

**Four Counties Health Services  
Foundation  
Financial Statements  
For the year ended March 31, 2014**

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For the year ended March 31, 2014**

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## Independent Auditor's Report

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To the Board of Directors,  
Four Counties Health Services Foundation

We have audited the accompanying financial statements of Four Counties Health Services Foundation, which comprise the statements of financial position as at March 31, 2014, and the statements of operations, changes in net assets and cash flow 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 depends 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 qualified audit opinion.

### Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the records of the Foundation. We were unable to determine whether any adjustments might be necessary to contributions, excess of revenue over expenditures, assets or 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 the Foundation as at March 31, 2014, 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.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Strathroy, Ontario  
May 22, 2014

**Four Counties Health Services Foundation  
Statement of Financial Position**

March 31 2014 2013

**Assets**

**Current**

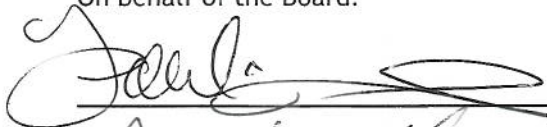
Cash	\$ 108,601		\$ 164,616
Accounts receivable	14,280		6,588
	122,881		171,204
Unrestricted investments (Note 2)	608,600		432,000
Externally restricted assets (Note 3)	39,279		38,449
	\$ 770,760		\$ 641,653

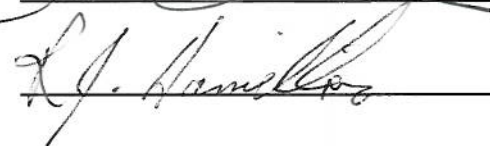
**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 2,847		\$ 2,761
Deferred contributions (Note 3)	39,279		38,449
	42,126		41,210
Net assets	728,634		600,443
	\$ 770,760		\$ 641,653

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements

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**Four Counties Health Services Foundation  
Statement of Changes in Net Assets**

<u>For the year ended March 31</u>	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 600,443	\$ 517,249
Excess of revenue over expenditures	<u>128,191</u>	<u>83,194</u>
Balance, end of year	<u>\$ 728,634</u>	<u>\$ 600,443</u>

The accompanying notes are an integral part of these financial statements

**Four Counties Health Services Foundation**  
**Statement of Operations**

For the year ended March 31	2014	2013
<b>Revenue</b>		
Bequests	\$ 97,786	\$ 105,000
Donations	138,972	80,715
Cash that cares lottery	-	29,120
Fall campaign	74,545	48,775
Spring campaign	27,927	16,970
Other fundraising	28,826	18,751
Net investment income	12,298	15,130
Change in unrealized gain/loss on investments	14,890	20,507
ATM commissions	749	878
	<u>395,993</u>	<u>335,846</u>
<b>Expenditures</b>		
Benefit contributions	2,520	2,520
Campaign costs	28,393	62,650
Office expenses	8,822	9,161
Salaries	64,830	62,783
Software contract	870	4,040
Travel, seminars, education	342	837
ATM costs	-	2,541
	<u>105,777</u>	<u>144,532</u>
<b>Excess of revenues over operating expenditures</b>	<b>290,216</b>	<b>191,314</b>
<b>Donations to Four Counties Health Services</b>		
General	<u>162,025</u>	<u>108,120</u>
<b>Excess of revenue over expenditures</b>	<b>\$ 128,191</b>	<b>\$ 83,194</b>

The accompanying notes are an integral part of these financial statements

**Four Counties Health Services Foundation**  
**Statement of Cash Flow**

<u>For the year ended March 31</u>	<u>2014</u>	<u>2013</u>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenditures	\$ 128,191	\$ 83,194
Items not involving cash		
Loss on disposal of investments	4,735	-
Change in unrealized gain/loss on held-for trading investments	(14,891)	(20,507)
	<u>118,035</u>	<u>62,687</u>
<b>Net changes in non-cash working capital balances:</b>		
Interest receivable	6	1,596
Prepaid expenses	-	32,225
Accounts receivable	(7,692)	(589)
Deferred revenue	-	(1,500)
Deferred contributions	830	851
Accounts payable and accrued liabilities	86	(56,548)
	<u>111,265</u>	<u>38,722</u>
<b>Investing activities</b>		
Investment purchases	(376,698)	(108,510)
Investment disposals	209,418	164,112
	<u>(167,280)</u>	<u>55,602</u>
<b>Increase (decrease) in cash and equivalents during the year</b>	<b>(56,015)</b>	<b>94,324</b>
<b>Cash and equivalents, beginning of year</b>	<b><u>164,616</u></b>	<b><u>70,292</u></b>
<b>Cash and equivalents, end of year</b>	<b><u>\$ 108,601</u></b>	<b><u>\$ 164,616</u></b>

The accompanying notes are an integral part of these financial statements

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# Four Counties Health Services Foundation

## Notes to the Financial Statements

March 31, 2014

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### 1. Nature of Organization and Summary of Significant Accounting Policies

#### Nature of Organization

The Four Counties Health Services Foundation is a registered charity incorporated in Ontario without share capital. The Four Counties Health Services Foundation generates revenue through fund raising and the management of its investments to enhance or improve the services provided by or the facilities of Four Counties Health Services.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

#### Basis of Accounting

The financial statements have been prepared by management using Canadian Accounting Standards for Not-for-Profit Organizations.

#### Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenue from investments is recognized as it is earned.

#### Contributed Services

Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### Capital Assets

Purchase of capital assets from operating funds are expensed through the operating fund. The capital assets owned by the Foundation are comprised of office furniture and computer equipment.



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# Four Counties Health Services Foundation

## Notes to the Financial Statements

March 31, 2014

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### 1. Significant Accounting Policies (Continued)

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

#### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

## Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2014

### 2. Unrestricted Investments

The book values and estimated fair values of investments as at March 31 were as follows:

	2014		2013	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Bonds and debentures				
Corporate	\$ 358,600	\$ 358,600	\$ 240,100	\$ 240,100
Equity investments				
Portfolio shares	211,905	249,021	166,573	188,782
Mutual funds	979	979	3,118	3,118
	<u>212,884</u>	<u>250,000</u>	<u>169,691</u>	<u>191,900</u>
	<u>\$ 571,484</u>	<u>\$ 608,600</u>	<u>\$ 409,791</u>	<u>\$ 432,000</u>

Income from investments is included in net investment income on the statement of operations.

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## Four Counties Health Services Foundation

### Notes to the Financial Statements

March 31, 2014

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#### 3. Externally Restricted Assets

The externally restricted assets consist of contributions from a donor who requires his direction before the funds can be used. The funds are currently invested in a money market fund and a guaranteed investment certificate. Externally restricted assets are presented at fair value. Income from externally restricted assets has been included in net investment income on the statement of operations.

	2014		2013	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Opening balance	\$ 38,449	\$ 38,449	\$ 37,598	\$ 37,598
Interest earned	147	147	162	162
	38,596	38,596	37,760	37,760
Accrued interest	683	683	689	689
Closing Balance	\$ 39,279	\$ 39,279	\$ 38,449	\$ 38,449

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#### 4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$415 (2013 - \$367) in government remittances payable.

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#### 5. Related Party Transactions

Four Counties Health Services Foundation maintains an office in premises owned by Four Counties Health Services. No rental is charged for the use of the premises. During the year the Foundation transferred \$162,025 (2013 - \$108,120) to Four Counties Health Services.

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## Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2014

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### 6. Commitments

Four Counties Health Services Foundation has committed to donations of approximately \$12,000 to Four Counties Health Services for education.

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### 7. Comparative Figures

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

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### 8. Financial Instrument Risk

#### 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. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

#### Liquidity risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.