
PIH PARTNERS IN HEALTH CANADA

FINANCIAL STATEMENTS

JUNE 30, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members,
PIH Partners In Health Canada

We have audited the accompanying financial statements of PIH Partners In Health Canada, which comprise the statement of financial position as at June 30, 2017, 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 as at June 30, 2017, 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 29, 2017
Toronto, Ontario

PIH PARTNERS IN HEALTH CANADA

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

	2017	2016
ASSETS		
Current assets		
Cash	\$ 440,076	\$ 479,427
Guaranteed investment certificate (note 3)	5,500	5,500
Amounts receivable	4,652	2,428
HST rebate recoverable	5,527	3,061
Prepaid expenses	<u>11,427</u>	<u>3,472</u>
	<u>\$ 467,182</u>	<u>\$ 493,888</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 17,008	\$ 13,969
Deferred contributions (note 4)	<u>23,650</u>	<u>73,795</u>
	<u>40,658</u>	<u>87,764</u>
Net assets		
Unrestricted	<u>426,524</u>	<u>406,124</u>
	<u>\$ 467,182</u>	<u>\$ 493,888</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

PIH PARTNERS IN HEALTH CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
REVENUE		
Contributions		
Individuals and family foundations	\$ 1,059,063	\$ 748,826
Institutional foundations and corporations	790,866	631,525
Governments and multilateral organizations	-	2,000
Special events	5,581	-
Interest	<u>64</u>	<u>44</u>
	<u>1,855,574</u>	<u>1,382,395</u>
EXPENSES (note 5)		
Program	1,600,201	1,064,302
Development	153,587	102,880
Administration	51,978	43,846
Education	<u>29,408</u>	<u>-</u>
	<u>1,835,174</u>	<u>1,211,028</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	20,400	171,367
Net assets, beginning of year	<u>406,124</u>	<u>234,757</u>
NET ASSETS, END OF YEAR	<u>\$ 426,524</u>	<u>\$ 406,124</u>

see accompanying notes

PIH PARTNERS IN HEALTH CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 20,400	\$ 171,367
Net change in non-cash working capital items (see below)	<u>(59,751)</u>	<u>48,843</u>
NET CASH GENERATED (USED) IN THE YEAR	(39,351)	220,210
Cash, beginning of year	<u>479,427</u>	<u>259,217</u>
CASH, END OF YEAR	<u>\$ 440,076</u>	<u>\$ 479,427</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ (2,224)	\$ 30,287
HST rebate recoverable	(2,466)	(1,312)
Prepaid expenses	(7,955)	(2,930)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	3,039	5,503
Deferred contributions	<u>(50,145)</u>	<u>17,295</u>
	<u>\$ (59,751)</u>	<u>\$ 48,843</u>

see accompanying notes

PIH PARTNERS IN HEALTH CANADA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

PIH Partners In Health Canada (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 works to improve the health of poor and marginalized communities. It is dedicated to making lifesaving health care both a right and a reality is committed to long-term change through a lens of social justice and solidarity with patients and communities it serves around the world.

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, 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.

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 2018 and acts as security for the organization's credit card.

PIH PARTNERS IN HEALTH CANADA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2017	2016
Deferred contributions, beginning of year	\$ 73,795	\$ 56,500
Add cash received from grants and donations	1,799,784	1,399,646
Less grant and donation revenue recognized	<u>(1,849,929)</u>	<u>(1,382,351)</u>
Deferred contributions, end of year	<u>\$ 23,650</u>	<u>\$ 73,795</u>

5. EXPENSE ALLOCATIONS

Expenses for 2017 are allocated as follows:

	Program	Development	Administration	Education	Total
Program grants	\$ 1,508,262	\$ -	\$ -	\$ -	\$ 1,508,262
Salaries and benefits	80,269	106,898	27,391	24,945	239,503
Office and general	1,019	34,858	8,171	798	44,846
Occupancy costs	6,722	8,553	2,311	2,050	19,636
Travel	3,929	3,174	5,438	15	12,556
Professional fees	-	104	8,667	1,600	10,371
Total expenses	<u>\$ 1,600,201</u>	<u>\$ 153,587</u>	<u>\$ 51,978</u>	<u>\$ 29,408</u>	<u>\$ 1,835,174</u>

Expenses for 2016 are allocated as follows:

	Program	Development	Administration	Education	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>-</u>	<u>6,913</u>
Total expenses	<u>\$ 1,064,302</u>	<u>\$ 102,880</u>	<u>\$ 43,846</u>	<u>\$ -</u>	<u>\$ 1,211,028</u>

6. 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:

2018	\$ 20,350
2019	20,950
2020	3,500