
CANADIAN PHYSICIANS FOR AID AND RELIEF

FINANCIAL STATEMENTS

MARCH 31, 2021

CANADIAN PHYSICIANS FOR AID AND RELIEF

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MARCH 31, 2021

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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, 2021, and the statements of revenues 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, 2021, 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 revenues 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.

Logan Katz LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada
September 18, 2021

CANADIAN PHYSICIANS FOR AID AND RELIEF

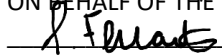
STATEMENT OF FINANCIAL POSITION

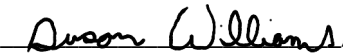
AS AT MARCH 31, 2021

	2021	2020 (Restated - Note 14)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,252,726	\$ 1,261,800
Short-term investments (Note 2)	350,690	394,395
Accounts receivable	5,407	19,527
Grants receivable	-	3,267
Sales tax recoverable	56,992	37,860
Prepaid expenditures and deposits	10,847	9,783
	<u>2,676,662</u>	<u>1,726,632</u>
INVESTMENT HELD FOR ENDOWMENT PURPOSES (Note 2)	15,986	15,986
CAPITAL ASSETS (Note 3)	36,979	24,921
INTANGIBLE ASSETS (Note 4)	-	10,864
	<u>\$ 2,729,627</u>	<u>\$ 1,778,403</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 184,521	\$ 130,979
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 13)	30,001	-
DEFERRED CONTRIBUTIONS (Note 6)	1,785,727	950,471
	<u>2,000,249</u>	<u>1,081,450</u>
NET ASSETS		
Endowment	15,986	15,986
Internally restricted (Note 7)	374,633	371,079
Invested in capital and intangible assets	36,978	35,785
Unrestricted	301,781	274,103
	<u>729,378</u>	<u>696,953</u>
	<u>\$ 2,729,627</u>	<u>\$ 1,778,403</u>

Financial instruments (Note 8)
 Contractual obligations (Note 9)
 COVID-19 (Note 12)
 Prior period adjustment (Note 14)

ON BEHALF OF THE BOARD:

 Director

 Director

CANADIAN PHYSICIANS FOR AID AND RELIEF

STATEMENT OF REVENUES AND EXPENDITURES

YEAR ENDED MARCH 31, 2021

	2021	2020
		(Restated - Note 14)
REVENUE		
Grants	\$ 1,005,073	\$ 301,352
Donations	628,968	862,575
Investment income	9,334	22,037
Other income	28,927	43,625
	1,672,302	1,229,589
EXPENDITURES (Note 11)		
Administrative management fees	153,852	57,427
Administrative salaries and benefits	-	79,045
Amortization	31,790	12,064
Fundraising, communications and development education	127,988	286,696
Office and general	66,979	86,396
Overseas development and relief projects	1,259,268	889,228
	1,639,877	1,410,856
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) FROM OPERATIONS	32,425	(181,267)
OTHER ITEM		
Transition costs related to reorganization and relocation (Note 10)	-	(357,063)
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	\$ 32,425	\$ (538,330)

CANADIAN PHYSICIANS FOR AID AND RELIEF

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2021

	2021				2020 (Restated - Note 14)	
	Endowment	Internally restricted	Invested in capital and intangible assets	Unrestricted	Total	Total
BALANCES AT BEGINNING OF YEAR	15,986	371,079	35,785	274,103	696,953	1,235,283
Excess of expenditures over revenue	-	-	-	32,425	32,425	(538,330)
Amortization	-	-	(31,790)	31,790	-	-
Acquisition of capital assets	-	-	32,983	(32,983)	-	-
Interfund transfers (Note 7)	-	3,554	-	(3,554)	-	-
BALANCES AT END OF YEAR	\$ 15,986	\$ 374,633	\$ 36,978	\$ 301,781	\$ 729,378	\$ 696,953

CANADIAN PHYSICIANS FOR AID AND RELIEF

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2021

	2021	2020
		(Restated - Note 14)
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures (expenditures over revenues)	\$ 32,425	\$ (538,330)
Items not involving cash:		
Amortization of capital assets	20,926	4,531
Amortization of intangible assets	10,864	10,864
Unrealized gain on investments	-	(392)
Changes in non-cash operating working capital:		
Accounts receivable	14,120	9,538
Grants receivable	3,267	6,860
Sales tax recoverable	(19,132)	(8,088)
Prepaid expenditures and deposits	(1,064)	3,788
Accounts payables and accrued liabilities	53,542	(51,676)
Deferred contributions	835,256	771,837
	950,204	208,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(32,983)	(3,017)
Purchase of short-term investments	(307,675)	-
Proceeds from disposition of short-term investments	351,380	688,004
	10,722	684,987
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Canada Emergency Business Account loan	30,000	-
INCREASE IN CASH AND CASH EQUIVALENTS	990,926	893,919
Cash and cash equivalents at beginning of year	1,261,800	367,881
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,252,726	\$ 1,261,800

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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 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 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, 2021

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 generated 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, accounts payable and accrued liabilities and long term debt.

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 revenues 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 revenues and expenditures. The accounts receivable is netted by an allowance for doubtful accounts of \$4,965 (2020 - \$6,716).

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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. 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 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 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 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, 2021

2. SHORT-TERM INVESTMENTS

During the year the organization redeemed fixed income GICs in the amount of \$351,380 and purchased a mix of marketable securities, preferred shares and fixed income totalling \$307,675

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.

3. CAPITAL ASSETS

	2021			2020	
	Cost	Accumulated Amortization	Net	Net	
Foreign buildings	\$ 162,789	\$ 152,443	\$ 10,346	\$ 11,076	
Office equipment	223,853	197,220	26,633	3,995	
Vehicles	199,244	199,244	-	9,850	
	\$ 585,886	\$ 548,907	\$ 36,979	\$ 24,921	

4. INTANGIBLE ASSETS

	2021			2020	
	Cost	Accumulated Amortization	Net	Net	
Web site	\$ 40,996	\$ 40,996	\$ -	\$ 8,199	
Software	13,326	13,326	-	2,665	
	\$ 54,322	\$ 54,322	\$ -	\$ 10,864	

The web site and software assets were fully amortized in the current fiscal year.

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, 2021

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent amounts externally restricted received in excess of 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:

	2021	2020
BALANCE AT BEGINNING OF YEAR	\$ 950,471	\$ 178,634
Restricted contributions received	1,213,426	1,026,370
Amounts recognized as revenue	(378,170)	(254,533)
BALANCE AT END OF YEAR	\$ 1,785,727	\$ 950,471

Deferred contributions are comprised of the following project balances:

	2021	2020
Enhancing Sexual Reproductive Health and Rights for Women and Adolescents ("ESWA")	\$ 1,694,722	\$ 950,471
Green Schools initiative	70,000	-
Ultrasound Technology ("RUAA")	21,005	-
	\$ 1,785,727	\$ 950,471

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:

	2021	2020
Severance Pay - Ethiopia	\$ 22,497	\$ 18,098
Severance Pay - Malawi	1,342	1,490
Severance Pay - Tanzania	104	112
Operational reserve fund	350,690	351,379
	\$ 374,633	\$ 371,079

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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.

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 expenditures 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	\$ 80,063	\$ 557	\$ 58,556
Malawi Kwacha	57,361	4,850	11,529
Tanzanian Shilling	2,266	-	2,183
United States Dollar	7,801	-	-

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

8. FINANCIAL INSTRUMENTS (continued)

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, \$2,494 (2020 - \$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 Organization's board of directors. The annual commitment for fiscal 2022 is \$601,800, exclusive of HST.

The Management fees paid in fiscal 2021 are separated by category in Note 11.

10. TRANSITION COSTS

Transition costs are extraordinary costs that were incurred in the previous 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:

	2021	2020
Administrative salaries and benefits	\$ -	\$ 79,045
Fundraising, communications and development education	-	83,683
Overseas development and relief projects	-	180,791
	\$ -	\$ 343,519

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

11. ALLOCATION OF EXPENDITURES (continued)

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

	2021	2020
Fundraising, communications and development education	\$ -	\$ 21,178
Office and general	-	21,178
Overseas development and relief projects	-	21,178
	\$ -	\$ 63,534

Management fees have been allocated as follows:

	2021	2020
Administrative management fees	\$ 153,852	\$ 57,427
Fundraising, communications and development education	88,393	57,427
Overseas development and relief projects	279,811	57,427
	\$ 522,056	\$ 172,281

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

	2021	2020
Canadian program expenditures	\$ 319,195	\$ 359,205
Ethiopian expenditures	260,583	175,578
Malawi expenditures	656,464	353,189
Tanzania expenditures	23,026	1,256
	\$ 1,259,268	\$ 889,228

12. COVID-19

In March 2020, the World Health Organization declared the COVID-19 coronavirus outbreak to constitute a pandemic, with rapid developments thereafter. Measures taken by various governments to contain the virus have affected economic activity. Management has taken measures to monitor and mitigate the effects of COVID-19 to ensure the safety and health of its employees since the pandemic was declared, including eliminating an in-person office space to adapt to entirely remote work, amending the Organization's operational strategy to reflect the shift in resources and environment, and adapting the Organization's campaigns and activities to directly reflect the needs of its community during this time.

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

12. COVID-19 (continued)

At this stage, impact on operations and results has been significant; however, based on management's predictions, this is not expected to continue. As the Organization provides humanitarian relief to various countries in Africa, projects timelines have been delayed. Management communicates with its funders to revise deadlines for its initiatives, in order to ensure compliance with COVID-19 restrictions in each country in which it operates.

13. GOVERNMENT ASSISTANCE

To assist in mitigating the impact of the pandemic, the Organization has participated in the following government assistance program:

Canada Emergency Business Account ("CEBA") program:

This program provides an interest-free \$40,000 loan to help cover operating costs during a period where revenues have been temporarily reduced, due to the economic impacts of the virus. If the loan is repaid on or before December 31, 2022, 25% of the loan, or \$10,000, will be forgiven. Any portion of the unpaid balance as of January 1, 2023 will be converted to a 3-year term loan at 5% annual interest, paid monthly, and must be repaid in full no later than December 31, 2025. The Organization has recorded \$30,000 as a loan payable. The forgivable portion has been recognized as other revenue in the statement of revenues and expenditures. If the Organization does not repay the loan by December 31, 2022, the \$10,000 will be charged as a reduction to revenues in that fiscal year.

Government assistance may be subject to a Canada Revenue Agency review and assessment of the Organization's eligibility. If it is determined that the Organization is ineligible, any amounts to be repaid will be included as an expenditure in that fiscal year.

14. PRIOR PERIOD ADJUSTMENT

The Organization has determined that a bank account was erroneously omitted in the previous fiscal year, and as a result, the cash and cash equivalents and deferred contributions were understated. As a result, the financial statements as at March 31, 2020 have been restated. There is no impact on net result or on net assets in the 2020 financial statements as a result of this restatement. Cash and cash equivalents and deferred contributions have been increased by \$50,000 as at March 31, 2020.

CANADIAN PHYSICIANS FOR AID AND RELIEF

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

15. POLITICAL RISKS

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 has 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 neighboring Amhara region. The situation is evolving and may cause future delays in project implementation if there are concerns about the security of project staff and beneficiaries.