

KEY HIGHLIGHTS

Canadian Red Cross released its 3-month report on Fort McMurray activities in early August. Canadian Red Cross (CRC) received \$43 million more funding for Fort McMurray relief efforts: \$29 million in donations and \$14 million from the Federal Government bringing **total funding to \$299 million**. This compares with \$45 million for Alberta Flood relief in 2013, \$14.5 million for Lac Megantic in 2013, and \$5.5 million for Slave Lake in 2011. CRC's relief efforts for Fort McMurray received in these 2 months more in donations than most Major 100 charities receive in an entire year.

With this extremely high level of funds, Canadian Red Cross will be challenged to spend this money quickly and effectively. Curiously Canadian Red Cross is still fundraising for Fort McMurray disaster response¹.

With existing commitments of \$178 millions, Canadian Red Cross announced new commitments to spend an additional \$92 million:

- **\$62 million for more Canadian Red Cross programs: \$50 million for Canadian Red Cross aid** including financial aid to individuals and families for rent, mortgage payments, clean up repair, replacing household items and appliances,
- **\$12 million for Canadian Red Cross programs to build community resilience and disaster preparedness.**
- **\$30 million to fund small and mid-sized businesses** in Fort McMurray.

All funds are now committed. In total, \$99 million spent on direct aid, \$77 million to pay out to Fort McMurray organizations (charities and businesses) and \$112 million budgeted for more Canadian Red Cross programs.

In disaster response, speed matters. In the first 3 months of Fort McMurray disaster response, Canadian Red Cross **spent 55% of total funding, \$165 million, in the first 3 months – its fastest ever disaster response**. This compares with 30% of funding spent in the first 3 months in the Alberta Floods response. The quickness was due to the direct cash transfers of \$75 million. Following on the \$124 million CRC spent in May, spending slowed in June and July to \$41 million.

CRC's distributed less than \$5.5 million to local charities which is disappointing. This represents less than 11% of the announced commitment of \$50 million. Like individuals and families, local charities need money quickly to get back on their feet and meet local needs.

Charity Intelligence reviews CRC's disaster response through 4 major categories: direct aid to individuals and families, Canadian Red Cross programs, grants to local charities, and a new area for Fort McMurray, financial supports to local businesses.

1. EMERGENCY ASSISTANCE AND RELIEF – DIRECT AID

Canadian Red Cross – Emergency Assistance and Relief – Direct Aid \$ million	1 month	3 months	Future Commitment
Direct cash transfer – May 11 – Day 7	50		
Direct cash transfer – May 30 – Day 26	25		
Value of cash cards and vouchers		9	
<i>Transportation aid to Fort McMurray evacuees – budgeted</i>		15	
Total spending		99	-
Direct aid to individuals as % of total funding		33%	

Canadian Red Cross made direct transfers of \$75 million to all people in Fort McMurray. This was the unprecedented direct cash transfers of \$50 million announced on May 11 and \$25 million announced on May 30. On top of these direct transfers, Canadian Red Cross reports giving out to people an additional \$9 million in cash cards and vouchers.

Furthermore, Canadian Red Cross also budgeted \$15 million to help Fort McMurray residents return home paying for airplane and bus tickets. Canadian Red Cross reports buying more than 9,400 plane and bus tickets. This would average \$1,596 per transportation ticket. This budgeted amount looks high given that perhaps the most expensive transportation ticket, an Air Canada one-way ticket from Newfoundland to Fort McMurray, costs \$1,183. Surplus funds from this commitment will likely be reallocated to other areas.

In total, Canadian Red Cross gave \$99 million in direct funds to Fort McMurray residents. This aid was quickly distributed in the pressing early days following the disaster. This is the most effective form of disaster aid.

Direct aid accounts for 33% of the total funds Canadian Red Cross received. There are no future commitments in this disaster relief area.

2. CANADIAN RED CROSS PROGRAMS

Canadian Red Cross program spending was \$49.6 million in the first 3 months. This represents 17% of total funds.

Canadian Red Cross program spending \$ million	1 month	3 months	Future Commit- ment
Includes: supporting 8 evacuation centres with +2,500 cots, +3,000 blankets, +2,800 hygiene kits, registering evacuees recovery supplies (cleaning buckets and hygiene kits on re-entry), +930 families' hotel costs on returning to Fort McMurray, Deploying 2,630 Red Cross staff and volunteers, +174,860 hours, 13 call centres receiving +107,000 calls, Red Cross management and overhead costs	18 est.	47	50
Community resilience – preparing households to deal with future disasters.			12
Business support – hotline and call centre telephone support to Fort McMurray small businesses		2.6	
Canadian Red Cross program spending	18 est.	49.6	62
CRC Program spending as % of total funding	7%	17%	21%

Donor accountability would benefit from more information on Canadian Red Cross programs with financial breakdown on the \$49.6 million spent and the \$50 million in planned future spending. This planned future spending is a material 21% of total funding.

Canadian Red Cross reports are missing the key output on how many people registered - or the “most vulnerable” who will benefit from future aid.

Canadian Red Cross announced a \$12 million budget for community resilience.

 In Canada, community disaster preparedness is a provincial and municipal responsibility. Already the Regional Municipality of Wood Buffalo is clearing trees and building fire buffers to better protect the city. Amendments to building codes and insurance incentives to build back with greater fire resistance are effective disaster prevention measures. Fort McMurray's level of disaster preparedness was already extremely high given that 88,000 people evacuated without a single loss of life. These facts raise questions about the impact of charity programs in Canadian disaster preparedness.

In the past, Canadian Red Cross community disaster preparedness has been workshops, first aid classes, and distributing Canadian Red Cross first aid kits to homes. The Canadian Red Cross disaster preparedness kit sells for \$69.95 on its website.² All 33,000 Fort McMurray households could receive this kit for a total cost of \$2.3 million.

Canadian Red Cross is allocating 4% of total funding to disaster preparedness/community resilience, a high level relative to other disasters. In the Lac Megantic disaster response, Canadian Red Cross budgets 1% for disaster preparedness. In Fort McMurray's response, this difference between 4% and 1% represents a significant \$9 million.

One possibility is this budgeted amount may be a contingency fund. Alternatively, Canadian Red Cross may grant these funds to the municipal government to reimburse disaster preparedness spending.

GRANTS TO LOCAL CHARITIES

In early June, Canadian Red Cross committed \$50 million to help Fort McMurray's local charities be partners in the disaster response and recovery efforts. As of August 3, **Canadian Red Cross has granted less than \$5.5 million - 11% of the total commitment.** Like individuals, local charities need funding quickly to recovery and best respond to community needs.

 **Canadian Red Cross granted \$2.4 million to Alberta Food Banks**, the provincial umbrella charity. Alberta Food Banks is expected to pass this money on to Edmonton Food Bank, Calgary Food Bank and other local food banks that helped Fort McMurray residents during the evacuation phase. For example, Edmonton Food Bank supported Fort McMurray evacuees costing an estimated \$400,000. Money is also expected to go to Wood Buffalo Food

“Experience has shown us that one of the important parts of recovery is to help people and communities affected by the disaster to better prepare for future events. As the recovery efforts unfold, you will see this work encompassing personal preparedness at the household level, in addition to collaboration and coordination within the broader community.”

Canadian Red Cross
Alberta Fires Three Month Update

“...Working with ... the Canadian Red Cross to ensure this happens in a way that is well-informed, transparent, and accountable....to get funding allocated as soon as possible.”

Diane Shannon,
Executive Director,
The United Way of Fort McMurray

Bank that is currently maxed out distributing 750 food hampers a month, a 150% increase in use.

This support to food banks is terrific – a massive increase over the \$40,000 Canadian Red Cross gave to 7 food banks in the disaster phase of the Alberta Floods in 2013.

Canadian Red Cross initially reported grants of \$3.1 million. This has been granted to 9 charities. This dollar amount will be revised downwards as some community partnership support has been reallocated to Canadian Red Cross programs. Canadian Red Cross will provide more information in its 6-month update report in November 2016.

As of August, less than \$3.1 million was granted to 9 charities.

	Canadian Red Cross grants to local “charities”	Grant \$
	As of August 3, 2016 – 3 month update	
	Alberta Foodbanks Emergency food during evacuation	\$2,400,000
	Save the Children Canada Managed child and youth friendly spaces in Edmonton during the evacuation	Not disclosed
	Salvation Army of Fort McMurray Support at local homeless shelter	Not disclosed
	YMCA of Northern Alberta Free summer day camp for children and youth (7am-6pm) and free family support programs	Not disclosed
	Wood Buffalo Regional Recreation Funding to support Fort McMurray hosting the Baseball Canada Cup 2016 from August 3-8, 2016	Not disclosed
	Regional Municipality of Wood Buffalo Re-entry BBQ for returning families and individuals Jun.1.- Jun.8. 2016	Not disclosed
	Willow Lake Tiny Tots Society Welcome back BBQ for day care students and families	Not disclosed
	Mikisew Cree First Nation Graduation ceremony for students finishing the school year in Edmonton and a round dance celebrating the return home	Not disclosed
	Goldeye Foundation Canada Took in 40 evacuees at its wilderness lodge	Not disclosed
	Total local charity grants	\$5,500,000

Source: Canadian Red Cross press release August 3, 2016 and Current Partnerships, Canadian Red Cross <http://www.redcross.ca/how-we-help/emergencies-and-disasters-in-canada/how-we-help-canadians/alberta-fires/community-organization-partnerships/current-partnerships>

Charity Intelligence hopes to see at least another \$25 million distributed in the recovery phase, namely before May 2017. With the Canadian Red Cross opening an office in Fort McMurray in late June³ and a panel of community partners now in place, this local presence should accelerate granting.

3. SUPPORT TO SMALL BUSINESSES

Support to Fort McMurray businesses is a new and significant funding commitment Canadian Red Cross announced in August. Canadian Red Cross has made a new commitment to spend \$30 million supporting small and medium-sized business recovery efforts.

In the 3-month period, Canadian Red Cross spent \$4.5 million on small business programs including \$1.9 million in grants to over 1,900 small businesses and \$2.6 million in program/phone support. This represents 15% of the commitment.

	Canadian Red Cross Support to Small Businesses	\$ million
	Commitment	\$30
	First 3 months as of August 3, 2016	
	Small business grants	\$1.9
	Small business support – CRC managing the phone-in support	\$2.6
	Total spent	\$4.5
	Surplus – commitment to joint funding pool for small to medium businesses	\$25.5
	Business grants current spending as % of total funding	<1%
	Business grant commitments as % of total funding	9%

“This funding will allow the municipality to address head-on our business owners’ needs and help our community continue to move forward rebuilding together.”

Mayor Melissa Blake, Regional Municipality of Wood Buffalo

According to news reports, “almost 1,900” small businesses have received these grants of \$1,000⁴. The deadline to apply for this grant was extended until August 12, 2016⁵. In addition, Canadian Red Cross manages a small business hotline. Deducting \$1.9 million in grants from reported spending of \$4.5 million shows that it cost \$2.6 million to support Fort McMurray’s small businesses. Charity Intelligence has included these support costs with CRC’s program costs.

Going forward, Canadian Red Cross put the balance of this funding commitment, \$25.5 million, into a joint \$70.5 million fund. Canadian Red Cross is the largest funder of this business support fund. The Regional Municipality of Wood Buffalo, the Alberta government and the Federal government have each committed \$15 million.

Local businesses are eligible to receive \$20,000 to cover uninsured losses, property damage, cleanup, payroll and more.⁶ Grants will be allocated on a case-by-case basis through a third party on contract through Canadian Red Cross to ensure objectivity. The funding will be available in September 2016.

One interesting note is that earlier eligibility requirements stated grant recipients must be members of the Fort McMurray Chamber of Commerce. Fort McMurray Chamber of Commerce's website states having +550 members. If each Chamber of Commerce business member gets the maximum grant of \$20,000 this would represent funding of \$11 million. **This leaves a surplus balance of \$59.5 million to grant to local businesses.** It will be interesting to see how this nearly \$60 million is allocated.

Support to small businesses is a relatively new area for Canadian Red Cross disaster relief efforts in Canada. On the international front, in disaster relief, Canadian Red Cross provides micro-finance to farmers, fishermen and construction workers. Canadian Red Cross made business grants in the Lac Megantic disaster relief granting \$1.3 million to 232 local businesses and entrepreneurs in the first year⁷. The average business grant size was \$5,530. Fort McMurray grants to businesses will be four times bigger and the additional allocation of \$59.5 million will be unprecedented for Canadian Red Cross.

"... it's really nice to see that there's support for not only the people of Fort McMurray but the businesses within it."

Bryce Kumka, President, Fort McMurray Chamber of Commerce

Canadian Red Cross had not yet provided a financial summary of spending and allocations. This would be most helpful and is the standard practice of other charities in disaster responses. Instead Charity Intelligence has been on a “Pokémon hunt” gleaning together different figures provided in Canadian Red Cross donor reports, press releases and other media reports. These are the findings from the hunt for dollar figures:

Canadian Red Cross: Fort McMurray Disaster Response All \$ in millions	1 month	3 months	Future Commit- ments	Total
REVENUES:				
Donations Received	136	165		
Government of Canada	90	104		
Government of Alberta	30	30		
Interest earned on fund balance	-	-		
Total Revenue	256	299		299
SPENDING:				
Direct Aid – cash transfers to Fort McMurray evacuees				
May 11, 2016	50	-	-	50
May 30, 2016	25	-	-	25
Over 19,000 cash cards and vouchers		9		9
Transportation aid – budgeted		15		15
Total Direct Aid	99	99	-	99
Community Partnerships				
Grants to Fort McMurray local charities	-	5.5	44.5	50
Business supports				
Grants to businesses	-	1.9	25.5	27.4
Canadian Red Cross programs				
Disaster response and recovery	18 est.	47	50	97
Small business support	-	2.6	-	2.6
Community resilience and disaster preparedness	-	-	12	12
Total Canadian Red Cross programs	18 est.	49.6	62	111.6
Fundraising – 5% of donations	7	8	-	8
Total spending and committed	124	165	132	297
<i>As % of Total Revenue</i>	<i>48%</i>	<i>55%</i>	<i>44%</i>	

The information in this report was prepared by Charity Intelligence Canada and its independent analysts. Factual material information is obtained from the charity and reliable sources. Information may be available to Charity Intelligence Canada or its analysts that is not reflected in this report. Charity Intelligence Canada and its analysts have made endeavours to ensure that this data in this report is accurate and complete but accepts no liability.

Sources:

Canadian Red Cross “Albert Fires: Three Month Update” August 2016 http://www.redcross.ca/crc/documents/Where-We-Work/Canada/Alberta/AlbertaFiresInfo/CRC_ABfireUpdate_FA_lowres.pdf

Canadian Red Cross Press Release “Red Cross announces updated fundraising total of \$299 million in support of the Alberta Fires”, August 3, 2016 <http://www.redcross.ca/about-us/newsroom/news-releases/latest-news/red-cross-announces-updated-fundraising-total-of--299-million-in-support-of-the-alberta-fires>

Canadian Red Cross “Alberta Fires: One Month Donor Update”, June 2016 <http://www.redcross.ca/crc/documents/Where-We-Work/Canada/Alberta/AlbertaFiresInfo/2016-ab-fires-1-month-update-FA-low.pdf>

Canadian Red Cross “Alberta Wildfires 2016 Community Organizations Partnership Program” <http://www.redcross.ca/how-we-help/emergencies-and-disasters-in-canada/how-we-help-canadians/alberta-fires/alberta-wildfires-community-organization-partnerships-program>

MyMcMurray local news coverage <http://www.mymcmurray.com/?s=red+cross>

Charity Intelligence “Lac Mengantic Year 3 Update” <https://www.charityintelligence.ca/images/Lac-Megantic-3-Year-Update.pdf>

¹ Donate to the Alberta Fires Appeal, “Red Cross providing relief to evacuees – Donate Now” https://donate.redcross.ca/ea-action/action?_ga=1.92709917.1622015308.1469821025&ea.client.id=1951&ea.campaign.id=50639 accessed September 10, 2016

² Canadian Red Cross Disaster Preparedness Kit a family’s personal preparedness includes 85 essential items including a mini-first aid kit. <https://products.redcross.ca/product/459/canadian-red-cross-disaster-preparedness-kit>

³ Sarah Anderson, “Red Cross updating hours in Fort McMurray”, MyMcMurray, June 27, 2016 <http://www.mymcmurray.com/2016/06/27/red-cross-updating-hours-in-fort-mcmurray/>

⁴ Sarah Anderson, “Up to \$20k in support available for local businesses” MyMcMurray, August 9, 2016 <http://www.mymcmurray.com/2016/08/09/up-to-20k-in-support-available-for-local-businesses/>

⁵ Sarah Anderson, “Deadline extended for small business relief”, MyMcMurray July 29, 2016 <http://www.mymcmurray.com/2016/07/29/deadline-extended-for-small-business-relief/>

⁶ Sarah Anderson, “Up to \$20,000 in support available for local businesses” MyMcMurray, August 9, 2016 <http://www.mymcmurray.com/2016/08/09/up-to-20k-in-support-available-for-local-businesses/>

⁷ Canadian Red Cross, “Lac-Megantic One Year Later” Donor Report <http://www.redcross.ca/crc/documents/Where-We-Work/Canada/QC/lac-megantic-one-year-after.pdf>

Disclaimer:

Canadian Red Cross received this report in advance for edits and comments. These edits have been incorporated.

Please note, Canadian Red Cross does not consent to Charity Intelligence’s interpretation that may oversimplify the challenges communities face following major emergencies.

Canadian Red Cross is committed to transparency and accountability to donors and regularly reports back on its work. It strongly encourages anyone wishing to know more about its work to contact Canadian Red Cross directly.