

**Canada-Africa Community Health  
Alliance / Alliance de Santé  
Communautaire Canada-Afrique**

**Financial Statements  
November 30, 2009**

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# Raymond Chabot Grant Thornton

## Auditors' Report

**Raymond Chabot Grant Thornton**  
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To the Members of  
Canada-Africa Community Health Alliance /  
Alliance de Santé Communautaire Canada-Afrique

We have audited the statement of financial position of Canada-Africa Community Health Alliance / Alliance de Santé Communautaire Canada-Afrique as at November 30, 2009 and the statement of operations and net assets for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Organization derives revenue from donations and 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 Organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess (deficiency) of revenues over expenses, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at November 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied, except for the changes as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

*Raymond Chabot Grant Thornton LLP*

Chartered Accountants,  
Licensed Public Accountants

Ottawa, Canada  
January 28, 2010

**Canada-Africa Community Health Alliance / Alliance de Santé  
Communautaire Canada-Afrique  
Operations and Net Assets**

Year ended November 30, 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
<b>Revenues</b>		
Donations	1,096,767	966,811
Fundraising	176,561	81,432
Internship funding	15,250	25,500
Membership	8,805	7,845
	<u>1,297,383</u>	<u>1,081,588</u>
<b>Expenses</b>		
Advertising	19,504	6,276
Fundraising	87,997	8,922
Interest and bank charges	17,070	5,458
Internship program	74,332	55,551
Medical supplies	14,523	20,370
Overseas missions (Note 4)	1,130,298	819,987
Office	5,483	13,279
Professional fees	8,383	8,522
Telecommunications	539	2,806
Transportation	40,457	16,959
	<u>1,398,586</u>	<u>958,130</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(101,203)</b>	123,458
Unrestricted net assets, beginning of year	<u>212,134</u>	<u>88,676</u>
Unrestricted net assets, end of year	<u><u>110,931</u></u>	<u><u>212,134</u></u>

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

**Canada-Africa Community Health Alliance / Alliance de Santé  
Communautaire Canada-Afrique  
Financial Position**

November 30, 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	168,165	204,415
Amounts receivable	3,586	1,002
Prepaid expenses	66,708	80,321
	<u>238,459</u>	<u>285,738</u>
<b>LIABILITIES</b>		
Current liabilities		
Demand loan (Note 5)	35,000	
Amounts payable and accrued liabilities	75,869	10,887
Deferred contributions (Schedule)	16,659	62,717
	<u>127,528</u>	73,604
<b>UNRESTRICTED NET ASSETS</b>	<u>110,931</u>	<u>212,134</u>
	<u>238,459</u>	<u>285,738</u>

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

On behalf of the Board,

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# Canada-Africa Community Health Alliance / Alliance de Santé Communautaire Canada-Afrique

## Notes to Financial Statements

November 30, 2009

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### **1 - NATURE OF ACTIVITIES**

Canada-Africa Community Health Alliance / Alliance de Santé Communautaire Canada-Afrique ("CACHA"), was incorporated without share capital on November 29, 2002, under Part II of the *Canada Corporations Act* for the purpose of improving the general health, education and welfare of communities in developing countries at risk for HIV / AIDS. CACHA is a registered charity under the *Income Tax Act* and as such is exempt from income taxes.

### **2 - ACCOUNTING CHANGES**

On December 1, 2008, in accordance with the applicable transitional provisions, the Organization applied the new recommendations of Section 1400, "General Standards of Financial Statement Presentation", of the Canadian Institute of Chartered Accountants' Handbook, dealing with the going concern assumption. The new recommendations, which are effective for fiscal years beginning on or after January 1, 2008, require management to make an assessment of the Organization's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date. The new requirements only address disclosures and have no impact on the Organization's financial results.

#### **New CICA Recommendations on Not-for-profit Organizations**

On December 1, 2008, in accordance with the applicable transitional provisions, the Organization early adopted recommendations which resulted from the CICA modification of various Sections of the 4400 series, as well as other correlative changes to other Sections of the CICA handbook. The main changes, effective for fiscal years beginning on or after January 1, 2009, concern the following items:

Inclusion of not-for-profit organizations within the scope of sections 1540, "Cash Flow Statements";

Elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets;

Amendments to clarify that revenues and expenses must be recognized and presented on a gross basis when the not-for-profit organization is acting as a principal in the transactions in question;

Inclusion of additional guidance with respect to the appropriate use of the scope exemption in Section 4430, "Capital Assets Held by Not-for-profit Organizations", for smaller entities.

The CICA also published new Section 4470, "Disclosure of Allocated Expenses by Not-for-profit Organizations", which establishes disclosure standards for the not-for-profit organization that classifies its expenses by function and allocates expenses to a number of functions to which the expenses relate.

Application of these new recommendations has no impact the Organization's financial results.

# Canada-Africa Community Health Alliance / Alliance de Santé Communautaire Canada-Afrique

## Notes to Financial Statements

November 30, 2009

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### **3 - ACCOUNTING POLICIES**

#### **Basis of presentation**

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

#### **Accounting estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that CACHA may undertake in the future. Actual results may differ from these estimates.

#### **Financial assets and liabilities**

The Organization has chosen to apply the recommendations of Section 3861, "Financial Instruments - Disclosure and Presentation", of the CICA with respect to the presentation and disclosure of financial instruments.

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value. Subsequently, financial assets and liabilities are recognized as follows:

##### *Held-for-trading financial assets and liabilities*

Cash is classified as a held-for-trading financial asset and is measured at fair value.

##### *Loans and receivables and other financial liabilities*

Amounts receivable are classified as loans and receivables. The demand loan and accounts payable are classified as other financial liabilities. These financial instruments are measured at amortized cost using the effective interest method (including any impairment in the case of financial assets). Interest calculated using the effective interest method is presented in the statement of operations.

#### **Revenue recognition**

CACHA follows the deferral method of accounting for revenue. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership revenue is deferred and recognized on a straight-line basis over the term of the membership.

# Canada-Africa Community Health Alliance / Alliance de Santé Communautaire Canada-Afrique

## Notes to Financial Statements

November 30, 2009

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### **3 - ACCOUNTING POLICIES (Continued)**

#### **Capital assets**

Capital assets are recorded at cost. When the Organization receives capital asset contributions, their cost is equal to their fair value at the contribution date or to a nominal value of \$1 if the fair value cannot be reasonably determined.

#### **Foreign currency translation**

Expenses in foreign currency are translated at the average rate in effect during the year. Exchange gains and losses are included in the statement of operations.

#### **Contributed goods and services**

Volunteers' contributed services and contributed materials, such as medical supplies, are not recognized in the financial statements because of the difficulty in determining their fair value.

### **4 - OVERSEAS MISSIONS**

Expenditures for overseas missions include missions and placements to Benin, Gabon, Tanzania and Uganda as well as projects and programmes such as the Orphan and Vulnerable Children Support Programme, Prevention through Empowerment Project, Floating Dispensary Project, IMANI Vocational Training School, Friends of the Ugandan Child and the Nikibasika Project.

### **5 - DEMAND LOAN**

During the 2009 fiscal year, CACHA obtained a loan in the amount of \$75,000 from the Ottawa University Health Services office, the Director of which is one of the members of CACHA's Board of Directors. The loan is payable on demand and is non-interest bearing.

### **6 - STATEMENT OF CASH FLOWS**

No statement of cash flows has been presented since principal operating, investing and financing activities are readily apparent from the other financial statements and presenting such a statement would provide no additional useful information.

### **7 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS**

#### **Financial risk management objectives and policies**

The Organization is exposed to various financial risks resulting from its operations. The Organization's management manages financial risks.

The Organization does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

# Canada-Africa Community Health Alliance / Alliance de Santé Communautaire Canada-Afrique

## Notes to Financial Statements

November 30, 2009

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### **7 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS (Continued)**

#### **Financial risks**

The Organization's main financial risk exposure and its financial risk management policies are as follows:

##### *Credit risk*

The Organization's cash is held by one financial institution.

##### *Foreign exchange risk*

The Organization is exposed to foreign exchange risk due to transactions entered into overseas in various foreign currencies. At year end, the Organization does not have any assets or liabilities denominated in foreign currency (\$Nil in 2008).

The Organization does not enter into arrangements to hedge its foreign exchange risk.

##### *Liquidity risk*

Liquidity risk management serves to maintain a sufficient amount of cash. The Organization establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

### **8 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Organization's objectives when managing capital are to ensure that the Organization has the ability to continue as a going concern and to meet its financial obligations.

The Organization manages its capital mainly by continuing to raise donations for its various programs.

In order to maintain or to adjust its capital structure in light of economic conditions and risks, the Organization may have to modify its forecast expenses for the realization of certain of its activities.

The Organization is not subject to any externally imposed capital requirements.

### **9 - COMPARATIVE FIGURES**

Certain amounts presented for comparative purposes have been reclassified to conform with the presentation adopted in the current year.

## Canada-Africa Community Health Alliance / Alliance de Santé Communautaire Canada-Afrique Schedule of Deferred Contributions

November 30, 2009

	Benin	Gabon	Tanzania	Uganda	Internship	Nikibasika Project	General	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>2009</b>								
Balance, beginning of year		654	32,453	10,179		19,431		62,717
Recognized as revenue		(654)	(32,453)	(10,179)		(19,431)		(62,717)
Received relating to the following year				3,039		13,620		16,659
Balance, end of year	-	-	-	3,039	-	13,620	-	16,659
<b>2008</b>								
Balance, beginning of year	738	302	112,826	2,066	2,066	1,389	11,095	130,482
Recognized as revenue	(738)	(302)	(112,826)	(2,066)	(2,066)	(1,389)	(11,095)	(130,482)
Received relating to the following year		654	32,453	10,179		19,431		62,717
Balance, end of year	-	654	32,453	10,179	-	19,431	-	62,717

Deferred contributions represent unused resources which, as a result of external restrictions, are intended to cover the operating expenses for the coming year.