



Grant Thornton

Financial Statements

EMAS Canada

September 30, 2016

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## Independent Auditor's Report

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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, 2016, 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 (deficiency) of revenue over expenses, and cash flows for the years ended September 30, 2016 and 2015, current assets as at September 30, 2016 and 2015, and fund balances as at October 1, 2015 and 2014 and September 30, 2016 and 2015. Our audit opinion on the financial statements for the year ended September 30, 2015 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, 2016, 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.

Markham, Canada  
February 8, 2016

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

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# EMAS Canada

## Statement of Financial Position

As at September 30

	2016	2015
<b>Assets</b>		
Current		
Cash - general fund	\$ 56,050	\$ 95,595
Cash - restricted funds	110,575	55,545
Sales taxes recoverable	3,769	8,249
Inventory (Note 3)	-	88,145
Prepaid expenses	<u>16,114</u>	<u>5,515</u>
	<b>186,508</b>	253,049
Investments - restricted funds, at market value (Notes 4 and 5)	<u>981,610</u>	<u>992,816</u>
	<b><u>\$ 1,168,118</u></b>	<b><u>\$ 1,245,865</u></b>
<hr/>		
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 18,750	\$ 28,356
Deferred contributions (Note 3)	<u>-</u>	<u>88,145</u>
	<b><u>18,750</u></b>	<b><u>116,501</u></b>
<b>Fund balances</b>		
General (Schedule 1)	57,182	81,003
Restricted (Schedule 2) (Note 5)	<u>1,092,186</u>	<u>1,048,361</u>
	<b><u>1,149,368</u></b>	<b><u>1,129,364</u></b>
	<b><u>\$ 1,168,118</u></b>	<b><u>\$ 1,245,865</u></b>

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On behalf of the Board of Directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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## EMAS Canada

### Statement of Operations

Year ended September 30

	2016	2015
Revenue		
Contributions - restricted (Note 5)	\$ 1,376,561	\$ 1,369,829
Contributions - in-kind (Note 5)	104,424	127,773
Administration revenue	94,692	142,154
Contributions - general	93,795	84,740
Investment income	25,165	21,982
Other income	10,089	10,037
Conference income	-	4,956
	<u>1,704,726</u>	<u>1,761,471</u>
Expenses		
Charitable activities (cash plus in-kind)	1,430,791	1,504,079
Salaries, benefits and contract costs (Note 6)	159,666	163,773
Publicity and publications	25,530	29,673
Travel - administrative and meetings	21,993	22,071
Rent and utilities	12,972	11,815
Professional fees	12,280	11,828
Program travel and development	9,572	9,593
Bank charges and sundry	5,300	8,467
Office, telephone and postage	3,813	10,905
Unrealized losses on investments	2,805	7,214
	<u>1,684,722</u>	<u>1,779,418</u>
Excess (deficiency) of revenue over expenses	<u>\$ 20,004</u>	<u>\$ (17,947)</u>

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## EMAS Canada

### Statement of Changes in Fund Balances

Year ended September 30

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	General Funds	Restricted Funds	<b>Total 2016</b>	Total 2015
Fund balances, beginning of year	\$ 81,003	\$ 1,048,361	<b>\$ 1,129,364</b>	\$ 1,147,311
Excess (deficiency) of revenue over expenses	(30,190)	50,194	<b>20,004</b>	(17,947)
Interfund transfers	<u>6,369</u>	<u>(6,369)</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 57,182</u>	<u>\$ 1,092,186</u>	<u><b>\$ 1,149,368</b></u>	<u>\$ 1,129,364</u>

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# EMAS Canada

## Statement of Cash Flows

Year ended September 30

	2016	2015
Increase (decrease) in cash		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	\$ 20,004	\$ (17,947)
Items not involving cash		
Realized gains on sale of investments	(1,191)	(225)
Unrealized losses on investments	<u>2,805</u>	<u>7,214</u>
	<u>21,618</u>	<u>(10,958)</u>
Net change in non-cash working capital items		
Sales taxes recoverable	4,480	(3,926)
Inventory	88,145	(88,145)
Prepaid expenses	(10,599)	3,381
Accounts payable and accrued liabilities	(9,606)	8,233
Deferred contributions	<u>(88,145)</u>	<u>88,145</u>
	<u>(15,725)</u>	<u>7,688</u>
	<u>5,893</u>	<u>(3,270)</u>
<b>Investing</b>		
Purchase of investments	(364,044)	(271,902)
Proceeds on sale of investments	<u>373,636</u>	<u>184,859</u>
	<u>9,592</u>	<u>(87,043)</u>
Net change in cash during the year	15,485	(90,313)
Cash		
Beginning of year	<u>151,140</u>	<u>241,453</u>
End of year	<u>\$ 166,625</u>	<u>\$ 151,140</u>
Cash is held as follows:		
Cash - general fund	\$ 56,050	\$ 95,595
Cash - restricted funds	<u>110,575</u>	<u>55,545</u>
	<u>\$ 166,625</u>	<u>\$ 151,140</u>



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# **EMAS Canada**

## **Notes to Financial Statements**

September 30, 2016

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### **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.

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### **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.

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# EMAS Canada

## Notes to Financial Statements

September 30, 2016

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### 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.

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# EMAS Canada

## Notes to Financial Statements

September 30, 2016

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### 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.

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### 3. Inventory and deferred contributions

During the fiscal year 2015, EMAS received medical supplies and medicine from McKesson Canada left over from the Pan Am games. These materials were used during the fiscal year 2016 for the China teams. The balance of \$88,145 is recognized as revenue and expense of China – General at September 30, 2016.

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### 4. Investments – restricted funds, at market value

	2016		2015	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Investments	<u>\$ 981,610</u>	<u>\$ 970,811</u>	<u>\$ 992,816</u>	<u>\$ 979,208</u>

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# EMAS Canada

## Notes to Financial Statements

September 30, 2016

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#### 4. Investments (continued)

Investments are comprised of fixed income securities, earning interest at rates between 1.50% and 2.95% per annum and having maturities between January 18, 2017 and February 17, 2021 (2015 - rates between 2.10% and 2.95% per annum and having maturities between October 13, 2015 and May 12, 2020). 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.

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#### 5. Restricted funds

During the fiscal year, EMAS received \$1,480,985 (2015 - \$1,497,602) in cash and in-kind contributions, all of which are designated by donors for specific projects. Investments in the amount of \$981,610 (2015 - \$992,816) represent funds held temporarily, prior to disbursement for projects, and can only be used as directed by donors.

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#### 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 \$24,042 (2015 - \$28,457).

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#### 7. Lease commitment

EMAS is committed under an operating lease for rental of its office premises to September 30, 2017. The minimum annual payment required for fiscal year 2017 is \$10,607.

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#### 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 (2015 - \$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.

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# EMAS Canada

## Notes to Financial Statements

September 30, 2016

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### 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 \$7,936 (2015 - \$10,131).

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**EMAS Canada**

Schedule 1

**Schedule of General Revenue, Expenses and Fund Balance**

Year ended September 30

	2016	2015
Revenue		
Administration revenue	\$ 94,692	\$ 142,154
Contributions - cash	93,795	84,740
Investment income	25,165	21,982
Other income	10,089	10,037
Conference income	-	4,956
Donation in kind - conference	<u>203</u>	<u>-</u>
	<u>223,944</u>	<u>263,869</u>
Expenses		
Overseas ministry		
Salaries, benefits and contract costs	159,666	163,773
Publicity and publications	25,530	29,673
Travel – administrative and meetings	21,993	22,071
Program travel and development	9,572	9,593
Donation in kind - conference	<u>203</u>	<u>-</u>
	<u>216,964</u>	<u>225,110</u>
Administration		
Rent and utilities	12,972	11,815
Professional fees	12,280	11,828
Bank charges and sundry	5,300	8,467
Office, telephone and postage	3,813	10,905
Unrealized losses on investments	<u>2,805</u>	<u>7,214</u>
	<u>37,170</u>	<u>50,229</u>
	<u>254,134</u>	<u>275,339</u>
Deficiency of revenue over expenses	(30,190)	(11,470)
General fund balance, beginning of year	81,003	81,120
Interfund transfer from Restricted funds	<u>6,369</u>	<u>11,353</u>
General fund balance, end of year	<u>\$ 57,182</u>	<u>\$ 81,003</u>

**EMAS Canada**

Schedule 2

**Schedule of Restricted Revenue, Expenses and Fund Balances**

Year ended September 30, 2016

	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	\$ 3,400	\$ -	\$ 3,400	\$ 3,400	\$ -	\$ -	\$ 400
Student fund	5,984	11,461	-	11,461	11,718	(257)	-	5,727
Project development	20,575	442	-	442	2,449	(2,007)	-	18,568
Haiti	6,929	225,500	-	225,500	229,766	(4,266)	8,809	11,472
Ecuador	77,895	71,217	7,861	79,078	117,395	(38,317)	-	39,578
China - General	20,457	4,216	88,145	92,361	89,986	2,375	(6,943)	15,889
China - East	129,718	3,931	-	3,931	24,149	(20,218)	(560)	108,940
China - South	521,012	131,171	1,755	132,926	147,919	(14,993)	5,725	511,744
Guangdong	7,621	3,697	3,398	7,095	4,164	2,931	-	10,552
China - West	144,159	11,508	3,062	14,570	22,947	(8,377)	1,440	137,222
Vietnam	4,741	31,212	-	31,212	30,385	827	-	5,568
Cuba	702	-	-	-	-	-	-	702
Angola	255	1,160	-	1,160	-	1,160	-	1,415
Hong Kong	10,439	-	-	-	700	(700)	(1,440)	8,299
Short-term missions	97,490	755,444	-	755,444	729,346	26,098	(15,248)	108,340
Uganda	(573)	660	-	660	660	-	573	-
Zimbabwe	557	850	-	850	-	850	-	1,407
Gambade	-	117,037	-	117,037	12,404	104,633	-	104,633
Myanmar	-	3,655	-	3,655	3,200	455	1,275	1,730
<b>Total Restricted Funds</b>	<b>1,048,361</b>	<b>1,376,561</b>	<b>104,221</b>	<b>1,480,782</b>	<b>1,430,588</b>	<b>50,194</b>	<b>(6,369)</b>	<b>1,092,186</b>
<b>Total General Funds</b>	<b>81,003</b>	<b>223,741</b>	<b>203</b>	<b>223,944</b>	<b>254,134</b>	<b>(30,190)</b>	<b>6,369</b>	<b>57,182</b>
<b>2016 Total Funds</b>	<b>\$ 1,129,364</b>	<b>\$ 1,600,302</b>	<b>\$ 104,424</b>	<b>\$ 1,704,726</b>	<b>\$ 1,684,722</b>	<b>\$ 20,004</b>	<b>\$ -</b>	<b>\$ 1,149,368</b>