

**Hospice of Waterloo Region  
Financial Statements  
For the year ended March 31, 2011**

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## Independent Auditors' Report

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### **To the Board of Directors Hospice of Waterloo Region**

We have audited the accompanying financial statements of Hospice of Waterloo Region, which comprise the balance sheet as at March 31, 2011 and the statements of operations, fund balances and cash flows for the period 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 accounting principles, 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 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.



### **Basis for Qualified Opinion**

In common with many charitable organizations, the organization derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues over expenditures, current assets and fund balances.

### **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 of Waterloo Region as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Waterloo, Ontario  
June 8, 2011

## Hospice of Waterloo Region Balance Sheet

March 31			2011	2010
	Operating Fund	Campaign Fund	Total	Total
<b>Assets</b>				
<b>Current</b>				
Cash (Note 1)	\$ 310,972	\$ 147,402	\$ 458,374	\$ 615,811
Short-term deposits (Note 2)	-	100,018	100,018	404,248
Accounts receivable	26,368	-	26,368	44,144
Prepaid expenses	11,228	-	11,228	13,504
Due from Campaign fund (Note 3)	-	-	-	14,343
Due from Operating fund (Note 3)	-	58,485	58,485	-
	<b>348,568</b>	<b>305,905</b>	<b>654,473</b>	<b>1,092,050</b>
<b>Capital (Note 4)</b>	<b>1,719,617</b>	<b>-</b>	<b>1,719,617</b>	<b>1,356,658</b>
	<b>\$ 2,068,185</b>	<b>\$ 305,905</b>	<b>\$ 2,374,090</b>	<b>\$ 2,448,708</b>

### Liabilities and Fund Balances

<b>Current</b>				
Accounts payable and accrued liabilities	\$ 58,349	\$ -	\$ 58,349	\$ 250,924
Deferred capital contributions (Note 5)	25,628	-	25,628	24,491
Deferred revenue (Note 6)	43,989	-	43,989	22,056
Due to Operating fund (Note 3)	-	-	-	14,343
Due to Campaign fund (Note 3)	58,485	-	58,485	-
	<b>186,451</b>	<b>-</b>	<b>186,451</b>	<b>311,814</b>
<b>Fund balances</b>				
Internally restricted	1,693,989	-	1,693,989	1,332,167
Externally restricted	-	305,905	305,905	605,393
Unrestricted	187,745	-	187,745	199,334
	<b>1,881,734</b>	<b>305,905</b>	<b>2,187,639</b>	<b>2,136,894</b>
	<b>\$ 2,068,185</b>	<b>\$ 305,905</b>	<b>\$ 2,374,090</b>	<b>\$ 2,448,708</b>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Hospice of Waterloo Region Statement of Changes in Fund Balances

For the year ended March 31				2011	2010
	Internally Restricted	Externally Restricted	Unrestricted	Total	Total
<b>Balance, beginning of year</b>	<b>\$1,332,167</b>	<b>\$ 605,393</b>	<b>\$ 199,334</b>	<b>\$ 2,136,894</b>	<b>\$1,781,700</b>
Excess (deficiency) of revenue over expenses for the year	-	62,334	(11,589)	50,745	355,194
Investment in capital assets	361,822	(361,822)	-	-	-
<b>Balance, end of year</b>	<b>\$1,693,989</b>	<b>\$ 305,905</b>	<b>\$ 187,745</b>	<b>\$2,187,639</b>	<b>\$2,136,894</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## Hospice of Waterloo Region Statement of Revenue and Expenses

For the year ended March 31

2011

2010

	Operating Fund	Campaign Fund	Total	Total
<b>Revenue</b>				
Donations and fundraising	\$ 145,959	\$ 68,616	\$ 214,575	\$ 348,506
Grant - Trillium Foundation	52,600	-	52,600	-
WWLHIN	363,000	-	363,000	363,000
Ministry of Health Education Funding	52,427	-	52,427	52,427
Grant - Region of Waterloo	-	-	-	100,000
Amortization of deferred capital contributions (Note 5)	6,963	-	6,963	9,281
Workshops	1,420	-	1,420	1,460
Interest	205	416	621	4,794
	<b>622,574</b>	<b>69,032</b>	<b>691,606</b>	<b>879,468</b>
<b>Expenses</b>				
Advertising, promotion, printing, fundraising	34,905	1,049	35,954	25,016
Amortization	68,096	-	68,096	10,406
Bank charges	1,549	48	1,597	1,499
Computer and other equipment leases and costs	9,227	-	9,227	6,365
Insurance and professional fees	18,547	-	18,547	11,206
Ministry of Health Education	74,360	-	74,360	30,494
Memberships	1,244	-	1,244	2,084
Office	15,035	4,363	19,398	6,206
Postage and telephone	10,396	-	10,396	10,166
Program costs	34,408	551	34,959	36,803
Property taxes, maintenance and utilities	51,785	687	52,472	42,715
Salaries and benefits	300,787	-	300,787	323,560
Staff education	5,522	-	5,522	10,021
Travel reimbursements	8,302	-	8,302	7,733
	<b>634,163</b>	<b>6,698</b>	<b>640,861</b>	<b>524,274</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ (11,589)</b>	<b>\$ 62,334</b>	<b>\$ 50,745</b>	<b>\$ 355,194</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## Hospice of Waterloo Region Statement of Cash Flows

For the year ended March 31	2011	2010
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 50,745	\$ 355,194
Items not involving cash		
Amortization of capital assets	68,096	10,406
Amortization of deferred capital contributions	(6,963)	(9,281)
	111,878	356,319
Changes in non-cash working capital balances		
Accounts receivable	17,776	(33,886)
Prepaid expenses	2,276	(10,237)
Deposit on building	-	24,169
Accounts payable and accrued liabilities	(192,575)	200,992
Deferred revenue	21,933	(2,499)
	(38,712)	534,858
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(431,055)	(1,331,333)
Proceeds from deferred capital contributions	8,100	-
Purchase of short-term investments	(100,018)	(162,449)
Proceeds on sale of short-term investments	404,248	927,397
	(118,725)	(566,385)
<b>Decrease in cash during the year</b>	<b>(157,437)</b>	<b>(31,527)</b>
<b>Cash, beginning of year</b>	<b>615,811</b>	<b>647,338</b>
<b>Cash, end of year</b>	<b>\$ 458,374</b>	<b>\$ 615,811</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## **Hospice of Waterloo Region Summary of Significant Accounting Policies**

**March 31, 2011**

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<b>Nature of Business</b>	The organization is a registered charitable organization incorporated without capital under the laws of Ontario and is dedicated to providing comfort, care and support to people affected by life-threatening illness.										
<b>Fund Accounting</b>	<p>The Operating Fund reports the assets, liabilities, revenues and expenses related to the services provided to people and families affected by life-threatening illness.</p> <p>The Campaign Fund reports the assets, liabilities, revenues and expenses related to the fundraising campaign for the acquisition and maintenance of the new building.</p>										
<b>Capital Assets</b>	<p>Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><td>Building</td><td>- 4 % diminishing balance basis</td></tr><tr><td>Furniture and equipment</td><td>- 20 % diminishing balance basis</td></tr><tr><td>Office equipment</td><td>- 25 % diminishing balance basis</td></tr><tr><td>Computer equipment</td><td>- 40 % diminishing balance basis</td></tr><tr><td>Signage</td><td>- 20 % diminishing balance basis</td></tr></table>	Building	- 4 % diminishing balance basis	Furniture and equipment	- 20 % diminishing balance basis	Office equipment	- 25 % diminishing balance basis	Computer equipment	- 40 % diminishing balance basis	Signage	- 20 % diminishing balance basis
Building	- 4 % diminishing balance basis										
Furniture and equipment	- 20 % diminishing balance basis										
Office equipment	- 25 % diminishing balance basis										
Computer equipment	- 40 % diminishing balance basis										
Signage	- 20 % diminishing balance basis										
<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.										
<b>Income Tax Status</b>	The Hospice is exempt from income tax under section 149 of the Income Tax Act.										

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## **Hospice of Waterloo Region Summary of Significant Accounting Policies**

**March 31, 2011**

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### **Revenue Recognition**

The organization uses the restricted fund method of accounting for contributions.

Funding is received from the Waterloo Wellington Local Health Integration Network (WWLHIN). Annual Reconciliation Reports are submitted to the WWLHIN by the organization for final approval. Assessments of prior funding may occur based on funder decisions. The effect of these adjustments, which cannot be quantified at the time of preparing the financial statements, will be recorded in the year of assessment.

Contributions received related to the campaign fund are recognized as revenue in the fund when received.

Contributions of the operating fund that are restricted for activities or fundraising events taking place in the following year are deferred until the activity or event is completed and the related expenses are incurred.

Unrestricted contributions of the operating fund are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Deferred capital contributions consist of the unamortized amount of donations received for the purchase of capital assets. These amounts are recorded as income over the same period as the amortization expense for the specific capital assets.

### **Contributed Materials and Services**

Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the organization and their fair market value can be ascertained.

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## Hospice of Waterloo Region Summary of Significant Accounting Policies

**March 31, 2011**

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### **Financial Instruments**

The organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

All transactions related to financial instruments are recorded on a settlement-date basis. The fair values of financial instruments are determined using published price quotations, where applicable.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

#### Held-for-trading

This category is comprised of cash and short term deposits. They are carried on the Balance Sheet at fair value with changes in fair value recognized in the Statement of Revenue and Expenses.

#### Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for the promise to repay on a specified date or dates, or on demand. They arise principally through the course of normal operations (accounts receivable), but also include other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

#### Other financial liabilities

Other financial liabilities includes all financial liabilities and are comprised of accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

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## **Hospice of Waterloo Region Summary of Significant Accounting Policies**

**March 31, 2011**

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### **New Accounting Pronouncement**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

#### **Accounting Standards for Not-for-Profit Organizations**

The Accounting Standards Board has recently approved generally accepted accounting principles (GAAP) for Not-for-Profit Organizations. Not-for-Profit Organizations will have the choice of adopting either International Financial Reporting Standards (IFRS) or GAAP for Not-for-Profit Organizations for year ends beginning on or after January 1, 2012. For organizations choosing to adopt GAAP for Not-for-Profit Organizations they would be allowed to early adopt for years ending on or after December 31, 2010. Until GAAP for Not-for-Profit Organizations is adopted, Not-for-Profit Organizations will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting.

## Hospice of Waterloo Region Notes to Financial Statements

**March 31, 2011**

### 1. Cash

The organization's bank accounts are held at one chartered bank and earn a nominal amount of interest.

### 2. Short-term Deposits

	2011	2010
<u>Operating Fund</u>		
0.3% Cashable GIC, matured during the year	\$ -	\$ 162,449
<u>Campaign Fund</u>		
Manulife Investment Savings Account	\$ 100,018	\$ 241,799

### 3. Interfund Balances

Amounts owing are non-interest bearing and have no terms of repayment.

### 4. Capital Assets

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 232,499	\$ -	\$ 217,359	\$ -
Building	1,434,543	50,831	1,107,010	-
Furniture and equipment	128,021	39,168	48,723	26,985
Office equipment	14,844	9,538	13,904	7,769
Computer equipment	52,500	49,005	50,747	46,331
Signage	6,391	639	-	-
	<b>\$ 1,868,798</b>	<b>\$ 149,181</b>	<b>\$ 1,437,743</b>	<b>\$ 81,085</b>
Net book value		<b>\$ 1,719,617</b>		<b>\$ 1,356,658</b>

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## Hospice of Waterloo Region Notes to Financial Statements

**March 31, 2011**

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### 5. Deferred Capital Contributions

The change in the balance is as follows:

	<u>2011</u>	<u>2010</u>
<b>Balance</b> , beginning of year	<b>\$ 24,491</b>	<b>\$ 33,772</b>
Contributions during the year	<b>8,100</b>	<b>-</b>
Amortization during the year	<b>(6,963)</b>	<b>(9,281)</b>
<b>Balance</b> , end of year	<b>\$ 25,628</b>	<b>\$ 24,491</b>

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### 6. Deferred Revenue

Deferred revenue reported relates to funds received for expenses that will be incurred in the subsequent period. Changes in the deferred revenues balance reported are as follows:

	<u>2011</u>	<u>2010</u>
<b>Balance</b> , beginning of year	<b>\$ 22,056</b>	<b>\$ 24,555</b>
Less amount recognized as revenue in the year	<b>-</b>	<b>(2,499)</b>
Add amount received related to the following year	<b>21,933</b>	<b>-</b>
<b>Balance</b> , end of year	<b>\$ 43,989</b>	<b>\$ 22,056</b>

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### 7. Economic Dependence

The organization is economically dependent upon the WWLHIN from this source represents 60% of revenue for the year ended March 31, 2011.

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## Hospice of Waterloo Region Notes to Financial Statements

**March 31, 2011**

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### **8. Capital Risk Management**

The Organization's objectives when managing capital are to safeguard the Organization's ability to continue as a going concern. Capital is defined by the Organization as all general, internally and externally restricted funds.

The Board's objective is to provide working capital for the Organization's operating expenses. Deposits and withdrawals to the funds are administered by management and are authorized by Board passage of the annual operating budget.

The organization has no externally imposed capital requirements. The Organization's overall strategy with respect to capital risk management remains unchanged from the year ended March 31, 2010.