

**Four Counties Health Services  
Foundation**

**Financial Statements**

For the year ended March 31, 2020

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Foundation  
Financial Statements  
For the year ended March 31, 2020**

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## Independent Auditor's Report

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To the Board of Directors,  
Four Counties Health Services Foundation

### Qualified Opinion

We have audited the accompanying financial statements of Four Counties Health Services Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Strathroy, Ontario  
June 17, 2020

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

March 31 2020 2019

**Assets**

**Current**

Cash	\$ 331,730	\$ 341,494
Accounts receivable (Note 5)	16,608	14,180

	348,338	355,674
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Unrestricted investments (Note 2)	1,243,949	1,127,317
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	\$ 1,592,287	\$ 1,482,991
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**Liabilities and Net Assets**

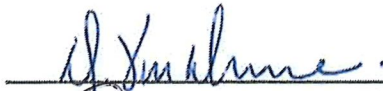

**Current**

Accounts payable and accrued liabilities (Note 3)	\$ 9,118	\$ 814
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Net assets	1,583,169	1,482,177
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	\$ 1,592,287	\$ 1,482,991
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On behalf of the Board:

	Director
	Director

The accompanying notes are an integral part of these financial statements

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

<u>For the year ended March 31</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,482,177	\$ 1,355,590
Excess of revenue over expenditures	<u>100,992</u>	<u>126,587</u>
Balance, end of year	<u>\$ 1,583,169</u>	<u>\$ 1,482,177</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	2020	2019
<b>Revenue</b>		
Bequests	\$ 19,642	\$ 69,215
Donations	100,872	93,821
Endoscopy campaign	47,500	297,000
Fall campaign	93,397	88,014
Spring campaign	60,101	38,201
Other fundraising	51,047	42,833
Other investment income	24,596	41,193
Dividend income	15,937	-
Change in unrealized (loss) gain on investments	(7,062)	28,295
ATM commissions	939	796
	<b>406,969</b>	<b>699,368</b>
<b>Expenditures</b>		
Campaign costs	30,038	26,136
Office expenses	14,969	25,724
Salaries	44,565	42,334
Presentation equipment	6,837	-
Software contract	2,710	6,180
	<b>99,119</b>	<b>100,374</b>
<b>Excess of revenue over operating expenditures</b>	<b>307,850</b>	<b>598,994</b>
<b>Donations to Four Counties Health Services</b>		
General	<b>206,858</b>	<b>472,407</b>
<b>Excess of revenue over expenditures</b>	<b>\$ 100,992</b>	<b>\$ 126,587</b>

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	2020	2019
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenditures	\$ 100,992	\$ 126,587
Items not involving cash		
Change in unrealized loss (gain) on held-for trading investments	7,062	(28,295)
	<u>108,054</u>	<u>98,292</u>
Net changes in non-cash working capital balances:		
Accounts receivable	(2,428)	(11,268)
Deferred revenue	-	(50,000)
Accounts payable and accrued liabilities	8,304	(121)
	<u>113,930</u>	<u>36,903</u>
<b>Investing activities</b>		
Investment purchases	(313,683)	(829,052)
Investment disposals	189,989	803,218
	<u>(123,694)</u>	<u>(25,834)</u>
Increase in cash and equivalents during the year	(9,764)	11,069
Cash and equivalents, beginning of year	<u>341,494</u>	<u>330,425</u>
<b>Cash and equivalents, end of year</b>	<b>\$ 331,730</b>	<b>\$ 341,494</b>

The accompanying notes are an integral part of these financial statements



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# Four Counties Health Services Foundation

## Notes to the Financial Statements

March 31, 2020

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### 1. Nature of Organization and Summary of Significant Accounting Policies

<b>Nature of Organization</b>	<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>
<b>Basis of Accounting</b>	<p>The financial statements have been prepared by management using Canadian Accounting Standards for Not-for-Profit Organizations.</p>
<b>Revenue Recognition</b>	<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>
<b>Contributed Services</b>	<p>Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>
<b>Capital Assets</b>	<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>
<b>Pledges and bequests</b>	<p>The Foundation does not record pledges or bequest receivables, as collection cannot be reasonably assured.</p>

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## Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2020

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### 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, 2020

### 2. Unrestricted Investments

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

	2020		2019	
	Cost Value	Estimated Fair value	Cost Value	Estimated Fair value
Bonds and debentures Corporate	\$ 870,300	\$ 870,300	\$ 651,300	\$ 651,300
Equity investments Portfolio shares	255,637	309,002	293,131	375,010
Mutual funds	64,647	64,647	101,007	101,007
	<b>\$ 1,190,584</b>	<b>\$ 1,243,949</b>	<b>\$ 1,045,438</b>	<b>\$ 1,127,317</b>

Income from investments is included in net investment income on the statement of operations. Interest income in the year was \$17,219 (2019 - \$13,582).

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## Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2020

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### 3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$32 (2019 - \$20) in government remittances payable.

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### 4. 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 \$206,858 (2019 - \$472,407) to Four Counties Health Services.

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### 5. Pledges

As part of its annual fundraising campaign, the organization obtained \$332,500 in pledges. Of this amount, \$95,000 (2019 - \$157,500) is outstanding at year end and has not been included in these financial statements.

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### 6. 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.

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## Four Counties Health Services Foundation Notes to the Financial Statements

March 31, 2020

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### 7. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. As a result, management anticipates a temporary decline in donation revenue and has postponed a number of its essential fundraisers. Given the daily evolution of the COVID-19 out break and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.