

Financial Statements
Amref Health Africa in Canada
Toronto, Ontario
December 31, 2019

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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, 2019 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, 2019, 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, verification of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we are not able to determine whether any adjustments might be necessary to donations revenue, surplus and cash flows from operations for the years ended December 31, 2019 and December 31, 2018, current assets as at December 31, 2019 and December 31, 2018, and net assets as at December 31, 2019 and December 31, 2018. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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.

Independent Auditors' Report - continued

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.

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.

Independent Auditors' Report - continued

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Ontario
August 12, 2020

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

Chartered Professional Accountants, Licensed Public Accountants

Amref Health Africa in Canada

December 31, 2019

Statement of Financial Position	2019	2018
Current Assets		
Cash, Note 3	\$ 159,695	\$ 200,845
Accounts receivable	153,338	23,914
HST receivable	13,243	44,094
Prepaid expenses	8,508	7,638
Total Current	334,784	276,491
Restricted Funds , Note 3		
Project Funds, Note 1(e)	2,185,605	2,280,556
Development Fund, Note 1(f)	419,695	378,951
John Nixon Memorial Fund, Note 1(g)	191,161	174,417
Capital Assets , Note 4	6,088	10,076
	3,137,333	3,120,491

Approved by The Board

Director: Ian Brenner

Director: René Beaudoin

Amref Health Africa in Canada*December 31, 2019*

Statement of Financial Position	2019	2018
Current Liabilities		
Accounts payable and accrued liabilities	\$ 78,773	\$ 72,830
Deferred Contributions Related to Capital Assets	1,321	1,646
Loan Payable to Amref Health Africa, Note 5	189,250	189,250
Total Liabilities	269,344	263,726
Contingency, Note 11		
Net Assets, per statement		
Restricted project funds	2,758,362	2,846,967
Development fund	419,695	378,951
John Nixon memorial fund	191,161	174,417
Unrestricted operating fund	(501,229)	(543,570)
	2,867,989	2,856,765
	3,137,333	3,120,491

The notes on pages 12 through 19 form an integral part of these financial statements.

Amref Health Africa in Canada

Year ended December 31, 2019

Statement of Income and Changes in Net Assets

	Restricted Project Funds	Development Fund	John Nixon Memorial Fund	Total Restricted	Unrestricted Operating Fund	2019	2018
Revenues	\$ 6,645,875	\$ 54,597	\$ 23,090	\$ 6,723,562	\$ 1,605,790	\$ 8,329,352	\$ 13,597,997
Expenditures	(6,812,112)	0	0	(6,812,112)	(1,506,016)	(8,318,128)	(11,328,244)
Surplus (Deficit)	(166,237)	54,597	23,090	(88,550)	99,774	11,224	2,269,753
Net Assets , Note 9							
Balance beginning	2,846,967	378,951	174,417	3,400,335	(543,570)	2,856,765	587,012
Internal transfer	6,346	0	(6,346)	0	0	0	0
Internal transfer	71,286	0	0	71,286	(71,286)	0	0
Internal transfer	0	(13,853)	0	(13,853)	13,853	0	0
Balance December 31	2,758,362	419,695	191,161	3,369,218	(501,229)	2,867,989	2,856,765

Amref Health Africa in Canada

Year ended December 31, 2019

Statement of Fund Income and Expenditures

	Restricted Projects Page 10	Development and JNM Funds	Unrestricted Operating Fund	2019 Total	2018 Total Note 10
Revenues					
Institutional/GAC funding	\$ 6,045,337	\$ 0	\$ 432,449	\$ 6,477,786	\$ 12,891,424
Corporate	382,998	0	0	382,998	0
Foundation	215,915	0	5,000	220,915	53,680
Individual	1,583	0	441,914	443,497	281,643
Investment income (loss), Note 3	42	77,687	169	77,898	(24,655)
Administration fees	0	0	49,564	49,564	7,518
Amortization of deferred contributions	0	0	325	325	406
Amref Health Africa Global, Note 6(e)	0	0	676,369	676,369	387,981
Total Revenues	6,645,875	77,687	1,605,790	8,329,352	13,597,997
Expenditures					
Funds disbursed	6,812,112	0	0	6,812,112	10,071,366
Project support	0	0	422,756	422,756	501,695
	6,812,112	0	422,756	7,234,868	10,573,061
Public awareness	0	0	85,037	85,037	74,936
Marketing solicitation	0	0	483,373	483,373	139,413
Other fundraising	0	0	210,060	210,060	230,823
	0	0	778,470	778,470	445,172
Administrative	0	0	300,802	300,802	303,098
Amortization	0	0	3,988	3,988	6,913
	0	0	304,790	304,790	310,011
Total Expenditures	6,812,112	0	1,506,016	8,318,128	11,328,244
Surplus (Deficit)	(166,237)	77,687	99,774	11,224	2,269,753

Amref Health Africa in Canada

Year ended December 31, 2019

Schedule of Restricted Project Receipts, Disbursements and Balances

2019

	Balance	Funds	Funds	Transfer From (To)	Transfer From	Transfer From	Balance
	Beginning of year	Received	Disbursed	Unrestricted Surplus	John Nixon Memorial Fund	Restricted Project Funds	End of year
Administrative/financial	\$ (3,673)	\$ 42	\$ (11,075)	\$ 0	\$ 0	\$ 0	(14,706)
Unallocated funds	10,216	0	0	0	0	8,163	18,379
AMREF Canadian							
projects, Note 6(a)	0	382,998	(382,998)	0	0	0	0
AMREF HQ	1,355	0	(12,862)	12,862	0	0	1,355
Flying Doctors, Kenya	259	0	0	0	0	(259)	0
Lab Refresher Program, Kenya	24,484	0	(11,736)	0	6,346	0	19,094
Atanga Girls, Uganda	3,500	0	0	0	0	(3,500)	0
Ethiopia Drought	4,419	0	0	0	0	(4,419)	0
Midwife Training, Ethiopia	(15)	0	0	0	0	15	0
Yambio (GAC), South Sudan	116,080	0	0	0	0	0	116,080
MNCH (GAC), Ethiopia	112,478	0	0	0	0	0	112,478
CAIA-MNCH (GAC), Note 6(b)	1,121,046	4,704,115	(3,828,409)	57,593	0	0	2,054,345
Rexall Immunization, Uganda	12,335	0	0	0	0	0	12,335
Uzazi Uzima (GAC), Note 6(c)	1,391,173	944,545	(1,979,099)	0	0	0	356,619
Grand Challenges	(1,327)	496	0	831	0	0	0
Nutritional	8,041	124,342	(50,000)	0	0	0	82,383
International, Note 6(d)							
Johns Hopkins University	70,830	(70,830)	0	0	0	0	0
Health Pooled Fund	(24,234)	560,167	(535,933)	0	0	0	0
	2,846,967	6,645,875	(6,812,112)	71,286	6,346	0	2,758,362

Amref Health Africa in Canada

Year ended December 31, 2019

Statement of Cash Flows	2019	2018
Operating Activities		
Surplus	\$ 11,224	\$ 2,269,753
Non-cash items		
Amortization of capital assets	3,988	6,913
Amortization of deferred contributions	(325)	(406)
	<u>14,887</u>	<u>2,276,260</u>
Net change in non-cash working capital	<u>(93,500)</u>	<u>(52,017)</u>
Cash Provided By (Used In) Operating Activities	<u>(78,613)</u>	<u>2,224,243</u>
Investing Activities		
Purchase of capital assets	0	(211)
Increase in restricted funds	37,463	(2,024,071)
Cash Provided By (Used In) Investing Activities	<u>37,463</u>	<u>(2,024,282)</u>
Net cash increase (decrease) during the year	(41,150)	199,961
Cash position beginning of year	200,845	884
Cash Position End of Year	<u>159,695</u>	<u>200,845</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, 2019:

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 1.7% (2018, 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

	2019	2018
Cash		
Petty cash	\$ 884	\$ 884
Operating current accounts	158,811	199,961
	<u>159,695</u>	<u>200,845</u>
Restricted Funds		
Brokers cash accounts	195,538	206,503
Restricted operating accounts	2,185,605	2,280,556
Mutual funds	23,485	23,112
Index linked equity funds	391,833	323,753
Total Cash and Restricted Funds	<u>2,956,156</u>	<u>3,034,769</u>
Composed of:		
Unrestricted cash	159,695	200,845
Restricted funds - development fund	419,695	378,951
Restricted funds - John Nixon memorial fund	191,161	174,417
Restricted funds - restricted project funds	2,185,605	2,280,556
	<u>2,956,156</u>	<u>3,034,769</u>

Amref Health Africa in Canada

December 31, 2019

Note 3 Cash and Restricted Funds - continued

	2019	2018
Investment income (loss) includes:		
Interest and dividends	\$ 9,817	\$ 15,573
Unrealized gains (losses)	68,081	(40,228)
	77,898	(24,655)
Allocated as follows:		
Restricted Project Funds	42	1,864
Development fund	54,597	(19,285)
John Nixon Memorial Fund	23,090	(7,234)
Unrestricted funds	169	0
	77,898	(24,655)

Note 4 Capital Assets

				2019	2018
Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Office furniture and equipment	20%	\$ 20,084	\$ (18,360)	\$ 1,724	\$ 2,155
Computer hardware and software	30%	54,430	(50,066)	4,364	7,921
Leasehold improvements	5 years	775	(775)	0	0
		75,289	(69,201)	6,088	10,076

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, 2021 and terms of repayment are to be determined.

Note 6 Major Funding Agreements

- (a) During the year, the Corporation, through Health Partners International, obtained and transferred to Mozambique and Malawi a significant number of donated goods for charitable medical work (medical supplies, toiletries, personal hygiene products, etc). These goods have been recognized at fair market value.

Note 6 Major Funding Agreements - continued

- (b) 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 2020.

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

	2019	2018
Christian Children's Fund of Canada	\$ 738,659	\$ 1,398,149
The Hospital for sick Children Centre for Global Child Health	0	790,840
WaterAid Canada	35,354	846,356
	774,013	3,035,345

- (c) 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, \$243,206 (2018 - \$572,138) were disbursed to MSI USA. Funds received towards the end of the fiscal year are planned to be disbursed in 2020.
- (d) 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 March 31, 2020. The objective of the project is to contribute to improved health and nutrition among women, children and adolescent girls in Africa.

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:

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

Note 8 Salary and Benefits

Remuneration to employees during the year totaled \$720,651 (2018 - \$852,055).

The remuneration has been allocated as follows:

	2019	2018
Administrative	\$ 131,684	\$ 156,587
Fundraising	179,036	192,467
Project support	334,172	432,167
Public awareness	75,759	70,834
Total remuneration during the year	720,651	852,055

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 \$13,853. The Board approved an internal transfer of funds from the John Nixon Memorial Fund to the Restricted Project Funds in the amount of \$6,346 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 \$71,286.

Note 10 Classification

The prior year figures have been reclassified, where necessary, to conform to the current year's presentation. Surplus for the previous year is not affected by this reclassification.

Note 11 Contingency

The Corporation is required to contribute a portion of its funds to certain projects by transferring these funds directly to Amref Health Africa. As of year-end, the Corporation is required to contribute up to \$310,188 related to three projects that were completed in the prior years. The Corporation is working on raising these funds. When these funds are raised, they will be transferred to Amref Health Africa.

Note 12 Future Uncertainty Resulting from the Pandemic

There is significant uncertainty around the long-term economic and business consequences of COVID-19. The market value of the Corporation's mutual funds and index linked equity funds may be affected. It is not possible to estimate the actual financial effects at this time.