

Financial Statements
Amref Health Africa in Canada
Toronto, Ontario
December 31, 2018

Contents

Independent Auditors' Report.....	3 - 5
Statement of Financial Position.....	6 - 7
Statement of Income and Changes in Net Assets.....	8
Statement of Fund Income and Expenditures.....	9
Schedule of Restricted Project Receipts, Disbursements and Balances.....	10
Statement of Cash Flows.....	11
Notes to Financial Statements.....	12 - 18

Independent Auditors' Report

To the Members of Amref Health Africa in Canada:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Amref Health Africa in Canada, which comprise the statement of financial position as at December 31, 2018 and the statements of income and changes in net assets, fund income and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Amref Health Africa in Canada as at December 31, 2018, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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, surplus, current assets and net assets.

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

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 Amref Health Africa in Canada'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 Corporation or to cease operations, or has no realistic alternative but to do so.



Independent Auditors' Report - continued

Those charged with governance are responsible for overseeing Amref Health Africa in Canada's financial reporting process.

Auditors' 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 auditors' 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 Amref Health Africa in Canada'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 Amref Health Africa in Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.

Independent Auditors' Report - continued

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.

Toronto, Ontario
May 21, 2019

A handwritten signature in black ink that reads "Prentice Yates & Clark". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Licensed Public Accountants

Amref Health Africa in Canada

December 31, 2018

Statement of Financial Position	2018	2017
Current Assets		
Cash, Note 3	\$ 200,845	\$ 884
Accounts receivable	23,914	27,072
HST receivable	44,094	34,824
Prepaid expenses	7,638	11,297
Total Current	276,491	74,077
Restricted Funds , Note 3		
Project Funds, Note 1(e)	2,280,556	208,943
Development Fund, Note 1(f)	378,951	412,671
John Nixon Memorial Fund, Note 1(g)	174,417	188,239
Capital Assets , Note 4	10,076	16,778
	3,120,491	900,708

Approved by The Board

Mary Ann MacKenzie

Director

Ian Brenner

Director

Amref Health Africa in Canada

December 31, 2018

Statement of Financial Position	2018	2017
Current Liabilities		
Bank overdraft	\$ 0	\$ 5,998
Accounts payable and accrued liabilities	72,830	116,396
Total Current	72,830	122,394
Deferred Contributions Related to Capital Assets	1,646	2,052
Loan Payable to Amref Health Africa, Note 5	189,250	189,250
Total Liabilities	263,726	313,696
Net Assets, per statement		
Restricted project funds	2,846,967	539,294
Development fund	378,951	412,671
John Nixon memorial fund	174,417	188,239
Unrestricted operating fund	(543,570)	(553,192)
	2,856,765	587,012
	3,120,491	900,708

The notes on pages 12 through 18 form an integral part of these financial statements.

Amref Health Africa in Canada

Year ended December 31, 2018

Statement of Income and Changes in Net Assets

	Restricted Project Funds	Development Fund	John Nixon Memorial Fund	Total Restricted	Unrestricted Operating Fund	2018	2017
Revenues	\$ 12,267,586	\$ (19,285)	\$ (7,234)	\$ 12,241,067	\$ 1,356,930	\$ 13,597,997	\$ 8,184,615
Expenditures	(10,071,366)	0	0	(10,071,366)	(1,256,878)	(11,328,244)	(8,099,033)
Surplus (Deficit)	2,196,220	(19,285)	(7,234)	2,169,701	100,052	2,269,753	85,582
Net Assets , Note 9							
Balance beginning	539,294	412,671	188,239	1,140,204	(553,192)	587,012	501,430
Internal transfer	6,588	0	(6,588)	0	0	0	0
Internal transfer	104,865	0	0	104,865	(104,865)	0	0
Internal transfer	0	(14,435)	0	(14,435)	14,435	0	0
Balance December 31	2,846,967	378,951	174,417	3,400,335	(543,570)	2,856,765	587,012

Amref Health Africa in Canada

Year ended December 31, 2018

Statement of Fund Income and Expenditures

	Restricted Projects	Development and JNM Funds	Unrestricted Operating Fund	2018 Total	2017 Total
Page 10					
Revenues					
Institutional/GAC funding	\$ 12,210,589	\$ 0	\$ 680,835	\$ 12,891,424	\$ 7,420,456
Foundation	53,680	0	0	53,680	41,680
Individual	1,453	0	38,670	40,123	84,222
Investment income (loss), Note 3	1,864	(26,519)	0	(24,655)	47,580
Events	0	0	44,546	44,546	0
Gala	0	0	0	0	86,790
Marketing solicitation	0	0	196,974	196,974	233,597
Administration fees	0	0	7,518	7,518	4,476
Amortization of deferred contributions	0	0	406	406	530
Amref Health Africa Global, Note 6(e)	0	0	387,981	387,981	265,284
Total Revenues	12,267,586	(26,519)	1,356,930	13,597,997	8,184,615
Expenditures					
Funds disbursed	10,071,366	0	0	10,071,366	6,737,759
Project support	0	0	501,695	501,695	484,746
	10,071,366	0	501,695	10,573,061	7,222,505
Public awareness	0	0	74,936	74,936	90,402
Marketing solicitation	0	0	134,268	134,268	233,843
Fundraising gala	0	0	0	0	40,529
Other fundraising	0	0	230,823	230,823	172,309
	0	0	440,027	440,027	537,083
Administrative	0	0	308,243	308,243	333,565
Amortization	0	0	6,913	6,913	5,880
	0	0	315,156	315,156	339,445
Total Expenditures	10,071,366	0	1,256,878	11,328,244	8,099,033
Surplus (Deficit)	2,196,220	(26,519)	100,052	2,269,753	85,582

Amref Health Africa in Canada

Year ended December 31, 2018

Schedule of Restricted Project Receipts, Disbursements and Balances

2018

	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	\$ (7,158)	\$ 1,864	\$ 1,621	\$ 0	\$ 0	\$ (3,673)
Unallocated Funds	10,216	0	0	0	0	10,216
AMREF HQ	1,355	0	0	0	0	1,355
Flying Doctors, Kenya	259	0	0	0	0	259
Lab Refresher Program, Kenya	17,896	0	0	0	6,588	24,484
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	116,080	0	0	0	0	116,080
MNCH (GAC), Ethiopia	112,478	0	0	0	0	112,478
CAIA-MNCH (GAC), Note 6(a)	216,350	6,835,175	(6,035,344)	104,865	0	1,121,046
Rexall Immunization, Uganda	12,335	0	0	0	0	12,335
Uzazi Uzima (GAC), Note 6(b)	30,450	4,512,534	(3,151,811)	0	0	1,391,173
Grand Challenges	38,862	(811)	(39,378)	0	0	(1,327)
Nutritional International, Note 6(c)	3,532	80,695	(76,186)	0	0	8,041
Johns Hopkins University	485	270,308	(199,963)	0	0	70,830
Health Pooled Fund, Note 6(d)	(21,750)	567,821	(570,305)	0	0	(24,234)
	539,294	12,267,586	(10,071,366)	104,865	6,588	2,846,967

Amref Health Africa in Canada

Year ended December 31, 2018

Statement of Cash Flows	2018	2017
Operating Activities		
Surplus (deficit)	\$ 2,269,753	\$ 85,582
Non-cash items		
Amortization of capital assets	6,913	5,880
Amortization of deferred contributions	(406)	(530)
	<u>2,276,260</u>	<u>90,932</u>
Net change in non-cash working capital	<u>(52,017)</u>	<u>(20,209)</u>
Cash Provided By Operating Activities	<u>2,224,243</u>	<u>70,723</u>
Investing Activities		
Purchase of capital assets	(211)	(15,755)
Increase in restricted funds	(2,024,071)	(69,262)
Cash Used In Investing Activities	<u>(2,024,282)</u>	<u>(85,017)</u>
Net cash increase (decrease) during the year	199,961	(14,294)
Cash position beginning of year	884	15,178
Cash Position End of Year	<u>200,845</u>	<u>884</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, 2018:

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% (2017, 2.2%).

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

	2018	2017
Cash		
Petty cash	\$ 884	\$ 884
Operating current accounts	199,961	0
	<u>200,845</u>	<u>884</u>
Restricted Funds		
Brokers cash accounts	206,503	9,434
Restricted operating accounts	2,280,556	211,592
Mutual funds	23,112	24,726
Index linked equity funds	323,753	564,101
Total Cash and Restricted Funds	<u>3,034,769</u>	<u>810,737</u>
Composed of:		
Unrestricted cash	200,845	884
Restricted funds - development fund	378,951	412,671
Restricted funds - John Nixon memorial fund	174,417	188,239
Restricted funds - restricted project funds	2,280,556	208,943
	<u>3,034,769</u>	<u>810,737</u>

Amref Health Africa in Canada

December 31, 2018

Note 3 Cash and Restricted Funds - continued

	2018	2017
Investment income includes:		
Interest and dividends	\$ 15,573	\$ 14,055
Unrealized gains (losses)	(40,228)	33,525
	(24,655)	47,580
Allocated as follows:		
Restricted Project Funds	1,864	39
Development fund	(19,285)	32,818
John Nixon Memorial Fund	(7,234)	14,723
	(24,655)	47,580

Note 4 Capital Assets

				2018	2017
Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Office furniture and equipment	20%	\$ 20,084	\$ (17,929)	\$ 2,155	\$ 2,693
Computer hardware and software	30%	54,430	(46,509)	7,921	14,085
Leasehold improvements	5 years	775	(775)	0	0
		75,289	(65,213)	10,076	16,778

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, 2020 and terms of repayment are to be determined.

Note 6 Major Funding Agreements

- (a) In a 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) as part of its Partnerships for Strengthening Maternal, Newborn and Child Health (CAIA-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. Funds received towards the end of the fiscal year are planned to be disbursed in 2019.

Note 6 Major Funding Agreements - continued

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

	2018	2017
Christian Children's Fund of Canada	\$1,398,149	\$ 713,322
The Hospital for sick Children Centre for Global Child Health	790,840	188,688
WaterAid Canada	846,356	982,622
	3,035,345	1,884,632

- (b) In the prior year, the Corporation signed an agreement for the project Uzazi Uzima Tanzania. The project is funded by the Government of Canada via Global Affairs Canada (GAC). 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 has partnered 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, \$572,138 (2017 - \$100,000) were disbursed to MSI USA. Funds received towards the end of the fiscal year are planned to be disbursed in 2019.
- (c) In the prior year, the Corporation entered into a grant agreement with Nutrition International, whereby Nutrition International 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) In the prior 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 March 31, 2019. The anticipated maximum funding is GBP 723,281. 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.

Note 6 Major Funding Agreements - continued

(e) 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 \$5,099 plus HST from November 1, 2018 to January 31, 2023. Actual rates vary based on variable expenses. Future minimum annual payment requirements are as follows:

2019	\$ 61,191
2020	61,191
2021	61,191
2022	61,191
2023	5,099

Note 8 Salary and Benefits

Remuneration to employees during the year totaled \$852,055 (2017 - \$800,089).

The remuneration has been allocated as follows:

	2018	2017
Administrative	\$ 156,587	\$ 185,226
Fundraising	192,467	154,979
Project support	432,167	386,460
Public awareness	70,834	73,424
Total remuneration during the year	852,055	800,089

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 \$14,435. The Board approved an internal transfer of funds from the John Nixon Memorial Fund to the Restricted Project Funds in the amount of \$6,588 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 \$104,865.