

Financial Statements
Amref Health Africa in Canada
Toronto, Ontario
December 31, 2022

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

Opinion

We have audited the financial statements of Amref Health Africa in Canada, which comprise the statement of financial position as at December 31, 2022 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, 2022, 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.

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.

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

Independent Auditors' Report - continued

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 3, 2023

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

Chartered Professional Accountants, Licensed Public Accountants

Amref Health Africa in Canada

December 31, 2022

Statement of Financial Position	2022	2021
		Note 5
Current Assets		
Unrestricted cash, Note 3	\$ 869,800	\$ 1,304,451
Temporary investments, Note 3	200,000	200,000
Accounts receivable	7,066	7,158
HST receivable	122,032	34,833
Prepaid expenses	8,870	8,170
Total Current	1,207,768	1,554,612
Restricted Funds , Note 3		
Project Funds, Note 1(e)	384,591	1,537,088
Development Fund, Note 1(f)	433,272	486,826
John Nixon Memorial Fund, Note 1(g)	197,489	218,749
Capital Assets , Note 4	10,295	10,090
	2,233,415	3,807,365

Approved by The Board

Director: Karen Wensley

Director: Ian Brenner

Amref Health Africa in Canada

December 31, 2022

Statement of Financial Position	2022	2021
		Note 5
Current Liabilities		
Accounts payable and accrued liabilities	\$ 49,721	\$ 461,290
CEBA Loan, Note 6	60,000	60,000
Total Current	109,721	521,290
Deferred Contributions Related to Capital Assets	689	853
Loan Payable to Amref Health Africa, Note 7	189,250	189,250
Total Liabilities	299,660	711,393
Contingency, Note 12		
Net Assets, per statement		
Restricted project funds	384,593	1,537,088
Development fund	433,274	486,826
John Nixon memorial fund	197,489	218,749
Unrestricted operating fund	918,399	853,309
	1,933,755	3,095,972
	2,233,415	3,807,365

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

Amref Health Africa in Canada

Year ended December 31, 2022

Statement of Income and Changes in Net Assets

	Restricted Project Funds	Development Fund	John Nixon Memorial Fund	Total Restricted	Unrestricted Operating Fund	2022	2021
Revenues	\$ 116,008	\$ (37,941)	\$ (14,201)	\$ 63,866	\$ 1,697,567	\$ 1,761,433	\$ 4,390,543
Expenditures	(1,275,562)	0	0	(1,275,562)	(1,648,088)	(2,923,650)	(6,263,234)
Surplus (Deficit)	(1,159,554)	(37,941)	(14,201)	(1,211,696)	49,479	(1,162,217)	(1,872,691)
Net Assets , Note 11							
Balance beginning	1,537,088	486,826	218,749	2,242,663	853,309	3,095,972	4,968,663
Internal transfer	7,059	0	(7,059)	0	0	0	0
Internal transfer	0	(15,611)	0	(15,611)	15,611	0	0
Balance December 31	384,593	433,274	197,489	1,015,356	918,399	1,933,755	3,095,972

Amref Health Africa in Canada

Year ended December 31, 2022

Statement of Fund Income and Expenditures

	Restricted Projects	Development and JNM Funds	Unrestricted Operating Fund	2022 Total	2021 Total
Page 10					
Revenues					
Institutional/GAC funding	\$ 93,495	\$ 0	\$ 464,165	\$ 557,660	\$ 2,808,760
Foundation	20,000	0	18,000	38,000	107,960
Individual	1,408	0	988,267	989,675	828,193
Investment income, Note 3	1,105	(52,142)	6,264	(44,773)	109,854
Government of Canada wage subsidy	0	0	0	0	4,305
Administration fees	0	0	192	192	13,338
Amortization of deferred contributions	0	0	166	166	208
Amref Health Africa Global, Note 8	0	0	220,513	220,513	517,925
Total Revenues	116,008	(52,142)	1,697,567	1,761,433	4,390,543
Expenditures					
Funds disbursed	1,275,562	0	0	1,275,562	4,541,147
Project support	0	0	252,337	252,337	330,769
	1,275,562	0	252,337	1,527,899	4,871,916
Public awareness	0	0	61,206	61,206	52,762
Marketing solicitation	0	0	805,519	805,519	852,303
Other fundraising	0	0	189,296	189,296	167,479
	0	0	1,056,021	1,056,021	1,072,544
Administrative	0	0	334,760	334,760	313,348
Amortization	0	0	4,970	4,970	5,426
	0	0	339,730	339,730	318,774
Total Expenditures	1,275,562	0	1,648,088	2,923,650	6,263,234
Surplus (Deficit)	(1,159,554)	(52,142)	49,479	(1,162,217)	(1,872,691)

Amref Health Africa in Canada

Year ended December 31, 2022

Schedule of Restricted Project Receipts, Disbursements and Balances

2022

	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	\$ (5,939)	\$ 1,105	\$ 50,243	\$ 0	\$ 0	\$ 0	45,409
AMREF HQ, Note 8	1,389	20,000	(20,000)	0	0	0	1,389
Lab Refresher Program, Kenya	0	0	(7,059)	0	7,059	0	0
PS-MNCH (GAC), Note 8(a)	1,378,791	(503,638)	(833,665)	0	0	0	41,488
Uzazi Uzima (GAC), Note 8(b)	162,847	552,594	(419,134)	0	0	0	296,307
Need assessment	0	45,947	(45,947)	0	0	0	0
	1,537,088	116,008	(1,275,562)	0	7,059	0	384,593

Amref Health Africa in Canada

Year ended December 31, 2022

Statement of Cash Flows	2022	2021
		Note 5
Operating Activities		
Deficit	\$ (1,162,217)	\$ (1,872,691)
Non-cash items		
Amortization of capital assets	4,970	5,426
Amortization of deferred contributions	(166)	(208)
	(1,157,413)	(1,867,473)
Net change in non-cash working capital	(499,373)	285,982
<i>Cash Used In Operating Activities</i>	(1,656,786)	(1,581,491)
Investing Activities		
Purchase of capital assets	(5,176)	(5,370)
Increase in restricted funds	1,227,311	2,560,131
Increase in temporary investments	0	(200,000)
<i>Cash Provided By Investing Activities</i>	1,222,135	2,354,761
Financing Activities		
CEBA Loan advance	0	20,000
<i>Cash Provided By Financing Activities</i>	0	20,000
Net cash increase (decrease) during the year	(434,651)	793,270
Cash position beginning of year	1,304,451	511,181
<i>Cash Position End of Year</i>	869,800	1,304,451

Notes to Financial Statements

Nature of the Organization

The mission of Amref Health Africa in Canada (the Corporation) 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 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.

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, 2022:

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 rates, foreign exchange rates and equity prices. 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

	2022	2021
		Note 5
Cash		
Petty cash	\$ 1,198	\$ 884
Operating current accounts	839,495	1,125,240
	<u>840,693</u>	<u>1,126,124</u>
Temporary Investments		
Guaranteed investment certificate	200,000	200,000
Restricted Funds		
Brokers cash accounts	163,537	173,806
Restricted operating accounts	413,698	1,715,415
Mutual funds	23,998	23,680
Index linked equity funds	443,226	508,089
	<u>1,044,459</u>	<u>2,420,990</u>
Total Cash, Investments and Restricted Funds	<u>2,085,152</u>	<u>3,747,114</u>
Composed of:		
Unrestricted cash	869,800	1,304,451
Temporary investments	200,000	200,000
Restricted funds - development fund	433,272	486,826
Restricted funds - John Nixon memorial fund	197,489	218,749
Restricted funds - restricted project funds	384,591	1,537,088
	<u>2,085,152</u>	<u>3,747,114</u>

Amref Health Africa in Canada

December 31, 2022

Note 3 Cash, Investments and Restricted Funds - continued

	2022	2021
Investment income includes:		
Interest and dividends	\$ 20,090	\$ 12,304
Unrealized gains (losses)	(64,863)	97,550
	(44,773)	109,854
Allocated as follows:		
Restricted Project Funds	1,105	1,115
Development fund	(37,941)	74,364
John Nixon Memorial Fund	(14,201)	32,047
Unrestricted funds	6,264	2,328
	(44,773)	109,854

The average rate of return on cash and investments during the year was 2.7% (2021, 1.5%).

Note 4 Capital Assets

					2022	2021
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Office furniture and equipment	20%	\$ 20,084	\$ (19,202)	\$ 882	\$ 1,103	1,103
Computer hardware and software	30%	32,873	(23,460)	9,413	8,987	8,987
		52,957	(42,662)	10,295	10,090	10,090

Note 5 Classification

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

Note 6 Canada Emergency Business Account (CEBA) Loan

In a prior year the Corporation obtained a CEBA loan from the 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. Subsequent to year-end, the loan was fully repaid for \$189,250.

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 2023.

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

	2022	2021
Christian Children's Fund of Canada	\$ 0	\$ 211,825
The Hospital for Sick Children Centre for Global Child Health	0	0
WaterAid Canada	0	0
	0	211,825

- (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. Funds received towards the end of the fiscal year are planned to be disbursed in 2023.

Note 9 Contractual Obligation

The Corporation is committed to minimum monthly rental payments for office premises of \$2,956 plus HST from September 15, 2022 to September 30, 2027. The monthly amount increases to \$3,305 on October 1, 2024. Actual rates vary based on variable expenses. Future minimum annual payment requirements are as follows:

2023	\$ 35,471
2024	36,519
2025	39,663
2026	39,663
2027	29,747

Note 10 Salary and Benefits

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

	2022	2021
Administrative	\$ 170,143	\$ 139,831
Fundraising	154,349	131,768
Project support	242,116	321,572
Public awareness	60,024	50,502
Canada Summer Jobs Program recoveries	(5,730)	(12,810)
	620,902	630,863
Total remuneration during the year		

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 \$15,611. The Board also approved an internal transfer of funds from the John Nixon Memorial Fund to the Restricted Project Funds in the amount of \$7,059 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 \$852,628 related to projects that were completed in the current or prior years. The Corporation is working on raising these funds. When these funds are raised, they will be transferred to Amref Health Africa.