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**HOPE HOUSE COMMUNITY HOSPICE**

**FINANCIAL STATEMENTS**

**MARCH 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
Hope House Community Hospice

We have audited the accompanying financial statements of Hope House Community Hospice which comprise the statement of financial position as at March 31, 2018, 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 and excess of revenue over expenses for the year for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2016, and net assets as at April 1, 2017 and 2016 and March 31, 2018 and 2017.

### *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 Hope House Community Hospice as at March 31, 2018, and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Professional Accountants  
Licensed Public Accountants

June 20, 2018  
Toronto, Ontario

# HOPE HOUSE COMMUNITY HOSPICE

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (note 2)	\$ 232,694	\$ 576,532
Short-term investments (note 2 and 3)	250,219	-
Accounts receivable	6,430	8,458
Sales tax rebates receivable	8,858	6,659
Prepaid expenses	<u>14,755</u>	<u>16,054</u>
	512,956	607,703
Property and equipment (note 5)	<u>62,843</u>	<u>-</u>
	<u>\$ 575,799</u>	<u>\$ 607,703</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 16,952	\$ 10,959
Current portion of capital lease payments	2,187	-
Deferred contributions (note 2 and 6)	<u>33,700</u>	<u>7,666</u>
	52,839	18,625
Leased equipment	<u>11,248</u>	<u>-</u>
	<u>64,087</u>	<u>18,625</u>
<b>Net assets</b>		
Contingency reserve (note 2)	250,000	250,000
Unrestricted	<u>261,712</u>	<u>339,078</u>
	<u>511,712</u>	<u>589,078</u>
	<u>\$ 575,799</u>	<u>\$ 607,703</u>

Commitments (note 10)

Approved on behalf of the Board:

 \_\_\_\_\_, Director

 \_\_\_\_\_, Director

see accompanying notes

# HOPE HOUSE COMMUNITY HOSPICE

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
<b>REVENUE</b>		
Special events (note 9)	\$ -	\$ 305,090
Government funding (note 7)	179,132	156,740
Donations and other fundraising (note 8)	62,514	42,485
Charity Gaming (note 9)	45,672	48,764
Other revenue	<u>1,923</u>	<u>22,863</u>
	<u>289,241</u>	<u>575,942</u>
<b>EXPENSES</b>		
Personnel	235,935	171,872
Occupancy	45,490	21,418
Program related	36,319	26,257
Administration	31,645	35,936
Promotion and outreach	4,437	4,183
Special events and other fundraising	4,253	59,823
Amortization	<u>8,528</u>	<u>-</u>
	<u>366,607</u>	<u>319,489</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	(77,366)	256,453
Net assets, beginning of year	<u>589,078</u>	<u>332,625</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 511,712</u>	<u>\$ 589,078</u>

see accompanying notes

# HOPE HOUSE COMMUNITY HOSPICE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year	\$ (77,366)	\$ 256,453
Change in non-cash working capital items		
(Increase) decrease in accounts receivable	2,028	(4,829)
Increase in sales tax rebates receivable	(2,199)	(1,223)
(Increase) decrease in prepaid expenses	1,299	(9,719)
Increase in accounts payable and accrued liabilities	5,993	3,257
Increase in deferred contributions	<u>26,034</u>	<u>3,967</u>
Cash generated by (used in) operating activities	<u>(35,683)</u>	<u>247,906</u>
<b>FINANCING ACTIVITIES</b>		
Increase in leased equipment - copier	<u>13,435</u>	<u>-</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(71,371)	-
Purchase of short-term investments	<u>(250,219)</u>	<u>-</u>
Cash used in investing activities	<u>(321,590)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	(343,838)	247,906
Cash, beginning of year	<u>576,532</u>	<u>328,626</u>
<b>CASH, END OF YEAR</b>	<u>\$ 232,694</u>	<u>\$ 576,532</u>

see accompanying notes

# HOPE HOUSE COMMUNITY HOSPICE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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In June 2017, the Board of Directors approved changing the name of the organization to Hope House Community Hospice (the "organization") and changed the letters patent accordingly (formerly known as Hospice King-Aurora). The organization was incorporated on May 20, 1983 without share capital under the laws of Ontario. 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 communities of south Aurora, King Township and Richmond Hill.

### 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**

Furniture, equipment and leasehold improvement purchases are recorded at cost. Amortization is provided annually at a rate calculated to write-off assets over the estimated useful lives as follows:

Equipment and furniture	- 5 years straight line basis
Equipment under capital lease	- straight line over the life of the lease
Leasehold improvements	- 10 years straight line basis

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition. 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 2018, individuals and organizations donated goods valued at \$498 in support of the Ladybug fundraising event and programs (2017 - \$19,642 for Jitterbug Ball).
- 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.

# HOPE HOUSE COMMUNITY HOSPICE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

### 2. CASH AND SHORT-TERM INVESTMENTS

A portion of cash and short-term investments is restricted due to external restrictions imposed by funding agencies and reserve funds set aside by the Board of Directors for future contingencies.

	2018	2017
Short-term investments		
- Charity Gaming	\$ 12,950	\$ 20,402
- Deferred revenue	33,700	7,666
Contingency reserve	250,000	250,000
Unrestricted cash and short-term investments	<u>186,263</u>	<u>298,464</u>
Total cash and short-term investments	<u>\$ 482,913</u>	<u>\$ 576,532</u>

Charity Gaming - 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.

Contingency reserve - In February 2017, the Board of Directors established a contingency reserve in the amount of \$250,000 to be used in the event of unforeseen expenses and/or reductions of funding.

### 3. SHORT-TERM INVESTMENTS

Short-term investments of \$250,219 consist of guaranteed investment certificates (GICs) held at a major Canadian chartered bank that earn interest of 0.95% - 1.70% and mature within one year.

# HOPE HOUSE COMMUNITY HOSPICE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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### 4. RISK MANAGEMENT

Financial instruments expose the organization to risks which may affect the cash flows of the organization. Specifically:

*Interest rate risk* results from fluctuations in market interest rates. The organization holds fixed rate Guaranteed Investment Certificates and fluctuations in market interest rates do not affect future cash flows.

*Liquidity risk* is the risk that the organization will not be able to meet its obligations associated with financial liabilities. 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, 2018, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

### 5. PROPERTY AND EQUIPMENT

Property and equipment, recorded at cost, is as follows:

	Cost	Accumulated Amortization	2018 Net	2017 Net
Equipment & furniture	\$ 27,716	\$ (4,162)	\$ 23,554	\$ -
Leasehold improvements	<u>\$ 43,655</u>	<u>\$ (4,366)</u>	<u>\$ 39,289</u>	<u>\$ -</u>
	<u>\$ 71,371</u>	<u>\$ (8,528)</u>	<u>\$ 62,843</u>	<u>\$ -</u>

### 6. DEFERRED CONTRIBUTIONS

Deferred contributions are restricted for special events, music and children's programs, volunteer training, workshops and reference materials. Deferred contributions are from the following sources:

	2018	2017
Special events	\$ 33,700	\$ 7,050
Deferred program funding	<u>-</u>	<u>616</u>
Deferred contributions, end of year	<u>\$ 33,700</u>	<u>\$ 7,666</u>

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

	2018	2017
Deferred contributions, beginning of year	\$ 7,666	\$ 3,700
Add cash received from restricted contributions in year	205,166	160,706
Less funding recognized in year (note 7)	<u>(179,132)</u>	<u>(156,740)</u>
Deferred contributions, end of year	<u>\$ 33,700</u>	<u>\$ 7,666</u>



# HOPE HOUSE COMMUNITY HOSPICE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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### 7. GOVERNMENT FUNDING

Government funding recognized in the year is as follows:

	2018	2017
Ministry of Health - Better Living Home and Community Services	\$ 175,304	\$ 155,990
Government of Canada - HRSDC	3,078	-
Other	<u>750</u>	<u>750</u>
	<u>\$ 179,132</u>	<u>\$ 156,740</u>

### 8. DONATIONS AND OTHER FUNDRAISING

Donations and other fundraising revenue is from the following sources:

	2018	2017
Donations		
Individuals	\$ 12,106	\$ 12,875
Foundations	5,616	5,087
Other	19,127	13,247
Third-party fundraising events	11,315	10,392
Ladybug	14,350	-
Twistt sales	<u>-</u>	<u>885</u>
	<u>\$ 62,514</u>	<u>\$ 42,486</u>

### 9. SPECIAL EVENTS

The organization raises operating capital from two major fundraising sources. Funds raised from the Jitterbug Ball are unrestricted and internally designated for general operations. Funds raised through Charity Gaming are restricted as previously described in note 2.

	2018	2017
Jitterbug Ball		
Revenue	\$ -	\$ 305,090
Expenses	<u>-</u>	<u>(57,257)</u>
	<u>\$ -</u>	<u>\$ 247,833</u>
Charity Gaming		
Revenue	\$ 45,672	\$ 48,764
Expenses	<u>(1,898)</u>	<u>(1,940)</u>
	<u>\$ 43,774</u>	<u>\$ 46,824</u>

# HOPE HOUSE COMMUNITY HOSPICE

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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### 10. COMMITMENTS

The organization entered into a lease contract for photocopy equipment until September 2021 costing \$4,000 per annum.

The organization leases commercial office space in Aurora and Richmond Hill, Ontario. The lease agreements expire in 2020 and 2022. Rent is set annually by the landlord based on estimated operating costs.

Minimum lease payments for premises are as follows:

2019	\$	50,130
2020		51,494
2021		43,517
2022		37,885
2023		<u>10,000</u>
	\$	<u>193,026</u>

### 11. COMPARATIVE AMOUNTS

Certain balances of the preceding period have been reclassified to conform with the current year's basis of financial statement presentation.