
PIH PARTNERS IN HEALTH CANADA INC.

FINANCIAL STATEMENTS

JUNE 30, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members,
PIH Partners In Health Canada Inc.

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, 2016, 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 organization'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 organization'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PIH Partners In Health Canada Inc. as at June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

October 1, 2016
Toronto, Ontario

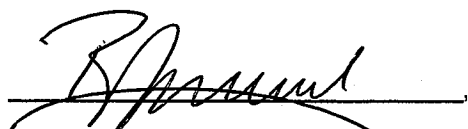
PIH PARTNERS IN HEALTH CANADA INC.


STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2016

	2016	2015
ASSETS		
Current assets		
Cash	\$ 479,427	\$ 259,217
Guaranteed investment certificate (note 3)	5,500	5,500
Amounts receivable	2,428	32,715
HST rebate recoverable	3,061	1,749
Prepaid expenses	<u>3,472</u>	<u>542</u>
	<u>\$ 493,888</u>	<u>\$ 299,723</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,969	\$ 8,466
Deferred contributions (note 4)	<u>73,795</u>	<u>56,500</u>
	<u>87,764</u>	<u>64,966</u>
Net assets		
Unrestricted	<u>406,124</u>	<u>234,757</u>
	<u>\$ 493,888</u>	<u>\$ 299,723</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, 2016

	2016	2015
REVENUE		
Grants and donations		
Individuals and family foundations	\$ 748,826	\$ 624,648
Foundations and corporations	631,525	712,733
Governments and multilateral organizations	2,000	-
Contribution in-kind (note 6)	-	127,000
Interest	<u>44</u>	<u>370</u>
	<u>1,382,395</u>	<u>1,464,751</u>
EXPENSES (note 5)		
Program (note 6)	1,064,299	1,189,420
Development	102,880	79,295
Administration	<u>43,849</u>	<u>36,870</u>
	<u>1,211,028</u>	<u>1,305,585</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	171,367	159,166
Net assets, beginning of year	<u>234,757</u>	<u>75,591</u>
NET ASSETS, END OF YEAR	<u>\$ 406,124</u>	<u>\$ 234,757</u>

see accompanying notes

PIH PARTNERS IN HEALTH CANADA INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 171,367	\$ 159,166
Net change in non-cash working capital items (see below)	<u>48,843</u>	<u>(55,285)</u>
NET CASH GENERATED IN THE YEAR	220,210	103,881
Cash, beginning of year	<u>259,217</u>	<u>155,336</u>
CASH, END OF YEAR	<u>\$ 479,427</u>	<u>\$ 259,217</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ 30,287	\$ (30,526)
HST rebate recoverable	(1,312)	(558)
Prepaid expenses	(2,930)	5,183
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	5,503	(2,384)
Deferred contributions	<u>17,295</u>	<u>(27,000)</u>
	<u>\$ 48,843</u>	<u>\$ (55,285)</u>

see accompanying notes

PIH PARTNERS IN HEALTH CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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.

1. 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. Outlined below are those policies considered particularly significant:

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

The organization follows the deferral method of revenue recognition for contributions. Externally restricted contributions, including project grants and donor restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

Contributed materials and services

Other than contributed portable medical laboratories (see note 7), contributed materials and services are not recorded in the accounts. Contributed portable medical laboratories are recognized as revenue and as an expense in the same period.

Interest income

Interest income is recognized when earned.

Allocation of expenses

The organization allocates salary and other costs by financial statement expense category. Salary and other allocations are based on actual time spent in an activity (see note 5).

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, a guaranteed investment certificate, amounts receivable, accounts payable and accrued liabilities. Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. The guaranteed investment certificate is recorded at cost plus accrued interest.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks and that existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities. Fluctuations in market interest rates do not affect future cash flows from the organization's fixed rate guaranteed investment certificate.

PIH PARTNERS IN HEALTH CANADA INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

3. GUARANTEED INVESTMENT CERTIFICATE

The guaranteed investment certificate is issued by a major Canadian chartered bank, bears an interest rate of 0.40%, matures in December 2016 and acts as security for the organization's credit card.

4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2016	2015
Deferred contributions, beginning of year	\$ 56,500	\$ 83,500
Add cash received from grants and donations	1,399,646	1,310,381
Less grant and donation revenue recognized	<u>(1,382,351)</u>	<u>(1,337,381)</u>
Deferred contributions, end of year	<u>\$ 73,795</u>	<u>\$ 56,500</u>

5. EXPENSE ALLOCATIONS

Expenses for the 2016 were allocated as follows:

	Program	Development	Administration	Total
Program grants	\$ 975,819	\$ -	\$ -	\$ 975,819
Salaries and benefits	76,154	69,950	15,815	161,919
Professional fees	2,250	7,641	15,842	25,733
Office and general	882	15,050	8,297	24,229
Travel	5,839	7,342	3,234	16,415
Occupancy costs	<u>3,358</u>	<u>2,897</u>	<u>658</u>	<u>6,913</u>
Total expenses	<u>\$ 1,064,302</u>	<u>\$ 102,880</u>	<u>\$ 43,846</u>	<u>\$ 1,211,028</u>

Expenses for the 2015 were allocated as follows:

	Program	Development	Administration	Total
Program grants (note 6)	\$ 1,117,325	\$ -	\$ -	\$ 1,117,325
Salaries and benefits	61,953	56,944	12,919	131,816
Professional fees	-	9,282	12,830	22,112
Office and general	566	8,091	6,300	14,957
Travel	7,035	2,781	4,060	13,876
Occupancy costs	<u>2,541</u>	<u>2,196</u>	<u>762</u>	<u>5,499</u>
Total expenses	<u>\$ 1,189,420</u>	<u>\$ 79,294</u>	<u>\$ 36,871</u>	<u>\$ 1,305,585</u>

PIH PARTNERS IN HEALTH CANADA INC.

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6. NON-MONETARY TRANSACTIONS

In fiscal 2015, the organization received a donation of a new portable medical laboratory with a fair value of \$127,000. The donation is recorded as a contribution in-kind in the statement of operations. The laboratory was subsequently transferred by the organization to its agent in Rwanda for the purpose of carrying out the organization's mandate. The transfers are included in program expense in the statement of operations.

7. LEASE COMMITMENTS

The organization leases office space in Toronto, Ontario. Minimum annual payments under the lease, which expires on August 31, 2019, are as follows:

2017	\$	20,000
2018		20,500
2019		21,000