

**Four Counties Health Services
Foundation**

Financial Statements

For the year ended March 31, 2017

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For the year ended March 31, 2017**

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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, 2017, 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, 2017, 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 25, 2017


Four Counties Health Services Foundation
Statement of Financial Position

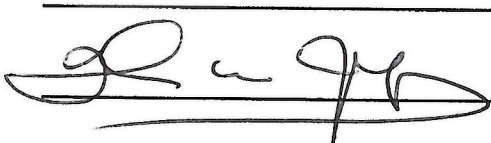
March 31	2017	2016
Assets		
Current		
Cash	\$ 221,450	\$ 83,789
Accounts receivable (Note 6)	4,260	5,878
Prepaid expenses	-	129
	<u>225,710</u>	<u>89,796</u>
Unrestricted investments (Note 2)	<u>1,098,160</u>	<u>1,046,377</u>
	<u>\$ 1,323,870</u>	<u>\$ 1,136,173</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 1,087	\$ 438
Net assets	<u>1,322,783</u>	<u>1,135,735</u>
	<u>\$ 1,323,870</u>	<u>\$ 1,136,173</u>

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>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,135,735	\$ 921,954
Excess of revenue over expenditures	<u>187,048</u>	<u>213,781</u>
Balance, end of year	<u>\$ 1,322,783</u>	<u>\$ 1,135,735</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	2017	2016
Revenue		
Bequests	\$ 28,620	\$ -
Donations	103,847	614,313
Fall campaign	179,799	136,482
Spring campaign	26,110	123,570
Other fundraising	39,848	29,112
Other investment income	26,849	42,373
Realized gain (loss) on disposal of investments	(22,409)	736
Change in unrealized gain (loss) on investments	51,241	(39,980)
ATM commissions	971	1,001
	<u>434,876</u>	<u>907,607</u>
Expenditures		
Campaign costs	18,638	18,021
Office expenses	12,098	9,951
Salaries	34,884	31,716
Software contract	1,542	939
	<u>67,162</u>	<u>60,627</u>
Excess of revenues over operating expenditures	367,714	846,980
Donations to Four Counties Health Services		
General	<u>180,666</u>	<u>633,199</u>
Excess of revenue over expenditures	\$ 187,048	\$ 213,781

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	2017	2016
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures	\$ 187,048	\$ 213,781
Items not involving cash		
(Gain) loss on disposal of investments	22,409	(736)
Change in unrealized (gain) loss on held-for trading investments	(51,241)	39,980
	<u>158,216</u>	<u>253,025</u>
Net changes in non-cash working capital balances:		
Interest receivable	-	530
Prepaid expenses	129	372
Accounts receivable	1,618	7,189
Deferred contributions	-	(39,983)
Accounts payable and accrued liabilities	649	35
	<u>160,612</u>	<u>221,168</u>
Investing activities		
Investment purchases	(412,599)	(544,104)
Investment disposals	389,648	159,693
	<u>(22,951)</u>	<u>(384,411)</u>
Increase (decrease) in cash and equivalents during the year	137,661	(163,243)
Cash and equivalents, beginning of year	83,789	247,032
Cash and equivalents, end of year	\$ 221,450	\$ 83,789

The accompanying notes are an integral part of these financial statements

Four Counties Health Services Foundation

Notes to the Financial Statements

March 31, 2017

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.

Pledges and bequests

The Foundation does not record pledges or bequest receivables, as collection cannot be reasonably assured.

Four Counties Health Services Foundation

Notes to the Financial Statements

March 31, 2017

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, 2017

2. Unrestricted Investments

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

	2017		2016	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Bonds and debentures				
Corporate	\$ 262,773	\$ 262,773	\$ 332,773	\$ 332,773
Equity investments				
Portfolio shares	173,012	235,644	159,879	226,204
Mutual funds	592,885	599,743	535,036	487,400
	<u>\$ 1,028,670</u>	<u>\$ 1,098,160</u>	<u>\$ 1,027,688</u>	<u>\$ 1,046,377</u>

Income from investments is included in net investment income on the statement of operations. Interest income in the year was \$6,496 (2016 - \$7,770).

Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2017

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 prior 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.

	2017		2016	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Opening balance	\$ -	\$ -	\$ 39,983	\$ 39,983
Funds transferred to unrestricted account	-	-	(39,983)	(39,983)
Closing balance	-	-	-	-

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$2 (2016 - \$18) 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 \$180,666 (2016 - \$633,199) to Four Counties Health Services.

Four Counties Health Services Foundation

Notes to the Financial Statements

March 31, 2017

6. Pledges

As part of its annual fundraising campaign, the organization obtained \$292,000 in pledges in the prior year. Of this amount \$170,000 (2016 - \$210,000) 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.