



Financial Statements

EMAS Canada

December 31, 2018 (Note 1)

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Grant Thornton

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Independent Auditor's Report

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To the Board of Directors of
EMAS Canada

Qualified Opinion

We have audited the financial statements of EMAS Canada ("EMAS"), which comprise the statement of financial position as at December 31, 2018 (Note 1), and the statements of operations, changes in fund balances and cash flows for the fifteen month period then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of EMAS as at December 31, 2018 (Note 1), and the results of its operations and its cash flows for the fifteen month period then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Qualified Opinion

In common with many charitable organizations, EMAS derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded by EMAS. Accordingly, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the fifteen months ended December 31, 2018 and the twelve month period ended September 30, 2017, current assets as at December 31, 2018 and September 30, 2017 and fund balances as at October 1, 2017 and 2016 and December 31, 2018 and September 30, 2017. Our audit opinion on the financial statements for the twelve month period ended September 30, 2017 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of EMAS in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules are presented for purposes of additional information and has not been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing EMAS's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate EMAS or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing EMAS's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 EMAS's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on EMAS's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause EMAS to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Markham, Canada
June 19, 2019

Chartered Professional Accountants
Licensed Public Accountants

EMAS Canada

Statement of Financial Position

| | December 31, 2018 | September 30, 2017 |
|--|----------------------------|----------------------------|
| | (Note 1) | |
| Assets | | |
| Current | | |
| Cash | \$ 256,284 | \$ 128,886 |
| Cash - restricted funds | 75,940 | 210,752 |
| Sales taxes recoverable | 3,186 | 2,050 |
| Prepaid expenses | <u>3,774</u> | <u>-</u> |
| | 339,184 | 341,688 |
| Investments - restricted funds (Note 3) | <u>1,271,107</u> | <u>863,663</u> |
| | <u>\$ 1,610,291</u> | <u>\$ 1,205,351</u> |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | <u>\$ 17,261</u> | <u>\$ 8,770</u> |
| Fund balances | | |
| General (Schedule 1) | 245,983 | 122,166 |
| Restricted (Schedule 2) | <u>1,347,047</u> | <u>1,074,415</u> |
| | <u>1,593,030</u> | 1,196,581 |
| | <u>\$ 1,610,291</u> | <u>\$ 1,205,351</u> |

Lease commitment (Note 5)

On behalf of the Board of Directors

_____ Director

_____ Director

EMAS Canada

Statement of Operations

| | Fifteen months ended December 31, 2018 | Twelve months ended September 30, 2017 |
|--|---|---|
| | (Note 1) | |
| Revenue (Schedules 1 and 2) | | |
| Contributions – restricted funds | \$ 1,761,231 | \$ 1,249,906 |
| Contributions | 348,098 | 242,516 |
| Administration | 38,416 | 25,616 |
| Investment | 32,443 | 20,306 |
| Contributions - in-kind - restricted funds | 14,066 | 35,141 |
| Other | 3,735 | 5,050 |
| Conference | <u>897</u> | <u>5,596</u> |
| | <u>2,198,886</u> | <u>1,584,131</u> |
| Expenses (Schedules 1 and 2) | | |
| Charitable activities (including in-kind) | 1,504,029 | 1,285,382 |
| Salaries, benefits and contract costs (Note 4) | 167,601 | 150,694 |
| Travel - administrative and meetings | 43,886 | 32,164 |
| Publicity and publications | 22,996 | 19,711 |
| Office, telephone and postage | 15,147 | 8,756 |
| Rent and utilities | 14,312 | 9,568 |
| Professional fees | 12,752 | 13,438 |
| Anniversary event | 12,248 | - |
| Bank charges and sundry | 9,466 | 5,761 |
| Foreign exchange loss | <u>-</u> | <u>11,444</u> |
| | <u>1,802,437</u> | <u>1,536,918</u> |
| Excess of revenue over expenses | <u>\$ 396,449</u> | <u>\$ 47,213</u> |

EMAS Canada

Statement of Changes in Fund Balances

| | General Funds | Restricted Funds | Fifteen months ended December 31, 2018 | Twelve months ended September 30, 2017 |
|------------------------------------|-------------------|---------------------|---|---|
| | | | (Note 1) | |
| Fund balances, beginning of period | \$ 122,166 | \$ 1,074,415 | \$ 1,196,581 | \$ 1,149,368 |
| Excess of revenue over expenses | 125,181 | 271,268 | 396,449 | 47,213 |
| Interfund transfers | <u>(1,364)</u> | <u>1,364</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of period | <u>\$ 245,983</u> | <u>\$ 1,347,047</u> | <u>\$ 1,593,030</u> | <u>\$ 1,196,581</u> |

EMAS Canada

Statement of Cash Flows

| | Fifteen months ended December 31, 2018 | Twelve months ended September 30, 2017 |
|--|---|---|
| | (Note 1) | |
| Increase (decrease) in cash | | |
| Operating | | |
| Excess of revenue over expenses | \$ 396,449 | \$ 47,213 |
| Items not involving cash | | |
| Realized gains on sale of investments | (4) | (132) |
| Unrealized losses on investments | <u>-</u> | <u>917</u> |
| | 396,445 | 47,998 |
| Net change in non-cash working capital items | | |
| Sales taxes recoverable | (1,136) | 1,719 |
| Prepaid expenses | (3,774) | 16,114 |
| Accounts payable and accrued liabilities | <u>8,491</u> | <u>(9,980)</u> |
| | 400,026 | 55,851 |
| Investing | | |
| Purchase of investments | (611,776) | (167,865) |
| Proceeds on sale of investments | <u>204,336</u> | <u>285,027</u> |
| | (407,440) | 117,162 |
| Net change in cash during the period | (7,414) | 173,013 |
| Cash | | |
| Beginning of period | <u>339,638</u> | <u>166,625</u> |
| End of period | \$ 332,224 | \$ 339,638 |
| Cash is held as follows: | | |
| Cash | \$ 256,284 | \$ 128,886 |
| Cash – restricted | <u>75,940</u> | <u>210,752</u> |
| | \$ 332,224 | \$ 339,638 |

EMAS Canada

Notes to the Financial Statements

December 31, 2018 (Note 1)

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.

EMAS adopted a fiscal year ended December 31. Accordingly, these financial statements reflect the results of operations and cash flows from the fifteen month period ended December 31, 2018. The comparative figures in the financial statements reflect the results of operations and cash flows for the twelve month period ended September 30, 2017.

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

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the fiscal period they become known.

EMAS Canada

Notes to the Financial Statements

December 31, 2018 (Note 1)

2. Summary of significant accounting policies (continued)

Fund accounting

The accounts are maintained in accordance with the principles of fund accounting, whereby fund balances of EMAS are classified for accounting and reporting purposes into funds to be used according to the directions of the donor or as determined by EMAS.

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 period 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

EMAS follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the General Fund in the fiscal period 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 to the General Fund to cover the cost of administering these Restricted Funds (Twelve month period ended September 30, 2017 – 10%). 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 period 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 fair value. 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.

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

EMAS Canada

Notes to the Financial Statements

December 31, 2018 (Note 1)

2. Summary of significant accounting policies (continued)

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.

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, cash – restricted funds, sales taxes recoverable, investments – restricted funds 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

| | December 31, 2018 (Note 1) | September 30, 2017 |
|--|---|-----------------------|
| Guaranteed investment certificates and investment savings accounts | \$ 1,271,107 | \$ 863,663 |

Investments are comprised of guaranteed investment certificates and investment savings accounts, earning interest at rates between 1.50% and 3.11% per annum and having maturities between April 16, 2019 and June 14, 2023 (September 30, 2017 - rates between 1.50% and 2.75% per annum and having maturities between June 14, 2018 and February 16, 2022). 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 and are classified as long-term accordingly.

4. Fundraising remuneration

Included in salaries, benefits and contract costs expense is remuneration paid to employees of EMAS whose duties involve fundraising in the amount of \$31,549 (Twelve month period ended September 30, 2017 - \$22,012).

EMAS Canada

Notes to the Financial Statements

December 31, 2018 (Note 1)

5. Lease commitment

EMAS is committed under an operating lease for rental of its office premises to March 31, 2020. The minimum annual payments required over the next two years are as follows:

| | |
|------|----------|
| 2019 | \$10,000 |
| 2020 | 2,500 |

6. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counterparty to a financial instrument failing to discharge an obligation or commitment that it has entered into with EMAS. EMAS's main credit risks relate to its sales taxes recoverable.

EMAS reduces its exposure to credit risk by assessing credit on a regular basis and providing for an allowance for doubtful accounts when applicable. At December 31, 2018, the allowance for doubtful accounts is \$Nil (September 30, 2017 - \$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. EMAS is exposed to interest rate price risk with respect to investments with fixed interest rates.

Liquidity risk

Liquidity risk is the risk that EMAS will encounter difficulty in raising funds to meet commitments associated to its financial liabilities. EMAS is exposed to liquidity risk with respect to its accounts payable.

EMAS manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations.

Included in accounts payable and accrued liabilities are government remittances owing of \$Nil (September 30, 2017 - \$Nil).

7. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statements presentation.

EMAS Canada

Schedule 1

Schedule of General Revenue, Expenses and Fund Balance

| | Fifteen months ended December 31, 2018 | Twelve months ended September 30, 2017 |
|---|---|---|
| | (Note 1) | |
| Revenue | | |
| Contributions | \$ 348,098 | \$ 242,516 |
| Administration | 38,416 | 25,616 |
| Investment | 32,443 | 20,306 |
| Other | 3,735 | 5,050 |
| Conference | 897 | 5,596 |
| Donation in-kind | - | 17,070 |
| | <u>423,589</u> | <u>316,154</u> |
| Expenses | | |
| Overseas ministry | | |
| Salaries, benefits and contract costs | 167,601 | 150,694 |
| Travel - administrative and meetings | 43,886 | 30,171 |
| Publicity and publications | 22,996 | 19,411 |
| Donation in kind | - | 17,070 |
| | <u>234,483</u> | <u>217,346</u> |
| Administration | | |
| Office, telephone and postage | 15,147 | 6,640 |
| Rent and utilities | 14,312 | 9,568 |
| Professional fees | 12,752 | 8,638 |
| Anniversary event | 12,248 | - |
| Bank charges and sundry | 9,466 | 4,536 |
| Foreign exchange loss | - | 9,222 |
| | <u>63,925</u> | <u>38,604</u> |
| | <u>298,408</u> | <u>255,950</u> |
| Excess of revenue over expenses | 125,181 | 60,204 |
| General fund balance, beginning of period | 122,166 | 57,182 |
| Interfund transfer (to) from Restricted funds | <u>(1,364)</u> | <u>4,780</u> |
| General fund balance, end of period | <u>\$ 245,983</u> | <u>\$ 122,166</u> |

EMAS Canada

Schedule 2

Schedule of Restricted Revenue, Expenses and Fund Balances

For the fifteen months ended December 31, 2018

| | Fund Balances Beginning of Period | Contributions | Contributions In-Kind | Total Revenue | Expenses | Excess (Deficiency) of Revenue Over Expenses | Interfund Transfers | Fund Balances End of Period |
|-------------------------------|-----------------------------------|---------------------|-----------------------|---------------------|---------------------|--|---------------------|-----------------------------|
| Student fund | \$ (906) | \$ 13,777 | \$ - | \$ 13,777 | \$ 10,043 | \$ 3,734 | \$ - | \$ 2,828 |
| Project development | (61) | - | - | - | - | - | 61 | - |
| New exploratory fund | - | 21,909 | - | 21,909 | 21,909 | - | - | - |
| Angola | 12 | - | - | - | - | - | - | 12 |
| Cambodia | - | 26,030 | - | 26,030 | 32,943 | (6,913) | 6,913 | - |
| China - General | 23,078 | 5,704 | - | 5,704 | 22 | 5,682 | (708) | 28,052 |
| China - East | 129,420 | 82,175 | - | 82,175 | 125,145 | (42,970) | (250) | 86,200 |
| China - South | 504,588 | 550,974 | 1,549 | 552,523 | 473,176 | 79,347 | (5,857) | 578,078 |
| China - West | 144,872 | 57,600 | - | 57,600 | 48,776 | 8,824 | (300) | 153,396 |
| Congo Wood | - | 78,535 | - | 78,535 | 89,710 | (11,175) | - | (11,175) |
| Cuba | 882 | - | - | - | - | - | - | 882 |
| Ecuador | 108,050 | 235,024 | 11,249 | 246,273 | 113,534 | 132,739 | - | 240,789 |
| Ghana | - | 450 | - | 450 | - | 450 | - | 450 |
| Gambade | 73,208 | 182,756 | 175 | 182,931 | 176,540 | 6,391 | - | 79,599 |
| GHO Trip | 107 | 23,940 | - | 23,940 | 20,250 | 3,690 | - | 3,797 |
| Guangdong | 21,761 | 81,429 | - | 81,429 | 85,560 | (4,131) | - | 17,630 |
| Guatemala | 49 | 2,675 | - | 2,675 | 2,786 | (111) | 62 | - |
| Haiti | 31,394 | 191,599 | 328 | 191,927 | 178,337 | 13,590 | 2,702 | 47,686 |
| Hong Kong | 8,299 | - | - | - | - | - | - | 8,299 |
| India | 82 | - | - | - | - | - | - | 82 |
| Indonesia | (2,693) | 6,047 | - | 6,047 | 1,643 | 4,404 | - | 1,711 |
| Myanmar | 8,941 | 20,531 | 116 | 20,647 | 21,356 | (709) | - | 8,232 |
| Panama | - | 12,079 | - | 12,079 | 8,127 | 3,952 | (3,952) | - |
| South Sudan | - | 7,807 | - | 7,807 | 7,878 | (71) | 71 | - |
| Uganda | 1,804 | 11,061 | 649 | 11,710 | 16,336 | (4,626) | 2,822 | - |
| Vietnam | 21,513 | 130,695 | - | 130,695 | 52,988 | 77,707 | - | 99,220 |
| Zimbabwe | 15 | 18,434 | - | 18,434 | 16,970 | 1,464 | (200) | 1,279 |
| Total Restricted Funds | \$ 1,074,415 | \$ 1,761,231 | \$ 14,066 | \$ 1,775,297 | \$ 1,504,029 | \$ 271,268 | \$ 1,364 | \$ 1,347,047 |