

HEALTHBRIDGE FOUNDATION OF CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

McCAY DUFF LLP, CHARTERED ACCOUNTANTS



MCCAY DUFF LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Directors of
HealthBridge Foundation of Canada

Report on the Financial Statements

We have audited the accompanying financial statements of HealthBridge Foundation of Canada, which comprise the statements of financial position as at December 31, 2012 and December 31, 2011, and the statements of operations, net assets and memorial fund and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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INDEPENDENT AUDITORS' REPORT

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of HealthBridge Foundation of Canada as at December 31, 2012, December 31, 2011, and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

McCay Duff LLP

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
July 9, 2013.

HEALTHBRIDGE FOUNDATION OF CANADA

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT		
Cash	\$ 524,633	\$ 273,660
Cash equivalents	361,956	448,355
Accounts receivable	599,191	616,271
Inventory	8,023	23,202
Prepaid expenses	<u>16,370</u>	<u>15,713</u>
	1,510,173	1,377,201
CAPITAL (note 6)	<u>3,589</u>	<u>11,333</u>
	<u>\$ 1,513,762</u>	<u>\$ 1,388,534</u>

LIABILITIES

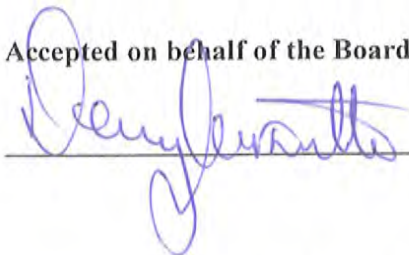
CURRENT		
Accounts payable and accrued liabilities (note 4)	\$ 104,822	\$ 117,500
Deferred contributions (note 5)	<u>1,062,386</u>	<u>957,746</u>
	1,167,208	1,075,246
MEMORIAL FUND (note 7)	<u>35,170</u>	<u>34,822</u>
	1,202,378	1,110,068

NET ASSETS

BALANCE - END OF YEAR		
Unrestricted	307,795	267,133
Invested in capital assets	<u>3,589</u>	<u>11,333</u>
	<u>311,384</u>	<u>278,466</u>
	<u>\$ 1,513,762</u>	<u>\$ 1,388,534</u>

Commitments (note 8)

Accepted on behalf of the Board:



Director



Director

HEALTHBRIDGE FOUNDATION OF CANADA
 STATEMENTS OF NET ASSETS AND MEMORIAL FUND
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS		
BALANCE - BEGINNING OF YEAR	\$ 267,133	\$ 327,202
Net revenue (expenses) for the year	32,918	(67,813)
Allocation from/(to) net assets invested in capital assets	<u>7,744</u>	<u>7,744</u>
BALANCE - END OF YEAR	<u>\$ 307,795</u>	<u>\$ 267,133</u>
NET ASSETS INVESTED IN CAPITAL ASSETS		
BALANCE - BEGINNING OF YEAR	\$ 11,333	\$ 19,077
Amortization	(7,744)	(7,744)
BALANCE - END OF YEAR	<u>\$ 3,589</u>	<u>\$ 11,333</u>
MEMORIAL FUND		
BALANCE - BEGINNING OF YEAR	\$ 34,822	\$ 34,649
Investment revenue	<u>348</u>	<u>173</u>
BALANCE - END OF YEAR	<u>\$ 35,170</u>	<u>\$ 34,822</u>

HEALTHBRIDGE FOUNDATION OF CANADA
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUE		
Canadian International Development Agency	\$ 237,498	\$ 19,715
International Development Research Centre	115,870	250,981
International Union Against Tuberculosis and Lung Disease	238,412	263,282
Canadian Red Cross	-	13,560
Health Canada	158,805	201,554
Tobacco Free Kids	169,817	131,209
Framework Convention Alliance	348,281	326,324
Atlantic Philanthropies	254,877	194,359
Harvest Plus	17,362	36,215
Program - other	412,227	246,315
Investment revenue	2,597	1,365
Contributions	511,152	442,970
Sales	33,458	38,053
Pakur fundraising	61,142	6,572
Bolivia fundraising	<u>16,093</u>	<u>-</u>
	2,577,591	2,172,474
EXPENSES		
Direct program costs	2,234,116	1,899,195
Administration		
Staff	145,961	152,784
Fixed costs	76,818	71,841
Variable costs	25,907	24,965
Other operating costs	21,591	18,860
Trustees meetings	<u>10,182</u>	<u>11,662</u>
	280,459	280,112
Amortization	<u>7,744</u>	<u>7,744</u>
	<u>2,522,319</u>	<u>2,187,051</u>
REVENUE (EXPENSES) FROM OPERATIONS	55,272	(14,577)
Program development costs	<u>22,354</u>	<u>53,236</u>
NET REVENUE (EXPENSES) FOR THE YEAR	<u>\$ 32,918</u>	<u>\$(67,813)</u>

HEALTHBRIDGE FOUNDATION OF CANADA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Cash from operations		
Net revenue (expenses) for the year	\$ 32,918	\$(67,813)
Item not requiring an outlay of cash:		
- amortization	<u>7,744</u>	<u>7,744</u>
	40,662	(60,069)
Changes in non-cash working capital		
- accounts receivable	17,080	(284,400)
- inventory	15,179	(1,528)
- prepaid expenses	(657)	(1,857)
- accounts payable and accrued liabilities	(12,678)	(10,450)
- deferred contributions	<u>104,640</u>	<u>179,670</u>
	164,226	(178,634)
INVESTING ACTIVITIES		
Memorial fund investment revenue	<u>348</u>	<u>173</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	164,574	(178,461)
Cash and cash equivalents - beginning of year	<u>722,015</u>	<u>900,476</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 886,589</u>	<u>\$ 722,015</u>
CASH AND CASH EQUIVALENTS		
Cash	\$ 524,633	\$ 273,660
Cash equivalents	<u>361,956</u>	<u>448,355</u>
	<u>\$ 886,589</u>	<u>\$ 722,015</u>

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

1. ORGANIZATION AND ACCOUNTING FRAMEWORK

HealthBridge Foundation of Canada (the "Foundation") is an international non-profit, non-governmental organization founded in 1981, with headquarters in Ottawa. Its purpose is to identify, analyze, and bridge gaps in public health, including gaps between: Needs and technologies; Evidence and policies; Policies and practice.

The Foundation's mission is to work with partners world-wide to improve health and health equity through research, policy and action.

The Foundation works in Asia, Africa and the Americas. It is an agile and efficient organization that aims to improve the health of vulnerable populations, including those at risk of malnutrition, infectious disease (particularly malaria and HIV/AIDS), and emerging epidemics, such as obesity and tobacco-caused disease. HealthBridge helps local partners develop and implement appropriate solutions, apply innovative and sustainable practices, and promote effective policies.

The Foundation is incorporated under the Canada Corporations Act without share capital and is exempt from income tax as a registered charity under the Income Tax Act of Canada.

On January 1, 2012, the Foundation adopted Canadian accounting standards for not-for-profit organizations ("ASNPO"). These are the first financial statements prepared in accordance with ASNPO.

In accordance with the transitional provisions in ASNPO, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011, and all comparative information provided has been presented by applying ASNPO.

There were no adjustments to net assets as at January 1, 2011 or net revenue (expenses) for the year ended December 31, 2011 as a result of the transition to ASNPO. Accordingly, a statement of financial position as at January 1, 2011 has not been presented with these financial statements.

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Foundation's significant accounting policies are as follows:

(a) Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related restrictions are met. Grant funds and major contributions that have been received but not yet earned are reported as deferred contributions. Amounts that have been awarded and disbursed but not yet received are reported as accounts receivable. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated, and collection is reasonably assured.

Investment revenue consists primarily of income earned on cash and cash equivalents. Where restricted by loan agreements or grants, unexpended interest is retained in a restricted fund, returned to the donor, or applied to the purpose of the grant. Where not restricted by the terms of a grant, interest is recognized as revenue when earned.

Sales are recognized as revenue in the period in which the goods pass title to the customer.

(b) Cash Equivalents

Cash equivalents consist of money market mutual funds which are highly liquid.

(c) Inventory

Inventory consists of mosquito nets and is stated at the lower of cost and net realizable value with cost determined on a first-in, first-out basis.

(d) Capital Assets and Amortization

Capital assets are stated at cost, less accumulated amortization. Amortization is provided on the straight line basis as follows:

Computer equipment	3 Years
Computer software	3 Years
Furniture and equipment	5 Years
Leasehold improvements	Remaining life of the lease

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(e) Contributed Services

The Foundation receives the services of many volunteers the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.

(f) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to net revenue (expenses) as appropriate in the year they become known.

(g) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at year end. Revenue and expense items are translated at the average rate of exchange for the year.

(h) Financial Instruments

The Foundation's financial instruments consist of cash, cash equivalents, accounts receivable and accounts payable and accrued liabilities.

Measurement

Financial instruments are recorded at fair value on initial recognition.

The Foundation subsequently measures all of its financial instruments at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in net revenue.

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

3. FINANCIAL RISKS AND CONCENTRATION OF RISKS

It is management's opinion that the Foundation is not exposed to significant interest rate, liquidity, market or credit risks arising from its financial instruments. There has been no change to the risk exposure from 2011.

Currency Risk

Currency risk is the exposure of the Foundation's earnings that arises from fluctuations in exchange rates. The Foundation is exposed to currency risk through cash, accounts receivable and accounts payable. The Foundation monitors exchange rates throughout the year and holds foreign currency to minimize this exposure. There has been no change to the risk exposure from 2011.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$2,397 (2011 - \$4,349).

5. DEFERRED CONTRIBUTIONS

	Balance - Beginning of Year	Amounts Received	Revenue Recognized	Balance - End of Year
Deferred contributions	\$ <u>957,746</u>	\$ <u>2,378,811</u>	\$ <u>2,274,171</u>	\$ <u>1,062,386</u>

Contributions are restricted for use on specific projects. Contributions are recognized in revenue as the related expenses are incurred.

6. CAPITAL ASSETS

	<u>2012</u>			<u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 12,045	\$ 11,874	\$ 171	\$ 4,185
Computer software	6,387	6,387	-	2,129
Furniture and equipment	7,460	4,476	2,984	4,476
Leasehold improvements	<u>760</u>	<u>326</u>	<u>434</u>	<u>543</u>
	<u>\$ 26,652</u>	<u>\$ 23,063</u>	<u>\$ 3,589</u>	<u>\$ 11,333</u>

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

7. MEMORIAL FUND

In November 1996, Timothy Stone, the Executive Director for HealthBridge, was tragically killed in a plane crash off the coast of Africa while working on one of HealthBridge's nutrition projects. Tim was very dedicated to HealthBridge's Mission and was instrumental in building HealthBridge into the organization it is today. Shortly after Tim's death, his family requested that donations could be made to HealthBridge in his memory. HealthBridge decided to set-up a memorial fund with those donations, and since 1996 has added to the memorial fund, any donations so directed. During the 2011 year end, the Board of Directors approved the establishment of the Tim Stone Internship Fund, which is anticipated to occur during the fiscal year ending December 31, 2013.

8. COMMITMENTS

The Foundation has accepted a contribution agreement with CIDA, for the Pakur Mother and Child Survival Project. This contribution agreement includes specific terms and conditions that the Foundation contribute 25% of the funding required for the project from internal resources. The total anticipated contribution by the Foundation, over the term of the project from December 1, 2011 to November 30, 2014, is approximately \$286,000. As of December 31, 2012, the Foundation has contributed \$67,716.

The Foundation has also accepted a contribution agreement with CIDA, for the Bolivia Small Animal Husbandry project. This contribution agreement includes specific terms and conditions that the Foundation contribute 25% of the funding required for the project from internal resources. The total anticipated contribution by the Foundation, over the term of the project from July 4, 2012 to October 31, 2015, is approximately \$148,675. As of December 31, 2012, the Foundation has contributed \$16,093.

9. CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA), INTERNATIONAL DEVELOPMENT RESEARCH CENTRE (IDRC), INTERNATIONAL UNION AGAINST TUBERCULOSIS AND LUNG DISEASE, CANADIAN RED CROSS AND HEALTH CANADA GRANTS

Grants received from CIDA, IDRC, the International Union Against Tuberculosis and Lung Disease, the Canadian Red Cross and Health Canada are subject to specific terms and conditions regarding the expenditure of the funds. The Foundation's accounting records are subject to audit by the grant providers to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which therefore would be refundable. Adjustments, if any, to prior years' contributions are recorded in the year in which the grant providers request the adjustments. No audits were performed in the current fiscal year by CIDA, IDRC, the International Union Against Tuberculosis and Lung Disease, the Canadian Red Cross or Health Canada.