
PIH PARTNERS IN HEALTH CANADA INC.

FINANCIAL STATEMENTS

JUNE 30, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members,
PIH Partners In Health Canada Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of PIH Partners In Health Canada Inc., which comprise the statement of financial position as at June 30, 2013, and the statements of operations and changes in net assets 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 audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

Qualified Opinion

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 donation and fundraising revenue, the financial statements present fairly, in all material respects, the financial position of PIH Partners In Health Canada Inc. as at June 30, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

September 10, 2013
Toronto, Ontario


PIH PARTNERS IN HEALTH CANADA INC.


STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2013

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets		
Cash	\$ 145,697	\$ 69,666
Guaranteed investment certificate (note 4)	5,500	5,500
Amounts receivable	1,242	1,596
HST rebate recoverable	2,470	632
Prepaid expenses	<u>483</u>	<u>1,502</u>
	<u>\$ 155,392</u>	<u>\$ 78,896</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,621	\$ 7,022
Deferred revenue (note 5)	<u>38,500</u>	<u>17,000</u>
	<u>47,121</u>	<u>24,022</u>
Net assets		
Unrestricted	<u>108,271</u>	<u>54,874</u>
	<u>\$ 155,392</u>	<u>\$ 78,896</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

PIH PARTNERS IN HEALTH CANADA INC.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
REVENUE		
Grants and donations		
Foundations and corporations	\$ 285,821	\$ 865,218
Individuals and family foundations	186,500	108,541
Governments and multilateral organizations	22,066	
Interest	<u>41</u>	<u>22</u>
	<u>494,428</u>	<u>973,781</u>
EXPENSES (note 6)		
Program	353,265	845,660
Administration	44,545	36,666
Development	<u>43,221</u>	<u>36,581</u>
	<u>441,031</u>	<u>918,907</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	53,397	54,874
Net assets, beginning of year	<u>54,874</u>	<u>nil</u>
NET ASSETS, END OF YEAR	<u>\$ 108,271</u>	<u>\$ 54,874</u>

see accompanying notes

PIH PARTNERS IN HEALTH CANADA INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
OPERATIONS		
Excess of revenue over expenses for the year	\$ 53,397	\$ 54,874
Net change in non-cash working capital items (see below)	<u>22,634</u>	<u>20,292</u>
Net cash generated from operations	76,031	75,166
INVESTMENTS		
Guaranteed investment certificate purchased	<u>nil</u>	<u>(5,500)</u>
NET CASH GENERATED IN THE YEAR	76,031	69,666
Cash, beginning of year	<u>69,666</u>	<u>nil</u>
CASH, END OF YEAR	<u>\$ 145,697</u>	<u>\$ 69,666</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ 354	\$ (1,596)
HST rebate recoverable	(1,838)	(632)
Prepaid expenses	1,019	(1,502)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	1,599	7,022
Deferred revenue	<u>21,500</u>	<u>17,000</u>
	<u>\$ 22,634</u>	<u>\$ 20,292</u>

see accompanying notes

PIH PARTNERS IN HEALTH CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

1. THE ORGANIZATION

PIH Partners In Health Canada Inc. (the "organization") is a not-for-profit organization incorporated without share capital in the Province of Ontario and commenced operations on July 1, 2011. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

PIH Partners In Health Canada Inc. engages Canadians in bringing lifesaving care to the marginalized poor in Haiti and Rwanda.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with the prior year. Outlined below are those policies considered particularly significant:

Guaranteed investment certificates

The organization carries guaranteed investment certificates at cost which approximates fair market value.

Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write off the assets over their estimated useful lives.

Revenue recognition

The organization follows the deferral method of revenue recognition. Under the deferral method, amounts received in the year for expenses to be incurred in the following year are recorded as deferred revenue. The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Unrestricted grants are recognized as revenue when they are received. Restricted grants are recognized as revenue in the year in which the related expenses are incurred.
- ii) Donations are recognized as revenue in the year they are received. Pledges are not recorded as revenue. Donated materials and services are not recorded in the accounts.
- iii) Interest income is recognized as revenue when earned.

Allocation of expenses

The organization allocates salary costs by financial statement expense category. Salary allocations are based on actual time spent in an activity (see note 6).

PIH PARTNERS IN HEALTH CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

3. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable and accounts payable and accrued liabilities. The following are those financial instruments and related financial risks considered particularly significant:

- i) The organization minimizes the likelihood of uncollected revenue by regularly monitoring accounts receivable.
- ii) Fluctuations in market interest rates do not affect future cash flows from the entity's fixed rate guaranteed investments certificates.
- iii) Existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks.

4. GUARANTEED INVESTMENT CERTIFICATE

The guaranteed investment certificate is issued by a major Canadian chartered bank and bears an interest rate of 0.80%.

5. DEFERRED REVENUE

Continuity of deferred revenue for the year is as follows:

	2013	2012
Deferred revenue, beginning of year	\$ 17,000	\$ nil
Add cash received from grants and donations	515,887	990,759
Less grant and donation revenue recognized	<u>(494,387)</u>	<u>(973,759)</u>
Deferred revenue, end of year	<u>\$ 38,500</u>	<u>\$ 17,000</u>

PIH PARTNERS IN HEALTH CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

6. SALARY AND OTHER OPERATING EXPENSE ALLOCATIONS

The organization incurred the following expenses by category in the year:

	2013	2012
Program grants	\$ 295,401	\$ 810,190
Salaries and benefits	103,503	89,210
Office and general	14,986	5,809
Travel	12,978	6,011
Professional fees	9,486	4,832
Occupancy costs	<u>4,677</u>	<u>2,855</u>
Total expenses	<u>\$ 441,031</u>	<u>\$ 918,907</u>

Salaries and other costs allocated in the year were as follows:

	Program	Administration	Development	Total
Program grants	\$ 295,401	\$	\$	\$ 295,401
Salaries and benefits	34,501	34,501	34,501	103,503
Office and general	6,616	3,976	4,394	14,986
Travel	7,885	2,326	2,767	12,978
Professional fees	7,303	2,183		9,486
Occupancy costs	<u>1,559</u>	<u>1,559</u>	<u>1,559</u>	<u>4,677</u>
Total expenses	<u>\$ 353,265</u>	<u>\$ 44,545</u>	<u>\$ 43,221</u>	<u>\$ 441,031</u>