



Grand Challenges Canada®
Grands Défis Canada

Financial Statements

Grand Challenges Canada

March 31, 2025

Independent auditor's report

To the Board of Directors of
Grand Challenges Canada

Opinion

We have audited the financial statements of **Grand Challenges Canada** [the "Organization"], which comprise the statement of financial position as at March 31, 2025, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2025, 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.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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.

Ernst & Young LLP

Toronto, Canada
June 26, 2025

Chartered Professional Accountants
Licensed Public Accountants



STATEMENT OF FINANCIAL POSITION

As at March 31

	2025	2024
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	96,354,308	90,340,971
Short-term investment	10,160,975	—
Due from University Health Network <i>[note 3]</i>	1,473,473	1,098,809
Accounts receivable <i>[note 14[b]]</i>	615,650	1,529,883
Contributions receivable	505,515	1,237,052
Prepaid expenses and deposits	200,645	153,457
Total current assets	109,310,566	94,360,172
Investments <i>[note 4]</i>	21,802,283	18,816,104
	131,112,849	113,176,276
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	8,391,502	5,805,595
Deferred contributions <i>[note 5]</i>	98,633,294	84,817,187
Total current liabilities	107,024,796	90,622,782
Commitments and contingencies <i>[notes 4, 11, 12 and 13]</i>		
Net assets		
Internally restricted <i>[note 10]</i>	24,088,053	22,553,494
	131,112,849	113,176,276

See accompanying notes

On behalf of the Board:

Director



Guylaine Saucier

Director



Johanna Charbonneau

STATEMENT OF OPERATIONS

Year ended March 31

	2025	2024
	\$	\$
REVENUE		
Grant <i>[notes 5 and 6]</i>	66,943,683	51,081,740
Interest <i>[note 7]</i>	1,343,595	1,268,540
Other <i>[note 8]</i>	1,865,410	2,870,446
Total revenue	70,152,688	55,220,726
PROGRAM EXPENSES		
Programs		
Issued grants	42,270,592	31,086,008
Innovators' write-offs <i>[note 15]</i>	59,738	—
Non-grant projects	4,011,928	1,668,929
Program support activities	4,009,219	3,204,385
Program support activities – operations		
Personnel	11,456,052	10,536,507
Due diligence, travel and results management	972,113	1,221,066
Equipment and infrastructure	412,056	419,154
Materials and supplies	330,520	181,251
Total program expenses	63,522,218	48,317,300
OVERHEADS		
Personnel	3,410,510	3,085,967
Due diligence and travel	544,438	560,119
Materials and supplies	432,152	322,565
Fundraising and strategic advisory	305,677	147,632
Equipment and infrastructure	264,704	252,969
Impairment loss on investments	138,430	89,714
Total overheads	5,095,911	4,458,966
Total expenses	68,618,129	52,776,266
Excess of revenue over expenses for the year	1,534,559	2,444,460

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	2025		
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Balance, beginning of year	—	22,553,494	22,553,494
Excess of revenue over expenses for the year	1,534,559	—	1,534,559
Interfund transfer <i>[note 10]</i>	(1,534,559)	1,534,559	—
Balance, end of year	—	24,088,053	24,088,053

	2024		
	Unrestricted	Internally restricted	Total
	\$	\$	\$
Balance, beginning of year	—	20,109,034	20,109,034
Excess of revenue over expenses for the year	2,444,460	—	2,444,460
Interfund transfer <i>[note 10]</i>	(2,444,460)	2,444,460	—
Balance, end of year	—	22,553,494	22,553,494

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31

	2025	2024
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	1,534,559	2,444,460
Add (deduct) non-cash items		
Amortization of capital assets	—	15,644
Additions to investments	(1,759,537)	(390,610)
Unrealized gain on investments	(1,365,072)	(1,797,144)
Impairment loss on investments	138,430	377,442
Changes in non-cash working capital balances related to operations		
Decrease (increase) in due from University Health Network	(374,664)	46,661
Decrease (increase) in accounts receivable	914,233	(472,094)
Decrease (increase) in contributions receivable	731,537	(187,188)
Increase in prepaid expenses and deposits	(47,188)	(73,099)
Increase in accounts payable and accrued liabilities	2,585,907	15,650
Increase in deferred contributions	13,816,107	15,188,936
Cash provided by operating activities	16,174,312	15,168,658
INVESTING ACTIVITIES		
Purchase of short-term investments	(10,160,975)	—
Cash used in investing activities	(10,160,975)	—
Net increase in cash during the year	6,013,337	15,168,658
Cash and cash equivalents, beginning of year	90,340,971	75,172,313
Cash and cash equivalents, end of year	96,354,308	90,340,971

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

1. PURPOSE OF THE ORGANIZATION

Grand Challenges Canada [the “Organization”] is dedicated to supporting Bold Ideas with Big Impact®. Funded by the Government of Canada and other partners, the Organization funds innovators working in low- and middle-income countries, conflict settings, and Canada. The bold ideas of the Organization support integrated science and technology, social and business innovation – known as Integrated Innovation®.

The Organization works closely with Global Affairs Canada and a range of other public, private and philanthropic funders to catalyze scale, sustainability and impact. The Organization’s office is hosted in Toronto.

The Organization was incorporated as Grand Challenges Canada on March 19, 2008 under the *Canada Corporations Act* as a corporation without share capital. The Organization continued its incorporation under the *Canada Not-for-profit Corporations Act* on January 29, 2014. The Organization is a not-for-profit organization within the meaning of the *Income Tax Act* (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which include grants. Contributions are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Project payments

All contractual project payments are subject to the provision of funds by donor partners. They are recorded as an expense when approved and when innovators meet all terms and conditions of the agreements. Refunds on previously disbursed project agreements are credited against the current year's expenses when the project is active or to other income when the project is closed.

Non-grant projects

The Organization provides funding for projects in the form of loans receivable, convertible loans and repayable grants ["non-grant projects"]. Loans and repayable grants are advanced to borrowers in tranches, subject to the satisfaction of certain terms and conditions, including milestone events. Loans and repayable grants are repayable at maturity or over a repayment period and may bear interest. Certain loan agreements include a provision that permits the Organization to convert the outstanding principal amount of a loan into authorized equities of the borrower.

The degree of certainty that economic benefits [i.e., interest, repayment of funds or fair value of equities on converted loans] related to non-grant projects will flow to the Organization is insufficient to warrant the recognition of these non-grant project payments as assets when issued. Therefore, non-grant project payments are expensed as they are incurred.

Interest earned or the return of funds from non-grant projects is recognized when funds have been received or are receivable, reasonably estimable and there is reasonable assurance of collection. Equities received on conversion of loans are recorded on the transaction date. Interest received is recorded as interest revenue in the statement of operations. The return of funds and fair value of equities on converted loans are recorded as other revenue in the statement of operations. To the extent the future use of assets arising from the foregoing require approval from the funder or are restricted by the funder, they are recorded as deferred contributions.

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Financial instruments

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds that the Organization designates upon purchase to be measured at fair value.

Alternative investments are valued by the investment managers of these investments who perform valuations on the underlying investments on a quarterly basis. The value of these investments is recorded using the most recently available quarterly information from the fund manager adjusted for transactions to the year-end date, which approximates fair value. Because these investments are not readily traded, their estimated values are subject to uncertainty and, therefore, may differ from the values that would have been used had a ready market for such investments existed.

Other investments consist of common and preferred shares in private enterprises, which are recorded at fair market value on the date of conversion and subsequently measured at cost, less any provision for impairment.

Transaction costs are recognized in the statement of operations in the period they are incurred.

Other financial instruments, including accounts and contributions receivable and accounts payable and accrued liabilities, are initially recorded at fair value and subsequently measured at cost, net of any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term investments with a short term to maturity of approximately three months or less from the date of purchase. Short-term investments are recorded at cost plus accrued interest, which approximates fair value.

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]**Capital assets**

Capital assets are recorded at cost and amortized over their estimated useful lives on a straight-line basis. The estimated useful life of each asset class is as follows:

Tangible

Computer equipment	3 years
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Intangible

Software	5 years
Website	3 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Organization's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Net assets

The Organization's net assets consist of the accumulation of revenue over expenses from operations and include unrestricted and internally restricted amounts for special purposes and reserved amounts as approved by the Board of Directors.

Related entities

The Grand Challenges Canada Foundation [the "Foundation"], a controlled registered charity, is not consolidated. Instead, the Organization has chosen to provide summarized financial information [note 14].

3. DUE FROM UNIVERSITY HEALTH NETWORK

The Organization has an agreement with the University Health Network for human resources and administrative services provided by the University Health Network. The settlement of accounts between the University Health Network and the Organization is done on a regular basis. The amounts due are non-interest bearing.

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

4. INVESTMENTS

Investments, at fair value, consist of the following:

	2025	2024
	\$	\$
Investments in pooled funds	16,700,397	15,335,325
Social impact investments in private enterprises	3,770,417	2,665,206
Investment in a global health impact fund	1,331,469	815,573
	21,802,283	18,816,104

The Organization's investments, supporting the operation/wind-down reserves, in pooled funds consist of cash and cash equivalents, fixed income and Canadian, United States and other international equities.

The Organization has invested US\$996,591 or C\$1,331,469 [2024 – US\$623,840 or C\$815,573] of its total commitment to invest US\$2,500,000 in a global health impact fund.

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for expenses in future years. Changes in the deferred contributions balance are as follows:

	2025	2024
	\$	\$
Balance, beginning of year	84,817,187	69,628,251
Amounts received during the year	80,265,479	65,708,574
Contributions receivable	494,311	849,830
Interest earned on funds received in advance	1,128,216	1,070,978
Impairment loss on investments	—	(287,728)
Amounts recognized as revenue during the year		
Grant revenue [note 6]	(66,943,683)	(51,081,740)
Interest [note 7]	(1,128,216)	(1,070,978)
Balance, end of year	98,633,294	84,817,187

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

6. GRANT REVENUE

The Organization is funded by numerous funding agreements over varying time periods. Grant revenue has been recognized from the following sources:

	2025	2024
	\$	\$
Global Affairs Canada – Institutional Support Grant	47,792,334	37,772,973
Department of Health and Social Care – Global Mental Health – Being	6,277,948	1,830,986
Fondation Botnar	4,478,509	2,580,052
Foreign, Commonwealth & Development Office – UK – Humanitarian	1,995,474	1,459,908
Women and Gender Equality Canada	1,907,161	1,172,578
U.S. Agency for International Development	1,811,409	356,919
The LEGO Foundation	1,051,225	351,440
Seamont Foundation	521,985	149,097
Arm Limited	373,211	—
Stiftung Axilium	219,461	31,031
World Organisation for Animal Health (OIE)	375	407,415
Indigenous Services Canada	178	88,244
Department of Health and Social Care – Global Mental Health	—	1,667,403
Bill and Melinda Gates Foundation	—	95,055
Global Affairs Canada – Maternal, Newborn and Child Health	—	(13,750)
Dutch Government Stabilisation and Humanitarian Aid Department	(41,084)	1,021,166
Other	555,497	2,111,223
	66,943,683	51,081,740

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

7. INTEREST REVENUE

Interest revenue includes interest earned on funds received in advance and from non-grant projects.

	2025	2024
	\$	\$
Interest from funds received in advance <i>[note 5]</i>	1,128,216	1,070,978
Interest from non-grant projects <i>[note 9]</i>	215,379	197,562
	1,343,595	1,268,540

8. OTHER REVENUE

Other revenue includes repayment of loans from non-grant projects *[note 9]*, and other sources of funding that supported program support activities and operations:

	2025	2024
	\$	\$
Non-grant projects <i>[note 9]</i>	84,085	914,194
Other contributions	1,781,325	1,956,252
	1,865,410	2,870,446

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

9. NON-GRANT PROJECTS

Payments received for non-grant projects include the following:

	2025	2024
	\$	\$
Interest	236,871	205,594
Less amounts related to externally restricted funds	(21,492)	(8,032)
Interest related to unrestricted funds <i>[note 7]</i>	215,379	197,562
Return of investment contribution	—	403,153
Loan repayments	575,111	1,120,321
	575,111	1,523,473
Less amounts related to externally restricted funds	(491,026)	(609,279)
Other revenue <i>[note 8]</i>	84,085	914,194

10. INTERNALLY RESTRICTED NET ASSETS

During the year ended March 31, 2025, the Board of Directors approved a transfer of \$1,534,559 [2024 – \$2,444,460].

11. FUNDING COMMITMENTS

The Organization has commitments to make funding payments to various organizations subject to funding being provided by the Government of Canada and other donor partners, and subject to compliance by recipients with the terms and conditions of funding agreements.

Funding payments payable to various organizations are as follows:

	\$
2026	28,143,268
2027 and future years	15,422,756
	43,566,024

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

12. LEASE COMMITMENT

The future minimum annual lease payment for operating leases is as follows:

	\$
2025	226,013

13. CONTINGENCIES

The Organization is required to adhere to the terms and conditions under its funding agreements and is routinely subject to external audits in respect of these agreements. Where a potential liability is likely and able to be estimated, management has recorded its best estimate of the liability. When indeterminable, no liability is recorded. Any additional losses will be recorded in the year during which the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

14. RELATED ENTITIES

[a] The Foundation was incorporated as a corporation without share capital under the *Canada Not-for-profit Corporations Act* and is a registered charity within the meaning of the *Income Tax Act* (Canada). The purpose of the Foundation is to receive donations that will be used to relieve poverty and promote health consistent with its charitable purposes.

The Organization has the ability to elect the majority of the Foundation's directors. As such, the Foundation is a controlled not-for-profit charitable entity.

The Foundation prepares its financial statements in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada.

[b] The Organization provides the Foundation with office space at no cost. Certain other costs are paid by the Organization and are reimbursed by the Foundation. As at March 31, 2025, \$78,047 [2024 – \$808,865] is due from the Foundation. Amounts due to/from the Foundation are unsecured with no fixed terms of repayment.

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

[c] The summarized financial statements of the Foundation are as follows:

	2025	2024
	\$	\$
Total assets	4,986,204	5,391,481
Total liabilities	(3,179,713)	(4,266,090)
Fund balance	1,806,491	1,125,391
Total revenue	935,329	1,302,257
Total expenses	(254,229)	(482,524)
Excess of revenue over expenses for the year	681,100	819,733

15. INNOVATORS' WRITE-OFFS

The Organization is required by a funder agreement to disclose the innovators' write-offs in specific categories.

Innovators' write-offs resulting from potential mismanagement of funds are as follows:

	2025	2024
	\$	\$
Innovators' ineligible expenses	1,518	—
Innovators' underspend not refunded	58,220	—
	59,738	—

16. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Organization is exposed to various financial and market risks through investments and transactions in financial instruments. Most of these risks are related to investments. To manage, monitor and limit the risks related to investments, the Organization has determined an investment strategy and asset mix that reflects a total investment return consistent with capital preservation, risk tolerance and liquidity needs of the Organization. An investment policy was established to monitor and limit risks across asset classes, as well as the total portfolio. If the measured risk of the portfolio exceeds the limits set by the policy, actions will be taken to reduce the portfolio's risk.

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

16. FINANCIAL INSTRUMENTS – RISK MANAGEMENT [continued]

Foreign currency risk

The Organization is exposed to currency risk with respect to the underlying investments of its pooled funds that are denominated in foreign currencies because the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar. The Organization mitigates its foreign currency risk exposure by investing in pooled funds, which hedge underlying foreign currency exposure to the Canadian dollar.

Credit risk

The Organization is exposed to credit risk in connection with its fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. To manage this risk, the Organization only invests in high-quality securities.

Interest rate risk

The Organization is exposed to interest rate risk with respect to its investments in pooled funds that hold fixed income securities because the fair value will fluctuate due to changes in market interest rates. Duration is the most common measure of the sensitivity of the price of a fixed income instrument to a change in interest rates. The Organization's portfolio managers limit the duration of the fixed income holdings in their portfolios in order to accommodate possible changes in interest rate.

Other price risk

The Organization is exposed to other market risks, including, but not limited to, changes in market prices in connection with its investments in securities, underlying investments within pooled funds, private equity and alternative investments. The Organization manages this risk by monitoring against its benchmark asset mix, which reflects the Organization's risk appetite.