

**Financial Statements**  
**Amref Health Africa in Canada**  
Toronto, Ontario  
*December 31, 2020*

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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, 2020 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, 2020, 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, 2020 and December 31, 2019, current assets as at December 31, 2020 and December 31, 2019, and net assets as at December 31, 2020 and December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 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  
May 19, 2021

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, 2020

<b>Statement of Financial Position</b>	2020	2019
<b>Current Assets</b>		
Cash, Note 3	\$ 511,181	\$ 159,695
Accounts receivable	32,814	153,338
HST receivable	57,034	13,243
Prepaid expenses	7,926	8,508
<b>Total Current</b>	608,955	334,784
<b>Restricted Funds</b> , Note 3		
Project Funds, Note 1(e)	4,182,104	2,185,605
Development Fund, Note 1(f)	427,263	419,695
John Nixon Memorial Fund, Note 1(g)	193,425	191,161
<b>Capital Assets</b> , Note 4	10,146	6,088
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	5,421,893	3,137,333

**Approved by The Board**

Director: René Beaudoin

Director: Ian Brenner

**Amref Health Africa in Canada***December 31, 2020*

<b>Statement of Financial Position</b>	2020	2019
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 262,919	\$ 78,773
<b>Deferred Contributions Related to Capital Assets</b>	1,061	1,321
<b>Loan Payable to Amref Health Africa, Note 5</b>	189,250	189,250
<b>Total Liabilities</b>	453,230	269,344
<b>Contingency, Note 10</b>		
<b>Net Assets, per statement</b>		
Restricted project funds	4,182,104	2,758,362
Development fund	427,265	419,695
John Nixon memorial fund	193,425	191,161
Unrestricted operating fund	165,869	(501,229)
	4,968,663	2,867,989
	5,421,893	3,137,333

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

**Amref Health Africa in Canada**

*Year ended December 31, 2020*

**Statement of Income and Changes in Net Assets**

	Restricted Project Funds	Development Fund	John Nixon Memorial Fund	Total Restricted	Unrestricted Operating Fund	2020	2019
Revenues	\$ 6,956,177	\$ 21,546	\$ 8,662	\$ 6,986,385	\$ 2,025,272	\$ 9,011,657	\$ 8,329,352
Expenditures	(5,538,833)	0	0	(5,538,833)	(1,372,150)	(6,910,983)	(8,318,128)
<b>Surplus</b>	1,417,344	21,546	8,662	1,447,552	653,122	2,100,674	11,224
<b>Net Assets</b> , Note 9							
Balance beginning	2,758,362	419,695	191,161	3,369,218	(501,229)	2,867,989	2,856,765
Internal transfer	6,398	0	(6,398)	0	0	0	0
Internal transfer	0	(13,976)	0	(13,976)	13,976	0	0
<b>Balance December 31</b>	4,182,104	427,265	193,425	4,802,794	165,869	4,968,663	2,867,989



## Amref Health Africa in Canada

Year ended December 31, 2020

### Statement of Fund Income and Expenditures

	Restricted Projects	Development and JNM Funds	Unrestricted Operating Fund	2020 Total	2019 Total
	Page 10				
<b>Revenues</b>					
Institutional/GAC funding	\$ 6,850,698	\$ 0	\$ 841,785	\$ 7,692,483	\$ 6,477,786
Corporate	0	0	0	0	382,998
Foundation	62,648	0	135,274	197,922	220,915
Individual	40,964	0	440,434	481,398	443,497
Investment income, Note 3	1,867	30,208	982	33,057	77,898
Government of Canada wage subsidy	0	0	145,729	145,729	0
Administration fees	0	0	126	126	49,564
Amortization of deferred contributions	0	0	260	260	325
Amref Health Africa Global, Note 6(d)	0	0	460,682	460,682	676,369
<b>Total Revenues</b>	<b>6,956,177</b>	<b>30,208</b>	<b>2,025,272</b>	<b>9,011,657</b>	<b>8,329,352</b>
<b>Expenditures</b>					
Funds disbursed	5,538,833	0	0	5,538,833	6,812,112
Project support	0	0	327,538	327,538	422,756
	5,538,833	0	327,538	5,866,371	7,234,868
Public awareness	0	0	53,903	53,903	85,037
Marketing solicitation	0	0	589,151	589,151	483,373
Other fundraising	0	0	122,114	122,114	210,060
	0	0	765,168	765,168	778,470
Administrative	0	0	277,141	277,141	300,802
Amortization	0	0	2,303	2,303	3,988
	0	0	279,444	279,444	304,790
<b>Total Expenditures</b>	<b>5,538,833</b>	<b>0</b>	<b>1,372,150</b>	<b>6,910,983</b>	<b>8,318,128</b>
<b>Surplus</b>	<b>1,417,344</b>	<b>30,208</b>	<b>653,122</b>	<b>2,100,674</b>	<b>11,224</b>

**Amref Health Africa in Canada**

*Year ended December 31, 2020*

**Schedule of Restricted Project Receipts, Disbursements and Balances**

2020

	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	\$ (14,706)	\$ 1,867	\$ 16,737	\$ 0	\$ 0	\$ 0	3,898
Unallocated funds	18,379	0	0	0	0	0	18,379
AMREF HQ, Note 6(a)	1,355	0	34	0	0	0	1,389
Lab Refresher Program, Kenya	19,094	0	(10,000)	0	6,398	0	15,492
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
PS-MNCH (GAC), Note 6(b)	2,054,345	4,230,208	(3,883,251)	0	0	0	2,401,302
Rexall Immunization, Uganda	12,335	0	(11,736)	0	0	0	599
Uzazi Uzima (GAC), Note 6(c)	356,619	2,683,931	(1,528,063)	0	0	0	1,512,487
Nutritional International	82,383	40,171	(122,554)	0	0	0	0
	2,758,362	6,956,177	(5,538,833)	0	6,398	0	4,182,104

**Amref Health Africa in Canada**

Year ended December 31, 2020

<b>Statement of Cash Flows</b>	2020	2019
<b>Operating Activities</b>		
Surplus	\$ 2,100,674	\$ 11,224
Non-cash items		
Amortization of capital assets	2,303	3,988
Amortization of deferred contributions	(260)	(325)
	<u>2,102,717</u>	<u>14,887</u>
Net change in non-cash working capital	<u>261,461</u>	<u>(93,500)</u>
<b>Cash Provided By (Used In) Operating Activities</b>	<u>2,364,178</u>	<u>(78,613)</u>
<b>Investing Activities</b>		
Purchase of capital assets	(6,361)	0
Increase in restricted funds	(2,006,331)	37,463
<b>Cash Provided By (Used In) Investing Activities</b>	<u>(2,012,692)</u>	<u>37,463</u>
Net cash increase (decrease) during the year	351,486	(41,150)
Cash position beginning of year	159,695	200,845
<b>Cash Position End of Year</b>	<u>511,181</u>	<u>159,695</u>

**Notes to Financial Statements**

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**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.

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**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, 2020:

**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.

**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**

	2020	2019
<b>Cash</b>		
Petty cash	\$ 884	\$ 884
Operating current accounts	1,137,995	158,811
	<u>1,138,879</u>	<u>159,695</u>
<b>Restricted Funds</b>		
Brokers cash accounts	186,515	195,538
Restricted operating accounts	3,554,406	2,185,605
Mutual funds	23,633	23,485
Index linked equity funds	410,540	391,833
<b>Total Cash and Restricted Funds</b>	<u>5,313,973</u>	<u>2,956,156</u>
<b>Composed of:</b>		
Unrestricted cash	511,181	159,695
Restricted funds - development fund	427,263	419,695
Restricted funds - John Nixon memorial fund	193,425	191,161
Restricted funds - restricted project funds	4,182,104	2,185,605
	<u>5,313,973</u>	<u>2,956,156</u>

## Amref Health Africa in Canada

December 31, 2020

### Note 3 Cash and Restricted Funds - continued

	2020	2019
<b>Investment income includes:</b>		
Interest and dividends	\$ 14,350	\$ 9,817
Unrealized gains	18,707	68,081
	33,057	77,898
<b>Allocated as follows:</b>		
Restricted Project Funds	1,867	42
Development fund	21,546	54,597
John Nixon Memorial Fund	8,662	23,090
Unrestricted funds	982	169
	33,057	77,898

The average rate of return on cash and investments during the year was 2.0% (2019, 1.7%).

### Note 4 Capital Assets

				2020	2019
Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Office furniture and equipment	20%	\$ 20,084	\$ (18,705)	\$ 1,379	\$ 1,724
Computer hardware and software	30%	60,791	(52,024)	8,767	4,364
Leasehold improvements	5 years	775	(775)	0	0
		81,650	(71,504)	10,146	6,088

### 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, 2022 and terms of repayment are to be determined.

### Note 6 Major Funding Agreements

- (a) During the year, Mastercard Foundation and Amref Health Africa signed an agreement, whereby Mastercard Foundation engaged Amref Health Africa to rapidly expand community level surveillance, testing and isolation of COVID-19 confirmed cases and equip healthcare workers and communities with correct and up-to-date information about the COVID-19 pandemic. The project budget was \$US 1,767,714, and the period of implementation is: June 1, 2020 to July 31, 2021. The funds were transferred via Amref Health Africa in Canada to Amref Health Africa. These amounts have not been reflected in the financial statement of Amref Health Africa in Canada since the transfer was a flow through.



## Amref Health Africa in Canada

December 31, 2020

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### Note 6 Major Funding Agreements - continued

- (b) In a prior year, the Corporation signed an agreement to extend the 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 (PS-MNCH) initiative. The agreement was extended and the amount of the contribution increased in order to provide support for response to Covid-19 pandemic. The term of the project is now from March 4, 2016 to December 31, 2022. GAC contribution increased to \$31,122,612 and the Corporation and its consortium partners will still contribute \$3,962,131 for a total budget of \$35,084,743. Funds received towards the end of the fiscal year are planned to be disbursed in 2021.

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

	2020	2019
Christian Children's Fund of Canada	\$ 114,297	\$ 738,659
The Hospital for sick Children Centre for Global Child Health	305,836	0
WaterAid Canada	586,839	35,354
	<u>1,006,972</u>	<u>774,013</u>

- (c) In the prior year, the Corporation signed an agreement to extend 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. With the extension, the amount of the contribution increased to provide support for response to Covid-19 pandemic. The term of the agreement is now from January 11, 2017 to January 31, 2022. The GAC contribution increased to \$11,019,769 and the Corporation will still contribute \$618,746 for a total budget of \$11,638,515. 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 a maximum of \$1,297,333, of which the Corporation shall contribute a maximum of \$1,218,836. During the year, \$250,000 (2019 - \$243,206) were disbursed to MSI USA. Funds received towards the end of the fiscal year are planned to be disbursed in 2021.

**Note 6 Major Funding Agreements - continued**

(d) 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:

2021	\$ 61,188
2022	61,188
2023	5,099

**Note 8 Salary and Benefits**

Remuneration to employees during the year totaled \$608,866 (2019 - \$720,651).

The remuneration has been allocated as follows:

	2020	2019
Administrative	\$ 156,628	\$ 131,684
Fundraising	86,065	179,036
Project support	314,216	334,172
Public awareness	51,957	75,759
Total remuneration during the year	608,866	720,651

**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 \$13,976. The Board approved an internal transfer of funds from the John Nixon Memorial Fund to the Restricted Project Funds in the amount of \$6,398 to cover disbursements related to the Lab Refresher Program in Kenya.

**Note 10           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 11           Future Uncertainty Resulting from the Pandemic**

There is significant uncertainty around the long-term economic and business consequences of COVID-19. It is possible that the Corporation's efforts in fundraising and grant acquisition is impacted by the pandemic. The Corporation is continuously monitoring the risks emanating from the impact of the pandemic and is managing the situation accordingly. This includes accessing Government incentives such as the wage subsidy. The market value of the Corporation's mutual funds and index linked equity funds may also be affected. It is not possible to estimate all the actual financial effects.