

**Financial Statements**  
**Amref Health Africa in Canada**  
Toronto, Ontario  
*December 31, 2021*

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## **Independent Auditors' Report**

**To the Members of Amref Health Africa in Canada:**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Amref Health Africa in Canada, which comprise the statement of financial position as at December 31, 2021 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, the financial statements present fairly, in all material respects, the financial position of Amref Health Africa in Canada as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Basis for Opinion**

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 opinion.

#### **Emphasis of Matter**

In our report dated May 19, 2021, our opinion on the financial statements for the year ended December 31, 2020 contained a qualified opinion, because the Corporation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification, which is common with many charitable organizations.

#### **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 11, 2022

A handwritten signature in black ink that reads "Prethia Yathas & Clerk". The signature is written in a cursive style with a large initial 'P'.

Chartered Professional Accountants, Licensed Public Accountants

**Amref Health Africa in Canada**

December 31, 2021

<b>Statement of Financial Position</b>	2021	2020
<b>Current Assets</b>		
Unrestricted cash, Note 3	\$ 965,980	\$ 511,181
Temporary investments, Note 3	200,000	0
Accounts receivable	7,158	32,814
HST receivable	34,833	57,034
Prepaid expenses	8,170	7,926
<b>Total Current</b>	<b>1,216,141</b>	<b>608,955</b>
<b>Restricted Funds</b> , Note 3		
Project Funds, Note 1(e)	1,537,088	4,182,104
Development Fund, Note 1(f)	486,826	427,265
John Nixon Memorial Fund, Note 1(g)	218,749	193,425
<b>Capital Assets</b> , Note 4	10,090	10,146
	<b>3,468,894</b>	<b>5,421,895</b>

**Approved by The Board**

Director: Rene Beaudoin

Director: Ian Brenner

**Amref Health Africa in Canada**

December 31, 2021

<b>Statement of Financial Position</b>	2021	2020
		Note 5
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 122,819	\$ 222,921
CEBA Loan, Note 6	60,000	40,000
<b>Total Current</b>	182,819	262,921
<b>Deferred Contributions Related to Capital Assets</b>	853	1,061
<b>Loan Payable to Amref Health Africa, Note 7</b>	189,250	189,250
<b>Total Liabilities</b>	372,922	453,232
<b>Contingency, Note 12</b>		
<b>Net Assets, per statement</b>		
Restricted project funds	1,537,088	4,182,104
Development fund	486,826	427,265
John Nixon memorial fund	218,749	193,425
Unrestricted operating fund	853,309	165,869
	3,095,972	4,968,663
	3,468,894	5,421,895

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

**Amref Health Africa in Canada**

*Year ended December 31, 2021*

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

	Restricted Project Funds	Development Fund	John Nixon Memorial Fund	Total Restricted	Unrestricted Operating Fund	2021	2020
Revenues	\$ 1,889,408	\$ 74,364	\$ 32,047	\$ 1,995,819	\$ 2,394,724	\$ 4,390,543	\$ 9,011,657
Expenditures	(4,541,147)	0	0	(4,541,147)	(1,722,087)	(6,263,234)	(6,910,983)
<b>Surplus (Deficit)</b>	(2,651,739)	74,364	32,047	(2,545,328)	672,637	(1,872,691)	2,100,674
<b>Net Assets</b> , Note 11							
Balance beginning	4,182,104	427,265	193,425	4,802,794	165,869	4,968,663	2,867,989
Internal transfer	6,723	0	(6,723)	0	0	0	0
Internal transfer	0	(14,803)	0	(14,803)	14,803	0	0
<b>Balance December 31</b>	1,537,088	486,826	218,749	2,242,663	853,309	3,095,972	4,968,663



## Amref Health Africa in Canada

Year ended December 31, 2021

### Statement of Fund Income and Expenditures

	Restricted Projects	Development and JNM Funds	Unrestricted Operating Fund	2021 Total	2020 Total
	Page 10				
<b>Revenues</b>					
Institutional/GAC funding	\$ 1,858,821	\$ 0	\$ 949,939	\$ 2,808,760	\$ 7,692,483
Foundation	27,360	0	80,600	107,960	197,922
Individual	2,112	0	826,081	828,193	481,398
Investment income, Note 3	1,115	106,411	2,328	109,854	33,057
Government of Canada wage subsidy	0	0	4,305	4,305	145,729
Administration fees	0	0	13,338	13,338	126
Amortization of deferred contributions	0	0	208	208	260
Amref Health Africa Global, Note 8	0	0	517,925	517,925	460,682
<b>Total Revenues</b>	<b>1,889,408</b>	<b>106,411</b>	<b>2,394,724</b>	<b>4,390,543</b>	<b>9,011,657</b>
<b>Expenditures</b>					
Funds disbursed	4,541,147	0	0	4,541,147	5,538,833
Project support	0	0	330,769	330,769	327,538
	4,541,147	0	330,769	4,871,916	5,866,371
Public awareness	0	0	52,762	52,762	53,903
Marketing solicitation	0	0	852,303	852,303	589,151
Other fundraising	0	0	167,479	167,479	122,114
	0	0	1,072,544	1,072,544	765,168
Administrative	0	0	313,348	313,348	277,141
Amortization	0	0	5,426	5,426	2,303
	0	0	318,774	318,774	279,444
<b>Total Expenditures</b>	<b>4,541,147</b>	<b>0</b>	<b>1,722,087</b>	<b>6,263,234</b>	<b>6,910,983</b>
<b>Surplus (Deficit)</b>	<b>(2,651,739)</b>	<b>106,411</b>	<b>672,637</b>	<b>(1,872,691)</b>	<b>2,100,674</b>

**Amref Health Africa in Canada**

*Year ended December 31, 2021*

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

2021

	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	\$ 3,898	\$ 1,114	\$ (10,951)	\$ 0	\$ 0	\$ 0	(5,939)
Unallocated funds	18,379	0	(18,379)	0	0	0	0
AMREF HQ, Note 8	1,389	20,000	(20,000)	0	0	0	1,389
Lab Refresher Program, Kenya	15,492	0	(22,215)	0	6,723	0	0
Yambio (GAC), South Sudan	116,080	0	(116,080)	0	0	0	0
MNCH (GAC), Ethiopia	112,478	0	(112,478)	0	0	0	0
PS-MNCH (GAC), Note 8(a)	2,401,302	2,074,551	(3,097,062)	0	0	0	1,378,791
Rexall Immunization, Uganda	599	0	(599)	0	0	0	0
Uzazi Uzima (GAC), Note 8(b)	1,512,487	(206,257)	(1,143,383)	0	0	0	162,847
	4,182,104	1,889,408	(4,541,147)	0	6,723	0	1,537,088

## Amref Health Africa in Canada

Year ended December 31, 2021

Statement of Cash Flows	2021	2020
		Note 5
<b>Operating Activities</b>		
Surplus (deficit)	\$ (1,872,691)	\$ 2,100,674
Non-cash items		
Amortization of capital assets	5,426	2,303
Amortization of deferred contributions	(208)	(260)
	(1,867,473)	2,102,717
Net change in non-cash working capital	(52,489)	221,461
<b>Cash Provided By (Used In) Operating Activities</b>	(1,919,962)	2,324,178
<b>Investing Activities</b>		
Purchase of capital assets	(5,370)	(6,361)
Increase in restricted funds	2,560,131	(2,006,331)
Increase in short-term investments	(200,000)	0
<b>Cash Provided By (Used In) Investing Activities</b>	2,354,761	(2,012,692)
<b>Financing Activities</b>		
CEBA Loan advance	20,000	40,000
<b>Cash Provided By Financing Activities</b>	20,000	40,000
Net cash increase during the year	454,799	351,486
Cash position beginning of year	511,181	159,695
<b>Cash Position End of Year</b>	965,980	511,181

**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 Refresher 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.

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**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 10 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, 2021:

**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, index linked equity funds and guaranteed investment certificate.

**(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.

**Note 2 Financial Instruments - continued**

**(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. This risk is reduced due to the fact that the Corporation has enough cash to meet their short-term obligations.

**Note 3 Cash, Investments and Restricted Funds**

	2021	2020
<b>Cash</b>		
Petty cash	\$ 884	\$ 884
Operating current accounts	1,125,240	1,137,995
	<u>1,126,124</u>	<u>1,138,879</u>
<b>Temporary Investments</b>		
Guaranteed investment certificate	200,000	0
<b>Restricted Funds</b>		
Brokers cash accounts	173,806	186,517
Restricted operating accounts	1,376,944	3,554,406
Mutual funds	23,680	23,633
Index linked equity funds	508,089	410,540
	<u>2,082,519</u>	<u>4,175,096</u>
<b>Total Cash, Investments and Restricted Funds</b>	<u>3,408,643</u>	<u>5,313,975</u>
<b>Composed of:</b>		
Unrestricted cash	965,980	511,181
Temporary investments	200,000	0
Restricted funds - development fund	486,826	427,265
Restricted funds - John Nixon memorial fund	218,749	193,425
Restricted funds - restricted project funds	1,537,088	4,182,104
	<u>3,408,643</u>	<u>5,313,975</u>

**Amref Health Africa in Canada**

*December 31, 2021*

**Note 3 Cash, Investments and Restricted Funds - continued**

	2021	2020
<b>Investment income includes:</b>		
Interest and dividends	\$ 12,304	\$ 14,350
Unrealized gains	97,550	18,707
	109,854	33,057
 <b>Allocated as follows:</b>		
Restricted Project Funds	1,115	1,867
Development fund	74,364	21,546
John Nixon Memorial Fund	32,047	8,662
Unrestricted funds	2,328	982
	109,854	33,057

The average rate of return on cash and investments during the year was 1.5% (2020, 2.0%).

**Note 4 Capital Assets**

			2021		2020
Rate	Cost	Accumulated Amortization	Net Book Value		Net Book Value
Office furniture and equipment	20%	\$ 20,084	\$ (18,981)	\$ 1,103	\$ 1,379
Computer hardware and software	30%	66,161	(57,174)	8,987	8,767
Leasehold improvements	5 years	775	(775)	0	0
		87,020	(76,930)	10,090	10,146

**Note 5 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 6 Canada Emergency Business Account (CEBA) Loan**

In the prior year the Corporation obtained a CEBA loan from Royal Bank of Canada for \$40,000, through a line of credit. During the year, the Corporation obtained an additional \$20,000. The loan is interest free and no payments are required until December 31, 2023. Under the CEBA program, \$20,000 of the loan are expected to be forgiven if the balance is repaid by December 31, 2023. The Corporation intends to pay the loan prior to December 31, 2023.



**Note 7                      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, 2023 and terms of repayment are to be determined.

**Note 8                      Major Funding Agreements**

- (a) 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 2022.

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

	2021	2020
Christian Children's Fund of Canada	\$ 211,825	\$ 114,297
The Hospital for sick Children Centre for Global Child Health	0	305,836
WaterAid Canada	0	586,839
	211,825	1,006,972

- (b) In a 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 March 31, 2022. The GAC contribution increased to \$11,019,769 and the Corporation will 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, \$60,852 (2020 - \$250,000) were disbursed to MSI USA. Funds received towards the end of the fiscal year are planned to be disbursed in 2022.

**Note 9 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:

2022	\$ 61,188
2023	5,099

**Note 10 Salary and Benefits**

Remuneration to employees during the year has been allocated as follows:

	2021	2020
Administrative	\$ 139,831	\$ 156,628
Fundraising	131,768	86,065
Project support	321,572	314,216
Public awareness	50,502	51,957
Canada Summer Jobs Program recoveries	(12,810)	0
Total remuneration during the year	630,863	608,866

**Note 11 Internal Transfers**

The Board approved an internal transfer of funds from the Development Fund to the unrestricted operating fund in the amount of \$14,803. The Board approved an internal transfer of funds from the John Nixon Memorial Fund to the Restricted Project Funds in the amount of \$6,723 to cover disbursements related to the Lab Refresher Program in Kenya.

**Note 12 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 \$310,786 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 13 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.