

**Four Counties Health Services
Foundation
Financial Statements
For the year ended March 31, 2016**

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Financial Statements
For the year ended March 31, 2016**

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BDO Canada LLP
425 Caradoc Street S, Unit E
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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, 2016, 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, 2016, 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
June 2, 2016

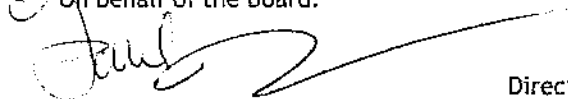
Four Counties Health Services Foundation
Statement of Financial Position

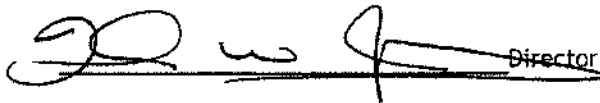
March 31	2016	2015
Assets		
Current		
Cash	\$ 83,789	\$ 247,032
Accounts receivable (Note 6)	5,878	13,067
Prepaid expenses	129	501
	89,796	260,600
Unrestricted investments (Note 2)	1,046,377	661,757
Externally restricted assets (Note 3)	-	39,983
	\$ 1,136,173	\$ 962,340

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 438	\$ 403
Deferred contributions (Note 3)	-	39,983
	438	40,386
Net assets	1,135,735	921,954
	\$ 1,136,173	\$ 962,340

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>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 921,954	\$ 728,634
Excess of revenue over expenditures	<u>213,781</u>	<u>193,320</u>
Balance, end of year	<u>\$ 1,135,735</u>	<u>\$ 921,954</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	2016	2015
Revenue		
Donations	\$ 614,313	\$ 66,518
Fall campaign	136,482	111,405
Spring campaign	123,570	34,270
Other fundraising	29,112	32,317
Net investment income	43,109	29,890
Change in unrealized gain (loss) on investments	(39,980)	21,557
ATM commissions	1,001	746
	<u>907,607</u>	<u>296,703</u>
Expenditures		
Benefit contributions	-	600
Campaign costs	18,021	28,416
Office expenses	9,951	8,768
Salaries	31,716	48,280
Software contract	939	5,219
	<u>60,627</u>	<u>91,283</u>
Excess of revenues over operating expenditures	846,980	205,420
Donations to Four Counties Health Services		
General	<u>633,199</u>	<u>12,100</u>
Excess of revenue over expenditures	\$ 213,781	\$ 193,320

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>2016</u>	<u>2015</u>
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures	\$ 213,781	\$ 193,320
Items not involving cash		
(Gain) loss on disposal of investments	(736)	(7,994)
Change in unrealized gain/loss on held-for trading investments	39,980	(21,558)
	<u>253,025</u>	<u>163,768</u>
Net changes in non-cash working capital balances:		
Interest receivable	530	153
Prepaid expenses	372	(501)
Accounts receivable	7,189	1,213
Deferred contributions	(39,983)	704
Accounts payable and accrued liabilities	35	(2,444)
	<u>221,168</u>	<u>162,893</u>
Investing activities		
Investment purchases	(544,104)	(182,332)
Investment disposals	159,693	157,871
	<u>(384,411)</u>	<u>(24,461)</u>
Increase (decrease) in cash and equivalents during the year	(163,243)	138,432
Cash and equivalents, beginning of year	<u>247,032</u>	<u>108,600</u>
Cash and equivalents, end of year	<u>\$ 83,789</u>	<u>\$ 247,032</u>

The accompanying notes are an integral part of these financial statements

Four Counties Health Services Foundation

Notes to the Financial Statements

March 31, 2016

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>
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, 2016

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, 2016

2. Unrestricted Investments

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

	2016		2015	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Bonds and debentures				
Corporate	\$ 332,773	\$ 332,773	\$ 361,300	\$ 361,300
Equity investments				
Portfolio shares	159,879	226,204	156,890	215,560
Mutual funds	535,036	487,400	84,897	84,897
	<u>694,915</u>	<u>713,604</u>	<u>241,787</u>	<u>300,457</u>
	<u>\$ 1,027,688</u>	<u>\$ 1,046,377</u>	<u>\$ 603,087</u>	<u>\$ 661,757</u>

Income from investments is included in net investment income on the statement of operations. Interest income in the year was \$7,770 (2015 - \$6,837).

Four Counties Health Services Foundation
Notes to the Financial Statements

March 31, 2016

3. Externally Restricted Assets

The externally restricted assets consisted of contributions from a donor who hadn't given his direction on how the funds were to be used. During the year, the donor passed away and the contributions were brought into income. The funds were invested in a money market fund and a guaranteed investment certificate. Externally restricted assets were presented at fair value.

	2016		2015	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Opening balance	\$ 39,983	\$ 39,983	\$ 39,279	\$ 39,279
interest earned	-	-	174	174
Funds transferred to unrestricted account	(39,983)	(39,983)	-	-
	-	-	39,453	39,453
Accrued interest	-	-	530	530
Closing balance	\$ -	\$ -	\$ 39,983	\$ 39,983

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$18 (2015 - \$nil) 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 \$633,199 (2015 - \$12,100) to Four Counties Health Services.

Four Counties Health Services Foundation

Notes to the Financial Statements

March 31, 2016

6. Pledges

As part of its annual fundraising campaign, the organization obtained \$292,000 in pledges (2015 - \$6,000). Of this amount \$210,000 (2015 - \$6,000) is outstanding at year end and has not 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.

8. 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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Private & Confidential

June 2, 2016

Members of the Board of Directors
Four Counties Health Services Foundation
RR#3
Newbury Ontario N0L 1Z0

Dear Sir/Madam:

Re: Audit of the Financial Statements of Four Counties Health Services Foundation
For the year ended March 31, 2016

The purpose of our report is to summarize certain aspects of the audit that we believe would be of interest to the Board of Directors and should be read in conjunction with the financial statements and our report thereon.

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Board of Directors in fulfilling its responsibilities.

This report has been prepared solely for the use of the Board of Directors and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

Independence

At the core of the provision of external audit services is the concept of independence. We are communicating all relationships between BDO Canada LLP and its related entities and Four Counties Health Services Foundation and its related entities that, in our professional judgment, may reasonably be thought to have influenced our independence during the audit engagement.

In determining which relationships to report, we have considered the applicable legislation and relevant rules of professional conduct and related interpretations prescribed by the appropriate provincial institute/ordre covering such matters as the following:

- holding of a financial interest, either directly or indirectly in a client;
- holding a position, either directly or indirectly, that gives the right or responsibility to



exert significant influence over the financial or accounting policies of a client;

- personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- economic dependence on a client; and
- provision of services in addition to the external audit engagement.

We are not aware of any relationships between the organization and us that, in our professional judgment, may reasonably be thought to bear on our independence to date.

Materiality

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As communicated to you in our Planning Report to the Board of Directors, preliminary materiality was \$5,900. Final materiality was increased to \$7,200 to reflect final results.

We communicated all corrected and uncorrected misstatements identified during our audit to the Board of Directors, other than those which we determine to be "clearly trivial". Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate.

We encouraged management to correct any misstatements identified throughout the audit process.

Likely Aggregate Misstatements

We have disclosed all significant adjusted and unadjusted differences and disclosure omissions identified through the course of our audit engagement. Each of these items has been discussed with Management.

Management has determined that the unadjusted differences are immaterial both individually and in aggregate to the financial statements taken as a whole. Should the Board of Directors



agree with this assessment, we do not propose further adjustments.

Uncorrected misstatements aggregated during the audit that were determined by management to be immaterial amounted to \$-. A summary of the statement of likely aggregate misstatements is attached to this letter.

Auditor's considerations of possible fraud and illegal activities

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

The scope of the work performed was substantially the same as that described in our Planning Report to the Board of Directors.

Modifications in Opinion

Our modification relates to revenue from donations. Do to the nature of donations and how they are collected and recorded we were unable to determine whether any adjustments might be necessary to contributions, excess of revenue over expenditures, assets or net assets.

Management Representations

During the course of the audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base the audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

We will provide you a copy of the management representation letter which summarizes the representations we have requested from management.



Management Letter

We will be submitting to management a letter on internal controls and other matters that we feel should be brought to their attention.

We wish to express our appreciation for the co-operation we received during the audit from the organization's management and staff who have assisted us in carrying out our work. We would be pleased to discuss with you the contents of this report and any other matters that you consider appropriate.

Yours truly,

A handwritten signature in black ink, appearing to read 'J. Sawyer'.

Jeff Sawyer CPA, CA

Partner through a corporation

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Four Counties Health Services Foundation
 Summary of Unadjusted Misstatements
 March 31, 2016

Description of the Misstatement	Identified Misstatement	Projected Misstatement	Estimates	Proposed Adjustments				Details of why no adjustment has been made to financial statements
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening Fund Balance Dr(Cr)	Income Dr(Cr)	
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	-	-	-	-	-	-	-	
Effect of Previous Year's Errors				-	-	-	-	
Likely Aggregate Misstatements				-	-	-	-	