

**Four Counties Health Services
Foundation
Financial Statements
For the year ended March 31, 2018**

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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, 2018, 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, 2018, 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 14, 2018


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


March 31	2018	2017
Assets		
Current		
Cash	\$ 330,425	\$ 221,450
Accounts receivable (Note 6)	2,912	4,260
	333,337	225,710
Unrestricted investments (Note 2)	1,073,188	1,098,160
	\$ 1,406,525	\$ 1,323,870

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 935	\$ 1,087
Deferred revenue (Note 3)	50,000	-
	50,935	1,087
Net assets	1,355,590	1,322,783
	\$ 1,406,525	\$ 1,323,870

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>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 1,322,783	\$ 1,135,735
Excess of revenue over expenditures	<u>32,807</u>	<u>187,048</u>
Balance, end of year	<u>\$ 1,355,590</u>	<u>\$ 1,322,783</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	2018	2017
Revenue		
Bequests	\$ 26,242	\$ 28,620
Donations	107,055	103,847
Fall campaign	112,060	179,799
Spring campaign	33,355	26,110
Other fundraising	40,339	39,848
Other investment income	24,288	26,849
Realized loss on disposal of investments	-	(22,409)
Change in unrealized (loss) gain on investments	(9,498)	51,241
ATM commissions	817	971
	<u>334,658</u>	<u>434,876</u>
Expenditures		
Campaign costs	21,036	18,638
Office expenses	13,129	12,098
Salaries	39,280	34,884
Signage - electronic	23,698	-
Software contract	780	1,542
	<u>97,923</u>	<u>67,162</u>
Excess of revenue over operating expenditures	236,735	367,714
Donations to Four Counties Health Services		
General	<u>203,928</u>	<u>180,666</u>
Excess of revenue over expenditures	\$ 32,807	\$ 187,048

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>2018</u>	<u>2017</u>
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures	\$ 32,807	\$ 187,048
Items not involving cash		
Loss on disposal of investments	-	22,409
Change in unrealized loss (gain) on held-for trading investments	9,498	(51,241)
	<u>42,305</u>	<u>158,216</u>
Net changes in non-cash working capital balances:		
Prepaid expenses	-	129
Accounts receivable	1,348	1,618
Deferred revenue	50,000	-
Accounts payable and accrued liabilities	(152)	649
	<u>93,501</u>	<u>160,612</u>
Investing activities		
Investment purchases	(121,999)	(412,599)
Investment disposals	137,473	389,648
	<u>15,474</u>	<u>(22,951)</u>
Increase in cash and equivalents during the year	108,975	137,661
Cash and equivalents, beginning of year	<u>221,450</u>	<u>83,789</u>
Cash and equivalents, end of year	\$ 330,425	\$ 221,450

The accompanying notes are an integral part of these financial statements

Four Counties Health Services Foundation

Notes to the Financial Statements

March 31, 2018

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, 2018

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, 2018

2. Unrestricted Investments

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

	2018		2017	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Bonds and debentures				
Corporate	\$ 125,300	\$ 125,300	\$ 262,773	\$ 262,773
Equity investments				
Portfolio shares	173,122	222,251	173,012	235,644
Mutual funds	714,747	725,637	592,885	599,743
	\$ 1,013,169	\$ 1,073,188	\$ 1,028,670	\$ 1,098,160

Income from investments is included in net investment income on the statement of operations. Interest income in the year was \$4,540 (2017 - \$6,496).

Four Counties Health Services Foundation
Notes to the Financial Statements

March 31, 2018

3. Deferred Contributions

During the year, the Four Counties Health Services Foundation launched an endoscopy campaign to raise \$450,000 for the purchase of new endoscopes for Four Counties Health Services. Externally restricted contributions related to the endoscopy campaign are also included in deferred contributions. As of March 31, 2018, Four Counties Health Services Foundation has received contributions totaling \$50,000 from Elgin County.

The changes in the deferred contributions balance for the period are as follows:

	2018	2017
Beginning balance	\$ -	\$ -
Add: endoscopy campaign contributions	50,000	-
Ending balance	<u>\$ 50,000</u>	<u>\$ -</u>

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$21 (2017 - \$2) 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 \$203,928 (2017 - \$180,666) to Four Counties Health Services.

Four Counties Health Services Foundation

Notes to the Financial Statements

March 31, 2018

6. Pledges

As part of its annual fundraising campaign, the organization obtained \$292,000 in pledges in the prior year and \$12,500 in fiscal 2018 totalling \$304,500. Of this amount, \$140,000 (2017 - \$170,000) 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.