
HOSPICE KING
(operating as Hospice King-Aurora)

FINANCIAL STATEMENTS

MARCH 31, 2012

INDEPENDENT AUDITOR'S REPORT

To the Members,
Hospice King

Report on the Financial Statements

We have audited the accompanying financial statements of Hospice King (operating as Hospice King-Aurora) which comprise the statement of financial position as at March 31, 2012 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 generally accepted auditing standards 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 as at March 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted auditing standards.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

July 9, 2012
Toronto, Ontario

HOSPICE KING

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2012

| | 2012 | 2011 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash (note 3) | \$ 108,562 | \$ 164,511 |
| Accounts receivable | 13,490 | 4,955 |
| Sales tax rebates receivable | 13,238 | 11,678 |
| Prepaid expenses | <u>10,530</u> | <u>3,442</u> |
| | <u>\$ 145,820</u> | <u>\$ 184,586</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 19,134 | \$ 17,167 |
| Deferred contributions (note 3 and 5) | <u>12,433</u> | <u>23,351</u> |
| | <u>31,567</u> | <u>40,518</u> |
| Net assets | | |
| Unrestricted | <u>114,253</u> | <u>144,068</u> |
| | <u>\$ 145,820</u> | <u>\$ 184,586</u> |

Commitments (note 9)

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

HOSPICE KING

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|--|-------------------|-------------------|
| REVENUE | | |
| Grants (note 6) | \$ 114,115 | \$ 109,335 |
| Donations and other fundraising (note 7) | 56,926 | 72,103 |
| Bingo (note 8) | 49,675 | 48,850 |
| Special events (note 8) | | 170,423 |
| Other revenue | <u>21,665</u> | <u>1,788</u> |
| | <u>242,381</u> | <u>402,499</u> |
| EXPENSES | | |
| Wages and benefits | 87,891 | 151,841 |
| Program related | 56,535 | 9,704 |
| Subcontractors | 48,722 | 16,307 |
| Occupancy | 48,317 | 38,779 |
| Administration | 11,944 | 23,042 |
| Special events and other fundraising | 6,888 | 81,221 |
| Telephone | 4,915 | 4,803 |
| Insurance | 2,871 | 2,541 |
| Interest and bank charges | 2,112 | 4,480 |
| Promotion and outreach | 1,228 | 13,337 |
| Professional dues | <u>773</u> | <u>998</u> |
| | <u>272,196</u> | <u>347,053</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | (29,815) | 55,446 |
| Net assets, beginning of year | <u>144,068</u> | <u>88,622</u> |
| NET ASSETS, END OF YEAR | <u>\$ 114,253</u> | <u>\$ 144,068</u> |

see accompanying notes

HOSPICE KING

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenue over expenses for the year | \$ (29,815) | \$ 55,446 |
| Change in non-cash working capital items | | |
| Decrease (increase) in accounts receivable | (8,535) | 21 |
| Decrease (increase) in sales tax rebates receivable | (1,560) | (10,494) |
| Decrease (increase) in prepaid expenses | (7,088) | 3,199 |
| Increase (decrease) in accounts payable and accrued liabilities | 1,967 | (13,582) |
| Increase (decrease) in deferred contributions | <u>(10,918)</u> | <u>7,873</u> |
| NET INCREASE (DECREASE) IN CASH FOR THE YEAR | (55,949) | 42,463 |
| Cash, beginning of year | <u>164,511</u> | <u>122,048</u> |
| CASH, END OF YEAR | <u>\$ 108,562</u> | <u>\$ 164,511</u> |

see accompanying notes

HOSPICE KING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

1. THE ORGANIZATION

Hospice King (operating as Hospice King-Aurora) was incorporated on May 20, 1983 without share capital under the laws of Ontario. Hospice King (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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted auditing standards on a basis consistent with prior years. The significant policies are detailed as follows:

Property and equipment

Property and equipment is expensed to operations in the period of purchase. During the year, capital expenditures totalled \$nil (2011 - \$1,199) for furniture, equipment and computer hardware and software.

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.
- iv) Investment income is recognized as earned.

Measurement uncertainty

The preparation of these financial statements in conformity with Canadian generally accepted auditing standards 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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

3. CASH

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

| | 2012 | 2011 |
|--------------------|-------------------|-------------------|
| Cash restricted | | |
| - Charity Bingo | \$ 21,241 | \$ 57,210 |
| - Deferred revenue | 12,433 | 23,351 |
| Unrestricted cash | <u>74,888</u> | <u>83,950</u> |
| Total cash | <u>\$ 108,562</u> | <u>\$ 164,511</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 and 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.

4. 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, 2012, 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 interest, currency or credit risks.

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:

| | 2012 | 2011 |
|-------------------------------------|-------------------|------------------|
| Private foundations | \$ 11,249 | \$ 11,213 |
| Corporations and other | 1,184 | 7,354 |
| Ontario Trillium Foundation | <u> </u> | <u>4,784</u> |
| Deferred contributions, end of year | <u>\$ 12,433</u> | <u>\$ 23,351</u> |

HOSPICE KING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

5. DEFERRED CONTRIBUTIONS (continued)

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

| | 2012 | 2011 |
|---|------------------|------------------|
| Deferred contributions, beginning of year | \$ 23,351 | \$ 15,478 |
| Add cash received from restricted contributions in year | 103,197 | 117,208 |
| Less funding recognized in year (note 6) | <u>(114,115)</u> | <u>(109,335)</u> |
| Deferred contributions, end of year | <u>\$ 12,433</u> | <u>\$ 23,351</u> |

6. GRANTS

Grants recognized in the year were as follows:

| | 2012 | 2011 |
|--|-------------------|-------------------|
| Ministry of Health -funded through PalCare Network | | |
| - operating | \$ 68,031 | \$ 67,026 |
| - one-time funding | 31,210 | |
| Ontario Trillium Foundation | 4,784 | 27,000 |
| Government of Canada - HRSDC | 3,749 | 5,129 |
| Other | <u>6,341</u> | <u>10,180</u> |
| | <u>\$ 114,115</u> | <u>\$ 109,335</u> |

In 2012, the organization entered into a partnership agreement with PalCare Network for one-time funding to develop and implement protocols and training for volunteers to assist them in completing patient assessments and identify factors to improve care within the Central LHIN boundaries.

The Trillium project and final evaluation was completed in 2012. The grant funds were used to increase community awareness in the local community.

7. DONATIONS AND OTHER FUNDRAISING

Donations and other fundraising revenue is from the following sources:

| | 2012 | 2011 |
|--------------------------------|------------------|------------------|
| Donations | | |
| Foundations | \$ 15,000 | \$ - |
| Individuals | 18,184 | 39,936 |
| Other | 7,075 | 21,890 |
| Third party fundraising events | <u>16,667</u> | <u>10,277</u> |
| | <u>\$ 56,926</u> | <u>\$ 72,103</u> |

HOSPICE KING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

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.

| | 2012 | 2011 |
|----------------|------------------|------------------|
| Jitterbug Ball | | |
| Revenue | \$ - | \$ 170,423 |
| Expenses | <u>-</u> | <u>(73,640)</u> |
| | <u>-</u> | <u>96,783</u> |
| Bingo | | |
| Revenue | 49,675 | 48,850 |
| Expenses | <u>(5,740)</u> | <u>(5,850)</u> |
| | <u>\$ 43,935</u> | <u>\$ 43,000</u> |

9. COMMITMENTS

The organization entered into a lease contract for photocopy equipment until September 2012.

The organization leases commercial office space. The lease agreement expired in 2008. Until it is renegotiated, the leasing arrangement is on a month-to-month basis.

10. COMPARATIVE AMOUNTS

Certain balances of the preceding period, as audited by the organization's previous auditors, have been reclassified to conform with the current year's basis of financial statement presentation.

11. CHANGE IN ACCOUNTING POLICY

The Canadian Institute of Chartered Accountants (the CICA) has introduced new accounting standards for not-for-profit organizations. The organization will adopt the standards for the fiscal year commencing April 1, 2012.