

Financial Statements
Amref Health Africa in Canada
Toronto, Ontario
December 31, 2017

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Independent Auditors' Report

To the Members of Amref Health Africa in Canada:

We have audited the accompanying financial statements of Amref Health Africa in Canada, which comprise the statement of financial position as at December 31, 2017 and the statements of income and changes in net assets, fund income and expenditures 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 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.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks 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 Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made 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 qualified audit opinion.

continued...

Independent Auditors' Report - continued

Basis for Qualified Opinion

In common with many charitable organizations, the Corporation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we are not able to determine whether any adjustments might be necessary to contributions, deficit, current assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Amref Health Africa in Canada as at December 31, 2017 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.

Toronto, Ontario
June 6, 2018



Chartered Professional Accountants, Licensed Public Accountants

Amref Health Africa in Canada

December 31, 2017

Statement of Financial Position	2017	2016
Current Assets		
Cash, Note 3	\$ 884	\$ 15,178
Accounts receivable	27,072	10,211
HST receivable	34,824	11,919
Prepaid expenses	11,297	13,768
Total Current	74,077	51,076
Restricted Funds , Note 3		
Project Funds, Note 1(e)	208,943	148,945
Development Fund, Note 1(f)	412,671	412,184
John Nixon Memorial Fund, Note 1(g)	188,239	179,462
Capital Assets , Note 4	16,778	6,903
	900,708	798,570

Approved by The Board

Mary Ann MacKenzie

Chair

Ian Brenner

Director

Amref Health Africa in Canada*December 31, 2017*

Statement of Financial Position	2017	2016
Current Liabilities		
Bank overdraft	\$ 5,998	\$ 0
Accounts payable and accrued liabilities	116,396	105,308
Total Current	122,394	105,308
Deferred Contributions Related to Capital Assets	2,052	2,582
Loan Payable to Amref Health Africa, Note 5	189,250	189,250
Total Liabilities	313,696	297,140
Net Assets, per statement		
Restricted project funds	539,294	377,591
Development fund	412,671	412,184
John Nixon memorial fund	188,239	179,462
Unrestricted operating fund	(553,192)	(467,807)
	587,012	501,430
	900,708	798,570

The notes on pages 11 to 18 form an integral part of these financial statements.

Amref Health Africa in Canada

Year ended December 31, 2017

Statement of Income and Changes in Net Assets

	Restricted Project Funds	Development Fund	John Nixon Memorial Fund	Total Restricted	Unrestricted Operating Fund	2017	2016
Revenues	\$ 6,810,761	\$ 32,818	\$ 14,723	\$ 6,858,302	\$ 1,326,313	\$ 8,184,615	\$ 7,873,550
Expenditures	(6,737,759)	0	0	(6,737,759)	(1,361,274)	(8,099,033)	(8,058,703)
Surplus (Deficit)	73,002	32,818	14,723	120,543	(34,961)	85,582	(185,153)
Net Assets , Note 9							
Balance beginning	377,591	412,184	179,462	969,237	(467,807)	501,430	686,583
Internal transfer	5,946	0	(5,946)	0	0	0	0
Internal transfer	82,755	0	0	82,755	(82,755)	0	0
Internal transfer	0	(32,331)	0	(32,331)	32,331	0	0
Balance December 31	539,294	412,671	188,239	1,140,204	(553,192)	587,012	501,430

Amref Health Africa in Canada

Year ended December 31, 2017

Statement of Fund Income and Expenditures

	Restricted Projects	Development and JNM Funds	Unrestricted Operating Fund	2017 Total	2016 Total
Page 9					
Revenues					
Institutional/GAC funding	\$ 6,777,598	\$ 0	\$ 642,858	\$ 7,420,456	\$ 7,596,063
Foundation	31,680	0	10,000	41,680	35,200
Individual	1,444	0	82,778	84,222	74,281
Investment income, Note 3	39	47,541	0	47,580	50,482
Gala	0	0	86,790	86,790	0
Marketing solicitation	0	0	233,597	233,597	110,773
Administration fees	0	0	4,476	4,476	5,776
Amortization of deferred contributions	0	0	530	530	675
Amref Health Africa Global, Note 6(f)	0	0	265,284	265,284	300
Total Revenues	6,810,761	47,541	1,326,313	8,184,615	7,873,550
Expenditures					
Funds disbursed	6,737,759	0	0	6,737,759	7,213,640
Project support	0	0	484,746	484,746	286,068
	6,737,759	0	484,746	7,222,505	7,499,708
Public awareness	0	0	90,402	90,402	95,918
Marketing solicitation	0	0	233,843	233,843	29,798
Fundraising gala	0	0	40,529	40,529	801
Other fundraising	0	0	172,309	172,309	74,017
	0	0	537,083	537,083	200,534
Administrative	0	0	333,565	333,565	354,737
Amortization	0	0	5,880	5,880	3,724
	0	0	339,445	339,445	358,461
Total Expenditures	6,737,759	0	1,361,274	8,099,033	8,058,703
Surplus (Deficit)	73,002	47,541	(34,961)	85,582	(185,153)

Amref Health Africa in Canada

Year ended December 31, 2017

Schedule of Restricted Project Receipts, Disbursements and Balances

2017

	Balance	Funds	Funds	Transfer From	Transfer From	Balance
	Beginning of year	Received	Disbursed	(To) Unrestricted Surplus	John Nixon Memorial Fund	End of year
Administrative/Financial	\$ (105)	\$ 39	\$ (7,092)	\$ 0	\$ 0	\$ (7,158)
Unallocated Funds	10,216	0	0	0	0	10,216
AMREF HQ	0	0	0	1,355	0	1,355
Flying Doctors, Kenya	259	0	0	0	0	259
Lab Refresher Program, Kenya	11,950	0	0	0	5,946	17,896
Atanga Girls, Uganda	3,500	0	0	0	0	3,500
Ethiopia Drought	4,419	0	0	0	0	4,419
Midwife Training, Ethiopia	(15)	0	0	0	0	(15)
Yambio (GAC), South Sudan	93,443	719,477	(718,190)	21,350	0	116,080
MNCH (GAC), Ethiopia	111,422	1,056	0	0	0	112,478
PS-MNCH (GAC), Note 6(a)	130,167	4,687,228	(4,661,095)	60,050	0	216,350
Rexall Immunization, Uganda	12,335	0	0	0	0	12,335
Uzazi Uzima (GAC), Note 6(b)	0	1,130,575	(1,100,125)	0	0	30,450
Grand Challenges	0	95,484	(56,622)	0	0	38,862
Nutritional International, Note 6(c)	0	93,570	(90,038)	0	0	3,532
Johns Hopkins University, Note 6(d)	0	105,082	(104,597)	0	0	485
Health Pooled Fund, Note 6(e)	0	(21,750)	0	0	0	(21,750)
	377,591	6,810,761	(6,737,759)	82,755	5,946	539,294

Amref Health Africa in Canada*Year ended December 31, 2017*

Statement of Cash Flows	2017	2016
Operating Activities		
Surplus (deficit)	\$ 85,582	\$ (185,153)
Non-cash items		
Amortization of capital assets	5,880	3,724
Amortization of deferred contributions	(530)	(675)
	<u>90,932</u>	<u>(182,104)</u>
Net change in non-cash working capital	<u>(20,209)</u>	<u>(2,744)</u>
Cash Provided By (Used In) Operating Activities	<u>70,723</u>	<u>(184,848)</u>
Investing Activities		
Purchase of capital assets	(15,755)	(1,060)
Decrease (increase) in restricted funds	(69,262)	154,771
Cash Provided By (Used In) Investing Activities	<u>(85,017)</u>	<u>153,711</u>
Net cash decrease during the year	(14,294)	(31,137)
Cash position beginning of year	15,178	46,315
Cash Position End of Year	<u>884</u>	<u>15,178</u>

Notes to Financial Statements

Nature of the Organization

The mission of Amref Health Africa in Canada is to ensure access to good health for the most vulnerable and marginalized people in Africa. With their active involvement, we develop and implement innovative and sustainable solutions to critical health challenges facing the continent. Amref Health Africa in Canada supports AMREF in Africa to address critical health challenges by raising funds, providing project support, building capacity, raising awareness and engaging the Canadian public in African health development.

Income Tax Status

The Corporation is a charitable organization as defined in the Income Tax Act (Canada) and may issue charitable receipts for donations received.

Note 1

Significant Accounting Policies

(a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Revenue Recognition

The Corporation 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 when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Capital Assets

Capital assets are recorded at cost. Amortization is provided on the declining balance basis at rates disclosed in Note 4, which are based on the estimated useful lives. Leasehold improvements are amortized on a straight - line basis over five years as disclosed in Note 4.

(d) Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets are amortized on the same basis as the capital expenditures.

(e) Restricted Project Funds

The restricted project funds are those funds externally designated for particular projects, as well as funds used by the Corporation to support the implementation of the those projects.

Note 1 Significant Accounting Policies - continued

(f) Development Fund

The development fund consists of contributions to allow for new program initiatives, development in Africa and to provide a reserve to Amref Health Africa in case of need.

(g) John Nixon Memorial Fund

The John Nixon memorial fund consists of restricted contributions received in memory of John Nixon. These funds are to be used to support students registered in the Lab Training Program.

(h) Use of Estimates

The preparation of financial statements requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(i) Financial Instruments

(i) Measurement of Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable. The Corporation's financial assets measured at fair value include mutual funds and index linked equity funds.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Note 1 Significant Accounting Policies - continued

(j) Allocation of Salary

Salaries are allocated between salary and benefits, fundraising, project support and public education/awareness. The allocation is based on the information collected in timesheets submitted by each employee. The amount of time spent on fundraising, project support and public awareness is allocated accordingly. The remaining portion of salaries is then allocated to salary and benefits. Please refer to Note 8 for the details about this allocation.

Note 2 Financial Instruments

Risk Management Policy

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2017:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

The Corporation is subject to concentrations of credit risk through its cash accounts. The Corporation maintains all of its cash at a single Canadian financial institution. The maximum credit risk is equivalent to the carrying value.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest and foreign exchange rates. These fluctuations may be significant. The methods and assumptions management uses when accessing market risks have not changed substantially from the prior period and are summarized below:

(i) Interest Rate Risk

The Corporation manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Corporation has invested its excess cash in mutual funds and index linked equity funds.

The average rate of return on cash and investments during the year was 2.2% (2016, 2.5%).

Note 2 Financial Instruments - continued

(ii) Foreign Currency Risk

The Corporation's functional currency is the Canadian dollar. The Corporation does not engage in any operating activities in foreign currency and as a result it is the opinion of management that the Corporation is not exposed to significant foreign currency risk.

(iii) Equity Price Risk

The Corporation maintains its investments in mutual and index linked equity funds and as a result is subject to price risk associated with fluctuations in the market price for these investments. The Corporation developed based on risk tolerance, an asset allocation model for its investments, including equity investments. The Corporation manages risk by monitoring its asset allocation and comparing it to this model.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its accounts payable and loan payable to Amref Health Africa.

Note 3 Cash and Restricted Funds

	2017	2016
Cash		
Petty cash	\$ 884	\$ 884
Operating current accounts	0	14,294
	884	15,178
Restricted Funds		
Brokers cash accounts	9,434	14,725
Restricted operating accounts	211,592	150,414
Mutual funds	24,726	27,518
Index linked equity funds	564,101	547,934
Total Cash and Restricted Funds	810,737	755,769
Composed of:		
Unrestricted cash	884	15,178
Restricted funds - development fund	412,671	412,184
Restricted funds - John Nixon memorial fund	188,239	179,462
Restricted funds - restricted project funds	208,943	148,945
	810,737	755,769

Amref Health Africa in Canada

December 31, 2017

Note 3 Cash and Restricted Funds - continued

	2017	2016
Investment income includes:		
Interest and dividends	\$ 14,055	\$ 15,409
Unrealized gains	33,525	35,073
	47,580	50,482
Allocated as follows:		
Restricted Project Funds	39	13
Development fund	32,818	35,286
John Nixon Memorial Fund	14,723	15,183
	47,580	50,482

Note 4 Capital Assets

				2017	2016
Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Office furniture and equipment	20%	\$ 20,084	\$ (17,391)	\$ 2,693	\$ 3,367
Computer hardware and software	30%	54,219	(40,134)	14,085	3,381
Leasehold improvements	5 years	775	(775)	0	155
		75,078	(58,300)	16,778	6,903

Note 5 Loan Payable to Amref Health Africa

The loan payable consists of amounts owed to Amref Health Africa for project funds. The loan is non-interest bearing. Repayment of the loan will not start until after January 1, 2019 and terms of repayment are to be determined.

Note 6 Major Funding Agreements

- (a) In the prior year, the Corporation signed an agreement for a project, Canada-Africa Initiative to Address Maternal, Newborn and Child Mortality. The project is funded by the Government of Canada via Global Affairs Canada (GAC) (previously the Department of Foreign Affairs, Trade and Development) as part of its Partnerships for Strengthening Maternal, Newborn and Child Health (PS-MNCH) initiative. The term of the project is from January 2016 to March 2020. GAC will contribute \$24,906,009 (85%) and the Corporation and its consortium partners will contribute \$4,361,982 (15%) for a total budget of \$29,267,991. Of the 15% contribution, 5% must be cash.

Note 6 Major Funding Agreements - continued

The following were funds disbursed to the partners for purposes of implementing the project under the agreement:

	2017	2016
Christian Children's Fund of Canada	\$ 713,322	\$1,060,278
The Hospital for sick Children Centre for Global Child Health	188,688	935,652
WaterAid Canada	982,622	1,328,047
	1,884,632	3,323,977

- (b) During the year, the Corporation signed an agreement for a new project, Uzazi Uzima Tanzania. The project is funded by the Government of Canada via Global Affairs Canada (GAC) (previously the Department of Foreign Affairs, Trade and Development). The project seeks to reduce maternal and newborn mortality and morbidity in the Simiyu region, by improving the availability of quality maternal and newborn health services and increasing the utilization of health services by women and their families. The term of the agreement is from January 11, 2017 to March 31, 2021. GAC will contribute \$10,268,814 and the Corporation will contribute \$618,767 for a total budget of \$10,887,581. The Corporation will partner with Marie Stopes International USA (MSI USA) to provide family planning and reproductive health services to the women, young adolescents, men, young people and children. MSI USA component of the project is \$1,297,333, of which the Corporation shall contribute a maximum of \$1,218,836. During the year, \$100,000 were disbursed to MSI USA.
- (c) During the year, the Corporation entered into a grant agreement with Nutrition International, whereby Nutrition International has agreed to provide funds of up to \$417,700 to the Corporation, for a project entitled "NLIFT - Amref Nutrition Mapping and Integration Project". The agreement is in effect from August 30, 2017 to September 30, 2019. The objective of the project is to contribute to improved health and nutrition among women, children and adolescent girls in Africa.
- (d) During the year, the Corporation entered into an agreement with Johns Hopkins University (JHU), whereby the Corporation, with support from JHU, will be responsible for leading and implementing the core day-to-day activities of the full evaluation of the Uzazi Uzima project funded by the Government of Canada via Global Affairs Canada (GAC) (previously the Department of Foreign Affairs, Trade and Development). The agreement is in effect from June 1, 2017 to May 31, 2018. JHU has agreed to provide the Corporation with funds of up to \$USD 301,774.

Note 6 Major Funding Agreements - continued

- (e) During the year, the Corporation entered into an agreement with World Vision Inc., and World Vision South Sudan for work performed under Health Pooled Fund. The agreement is in effect from April 1, 2017 to September 30, 2018. The anticipated maximum funding is GBP 613,353. The Health Pooled Fund seeks to support the goal of the Government of the Republic of South Sudan to reduce maternal and infant mortality, ensure universal coverage and improve the overall health status and quality of life of the South Sudanese population.
- (f) Amref Health Africa Global is contributing towards the growth and development of fundraising, facilitated by Amref Flying Doctors in the Netherlands. Through a new cooperative initiative, Amref Netherlands and Amref Health Africa in Canada are working to diversify fundraising streams of Amref Health Africa in Canada to increase sustainability and improve financial stability. Total contributions are estimated at € 1,700,000 over a period of 5 years, from January 1, 2017 to December 31, 2021.

Note 7 Contractual Obligation

The Corporation is committed to minimum monthly rental payments for office premises of \$4,472 from February 1, 2013 to January 31, 2018, inclusive of HST. Actual rates vary based on variable expenses. Subsequent to January 31, 2018, the terms of the agreement will remain the same, as the Corporation is negotiating the new lease terms. Future minimum annual payment requirements are as follows:

2018 \$ 4,472

Note 8 Salary and Benefits

Remuneration to employees during the year totaled \$800,089 (2016 - \$599,654).

The remuneration has been allocated as follows:

	2017	2016
Administrative	\$ 185,226	\$ 236,051
Fundraising	154,979	62,563
Project support	386,460	219,514
Public awareness	73,424	81,526
Total remuneration during the year	800,089	599,654

Note 9 Internal Transfers

The Board approved an internal transfer of funds from the Development Fund to the unrestricted operating fund in the amount of \$32,331.

The Board approved an internal transfer of funds from the John Nixon Memorial Fund to the Restricted Project Funds in the amount of \$5,946 to cover disbursements related to the Lab Refresher Program in Kenya.

The Board approved an internal transfer of funds from the unrestricted operating fund to the Restricted Project Funds in the amount of \$82,755.