

HEALTHBRIDGE FOUNDATION OF CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2021



INDEPENDENT AUDITORS' REPORT

To the Members of
HealthBridge Foundation of Canada

Qualified Opinion

We have audited the financial statements of HealthBridge Foundation of Canada (the "Foundation"), which comprise the statement of financial position as at December 31, 2021, the statement of operations, statement of net assets and statement of 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and the results of its operations and its 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 Foundation derives revenue from the general public in the form of fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue from fundraising, and net revenue for the years ended December 31, 2021 and December 31, 2020, and current assets and operating fund - unrestricted balance as at December 31, 2021 and December 31, 2020. Our audit opinion on the financial statements for the year ended December 31, 2020 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 the Foundation 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.

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INDEPENDENT AUDITORS' REPORT (Cont'd)

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 the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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.



INDEPENDENT AUDITORS' REPORT (Cont'd)

- 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 the Foundation'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 the Foundation'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 Foundation 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.

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.

McCay Duff LLP

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
July 29, 2022.

HEALTHBRIDGE FOUNDATION OF CANADA

STATEMENT OF FINANCIAL POSITION

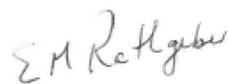
AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT		
Cash	\$ 1,314,075	\$ 841,484
Cash equivalents	392,204	390,502
Accounts receivable	482,158	386,018
Inventory	5,446	5,881
Prepaid expenses	<u>6,206</u>	<u>6,661</u>
	<u>\$ 2,200,089</u>	<u>\$ 1,630,546</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 593,453	\$ 109,099
Deferred contributions (note 4)	<u>1,122,208</u>	<u>921,807</u>
	1,715,661	1,030,906
LONG TERM DEBT (note 5)	<u>40,000</u>	<u>40,000</u>
	1,755,661	1,070,906
NET ASSETS		
BALANCE - END OF YEAR		
Operating Fund - Unrestricted	423,762	535,525
Memorial Fund	<u>20,666</u>	<u>24,115</u>
	<u>444,428</u>	<u>559,640</u>
	<u>\$ 2,200,089</u>	<u>\$ 1,630,546</u>
COVID-19 implications (note 6)		

Accepted on behalf of the Board:



Director



Director

HEALTHBRIDGE FOUNDATION OF CANADA

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
UNRESTRICTED NET ASSETS		
BALANCE - BEGINNING OF YEAR	\$ 535,525	\$ 378,326
Net revenue (expenses) for the year	(111,763)	153,415
Allocation from (to) net assets invested in capital assets	<u>-</u>	<u>3,784</u>
BALANCE - END OF YEAR	<u>\$ 423,762</u>	<u>\$ 535,525</u>
NET ASSETS INVESTED IN CAPITAL ASSETS		
BALANCE - BEGINNING OF YEAR	\$ -	\$ 3,784
Purchase of capital assets	-	-
Amortization	<u>-</u>	<u>(3,784)</u>
BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
MEMORIAL FUND		
BALANCE - BEGINNING OF YEAR	\$ 24,115	\$ 27,867
Investment revenue	51	48
Internship awarded	<u>(3,500)</u>	<u>(3,800)</u>
BALANCE - END OF YEAR	<u>\$ 20,666</u>	<u>\$ 24,115</u>

HEALTHBRIDGE FOUNDATION OF CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
REVENUE		
Global Affairs Canada	\$ 834,167	\$ 374,284
Contributions	755,861	636,121
Tobacco Free Kids	275,087	116,791
Program - other	211,128	855,069
Government assistance	187,096	294,383
Framework Convention Alliance	148,576	494,763
International Development Research Centre	70,985	98,903
Investment revenue	2,769	5,788
Sales	629	1,054
Nepal and Vietnam fundraising	-	30,542
	2,486,298	2,907,698
EXPENSES		
Direct program costs	2,154,778	2,460,055
Administration		
Staff	156,449	144,708
Fixed costs	61,007	68,614
Variable costs	42,219	42,328
Other operating costs	31,066	27,960
Trustees meetings	11,580	2,833
	302,321	286,443
Amortization	-	3,784
	<u>2,457,099</u>	<u>2,750,282</u>
REVENUE FROM OPERATIONS	29,199	157,416
Program development costs	<u>140,962</u>	<u>4,001</u>
NET REVENUE (EXPENSES) FOR THE YEAR	<u><u>\$ (111,763)</u></u>	<u><u>\$ 153,415</u></u>

HEALTHBRIDGE FOUNDATION OF CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Cash from operations		
Net revenue (expenses) for the year	\$(111,763)	\$ 153,415
Memorial fund investment revenue	51	48
Memorial fund internship awarded	<u>(3,500)</u>	<u>(3,800)</u>
	(115,212)	149,663
Item not requiring an outlay of cash:		
- amortization	<u>-</u>	<u>3,784</u>
	(115,212)	153,447
Changes in non-cash working capital		
- accounts receivable	(96,140)	(129,741)
- inventory	435	771
- prepaid expenses	455	(116)
- accounts payable and accrued liabilities	484,354	(195,588)
- deferred contributions	<u>200,401</u>	<u>(79,953)</u>
	474,293	(251,180)
FINANCING ACTIVITIES		
Change in long-term debt	<u>-</u>	<u>40,000</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	474,293	(211,180)
Cash and cash equivalents - beginning of year	<u>1,231,986</u>	<u>1,443,166</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,706,279</u>	<u>\$ 1,231,986</u>
CASH AND CASH EQUIVALENTS		
Cash	\$ 1,314,075	\$ 841,484
Cash equivalents	<u>392,204</u>	<u>390,502</u>
	<u>\$ 1,706,279</u>	<u>\$ 1,231,986</u>

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. ORGANIZATION

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 during 2014, received certification of continuance under the Canada Not-for-Profit Corporations Act. The Foundation is exempt from income tax as a registered charity under the Income Tax Act of Canada.

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.

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(b) Fund Accounting

Operating Fund

The Operating Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

Memorial Fund

The Memorial Fund reports donations internally restricted in memory of Timothy Stone. 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. Investment revenue earned on resources of the Memorial Fund are reported in the Memorial Fund as earned. During the 2013 year end, the board approved for the Tim Stone Memorial Award to be established with the proceeds of the Memorial Fund. During the 2020 year, a Tim Stone Award was presented in the amount of \$3,500 (2020 - \$3,800).

(c) Cash Equivalents

Cash equivalents consist of term deposits which are highly liquid.

(d) 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.

(e) 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
Website	5 Years
Leasehold improvements	Remaining life of the lease

(f) 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.

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(g) 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.

(h) 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.

(i) Financial Instruments

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

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 (expenses).

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 the prior year.

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 the prior year.

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

4. DEFERRED CONTRIBUTIONS

	<u>Balance - Beginning of Year</u>	<u>Amounts Received</u>	<u>Revenue Recognized</u>	<u>Balance - End of Year</u>
Deferred contributions	\$ <u>921,807</u>	\$ <u>2,105,168</u>	\$ <u>1,904,767</u>	\$ <u>1,122,208</u>

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

5. LONG TERM DEBT

During the 2020 fiscal year, the Foundation received a \$60,000 loan through the Canadian emergency business account program. Under the terms of the program, if the Foundation repays the first \$40,000 of the loan by December 31, 2023, the remaining \$20,000 will be forgiven. As these loans were advanced with the intention that a portion will be forgiven, and the Foundation has sufficient financial resources that forgiveness is reasonably assured, the \$20,000 forgivable portion has been recognized as revenue when the loan proceeds were received.

6. COVID-19 IMPLICATIONS

The impact of COVID-19 to the public since its outbreak in mid-March 2020 has been extensive. In response to ongoing health concerns, the Foundation has been adhering to government guidelines as they relate to states of emergency, social distancing measures and mandated closures. The Canadian government has continued to implement financial easing policies to mitigate the financial impact on the economy in which the Foundation operates, however its effectiveness is yet to be determined. The financial impact on the Foundation as a result of COVID-19 is unknown as the potential impact on future operations cannot be determined. No amounts have been recognized in the audited financial statements relating to the potential impact of future events on the Foundation as a result of COVID-19.

7. PROJECT AUDITS

Grants received from Global Affairs Canada (GAC), International Development Research Centre (IDRC), UN Habitat, Tobacco Free Kids (TFK), Southeast Asia Canada in Vietnam (SEATCA) and Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) 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.