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April 15, 2014

Aimee Moore
Administrative Lead
Georgian Nurse Practitioner-Led Clinic
One Georgian Dr, M139
Barrie, ON
L4M 3X9

Re: Proposal to Provide External Audit Services for Georgian Nurse Practitioner-Led Clinic

It is our pleasure to submit this proposal to provide audit services to the Georgian Nurse Practitioner-Led Clinic ("the Clinic"). We would like to thank you for this opportunity and look forward to continuing to work with you if we are selected.

Continuous communication and anticipation of client needs are key to the success of any engagement. We are committed to providing you with:

- an effective audit delivered with integrity and objectivity;
- availability of knowledgeable partners and senior personnel to assist the Clinic with issues on a timely basis;
- advisors who stay current with issues in the health care industry;
- a team that will respond to the needs of the Clinic in specialized areas as required; and
- a competitive fee.

We are confident that BDO Barrie has the experience, skills and personnel to successfully support and advise you as auditors and advisors. As a member of one of the communities you serve, we would very much like to be chosen as your auditor.

Yours truly,

Lindsay Langlois

Lindsay Langlois, CPA, CA
Partner

BDO Canada LLP

Georgian Nurse Practitioner- LED Clinic

Proposal to Provide External Audit Services

April 15, 2014



To: Aimee Moore, Administrative Lead
Georgian Nurse Practitioner-Led Clinic
1 Georgian Dr, Suite M139
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From: Lindsay Langlois, CPA, CA, Partner (Main Contact)
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EXECUTIVE SUMMARY

We appreciate the opportunity to submit our proposal to provide audit services to the Georgian Nurse Practitioner-Led Clinic ("the Clinic").

Commitment to Quality and Service Delivery

BDO is one of the leading national accounting firm worldwide and in Canada. We have the resources of a global firm with a strong local presence. We have incorporated several processes to assist during our audit. They include:

- A designated client service partner responsible to ensure client satisfaction
- A single point of contact for all your requirements
- A commitment to your delivery schedule

Service Team and Commitment to Continuity

Lindsay Langlois, CPA, CA will continue as your Engagement partner and primary point of contact. Lindsay will be responsible to ensure client satisfaction and that your needs are met. She will be supported by a team composed of:

- Joel Russell, CPA, CA - Audit Manager
- Andrew Savage - Audit Senior

We are proposing the same partner and manager that have served the Clinic since the 2010 year end. We are committed to staff continuity.

Experience

BDO, in general, and your engagement team, in particular, have extensive experience working with health care related clients and other not-for-profit organizations. Nationally, BDO has over 2,000 not-for-profit clients. In Ontario alone, we serve 18 hospitals, as well as numerous other long-term care facilities, social services and health care organizations.

Your proposed engagement partner, Lindsay Langlois, has over 10 years of audit experience, including considerable expertise with public sector and not-for-profit organizations including health care facilities and can work effectively with the management team and the Board of Directors.

Your proposed engagement manager, Joel Russell, has over 5 years of audit experience, including considerable expertise with non-profit organizations.

Conclusion

We believe BDO is the right firm for the Clinic because:

- Your engagement team has extensive experience with the Clinic and similar organizations.
- We have the ability to meet your immediate and future needs with our local team.
- We maintain a personalized hands-on approach.
- We will provide the required services on time and within budget.

NOT-FOR-PROFIT EXPERIENCE

BDO is a national firm serving health care organizations, public sector organizations, not-for-profit organizations and independent businesses. BDO has been assisting health care organizations succeed for over 90 years and these organizations continue to be an important focus of the firm. Nationally, BDO has over 2,000 not-for-profit clients. In Ontario alone we serve 18 hospitals, as well as numerous other long-term care facilities, social services and health care organizations.

Our health care clients rely on BDO because we understand their operations and challenges and work with them to ensure their goals are met. For a list of BDO's health care audit clients, please see Appendix I.

Locally, BDO serves the following healthcare related not-for-profit organizations:

- **Georgian Nurse Practitioner-Led Clinic**
- Stevenson Memorial Hospital
- Barrie Community Health Centre
- Barrie Community Family Health Team
- Hospice Simcoe
- South Georgian Bay Community Health Centre
- Southlake Family Health Team
- Aurora Family Health Team
- East GTA Family Health Team
- Scarborough Academic Family Health Team
- Canadian Red Cross Home Support
- Waypoint Centre for Mental Health

Health Care Experience

BDO is committed to developing your organization and business practices by adding value with our standard audit services. We will work with the Clinic in dealing with the issues of today and tomorrow. We stand ready to support you in dealing with the complex health care issues you may face, including:

- an aging population;
- revenue generation opportunities;
- funding formula changes;
- sharing of resources;
- MOHLTC accreditation process / Report Cards;
- management information systems;
- nursing shortages and the recruitment of personnel; and
- provincial budget constraints and their impact on services at a local level

Experience with the Ministry of Health and Long Term Care

We provide many special reports to various Ministries for specific funding purposes for our not-for-profit and public sector clients. Some of the special reports we have experience providing include:

- Annual Program Expenditure Reconciliation Report (APER) - Ministry of Health and Long-Term Care
- Long-Term Care Home Annual Report - Ministry of Health and Long-Term Care
- Year End Settlement Report for Hospital On-Call Coverage - Ministry of Health and Long-Term Care
- Hospital Infrastructure Renewal Program Report (HIFR) - Ministry of Health and Long-Term Care
- Annual Reconciliation Reports - Ministry of Health and Long-Term Care and Local Health Integration Networks
- Audit of Statement of Disbursements and Source of Funds - Ministry of Health and Long-Term Care
- Annual Transfer Payment Annual Recompilation (TPAR) - Ministry of Community and Social Services and Ministry of Children and Youth Services

BDO's Health Care Industry Group

BDO's Health Care Industry Group is a forum for the firm's hospital and health care organization auditors from offices across Canada to exchange information and ideas so we can bring the full knowledge and experience of our professionals serving health care entities to bear on our client's opportunities and challenges.

The members of the group share ideas, knowledge and approaches that will not only foster more efficient and effective audits, but will also provide our clients with an improved, value-added service. They are instrumental in developing training materials for internal training programs. The Health Care SharePoint site is used for sharing documents, training, discussions and proactive planning initiatives.

This means that the Clinic will have access to the knowledge and experience of BDO's professionals providing audit services to other healthcare-related not-for-profit organizations in Ontario, our audit professionals serving other similar organizations across Canada, as well as our tax, advisory and IT solutions professionals who serve health care organizations. The Clinic can be assured that by engaging BDO it will have access to an office and a firm that proactively addresses new issues as they arise.

Health Care Specialty and Other Services

In addition to auditing, accounting and tax expertise, BDO has the comprehensive capability to meet the wide-ranging needs of our clients. Our involvement with the health care sector includes:

- enhancing relationships with government and other third party payers
- HST consulting
- hospital and health care audit services
- internal control reviews of areas such as payroll, charitable contributions and revenue
- preparation of MOHLTC annual reconciliation reports
- preparation of not-for-profit and registered charities annual filings

The Barrie office provides a comprehensive range of services in addition to auditing and accounting services. Our team members have assisted organizations to obtain registered charity status, and with charitable giving arrangements. We have also assisted clients with cash flow planning and obtaining financing, executive compensation strategies and counseling for employees of organizations that are offered retirement packages. We represent our clients in dealing with tax objections and appeals

related to personal, corporate or consumption taxes. As well, we provide elder care services, bookkeeping services, and bankruptcy services. The professionals with the best qualifications to meet your needs will be procured for these engagements.

In recent years we have provided the following special services to our not-for-profit clients:

- Setting up a structure for a charity to own a non-related for profit business venture;
- Review of charitable receipting procedures to ensure that charity is issuing valid charitable receipts for in-kind donations;
- Review of charitable receipting procedures for donations where an advantage is provided to the donor;
- Review of charitable receipting procedures related to fundraising events to ensure compliance;
- Review to ensure Charities are compliant with the GST laws;
- Governance issues;
- Payroll issues;
- Other Commodity tax issues, including Harmonized Sales Tax, Goods and Services Tax and Provincial Sales Tax;
- Financial reporting issues and disclosure requirements;
- Assistance responding to audits from Federal and Provincial governments;
- Performance of an information technology security review;
- Preparation of capital and operating projections and business plans;
- Derivative Reports as required by various Federal and Provincial programs;
- Not-for-profit organization returns and related taxation issues;
- Operational Reviews and other financial reports;
- Assistance with implementing new guidelines with respect to accounting standards; and,
- Implementation of computerized accounting systems including AccPac and Great Plains.

Due to our experience and large number of clients in the not-for-profit sector, we also offer the following special service:

- Corporate Governance & Audit Committee Training - the importance of the Audit Committee and organizational effectiveness has been brought to the forefront. BDO has assisted several organizations with financial literacy training and sessions on corporate governance and audit committee best practices. If desired, your engagement partner can review training opportunities with management and the Audit Committee.

A complete list of services available through BDO is included in Appendix III.

Complimentary Advisory Services

General Enquiries, Guidance and Assistance Policy

We are available to provide general support and information on a broad variety of tax, accounting, human resource and legislative issues. Many day-to-day questions and assistance arise during the course of the year where BDO can assist you, and your Engagement Partner, Lindsay Langlois, is a valuable resource to answer questions or discuss any issues. **These general enquiries, assistance and guidance can be provided on the telephone or in person at no extra charge to the Clinic.** Some of these include handbook guidelines, guidance on tax matters, Enterprise Resource Planning, general ledger, etc. If the enquiry develops into a more substantial project, the terms of reference and fees would be discussed and agreed in advance before any work commences.

Professional Development Sessions

Across the country, BDO offers a series entitled, "Meeting Your Professional Development Requirements" (MYPDR) to clients with designations (CPA, CA, CMA, CGA) to help them meet the provincial professional development requirements set out by the professional associations. These sessions are offered to your designated staff, as well as to any other interested parties at no cost. Here are some examples of the sessions held recently include:

- Connecting Technology to Business Strategy
- Employee Fraud - What you don't know can hurt you
- Funding Innovation and Growth - SR&ED Changes
- Annual Tax Update
- IFRS Update

Publications

BDO provides a number of reports that may be of interest to you. Our publications pertain to Assurance and Accounting, US, International and Canadian Tax - including Transfer Pricing, Comment Letters, Events and Trends, Year in Review, and much more:

- Assurance and Accounting publications
- Federal and Provincial budget releases;
- Risk Advisory Services publications (i.e. Internal Audit Strategic Co-Sourcing; Establishment of an effective Internal Audit Function; IT Control Design and Evaluation)
- HST/GST/PST interpretations;
- Client tax newsletter - periodically; and
- Various technical publications (i.e. Audit Committees, ASNPO Standards).

These reports ensure our clients receive timely updates on changes that affect their organizations.

Seminars, webinars and events

Our team offers a variety of complimentary events, ranging from small roundtables of like-minded business owners within an industry, to larger in-person events with industry business leaders. We also

host webinars on accounting and tax issues, as well as budgetary comments that directly affect specific industries.

New Developments

We strive to be well-informed of new developments, such as accounting, taxation and regulatory matters that affect our clients, in order to communicate how these new developments will affect their organization.

A current example relevant to the Clinic is the Statement of Principles that was released this past May by the Accounting Standards Board and the Public Sector Accounting Board. This Statement of Principles includes a number of proposed improvements to the current Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO). If these changes were to be made, it would drastically change the financial reporting for the Clinic.

Principle 14 suggests that private sector NPOs will require expenses to be presented by both function and object (nature) rather than on one of the two bases. This may have a significant impact on the Clinic's financial statement presentation as it will require additional notes which breaks down all the expenses recorded in the statement of operations by type.

PROPOSED TEAM

At BDO, we pride ourselves on our client facing, hands-on approach. This service approach enables us to provide our clients with on-going availability and quick response to discuss complex accounting, tax and reporting issues. Our corporate culture is one of transparency, fairness and hands-on client attention. Our firm supports this culture with definitive action through our partner-to-staff ratios, our face-to-face communication standards and our use of in-field reviews.

We take a partner-led approach which delivers the highest quality of service by using short, functional chains of communications to aid decision-making. Our partners are involved throughout each stage of the audit, ensuring:

- We identify and resolve issues on a timely basis.
- We provide you with senior-level contact to address your concerns.
- The audit addresses the key areas and is carried out efficiently.

The following are brief biographies of the senior professionals who will be assigned to the audit. Lindsay Langlois and Joel Russell are BDO-certified assurance specialists/reviewers. In order to qualify for these accreditations each must meet annual minimum professional development and practical experience hours. As assurance specialists/reviewers, they are responsible for ensuring that BDO complies with all audit standards and procedures.

Lindsay Langlois, CPA, CA - Engagement Partner

As engagement partner, Lindsay has the ultimate responsibility for the provision of services, ensuring the audit is performed in a cost-effective and efficient manner by the proper level of staff in accordance with current regulations. Lindsay will be the primary contact for the Clinic's management, Audit Committee and Board of Directors. She will ensure that the appropriate BDO resources are available and will proactively address client satisfaction.

Lindsay has over ten years of experience in public accounting - primarily in audit, personal and corporate taxation, general client financial and management advisory services. Lindsay has considerable expertise with not-for-profit based organizations, and can work effectively with the management team and the Board of Directors. She has served the Clinic for the past 4 years.

Lindsay has been asked to instruct at various internal BDO internal training courses including several annual accounting and assurance updates. Lindsay also filled the role of Local Accounting and Assurance Coordinator for many years. These activities have kept her current on the changes in the accounting standards.

Education

- CPA, Ontario, 2013
- CA, Ontario 2002
- Honours Bachelor of Accounting, Brock University (2001)

Joel Russell, CPA, CA - Audit Manager

Joel has over five years of experience in public accounting, primarily in audit, accounting and corporate taxation. During his time with BDO, Joel has worked with a variety of not-for-profit based organizations,, government funded agencies and trust funds. He also has experience preparing not-for-profit, charity, personal and corporate tax returns. Joel has served the Clinic for the past 4 years.

Education

- CPA, Ontario, 2013
- CA, Ontario, 2011
- CICA, UFE National Honour Roll, 2009
- Bachelor of Business Administration, Accounting, Nipissing University, 2008

Andrew Savage - Senior Auditor

Andrew has been with BDO Canada LLP since 2010. His public accounting experience includes assurance and accounting engagements for various types of public sector, not-for-profit organizations, and corporations. His not-for-profit experience includes community-based organizations, government funded agencies and trust funds. He also has experience preparing not-for-profit, charity, personal and corporate tax returns.

Education

- Bachelor of Accounting, Brock University

Staff Continuity

At BDO, we strive to maintain continuity on our engagement teams to maximize the benefit of our experience with our clients' operations, reduce disruptions to their staff, and to efficiently monitor and control the quality of service you receive. Over the past three years, BDO's staff turnover has been minimal.

BDO confirms that the proposed team members are available to serve the Clinic. Should a change in engagement team member be required due to unforeseen circumstances, it will be disclosed and discussed with the management of the Clinic, as appropriate. Having confirmed that, BDO has a strong history of excellent staff continuity on its engagements and does not anticipate a change in engagement team for the duration of the contract.

Independence

In the past, BDO has been able to complete the annual audit engagements with no independence issues. Unless changes have occurred within your organization, including changes to the board of directors that we are unaware of, we do not anticipate there will be any independence issues going forward.

AUDIT APPROACH

The purpose of a financial audit is to provide assurance that the financial statements are being presented accurately and that the accounting is being conducted in accordance with specified standards, norms, and regulations. BDO believes that an audit should be performed in the context of an organization's business model, operating environment and industry. We focus on key risks and create a framework for our team members to assess how these risks are managed in the context of financial reporting.

We understand from our health care experience that our health care industry clients have reporting obligations, usually under tight timelines. Our audit is efficient and timely with minimal disruption and with an emphasis on planning that ensures all stakeholders have an understanding of their responsibilities and deadlines. We have developed not-for profit audit questionnaires and programs geared towards the types of transactions and events as well as the legislative complexities of these organizations in Ontario.

As public accountants and auditors, all audits and reports are issued in compliance with GAAP (Generally Accepted Accounting Principles), which for the Clinic will likely mean reporting under Accounting Standards for Not-for-Profit Organizations.

Nationally, we have staff whom liaise with the Ministry of Health and Long-Term Care and the Chartered Professional Accountants of Canada - formerly the Canadian Institute of Chartered Accountants (CICA) - to ensure we are up-to-date on relevant regulations and issues. Teams on public sector and not-for-profit engagements are updated regularly on all legislative and regulatory changes through our internal Healthcare Significant Interest Group.

Audit Methodology

We will follow a uniform audit approach adopted by BDO member firms throughout the world. Adherence will be closely monitored through a rigorous internal quality assurance program.

We have successfully provided services to a number of not-for-profits similar to your organizations. In accordance with your timing requirements, we have developed an audit process that focuses on the following:

Efficiency and Effectiveness - so that all risk areas are given appropriate attention

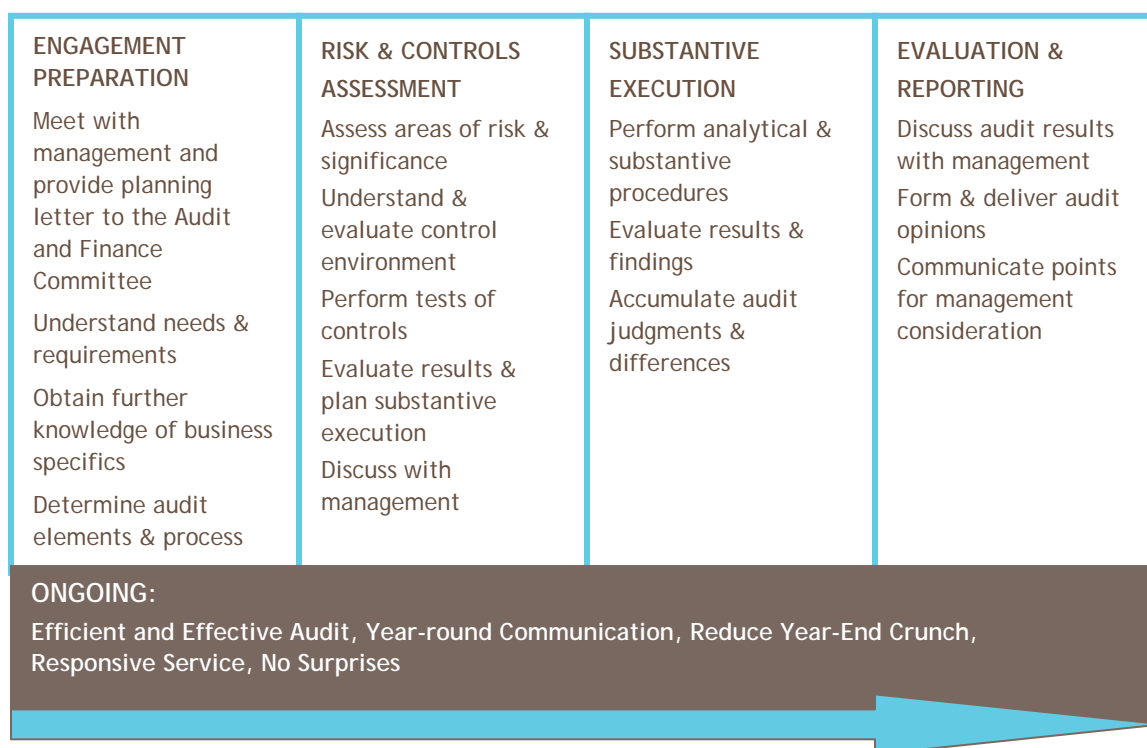
Timeliness - where deadlines are met and we act responsively and turn work around quickly

Minimal disruption - ensuring that our work is completed accurately, thoroughly and as seamlessly as possible

The conduct of our audit also affords us the opportunity to see many of your organizational processes in operation. This enables us to provide audit-derived recommendations that go beyond the required reporting obligations. Many clients appreciate these audit-derived recommendations which are based on sound experience and proven expertise.

Audit Process

The following diagram provides an overview of the four phases of our audit process.



Detailed information about BDO's audit approach is provided in Appendix II. Quality control measures are built into our audit process and include training, working paper/audit request letters, interim work and audit planning meetings and in-field reviews. Detailed information regarding the quality control program is also included in Appendix II.

BDO's Communication Process

At BDO, we believe in maintaining regular communication year round to address technical or client service issues in a timely manner. Formally, we will communicate with Management from the planning process through to the final stages of the engagement. Our communication process is as follows:

Communication During Planning Process

During the planning process, we request information and perspective to assist us in our knowledge and understanding of the organization. We also inquire if there are any additional areas of concern for us to consider when undertaking the engagement. We will collaboratively work with the Clinic on the engagement approach, the responsibilities of management and BDO, and we will also confirm our independence.

Communication During the Engagement

As issues arise, we deal with them immediately, leaving no surprises for the end. Status updates will be used as a road map of the engagement as well as to document all communication.

Post-Engagement Communication

A post-engagement report to the Clinic will outline the tasks, deliverables and outcomes of the engagement.

It is our policy to maximize the value of our work. During the course of our work, we will make notes of any matters that we believe should be brought to your attention. In particular we will report on:

- any significant weaknesses we observe, together with our recommendations for corrective action;
- areas where efficiencies could be made; and,
- other value-added suggestions that we feel would be beneficial to the Clinic.

We view this as an opportunity to provide a constructive service to our clients. The engagement partner and manager will review the report with designated the Clinic management who must be satisfied that the individual recommendations are meaningful and that the overall presentation is effective before the report is released.

Meetings and Subsequent Assistance

BDO will be available to attend meetings as required and the partner and manager will be available when required to present the report to the Clinic designated representatives.

Use of Computer Audit Specialists

As auditors we need to have an appreciation for, and an understanding of, the risks and constraints of IT, as well as the adequacy of internal controls present in your accounting and transaction processing systems. A CISA designated team member will work with the engagement team to help identify any risks or system weaknesses throughout the course of the audit.

BDO's Computerized Audit Tools

We will utilize a number of advanced computer programs in all areas to perform an effective and efficient audit of the Clinic. The use of computer-assisted audit techniques will allow us to test certain data files through the use of BDO software programs.

- BDO Audit Process Tool Program - The Audit Process Tool software was designed by BDO and is unique to our engagements. Our objectives were to improve efficiency in completing audit files and to improve the effectiveness of how our audits are conducted and documented. Workflow "wizards" electronically guide the audit process through client setup, engagement planning, audit execution and file review. Information flows automatically between forms to reduce user error and data entry time by eliminating repetition and irrelevant questions. As the audit progresses, the program provides contextual technical guidance on-screen, along with access to BDO Manuals, BDO Compass, knowledge libraries and other BDO audit resources. All of this information is accessible by a simple "mouse click". The result is an efficient, effective audit from the planning stages to completion of file reviews.
- IDEA (Interactive Data Extraction and Analysis) allows us to analyze and manipulate data. We can extract and rework the data to support random statistical sampling, continuity testing, profiling and graphical analysis.

PROPOSED FEES

By offering an engagement team with experience serving the Clinic and other not-for-profit organizations, BDO can effectively manage the time on the engagement, which in turn, reduces the project cost in both fees and time spent by individuals in your organization. BDO is able to offer competitive fees for the following reasons:

- The proposed engagement team is familiar with the provision of health care organization audit services and will use that knowledge to provide an efficient, quality audit.
- Our extensive use of computers and related software substantially reduces our audit and review time and enables us to respond quickly to issues.
- The engagement partner and manager will take a “hands-on” approach, thereby reducing review time and allowing us to address issues promptly.

Our proposed fee is based on the expectation of our appointment our understanding of your expectation of auditors.

The proposed fee for the audit of the Clinic for 2015, 2016 and 2017 is summarized in the below.

TASK	2015	2016	2017
Audit opinion and preparation of the financial statements	\$8,200	\$8,500	\$8,800
Preparation of T2 and NPO Information Return	\$300	\$300	\$300
Special Report on the Statement of Operating Agreement Expenditures as required by the Ministry	\$2,000	\$2,000	\$2,000
Discount (20%)	(\$2,100)	(\$2,160)	(\$2,220)
Adjusted Fee	\$8,400	\$8,640	\$8,880

The fee quoted includes:

1. Consultation with the Clinic’s management and the Board of Directors on matters of a minor nature
2. All work associated with the issue of the audited financial statements, management letter and special reports as required.
3. The fees include disbursements.
4. We do not charge an administrative fee on our services.
5. Attending the annual general meeting and finance committee meeting

If a significant change in Ministry audit requirements, Canadian generally accepted accounting principles or standards, Clinic accounting systems or finance staff occurs during the year which would be expected to impact the time required to carry out the audit, we would discuss and review the issues and impact, if any, on the audit fee.

The quoted fee is before charges for HST. The fee estimate assumes that the books and records are complete, balanced and reconciled. This quote does not include any additional work due to unforeseen changes in audit standards or financial statement disclosures required by the Chartered Professional Accountants of Canada.

Incidental Advice and General Accounting Assistance

Our fees include occasional routine consultation with the Clinic’s management and the Board of Directors on accounting and assurance matters. Typically we do not bill extra for advice given or matters discussed over the telephone concerning any topic our range of services covers.

We assure you that, if the need arises for services requiring additional fees (i.e. audits of specifically designated funding, issues requiring significant research and investigation, or other BDO consulting services), we would meet with management and/or the Board of Directors to discuss proposed fees for these services prior to the commencement of the work. These fees would be negotiated on the basis of the time spent and level of expertise of the individuals involved. A confidential schedule of hourly rates that would generally apply is provided below.

Professional	Hourly Rate
Partner	\$300 to \$375
Managers - Senior Managers	\$150 to \$280
Senior Auditors	\$120 to \$140
Junior Auditors	\$90 to \$115
Tax Resource	\$180 - \$400
BDO Solutions Resource	\$185 - \$425
Other consultants and specialists	As required

WHY CHOOSE BDO?

You Will Receive Exceptional Client Service

As a firm we pride ourselves on our ability to deliver *Exceptional Client Service*. We have structured our firm to ensure a high level of access to our partners and senior staff and have specifically defined the customer service experience at BDO. We commit to you that we will:

- Anticipate your needs and be forthright in our views to ensure the best outcome for you;
- Be clear, open and swift in our communication;
- Agree to and meet all of our commitments;
- Have empowered people with the skills, experience and desire to take on responsibility; and
- Create value by providing you with up-to-date ideas, valuable insight and advice you can trust.

The Clinic will be served by professionals with not-for-profit experience. Our in-field reviews mean that queries are quickly cleared by final decision makers on-site, ensuring issue resolution prior to leaving the field.

Your Auditor is a leader in the Not-for-Profit Sector

BDO has extensive not-for-profit and public sector experience serving health care related organizations, as well as other not-for-profit organizations. Lindsay Langlois will continue to serve the Clinic and has extensive not-for-profit sector experience. The engagement team that will serve you is fully versed in the rules and regulations of not-for-profit sector entities and makes a significant commitment to professional development. Our tax team is fully conversant with the rules and regulations of the Income Tax Act and commodity taxation related to the areas of most importance for charitable organizations. The engagement team and the Clinic will also have the full support of BDO's national resources, if required.

You Are An Important Client to BDO

We understand your operations and the community in which you operate. We have been working with clients on challenges and opportunities common to not-for-profit organizations in Ontario for several years. Our team has the enthusiasm and desire to continue working closely with the Clinic to bring added value to the audit.

In summary, you will benefit as follows:

- **Your engagement team will be available year-round** to address any questions or concerns: not just at year-end audit time.
- **Your engagement team will be experienced.** We understand the not-for-profit environment. Our long-standing relationships with our clients have been built on the client service our firm is known for.
- **You will be kept informed of not-for-profit issues.** BDO is committed to the not-for-profit sector through in-house training and the active pursuit of an understanding of the issues affecting it. One of the methods of how we keep our clients informed is through our not-for-profit seminars that we offer to our clients.

- **You will appreciate continuity** at the partner, senior manager and senior levels during the engagement. Our track record for staff continuity has been exceptional with not-for-profit engagements and will minimize disruption to you.
- **Your audit team will work with you.** Our policy is to co-develop the timing of your audit to ensure that it meets your requirements. We will ensure the audit proceeds efficiently and that any issues are resolved on a timely basis.
- **You will have access to BDO's national resources.** In addition to audit and tax services, BDO offer extensive risk and financial advisory services as well. We can meet your needs, now and into the future.
- **You will have no surprises:** what we quote is what you will pay. We will provide the required services on time and within budget.

Our Promise to You

We will provide knowledgeable professionals and provide timely, proactive accounting and advisory services. We will be responsive, meet deadlines, deal with issues early in the audit process and ensure our partners are available when you need us. We are prepared to commit the time and resources needed to ensure that your needs are met year round.

APPENDIX I - BDO'S HEALTH CARE CLIENTS

Atlantic Canada

Labrador-Grenfell Regional Health Authority

Quebec

Kateri Memorial Hospital Centre

Ontario

Bluewater Health & Foundation

Dryden Regional Health Centre

Four Counties Health Services

Grey Bruce Health Services

Halton Healthcare Services

Hanover & District Hospital

Humber River Regional Hospital

Listowel Wingham Hospitals Alliance

Mattawa General Hospital

North Bay General Hospital

Peterborough Regional Health Centre and Foundation

Red Lake Margaret Cochenour Memorial Hospital

Riverside Health Care Facilities

Ross Memorial Hospital (Lindsay), Auxiliary and Foundation

Sioux Lookout Meno-Ya-Win Health Centre

South Bruce Grey Health Centre (includes Chesley, Durham, Kincardine and Walkerton Hospitals)

Southwest Middlesex Health Centre

Stevenson Memorial Hospital (Alliston) and Foundation

Strathroy Middlesex General Hospital

Waypoint Centre for Mental Health Care

West Nipissing General Hospital

Western Canada

Centre de Santé Saint-Boniface Health Centre (MB)

Churchill Regional Health Centre (MB)

Concordia Hospital (MB)

Interlake Regional Health Authority (MB)

South Eastman Health/Sante Sud-Est Inc. (MB)

David Thompson Health Region (AB)

Sea to Sky Regional Hospital District (BC)

Additional Foundations

Cambridge Memorial Hospital Foundation

Cancercare Manitoba Foundation Inc. (MB)

Cottage Hospital Auxiliary & Foundation

Drayton Health Services Foundation (AB)

Drumheller Area Health Foundation (AB)

Port Perry Hospital Foundation

Saugeen Memorial Hospital Foundation

Stettler Health Services Foundation (AB)

Wingham & District Hospital Foundation

Additional Health Care Clients

Ambulatory Services

Canadian Red Cross Societies

Canadian Mental Health Associations

Community Care Access Programs

Community Living Associations

District Health Units

Medical and Diagnostic Laboratories

Medical Clinics

Physicians

Victorian Order of Nurses

APPENDIX II - AUDIT APPROACH

Audit Plan

Gather Information

The first step of the BDO audit approach involves a detailed review and documentation of the accounting systems and management controls currently in place for the Clinic. We will identify audit units that operate in different environments and therefore require separate audit approaches. Within each audit unit we will identify the internal controls maintained by management and make a preliminary assessment of the key controls that we may rely on in the performance of the audit. Once the systems have been documented and the key controls identified, we will perform walkthroughs of the systems to ensure that our understanding is correct and that the controls that we intend to rely on are, in fact, in place.

Develop Audit Strategy

Some of the specific steps include:

- **Preliminary Analytical Review:** We will carry out a preliminary analytical review of the organizations' financial information to identify financial statement amounts and relationships to budgets that are not in accordance with our expectations, and which might therefore, be subject to special audit testing. This procedure allows us to focus on areas of higher risk.
- **Planning Materiality:** At the planning stage of our audit, we will make a preliminary estimate of the amount of error that may result in the financial statements being materially misstated.
- **Assessment of Risks and the Control Environment:** For each financial statement area, we will assess the inherent risk by considering whether the organizations are subject to factors that could make the financial statements susceptible to misstatement. We will assess the control environment strengths by reviewing the overall attitude, awareness and actions of management and the Board concerning the importance of controlling the organization and also the specific control systems designed to detect or prevent material errors from occurring. Specific risks will be identified that relate to specific financial statement areas and assertions (completeness, existence, accuracy, valuation and presentation). Additional audit procedures will be designed to address these specific risks. As required by Canadian Audit Standards, when planning and performing audit procedures we will consider the risk of material misstatements in the financial statements resulting from fraud or error.
- **Determine Areas of Audit Significance:** From our preliminary analytical review and assessment of risks, we will determine for each identified audit unit whether the financial statement area is significant or insignificant from an audit perspective. Insignificant areas will generally be subject to less audit procedures.
- **Develop a Risk Profile:** Our assessment of inherent risk and the strength of the control environment for each specific assertion are combined to produce an overall risk profile for each assertion in each financial statement area. This assessment will be completed using the BDO Audit Process Tool Program, a proprietary risk assessment software that allows us to develop tailor made audit strategies based on each client's unique situation.
- **Determine Nature and Extent of Audit Procedures:** Using information gathered from our understanding of your systems and our assessment of risk, we will develop a detailed audit plan.

Our procedures for each financial statement area will be a combination of tests of control, analytical procedures and other substantive procedures that we determine to be the most effective and efficient means of obtaining audit evidence. Planning materiality will be applied to establish the extent of our audit procedures. Statistical sampling, using the BDO Audit Process Tool Program, may also be applied where appropriate.

Audit Execution

The interim audit work focuses on the documentation and testing of the accounting and internal control systems, whereas the audit efforts at year end will focus on financial statement areas, with emphasis on those areas with higher risks of material misstatement. It will also incorporate any modifications required to reflect the final results of the systems testing.

Form an Opinion

To support our opinion, we aggregate the effects of all misstatements found during our audit procedures and consider their materiality. We consider:

- the scope of our work;
- compliance with Canadian generally accepted accounting principles;
- adequacy of disclosure; and
- the effect of uncertainties.

Using the audit evidence gathered, we assess whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles.

We understand the importance of an unqualified audit opinion and we will work with management and the Board of Directors to resolve any issues of conflict that may arise, to ensure compliance with generally accepted accounting principles is achieved.

Financial Statements

On completion of our year-end work, the engagement partner and manager will review the draft financial statements with management, along with the draft management letter which addresses items affecting the current financial statements, management information systems and constructive comments on wider aspects of your operations.

The engagement partner will meet with the Board of Directors to review the draft financial statements and our annual Board of Directors reporting letter. The purpose of the reporting letter is to summarize certain aspects of the audit that we believe would be of interest, including any concerns relative to the internal controls, significant estimates included in the financial statements, or other matters of importance.

Management Letter Philosophy

It is our policy to maximize the value of our work in performing an independent audit of the financial statements. During the course of our work, we will make notes of any matters that we believe should be brought to your attention. In particular we will report on:

- the status/disposition of items noted in prior year management letters;
- any significant weaknesses we observe in the control systems, together with our recommendations for corrective action;

- material matters noted as a result of the review of internal controls, internal departmental reviews and other procedures in relations to the audit
- areas where efficiencies could be made to operations or in the handling of particular transactions; and,
- other value-added suggestions that we feel would be beneficial to the organizations.

We view the management letter as an opportunity to provide a constructive service to our clients. The preparation of the letter receives the same degree of care and attention as the audit report. The engagement senior manager will review the letter with management who must be satisfied that the individual recommendations are meaningful and that the overall presentation is effective before the letter is released to Board of Directors.

The final management letter will include comments from management in addition to our recommendations.

Statistical Sampling

BDO's sample sizes are determined based on statistical models, which take into account risk factors and required assurance levels and their impact on confidence levels and statistical modeling. BDO employs statistical sampling in most sampling situations. Samples are often selected through data extraction tools such as IDEA or other similar processes. Where the population from which samples is being selected is not of a sufficient magnitude to form a basis for statistical sampling, such as testing a control which operates only periodically, statistical sampling is not directly employed. In this case, sample sizes are derived from extensions of statistical models.

BDO's Quality Control Program

The primary objective of our review procedures is to check that the correct audit opinion is being given on your financial statements. Specifically, we must confirm that the audit process obtains sufficient and appropriate evidence to provide high assurance that the financial statements of the Clinic are free from material misstatement, that all material or potentially material matters or issues raised during the audit have been satisfactorily resolved and that the audit has been carried out in accordance with our firm's policies and procedures.

We will conduct three levels of review on our work during the course of the audit.

- A **Detailed Review** will be performed by Joel Russell, Audit Manager; who reviews the financial statements, our report and all working papers.
- A **General Review** will be performed by the Lindsay Langlois, Engagement Partner; who reviews the financial statements, notes on significant decisions made during the audit, review notes made during the detailed review, the major working papers and the proposed audit opinion.

Our quality of professional service is maintained by means of appropriate standards committees within the firm, appointed by and responsible to the firm's Executive Committee. BDO, along with other major CA firms, has registered with the Canadian Public Accountability Board, thereby committing to implement new quality control requirements for public company auditors.

Internal procedures include regular standards reviews of each office to ensure compliance with the firm's own professional standards as well as with overall standards of the auditing profession. These

peer reviews are carried out by assurance practice partners from other BDO offices, who review a sample of our files every three years to ensure that we are following the firms policies and procedures.

In addition our files are reviewed every five years by an inspection team from the Institute of Chartered Accountants of Ontario to ensure that we are following the profession's guidelines regarding assurance assignments.

At BDO, we believe that the quality of work depends on the quality of the people performing the work by making a significant commitment to the training and development of its people. The firm's strict mandatory professional development guidelines are applied to all professional staff, ensuring that everyone maintains and enhances their ability to deliver a high level of service to clients. Our present guidelines require all professional staff to receive a minimum of 5 days per year of professional development. Professional staff is required to participate in the firm's internal professional development program, which includes office seminars and video presentations, as well as regional and national conferences covering an extensive range of technical, management and specialty topics. In addition, professional staff is encouraged to participate in externally offered programs and courses.

APPENDIX III - COMPREHENSIVE SERVICES

Assurance Services (Audit and Accounting)	Advisory Services (Corporate Finance and Planning)
<ul style="list-style-type: none"> • Audit and Review Opinions • Business Improvement • Management Letters • Financial Forecasts and Projections • Operational Auditing • Management Discussion Papers 	<ul style="list-style-type: none"> • Financial Planning • Control Systems • Corporate Governance Issues • Cost Reduction Strategies • Accounting
Consulting	Tax
<ul style="list-style-type: none"> • Information Technology Strategy • Data and Process Modeling • Data Warehousing Strategy & Implementation • Information System Selection & Implementation • Inventory Logistics • Arbitration and Mediation Services • Executive Search • Human Resources Consulting 	<ul style="list-style-type: none"> • Taxation for Registered Charities • Taxation for Charitable Foundations • Corporate Tax Returns • Commodity Taxation Services • International Tax Planning • Estate Planning and Administration • Corporate Tax Strategies • Tax Planning for Entrepreneurial Business • SR&ED Tax Services
Financial Services (Corporate Finance Services)	Financial Services (Litigation/Forensic Services)
<ul style="list-style-type: none"> • Finance and Access to Capital Markets • Valuations and Restructuring • Mediators and Arbitrators for Shareholders or Creditor Dispute • Divestitures, Mergers and Acquisitions • General Business Valuations • Banking and Financial Services • Consultants for Business Checkups 	<ul style="list-style-type: none"> • Assessing Problems and Strategic Planning • Financial Investigations and Litigation Accounting • Preventive Programs and System for Business Fraud • Forensic Accounting and Investigations • Intelligence Gathering • Expert Testimony
Information Technology	Telecommunications Consulting
<ul style="list-style-type: none"> • Marketing & Sales/Lead Management Systems • Management Information Systems • Accounting Systems • e-Business Consulting • Network (LAN), Mini, Unix systems • System Design, Selection, Development, Implementation & Training • Client Accounting & Data Processing • Database Application Development 	<ul style="list-style-type: none"> • Financial Investigations and Litigation • Telecommunications Strategies • Optimization Of Networks • Service Audits • Network Design & Usage • Call Centre Consulting • Infrastructure Design