

FEDERATED HEALTH CHARITIES CORPORATION

Financial Statements

September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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, 2024, 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, 2024, 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, 2024 and 2023, current assets as at September 30, 2024 and 2023, and net assets as at October 1 and September 30 for both the 2024 and 2023 fiscal years. Our audit opinion on the financial statements for the year ended September 30, 2023 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.

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.

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.
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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 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 24, 2025

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

FEDERATED HEALTH CHARITIES CORPORATION**Statement of Financial Position****As at September 30, 2024**

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 365,874	\$ 360,711
Short-term investments <i>(Note 3)</i>	307,606	262,765
Accounts receivable	113,441	98,862
Prepaid expenses	5,700	29,179
	<u>\$ 792,621</u>	<u>\$ 751,517</u>
LIABILITIES		
CURRENT		
Due to member charities	\$ 264,964	\$ 272,413
Accounts payable and accrued liabilities <i>(Note 4)</i>	36,133	32,220
	<u>301,097</u>	<u>304,633</u>
NET ASSETS		
UNRESTRICTED	162,076	162,076
INTERNALLY RESTRICTED <i>(Note 5)</i>	<u>329,448</u>	<u>284,808</u>
	<u>491,524</u>	<u>446,884</u>
	<u>\$ 792,621</u>	<u>\$ 751,517</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, 2024

	Unrestricted	Internally Restricted (Note 5)	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 162,076	\$ 284,808	\$ 446,884	\$ 403,794
Excess of revenues over expenses	44,640	-	44,640	43,090
Transfer	(44,640)	44,640	-	-
NET ASSETS - END OF YEAR	\$ 162,076	\$ 329,448	\$ 491,524	\$ 446,884

See the accompanying notes to these financial statements

FEDERATED HEALTH CHARITIES CORPORATION**Statement of Operations****Year Ended September 30, 2024**

	2024	2023
CONTRIBUTIONS <i>(Note 6)</i>	\$ 1,602,347	\$ 1,573,208
DISTRIBUTIONS <i>(Note 7)</i>	<u>(1,602,347)</u>	<u>(1,573,208)</u>
	-	-
REVENUE		
Administration fees	386,074	394,504
EXPENSES		
Salaries, benefits and wages	271,450	256,745
Lottery	26,038	26,037
Campaign	22,755	14,114
Administrative	17,121	17,556
Professional fees	12,753	37,392
Volunteer management and recognition	<u>7,359</u>	<u>8,524</u>
	357,476	360,368
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	28,598	34,136
INTEREST INCOME	<u>16,042</u>	<u>8,954</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 44,640</u>	<u>\$ 43,090</u>

See the accompanying notes to these financial statements

FEDERATED HEALTH CHARITIES CORPORATION**Statement of Cash Flows**
Year Ended September 30, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 44,640	\$ 43,090
Changes in non-cash working capital:		
Accounts receivable	(14,579)	43,882
Prepaid expenses	23,479	(1,144)
Accounts payable and accrued liabilities	3,913	5,342
Due to member charities	(7,449)	(5,518)
	5,364	42,562
Cash flows from operating activities	50,004	85,652
INVESTING ACTIVITY		
Net increase in short-term investments	(44,841)	(6,113)
Cash flow used by investing activity	(44,841)	(6,113)
INCREASE IN CASH	5,163	79,539
CASH - BEGINNING OF YEAR	360,711	281,172
CASH - END OF YEAR	\$ 365,874	\$ 360,711

See the accompanying notes to these financial statements

FEDERATED HEALTH CHARITIES CORPORATION

Notes to Financial Statements

Year Ended September 30, 2024

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.

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, 2024

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.

3. SHORT-TERM AND LONG-TERM INVESTMENTS

The Organization holds guaranteed investment certificates in the amount of \$307,606 (2023 - \$262,765), with interest rates of 3.50% to 5.75% (2023 - 2.50% to 4.25%) and maturity dates in November 2024 and October 2025 (2023 - October 2023 and November 2023).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$4,560 (2023 - \$4,370), which includes amounts payable for payroll taxes.

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 \$266,732 (2023 - \$247,632) 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 \$62,716 (2023 - \$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.

6. CONTRIBUTIONS

Contributions consist of the following:

	2024	2023
From payroll deductions of:		
Ministries	\$ 1,135,951	\$ 1,118,132
Agencies	74,365	76,027
Special events	219,788	203,456
Cash donations	110,258	109,728
Lottery	61,985	65,865
	<u>\$ 1,602,347</u>	<u>\$ 1,573,208</u>

FEDERATED HEALTH CHARITIES CORPORATION**Notes to Financial Statements**
Year Ended September 30, 2024**7. DISTRIBUTIONS**

Distributions to member charities consist of the following:

	2024	2023
Canadian Cancer Society	\$ 217,885	\$ 205,760
Alzheimer Society of Ontario	178,737	171,746
Heart and Stroke	139,899	135,736
Diabetes Ontario	103,330	104,317
Autism Ontario	74,649	74,639
Canadian Institute for Advancements in Mental Health	74,172	66,832
Parkinson Canada	73,801	78,445
Arthritis Society	68,436	67,301
Crohn's and Colitis Canada	66,537	73,372
ALS Society of Canada	64,505	62,016
MS Canada	61,413	59,851
The Kidney Foundation of Canada	60,893	60,303
Sickle Cell Awareness Group Ontario	57,238	55,310
Ontario AIDS Network	52,051	49,944
Lung Health Foundation	50,167	49,440
Canadian Liver Foundation	48,188	46,526
Cystic Fibrosis Canada	47,894	48,214
Spinal Cord Injury Ontario	43,385	43,673
Osteoporosis Canada	42,424	42,442
Ontario Federation for Cerebral Palsy	40,180	40,028
Hemophilia Ontario	36,563	37,313
	\$ 1,602,347	\$ 1,573,208

8. 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.