

**FEDERATED HEALTH CHARITIES CORPORATION**

**Financial Statements**

**September 30, 2023**

**FEDERATED HEALTH CHARITIES CORPORATION**

**Index to Financial Statements**

**September 30, 2023**

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	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Federated Health Charities Corporation

### *Qualified Opinion*

We have audited the financial statements of Federated Health Charities Corporation (the "Organization"), which comprise the statement of financial position as at September 30, 2023, and the statements of changes in net assets, operations and cash flows 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 Organization as at September 30, 2023, and the results of its operations and 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 charitable organizations, the Organization derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues 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 revenues over expenses and cash flows from operations for the years ended September 30, 2023 and 2022, current assets as at September 30, 2023 and 2022, and net assets as at October 1 and September 30 for both the 2023 and 2022 fiscal years. The predecessor auditor's opinion on the financial statements for the year ended September 30, 2022 was modified accordingly because of the possible effects of this limitation of 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 Organization 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.

### *Other Matter*

The financial statements for the year ended September 30, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on February 22, 2023 for the reasons described in the *Basis for Qualified Opinion* section.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

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In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 this financial information.

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 Organization'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 Organization'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 Organization 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.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
February 6, 2024

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

# FEDERATED HEALTH CHARITIES CORPORATION

## Statement of Financial Position

As at September 30, 2023

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 360,711	\$ 281,172
Short-term investments (Note 3)	262,765	133,306
Accounts receivable (Note 10)	98,862	142,744
Prepaid expenses (Note 10)	29,179	28,035
	<u>751,517</u>	585,257
<b>LONG-TERM INVESTMENTS (Note 3)</b>	<u>-</u>	123,346
	<u><b>\$ 751,517</b></u>	<u><b>\$ 708,603</b></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Due to member charities	\$ 272,413	\$ 277,931
Accounts payable and accrued liabilities (Note 4)	32,220	26,878
	<u>304,633</u>	304,809
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	162,076	153,122
<b>INTERNALLY RESTRICTED (Note 5)</b>	284,808	250,672
	<u>446,884</u>	403,794
	<u><b>\$ 751,517</b></u>	<u><b>\$ 708,603</b></u>

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See the accompanying notes to these financial statements

**FEDERATED HEALTH CHARITIES CORPORATION**

**Statement of Changes in Net Assets**

**Year Ended September 30, 2023**

	Unrestricted	Internally Restricted (Note 5)	<b>2023</b>	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 153,122	\$ 250,672	\$ <b>403,794</b>	\$ 396,164
Excess of revenues over expenses	43,090	-	<b>43,090</b>	7,630
Transfer	(34,136)	34,136	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 162,076	\$ 284,808	\$ <b>446,884</b>	\$ 403,794

*See the accompanying notes to these financial statements*

**FEDERATED HEALTH CHARITIES CORPORATION****Statement of Operations****Year Ended September 30, 2023**

	2023	2022
<b>CONTRIBUTIONS</b> <i>(Note 6)</i>	\$ 1,573,208	\$ 1,545,422
<b>DISTRIBUTIONS</b> <i>(Note 7)</i>	<u>(1,573,208)</u>	<u>(1,545,422)</u>
	-	-
<b>REVENUES</b>		
Administration fees	394,504	340,618
<b>EXPENSES</b>		
Salaries, benefits and wages	256,745	232,248
Professional fees	37,392	13,988
Lottery	26,037	26,076
Administrative	17,556	21,649
Campaign	14,114	32,652
Volunteer management and recognition	<u>8,524</u>	<u>8,025</u>
	<u>360,368</u>	<u>334,638</u>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	34,136	5,980
<b>INTEREST INCOME</b>	<u>8,954</u>	<u>1,650</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 43,090</u>	<u>\$ 7,630</u>

*See the accompanying notes to these financial statements*

**FEDERATED HEALTH CHARITIES CORPORATION****Statement of Cash Flows**  
**Year Ended September 30, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 43,090	\$ 7,630
Changes in non-cash working capital:		
Accounts receivable	43,882	2,712
Prepaid expenses	(1,144)	(24,917)
Accounts payable and accrued liabilities	5,342	3,812
Due to member charities	(5,518)	15,389
	42,562	(3,004)
Cash flows from operating activities	85,652	4,626
<b>INVESTING ACTIVITY</b>		
Net increase in short-term and long-term investments	(6,113)	(8,825)
Cash flows used by investing activity	(6,113)	(8,825)
<b>INCREASE (DECREASE) IN CASH</b>	79,539	(4,199)
<b>CASH - BEGINNING OF YEAR</b>	281,172	285,371
<b>CASH - END OF YEAR</b>	\$ 360,711	\$ 281,172

*See the accompanying notes to these financial statements*



# FEDERATED HEALTH CHARITIES CORPORATION

## Notes to Financial Statements

Year Ended September 30, 2023

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### 1. ORGANIZATION AND OPERATIONS

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 previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act in March 2014. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

#### 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 are recognized as revenue in the fiscal year to which they relate.

Interest income is recognized in the year earned, as reported by financial institutions interacted with.

#### Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently at amortized cost.

The financial assets and liabilities subsequently measured at amortized cost include cash, accounts receivable, and accounts payable.

Short-term and long-term investments are measured at cost plus accrued interest.

#### Impairment of financial instruments

Financial assets, measured at cost or amortized cost, are tested for impairment if there are indications of possible impairment. The impairment loss is measured as the difference between the carrying value and estimated recoverable amount. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal, had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

#### Volunteer services

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

#### In-kind donations

Donated items are recorded when a fair market value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

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# FEDERATED HEALTH CHARITIES CORPORATION

## Notes to Financial Statements Year Ended September 30, 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Use of estimates

The preparation of financial statements in conformity 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 year. Such estimates are reviewed periodically and adjustments are reported in excess of revenues and expenses in the year they become known. Such estimates include collectability of accounts receivable and year-end accrued liabilities.

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### 3. SHORT-TERM AND LONG-TERM INVESTMENTS

The Organization holds guaranteed investment certificates in the amount of \$262,765 (2022 - \$256,652), with interest rates of 2.50% to 4.25% (2022 - 0.10% to 2.50%) and maturity dates in October 2023 and November 2023 (2022 - October 2022 to October 2023).

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### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$4,370 (2022 - \$4,323), which includes amounts payable for payroll taxes.

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### 5. INTERNALLY RESTRICTED NET ASSETS

#### *Reserve fund*

In 2013, the Board of Directors resolved to set aside funds to cover future unforeseen administration costs. The use of these funds is at the discretion of the Board of Directors. A total of \$247,632 (2022 - \$250,672) has been internally restricted by the Board of Directors for this purpose.

#### *Special project fund*

In 2023, the Board of Directors resolved to set aside funds to build and maintain an adequate level of funds to support the Organization's special projects that are above the regular day-to-day operations of the Organization and campaign. The use of these funds is at the discretion of the Board of Directors. A total of \$37,176 has been internally restricted by the Board of Directors for this purpose.

The above Fund balances are supported by cash and investments in GICs.

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### 6. CONTRIBUTIONS

Contributions consist of the following:

	2023	2022
From payroll deductions of:		
Ministries	\$ 1,118,132	\$ 1,165,018
Agencies	76,027	81,158
Special events	203,456	119,780
Cash donations	109,728	101,761
Lottery	65,865	77,705
	<u>\$ 1,573,208</u>	<u>\$ 1,545,422</u>

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**FEDERATED HEALTH CHARITIES CORPORATION****Notes to Financial Statements**  
**Year Ended September 30, 2023****7. DISTRIBUTIONS**

Distributions to member charities consist of the following:

	2023	2022
Canadian Cancer Society - Ontario	\$ 205,760	\$ 210,672
Alzheimer Society of Ontario	171,746	165,881
Heart and Stroke	135,736	136,781
Diabetes Canada	104,317	101,025
Parkinson Canada	78,445	75,806
Autism Ontario	74,639	72,350
Crohn's and Colitis Canada	73,372	70,964
Arthritis Society	67,301	66,088
Institute for Advancements in Mental Health	66,832	66,945
ALS Society of Canada	62,016	56,360
The Kidney Foundation of Canada	60,303	55,472
MS Canada	59,851	61,565
Sickle Cell Awareness Group Ontario	55,310	54,182
Ontario AIDS Network	49,944	51,381
Lung Health Foundation	49,440	49,745
Cystic Fibrosis Canada	48,214	48,397
Canadian Liver Foundation	46,526	42,933
Spinal Cord Injury Ontario	43,673	42,474
Osteoporosis Canada	42,442	40,709
Ontario Federation for Cerebral Palsy	40,028	39,349
Hemophilia Ontario	37,313	36,343
	<u>\$ 1,573,208</u>	<u>\$ 1,545,422</u>

**8. RELATED PARTY TRANSACTIONS**

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 7. The administration fees received from the member charities to cover the operating expenses of the Organization are included as administration fees revenue

**9. FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant credit, liquidity, market, currency, interest rate or other price risks arising from its financial instruments.

**10. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.