



Financial Statements

EMAS Canada

September 30, 2014

# Contents

	<b>Page</b>
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 - 10
Schedule of General Revenue, Expenses and Fund Balance	11
Schedule of Restricted Revenue, Expenses and Fund Balances	12

## 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, 2014, 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, 2014 and September 30, 2013, current assets as at September 30, 2014 and September 30, 2013, and fund balances as at October 1, 2013 and October 1, 2012 and September 30, 2014 and 2013. Our audit opinion on the financial statements for the year ended September 30, 2013 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, 2014, 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 7, 2015

Chartered Accountants  
Licensed Public Accountants

# EMAS Canada

## Statement of Financial Position

As at September 30

	2014	2013
<b>Assets</b>		
Current		
Cash - general fund	\$ 77,891	\$ 97,469
Cash - restricted funds	163,562	17,070
Sales taxes recoverable	4,323	3,447
Interest receivable	10,133	13,695
Prepaid expenses	<u>8,896</u>	<u>5,186</u>
	<b>264,805</b>	136,867
Investments - restricted funds, at market value (Notes 3 and 4)	<u>902,629</u>	<u>1,122,866</u>
	<b><u>\$ 1,167,434</u></b>	<b><u>\$ 1,259,733</u></b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 20,123	\$ 13,783
Deferred conference revenue	<u>-</u>	<u>4,506</u>
	<b><u>20,123</u></b>	<b><u>18,289</u></b>
<b>Fund balances</b>		
General (Schedule 1)	81,120	101,508
Restricted (Schedule 2) (Note 4)	<u>1,066,191</u>	<u>1,139,936</u>
	<b><u>1,147,311</u></b>	<b><u>1,241,444</u></b>
	<b><u>\$ 1,167,434</u></b>	<b><u>\$ 1,259,733</u></b>

On behalf of the Board of Directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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# EMAS Canada

## Statement of Operations

Year ended September 30

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	2014	2013
Revenue		
Contributions - restricted (Note 4)	\$ 1,274,226	\$ 1,313,606
Contributions - in-kind (Note 4)	129,143	159,983
Administration revenue	116,526	99,064
Contributions - general	76,024	61,905
Investment income	27,748	29,965
Conference income	10,900	-
Other income	10,163	13,368
Unrealized gains (losses) on investments	<u>(2,122)</u>	<u>13,000</u>
	<u>1,642,608</u>	<u>1,690,891</u>
Expenses		
Charitable activities (cash plus in-kind)	1,477,023	1,397,735
Salaries, benefits and contract costs	159,420	111,611
Publicity and publications	34,263	23,338
Travel - administrative and meetings	15,369	15,806
Professional fees	15,119	15,037
Rent and utilities	10,602	11,016
Office, telephone and postage	10,021	7,474
Program travel and development	8,757	3,856
Bank charges and sundry	<u>6,167</u>	<u>11,106</u>
	<u>1,736,741</u>	<u>1,596,979</u>
Excess (deficiency) of revenue over expenses	<u>\$ (94,133)</u>	<u>\$ 93,912</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 2014</b>	Total 2013
Fund balances, beginning of year	\$ 101,508	\$ 1,139,936	<b>\$ 1,241,444</b>	\$ 1,147,532
Excess (deficiency) of revenue over expenses	(20,479)	(73,654)	<b>(94,133)</b>	93,912
Interfund transfers	<u>91</u>	<u>(91)</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<b><u>\$ 81,120</u></b>	<b><u>\$ 1,066,191</u></b>	<b><u>\$ 1,147,311</u></b>	<b><u>\$ 1,241,444</u></b>

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# EMAS Canada

## Statement of Cash Flows

Year ended September 30

	2014	2013
Increase (decrease) in cash		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	\$ (94,133)	\$ 93,912
Items not involving cash		
Realized losses on sale of investments	2,374	368
Unrealized (gains) losses on investments	<u>2,122</u>	<u>(13,000)</u>
	<u>(89,637)</u>	<u>81,280</u>
Net change in non-cash working capital items		
Sales taxes recoverable	(876)	(1,234)
Interest receivable	3,562	(1,011)
Prepaid expenses	(3,710)	(2,632)
Accounts payable and accrued liabilities	6,340	(2,527)
Deferred conference revenue	<u>(4,506)</u>	<u>4,506</u>
	<u>810</u>	<u>(2,898)</u>
	<u>(88,827)</u>	<u>78,382</u>
<b>Investing</b>		
Purchase of investments	(373,904)	(476,621)
Proceeds on sale of investments	<u>589,645</u>	<u>376,892</u>
	<u>215,741</u>	<u>(99,729)</u>
Net change in cash during the year	126,914	(21,347)
Cash		
Beginning of year	<u>114,539</u>	<u>135,886</u>
End of year	<u>\$ 241,453</u>	<u>\$ 114,539</u>
Cash is held as follows:		
Cash - general fund	\$ 77,891	\$ 97,469
Cash - restricted funds	<u>163,562</u>	<u>17,070</u>
	<u>\$ 241,453</u>	<u>\$ 114,539</u>

See accompanying notes and schedules to the financial statements.



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# **EMAS Canada**

## **Notes to Financial Statements**

September 30, 2014

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### **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.

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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 accrual of liabilities. Actual results could differ from those estimates.

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# **EMAS Canada**

## **Notes to Financial Statements**

September 30, 2014

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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 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, 2014

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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.

#### 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, interest receivable, 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. Investments – restricted funds, at market value

	2014		2013	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Investments	<u>\$ 902,629</u>	<u>\$ 891,940</u>	<u>\$ 1,122,866</u>	<u>\$ 1,110,055</u>

Investments are comprised of fixed income securities, earning interest at rates between 2.15% and 4.25% per annum and having maturities between May 7, 2015 and April 16, 2019 (2013 - rates between 2.15% and 4.94% per annum and having maturities between April 24, 2014 and November 2, 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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### 4. Restricted funds

During the fiscal year, EMAS received \$1,403,369 (2013 - \$1,473,589) in cash and in-kind contributions, all of which are designated by donors for specific projects. Investments in the amount of \$902,629 (2013 - \$1,122,866) represent funds held temporarily, prior to disbursement for projects, and can only be used as directed by donors.

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# EMAS Canada

## Notes to Financial Statements

September 30, 2014

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### 5. 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:

2015	\$	6,662
2016		7,267
2017		<u>606</u>
	\$	<u>14,535</u>

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### 6. 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 interest receivable and sales taxes recoverable are \$Nil (2013 - \$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 \$10,523 (2013 - \$4,783).

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**EMAS Canada**

Schedule 1

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

Year ended September 30

	2014	2013
Revenue		
Administration revenue	\$ 116,526	\$ 99,064
Contributions - cash	76,024	61,905
Investment income	27,748	29,965
Conference income	10,900	-
Other income	10,163	13,368
Unrealized gains (losses) on investments	<u>(2,122)</u>	<u>13,000</u>
	<u>239,239</u>	<u>217,302</u>
Expenses		
Overseas ministry		
Salaries, benefits and contract costs	159,420	111,611
Publicity and publications	34,263	23,338
Travel – administrative and meetings	15,369	15,806
Program travel and development	<u>8,757</u>	<u>3,856</u>
	<u>217,809</u>	<u>154,611</u>
Administration		
Professional fees	15,119	15,037
Rent and utilities	10,602	11,016
Office, telephone and postage	10,021	7,474
Bank charges and sundry	<u>6,167</u>	<u>11,106</u>
	<u>41,909</u>	<u>44,633</u>
	<u>259,718</u>	<u>199,244</u>
Excess (deficiency) of revenue over expenses	(20,479)	18,058
General fund balance, beginning of year	101,508	72,341
Interfund transfer from Restricted funds	<u>91</u>	<u>11,109</u>
General fund balance, end of year	<u>\$ 81,120</u>	<u>\$ 101,508</u>

# EMAS Canada

## Schedule of Restricted Revenue, Expenses and Fund Balances

Schedule 2

Year ended September 30, 2014

	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	\$ 483	\$ 8,320	\$ -	\$ 8,320	\$ 8,290	\$ 30	\$ -	\$ 513
Student fund	261	1,402	-	1,402	1,660	(258)	-	3
Project development	22,626	-	-	-	4,017	(4,017)	-	18,609
Haiti	133,403	102,083	-	102,083	216,357	(114,274)	5,119	24,248
Malawi	2,181	-	-	-	-	-	-	2,181
Ecuador	83,705	106,617	7,568	114,185	145,092	(30,907)	-	52,798
China - General	16,859	3,564	-	3,564	200	3,364	(2,000)	18,223
China - East	144,101	2,465	-	2,465	3,143	(678)	-	143,423
China - South	431,894	119,287	27,290	146,577	64,106	82,471	519	514,884
Guangdong	6,466	14,740	2,930	17,670	17,142	528	2,000	8,994
China - West	175,346	20,335	91,355	111,690	117,468	(5,778)	(85)	169,483
Philippines	288	4,250	-	4,250	-	4,250	-	4,538
Indonesia	21	-	-	-	-	-	-	21
Vietnam	1	24,140	-	24,140	19,461	4,679	-	4,680
Cuba	702	-	-	-	-	-	-	702
Angola	185	1,904	-	1,904	-	1,904	-	2,089
Jamaica	1,308	-	-	-	-	-	-	1,308
Cambodia	1,262	-	-	-	-	-	-	1,262
Hong Kong	23,844	4,378	-	4,378	16,683	(12,305)	-	11,539
Short-term missions	82,365	837,927	-	837,927	835,512	2,415	(5,644)	79,136
Uganda	6,667	21,964	-	21,964	27,892	(5,928)	-	739
Disaster relief	5,968	850	-	850	-	850	-	6,818
<b>Total Restricted Funds</b>	<b>1,139,936</b>	<b>1,274,226</b>	<b>129,143</b>	<b>1,403,369</b>	<b>1,477,023</b>	<b>(73,654)</b>	<b>(91)</b>	<b>1,066,191</b>
<b>Total General Funds</b>	<b>101,508</b>	<b>239,239</b>	<b>-</b>	<b>239,239</b>	<b>259,718</b>	<b>(20,479)</b>	<b>91</b>	<b>81,120</b>
<b>2014 Total Funds</b>	<b>\$ 1,241,444</b>	<b>\$ 1,513,465</b>	<b>\$ 129,143</b>	<b>\$ 1,642,608</b>	<b>\$ 1,736,741</b>	<b>\$ (94,133)</b>	<b>\$ -</b>	<b>\$ 1,147,311</b>