

**Four Counties Health Services
Foundation
Financial Statements
For the year ended March 31, 2015**

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Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flow	6
Notes to the Financial Statements	7

Independent Auditor's Report

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, 2015, 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, 2015, 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 Professional Accountants, Licensed Public Accountants

Strathroy, Ontario

May 28, 2015


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

March 31	2015	2014
Assets		
Current		
Cash	\$ 247,032	\$ 108,601
Accounts receivable (Note 6)	13,067	14,280
Prepaid expenses	501	-
	260,600	122,881
Unrestricted investments (Note 2)	661,757	608,600
Externally restricted assets (Note 3)	39,983	39,279
	\$ 962,340	\$ 770,760

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 403	\$ 2,847
Deferred contributions (Note 3)	39,983	39,279
	40,386	42,126
Net assets	921,954	728,634
	\$ 962,340	\$ 770,760

On behalf of the Board:

 _____ Director

 _____ 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>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 728,634	\$ 600,443
Excess of revenue over expenditures	<u>193,320</u>	<u>128,191</u>
Balance, end of year	<u>\$ 921,954</u>	<u>\$ 728,634</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

2015

2014

Revenue		
Bequests	\$ -	\$ 97,786
Donations	66,518	138,972
Fall campaign	111,405	74,545
Spring campaign	34,270	27,927
Other fundraising	32,317	28,826
Net investment income	19,203	8,137
Change in unrealized gain/loss on investments	32,244	19,051
ATM commissions	746	749
	<u>296,703</u>	<u>395,993</u>
Expenditures		
Benefit contributions	600	2,520
Campaign costs	28,416	28,393
Office expenses	8,768	8,822
Salaries	48,280	64,830
Software contract	5,219	870
Travel, seminars, education	-	342
	<u>91,283</u>	<u>105,777</u>
Excess of revenues over operating expenditures	205,420	290,216
Donations to Four Counties Health Services		
General	<u>12,100</u>	<u>162,025</u>
Excess of revenue over expenditures	<u>\$ 193,320</u>	<u>\$ 128,191</u>

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	2015	2014
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures	\$ 193,320	\$ 128,191
Items not involving cash		
(Gain) loss on disposal of investments	(10,069)	18,491
Change in unrealized gain/loss on held-for trading investments	(32,244)	(19,052)
	<u>151,007</u>	<u>127,630</u>
Net changes in non-cash working capital balances:		
Interest receivable	153	6
Prepaid expenses	(501)	-
Accounts receivable	1,213	(7,692)
Deferred contributions	704	830
Accounts payable and accrued liabilities	(2,444)	86
	<u>150,132</u>	<u>120,860</u>
Investing activities		
Investment purchases	(182,334)	(376,698)
Investment disposals	157,871	209,418
	<u>(24,463)</u>	<u>(167,280)</u>
Increase (decrease) in cash and equivalents during the year	125,669	(46,420)
Cash and equivalents, beginning of year	118,196	164,616
Cash and equivalents, end of year	\$ 243,865	\$ 118,196

The accompanying notes are an integral part of these financial statements

Four Counties Health Services Foundation

Notes to the Financial Statements

March 31, 2015

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization	<p>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.</p> <p>The organization 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>

Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2015

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, 2015

2. Unrestricted Investments

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

	2015		2014	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Bonds and debentures				
Corporate	\$ 361,300	\$ 361,300	\$ 358,600	\$ 358,600
Equity investments				
Portfolio shares	156,890	215,560	211,905	249,021
Mutual funds	84,897	84,897	979	979
	<u>241,787</u>	<u>300,457</u>	<u>212,884</u>	<u>250,000</u>
	<u>\$ 603,087</u>	<u>\$ 661,757</u>	<u>\$ 571,484</u>	<u>\$ 608,600</u>

Income from investments is included in net investment income on the statement of operations. Interest income in the year was \$6,837 (2014 - \$5,836).

Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2015

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.

	2015		2014	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Opening balance	\$ 39,279	\$ 39,279	\$ 38,449	\$ 38,449
Interest earned	174	174	147	147
	39,453	39,453	38,596	38,596
Accrued interest	530	530	683	683
Closing Balance	\$ 39,983	\$ 39,983	\$ 39,279	\$ 39,279

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$nil (2014 - \$415) in government remittances payable.

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 \$12,100 (2014 - \$162,025) to Four Counties Health Services.

Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2015

6. Pledges

As part of its annual fundraising campaign, the organization obtained \$6,000 in pledges (2014 - \$8,000). Of this amount \$6,000 (2014 - \$8,000) is outstanding at year end and has been included in these financial statements.

7. 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.