
HOSPICE KING-AURORA

FINANCIAL STATEMENTS

MARCH 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members,
Hospice King-Aurora

We have audited the accompanying financial statements of Hospice King-Aurora which comprise the statement of financial position as at March 31, 2016, 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, 2016, 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 Accountants
Licensed Public Accountants

July 27, 2016
Toronto, Ontario

HOSPICE KING-AURORA

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash (note 2)	\$ 328,626	\$ 349,411
Accounts receivable	3,629	4,592
Sales tax rebates receivable	5,436	11,673
Prepaid expenses	<u>6,335</u>	<u>5,674</u>
	<u>\$ 344,026</u>	<u>\$ 371,350</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,701	\$ 6,129
Deferred contributions (note 2 and 4)	<u>3,700</u>	<u>13,500</u>
	<u>11,401</u>	<u>19,629</u>
Net assets		
Unrestricted	<u>332,625</u>	<u>351,721</u>
	<u>\$ 344,026</u>	<u>\$ 371,350</u>

Commitments (note 5)

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, 2016

	2016	2015
REVENUE		
Special events (note 8)	\$ -	\$ 219,176
Government funding (note 6)	92,730	71,228
Bingo (note 8)	35,456	36,526
Donations and other fundraising (note 7)	60,062	34,008
Other revenue	<u>11,093</u>	<u>(21,896)</u>
	<u>199,341</u>	<u>339,042</u>
EXPENSES		
Personnel	140,699	111,952
Program related	19,846	13,037
Occupancy	17,475	16,890
Administration	13,836	14,564
Special events and other fundraising	12,640	43,473
Telephone	3,813	7,410
Professional fees	2,923	3,924
Insurance	2,582	2,986
Interest and bank charges	1,953	1,548
Professional dues	1,600	518
Promotion and outreach	<u>1,070</u>	<u>1,648</u>
	<u>218,437</u>	<u>217,950</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	(19,096)	121,092
Net assets, beginning of year	<u>351,721</u>	<u>230,629</u>
NET ASSETS, END OF YEAR	<u>\$ 332,625</u>	<u>\$ 351,721</u>

see accompanying notes

HOSPICE KING-AURORA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ (19,096)	\$ 121,092
Change in non-cash working capital items		
Decrease in accounts receivable	963	271
Decrease in sales tax rebates receivable	6,237	19,225
Increase in prepaid expenses	(661)	(1,855)
Increase (decrease) in accounts payable and accrued liabilities	1,572	(2,182)
Increase (decrease) in deferred contributions	<u>(9,800)</u>	<u>2,135</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	(20,785)	138,686
Cash, beginning of year	<u>349,411</u>	<u>210,725</u>
CASH, END OF YEAR	<u>\$ 328,626</u>	<u>\$ 349,411</u>

see accompanying notes

HOSPICE KING-AURORA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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 as of December 1, 2016, the community of 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

Property and equipment is expensed to operations in the period of purchase. There were no capital expenditures during the year (2015 - \$nil).

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 2016, individuals and organizations donated goods valued at \$15,980 in support of the Jitterbug Ball fundraising event (2015 - \$nil).
- 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, 2016

2. CASH

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

	2016	2015
Cash restricted		
- Charity Bingo	\$ 23,131	\$ 19,944
- Deferred revenue	3,700	13,500
Unrestricted cash	<u>301,795</u>	<u>315,967</u>
Total cash	<u>\$ 328,626</u>	<u>\$ 349,411</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, 2016, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

4. DEFERRED CONTRIBUTIONS

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

	2016	2015
Special events	\$ 2,900	\$ 11,401
Deferred program funding	<u>800</u>	<u>2,099</u>
Deferred contributions, end of year	<u>\$ 3,700</u>	<u>\$ 13,500</u>

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

	2016	2015
Deferred contributions, beginning of year	\$ 13,500	\$ 11,365
Add cash received from restricted contributions in year	82,930	73,363
Less funding recognized in year (note 6)	<u>(92,730)</u>	<u>(71,228)</u>
Deferred contributions, end of year	<u>\$ 3,700</u>	<u>\$ 13,500</u>

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

5. 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.

6. GOVERNMENT FUNDING

Government funding recognized in the year is as follows:

	2016	2015
Ministry of Health funded through PalCare Network	\$ 89,010	\$ 66,758
Government of Canada - HRSDC	2,970	2,970
Other	<u>750</u>	<u>1,500</u>
	<u>\$ 92,730</u>	<u>\$ 71,228</u>

7. DONATIONS AND OTHER FUNDRAISING

Donations and other fundraising revenue is from the following sources:

	2016	2015
Donations		
Individuals	12,595	15,227
Foundations	\$ 6,099	\$ 7,457
Other	4,052	3,359
Third-party fundraising events	11,946	7,965
Ladybug	15,050	-
Twistt sales	<u>10,320</u>	<u>-</u>
	<u>\$ 60,062</u>	<u>\$ 34,008</u>

HOSPICE KING-AURORA

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MARCH 31, 2016

8. 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 Bingo are restricted as previously described in note 2.

	2016	2015
Jitterbug Ball		
Revenue	\$ -	\$ 219,176
Expenses	<u>-</u>	<u>(34,763)</u>
	<u>\$ -</u>	<u>\$ 184,413</u>
Bingo		
Revenue	\$ 35,456	\$ 36,526
Expenses	<u>(4,074)</u>	<u>(8,045)</u>
	<u>\$ 31,382</u>	<u>\$ 28,481</u>