

FINANCIAL STATEMENTS
For
CANADIAN PHYSICIANS FOR AID AND RELIEF
For year ended
MARCH 31, 2022

CANADIAN PHYSICIANS FOR AID AND RELIEF

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MARCH 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the directors of

CANADIAN PHYSICIANS FOR AID AND RELIEF*Qualified Opinion*

We have audited the accompanying financial statements of Canadian Physicians for Aid and Relief (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, 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* section of our report, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenses (expenses over revenues), and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 fiscal years. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 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 qualified audit opinion.

Emphasis of Matter

We draw attention to Note 12 to the financial statements which explains that certain comparative information for the year ended March 31, 2021 has been restated. Our opinion is not qualified in respect of this matter.

Other Matter

The financial statements of the Organization for the year ended March 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements on September 18, 2021 for reasons described in the *Basis for Qualified Opinion* section.

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.

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 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
September 30, 2022.

Welch LLP[®]

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CANADIAN PHYSICIANS FOR AID AND RELIEF

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022

	<u>2022</u>	<u>2021</u> (note 12)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,568,000	\$ 2,252,726
Short-term investments (note 3)	349,363	350,690
Accounts receivable	12,835	5,407
Grants receivable	75,000	-
Sales tax recoverable	86,018	56,992
Prepaid expenditures and deposits	<u>11,304</u>	<u>10,847</u>
	2,102,520	2,676,662
INVESTMENTS (note 3)	16,328	15,986
CAPITAL ASSETS (note 4)	<u>57,007</u>	<u>36,979</u>
	<u>\$ 2,175,855</u>	<u>\$ 2,729,627</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 5)	\$ 273,269	\$ 207,022
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (note 11)	30,000	30,000
DEFERRED CONTRIBUTIONS (note 6)	<u>1,257,111</u>	<u>1,785,727</u>
	<u>1,560,380</u>	<u>2,022,749</u>
NET ASSETS		
Endowment	16,328	15,986
Internally restricted (note 7)	376,748	374,633
Invested in capital assets	57,007	36,979
Unrestricted	<u>165,392</u>	<u>279,280</u>
	<u>615,475</u>	<u>706,878</u>
	<u>\$ 2,175,855</u>	<u>\$ 2,729,627</u>

On behalf of the Board:

... *Dusan Williams* Director

... *J. Flantz* Director

(See accompanying notes)

CANADIAN PHYSICIANS FOR AID AND RELIEF

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u> (note 12)
Revenue		
Grants and contributions	\$ 1,185,190	\$ 1,005,073
Donations	585,296	628,968
Investment income	19,342	9,334
Other income	<u>27,066</u>	<u>28,927</u>
	<u>1,816,894</u>	<u>1,672,302</u>
Expenditures (note 10)		
Administrative management fees	188,755	153,852
Amortization	16,621	31,790
Fundraising, communications and development education	185,695	127,988
Office and general	37,920	89,479
Overseas development and relief projects	<u>1,479,306</u>	<u>1,259,268</u>
	<u>1,908,297</u>	<u>1,662,377</u>
Excess of revenues over expenses (expenses over revenues)	\$ (91,403)	\$ 9,925

(See accompanying notes)

CANADIAN PHYSICIANS FOR AID AND RELIEF
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022

	2022				2021	
	Endowment	Internally restricted	Invested in capital assets	Unrestricted (note 12)	Total	Total
Balance at beginning of the year (note 12)	\$ 15,986	\$ 374,633	\$ 36,979	\$ 279,280	\$ 706,878	\$ 696,953
Excess of revenues over expenses (expenses over revenues)	342	-	-	(91,745)	(91,403)	9,925
Amortization	-	-	(16,621)	16,621	-	-
Acquisition (disposal) of capital assets	-	-	36,649	(36,649)	-	-
Interfund transfers (note 7)	-	2,115	-	(2,115)	-	-
Balance at end of the year	<u>\$ 16,328</u>	<u>\$ 376,748</u>	<u>\$ 57,007</u>	<u>\$ 165,392</u>	<u>\$ 615,475</u>	<u>\$ 706,878</u>

(See accompanying notes)

CANADIAN PHYSICIANS FOR AID AND RELIEF

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	\$ (91,403)	\$ 9,925
Items not involving cash:		
Amortization of capital assets	16,621	20,926
Amortization of intangible assets	<u>-</u>	<u>10,864</u>
	(74,782)	41,715
Changes in non-cash operating working capital:		
Accounts receivable	(7,428)	14,120
Grants receivable	(75,000)	3,267
Sales tax recoverable	(29,026)	(19,132)
Prepaid expenditures and deposits	(457)	(1,064)
Accounts payable and accrued liabilities	66,247	76,042
Deferred contributions	<u>(528,616)</u>	<u>835,256</u>
	<u>(649,062)</u>	<u>950,204</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(36,649)	(32,983)
Net purchase and disposition of short-term investments	<u>985</u>	<u>43,705</u>
	<u>(35,664)</u>	<u>10,722</u>
FINANCING ACTIVITIES		
Proceeds from Canada Emergency Business Account loan net of forgivable portion	<u>-</u>	<u>30,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(684,726)	990,926
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,252,726</u>	<u>1,261,800</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,568,000</u>	<u>\$ 2,252,726</u>

(See accompanying notes)

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

1. PURPOSE OF THE ORGANIZATION

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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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 and project grants are recognized as revenue in the year in which the related expenditures are incurred. Such funds received, but for which the related expenditures 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 within the endowment fund 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.

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% straight line
Vehicles	30% declining balance or life of the related project

Financial instruments

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

The Organization subsequently measures short-term investments and restricted investments held for endowment purposes at fair value and all other financial instruments at cost of amortized cost at the date of the statement of financial position. Gains and losses due to changes in fair value are recognized in the statement of revenues and expenditures in the period in which the change occurs.

CANADIAN PHYSICIANS FOR AID AND RELIEF
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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 operations.

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. Revenues and expenditures 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 operations.

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 expenditures 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, accrued liabilities and the cost allocations to projects.

3. SHORT-TERM INVESTMENTS

During the year the organization's total investments had a net decrease of \$985, this change was comprised of net purchases of new investments totaling of \$12,882, less unrealized losses in the year of \$13,867 (2021 - net change of \$43,705).

Short-term investments consist of marketable securities, foreign securities, and fixed income assets held with reputable custodian.

The investment held for endowment purposes consists of a government instrument held with a reputable custodian.

CANADIAN PHYSICIANS FOR AID AND RELIEF
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

4. CAPITAL ASSETS

	2022			2021
	Cost	Accumulated amortization	Net	Net
Foreign land and buildings	\$ 3,776	\$ -	\$ 3,776	\$ 10,346
Office equipment	176,391	152,513	23,878	26,633
Vehicles	<u>241,176</u>	<u>211,823</u>	<u>29,353</u>	<u>-</u>
	<u>\$ 421,343</u>	<u>\$ 364,336</u>	<u>\$ 57,007</u>	<u>\$ 36,979</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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, \$10,631 (2021 - \$2,494) was used and is included in accounts payable and accrued liabilities which the Organization repays in full on a normal basis.

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent amounts of externally restricted contributions received in excess of eligible expenditures incurred in the year. The Organization receives contributions from various sources, including grants from federal government and non governmental organizations, for expenditures which are restricted to specific objectives.

Changes in the deferred contributions balance for the year are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 1,785,727	\$ 950,471
Contributions received during the year	656,574	1,213,426
Amounts recognized as revenue	<u>(1,185,190)</u>	<u>(378,170)</u>
Balance at end of year	<u>\$ 1,257,111</u>	<u>\$ 1,785,727</u>

Deferred contributions are comprised of the following project balances:

	<u>2022</u>	<u>2021</u>
Enhancing Sexual Reproductive Health and Rights for Women and Adolescents ("ESWA")	\$ 1,128,001	\$ 1,694,722
Learning & Addressing the Menstrual Barrier ("L&AMB")	75,000	-
Green Schools Initiative	-	70,000
Ultrasound Technology ("RUAA")	<u>54,110</u>	<u>21,005</u>
	<u>\$ 1,257,111</u>	<u>\$ 1,785,727</u>

CANADIAN PHYSICIANS FOR AID AND RELIEF
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

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:

	<u>2022</u>	<u>2021</u>
Severance pay - Ethiopia	\$ 26,132	\$ 22,497
Severance pay - Malawi	1,253	1,342
Severance pay - Tanzania	-	104
Operational reserve fund	<u>349,363</u>	<u>350,690</u>
	<u>\$ 376,748</u>	<u>\$ 374,633</u>

8. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at the statement of financial position date.

Credit risk

Credit risk is the risk that parties will cause financial loss by failing to discharge their obligations. The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Organization's cash, short-term investments, and accounts receivable give rise to credit risk. The Organization's cash and short-term investments are held with a reputable banks and as a result, management believes the risk of loss on this item to be unlikely.

Liquidity risk

Liquidity risk is the risk that the Organization is unable to meet financial obligations as they become due by not being able to liquidate assets in a timely manner. The Organization manages this risk by establishing budgets and cash forecasts to ensure it has funds available to fulfil its obligations and by holding assets that can be readily converted into cash.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Organization is exposed to currency risk by virtue of the fact that it transacts in currencies other than the Canadian dollar and holds amounts in foreign currencies including the United States Dollar (USD), Ethiopian Birr (ETB), Malawi Kwacha (MWK), and Tanzanian Shilling (TZS). This exposure is limited to the extent that these currencies fluctuate between the dates that transactions are made and settlement occurs and also to the extent of amounts held in foreign currencies.

CANADIAN PHYSICIANS FOR AID AND RELIEF
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

8. FINANCIAL INSTRUMENTS - Cont'd.

Market risk - Contd.

i) *Currency risk - Cont'd.*

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

	<u>Cash and cash equivalents</u>	<u>Accounts and grants receivable</u>	<u>Accounts payable and accrued liabilities</u>
Ethiopian Birr	\$ 121,740	\$ 432	\$ 60,803
Malawi Kwacha	13,817	6,478	15,559
Tanzanian Shilling	2,104	-	-
United States Dollar	59,066	-	-

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Organization is exposed to interest rate risk on certain investments. 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 does not have any interest bearing liabilities.

iii) *Other price risk*

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of the changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar instruments traded in the market. The Organization is exposed to other price risk on certain investments but manages this risk through the diversification of its investment portfolio.

Changes in risk

There have been no significant changes in the Organization's risk exposures from the prior year.

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 Organization's board of directors. The annual commitment for fiscal 2022 is \$601,800, exclusive of HST.

The management fees, including the non-refundable portion of HST paid thereon, are separated by category in Note 10.

CANADIAN PHYSICIANS FOR AID AND RELIEF
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

10. ALLOCATION OF EXPENDITURES

Management fees have been allocated as follows:

	<u>2022</u>	<u>2021</u>
Administrative management fees	\$ 188,755	\$ 153,852
Fundraising, communications and development education	140,044	88,393
Overseas development and relief projects	<u>280,089</u>	<u>279,811</u>
	<u>\$ 608,888</u>	<u>\$ 522,056</u>

Overseas development and relief project expenditures consist of the following regional expenditures:

	<u>2022</u>	<u>2021</u>
Canadian program expenditures	\$ 525,923	\$ 319,195
Ethiopian expenditures	664,284	260,583
Malawi expenditures	282,048	656,464
Tanzania expenditures	<u>7,051</u>	<u>23,026</u>
	<u>\$ 1,479,306</u>	<u>\$ 1,259,268</u>

11. CANADA EMERGENCY BUSINESS ACCOUNT

The Canada Emergency Business Account (CEBA) Loan program was launched by the Government of Canada to provide financing to qualifying small business and not-for-profit organizations to ease the financial strain experienced as a result of the COVID-19 pandemic.

The loan was provided by the Royal Bank of Canada, is non-interest bearing, and is guaranteed by the Government of Canada. Additional terms associated with CEBA are as follows: if the loan is repaid on or before December 31, 2023, 25% of the loan, or \$10,000, will be forgiven. Any portion of the unpaid balance as of January 1, 2024 will be converted to a 2-year term loan at 5% annual interest, paid monthly, and must be repaid in full no later than December 31, 2025. The forgivable portion has been recognized as other revenue in the prior year statement of operations.

12. PRIOR PERIOD RESTATEMENT

The Organization has determined that audit and accounting fees of \$22,500 related to the 2021 fiscal year were omitted from the previous fiscal year's financial statements, resulting in an understatement of accounts payable and accrued liabilities and overstatement of unrestricted net assets in the amount of \$22,500 on the statement of financial position as at March 31, 2021. Additionally, office and general expenses was understated and excess of revenue over expenses was overstated in the same amount on the statement of operations for the year then ended. The March 31, 2021 comparative figures presented in these financial statements have been updated to reflect this restatement.

CANADIAN PHYSICIANS FOR AID AND RELIEF
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

13. POLITICAL RISKS

Ethiopia

In early November 2020, the first attack on the Ethiopian army in the Tigray region resulted in hundreds of civilian deaths, civil unrest, refugees and internally displaced persons, primarily among Amharas. The situation in Tigray rapidly deteriorated in 2021 into civil war with federal troops, the Tigray Peoples Liberation Front (TPLF) and other militias.

The conflict in the Tigray region of Ethiopia has caused delays in implementation of project activities in the surrounding regions, particularly in the neighbouring Amhara region. Into 2022, the situation is still evolving and additional conflicts have resurfaced in the Oromia region (that initially emerged in 2021). These conflicts may cause future delays in project implementation if there are concerns about the security of project staff and beneficiaries.

Malawi

In early 2022 the economic situation in Malawi began to deteriorate as the cost of living increased and inflation was on the rise. In May of 2022, the central bank in Malawi devalued its currency by 25% to increase appeal of its exports and combat inflation. However, Malawi continues to face significant challenges including high cost of living and high inflation (over 20% in July 2022). This situation has led to an increase in program delivery cost and delays in procurement. CPAR staff continue to monitor the economic situation closely and have taken steps to reduce the risk to the organization and its staff.

14. COMPARATIVE FIGURES

Comparative figures have been audited by another auditor and have been reclassified where necessary to conform to the presentation adopted in the current year.