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**PIH PARTNERS IN HEALTH CANADA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of PIH Partners In Health Canada,

### Opinion

We have audited the financial statements of PIH Partners In Health Canada (the organization), which comprise the statement of financial position as at June 30, 2023, and the statements of operations and changes in 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 PIH Partners In Health Canada as at June 30, 2023 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 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 organization 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

## INDEPENDENT AUDITOR'S REPORT (continued)

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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 organization 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.

*Pemylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

October 28, 2023  
Toronto, Ontario

# PIH PARTNERS IN HEALTH CANADA

## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	2023	2022
<b>ASSETS</b>		
Current assets		
Cash	\$ 501,322	\$ 1,072,608
Restricted cash (note 3)	582,570	434,991
Guaranteed investment certificate (note 4)	712,100	5,500
Amounts receivable	-	48,162
HST rebate recoverable	22,236	13,418
Prepaid expenses	<u>5,241</u>	<u>16,867</u>
	<u>\$ 1,823,469</u>	<u>\$ 1,591,546</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 18,659	\$ 28,620
Deferred contributions (note 5)	<u>582,570</u>	<u>434,991</u>
	<u>601,229</u>	<u>463,611</u>
Net assets		
Unrestricted	<u>1,222,240</u>	<u>1,127,935</u>
	<u>\$ 1,823,469</u>	<u>\$ 1,591,546</u>

Approved on behalf of the Board:

*Adrienne K. Chan*

\_\_\_\_\_, Director

*Chris Dedy*

\_\_\_\_\_, Director

see accompanying notes

# PIH PARTNERS IN HEALTH CANADA

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

	<b>2023</b>	<b>2022</b>
<b>REVENUE</b>		
Contributions		
Individuals and family foundations	\$ 3,820,118	\$ 4,102,603
Global Affairs Canada	2,995,652	2,500,529
Institutional foundations and corporations	388,680	575,824
Other government	<u>-</u>	<u>41,636</u>
	<u>7,204,450</u>	<u>7,220,592</u>
<b>EXPENSES</b> (note 7)		
Program (note 9)	6,296,530	6,342,661
Development	559,732	374,932
Administration	230,548	213,078
Education	<u>23,335</u>	<u>17,312</u>
	<u>7,110,145</u>	<u>6,947,983</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	94,305	272,609
Net assets, beginning of year	<u>1,127,935</u>	<u>855,326</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,222,240</u>	<u>\$ 1,127,935</u>

see accompanying notes

# PIH PARTNERS IN HEALTH CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 94,305	\$ 272,609
Net change in non-cash working capital items (see below)	<u>188,588</u>	<u>(399,681)</u>
Net cash generated from (used for) operating activities	282,893	(127,072)
<b>INVESTING ACTIVITIES</b>		
Guaranteed investment certificate purchased	<u>(706,600)</u>	<u>-</u>
<b>NET DECREASE IN CASH FOR THE YEAR</b>	(423,707)	(127,072)
Cash, beginning of year	<u>1,507,599</u>	<u>1,634,671</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,083,892</u>	<u>\$ 1,507,599</u>
Cash is composed of:		
Cash	\$ 501,322	\$ 1,072,608
Restricted cash	<u>582,570</u>	<u>434,991</u>
	<u>\$ 1,083,892</u>	<u>\$ 1,507,599</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ 48,162	\$ (11,926)
HST rebate recoverable	(8,819)	(4,542)
Prepaid expenses	11,626	(6,712)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(9,959)	10,254
Deferred contributions	<u>147,578</u>	<u>(386,755)</u>
	<u>\$ 188,588</u>	<u>\$ (399,681)</u>

see accompanying notes

# PIH PARTNERS IN HEALTH CANADA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

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PIH Partners In Health Canada (the organization) was incorporated without share capital in the Province of Ontario and is continued under the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

PIH Partners In Health Canada works to improve the health of poor and marginalized communities. It is dedicated to making lifesaving health care both a right and a reality and is committed to long-term change through a lens of social justice and solidarity with patients and communities it serves around the world.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

##### *Contributions*

The organization follows the deferral method of revenue recognition for contributions. Externally restricted contributions, including project grants and donor restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

##### *Contributed materials and services*

Contributed materials and services are not recorded in the accounts.

##### *Interest income*

Interest income is recognized as revenue when earned.

#### **Allocation of expenses**

The organization allocates salary and other costs by financial statement expense category. Salary and other allocations are based on actual time spent in an activity (see note 7).

#### **Foreign currency translation**

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the date of the statement of financial position. Exchange gains and losses are included in the statement of operations.

### 2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, amounts receivable, accounts payable and accrued liabilities. Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

The organization is exposed to currency risk through fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to foreign currency exchange risk on cash held in U.S. dollars.

# PIH PARTNERS IN HEALTH CANADA

## NOTES TO THE FINANCIAL STATEMENTS

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### 3. RESTRICTED CASH

Restricted cash represents funds included in deferred contributions.

### 4. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates, which are issued by a major Canadian chartered bank, bear interest at rates ranging from 1.00% to 4.87% and mature in July 2023.

### 5. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2023	2022
Deferred contributions, beginning of year	\$ 434,991	\$ 821,746
Add cash received from contributions	6,769,459	6,357,210
Less contribution revenue recognized	<u>(7,204,450)</u>	<u>(7,178,956)</u>
Deferred contributions, end of year	<u>\$ 582,570</u>	<u>\$ 434,991</u>

### 6. CONTRIBUTED MATERIALS AND SERVICES

During the year, the organization received contributed goods valued at approximately \$33,000 (\$nil in 2022). The contributed goods were delivered directly to implementing partner delivery sites. The amount is not recorded in these financial statements.

# PIH PARTNERS IN HEALTH CANADA

## NOTES TO THE FINANCIAL STATEMENTS

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### 7. EXPENSE ALLOCATIONS

Expenses for fiscal 2023 are allocated as follows:

	Program (note 9)	Development	Administration	Education	Total
Program grants	\$ 5,901,039	\$ -	\$ -	\$ -	\$ 5,901,039
Salaries and benefits	348,276	431,514	145,694	19,336	944,820
Office and general	7,020	54,874	42,106	434	104,434
Professional fees	-	35,078	25,025	-	60,103
Occupancy costs	22,883	21,846	6,590	3,372	54,691
Travel	<u>17,312</u>	<u>16,420</u>	<u>11,133</u>	<u>193</u>	<u>45,058</u>
Total expenses	<u>\$ 6,296,530</u>	<u>\$ 559,732</u>	<u>\$ 230,548</u>	<u>\$ 23,335</u>	<u>\$ 7,110,145</u>

Expenses for fiscal 2022 are allocated as follows:

	Program (note 9)	Development	Administration	Education	Total
Program grants	\$ 6,019,584	\$ -	\$ -	\$ -	\$ 6,019,584
Salaries and benefits	298,862	302,257	122,222	13,570	736,911
Office and general	1,028	39,836	40,047	429	81,340
Occupancy costs	23,187	22,083	6,625	3,313	55,208
Professional fees	-	300	41,427	-	41,727
Travel	<u>-</u>	<u>10,456</u>	<u>2,757</u>	<u>-</u>	<u>13,213</u>
Total expenses	<u>\$ 6,342,661</u>	<u>\$ 374,932</u>	<u>\$ 213,078</u>	<u>\$ 17,312</u>	<u>\$ 6,947,983</u>

### 8. GLOBAL AFFAIRS CANADA FUNDS

The following is a continuity of Global Affairs Canada funds transferred by PIH Partners In Health Canada to the implementing partners and not yet disbursed (disbursed in advance of receipt) by the implementing partners to projects at year end:

	2023	2022
Undisbursed (disbursed in advance of receipt)		
GAC cash, beginning of year	\$ 189,903	\$ 280,128
Add GAC cash transferred by the organization to the implementing partners in the year	2,552,654	2,069,450
Less GAC cash disbursed by the implementing partners to projects in the year	<u>(2,574,604)</u>	<u>(2,159,675)</u>
Undisbursed GAC cash, end of year	<u>\$ 167,953</u>	<u>\$ 189,903</u>

**PIH PARTNERS IN HEALTH CANADA**

**NOTES TO THE FINANCIAL STATEMENTS**

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**9. TRANSACTIONS WITH RELATED PARTIES**

The organization is controlled by Partners In Health, a Nonprofit Corporation (PIH), a U.S. 501(c)(3) nonprofit corporation, in that PIH is the sole member of the organization. All transactions between the organization and PIH occurred in the normal course of operations and were recorded at the exchange amount.

PIH carries out specific programming activities for the organization under the terms of agency agreements and memoranda of understanding. During the year the organization paid and expensed \$4,579,432 to PIH for such programming activities (\$4,371,849 for the year ended June 30, 2022). As at June 30, 2023, \$nil was due or from PIH (\$48,162 due from PIH as at June 30, 2022).

**10. LEASE COMMITMENT**

The organization leases office space in Toronto, Ontario. Minimum annual payments under the lease, which expires on August 31, 2024, are as follows:

2024	\$	49,308
2025		8,282