

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, 2020

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7



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Independent Auditor's Report

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, 2020, 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, 2020, 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.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which explains that certain comparative information for the year ended September 30, 2019 has been restated. Our opinion is not modified in respect of this matter.

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 25, 2020

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


September 30	2020	2019
		Restated (see Note 2)
Assets		
Current assets		
Cash (Note 5)	\$ 1,898,503	\$ 1,978,368
Accounts receivable	38,939	84,723
Prepaid expense	-	5,702
	\$ 1,937,442	\$ 2,068,793
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 217,672	\$ 281,685
Deferred revenue (Note 7)	1,459,936	1,480,359
	1,677,608	1,762,044
Net assets		
Unrestricted	259,834	306,749
	\$ 1,937,442	\$ 2,068,793

COVID-19 (Note 9)

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	2020	2019
Revenues				Restated (see Note 2)
Grants and restricted contributions	\$ 3,649,705	332,331	\$ 3,982,036	\$ 4,265,263
Unrestricted overhead contribution	284,822	43,745	328,567	360,932
Membership income	-	36,150	36,150	35,902
Other income (Note 8)	14,321	14,419	28,740	188,917
	<u>3,948,848</u>	<u>426,645</u>	<u>4,375,493</u>	<u>4,851,014</u>
Expenses				
Canadian Global Health Collaborative	1,464,087	-	1,464,087	1,660,000
Communications	45,222	-	45,222	36,660
Consultants	-	7,796	7,796	27,187
Events	-	14,799	14,799	309,674
Goods and supplies	300,349	107,729	408,078	306,330
Insurance	3,608	-	3,608	3,210
Professional development	23,169	-	23,169	2,346
Professional fees	74,506	-	74,506	24,011
Translation	74,792	1,820	76,612	41,185
Travel and meetings	136,032	25,242	161,274	442,748
Wages	1,947,940	195,317	2,143,257	1,721,727
	<u>4,069,705</u>	<u>352,703</u>	<u>4,422,408</u>	<u>4,575,078</u>
Excess of revenues over expenses	\$ (120,857)	\$ 73,942	\$ (46,915)	\$ 275,936
Net assets, beginning of year			306,749	83,060
Prior period adjustment (Note 2)			-	(52,247)
Net assets, beginning of year, restated			<u>306,749</u>	<u>30,813</u>
Net assets, end of year	<u>\$ 259,834</u>	<u>\$ 306,749</u>	<u>\$ 259,834</u>	<u>\$ 306,749</u>

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

For the year ended September 30	2020	2019
		Restated (see Note 2)
Cash flows from operating activities		
Excess of revenue over expenses	\$ (46,915)	\$ 275,936
Changes in non-cash working capital balances		
Accounts receivable	45,781	742,799
Prepaid expenses	5,705	3,798
Accounts payable and accrued liabilities	(64,013)	57,542
Deferred revenue	(20,423)	277,977
Increase in cash during the year	(79,865)	1,358,052
Cash, beginning of year	1,978,368	620,316
Cash, end of year	\$ 1,898,503	\$ 1,978,368

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

September 30, 2020

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 8).

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.

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

September 30, 2020

2. Prior Period Correction

The Canadian Network for Maternal, Newborn, and Child Health has made a correction to their deferred revenue due to the incorrect allocation of overhead in relation to funding from Global Affairs Canada. The correction has been applied retroactively and the impact of the changes was a decrease in deferred revenue and increase in retained earnings of \$52,247.

3. 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% (2019 - 70%) of its revenue from them. The Organization is in the final year of the 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. The current contribution agreement ends on March 31, 2021. The Organization is currently in negotiations to renew this contract, however, in the event that the funding would not be renewed the Organization has the ability to continue operations on a smaller scale.

4. Financial Instrument Risk

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

b) Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Organization's liabilities as at September 30, 2020.

Canadian Network for Maternal, Newborn, and Child Health
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Notes to Financial Statements

September 30, 2020

5. Cash

	2020	2019
Cash - Operating account	\$ 439,100	\$ 314,535
Cash - Savings account	425,954	211,756
Cash - GAC savings account	1,033,449	1,452,077
	<u>\$ 1,898,503</u>	<u>\$ 1,978,368</u>

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

6. Accounts Payable

	2020	2019
Trade	\$ 174,103	\$ 200,935
Government Remittances	43,569	80,750
	<u>\$ 217,672</u>	<u>\$ 281,685</u>

7. Deferred Revenue

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

	2020	2019
		Restated (see Note 2)
Opening balance	\$ 1,480,359	\$ 1,202,383
Funding received	4,308,668	4,928,781
Less: program expenses	(4,329,091)	(4,650,805)
	<u>\$ 1,459,936</u>	<u>\$ 1,480,359</u>

The breakdown of balance by program is as follows:

	2020	2019
Global Affairs Canada	\$ 1,321,659	\$ 1,324,672
Bill and Melinda Gates Foundation	128,277	155,687
Member contribution to event - Plan Canada	10,000	-
	<u>\$ 1,459,936</u>	<u>\$ 1,480,359</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, 2020

8. Other income

	2020	2019
Sponsorship	\$ -	\$ 125,000
Interest	17,902	17,678
Recoverables	10,838	43,909
Events	-	2,330
	<u>\$ 28,740</u>	<u>\$ 188,917</u>

9. COVID-19

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Organization will not be known with certainty for months to come. During the year the Organization's revenue was impacted by the cancellation of events caused by the pandemic.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Organization's results of future operations, financial position, and liquidity in fiscal year 2021.

10. Comparative Amounts

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