

EMAS CANADA

2009 Financial Statements

EMAS CANADA
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Contents

	Page
Auditors' Report	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
Schedule of General Revenue, Expenses and Fund Balance	9
Schedule of Revenue, Expenses and Fund Balances	10

Auditors' Report

To the Director of EMAS Canada

We have audited the statement of financial position of EMAS Canada as at September 30, 2009 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the EMAS's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as noted in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, EMAS derives revenue from contributions and other sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue was limited to the amounts recorded in the accounts of EMAS, and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the EMAS Canada as at September 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PKF Hill LLP

Chartered Accountants, Licensed Public Accountants
November 4, 2009

EMAS CANADA
Statement of Financial Position
As at September 30

	2009	2008
ASSETS		
Current assets		
Cash - general funds	\$ 119,731	\$ 146,161
Cash - restricted funds	176,407	137,021
GST receivable	4,048	3,767
Interest receivable	16,565	9,678
Prepaid expenses	2,264	3,965
	<hr/>	<hr/>
	319,015	300,592
Marketable securities - restricted funds, at market (note 3)	1,061,736	1,011,792
	<hr/>	<hr/>
	\$ 1,380,751	\$ 1,312,384
	<hr/>	<hr/>

LIABILITY AND FUND BALANCES

Current liability		
Accounts payable and accrued liabilities	\$ 24,925	\$ 13,459
	<hr/>	<hr/>
Fund balances		
General (schedule 1)	117,683	150,112
Restricted (schedule 2) (note 3)	1,238,143	1,148,813
	<hr/>	<hr/>
	1,355,826	1,298,925
	<hr/>	<hr/>
	\$ 1,380,751	\$ 1,312,384
	<hr/>	<hr/>

See accompanying notes

On behalf of the Board

Director

Director

EMAS CANADA
Statement of Operations
Year ended September 30

	2009	2008
Revenue		
Contributions - restricted (note 3)	\$ 1,278,780	\$ 1,531,618
Contributions - in kind	120,701	84,823
Administration revenue	107,556	113,718
Contributions - general	65,224	79,417
Investment income	50,001	38,437
Unrealized investment gains (losses)	32,149	(11,400)
Other gifts	17,311	6,775
	<hr/> 1,671,722	<hr/> 1,843,388
Expenses		
Charitable activities (cash plus in kind)	1,300,151	1,459,122
Salaries, benefits and contract costs	198,714	135,713
Travel - administrative and meetings	34,562	23,283
Sundry	24,887	15,651
Publicity and publications	20,025	18,086
Professional fees	17,224	9,920
Rent and utilities	12,000	12,800
Office and telephone	4,871	19,072
Postage and shipping	2,387	2,405
	<hr/> 1,614,821	<hr/> 1,696,052
Excess of revenue over expenses	<hr/> \$ 56,901	<hr/> \$ 147,336

See accompanying notes

EMAS CANADA
Statement of Changes in Fund Balances
Year ended September 30

	General Funds	Restricted Funds	Total 2009	Total 2008
Fund balances, beginning of year	\$ 150,112	\$ 1,148,813	\$ 1,298,925	\$ 1,151,589
Excess (deficiency) of revenue over expenses	(42,429)	99,330	56,901	147,336
Interfund transfer	10,000	(10,000)	-	-
Fund balances, end of year	\$ 117,683	\$ 1,238,143	\$ 1,355,826	\$ 1,298,925

See accompanying notes

EMAS CANADA
Statement of Cash Flows
Year ended September 30

	2009	2008
Operating activities		
Excess of revenue over expenses	\$ 56,901	\$ 147,336
Items not involving cash		
Realized losses on disposal of marketable securities	3,624	9,640
Unrealized investment (gains) losses	(32,149)	11,400
	<hr/> 28,376	<hr/> 168,376
Net change in non-cash working capital items		
GST receivable	(281)	1,825
Interest receivable	(6,887)	6,460
Prepaid expenses	1,701	(1,380)
Accounts payable and accrued liabilities	11,466	3,896
	<hr/> 5,999	<hr/> 10,801
Cash flows from operating activities	<hr/> 34,375	<hr/> 179,177
Investing activities		
Purchase of marketable securities	(399,580)	(671,068)
Proceeds on sale of marketable securities	378,161	504,592
Cash flows from investing activities	<hr/> (21,419)	<hr/> (166,476)
Net change in cash during the year	12,956	12,701
Cash, beginning of year	283,182	270,481
Cash, end of year	<hr/> \$ 296,138	<hr/> \$ 283,182
Cash is held as follows:		
Cash - general funds	\$ 119,731	\$ 146,161
Cash - restricted funds	176,407	137,021
	<hr/> \$ 296,138	<hr/> \$ 283,182

See accompanying notes

EMAS CANADA
Notes to Financial Statements
Year ended September 30, 2009

1. Purpose of organization

EMAS Canada ("EMAS") was incorporated under the Corporations Act (Ontario) as a not-for-profit organization in May, 1982. It is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes.

The Organization changed its name from EMAS Evangelical Medical Aid Society to EMAS Canada and was incorporated under the Canada Corporations Act on June 25, 2009.

EMAS has the following objectives:

- (i) co-ordinating and organizing medical group missions;
- (ii) subsidizing senior medical students who choose to serve their elective period of study in an overseas setting;
- (iii) covering expenses of overseas teaching missions of selected university consultants;
- (iv) arranging and sponsoring individual Short-Term Missions (e.g. locum tenens);
- (v) packing and shipping of medical and dental supplies for overseas medical missionary outreach;
- (vi) purchasing of new medical and dental equipment for overseas medical missionary outreach; and
- (vii) 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 generally accepted accounting principles, the more significant of which are outlined below.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

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.

2. Summary of significant accounting policies — continued

Marketable securities

Marketable securities are recorded at market value of \$1,061,736 (2008 - \$1,011,792). They are comprised of Bank and Trust company Guaranteed Investment Certificates held at BMO Nesbitt Burns, earn interest at rates between 3.1% and 5.15% per annum, and have maturities ranging between October 15, 2009 and June 6, 2018.

Property and equipment

Property and equipment is expensed in the year of acquisition due to the relative immateriality of the dollar value of items purchased. If property or equipment of significant dollar value is purchased, they will be capitalized and amortized at appropriate rates over their estimated useful lives.

Revenue recognition

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

Unrestricted contributions are recognized as revenue of the General Fund in the 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 market value when fair market value can be reasonably estimated. Donated materials, where EMAS would otherwise have purchased such materials, are valued at the cost 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.

EMAS allocates 12.5% of cash contributions (to a maximum of \$5,000 from any one specific donation) from the Restricted Funds (excluding the Individual Missions Fund) to the General Fund to recover the cost of administering these Restricted Funds. The contributions revenue recorded in the Restricted Funds are net of this allocation.

Interfund transfers

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

Financial instruments

EMAS's financial instruments consist of cash, GST receivable, interest receivable, marketable securities and accounts payable.

Due to the short-term nature of cash, GST receivable, interest receivable and accounts payable, the fair values reported on the statement of financial position approximate their carrying values.

Marketable securities are recorded at fair value. Investment income earned and unrealized gains and losses are recorded as investment income of the General Fund.

It is management's opinion that EMAS is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

The marketable securities are subject to market risks as the value of these investments will change with market fluctuations.

EMAS CANADA
Notes to Financial Statements
Year ended September 30, 2009

2. Summary of significant accounting policies — continued

Accounting standards changes

The Canadian Institute of Chartered Accountants ("CICA") has issued Section 4470, Disclosure of Allocated Expenses for Not-for-Profit Organizations which EMAS will be required to adopt as of September 30, 2010. The adoption of the new standard will require EMAS to disclose its policy on the allocation of fundraising and general support expenditures including the nature of the expenditures, the basis of allocation and the amounts allocated. The new standard is not expected to have a material impact on the presentation of the financial statements.

Management of capital

EMAS's capital is comprised of general operating and restricted funds.

EMAS's objective is to maintain a general fund balance sufficient to meet the annual working capital requirements. Staff members prepare and the Board of Directors reviews the annual budget.

Restricted funds are set aside to provide for special requirements. Depending on the nature of the fund, the Board assigns staff or committees with the responsibility of carrying out the objectives of these funds.

EMAS is subject to the disbursement requirements set by the Canada Revenue Agency for Canadian charities, and as at the end of fiscal 2009 was in compliance with these requirements.

3. Restricted funds

EMAS received \$1,399,481 (2008 - \$1,611,035) in contributions all of which is designated by donors for the projects specified by them. Marketable securities of \$1,061,736 (2008 - \$1,011,792) represent funds held temporarily prior to disbursement for projects and can only be used as directed by donors.

4. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2009 financial statements.

EMAS CANADA
Schedule of General Revenue, Expenses and Fund Balance
Year ended September 30

Schedule 1

	2009	2008
Revenue		
Administration revenue	\$ 107,556	\$ 113,717
Contributions - cash	65,224	79,416
Investment income	50,001	53,261
Unrealized investments gains (losses)	32,149	(26,224)
Other income	17,311	6,775
	<hr/> 272,241	<hr/> 226,945
Expenses		
Overseas ministry		
Salaries, benefits and contract costs	198,714	135,713
Travel - administrative and meetings	34,562	23,283
Publicity and publications	20,025	18,086
	<hr/> 253,301	<hr/> 177,082
Administration		
Office and telephone	4,871	19,072
Sundry	24,887	15,651
Rent and utilities	12,000	12,800
Professional fees	17,224	9,920
Postage and shipping	2,387	2,405
	<hr/> 61,369	<hr/> 59,848
Total expenses	<hr/> 314,670	<hr/> 236,930
Deficiency of revenue over expenses	(42,429)	(9,985)
Fund balance, beginning of year	150,112	160,097
Interfund transfer	10,000	-
Fund balance, end of year	<hr/> <hr/> \$ 117,683	<hr/> <hr/> \$ 150,112

See accompanying notes

EMAS CANADA

Schedule of Revenue, Expenses and Fund Balances
Year ended September 30

	Contributions in Cash	Contributions in Kind	Total Revenue	Expenses	Excess (Deficiency) of Revenue Over Expenses	Interfund Transfers	Fund Balances, Beginning of Year	Fund Balances, End of Year
Special donations	\$ 13,550	\$ -	\$ 13,550	\$ 13,550	\$ -	\$ -	\$ 3,362	\$ 3,362
Student fund	2,975	-	2,975	3,540	(565)	-	4,000	3,435
Project development	20,350	-	20,350	28,443	(8,093)	-	20,320	12,227
Haiti	74,026	500	74,526	54,933	19,593	-	13,817	33,410
Malawi	8,693	-	8,693	22,736	(14,043)	-	18,231	4,188
Ecuador	63,494	661	64,155	73,731	(9,576)	(3,090)	154,774	142,108
Russia	10,543	-	10,543	10,826	(283)	-	588	305
China - General	6,660	-	6,660	80	6,580	(43,000)	54,864	18,444
China - East	27,737	11,230	38,967	35,183	3,784	10,000	242,569	256,353
China - South	213,980	13,212	227,192	182,022	45,170	10,000	265,504	320,674
Guangdong	1,704	-	1,704	8,163	(6,459)	3,000	14,252	10,793
China - West (formerly Ningxia)	48,387	91,850	140,237	167,952	(27,715)	8,769	185,094	166,148
Eastern Europe	613	-	613	-	613	-	707	1,320
Philippines	48,736	3,248	51,984	39,111	12,873	-	10,043	22,916
Nigeria	-	-	-	-	-	-	873	873
Vietnam	53,955	-	53,955	30,100	23,855	-	8,078	31,933
Mongolia	-	-	-	-	-	-	778	778
Cuba	438	-	438	-	438	-	(271)	167
Angola	4,257	-	4,257	7,723	(3,466)	-	10,469	7,003
Congo	-	-	-	-	-	-	44	44
Ghana	-	-	-	-	-	-	88	88
Jamaica	-	-	-	-	-	-	1,309	1,309
Cambodia	438	-	438	-	438	-	655	1,093
Hong Kong	-	-	-	24,984	(24,984)	-	50,199	25,215
Short-term missions	676,275	-	676,275	595,345	80,930	4,321	88,466	173,717
Kenya	219	-	219	-	219	-	-	219
Uganda	1,750	-	1,750	1,729	21	-	-	21
Total Restricted Funds	\$ 1,278,780	\$ 120,701	1,399,481	1,300,151	99,330	(10,000)	1,148,813	1,238,143
Total General Funds			272,241	314,670	(42,429)	10,000	150,112	117,683
2009 Total Funds			\$ 1,671,722	\$ 1,614,821	\$ 56,901	\$ -	\$ 1,298,925	\$ 1,355,826
2008 Total Funds			\$ 1,843,388	\$ 1,696,052	\$ 147,336	\$ -	\$ 1,151,589	\$ 1,298,925

See accompanying notes