



Financial Statements

EMAS Canada

September 30, 2017

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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, 2017, 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, excess of revenue over expenses, and cash flows for the years ended September 30, 2017 and 2016, current assets as at September 30, 2017 and 2016, and fund balances as at October 1, 2016 and 2015 and September 30, 2017 and 2016. Our audit opinion on the financial statements for the year ended September 30, 2016 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, 2017, 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
February 22, 2018

Chartered Professional Accountants
Licensed Public Accountants

EMAS Canada

Statement of Financial Position

As at September 30

	2017	2016
Assets		
Current		
Cash - general fund	\$ 128,886	\$ 56,050
Cash - restricted funds	210,752	110,575
Sales taxes recoverable	2,050	3,769
Prepaid expenses	<u>-</u>	<u>16,114</u>
	341,688	186,508
Investments - restricted funds, at market value (Notes 3 and 4)	<u>863,663</u>	<u>981,610</u>
	<u>\$ 1,205,351</u>	<u>\$ 1,168,118</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	<u>\$ 8,770</u>	<u>\$ 18,750</u>
Fund balances		
General (Schedule 1)	122,166	57,182
Restricted (Schedule 2) (Note 4)	<u>1,074,415</u>	<u>1,092,186</u>
	<u>1,196,581</u>	<u>1,149,368</u>
	<u>\$ 1,205,351</u>	<u>\$ 1,168,118</u>

On behalf of the Board of Directors

_____ Director

_____ Director

EMAS Canada

Statement of Operations

Year ended September 30

	2017	2016
Revenue		
Contributions - restricted (Note 4)	\$ 1,249,906	\$ 1,376,561
Contributions - general	242,516	93,795
Contributions - in-kind (Note 4)	35,141	104,424
Administration revenue	25,616	94,692
Investment income	21,223	25,165
Conference income	5,596	-
Other income	5,050	10,089
	<u>1,585,048</u>	<u>1,704,726</u>
Expenses		
Charitable activities (cash plus in-kind)	1,285,382	1,430,791
Salaries, benefits and contract costs (Note 5)	150,694	159,666
Travel - administrative and meetings	26,983	21,993
Publicity and publications	19,711	25,530
Professional fees	13,438	12,280
Foreign exchange loss	11,444	-
Rent and utilities	9,568	12,972
Office, telephone and postage	8,756	3,813
Bank charges and sundry	5,761	5,300
Program travel and development	5,181	9,572
Unrealized losses on investments	917	2,805
	<u>1,537,835</u>	<u>1,684,722</u>
Excess of revenue over expenses	<u>\$ 47,213</u>	<u>\$ 20,004</u>

EMAS Canada

Statement of Changes in Fund Balances

Year ended September 30

	General Funds	Restricted Funds	Total 2017	Total 2016
Fund balances, beginning of year	\$ 57,182	\$ 1,092,186	\$ 1,149,368	\$ 1,129,364
Excess (deficiency) of revenue over expenses	60,204	(12,991)	47,213	20,004
Interfund transfers	<u>4,780</u>	<u>(4,780)</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 122,166</u>	<u>\$ 1,074,415</u>	<u>\$ 1,196,581</u>	<u>\$ 1,149,368</u>

EMAS Canada

Statement of Cash Flows

Year ended September 30

	2017	2016
Increase (decrease) in cash		
Operating		
Excess of revenue over expenses	\$ 47,213	\$ 20,004
Items not involving cash		
Realized gains on sale of investments	(132)	(1,191)
Unrealized losses on investments	917	2,805
	<u>47,998</u>	<u>21,618</u>
Net change in non-cash working capital items		
Sales taxes recoverable	1,719	4,480
Inventory	-	88,145
Prepaid expenses	16,114	(10,599)
Accounts payable and accrued liabilities	(9,980)	(9,606)
Deferred contributions	-	(88,145)
	<u>7,853</u>	<u>(15,725)</u>
	<u>55,851</u>	<u>5,893</u>
Investing		
Purchase of investments	(167,865)	(364,044)
Proceeds on sale of investments	285,027	373,636
	<u>117,162</u>	<u>9,592</u>
Net change in cash during the year	173,013	15,485
Cash		
Beginning of year	<u>166,625</u>	<u>151,140</u>
End of year	<u>\$ 339,638</u>	<u>\$ 166,625</u>
Cash is held as follows:		
Cash - general fund	\$ 128,886	\$ 56,050
Cash - restricted funds	<u>210,752</u>	<u>110,575</u>
	<u>\$ 339,638</u>	<u>\$ 166,625</u>

See accompanying notes and schedules to the financial statements.

EMAS Canada

Notes to Financial Statements

September 30, 2017

1. Nature of the organization

EMAS Canada (EMAS) is 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, 2017

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 10% of a donor's annual contributions from the Restricted Funds (excluding the Individual Missions Fund) to the General Fund to cover the cost of administering these Restricted Funds (2016 – 15% up to a maximum of \$5,000). 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, 2017

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.

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. Investments – restricted funds, at market value

	2017		2016	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Investments	<u>\$ 863,663</u>	<u>\$ 852,446</u>	<u>\$ 981,610</u>	<u>\$ 970,811</u>

Investments are comprised of fixed income securities, earning interest at rates between 1.50% and 2.75% per annum and having maturities between June 14, 2018 and February 16, 2022 (2016 - rates between 1.50% and 2.95% per annum and having maturities between January 18, 2017 and February 17, 2021). 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.

4. Restricted funds

During the fiscal year, EMAS received \$1,267,977 (2016 - \$1,480,985) in cash and in-kind contributions, all of which are designated by donors for specific projects. Investments in the amount of \$863,663 (2016 - \$981,610) represent funds held temporarily, prior to disbursement for projects, and can only be used as directed by donors.

EMAS Canada

Notes to Financial Statements

September 30, 2017

5. Fundraising remuneration

Included in salaries, benefits and contract costs is remuneration paid to employees of EMAS whose duties involve fundraising in the amount of \$22,012 (2016 - \$24,042).

6. Lease commitment

EMAS is committed under an operating lease for rental of its office premises to September 30, 2018. The minimum annual payment required for fiscal year 2018 is \$10,000.

7. 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 (2016 - \$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.

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 \$Nil (2016 - \$7,936).

EMAS Canada

Schedule 1

Schedule of General Revenue, Expenses and Fund Balance

Year ended September 30

	2017	2016
Revenue		
Contributions - cash	\$ 242,516	\$ 93,795
Administration revenue	25,616	94,692
Investment income	21,223	25,165
Donation in kind	17,070	203
Conference income	5,596	-
Other income	<u>5,050</u>	<u>10,089</u>
	<u>317,071</u>	<u>223,944</u>
Expenses		
Overseas ministry		
Salaries, benefits and contract costs	150,694	159,666
Travel – administrative and meetings	25,083	21,993
Publicity and publications	19,411	25,530
Donation in kind	17,070	203
Program travel and development	<u>5,088</u>	<u>9,572</u>
	<u>217,346</u>	<u>216,964</u>
Administration		
Rent and utilities	9,568	12,972
Exchange loss	9,222	-
Professional fees	8,638	12,280
Office, telephone and postage	6,640	3,813
Bank charges and sundry	4,536	5,300
Unrealized losses on investments	<u>917</u>	<u>2,805</u>
	<u>39,521</u>	<u>37,170</u>
	<u>256,867</u>	<u>254,134</u>
Excess (deficiency) of revenue over expenses	60,204	(30,190)
General fund balance, beginning of year	57,182	81,003
Interfund transfer from Restricted funds	<u>4,780</u>	<u>6,369</u>
General fund balance, end of year	<u>\$ 122,166</u>	<u>\$ 57,182</u>

EMAS Canada

Schedule 2

Schedule of Restricted Revenue, Expenses and Fund Balances

Year ended September 30, 2017

	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	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (400)	\$ -
Student fund	5,727	8,870	-	8,870	9,776	(906)	(5,727)	(906)
Short-term missions	108,340	-	-	-	-	-	(108,340)	-
Project development	18,568	(14,796)	-	(14,796)	3,816	(18,612)	(17)	(61)
Angola	1,415	338	-	338	1,741	(1,403)	-	12
China - General	15,889	7,454	-	7,454	265	7,189	-	23,078
China - East	108,940	87,146	629	87,775	86,442	1,333	19,147	129,420
China - South	511,744	443,439	-	443,439	525,858	(82,419)	75,263	504,588
China - West	137,222	49,952	3,500	53,452	40,599	12,853	(5,203)	144,872
Cuba	702	180	-	180	-	180	-	882
Ecuador	39,578	142,868	12,700	155,568	84,231	71,337	(2,865)	108,050
Gambade	104,633	129,736	1,242	130,978	162,594	(31,616)	191	73,208
GHO Trip	-	14,666	-	14,666	14,559	107	-	107
Guangdong	10,552	51,050	-	51,050	57,291	(6,241)	17,450	21,761
Guatamala	-	3,492	-	3,492	3,443	49	-	49
Haiti	11,472	129,231	-	129,231	110,648	18,583	1,339	31,394
Hong Kong	8,299	-	-	-	-	-	-	8,299
India	-	219	-	219	243	(24)	106	82
Indonesia	-	18,483	-	18,483	21,176	(2,693)	-	(2,693)
Myanmar	1,730	34,027	-	34,027	26,816	7,211	-	8,941
Uganda	-	17,712	-	17,712	15,908	1,804	-	1,804
Vietnam	5,568	112,129	-	112,129	100,460	11,669	4,276	21,513
Zimbabwe	1,407	13,710	-	13,710	15,102	(1,392)	-	15
Total Restricted Funds	1,092,186	1,249,906	18,071	1,267,977	1,280,968	(12,991)	(4,780)	1,074,415
Total General Funds	57,182	300,001	17,070	317,071	256,867	60,204	4,780	122,166
2017 Total Funds	\$ 1,149,368	\$ 1,549,907	\$ 35,141	\$ 1,585,048	\$ 1,537,835	\$ 47,213	\$ -	\$ 1,196,581