

**HEALTHBRIDGE FOUNDATION OF CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**



**MCCAY DUFF LLP**

CHARTERED PROFESSIONAL ACCOUNTANTS

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## 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, 2018, the statements of operations, net assets 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 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, 2018, 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, 2018 and December 31, 2017, and current assets and operating fund - unrestricted balance as at December 31, 2018 and December 31, 2017. Our audit opinion on the financial statements for the year ended December 31, 2017 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.



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**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 31, 2019.

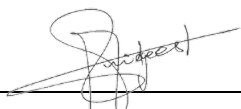
**HEALTHBRIDGE FOUNDATION OF CANADA**

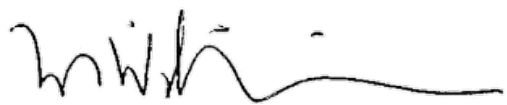
**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2018**

<b>ASSETS</b>		
	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>CURRENT</b>		
Cash	\$ 488,590	\$ 731,901
Cash equivalents	380,098	375,213
Accounts receivable	412,940	258,999
Inventory	8,787	10,566
Prepaid expenses	<u>6,528</u>	<u>6,518</u>
	1,296,943	1,383,197
<b>CAPITAL (note 4)</b>	<u>8,797</u>	<u>5,776</u>
	<u><u>\$ 1,305,740</u></u>	<u><u>\$ 1,388,973</u></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (note 5)	\$ 218,262	\$ 192,604
Deferred contributions (note 6)	<u>749,165</u>	<u>891,516</u>
	967,427	1,084,120
<b>NET ASSETS</b>		
<b>BALANCE - END OF YEAR</b>		
Operating Fund - Unrestricted	301,856	271,622
- Invested in capital assets	8,797	5,776
Memorial Fund	<u>27,660</u>	<u>27,455</u>
	<u>338,313</u>	<u>304,853</u>
	<u><u>\$ 1,305,740</u></u>	<u><u>\$ 1,388,973</u></u>
Commitments (note 7)		

**Accepted on behalf of the Board:**

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

HEALTHBRIDGE FOUNDATION OF CANADA

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	\$ 271,622	\$ 267,258
Net revenue for the year	33,255	2,792
Allocation from (to) net assets invested in capital assets	<u>( 3,021)</u>	<u>1,572</u>
<b>BALANCE - END OF YEAR</b>	<u>\$ 301,856</u>	<u>\$ 271,622</u>
<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	\$ 5,776	\$ 7,348
Purchase of capital assets	10,462	2,921
Amortization	<u>( 7,441)</u>	<u>( 4,493)</u>
	<u>3,021</u>	<u>( 1,572)</u>
<b>BALANCE - END OF YEAR</b>	<u>\$ 8,797</u>	<u>\$ 5,776</u>
<b>MEMORIAL FUND</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	\$ 27,455	\$ 30,908
Investment revenue	205	47
Internship awarded	<u>-</u>	<u>( 3,500)</u>
<b>BALANCE - END OF YEAR</b>	<u>\$ 27,660</u>	<u>\$ 27,455</u>

HEALTHBRIDGE FOUNDATION OF CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>		
Global Affairs Canada	\$ 927,623	\$ 969,902
International Development Research Centre	62,622	134,296
Tobacco Free Kids	266,056	18,815
Framework Convention Alliance	615,296	498,239
Program - other	570,706	412,188
Investment revenue	5,744	2,763
Contributions	639,710	557,737
Sales	2,307	7,555
Nepal and Vietnam fundraising	<u>83,302</u>	<u>114,523</u>
	3,173,366	2,716,018
<b>EXPENSES</b>		
Direct program costs	2,854,198	2,397,004
Administration		
Staff	130,238	137,420
Fixed costs	71,304	73,431
Variable costs	32,650	41,980
Other operating costs	27,935	24,803
Trustees meetings	<u>13,259</u>	<u>14,803</u>
	275,386	292,437
Amortization	<u>7,441</u>	<u>4,493</u>
	<u>3,137,025</u>	<u>2,693,934</u>
<b>REVENUE FROM OPERATIONS</b>	36,341	22,084
Program development costs	<u>3,086</u>	<u>19,292</u>
<b>NET REVENUE FOR THE YEAR</b>	<u>\$ 33,255</u>	<u>\$ 2,792</u>

**HEALTHBRIDGE FOUNDATION OF CANADA**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Cash from operations		
Net revenue for the year	\$ 33,255	\$ 2,792
Memorial fund investment revenue	205	47
Memorial fund internship awarded	<u>-</u>	<u>( 3,500)</u>
	33,460	( 661)
Item not requiring an outlay of cash:		
- amortization	<u>7,441</u>	<u>4,493</u>
	40,901	3,832
Changes in non-cash working capital		
- accounts receivable	( 153,941)	31,145
- inventory	1,779	10,778
- prepaid expenses	( 10)	603
- accounts payable and accrued liabilities	25,658	( 45,089)
- deferred contributions	<u>( 142,351)</u>	<u>19,333</u>
	( 227,964)	20,602
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>( 10,462)</u>	<u>( 2,921)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	( 238,426)	17,681
Cash and cash equivalents - beginning of year	<u>1,107,114</u>	<u>1,089,433</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 868,688</u>	<u>\$ 1,107,114</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash	\$ 488,590	\$ 731,901
Cash equivalents	<u>380,098</u>	<u>375,213</u>
	<u>\$ 868,688</u>	<u>\$ 1,107,114</u>



# HEALTHBRIDGE FOUNDATION OF CANADA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

### 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, 2018

### 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 2018 year, no internship was awarded (2017 - \$3,500).

(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, 2018**

**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 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 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.

**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 2017.

**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 2017.

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4. CAPITAL ASSETS

	<u>2018</u>			<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 29,803	\$ 22,517	\$ 7,286	\$ 2,469
Computer software	10,865	9,905	960	506
Furniture and equipment	7,460	7,460	-	-
Website	10,000	9,449	551	2,801
Leasehold improvements	<u>760</u>	<u>760</u>	<u>-</u>	<u>-</u>
	<u>\$ 58,888</u>	<u>\$ 50,091</u>	<u>\$ 8,797</u>	<u>\$ 5,776</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$1,559 (2017 - \$1,548).

6. 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>\$ 891,516</u>	<u>\$ 2,835,975</u>	<u>\$ 2,978,326</u>	<u>\$ 749,165</u>

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

# HEALTHBRIDGE FOUNDATION OF CANADA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

### 7. COMMITMENTS

The Foundation has accepted a contribution agreement with Global Affairs Canada ("GAC"), for the Strengthening Health Systems and Improving Nutrition in Nepal and Vietnam Project. This contribution agreement includes specific terms and conditions that the Foundation contribute a minimum of 15% of the funding required for the project from internal resources. The total anticipated contribution by the Foundation, over the term of the project from March 17, 2016 to September 30, 2020, is approximately \$477,455 in the form of cash sources and \$184,750 in the form of in-kind sources. As of December 31, 2018, the Foundation has fundraised \$242,418 in relation to this project. Any shortfall in the Foundation's contribution from internal resources will be financed from the Foundation's surplus.

### 8. GLOBAL AFFAIRS CANADA (GAC) AND INTERNATIONAL DEVELOPMENT RESEARCH CENTRE (IDRC) AND UN HABITAT

Grants received from GAC, IDRC, and UN Habitat 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. A project audit was performed in the current fiscal year by UN Habitat and a compliance audit by GAC was in progress as of the audit report date.