Ended March 31, 2016



*Smith
Chappell
Marsh
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INDEPENDENT AUDITORS' REPORT

To the Directors of
ADRA Canada

We have audited the accompanying financial statements of ADRA Canada which comprise the statement of financial position as at March 31, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditors' Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made ready by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations, excess (deficiency) of revenue over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2016, 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.

Smith Chuggall Marsh Velanku LLP

September 7, 2016
Oshawa, Ontario

Chartered Accountants,
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

	2016	2015
ASSETS		
Current		
Cash	\$ 9,387,941	\$ 3,759,029
Short-term investments <i>[note 3]</i>	1,144,757	1,781,213
Accounts receivable <i>[note 4]</i>	104,638	130,131
Prepaid program expenses	1,590,921	625,186
Prepaid expenses	32,936	16,850
Total current assets	12,261,193	6,312,409
Investments <i>[note 3]</i>	1,251,033	821,390
Capital assets, net <i>[note 5]</i>	1,610,370	1,634,044
	\$ 15,122,596	\$ 8,767,843
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities <i>[note 6]</i>	\$ 254,140	\$ 219,656
Deferred income	547,413	41,497
Deferred contributions <i>[note 7]</i>	7,164,302	2,009,640
Total liabilities	7,965,855	2,270,793
Contingencies <i>[note 12]</i>		
Net assets		
Unrestricted	4,296,371	3,613,006
Internally restricted	1,250,000	1,250,000
Invested in capital assets	1,610,370	1,634,044
Total net assets	7,156,741	6,497,050
	\$ 15,122,596	\$ 8,767,843

See accompanying notes

On behalf of the Board of Directors

Director_____
Director

ADRA Canada

STATEMENT OF OPERATIONS

Year ended March 31

	2016	2015
Unrestricted revenue		
Private donations	\$ 1,815,538	\$ 1,592,476
Administrative funding	1,055,927	728,880
Investment income	(83,090)	263,354
Other income	19,932	16,011
Total unrestricted revenue	2,808,307	2,600,721
Restricted revenue used		
Donations from other organizations	4,552,639	4,852,069
DFATD contributions [note 2 and 7]	6,232,221	4,167,618
Private donations	1,231,994	697,408
	12,016,854	9,717,095
Total revenue	14,825,161	12,317,816
Program activities		
Development program		
DFATD - development projects	737,146	846,980
Development projects	2,813,698	2,920,257
Development program management	653,819	471,996
Development program monitoring and evaluation	23,540	17,849
Volunteer projects	136,711	69,470
Training and capacity building	-	4,726
Total development programs	4,364,914	4,331,278
Humanitarian and emergency assistance		
Emergency management projects	2,704,499	2,734,374
DFATD - international humanitarian assistance	5,257,970	3,617,097
Emergency program management	272,416	164,246
Emergency program monitoring and evaluation	62,890	47,715
Total humanitarian and emergency assistance	8,297,775	6,563,432
Canadian programs		
Canadian projects	150,000	142,503
Canadian program management	134,093	89,810
Canadian development education	56,423	17,856
Total program expenses	340,516	250,169
Support services		
Management and administration	550,444	514,825
Public fundraising and donor relations	611,821	447,191
	1,162,265	962,016
Total program and support service expenses	14,165,470	12,106,895
Excess of revenue over expenses	\$ 659,691	\$ 210,921

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	2016	2015
Unrestricted net assets, beginning of year	\$ 3,613,006	\$ 3,432,813
Excess (deficiency) of revenue over expenses	717,103	269,976
Capital assets acquired	(33,738)	(89,783)
Transfer from internally restricted net assets	-	-
Unrestricted net assets, end of year	4,296,371	3,613,006
Internally restricted net assets, beginning of year	1,250,000	1,250,000
Transfer to unrestricted net assets	-	-
Internally restricted net assets, end of year	1,250,000	1,250,000
Invested in capital assets, beginning of year	1,634,044	1,603,316
Excess (deficiency) of revenue over expenses	(57,412)	(59,055)
Capital assets acquired	33,738	89,783
Invested in capital assets, end of year	1,610,370	1,634,044
Total net assets, end of year	\$ 7,156,741	\$ 6,497,050

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31

	2016	2015
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 659,691	\$ 210,921
Add (deduct) items not involving cash:		
Amortization of capital assets	57,412	59,055
Unrealized appreciation in market value	(152,271)	(157,681)
Decrease in accounts receivable	25,493	27,945
Decrease (increase) in prepaid program expenses	(965,735)	20,391
Decrease (increase) in prepaid expenses	(16,086)	8,466
Increase in accounts payable and accrued liabilities	34,484	86,687
Increase (decrease) in deferred income	505,916	(31,154)
Increase (decrease) in deferred contributions	5,154,662	(379,994)
Gain on maturity of investments	1,405	311,149
Cash provided by (used in) operating activities	5,304,971	155,785
Investing activities		
Proceeds from maturity of investments	1,352,188	2,516,922
Purchase of investments	(994,509)	(2,404,888)
Purchase of capital assets	(33,738)	(89,783)
Cash provided by (used in) investing activities	323,941	22,251
Net increase in cash during the year	5,628,912	178,036
Cash, beginning of year	3,759,029	3,580,993
Cash, end of year	\$ 9,387,941	\$ 3,759,029

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

1. PURPOSE OF THE ORGANIZATION

ADRA Canada is an independent humanitarian agency working around the globe and within Canada to help people overcome poverty, disease, and illiteracy, as well as the suffering that results from crisis situations and natural disasters. With the specific purpose of relief and development, ADRA Canada extends emergency aid and promotes self-reliance around the world and within Canada. ADRA Canada was established in 1985 and is incorporated without share capital under the Canada Not-for-profit Corporations Act. ADRA Canada is a registered charity which is exempt from income taxes under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of ADRA Canada. The significant policies have been described below to enhance the usefulness of the financial statements to the reader. The financial statements of ADRA Canada have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations Part III of the CPA Canada Handbook which is generally accepted by the Seventh-day Adventist denomination.

Revenue recognition

ADRA Canada follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes interest income, dividend income, and realized and unrealized investment gains and losses. Investment income is recognized as revenue when earned.

Government of Canada and other contributions

ADRA Canada enters into contracts with the Government of Canada, namely, the Department of Foreign Affairs, Trade and Development Canada (DFATD), formerly, Canadian International Development Agency (CIDA) and other donors for the funding of projects in various countries. These funds are to be kept in a separate interest-bearing bank account. When expenses are incurred, revenue is recorded in the statement of operations. Any indirect cost recovery, management fee or procurement fee that is applicable to ADRA Canada is recorded as revenue in the statement of operations in accordance with the terms of the individual contracts.

Contributions received in excess of donors' share of funds expended in the current year for project activities represent unspent externally restricted contributions for expenditures in future years, and are shown on the statement of financial position as deferred contributions. Funds advanced to fund projects but not yet spent are shown on the statement of financial position as prepaid program expenses.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are initially recorded at their acquisition cost, including related transaction costs, on the date of trade. Investments in publicly-traded securities, debt instruments, and mutual funds are subsequently adjusted to fair value at year-end, and the corresponding unrealized gain or loss is reflected in the statement of operations.

Capital assets

Capital assets are recorded at cost when purchased or at fair market value at date of gift. Capital assets that cost less than \$1,000 are not capitalized, but are charged to expense. Amortization is provided annually on a straight-line basis at rates calculated to write-off the assets over their estimated lives as follows. The building has a residual value of \$400,000.

Computer equipment	3 - 6 years
Furniture and equipment	5 - 15 years
Building	50 years

Contributed services

Volunteers contribute a significant number of hours each year to assist ADRA Canada in fundraising campaigns and implementing programs provided by ADRA Canada. Because of the difficulty of measurement, contributed services are not reflected in the financial statements.

Employee future benefits

Defined contribution plan accounting is applied to a multi-employer, defined benefit, final average earnings non-contributory pension plan. Accordingly, contributions are expensed as due.

Financial instruments

Financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities. As at March 31, 2016, the fair market value of these financial instruments approximated their carrying value. ADRA Canada is subject to credit risk with respect to its accounts receivable and interest rate. Cash has a concentration risk due to the amounts exceeding the maximum covered by the Canadian Deposit Insurance Corporation.

ADRA Canada is subject to the following significant risks arising from financial instruments with respect to its investments:

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

ADRA Canada held financial instruments in foreign currencies. Financial instruments included assets in U.S. dollars of **\$289,064** [2015 - \$537,824].

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the statement of financial position. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the date of the transaction.

Revenues and expenses denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect on the date of the transactions. Any foreign exchange gain or loss is included in the determination of excess (deficiency) of revenue over expenses for the year.

Use of estimates and assumptions

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures made to the financial statements and accompanying notes. These estimates and assumptions are based on management's historic experiences, best knowledge of current events, and conditions and activities that may be undertaken in the future. Actual results could differ from those estimates.

3. INVESTMENTS

	2016	2015
Publicly traded securities	\$ 1,087,814	\$ 1,372,983
Fixed income	1,251,033	821,390
Hedge funds	-	384,138
Mutual funds	56,943	24,092
	<u>2,395,790</u>	<u>2,602,603</u>
Less short-term portion	(1,144,757)	(1,781,213)
	<u>\$ 1,251,033</u>	<u>\$ 821,390</u>

Fixed income bonds have varying maturity dates from 1.5 years to 90.5 years and bear interest between 1.7% and 6.5%.

4. ACCOUNTS RECEIVABLE

	2016	2015
Government sales tax rebate	\$ 43,973	\$ 31,069
Accrued interest	13,257	12,268
Canadian Foodgrains Bank ["CFGB"]	-	47,956
Other	47,408	38,838
	<u>\$ 104,638</u>	<u>\$ 130,131</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5. CAPITAL ASSETS

	2016			2015
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 194,520	\$ -	\$ 194,520	\$ 194,520
Building	1,317,694	44,979	1,272,715	1,290,973
Furniture and equipment	162,956	75,700	87,256	96,286
Computer equipment	166,768	110,889	55,879	52,265
	<u>\$ 1,841,938</u>	<u>\$ 231,568</u>	<u>\$ 1,610,370</u>	<u>\$ 1,634,044</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade payables	\$ 177,730	\$ 126,141
Accrued vacation	48,815	39,330
Wages payable	27,595	54,185
	<u>\$ 254,140</u>	<u>\$ 219,656</u>

7. DEFERRED CONTRIBUTIONS

	Deferred balance 2015	Total received	Total expended	Transfers	Deferred balance 2016
Private donations	\$ 1,032,880	\$ 1,016,518	\$ (1,131,405)	\$ 129,158	\$ 1,047,151
Partner contributions	433,536	4,968,783	(4,552,639)	(127,232)	722,448
Volunteer programs	14,617	110,505	(100,589)	(1,926)	22,607
Annuitant contributions	5,000	-	-	-	5,000
DFATD program advances	523,607	11,075,710	(6,232,221)	-	5,367,096
	<u>\$ 2,009,640</u>	<u>\$17,171,516</u>	<u>\$ (12,016,854)</u>	<u>-</u>	<u>\$ 7,164,302</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

8. DEPARTMENT OF FOREIGN AFFAIRS, TRADE AND DEVELOPMENT CANADA (DFATD) CONTRACTS

Securing Mothers' and Infants' Lives with Equity (SMILE) consortium contract

DFATD approved the grant for the SMILE project in Cambodia. This agreement ran from January 10, 2012 through September 30, 2015.

ADRA Canada's commitment		\$ 662,700
DFATD's commitment		1,988,099
Total value of contracts		2,650,799
Total expense for 2012	\$ 496,971	
Total expense for 2013	808,283	
Total expense for 2014	738,846	
Total expense for 2015 [see below]	625,026	2,669,126
Covered by ADRA Canada		\$ (18,327)

The following is a summary of the expenditures for the SMILE project in Cambodia:

	SMILE Project DFATD	SMILE Project ADRA	Total expenditure
Programs	\$ 392,608	\$ 130,869	\$ 523,477
Overhead	50,181	16,727	66,908
Salaries and benefits	23,316	7,772	31,088
Monitoring and evaluation	2,593	865	3,458
Consultants	71	24	95
	\$ 468,769	\$ 156,257	\$ 625,026

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

8. DFATD CONTRACTS (continued)

Restoring, Empowering, and Protecting Livelihood (REAP) post Typhoon Haiyan consortium contract

DFATD approved the grant for the REAP project in the Philippines. This consortium project includes ADRA Canada (lead), ADRA Philippines (implementing), World Renew Canada (co-donor), and World Renew Philippines (implementing). This agreement runs from August 24, 2015 through March 31, 2019.

DFATD's commitment	\$ 4,215,986
ADRA Canada's commitment	607,748
World Renew's commitment	406,331
Total value of contracts	5,230,065
Total expense for 2015/16 [see below]	482,970
Balance to be expensed	\$ 4,747,095

The following is a summary of the expenditures for the REAP project in the Philippines:

	REAP Project DFATD	REAP Project ADRA	REAP Project World Renew	Total expenditure
Programs	\$ 277,086	\$ 52,075	\$ 39,717	\$ 368,878
Salaries and benefits	-	46,207	4,320	50,527
Overhead	35,906	-	-	35,906
Monitoring and evaluation	14,127	3,076	455	17,658
Consultants	8,001	2,000	-	10,001
	\$ 335,120	\$ 103,358	\$ 44,492	\$ 482,970

Enhance Mother/newborn/child Health in Remote Areas through Health Care and Community Engagement (EMBRACE) consortium contract

DFATD approved the grant for the EMBRACE project to be implemented in Cambodia, Myanmar, the Philippines and Rwanda. The consortium project includes ADRA Canada, implementing partners namely; ADRA Cambodia, ADRA Myanmar, ADRA Philippines and ADRA Rwanda as well as Canadian based consortium partners - Hincks Dellcrest Institute, Laurentian University of Sudbury and Youth Challenge International. This agreement runs from February 8, 2016 to September 30, 2020. Project activities will terminate on March 31, 2020.

DFATD's commitment	\$ 20,805,689
ADRA Canada's commitment	5,202,525
Total value of contracts	26,008,214
Total expense for 2015/16 [see below]	282,059
Balance to be expensed	\$ 25,726,155

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

8. DFATD CONTRACTS (continued)

The following is a summary of the expenditures for the EMBRACE project:

	EMBRACE Project DFATD	EMBRACE Project ADRA	Total expenditure
Programs	\$ 130,647	\$ 27,441	\$ 158,088
Salaries and benefits	36,161	7,596	43,757
Consultants	35,778	7,516	43,294
Monitoring and evaluation	9,191	1,931	11,122
Overhead	25,798	-	25,798
	\$ 237,575	\$ 44,484	\$ 282,059

Emergency Response for Internally Displaced Persons (ERI), Ukraine

DFATD approved the grant for Early Recovery for Internally Displaced Persons (IDPs) in Ukraine. This agreement ran from October 21, 2014 through March 31, 2016.

ADRA Canada's commitment	\$ -
DFATD's commitment	\$ 1,650,000

Iraq Crisis - Winterization Assistance ERI, Iraq

DFATD approved the grant for essential relief items for IDPs in Iraq. This agreement ran from January 14, 2015 through December 31, 2015.

ADRA Canada's commitment	\$ -
DFATD's commitment	\$ 1,100,000

Support for Conflict Affected IDPs (SCAIDP) Kachin State, Myanmar

DFATD approved the grant for assistance to conflict affected population In Kachin State. This agreement ran from March 25, 2015 through March 31, 2016.

ADRA Canada's commitment	\$ -
DFATD's commitment	\$ 1,000,000

Shelter and Non-food Items Assistance Project (SNAP), Iraq

DFATD approved the grant for shelter and non-food items assistance for IDPs in Iraq. This agreement ran from March 25, 2015 through March 31, 2016.

ADRA Canada's commitment	\$ -
DFATD's commitment	\$ 1,400,000

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

8. DFATD CONTRACTS (continued)

Health Care to Earthquake Affected People in Nepal 2015 (HCN), Nepal

DFATD approved the grant for health care to earthquake affected in Nepal. This agreement ran from July 13, 2015 through December 31, 2015.

ADRA Canada's commitment	\$ -
DFATD's commitment	\$ 1,400,000

Myanmar Flood Assistance Project (MFAP), Myanmar

DFATD approved the grant for Myanmar flood assistance project. This agreement ran from August 27, 2015 through February 28, 2016.

ADRA Canada's commitment	\$ -
DFATD's commitment	\$ 840,000

Assistance to Conflict Affected Population (ACAP), Ukraine

DFATD approved the grant for assistance to conflict affected population in Ukraine. This agreement runs from March 15, 2016 through March 31, 2017.

ADRA Canada's commitment	\$ -
DFATD's commitment	\$ 1,000,000

Support to Conflict Affected IDPs in Kachin and Northern Shan States II (SCAIDP II), Myanmar

DFATD approved the grant for assistance to conflict affected population in Myanmar. This agreement runs from March 17, 2016 through May 31, 2017.

ADRA Canada's commitment	\$ -
DFATD's commitment	\$ 1,200,000

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

9. CANADIAN FOODGRAINS BANK (CFGB) CONTRACTS

The Mongolia MEAL contract runs from October 1, 2012 to September 30, 2017. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Food assistance for 2014	\$ 66,090	\$ 13,218
Food assistance for 2013	\$ 91,778	\$ 18,356
Food security for 2016	\$ 321,447	\$ 80,362
Food security for 2015	\$ 401,075	\$ 100,269
Food security for 2014	\$ 310,672	\$ 77,668
Food security for 2013	\$ 400,000	\$ 100,000
General account for 2014	\$ 161,438	\$ 80,719

The Cambodia contract runs from November 1, 2012 to October 31, 2016. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Nutrition for 2016	\$ 267,656	\$ 53,531
Nutrition for 2015	\$ 311,470	\$ 62,294
Nutrition for 2014	\$ 304,942	\$ 60,899
Nutrition for 2013	\$ 182,738	\$ 36,548

The Laos ONWARD contract runs from December 1, 2013 to May 31, 2017. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Nutrition for 2016	\$ 208,250	\$ 41,650
Nutrition for 2015	\$ 239,185	\$ 47,837
Nutrition for 2014	\$ 196,842	\$ 39,368

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

9. CFGB CONTRACTS (continued)

The Cambodia FSFA contract runs from June 1, 2013 to October 31, 2016. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Food security for 2016	\$ 166,418	\$ 1,605
Food security for 2015	\$ 221,022	\$ 25,256
Food security for 2014	\$ 202,286	\$ 50,572

The Kenya contract runs from September 1, 2014 to February 28, 2017. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Food security for 2016	\$ 224,347	\$ 56,087
Food Security for 2015	\$ 380,567	\$ 95,142
Food assistance for 2015	\$ 241,558	\$ 48,312

The Rwanda contract runs from July 1, 2014 to June 30, 2017. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Nutrition for 2016	\$ 297,081	\$ 59,416
Nutrition for 2015	\$ 260,654	\$ 52,131

The Cambodia contract runs from March 1, 2015 to April 30, 2019. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Nutrition for 2016	\$ 349,790	\$ 19,958
Nutrition for 2015	\$ 246,760	\$ 49,352

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

9. CFGB CONTRACTS (continued)

The Mongolia contract runs from January 1, 2015 to March 31, 2018. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Food security for 2016	\$ 233,236	\$ 58,309
Food security for 2015	\$ 244,542	\$ 61,136

The Philippines contract runs from July 1, 2015 to September 30, 2018. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Nutrition for 2016	\$ 238,122	\$ 47,624

The South Sudan contract runs from January 25, 2016 to January 24, 2017. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Nutrition for 2016	\$ 467,170	\$ -

The Somalia contract runs from August 1, 2015 to January 31, 2016. The following is a summary of the program:

	Total project cost	ADRA Canada's commitment
Nutrition for 2016	\$ 757,812	\$ 151,562

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

10. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

ADRA Canada is a participating employer in the following non-contributory, defined benefit pension plans:

1) Seventh-day Adventist Church Retirement Plan for Canadian Employees (Registered Plan) is registered with the Financial Services Commission of Ontario and with the Canada Revenue Agency. The Registered Plan covers substantially all employees who have completed two years of service and provides a defined benefit pension based on a benefit rate factor, pension factor, and credited service. Under the terms of the Registered Plan, each participating employer's required contribution consists of two parts; a pro-rated "amortization" portion of the unfunded past service cost and a "normal cost" amount for current service cost of active employees.

2) Supplemental Plan for Canadian Retired Employees (Supplemental Plan) provides benefits for healthcare, pension, retirement allowance and funeral allowance for all employees who meet the specified requirements. The Supplemental Plan is not a registered plan. The Supplemental Plan is unfunded; it receives contributions from participating employers in amounts sufficient only to cover the benefits actually paid each year.

The Registered Plan and Supplemental Plan are considered multi-employer plans for accounting purposes only. It is not reasonably possible to determine the actuarial present value of the accumulated benefit obligation or the plans' net assets for employees of ADRA Canada apart from other plan participants. As a result, ADRA Canada is required to account for its participation as if the plans were defined contribution plans. Required contributions during the year are included in program and support services expense in the statement of operations.

However, based on the latest actuarial information of the Registered Plan as a whole, as at December 31, 2015, the actuarially computed value of accumulated benefits was estimated to be \$149,633,000, and the market value of net assets was estimated to be \$127,436,000 for the Registered Plan as a whole, resulting in a funding deficit of \$22,197,000. As a participating employer, ADRA Canada is required to make contributions to the Plan in amounts which are subject to change as determined by the Plan's governing board.

The required contributions and expense recorded by ADRA Canada are as follows:

	2016	2015
Registered plan - amortization payment	\$ 13,248	\$ 3,583
Registered plan - normal cost	23,461	17,593
Supplemental plan - pension benefits	14,184	10,933
Supplemental plan - other post-retirement benefits	16,824	12,750
	\$ 67,718	\$ 44,859

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

11. RELATED PARTY TRANSACTIONS

ADRA Canada is affiliated with the Seventh-day Adventist Church in Canada by reason of shared board membership.

During the year, ADRA Canada received **\$851,773** in donations [2015 - \$849,639] from the Seventh-day Adventist Church in Canada and various Conferences across Canada.

An amount receivable of **\$0** [2015 - \$0] from the Seventh-day Adventist Church in Canada is included in accounts receivable at year-end.

An amount payable of **\$0** [2015 - \$0] to the Seventh-day Adventist Church in Canada is included in accounts payable and accrued liabilities at year-end.

12. CONTINGENCIES

As stated in Note 2, DFATD and other donor contributions are subject to conditions regarding the expenditure of the funds. ADRA Canada's accounting records, as well as those of the institutions subcontracted to execute the projects, are subject to audit by DFATD and other funding agencies to identify instances, if any, in which the amounts charged to projects have not complied with the terms and conditions, and which, therefore, would be refundable to the funding agency. Should any amounts become repayable as a result of these audits, such amount, if any, would be recorded in the period in which the liability becomes known. ADRA Canada is not aware of any non-compliance with the terms of donations received from DFATD or other donors.

13. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2016 financial statements.