

Financial Statements of

**FEDERATED HEALTH  
CHARITIES CORPORATION**

Year ended September 30, 2008



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## AUDITORS' REPORT

To the Members of Federated Health Charities Corporation

We have audited the statement of financial position of Federated Health Charities Corporation as at September 30, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Organization derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenue over expenses, assets and unrestricted net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of contributions revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

November 26, 2008

# FEDERATED HEALTH CHARITIES CORPORATION

## Statement of Financial Position

September 30, 2008, with comparative figures for 2007

	2008	2007
<b>Assets</b>		
Current assets:		
Cash	\$ 689,068	\$ 646,175
Accounts receivable and prepaid expenses	89,736	78,909
	<u>778,804</u>	<u>725,084</u>
Capital assets (note 3)	909	1,819
	<u>\$ 779,713</u>	<u>\$ 726,903</u>

## Liabilities and Net Assets

Current liabilities:		
Due to member charities	\$ 734,144	\$ 685,192
Accounts payable and accrued liabilities	9,976	8,352
	<u>744,120</u>	<u>693,544</u>
Net assets:		
Unrestricted net assets	35,593	33,359
	<u>\$ 779,713</u>	<u>\$ 726,903</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# FEDERATED HEALTH CHARITIES CORPORATION

## Statement of Operations

Year ended September 30, 2008, with comparative figures for 2007

	2008	2007
Contributions (note 4)	\$ 1,812,640	\$ 1,686,151
Distributions (note 5)	1,812,640	1,686,151
	-	-
Revenue:		
Administration fees	280,297	262,943
Expenses:		
Salaries and wages	160,067	152,780
Direct mail campaign	1,905	2,735
Lottery	10,733	10,765
Administrative	8,213	10,914
Workplace campaign	60,233	51,359
Professional fees	10,393	8,155
Volunteer management and recognition	4,649	4,707
Amortization of capital assets	910	910
	257,103	242,325
	23,194	20,618
Other income	5,382	5,724
Excess of revenue over expenses	\$ 28,576	\$ 26,342

## Statement of Changes in Net Assets

Year ended September 30, 2008, with comparative figures for 2007

	2008	2007
Net assets, beginning of year	\$ 33,359	\$ 47,205
Excess of revenue over expenses	28,576	26,342
Distribution of prior year's excess of revenue over expenses	(26,342)	(40,188)
Net assets, end of year	\$ 35,593	\$ 33,359

See accompanying notes to financial statements.

# FEDERATED HEALTH CHARITIES CORPORATION

## Statement of Cash Flows

Year ended September 30, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 28,576	\$ 26,342
Amortization of capital assets which does not involve cash	910	910
Change in non-cash operating working capital:		
Accounts receivable and prepaid expenses	(10,827)	(10,011)
Due to member charities	48,952	39,314
Accounts payable and accrued liabilities	1,624	1,161
	<u>69,235</u>	<u>57,716</u>
Investments:		
Purchase of capital assets	—	(2,729)
Distribution of prior year's excess of revenue over expenses	(26,342)	(40,188)
	<u>(26,342)</u>	<u>(42,917)</u>
Increase in cash	42,893	14,799
Cash, beginning of year	646,175	631,376
Cash, end of year	<u>\$ 689,068</u>	<u>\$ 646,175</u>

See accompanying notes to financial statements.

# FEDERATED HEALTH CHARITIES CORPORATION

Notes to Financial Statements

Year ended September 30, 2008

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Federated Health Charities Corporation (the "Organization") is a coalition of provincially based charities in Ontario dedicated to raising funds for its charity members within the Ontario Public Service that will support health education and awareness, medical research, and client and patient services. The Organization was incorporated under the Canada Corporations Act and is a public foundation under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

## 1. Significant accounting policies:

### (a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. 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.

Administration fees paid in advance of the year they are intended for are reported as deferred revenue.

### (b) Financial instruments:

The Organization designates its cash as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and due to member charities are classified as other financial liabilities, which are measured at amortized cost.

### (c) Capital assets:

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, which for computer equipment is three years.

### (d) Volunteer services:

The Organization benefits substantially from services in the form of volunteer time. These invaluable services are not recorded in these financial statements.

# FEDERATED HEALTH CHARITIES CORPORATION

Notes to Financial Statements (continued)

Year ended September 30, 2008

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## 1. Significant accounting policies (continued):

### (e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses and changes in net assets during the year. Actual results could differ from those estimates.

## 2. Future accounting changes:

The following summarizes future accounting changes that will be relevant to the Organization's financial statements subsequent to September 30, 2008:

### (a) Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation:

The new Sections 3862 and 3863 replace Handbook Section 3860, Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards will apply to the Organization commencing October 1, 2008.

These standards will impact the Organization's disclosures provided but will not affect the Organization's results or financial position.

### (b) Section 4400, Financial Statement Presentation by Not-for-Profit Organizations:

Recent amendments to Section 4400, Financial Statement Presentation by Non-for-Profit Organizations, will modify the requirements with respect to various elements of financial statement presentation. These amendments include:

#### (i) Reporting certain revenue gross in the statement of operations.

# FEDERATED HEALTH CHARITIES CORPORATION

Notes to Financial Statements (continued)

Year ended September 30, 2008

## 2. Future accounting changes (continued):

- (ii) When a not-for-profit organization classifies its expenses by function and allocates some of its fundraising and general support costs to another function, disclosing the policy adopted for expenses and amounts allocated from each of these two functions to other functions.

The new standard applies to financial statements relating to the fiscal years beginning on or after January 1, 2009, specifically October 1, 2009 for the Organization. This standard will impact the Organization's disclosures provided but will not affect the Organization's results or financial position.

## 3. Capital assets:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 13,634	\$ 12,725	\$ 909	\$ 1,819

## 4. Contributions:

Contributions consist of the following:

		2008	2007
Payroll deductions:			
Ministries	\$	915,019	\$ 818,933
Agencies		171,234	144,145
Cash donations		235,368	238,371
Special events		391,499	377,071
Retirees - direct mail		67,290	75,049
Lottery		32,230	32,582
	\$	1,812,640	\$ 1,686,151

# FEDERATED HEALTH CHARITIES CORPORATION

Notes to Financial Statements (continued)

Year ended September 30, 2008

## 5. Distributions:

Distributions to member charities consist of the following:

	2008	2007
Canadian Cancer Society - Ontario Division	\$ 263,183	\$ 251,270
Heart and Stroke Foundation of Ontario	199,045	193,238
Diabetes Canada	141,001	135,720
Hemophilia Ontario	74,669	66,151
Canadian Paraplegic Association Ontario	79,782	71,724
The Kidney Foundation of Canada	91,818	84,570
The Ontario Lung Association	88,160	82,313
Alzheimer Society of Ontario	148,285	131,119
The Arthritis Society - Ontario Division	105,048	99,193
Crohn's and Colitis Foundation of Canada	109,088	101,473
Ontario Federation for Cerebral Palsy	77,427	71,458
Canadian Cystic Fibrosis Foundation	79,597	72,219
Canadian Liver Foundation	82,541	75,224
Ontario AIDS Network	92,583	85,125
Osteoporosis Canada	86,853	79,329
Schizophrenia Society of Ontario	93,560	86,025
	<u>\$ 1,812,640</u>	<u>\$ 1,686,151</u>

## 6. Related parties:

The majority of the members of the Board of Directors are representatives of the member charities that receive the distributions from the Organization. The distributions paid to the member charities are outlined in note 5. The administration fees received from the member charities to cover the operating expenses of the Organization are included as administration fee revenue.