

**Four Counties Health Services
Foundation
Financial Statements
For the year ended March 31, 2012**

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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 statement of financial position as at March 31, 2012, 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 generally accepted accounting principles, 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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Strathroy, Ontario
May 24, 2012

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

March 31 2012 2011

Assets

Current

Cash	\$ 69,983	\$ 3,506
Prepaid expenses	32,225	-
HST receivable	<u>2,548</u>	<u>829</u>
	104,756	4,335
Unrestricted investments (Note 1)	473,302	456,282
Externally restricted assets (Note 2)	<u>37,598</u>	<u>35,891</u>
	<u>\$ 615,656</u>	<u>\$ 496,508</u>

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 59,309	\$ 15,405
Deferred revenue	<u>1,500</u>	<u>-</u>
	60,809	15,405
Deferred contributions (Note 2)	<u>37,598</u>	<u>35,891</u>
	<u>98,407</u>	<u>51,296</u>
Net assets	<u>517,249</u>	<u>445,212</u>
	<u>\$ 615,656</u>	<u>\$ 496,508</u>

On behalf of the Board:

Director

Director

The accompanying summary of significant accounting policies is an integral part of these financial statements

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

For the year ended March 31	2012	2011
Balance, beginning of year	\$ 445,212	\$ 417,164
Excess of revenue over expenditures	<u>72,037</u>	<u>28,048</u>
Balance, end of year	<u>\$ 517,249</u>	<u>\$ 445,212</u>

The accompanying summary of significant accounting policies is an integral part of these financial statements

Four Counties Health Services Foundation

Statement of Operations

For the year ended March 31	2012	2011
Revenue		
Bequests	\$ 102,000	\$ 1,000
Donations	92,614	88,572
Cash that cares lottery	29,940	-
CT Scanner campaign	36,240	36,240
Fall campaign	44,563	38,848
Spring appeal	18,429	20,715
Other fundraising	29,736	36,117
Net investment income	16,903	17,940
Change in unrealized gain/loss on held-for-trading investments	858	17,135
	371,283	256,567
Expenditures		
Benefit contributions	6,873	6,818
Campaign costs	66,131	17,654
Office expenses	9,476	10,130
Salaries	56,056	58,354
Software contract	847	2,212
Travel, seminars, education	1,468	787
	140,851	95,955
Excess of revenues over operating expenditures	230,432	160,612
Donations to Four Counties Health Services		
General	122,155	96,324
CT Scanner	36,240	36,240
	158,395	132,564
Excess of revenue over expenditures	\$ 72,037	\$ 28,048

The accompanying summary of significant accounting policies is an integral part of these financial statements

Four Counties Health Services Foundation
Statement of Cash Flow

For the year ended March 31	2012	2011
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures	\$ 72,037	\$ 28,048
Items not involving cash		
Change in unrealized gain/loss on held-for trading investments	(858)	(17,135)
	<u>71,179</u>	<u>10,913</u>
Net changes in non-cash working capital balances:		
Interest receivable	(349)	1,136
Prepaid expenses	(32,225)	-
HST Receivable	(1,719)	(153)
Deferred revenue	1,500	(16,603)
Deferred contributions	1,707	2,174
Accounts payable and accrued liabilities	43,904	(5,929)
	<u>83,997</u>	<u>(8,462)</u>
Investing activities		
Investment purchases	(113,020)	(214,463)
Investment disposals	95,500	224,886
	<u>(17,520)</u>	<u>10,423</u>
Increase in cash and equivalents during the year	66,477	1,961
Cash and equivalents, beginning of year	<u>3,815</u>	<u>1,854</u>
Cash and equivalents, end of year	<u>\$ 70,292</u>	<u>\$ 3,815</u>
Represented by		
Cash	\$ 69,983	\$ 3,506
Cash - Unrestricted investments	309	309
	<u>\$ 70,292</u>	<u>\$ 3,815</u>

The accompanying summary of significant accounting policies is an integral part of these financial statements

Four Counties Health Services Foundation Summary of Significant Accounting Policies

March 31, 2012

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.
Basis of Accounting Presentations	The financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenue is recorded when earned and expenses are recorded when incurred.
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	No amounts have been recorded in the financial statements for contributed services.
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.
Pledges and bequests	The Foundation does not record pledges or bequest receivables, as collection cannot be reasonably assured.
Financial Instruments	<p>The Foundation utilizes various financial instruments.</p> <p>All transactions related to financial instruments are recorded on a settlement date basis.</p> <p>The Foundation classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Foundation's accounting policy for each category is as follows:</p>

Four Counties Health Services Foundation Summary of Significant Accounting Policies

March 31, 2012

Financial Instruments - continued

Held-for-trading

This category is comprised of cash, unrestricted investments, and externally restricted assets. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Other financial liabilities

Other financial liabilities include all financial liabilities, and are comprised of trade payables and other short-term monetary liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are netted against the amount initially recognized.

Fair values

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 Statement

March 31, 2012

1. Investments

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

	2012		2011	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
<i>Held-for-trading:</i>				
RBC Dominion Securities cash	\$ 309	\$ 309	\$ 309	\$ 309
Bonds and debentures Corporate	246,100	246,100	261,000	261,000
Equity investments				
Portfolio shares	166,574	168,276	166,584	167,429
Mutual funds	53,536	53,536	22,157	22,157
	220,110	221,812	188,741	189,586
Accrued interest	5,081	5,081	5,387	5,387
	<u>\$ 471,600</u>	<u>\$ 473,302</u>	<u>\$ 455,437</u>	<u>\$ 456,282</u>

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

Four Counties Health Services Foundation Notes to the Financial Statement

March 31, 2012

2. 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 classified as held-for-trading, and are presented at fair value. Income from externally restricted assets has been included in net investment income on the statement of operations.

	2012		2011	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
<i>Held-for-trading:</i>				
Opening balance	\$ 35,891	\$ 35,891	\$ 33,717	\$ 33,717
Interest earned	52	52	174	174
Contributions	1,000	1,000	2,000	2,000
	36,943	36,943	35,891	35,891
Accrued interest	655	655	-	-
Closing Balance	\$ 37,598	\$ 37,598	\$ 35,891	\$ 35,891

Four Counties Health Services Foundation Notes to the Financial Statement

March 31, 2012

3. 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 \$158,395 (2011 - \$132,564) to Four Counties Health Services.

4. Commitments

Four Counties Health Services Foundation has committed to donations of approximately:

\$95,600 to Four Counties Health Services for equipment purchases.

\$12,000 to Four Counties Health Services for education.

\$2,500 to Four Counties Health Services for the adult day program.

\$4,000 to Four Counties Health Services for additional televisions.

5. Capital Requirements

The Foundation's objectives when managing capital are to safeguard the Foundation's ability to continue as a going concern, and to ensure sufficient capital to meet its annual and future commitments to Four Counties Health Services. As the Foundation is a not-for-profit organization this objective is dependent on the support of fundraising activities. The Foundation is not in a position to raise additional capital with share or debt issuance.

The Foundation includes in its definition of capital its cash, unrestricted investments, and externally restricted assets. In order to facilitate the management of its capital requirements, the Foundation prepares annual revenue and expenditure budgets that are updated as necessary depending on changes in circumstances. The annual and updated budgets are approved by the Board of Directors.

There were no changes in the Foundation's approach to capital management during the year.