

HEALTHBRIDGE FOUNDATION OF CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2015



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 statement of financial position as at December 31, 2015, and the statements of operations, net assets and cash flows for the year then ended, 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 audit. We conducted our audit 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

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, net revenue (expenses) for the year ended December 31, 2015, and current assets and operating fund - unrestricted balance as at December 31, 2015 and December 31, 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of HealthBridge Foundation of Canada as at December 31, 2015, 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.

McCay Duff LLP

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
August 3, 2016.

HEALTHBRIDGE FOUNDATION OF CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT		
Cash	\$ 452,148	\$ 501,696
Cash equivalents	370,984	368,154
Accounts receivable	174,600	355,978
Inventory	25,219	21,908
Prepaid expenses	<u>11,018</u>	<u>18,859</u>
	1,033,969	1,266,595
CAPITAL (note 4)	<u>12,716</u>	<u>10,250</u>
	<u>\$ 1,046,685</u>	<u>\$ 1,276,845</u>

LIABILITIES

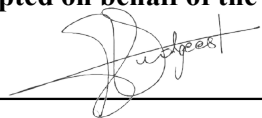
CURRENT		
Accounts payable and accrued liabilities (note 5)	\$ 190,340	\$ 149,990
Deferred contributions (note 6)	<u>571,089</u>	<u>835,037</u>
	761,429	985,027

NET ASSETS

BALANCE - END OF YEAR		
Operating Fund - Unrestricted	240,148	249,208
- Invested in capital assets	12,716	10,250
Memorial fund	<u>32,392</u>	<u>32,360</u>
	<u>285,256</u>	<u>291,818</u>
	<u>\$ 1,046,685</u>	<u>\$ 1,276,845</u>

Commitments (note 8)

Accepted on behalf of the Board:



Director



Director

HEALTHBRIDGE FOUNDATION OF CANADA
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS		
BALANCE - BEGINNING OF YEAR	\$ 249,208	\$ 265,570
Net revenue (expenses) for the year	(6,594)	(10,588)
Allocation from/(to) net assets invested in capital assets	<u>(2,466)</u>	<u>(5,774)</u>
BALANCE - END OF YEAR	<u>\$ 240,148</u>	<u>\$ 249,208</u>
NET ASSETS INVESTED IN CAPITAL ASSETS		
BALANCE - BEGINNING OF YEAR	\$ 10,250	\$ 4,476
Purchase of capital assets	6,494	9,514
Amortization	<u>(4,028)</u>	<u>(3,740)</u>
	<u>2,466</u>	<u>5,774</u>
BALANCE - END OF YEAR	<u>\$ 12,716</u>	<u>\$ 10,250</u>
MEMORIAL FUND		
BALANCE - BEGINNING OF YEAR	\$ 32,360	\$ 35,522
Investment revenue	32	338
Internship awarded	<u>-</u>	<u>(3,500)</u>
BALANCE - END OF YEAR	<u>\$ 32,392</u>	<u>\$ 32,360</u>

HEALTHBRIDGE FOUNDATION OF CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Global Affairs Canada	\$ 197,533	\$ 459,463
International Development Research Centre	420,206	318,740
Canadian Red Cross	147,098	37,157
Tobacco Free Kids	126,352	175,563
Framework Convention Alliance	420,600	425,981
Program - other	702,785	633,577
Investment revenue	3,055	4,602
Contributions	650,416	591,776
Sales	13,829	17,651
Pakur fundraising	38,604	97,163
Bolivia fundraising	<u>77,893</u>	<u>10,549</u>
	2,798,371	2,772,222
EXPENSES		
Direct program costs (note 7)	2,417,202	2,414,746
Administration		
Staff	179,131	174,823
Fixed costs	78,360	75,311
Variable costs	28,430	24,586
Other operating costs	30,330	22,066
Trustees meetings	<u>11,823</u>	<u>11,449</u>
	328,074	308,235
Amortization	<u>4,028</u>	<u>3,740</u>
	<u>2,749,304</u>	<u>2,726,721</u>
REVENUE FROM OPERATIONS	49,067	45,501
Program development costs	<u>55,661</u>	<u>56,089</u>
NET REVENUE (EXPENSES) FOR THE YEAR	<u><u>\$ (6,594)</u></u>	<u><u>\$ (10,588)</u></u>

HEALTHBRIDGE FOUNDATION OF CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Cash from operations		
Net revenue (expenses) for the year	\$(6,594)	\$(10,588)
Memorial fund investment revenue	32	338
Memorial fund internship awarded	<u>-</u>	<u>(3,500)</u>
	(6,562)	(13,750)
Item not requiring an outlay of cash:		
- amortization	<u>4,028</u>	<u>3,740</u>
	(2,534)	(10,010)
Changes in non-cash working capital		
- accounts receivable	181,378	(17,289)
- inventory	(3,311)	(10,131)
- prepaid expenses	7,842	(3,454)
- accounts payable and accrued liabilities	40,348	(13,872)
- deferred contributions	<u>(263,947)</u>	<u>10,498</u>
	(40,224)	(44,258)
INVESTING ACTIVITY		
Purchase of capital assets	<u>(6,494)</u>	<u>(9,514)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(46,718)	(53,772)
Cash and cash equivalents - beginning of year	<u>869,850</u>	<u>923,622</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 823,132</u>	<u>\$ 869,850</u>
CASH AND CASH EQUIVALENTS		
Cash	\$ 452,148	\$ 501,696
Cash equivalents	<u>370,984</u>	<u>368,154</u>
	<u>\$ 823,132</u>	<u>\$ 869,850</u>

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015

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 2015 year, there was no internship awarded (2014 - \$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, 2015

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 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 (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 2014.

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 2014.

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

4. CAPITAL ASSETS

	<u>2015</u>			<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 17,860	\$ 15,331	\$ 2,529	\$ 3,238
Computer software	9,425	6,893	2,532	-
Furniture and equipment	7,460	7,460	-	-
Website	10,000	2,454	7,546	6,795
Leasehold improvements	<u>760</u>	<u>651</u>	<u>109</u>	<u>217</u>
	<u>\$ 45,505</u>	<u>\$ 32,789</u>	<u>\$ 12,716</u>	<u>\$ 10,250</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$1,046 (2014 - \$1,117).

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>\$ 835,037</u>	<u>\$ 2,425,344</u>	<u>\$ 2,689,292</u>	<u>\$ 571,089</u>

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

7. FOREIGN EXCHANGE

Direct program costs include a net foreign exchange gain of \$25,561 for the year ending December 31, 2015.

HEALTHBRIDGE FOUNDATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

8. COMMITMENTS

The Foundation has accepted a contribution agreement with GAC, 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 April 30, 2016, is approximately \$148,675. As of December 31, 2015, the Foundation has contributed \$149,034.

The Foundation has also accepted a contribution agreement with 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 \$662,205 in the form of cash and/or in-kind sources.

9. GLOBAL AFFAIRS CANADA (GAC), INTERNATIONAL DEVELOPMENT RESEARCH CENTRE (IDRC), INTERNATIONAL UNION AGAINST TUBERCULOSIS AND LUNG DISEASE, CANADIAN RED CROSS GRANTS AND ONTARIO TRILLIUM FOUNDATION

Grants received from GAC, IDRC, the International Union Against Tuberculosis and Lung Disease, Canadian Red Cross and the Ontario Trillium Foundation 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 GAC, IDRC, the International Union Against Tuberculosis and Lung Disease or the Canadian Red Cross. A compliance audit was performed by Ontario Trillium Foundation during the current year, and no significant adjustments were requested.