

**Four Counties Health Services Foundation
Financial Statements
For the year ended March 31, 2022**

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For the year ended March 31, 2022**

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Independent Auditor's Report

To the Board of Directors,
Four Counties Health Services Foundation

Qualified Opinion

We have audited the accompanying financial statements of Four Counties Health Services Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Strathroy, Ontario
June 24, 2022

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

March 31	2022	2021
Assets		
Current		
Cash	\$ 294,435	\$ 271,162
Accounts receivable	1,512	13,566
	<u>295,947</u>	<u>284,728</u>
Unrestricted investments (Note 2)	1,348,347	1,343,459
	<u>\$ 1,644,294</u>	<u>\$ 1,628,187</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 3)	\$ 1,340	\$ 1,525
Net assets	<u>1,642,954</u>	<u>1,626,662</u>
	<u>\$ 1,644,294</u>	<u>\$ 1,628,187</u>

On behalf of the Board:

x 5V Jannelle S. ... Director

x 15 [Signature] Director

The accompanying notes are an integral part of these financial statements

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

<u>For the year ended March 31</u>	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,626,662	\$ 1,583,168
Excess of revenue over expenditures	<u>16,292</u>	<u>43,494</u>
Balance, end of year	<u>\$ 1,642,954</u>	<u>\$ 1,626,662</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	2022	2021
Revenue		
Bequests	\$ 11,230	\$ -
Donations	47,786	39,044
Endoscopy campaign	17,500	17,500
Fall campaign	134,935	118,789
Spring campaign	81,296	50,797
Other fundraising	17,525	12,140
ATM commissions	384	298
Change in unrealized gain (loss) on investments	(12,252)	37,581
Dividend income	13,335	15,465
Interest income (Note 2)	34,341	21,988
Other investment income	1,556	1,782
	<u>347,636</u>	<u>315,384</u>
Expenditures		
Campaign costs	16,295	16,856
Office expenses	18,281	12,418
Investment fees	7,668	-
Salaries	46,570	44,682
Software contract	2,715	2,866
	<u>91,529</u>	<u>76,822</u>
Excess of revenue over operating expenditures	256,107	238,562
Donations to Four Counties Health Services		
General (Note 4)	<u>239,815</u>	<u>195,068</u>
Excess of revenue over expenditures	\$ 16,292	\$ 43,494

The accompanying notes are an integral part of these financial statements

Four Counties Health Services Foundation
Statement of Cash Flow

For the year ended March 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures	\$ 16,292	\$ 43,494
Items not involving cash		
Change in unrealized (gain) loss on held-for-trading investments	12,252	(37,581)
	<u>28,544</u>	<u>5,913</u>
Net changes in non-cash working capital balances:		
Accounts receivable	12,054	3,042
Accounts payable and accrued liabilities	(185)	(7,594)
	<u>40,413</u>	<u>1,361</u>
Investing activities		
Investment purchases	(1,262,056)	(203,892)
Investment disposals	1,244,916	141,963
	<u>(17,140)</u>	<u>(61,929)</u>
Decrease in cash and equivalents during the year	23,273	(60,568)
Cash and equivalents, beginning of year	<u>271,162</u>	<u>331,730</u>
Cash and equivalents, end of year	\$ 294,435	\$ 271,162

The accompanying notes are an integral part of these financial statements

Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2022

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization	<p>The Four Counties Health Services Foundation ("the Foundation") is a registered charity incorporated in Ontario without share capital. The Foundation generates revenue through fundraising and the management of its investments to enhance or improve the services provided by or the facilities of Four Counties Health Services.</p> <p>The Foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.</p>
Basis of Accounting	<p>The financial statements have been prepared by management using Canadian Accounting Standards for Not-for-Profit Organizations.</p>
Revenue Recognition	<p>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.</p>
Contributed Services	<p>Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>
Capital Assets	<p>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.</p>
Pledges and bequests	<p>The Foundation does not record pledges or bequest receivables, as collection cannot be reasonably assured.</p>

Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2022

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, 2022

2. Unrestricted Investments

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

	2022		2021	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Fixed income	\$ 857,730	\$ 802,251	\$ 776,800	\$ 776,800
Equity investments Portfolio shares	507,463	532,144	299,918	392,839
Investment savings accounts	13,952	13,952	173,820	173,820
	\$ 1,379,145	\$ 1,348,347	\$ 1,250,538	\$ 1,343,459

Income from investments is included in net investment income on the statement of operations. Interest income in the year was \$34,341 (2021 - \$21,988).

3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$15 (2021 - \$19) in government remittances payable.

4. 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 \$239,815 (2021 - \$195,068) to Four Counties Health Services. These transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Four Counties Health Services is a hospital that provides health care services to the residents of Four Counties and surrounding areas.

Four Counties Health Services Foundation

Notes to the Financial Statements

March 31, 2022

5. Pledges

As part of its annual fundraising campaign, the organization obtained \$182,500 in pledges. Of this amount, \$40,000 (2021 - \$67,500) is outstanding at year end and has not been included in these financial statements.

6. Financial Instrument Risk

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration. There have been no significant changes in the nature or concentration of the risk exposures from the prior year, unless otherwise noted.

Liquidity risk

Liquidity risk is the risk that the Foundation 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. The Foundation manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional information based on those forecasts.

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 Foundation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments. Refer to Note 2 for current values held in these investments.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its portfolio of investments. Refer to Note 2 for current values held in these investments.

Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2022

7. COVID-19 Uncertainty

The COVID-19 pandemic continues to have a significant impact on the global economy. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Foundation continues to hold fundraising events to accept donations with social distancing and safety policies in mind. The Foundation's ability to continue to service debt and meet lease and other obligations as they come due is dependent on the continued ability to generate earnings and cash flows. Given the daily evolution of the COVID-19 outbreak, the Foundation is not able to fully estimate the effects of COVID-19 on its future results of operations or financial condition at this time.