
HOSPICE KING-AURORA

FINANCIAL STATEMENTS

MARCH 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members,
Hospice King-Aurora

Report on the Financial Statements

We have audited the accompanying financial statements of Hospice King-Aurora (operating as Hospice King-Aurora) which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donation and fundraising revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, 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 donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Hospice King-Aurora as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

June 19, 2014
Toronto, Ontario

HOSPICE KING-AURORA

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

2014

2013

ASSETS

Current assets

Cash (note 2)	\$ 210,725	\$ 219,624
Accounts receivable	4,863	5,125
Sales tax rebates receivable	30,898	12,676
Prepaid expenses	<u>3,819</u>	<u>2,847</u>
	<u>\$ 250,305</u>	<u>\$ 240,272</u>

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued liabilities	\$ 8,311	\$ 10,810
Amounts payable to government agencies		4,030
Deferred contributions (note 2 and 5)	<u>11,365</u>	<u>16,020</u>
	<u>19,676</u>	<u>30,860</u>

Net assets

Unrestricted	<u>230,629</u>	<u>209,412</u>
	<u>\$ 250,305</u>	<u>\$ 240,272</u>

Commitments (note 4)

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

HOSPICE KING-AURORA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
REVENUE		
Donations and other fundraising (note 7)	\$ 76,901	\$ 92,314
Government funding (note 6)	73,628	68,552
Bingo (note 8)	39,029	49,080
Special events (note 8)	1,518	105,560
Wolfelt workshop		12,567
Other revenue	<u>22,173</u>	<u>115</u>
	<u>213,249</u>	<u>328,188</u>
EXPENSES		
Wages and benefits	115,234	101,148
Subcontractors	19,762	15,886
Occupancy	14,775	23,589
Administration	12,251	12,879
Program related	11,471	21,254
Special events and other fundraising	7,269	32,401
Telephone	3,569	5,061
Insurance	3,337	3,103
Promotion and outreach	1,743	975
Professional dues	1,565	690
Interest and bank charges	1,056	1,402
Office move		<u>14,641</u>
	<u>192,032</u>	<u>233,029</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	21,217	95,159
Net assets, beginning of year	<u>209,412</u>	<u>114,253</u>
NET ASSETS, END OF YEAR	<u>\$ 230,629</u>	<u>\$ 209,412</u>

see accompanying notes

HOSPICE KING-AURORA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 21,217	\$ 95,159
Change in non-cash working capital items		
Decrease in accounts receivable	262	8,365
Decrease (increase) in sales tax rebates receivable	(18,222)	562
Decrease (increase) in prepaid expenses	(972)	7,683
Decrease in accounts payable and accrued liabilities	(2,499)	(8,324)
Increase (decrease) in amounts payable to government agencies	(4,030)	4,030
Increase (decrease) in deferred contributions	<u>(4,655)</u>	<u>3,587</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	(8,899)	111,062
Cash, beginning of year	<u>219,624</u>	<u>108,562</u>
CASH, END OF YEAR	<u>\$ 210,725</u>	<u>\$ 219,624</u>

see accompanying notes

HOSPICE KING-AURORA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

Hospice King-Aurora was incorporated on May 20, 1983 without share capital under the laws of Ontario. Hospice King-Aurora (the "organization") is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

It is a volunteer based organization that provides specialized support to those living with life threatening illness, the people who care for them and those who are bereaved. The organization serves the municipalities of Aurora and King City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Financial instruments

Financial instruments include cash, accounts receivable and accounts payable and accrued liabilities. Cash is measured at fair value. All other financial instruments are recorded at cost.

Property and equipment

Property and equipment is expensed to operations in the period of purchase. There were no capital expenditures during the year (2013 - \$13,715 for computer hardware and software and leasehold improvements).

Revenue recognition

The organization follows the deferral method of revenue recognition. Its principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Restricted grants and donations for specified purposes or programs are recorded as deferred contributions until the provisions of the grants or donations are satisfied, at which time they are recognized as revenue.
- ii) Unrestricted revenue, consisting of fundraising and donations, is recorded when funds are received.
- iii) Donated materials and services which are normally purchased by the organization are not recorded in the accounts. In 2013, individuals and organizations donated goods valued at \$33,620 in support of the Jitterbug Ball fundraising event.
- iv) Investment income is recognized as earned.

Measurement uncertainty

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the report period.

Accounts payable and accrued liabilities represent management's best estimate of the amount to be paid. The amount of exposure at year end was not determinable.

Contributed services

Being a volunteer based organization, volunteers assist in delivery of its programs and administrative functions. Because of the difficulty of determining the fair value of these services, they are not recognized in the financial statements.

HOSPICE KING-AURORA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

2. CASH

A portion of cash is restricted due to external restrictions imposed by funding agencies.

	2014	2013
Cash restricted		
- Charity Bingo	\$ 6,438	\$ 11,195
- Deferred revenue	11,365	16,020
Unrestricted cash	<u>192,922</u>	<u>192,409</u>
Total cash	<u>\$ 210,725</u>	<u>\$ 219,624</u>

Charity Bingo - restrictions require cash to be used for direct programming and educational expenses. The restriction has been recently amended to include a portion of the wage expense of the programming staff. These programs include Adult Bereavement, Caregiver Support, Child and Youth Bereavement, Complementary Therapies, Compassion, Library resources, Promotion and Community Education and Volunteer Education. These funds are regulated by the Ontario Lottery and Gaming Commission and are subject to regular review and approval.

Deferred contributions - restrictions require cash to be used for the purposes specified by the contributor that are unspent at the end of the fiscal year.

3. RISK MANAGEMENT

The organization's objectives with respect to managing its capital is to preserve net assets and deliver services to the community at no less than a breakeven basis over two years. This reflects the bi-annual nature of the organization's major fundraiser "Jitterbug Ball", which is intended to carry the organization through the non-Jitterbug Ball year. As at March 31, 2014, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

It is management's opinion that the organization is not exposed to significant financial risks.

4. COMMITMENTS

The organization entered into a lease contract for photocopy equipment until September 2019 costing \$4,000 per annum.

The organization leases commercial office space. The lease agreement expires in 2020. Rent is set annually by the landlord based on estimated operating costs.

HOSPICE KING-AURORA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

5. DEFERRED CONTRIBUTIONS

Deferred contributions are restricted for music and children's programs, volunteer training, workshops and reference materials. Deferred contributions are from the following groups of contributors:

	2014	2013
Private foundations	\$ 10,615	\$ 14,607
Corporations and other	<u>750</u>	<u>1,413</u>
Deferred contributions, end of year	<u>\$ 11,365</u>	<u>\$ 16,020</u>

Activity recorded during the year in deferred contributions is set out below:

	2014	2013
Deferred contributions, beginning of year	\$ 16,020	\$ 12,433
Add cash received from restricted contributions in year	68,973	72,139
Less funding recognized in year (note 6)	<u>(73,628)</u>	<u>(68,552)</u>
Deferred contributions, end of year	<u>\$ 11,365</u>	<u>\$ 16,020</u>

6. GOVERNMENT FUNDING

Government funding recognized in the year was as follows:

	2014	2013
Ministry of Health -funded through PalCare Network	\$ 66,758	\$ 68,031
Government of Canada - HRSDC	5,457	-
Other	<u>1,413</u>	<u>521</u>
	<u>\$ 73,628</u>	<u>\$ 68,552</u>

7. DONATIONS AND OTHER FUNDRAISING

Donations and other fundraising revenue is from the following sources:

	2014	2013
Donations		
Foundations	\$ 5,000	\$ 15,000
Individuals	19,237	21,602
Other	6,341	12,536
Third party fundraising events	<u>46,323</u>	<u>43,176</u>
	<u>\$ 76,901</u>	<u>\$ 92,314</u>

HOSPICE KING-AURORA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

8. SPECIAL EVENTS

The organization raises operating capital from two major fundraising sources. Funds raised from the Jitterbug Ball are unrestricted and internally designed for general operations. Funds raised through Charity Bingo are restricted as previously described in note 3.

	2014	2013
Jitterbug Ball		
Revenue	\$ 1,518	\$ 105,560
Expenses	<u>(13)</u>	<u>(25,431)</u>
	<u>\$ 1,505</u>	<u>\$ 80,129</u>
 Bingo		
Revenue	\$ 39,029	\$ 49,080
Expenses	<u>(5,949)</u>	<u>(5,740)</u>
	<u>\$ 33,080</u>	<u>\$ 43,340</u>