



Financial Statements

EMAS Canada

September 30, 2015

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Schedule of General Revenue, Expenses and Fund Balance	12
Schedule of Restricted Revenue, Expenses and Fund Balances	13

Independent Auditor's Report

Grant Thornton LLP
Suite 200
15 Allstate Parkway
Markham, ON
L3R 5B4
T +1 416 366 0100
F +1 905 475 8906
www.GrantThornton.ca

To the Board of Directors of
EMAS Canada

We have audited the accompanying financial statements of EMAS Canada, which comprise the statement of financial position as at September 30, 2015, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independent Auditor's Report (continued)

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations from the public, 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. Therefore we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenue over expenses, and cash flows for the years ended September 30, 2015 and 2014, current assets as at September 30, 2015 and 2014, and fund balances as at October 1, 2014 and 2013 and September 30, 2015 and 2014. Our audit opinion on the financial statements for the year ended September 30, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of EMAS Canada as at September 30, 2015, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Markham, Canada
January 18, 2016

Chartered Professional Accountants
Licensed Public Accountants

EMAS Canada

Statement of Financial Position

As at September 30

	2015	2014
Assets		
Current		
Cash - general fund	\$ 95,595	\$ 77,891
Cash - restricted funds	55,545	163,562
Sales taxes recoverable	8,249	4,323
Inventory (Note 3)	88,145	-
Prepaid expenses	<u>5,515</u>	<u>8,896</u>
	253,049	254,672
Investments - restricted funds, at market value (Notes 4 and 5)	<u>992,816</u>	<u>912,762</u>
	<u>\$ 1,245,865</u>	<u>\$ 1,167,434</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 28,356	\$ 20,123
Deferred contributions (Note 3)	<u>88,145</u>	<u>-</u>
	<u>116,501</u>	<u>20,123</u>
Fund balances		
General (Schedule 1)	81,003	81,120
Restricted (Schedule 2) (Note 5)	<u>1,048,361</u>	<u>1,066,191</u>
	<u>1,129,364</u>	<u>1,147,311</u>
	<u>\$ 1,245,865</u>	<u>\$ 1,167,434</u>

On behalf of the Board of Directors

_____ Director

_____ Director

EMAS Canada

Statement of Operations

Year ended September 30

	2015	2014
Revenue		
Contributions - restricted (Note 5)	\$ 1,369,829	\$ 1,274,226
Contributions - in-kind (Note 5)	127,773	129,143
Administration revenue	142,154	116,526
Contributions - general	84,740	76,024
Investment income	21,982	31,310
Other income	10,037	10,163
Conference income	4,956	10,900
Unrealized losses on investments	<u>(7,214)</u>	<u>(5,684)</u>
	<u>1,754,257</u>	<u>1,642,608</u>
Expenses		
Charitable activities (cash plus in-kind)	1,504,079	1,477,023
Salaries, benefits and contract costs (Note 6)	163,773	159,420
Publicity and publications	29,673	34,263
Travel - administrative and meetings	22,071	15,369
Professional fees	11,828	15,119
Rent and utilities	11,815	10,602
Office, telephone and postage	10,905	10,021
Program travel and development	9,593	8,757
Bank charges and sundry	<u>8,467</u>	<u>6,167</u>
	<u>1,772,204</u>	<u>1,736,741</u>
Deficiency of revenue over expenses	<u>\$ (17,947)</u>	<u>\$ (94,133)</u>

See accompanying notes and schedules to the financial statements.

EMAS Canada

Statement of Changes in Fund Balances

Year ended September 30

	General Funds	Restricted Funds	Total 2015	Total 2014
Fund balances, beginning of year	\$ 81,120	\$ 1,066,191	\$ 1,147,311	\$ 1,241,444
Deficiency of revenue over expenses	(11,470)	(6,477)	(17,947)	(94,133)
Interfund transfers	<u>11,353</u>	<u>(11,353)</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 81,003</u>	<u>\$ 1,048,361</u>	<u>\$ 1,129,364</u>	<u>\$ 1,147,311</u>

EMAS Canada

Statement of Cash Flows

Year ended September 30

	2015	2014
Increase (decrease) in cash		
Operating		
Deficiency of revenue over expenses	\$ (17,947)	\$ (94,133)
Items not involving cash		
Realized (gains) losses on sale of investments	(225)	2,374
Unrealized losses on investments	<u>7,214</u>	<u>5,684</u>
	<u>(10,958)</u>	<u>(86,075)</u>
Net change in non-cash working capital items		
Sales taxes recoverable	(3,926)	(876)
Inventory	(88,145)	-
Prepaid expenses	3,381	(3,710)
Accounts payable and accrued liabilities	8,233	6,340
Deferred contributions	<u>88,145</u>	<u>(4,506)</u>
	<u>7,688</u>	<u>(2,752)</u>
	<u>(3,270)</u>	<u>(88,827)</u>
Investing		
Purchase of investments	(271,902)	(373,904)
Proceeds on sale of investments	<u>184,859</u>	<u>589,645</u>
	<u>(87,043)</u>	<u>215,741</u>
Net change in cash during the year	(90,313)	126,914
Cash		
Beginning of year	<u>241,453</u>	<u>114,539</u>
End of year	<u>\$ 151,140</u>	<u>\$ 241,453</u>
Cash is held as follows:		
Cash - general fund	\$ 95,595	\$ 77,891
Cash - restricted funds	<u>55,545</u>	<u>163,562</u>
	<u>\$ 151,140</u>	<u>\$ 241,453</u>

See accompanying notes and schedules to the financial statements.

EMAS Canada

Notes to Financial Statements

September 30, 2015

1. Nature of the organization

EMAS Canada (EMAS) was incorporated under the Canada Not-for-profit Corporations Act. EMAS is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes.

EMAS has the following objectives:

- (a) co-ordinating and organizing medical group missions;
- (b) subsidizing senior medical students who choose to serve their elective period of study in an overseas setting;
- (c) covering expenses of overseas teaching missions of selected university consultants;
- (d) arranging and sponsoring individual Short-Term Missions (e.g. locum tenens);
- (e) packing and shipping of medical and dental supplies for overseas medical missionary outreach;
- (f) purchasing of new medical and dental equipment for overseas medical missionary outreach; and
- (g) assisting the work of evangelical medical missions overseas.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the more significant of which are outlined below.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the fiscal year. The most significant estimate relates to the accrued liabilities. Actual results could differ from those estimates.

EMAS Canada

Notes to Financial Statements

September 30, 2015

2. Summary of significant accounting policies (continued)

Fund accounting

EMAS follows the restricted fund method of accounting for contributions.

The General Fund accounts for EMAS's program delivery and administrative activities. This fund reports unrestricted resources.

EMAS maintains Restricted Funds in respect of designated charitable projects and individual missions. Any excess of revenue over expense arising upon the completion or cancellation of specific charitable projects or individual missions may be transferred to the General Fund, subject to the approval of the Board of Directors. Any deficit arising upon the completion of specific charitable projects or individual missions is recovered from the General Fund.

Property and equipment

Property and equipment is expensed in the fiscal year of acquisition due to the relative immateriality of the dollar value of items purchased. If property or equipment of significant dollar value (greater than \$500) is purchased, they will be capitalized and amortized at appropriate rates over their estimated useful life.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the fiscal year in which the related expenses are incurred. All other restricted contributions are recognized when received or receivable as revenue of the appropriate restricted fund.

EMAS allocates 15% of a donor's annual contributions (to a maximum of \$5,000 per fiscal year) from the Restricted Funds (excluding the Individual Missions Fund) to the General Fund to cover the cost of administering these Restricted Funds. The contributions revenue recorded in the Restricted Funds are net of this allocation.

Unrestricted contributions are recognized as revenue of the General Fund in the fiscal year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions in-kind are recorded in the accounts of EMAS at fair value when fair value can be reasonably estimated. Donated materials, where EMAS would otherwise have purchased such materials, are valued at the cost that EMAS would have paid for them. Volunteers contribute services in assisting EMAS to carry out its activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

Foreign operations and assets

Expenditures and purchases of property and equipment for operations in foreign countries are recorded as expenses when remitted. This policy is based on the fact that the assets and funds would rarely be returned to EMAS once they are sent overseas.

EMAS Canada

Notes to Financial Statements

September 30, 2015

2. Summary of significant accounting policies (continued)

Investments

Investments are recorded at fair market value, which is determined by reference to published price quotations. Fluctuations in the difference between the cost of investments and the fair market value are recognized in the statement of operations as unrealized gains or losses on investments.

Investment income includes dividends earned, interest and realized gains or losses on disposals of investments.

Inventory

Inventory is valued at the lower of cost and net realizable value and recorded on a first-in, first-out basis.

Interfund transfers

Transfers between funds are made when resources of one fund have been authorized by the Board of Directors (the "Board") to finance activities and acquisitions in another fund.

Financial instruments

EMAS considers any contract creating a financial asset, liability or equity instrument as a financial instrument. EMAS's financial instruments consist of cash, sales taxes recoverable, investments and accounts payable.

Financial assets or liabilities are initially measured at their fair value and subsequently measured at amortized cost, except for investments, which are measured at market value.

3. Inventory and deferred contributions

During the fiscal year, EMAS received medical supplies and medicine from McKesson Canada left over from the Pan Am games. These materials will be used during the next fiscal year for the China teams. The balance is recorded as deferred contributions at September 30, 2015.

4. Investments – restricted funds, at market value

	2015		2014	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Investments	<u>\$ 992,816</u>	<u>\$ 979,208</u>	<u>\$ 912,762</u>	<u>\$ 891,940</u>

EMAS Canada

Notes to Financial Statements

September 30, 2015

4. Investments (continued)

Investments are comprised of fixed income securities, earning interest at rates between 2.10% and 2.95% per annum and having maturities between October 13, 2015 and May 12, 2020 (2014 - rates between 2.15% and 4.25% per annum and having maturities between May 7, 2015 and April 16, 2019). The investments are managed according to established investment policies to achieve the long-term objectives of EMAS and are subject to the conditions placed on the funds by the donors. Unrealized gains and losses can arise due to market fluctuations in interest rates and these changes are recorded as unrealized gains or losses on investments in the statement of operations.

5. Restricted funds

During the fiscal year, EMAS received \$1,497,602 (2014 - \$1,403,369) in cash and in-kind contributions, all of which are designated by donors for specific projects. Investments in the amount of \$992,816 (2014 - \$912,762) represent funds held temporarily, prior to disbursement for projects, and can only be used as directed by donors.

6. Fundraising remuneration

Included in salaries, benefits and contract costs is remuneration paid to employees of EMAS whose duties involve fundraising in the amount of \$28,457 (2014 - \$27,907).

7. Lease commitment

EMAS is committed under an operating lease for rental of its office premises to October 31, 2016. Minimum annual payments required during the lease term are as follows:

2016	\$ 7,267
2017	<u>606</u>
	<u>\$ 7,873</u>

8. Financial instruments

EMAS's main financial instrument risk exposures are detailed as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligation. This risk is mitigated by EMAS through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to sales taxes recoverable is \$Nil (2014 - \$Nil).

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 price risk with respect to investments with fixed interest rates.

EMAS Canada

Notes to Financial Statements

September 30, 2015

8. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. EMAS is exposed to liquidity risk with respect to its accounts payable. EMAS reduces its exposure to liquidity risk related to accounts payable by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to meet obligations. Included in accounts payable and accrued liabilities are government remittances owing of \$10,131 (2014 - \$10,523).

EMAS Canada

Schedule 1

Schedule of General Revenue, Expenses and Fund Balance

Year ended September 30

	2015	2014
Revenue		
Administration revenue	\$ 142,154	\$ 116,526
Contributions - cash	84,740	76,024
Investment income	21,982	31,310
Other income	10,037	10,163
Conference income	4,956	10,900
Unrealized losses on investments	<u>(7,214)</u>	<u>(5,684)</u>
	<u>256,655</u>	<u>239,239</u>
Expenses		
Overseas ministry		
Salaries, benefits and contract costs	163,773	159,420
Publicity and publications	29,673	34,263
Travel – administrative and meetings	22,071	15,369
Program travel and development	<u>9,593</u>	<u>8,757</u>
	<u>225,110</u>	<u>217,809</u>
Administration		
Professional fees	11,828	15,119
Rent and utilities	11,815	10,602
Office, telephone and postage	10,905	10,021
Bank charges and sundry	<u>8,467</u>	<u>6,167</u>
	<u>43,015</u>	<u>41,909</u>
	<u>268,125</u>	<u>259,718</u>
Deficiency of revenue over expenses	(11,470)	(20,479)
General fund balance, beginning of year	81,120	101,508
Interfund transfer from Restricted funds	<u>11,353</u>	<u>91</u>
General fund balance, end of year	<u>\$ 81,003</u>	<u>\$ 81,120</u>

EMAS Canada

Schedule of Restricted Revenue, Expenses and Fund Balances

Schedule 2

Year ended September 30, 2015

	Fund Balances Beginning of Year	Contributions in Cash	Contributions In-Kind	Total Revenue	Expenses	Excess (Deficiency) of Revenue Over Expenses	Interfund Transfers	Fund Balances End of Year
Special donations	\$ 513	\$ 5,167	\$ -	\$ 5,167	\$ 5,280	\$ (113)	\$ -	\$ 400
Student fund	3	3,281	-	3,281	2,300	981	5,000	5,984
Project development	18,609	9,123	-	9,123	7,157	1,966	-	20,575
Haiti	24,248	183,149	-	183,149	201,049	(17,900)	581	6,929
Malawi	2,181	-	-	-	-	-	(2,181)	-
Ecuador	52,798	111,917	11,660	123,577	98,480	25,097	-	77,895
China - General	18,223	3,859	-	3,859	1,625	2,234	-	20,457
China - East	143,423	3,533	2,777	6,310	18,740	(12,430)	(1,275)	129,718
China - South	514,884	170,734	10,210	180,944	167,027	13,917	(7,789)	521,012
Guangdong	8,994	3,639	-	3,639	5,012	(1,373)	-	7,621
China - West	169,483	37,226	103,126	140,352	165,676	(25,324)	-	144,159
Philippines	4,538	-	-	-	-	-	(4,538)	-
Indonesia	21	-	-	-	-	-	(21)	-
Vietnam	4,680	12,356	-	12,356	13,400	(1,044)	1,105	4,741
Cuba	702	-	-	-	-	-	-	702
Angola	2,089	1,862	-	1,862	3,696	(1,834)	-	255
Jamaica	1,308	-	-	-	-	-	(1,308)	-
Cambodia	1,262	-	-	-	-	-	(1,262)	-
Hong Kong	11,539	(340)	-	(340)	760	(1,100)	-	10,439
Short-term missions	79,136	805,018	-	805,018	793,469	11,549	6,805	97,490
Uganda	739	16,663	-	16,663	18,323	(1,660)	348	(573)
Disaster relief	6,818	-	-	-	-	-	(6,818)	-
India	-	85	-	85	85	-	-	-
Zimbabwe	-	2,557	-	2,557	2,000	557	-	557
Total Restricted Funds	1,066,191	1,369,829	127,773	1,497,602	1,504,079	(6,477)	(11,353)	1,048,361
Total General Funds	81,120	256,655	-	256,655	268,125	(11,470)	11,353	81,003
2015 Total Funds	\$ 1,147,311	\$ 1,626,484	\$ 127,773	\$ 1,754,257	\$ 1,772,204	\$ (17,947)	\$ -	\$ 1,129,364