
CANADIAN PHYSICIANS FOR AID AND RELIEF

FINANCIAL STATEMENTS

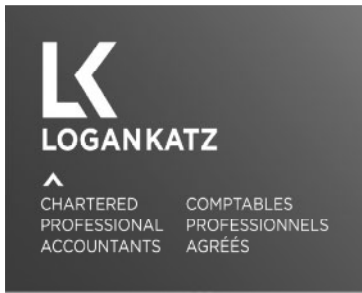
MARCH 31, 2020

CANADIAN PHYSICIANS FOR AID AND RELIEF

CONTENTS

MARCH 31, 2020

	Page
Independent Auditors' Report	1 - 3
Statement of Financial Position	4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15



INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Physicians for Aid and Relief:

Qualified Opinion

We have audited the financial statements of Canadian Physicians for Aid and Relief (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of revenue and expenditures, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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.

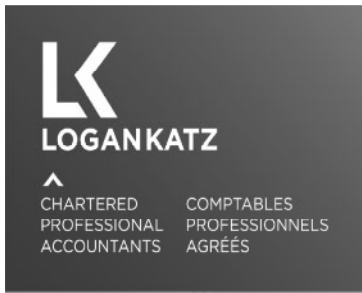
In common with many not-for-profit organizations, the Organization derives support from the general public in the form of donation revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization, and we were not able to determine whether any adjustments might be necessary to donations, excess of revenue over expenditures, assets and net assets.

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 ASNFPPO, 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 these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 to do so.

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



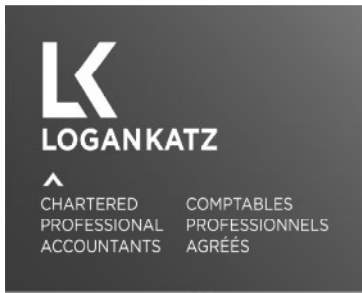
INDEPENDENT AUDITORS' REPORT (continued)

Auditors' 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 auditors' 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 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 attention in our auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITORS' REPORT (continued)

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 the audit.

Other Matter

The comparative figures were audited by another Chartered Professional Accountant.

Logan Katz LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada
September 24, 2020

CANADIAN PHYSICIANS FOR AID AND RELIEF

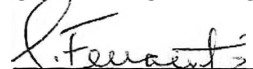
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,211,800	\$ 367,881
Short-term investments (Note 2)	394,395	1,082,399
Accounts receivable	19,527	29,065
Grants receivable	3,267	10,127
Sales tax recoverable	37,860	29,772
Prepaid expenditures and deposits	9,783	13,571
	<u>1,676,632</u>	<u>1,532,815</u>
INVESTMENT HELD FOR ENDOWMENT PURPOSES	15,986	15,594
CAPITAL ASSETS (Note 3)	24,921	26,434
INTANGIBLE ASSETS (Note 4)	10,864	21,729
	<u>\$ 1,728,403</u>	<u>\$ 1,596,572</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 130,979	\$ 182,655
DEFERRED CONTRIBUTIONS (Note 6)	900,471	178,634
	<u>1,031,450</u>	<u>361,289</u>
NET ASSETS		
Endowment	15,986	15,594
Internally restricted (Note 7)	371,079	983,229
Invested in capital and intangible assets	35,785	48,163
Unrestricted	274,103	188,297
	<u>696,953</u>	<u>1,235,283</u>
	<u>\$ 1,728,403</u>	<u>\$ 1,596,572</u>

Financial instruments (Note 8)
 Contractual obligations (Note 9)
 COVID-19 pandemic (Note 12)
 Comparative figures (Note 13)

ON BEHALF OF THE BOARD:

 Director

 Director

CANADIAN PHYSICIANS FOR AID AND RELIEF

STATEMENT OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31, 2020

	2020	2019
REVENUE		
Grants	\$ 301,352	\$ 544,367
Donations	862,575	936,274
Investment income	22,037	3,650
Other income	43,625	78,434
	<u>1,229,589</u>	<u>1,562,725</u>
EXPENDITURES (Note 11)		
Administrative management fees	57,427	-
Administrative salaries and benefits	79,045	109,303
Amortization	12,064	13,117
Fundraising, communications and development education	286,696	375,222
Office and general	86,396	95,791
Overseas development and relief projects	889,228	1,206,057
Public engagements	-	24,197
	<u>1,410,856</u>	<u>1,823,687</u>
EXCESS OF EXPENDITURES OVER REVENUE FROM OPERATIONS	(181,267)	(260,962)
OTHER ITEMS		
Gain on sale of capital assets	-	682,635
Transition costs related to reorganization and relocation (Note 10)	(357,063)	-
EXCESS OF (EXPENDITURES OVER REVENUE)		
REVENUE OVER EXPENDITURES	<u>\$ (538,330)</u>	<u>\$ 421,673</u>

CANADIAN PHYSICIANS FOR AID AND RELIEF

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2020

	2020		2019		
	Endowment	Internally restricted	Invested in capital and intangible assets	Unrestricted	Total
BALANCES AT BEGINNING OF YEAR	\$ 15,594	\$ 983,229	\$ 48,163	\$ 188,297	\$ 1,235,283
Excess of revenue over expenditures (expenditures over revenue)	392	-	-	(538,722)	(538,330)
Amortization	-	-	(15,395)	15,395	-
Acquisition of capital assets	-	-	3,017	(3,017)	-
Use of internally restricted funds (Note 7)	-	(612,150)	-	612,150	-
BALANCES AT END OF YEAR	\$ 15,986	\$ 371,079	\$ 35,785	\$ 274,103	\$ 696,953
					\$ 1,235,283

CANADIAN PHYSICIANS FOR AID AND RELIEF

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of (expenditures over revenue) revenue over expenditures	\$ (538,330)	\$ 421,673
Items not involving cash:		
Amortization of capital assets	4,531	7,748
Amortization of intangible assets	10,864	10,864
Realized gain on sale of property and equipment	-	(682,635)
Unrealized gain on investments	(392)	(1,016)
Non-cash donations received	-	(685)
Realized loss on disposal of non-cash donations	-	223
Changes in non-cash operating working capital:		
Accounts receivable	9,538	4,648
Grants receivable	6,860	104,978
Sales tax recoverable	(8,088)	(8,082)
Prepaid expenditures and deposits	3,788	251
Accounts payables and accrued liabilities	(51,676)	(38,457)
Deferred contributions	721,837	(121,546)
	158,932	(302,036)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(3,017)	(1,247)
Proceeds from disposition of capital assets	-	1,118,538
Purchase of short-term investments	-	(990,500)
Proceeds from disposition of short-term investments	688,004	265,801
Proceeds from disposal of non-cash donations	-	462
	684,987	393,054
INCREASE IN CASH AND CASH EQUIVALENTS	843,919	91,018
Cash and cash equivalents at beginning of year	367,881	276,863
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,211,800	\$ 367,881

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

GENERAL

Canadian Physicians for Aid and Relief (the "Organization") was incorporated without share capital under the Ontario Business Corporations Act on June 13, 1984. The mission of the Organization is to work with vulnerable communities and diverse organizations to overcome poverty and build healthy communities in Africa. The Organization is also committed to informing Canadians about, and engaging them in, the global effort for health and development. As a registered non-profit charitable organization, the Organization is exempt from income tax under section 149(l)(1) of the Income Tax Act (Canada) and may issue receipts for charitable donations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and include the following significant accounting policies:

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions, project grants and interest earned on endowment funds are recognized as revenue in the year in which the related expenditures are incurred. Such funds received, but for which the related expenses are not yet incurred, are reported on the statement of financial position as deferred contributions.

Unrestricted contributions, donations and interest earned on short-term investments are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets in the year received.

Non-cash contributions are recognized at their fair value on the grant date.

Cash and Cash Equivalents

Cash and cash equivalents include bank balances and term deposits with a maturity period of three months or less from the date of acquisition.

Contributed Services and In-Kind

Volunteers contribute countless hours per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed volunteer services are not recognized in the financial statements.

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are recorded at cost. Amortization is provided using the following annual rates and bases:

Foreign buildings	10 years	straight-line
Office equipment	30 %	declining balance
Vehicles	30 %	declining balance or life of the related project

Intangible Assets

The Organization capitalizes internally generate intangible assets during the development phase. The intangible assets are initially recognized at cost. Amortization is provided on a straight-line basis over five years.

Financial Instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost or fair value.

Financial instruments measured at amortized cost include cash and cash equivalents, accounts receivable, grants receivable and accounts payable and accrued liabilities.

Financial instruments measured at fair value include short-term investments and restricted investments held for endowment purposes. Gains and losses due to changes in fair value are recognized in the statement of revenue and expenditures in the period in which the change occurs.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of revenue and expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenue and expenditures. The accounts receivable is netted by an allowance for doubtful accounts of \$6,716 (2019 - \$6,984).

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Transaction Costs

Transaction costs are comprised primarily of legal, accounting, underwriters' fees and other costs directly attributable to the acquisition, issuance or disposal of financial assets or financial liabilities. Transaction costs related to financial assets or financial liabilities that are measured at amortized cost are netted against the carrying value of the financial asset or liability.

Foreign Currency Transactions

The Organization has foreign operations that are integrated in terms of financial and operational management. The accounts stated in foreign currencies are translated according to the temporal method. Monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the year end. Other assets and liabilities are translated at their historic rates. Revenue and expenses arising from foreign currency transactions are translated at average exchange rates prevailing during the year. Exchange gains and losses are included in the statement of revenue of expenditures.

Allocation of Expenditures

The Organization engages in fundraising, communications and education development, public engagement and overseas development and relief projects. The costs of each program include the costs of personnel, premises, and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

The Organization allocates certain of its general support expense by identifying the appropriate base of allocation, and applying those bases consistently each year. Corporate governance and general management expenses are not allocated.

Use of Estimates

These financial statements have been prepared by management in accordance with ASNFPO and accordingly, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from these estimates. The significant estimates in the financial statements include the collectibility of receivables, the estimated useful lives of capital assets and intangible assets, accrued liabilities and the cost allocations to projects.

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

2. SHORT-TERM INVESTMENTS

Short-term investments consist of government instruments and marketable securities held with reputable custodian.

3. CAPITAL ASSETS

	2020			2019	
	Cost	Accumulated Amortization	Net	Net	
Foreign buildings	\$ 162,789	\$ 151,713	\$ 11,076	\$ 11,777	
Office equipment	203,464	199,469	3,995	2,574	
Vehicles	522,809	512,959	9,850	12,083	
	\$ 889,062	\$ 864,141	\$ 24,921	\$ 26,434	

4. INTANGIBLE ASSETS

	2020			2019	
	Cost	Accumulated Amortization	Net	Net	
Website	\$ 40,996	\$ 32,797	\$ 8,199	\$ 16,398	
Software	13,326	10,661	2,665	5,331	
	\$ 54,322	\$ 43,458	\$ 10,864	\$ 21,729	

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Organization does not have government remittances owing at year end.

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent amounts externally restricted received in excess of expenditures incurred with respect to government grants. Changes in the deferred contributions balance are as follows:

	2020	2019
BALANCE AT BEGINNING OF YEAR	\$ 178,634	\$ 300,180
Restricted contributions received	976,370	422,821
Amounts recognized as revenue	(254,533)	(544,367)
BALANCE AT END OF YEAR	\$ 900,471	\$ 178,634

7. INTERNALLY RESTRICTED NET ASSETS

The internally restricted net assets represent funds restricted by the Board of Directors for reserve purposes to be used to address the following:

	2020	2019
Severance Pay - Ethiopia	\$ 18,098	\$ 12,864
Severance Pay - Tanzania	112	112
Severance Pay - Malawi	1,490	1,482
Operational reserve fund	351,380	990,500
	\$ 371,080	\$ 1,004,958

8. FINANCIAL INSTRUMENTS

Risks

The Organization is exposed to various risks through its financial instruments, without being exposed to market risk, credit risk or concentrations of risk. The following analysis provides a measure of the Organization's risk exposure at the statement of financial position date.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization manages its liquidity risk by monitoring its operating requirements through the use of budget and cash forecasts, and by holding assets that can be readily converted into cash.

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

8. FINANCIAL INSTRUMENTS (continued)

Risks (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its credit facility. The risk arises from changes in interest rates and the degree of volatility of these rates. Investment practices are designed to avoid undue risk of loss or impairment to assets and provide a reasonable expectation of fair return given the nature of the investment. The Organization is not exposed to significant interest rate risks on its investments.

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. A portion of the Organization's revenues and expenses are in foreign currency. Consequently, some assets and liabilities are exposed to foreign exchange fluctuations arising from fluctuations in the rates of the United States Dollar (USD), Ethiopian Birr (ETB), Malawi Kwacha (MWK), and Tanzanian Shilling (TZS).

The following balances are denominated in foreign currencies at the year end:

	Cash and cash equivalents	Accounts and grants receivable	Accounts payable and accrued liabilities
Ethiopian Birr	\$ 18,347	\$ 1,184	\$ 59,285
Malawi Kwacha	1,770	12,481	12,571
Tanzanian Shilling	2,812	-	7,775
United States Dollar	74,797	-	-

Credit Facility

The Organization has access to \$20,000 of unsecured credit on two credit cards, bearing interest at 19.99% per annum. At the year end, \$7,880 was used and is included in accounts payable and accrued liabilities.

9. CONTRACTUAL OBLIGATIONS

The Organization entered into a professional services agreement with *Facilitated Improvement for Corporate Success Inc.* ("FICS") on September 16, 2019, which was amended on April 1, 2020, for management services. This agreement expires March 31, 2025 and can be terminated by either party with six months notice. The commitment for this agreement is determined annually and approved by the CPAR board of directors. The annual commitment for fiscal 2021 is \$559,800.

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

10. TRANSITION COSTS

Transition costs are extraordinary costs that were incurred in the fiscal year that consisted of relocating the head office to Ottawa and severance costs for Canadian employees.

11. ALLOCATION OF EXPENDITURES

Executive director and staff salaries and benefits that were incurred until the end of December 2019 have been allocated as follows:

	2020	2019
Administrative salaries and benefits	\$ 79,045	\$ 109,303
Fundraising, communications and development education	83,683	189,313
Overseas development and relief projects	180,791	289,327
Public engagements	-	17,432
	\$ 343,519	\$ 605,375

Occupancy costs, such as heating and cooling, maintenance, hydro and rent have been allocated as follows:

	2020	2019
Fundraising, communications and development education	\$ 21,178	\$ 13,740
Office and general	21,178	13,621
Overseas development and relief projects	21,178	13,769
	\$ 63,534	\$ 41,130

Management fees have been allocated as follows:

	2020	2019
Administrative management fees	\$ 57,427	\$ -
Fundraising, communications and development education	57,427	-
Overseas development and relief projects	57,427	-
	\$ 172,281	\$ -

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

12. COVID-19

In March 2020, the World Health Organization declared the COVID-19 coronavirus outbreak to constitute a pandemic. The COVID-19 outbreak has caused business disruption through limitation of international travel and delays of Ethiopia and Malawi project operations. However, COVID-19 relief projects have been operating in response to the pandemic. The extent of the impact of COVID-19 on the Organization's operational and financial performance is being monitored but will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's donors, grantors, employees and vendors, all of which are uncertain and cannot be predicted. As such, the extent to which COVID-19 may impact the Organization's financial condition or results of operations cannot be reasonably estimated at this time.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the presentation adopted in the current year.