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**PIH PARTNERS IN HEALTH CANADA INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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## 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, 2012 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 audits 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 qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the organization derives revenue from donation and fundraising revenue, 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of PIH Partners In Health Canada Inc. as at June 30, 2012, and its financial performance and its cash flows for the for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants  
Licensed Public Accountants

October 29, 2012  
Toronto, Ontario

**PIH PARTNERS IN HEALTH CANADA INC.**

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2012**

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**ASSETS**

|  |                  |
|--|------------------|
| Current assets                             |                  |
| Cash                                       | \$ 69,666        |
| Guaranteed investment certificate (note 3) | 5,500            |
| Amounts receivable                         | 2,228            |
| Prepaid expenses                           | <u>1,502</u>     |
|  | <u>\$ 78,896</u> |

**LIABILITIES AND NET ASSETS**

|  |                  |
|--|------------------|
| Current liabilities                      |                  |
| Accounts payable and accrued liabilities | \$ 7,022         |
| Deferred revenue (note 4)                | <u>17,000</u>    |
|  | <u>24,022</u>    |
| Net assets                               |                  |
| Unrestricted                             | <u>54,874</u>    |
|  | <u>\$ 78,896</u> |

Approved on behalf of the Board:

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

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see accompanying notes

**PIH PARTNERS IN HEALTH CANADA INC.**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**REVENUE**

|                  |                |
|------------------|----------------|
| Foundation grant | \$ 810,000     |
| Donations        | 163,759        |
| Interest         | <u>22</u>      |
|                  | <u>973,781</u> |

**EXPENSES**

|                       |                |
|-----------------------|----------------|
| Project grants        | 810,190        |
| Salaries and benefits | 89,210         |
| Travel                | 6,011          |
| Office and general    | 5,809          |
| Professional fees     | 4,832          |
| Occupancy costs       | <u>2,855</u>   |
|                       | <u>918,907</u> |

**EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR** 54,874

Net assets, beginning of year nil

**NET ASSETS, END OF YEAR** \$ 54,874

see accompanying notes

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# PIH PARTNERS IN HEALTH CANADA INC.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

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### OPERATIONS

|  |               |
|--|---------------|
| Excess of revenue over expenses for the year             | \$ 54,874     |
| Net change in non-cash working capital items (see below) | <u>20,292</u> |
| Net cash generated from operations                       | 75,166        |

### INVESTMENTS

|   |                |
|---|----------------|
| Guaranteed investment certificate purchased | <u>(5,500)</u> |
|---|----------------|

### NET CASH GENERATED IN THE YEAR

69,666

|                         |            |
|-------------------------|------------|
| Cash, beginning of year | <u>nil</u> |
|-------------------------|------------|

### CASH, END OF YEAR

\$ 69,666

### Net change in non-cash working capital items:

#### Decrease (increase) in current assets-

|                    |            |
|--------------------|------------|
| Amounts receivable | \$ (2,228) |
| Prepaid expenses   | (1,502)    |

#### Increase (decrease) in current liabilities-

|  |               |
|--|---------------|
| Accounts payable and accrued liabilities | 7,022         |
| Deferred revenue                         | <u>17,000</u> |

\$ 20,292

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see accompanying notes

# PIH PARTNERS IN HEALTH CANADA INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

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

#### **Guaranteed investment certificates**

The organization carries guaranteed investment certificates at cost plus accrued interest income which approximates fair market value.

#### **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 or receivable if the amount received can be reasonably estimated and collection is reasonably assured. Restricted grants and donations 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.

### 3. GUARANTEED INVESTMENT CERTIFICATES AND RISK MANAGEMENT

The guaranteed investment certificate is issued by a major Canadian chartered bank and bear an interest rate of 0.75%.

It is management's opinion that the organization is not exposed to significant interest, credit or market risks.

# PIH PARTNERS IN HEALTH CANADA INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

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### 4. DEFERRED REVENUE

Continuity of deferred revenue for the year is as follows:

|  |    |                  |
|--|----|------------------|
| Deferred revenue, beginning of year                    | \$ | nil              |
| Add cash received from grants and restricted donations |    | 827,000          |
| Less grant revenue recognized                          |    | <u>(810,000)</u> |
| Deferred revenue, end of year                          | \$ | <u>17,000</u>    |