

**Canadian Network for Maternal, Newborn & Child Health**  
**o/a Canadian Partnership for Women and Children's Health**  
**Financial Statements**  
For the year ended September 30, 2019

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**Contents**

|  |          |
|--|----------|
| <b>Independent Auditor's Report</b>    | <b>2</b> |
| <b>Financial Statements</b>            |          |
| Statement of Financial Position        | <b>4</b> |
| Statement of Operations and Net Assets | <b>5</b> |
| Statement of Cash Flows                | <b>6</b> |
| Notes to Financial Statements          | <b>7</b> |



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## Independent Auditor's Report

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To the Members of Canadian Network for Maternal, Newborn, and Child Health

### Opinion

We have audited the financial statements of Canadian Network for Maternal, Newborn, and Child Health (the Entity), which comprise the statement of financial position as at September 30, 2019, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at September 30, 2019, and results of operations and its 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity 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 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### Auditor's 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 auditor's 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 the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Lindsay, Ontario  
November 20, 2019

**Canadian Network for Maternal, Newborn, and Child Health  
(o/a Canadian Partnership for Women and Children's Health)  
Statement of Financial Position**

| September 30                                      | 2019                | 2018                |
|---|---------------------|---------------------|
| <b>Assets</b>                                     |                     |                     |
| <b>Current assets</b>                             |                     |                     |
| Cash (Note 4)                                     | \$ 1,978,368        | \$ 620,316          |
| Accounts receivable                               | 84,723              | 827,521             |
| Prepaid expense                                   | 5,702               | 9,504               |
|   | <u>\$ 2,068,793</u> | <u>\$ 1,457,341</u> |
| <b>Liabilities and Net Assets</b>                 |                     |                     |
| <b>Current liabilities</b>                        |                     |                     |
| Accounts payable and accrued liabilities (Note 5) | \$ 281,685          | \$ 224,145          |
| Deferred revenue (Note 6)                         | 1,428,112           | 1,150,136           |
|   | <u>1,709,797</u>    | <u>1,374,281</u>    |
| <b>Net assets</b>                                 |                     |                     |
| Unrestricted                                      | <u>358,996</u>      | <u>83,060</u>       |
|   | <u>\$ 2,068,793</u> | <u>\$ 1,457,341</u> |

On behalf of the Board



Director



Director

**Canadian Network for Maternal, Newborn, and Child Health  
(o/a Canadian Partnership for Women and Children's Health)  
Statement of Operations and Net Assets**

For the year ended September 30

|   | Government       | Other             | 2019              | 2018             |
|---|------------------|-------------------|-------------------|------------------|
| <b>Revenues</b>                         |                  |                   |                   |                  |
| Grants and restricted contributions     | \$ 3,736,658     | \$ 528,605        | \$ 4,265,263      | \$ 2,280,213     |
| Unrestricted overhead contribution      | 291,416          | 69,516            | 360,932           | 169,738          |
| Membership income                       | -                | 35,902            | 35,902            | -                |
| Other income (Note 7)                   | 8,953            | 179,964           | 188,917           | 33,033           |
|   | <u>4,037,027</u> | <u>813,987</u>    | <u>4,851,014</u>  | <u>2,482,984</u> |
| <b>Expenses</b>                         |                  |                   |                   |                  |
| Canadian Global Health Collaborative    | 1,660,000        | -                 | 1,660,000         | -                |
| Communications                          | 36,660           | -                 | 36,660            | 26,024           |
| Consultants                             | 2,339            | 24,848            | 27,187            | 116,127          |
| Events                                  | 83,107           | 226,567           | 309,674           | 5,604            |
| Goods and supplies                      | 261,314          | 45,016            | 306,330           | 488,594          |
| Insurance                               | 3,210            | -                 | 3,210             | 5,037            |
| Professional development                | 2,346            | -                 | 2,346             | 9,565            |
| Professional fees                       | 24,011           | -                 | 24,011            | 23,747           |
| Translation                             | 39,185           | 2,000             | 41,185            | 58,087           |
| Travel and meetings                     | 367,757          | 74,991            | 442,748           | 334,655          |
| Wages                                   | 1,462,096        | 259,631           | 1,721,727         | 1,389,225        |
|   | <u>3,942,025</u> | <u>633,053</u>    | <u>4,575,078</u>  | <u>2,456,665</u> |
| <b>Excess of revenues over expenses</b> | <b>\$ 95,002</b> | <b>\$ 180,934</b> | <b>\$ 275,936</b> | <b>\$ 26,319</b> |
| <b>Net Assets, beginning of year</b>    |                  |                   | <u>83,060</u>     | <u>56,741</u>    |
| <b>Net Assets, end of year</b>          |                  |                   | <b>\$ 358,996</b> | <b>\$ 83,060</b> |

The accompanying notes are an integral part of these financial statements.

**Canadian Network for Maternal, Newborn, and Child Health  
(o/a Canadian Partnership for Women and Children's Health)  
Statement of Cash Flows**

| <b>For the year ended September 30</b>       | <b>2019</b>         | <b>2018</b>       |
|--|---------------------|-------------------|
| <b>Cash flows from operating activities</b>  |                     |                   |
| Excess of revenue over expenses              | \$ 275,936          | \$ 26,319         |
| Changes in non-cash working capital balances |                     |                   |
| Accounts receivable                          | 742,799             | (782,761)         |
| Prepaid expenses                             | 3,798               | (7,708)           |
| Accounts payable and accrued liabilities     | 57,542              | (81,600)          |
| Deferred revenue                             | 277,977             | (63,169)          |
| <b>Increase in cash during the year</b>      | <b>1,358,052</b>    | <b>(908,919)</b>  |
| <b>Cash, beginning of year</b>               | <b>620,316</b>      | <b>1,529,235</b>  |
| <b>Cash, end of year</b>                     | <b>\$ 1,978,368</b> | <b>\$ 620,316</b> |

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# Canadian Network for Maternal, Newborn, and Child Health (o/a Canadian Partnership for Women and Children's Health) Notes to Financial Statements

September 30, 2019

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## 1. Nature of Operations and Summary of Significant Accounting Policies

**Nature of Organization** The Organization is incorporated in Canada without share capital as a non-profit organization comprised of members. The aim of the organization is to catalyze Canadian collaboration to improve women's and children's health worldwide.

The Organization is a not-for-profit organization under the Income Tax Act and is accordingly exempt from income taxes, provided certain requirements of the Income Tax Act are met.

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

The organization follows the deferral method of accounting for contributions.

**Revenue Recognition** Grants and restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenue in excess of related expenses incurred is deferred.

Unrestricted overhead contribution is recognized as revenue in accordance with the terms of the contract with various funders.

Membership income is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other income includes event fees, donations, sponsorships and investment income. Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured with the exception of investment income which is recognized as revenue in the period for which it is earned (Note 7).

**Financial Instruments** Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all cash and investments have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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# Canadian Network for Maternal, Newborn, and Child Health (o/a Canadian Partnership for Women and Children's Health) Notes to Financial Statements

September 30, 2019

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## 2. Economic Dependence

The Organization's primary source of funding comes from Global Affairs Canada. The Organization is economically dependent on this agency as it receives 70% (2018 - 94%) of its revenue from them. The Organization is in the fourth year of a five year contribution agreement with Global Affairs Canada authorizing programs in a service plan and spending in detailed budgets. The Organization must also comply with reporting and other accountability requirements established by Global Affairs Canada.

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## 3. Financial Instrument Risk

### Credit Risk

The organization is exposed to credit risk arising from holding the bank accounts at one financial institution, therefore the balance over the \$100,000 threshold insured by the Canada Deposit Insurance Company is not covered.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at year end, accounts receivable balances of nil (2018 - \$781,618) are shown in US dollars and converted into Canadian dollars.

The organization considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks.

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## 4. Cash

|                            | 2019                | 2018              |
|----------------------------|---------------------|-------------------|
| Cash - Operating account   | \$ 314,535          | \$ 479,370        |
| Cash - Savings account     | 211,756             | 140,946           |
| Cash - GAC savings account | 1,452,077           | -                 |
|                            | <u>\$ 1,978,368</u> | <u>\$ 620,316</u> |

The GAC savings account is restricted and is composed of deposits from the Global Affairs Canada funding agreement.

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## 5. Accounts Payable

|                        | 2019              | 2018              |
|------------------------|-------------------|-------------------|
| Trade                  | \$ 200,935        | \$ 159,298        |
| Government Remittances | 80,750            | 64,847            |
|                        | <u>\$ 281,685</u> | <u>\$ 224,145</u> |



**Canadian Network for Maternal, Newborn, and Child Health**  
**(o/a Canadian Partnership for Women and Children's Health)**  
**Notes to Financial Statements**

**September 30, 2019**

**6. Deferred Revenue**

Deferred revenue, which consist of revenue received for specific purposes that have not been spent during the current year, are as follows:

|                        | 2019         | 2018         |
|------------------------|--------------|--------------|
| Opening balance        | \$ 1,150,136 | \$ 1,213,305 |
| Funding received       | 4,928,781    | 2,386,781    |
| Less: program expenses | (4,650,805)  | (2,449,950)  |
|                        | \$ 1,428,112 | \$ 1,150,136 |

The breakdown of balance by program is as follows:

|                                   | 2019         | 2018         |
|-----------------------------------|--------------|--------------|
| Global Affairs Canada             | \$ 1,272,425 | \$ 386,966   |
| Bill and Melinda Gates Foundation | 155,687      | 763,170      |
|                                   | \$ 1,428,112 | \$ 1,150,136 |

**7. Other income**

|              | 2019       | 2018      |
|--------------|------------|-----------|
| Sponsorship  | \$ 125,000 | \$ -      |
| Interest     | 17,678     | 572       |
| Recoverables | 43,909     | -         |
| Events       | 2,330      | 32,461    |
|              | \$ 188,917 | \$ 33,033 |

**8. Comparative Amounts**

The comparative amounts presented in the financial statement have been restated to conform to the current year's presentation.