

Hospice of Waterloo Region
Financial Statements
For the year ended March 31, 2013

	Contents
Independent Auditor's Report	2
Financial Statements	
Balance Sheet	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Schedule 1 - Balance Sheet as at March 31, 2012	17
Schedule 2 - Balance Sheet as at April 1, 2011	18
Schedule 3 - Statement of Operations for the year ended March 31, 2012	19

Independent Auditor's Report

To the Board of Directors of Hospice of Waterloo Region

We have audited the accompanying financial statements of Hospice of Waterloo Region, which comprise the balance sheets as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012 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 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 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 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 (deficiency) 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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Waterloo, Ontario
June 12, 2013

Hospice of Waterloo Region Balance Sheet

March 31, 2013 March 31, 2012 April 1, 2011

	Operating	Capital	Total	(Restated) (Schedule 1)	Total	(Restated) (Schedule 2)	Total
Assets							
Current							
Cash (Note 4)	\$ 44,571	\$ 31,899	\$ 76,470	\$ 468,997	\$ 458,374		
Short-term investments (Note 5)	325,000	203,131	528,131	101,852	100,018		
Accounts receivable (Note 6)	38,428	-	38,428	64,078	26,368		
Prepaid expenses	9,267	-	9,267	9,315	11,228		
Due from operating fund (Note 7)	-	106,466	106,466	114,801	58,485		
Property, plant and equipment (Note 8)	417,266	341,496	758,762	759,043	654,473		
	-	1,619,960	1,619,960	1,698,384	1,719,617		
	\$ 417,266	\$ 1,961,456	\$ 2,378,722	\$ 2,457,427	\$ 2,374,090		

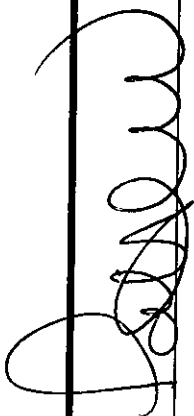
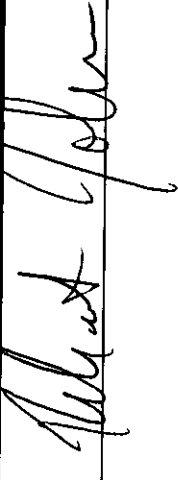
Liabilities and Fund Balances

Current	
Accounts payable and accrued liabilities	\$ 46,965
Deferred operating contributions (Note 9)	-
Due to Ministry of Health	37,680
Due to capital fund (Note 7)	-
	106,466
	191,111

Fund balances

Internally restricted	-	1,619,960	1,698,384	1,719,617
Externally restricted	-	341,496	336,331	305,905
Unrestricted	226,155	-	226,155	187,745
	226,155	1,961,456	2,187,611	2,213,267

\$ 417,266 **\$ 1,961,456** **\$ 2,378,722** **\$ 2,457,427** **\$ 2,374,090**

On behalf of the Board:  President  Treasurer

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

	Operating	Capital	Total
Fund balances, April 1, 2011 (restated) (Note 3)	\$ 187,745	\$2,025,522	\$2,213,267
Excess (deficiency) of revenue over expenditures for the year (restated) (Note 3)	79,778	(47,154)	32,624
Interfund transfers	(56,347)	56,347	-
Fund balances, March 31, 2012	211,176	2,034,715	2,245,891
Excess (deficiency) of revenue over expenditures for the year	14,979	(73,259)	(58,280)
Fund balances, March 31, 2013	\$ 226,155	\$1,961,456	\$2,187,611

Hospice of Waterloo Region Statement of Operations

For the year ended March 31

2013
2012
(Restated)
(Schedule 3)

	Operating	Capital	Total
Revenue			
WWLHIN	\$ 390,998	\$ -	\$ 390,998
Donations and fundraising	151,812	-	151,812
Ministry of Health Education Funding	52,416	-	52,416
Grants	42,252	-	42,252
Workshops	1,110	-	1,110
Interest	6	1,536	1,542
	638,594	1,536	640,130
Expenses			
Advertising, promotion, printing, fundraising	21,021	-	21,021
Amortization	-	74,795	74,795
Bank charges	2,349	-	2,349
Computer and other equipment leases and costs (Note 13)	8,524	-	8,524
Insurance and professional fees	55,015	-	55,015
Ministry of Health Education	52,416	-	52,416
Memberships	2,630	-	2,630
Office	9,595	-	9,595
Postage and telephone	10,196	-	10,196
Program costs	31,649	-	31,649
Property taxes, maintenance and utilities	20,803	-	20,803
Salaries and benefits	386,589	-	386,589
Staff education	10,317	-	10,317
Travel reimbursements	12,511	-	12,511
	623,615	74,795	698,410
Excess (deficiency) of revenue over expenditures for the year	\$ 14,979	\$ (73,259)	\$ (58,280)
			\$ 32,624

The accompanying notes are an integral part of these financial statements.

Hospice of Waterloo Region Statement of Cash Flows

For the year ended March 31

	2013	2012 (Restated)
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (58,280)	\$ 32,624
Items not involving cash		
Amortization of property, plant and equipment	74,795	79,680
	<u>16,515</u>	<u>112,304</u>
 Changes in non-cash working capital balances		
Accounts receivable	25,650	(37,710)
Prepaid expenses	48	1,913
Accounts payable and accrued liabilities	(21,947)	10,563
Deferred operating contributions	31,790	-
Due to Ministry of Health	(21,933)	(16,166)
	<u>30,123</u>	<u>70,904</u>
 Cash flows from investing activities		
Purchase of property, plant and equipment	(19,289)	(58,447)
RST rebate received on property, plant and equipment	22,917	-
Purchase of short-term investments	(426,279)	(1,834)
	<u>(422,651)</u>	<u>(60,281)</u>
 Increase (decrease) in cash during the year	(392,527)	10,623
 Cash, beginning of year	<u>468,997</u>	<u>458,374</u>
 Cash, end of year	<u>\$ 76,470</u>	<u>\$ 468,997</u>

Hospice of Waterloo Region Notes to Financial Statements

March 31, 2013

1. Significant Accounting Policies

Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).												
Nature of Operations	The organization is a registered charity incorporated without capital under the laws of Ontario and is dedicated to providing comfort, care and support to people affected by a life-threatening illness.												
Fund Accounting	<p>The Operating Fund reports the assets, liabilities, revenues and expenses related to the services provided to people and families affected by a life-threatening illness.</p> <p>The Capital Fund reports the assets, liabilities, revenues and expenses related to the purchase and use of property, plant and equipment.</p>												
Property, Plant and Equipment	<p>Property, plant and equipment 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><tr><td>Landscaping</td><td>- 10 % diminishing balance basis</td></tr></table> <p>One half of the amortization is provided in the year of acquisition and no amortization is provided in the year of disposal.</p>	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	Landscaping	- 10 % 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												
Landscaping	- 10 % diminishing balance basis												
Use of Estimates	The preparation of financial statements in accordance with ASNPO 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.												
Income Tax	The organization is exempt from income tax under section 149 of the Income Tax Act.												

Hospice of Waterloo Region Notes to Financial Statements

March 31, 2013

1. Significant Accounting Policies (continued)

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 capital 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.

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.

Hospice of Waterloo Region Notes to Financial Statements

March 31, 2013

1. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that the organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The organization considers that no circumstances exist that would require such an evaluation.

Leases

Lease agreements that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the organization, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed on incurred.

Hospice of Waterloo Region Notes to Financial Statements

March 31, 2013

2. First-time Adoption of Canadian Accounting Standards for Not-for-Profit Organizations

Effective April 1, 2012, the organization adopted the requirements of the new accounting framework, Canadian accounting standards for not-for-profit organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook-Accounting. These are the organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and in the preparation of an opening ASNPO statement of financial position at the date of transition of April 1, 2011.

The organization issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of ASNPO resulted in no adjustments to the previously reported fund balances, excess (deficiency) of revenue over expenses and cash flows of the organization.

There were no exemptions used on adoption of ASNPO.

Hospice of Waterloo Region Notes to Financial Statements

March 31, 2013

3. Change in Accounting Policy

On June 13, 2012, the board of directors approved to change the "Campaign fund" to the "Capital fund" and accordingly, the transfer of the property, plant and equipment from the operating fund to the capital fund. In accordance with ASNPO, any change in the revenue and expenses reported in a particular fund would constitute a change in accounting policy and accordingly, the fund balances as at April 1, 2011 and the excess of revenue over expenditures for the year ended March 31, 2012 have been restated as follows:

Fund balance at April 1, 2011, as previously stated	\$ 2,187,639
Deferred capital contributions recognized into revenue	<u>25,628</u>
Fund balance at April 1, 2011, restated	<u>\$ 2,213,267</u>
Excess of revenue over expenditures at March 31, 2012, as previously stated	\$ 37,270
Capital contributions received during the year recognized into revenue	2,100
Amortization of deferred capital contributions removed from revenue	<u>(6,746)</u>
Excess of revenue over expenditures at March 31, 2012, restated	<u>\$ 32,624</u>

4. Cash

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

**Hospice of Waterloo Region
Notes to Financial Statements**

March 31, 2013

5. Short-term Investments

	2013	2012
<u>Operating Fund</u>		
0.80% Cashable GIC, maturing January 2014	\$ 325,000	\$ -
<u>Capital Fund</u>		
0.80% Cashable GIC, maturing January 2014	\$ 100,000	\$ -
0.75% Manulife Investment Savings Account	103,131	101,852
	\$ 203,131	\$ 101,852

6. Accounts Receivable

	2013	2012
Trade	\$ 22,114	\$ 23,762
HST Receivable	16,314	40,316
	\$ 38,428	\$ 64,078

7. Interfund Balances

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

Hospice of Waterloo Region Notes to Financial Statements

March 31, 2013

8. Property, Plant and Equipment

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 232,500	\$ -	\$ 232,500	\$ -
Building	1,459,743	160,860	1,472,804	106,945
Furniture and equipment	147,268	74,980	138,589	57,995
Office equipment	14,844	11,860	14,844	10,865
Computer equipment	53,252	51,851	52,500	50,786
Signage	6,391	2,709	6,391	1,789
Landscaping	9,617	1,395	9,617	481
	\$ 1,923,615	\$ 303,655	\$ 1,927,245	\$ 228,861
Net book value		\$ 1,619,960		\$ 1,698,384

9. Deferred Operating Contributions

	2013	2012
Balance, beginning of year	\$ 5,890	\$ 5,890
Funding received during the year	78,070	-
Expenses incurred during the year	(46,280)	-
Balance, end of year	\$ 37,680	\$ 5,890

Hospice of Waterloo Region Notes to Financial Statements

March 31, 2013

10. Commitments

The organization has entered into operating leases for its mail machine and photocopier expiring on January 2018 and May 2017 respectively.

The minimum annual lease payments for the next five year are as follows:

2014	\$	1,760
2015		1,760
2016		1,760
2017		1,760
2018		858
		858
	\$	7,898

11. Economic Dependence

The organization is economically dependent upon the WWLHIN. This source represents 69% of revenue for the year ended March 31, 2013.

12. Kitchener and Waterloo Community Foundation

The organization has certain internally restricted endowment assets which are held in trust at the Kitchener and Waterloo Community Foundation (KWCF). These assets are long-term investments held in a variety of common and preferred stocks, bonds, GIC's and money market funds. The income component is comprised of interest and dividends earned on the capital investment and is available for distribution in the form of grants.

The organization has access to any income and growth on the investments but the original capital contribution is restricted and held at KWCF.

Should KWCF cease to exist, the organization would be entitled to receive the appropriate proportionate share of the market value of the investments of KWCF represented by the fund.

	2013	2012
Internally restricted endowment fund	\$ 11,497	\$ 10,932
Income earned during the year	\$ 1,125	\$ 209

Hospice of Waterloo Region Notes to Financial Statements

March 31, 2013

13. Computer Supplies

During the year, the organization received funding of \$21,154 for reimbursement of expenses for the Hospice Palliative Care Centre. This revenue has been shown net of the expenses incurred by Hospice of Waterloo Region.

14. Financial Instrument Risks

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the organization to concentrations of credit risk consist of cash, short-term investments and accounts receivable. The organization has deposited the cash and short-term investments with reputable financial institutions, from which management believes the risk of loss to be remote. The credit risk on accounts receivable arises from organizations in a similar not-for-profit sector. There have been no changes to the organization's credit risk exposure from the prior year.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities. The exposure to liquidity risk is unchanged from the prior year.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments. The exposure to interest rate risk is unchanged from the prior year.

**Hospice of Waterloo Region
Schedule 1 - Balance Sheet**

March 31, 2012

	Operating	Capital	Total
Assets			
Current			
Cash	\$ 347,347	\$ 121,650	\$ 468,997
Short-term investments	-	101,852	101,852
Accounts receivable	64,078	-	64,078
Prepaid expenses	9,315	-	9,315
Due from operating fund	-	114,801	114,801
	<u>420,740</u>	<u>338,303</u>	<u>759,043</u>
Property, plant and equipment	-	1,698,384	1,698,384
	<u>\$ 420,740</u>	<u>\$ 2,036,687</u>	<u>\$ 2,457,427</u>

Liabilities and Fund Balances

Current			
Accounts payable and accrued liabilities	\$ 66,940	\$ 1,972	\$ 68,912
Deferred operating contributions	5,890	-	5,890
Due to Ministry of Health	21,933	-	21,933
Due to capital fund	114,801	-	114,801
	<u>209,564</u>	<u>1,972</u>	<u>211,536</u>
Fund balances			
Internally restricted	-	1,698,384	1,698,384
Externally restricted	-	336,331	336,331
Unrestricted	211,176	-	211,176
	<u>211,176</u>	<u>2,034,715</u>	<u>2,245,891</u>
	<u>\$ 420,740</u>	<u>\$ 2,036,687</u>	<u>\$ 2,457,427</u>

Hospice of Waterloo Region Schedule 2 - Balance Sheet

April 1, 2011

	Operating	Capital	Total
Assets			
Current			
Cash	\$ 310,972	\$ 147,402	\$ 458,374
Short-term investments	-	100,018	100,018
Accounts receivable	26,368	-	26,368
Prepaid expenses	11,228	-	11,228
Due from operating fund	-	58,485	58,485
	348,568	305,905	654,473
Property, plant and equipment	-	1,719,617	1,719,617
	\$ 348,568	\$ 2,025,522	\$ 2,374,090
Liabilities and Fund Balances			
Current			
Accounts payable and accrued liabilities	\$ 58,349	\$ -	\$ 58,349
Deferred operating contributions	5,890	-	5,890
Due to Ministry of Health	38,099	-	38,099
Due to capital fund	58,485	-	58,485
	160,823	-	160,823
Fund balances			
Internally restricted	-	1,719,617	1,719,617
Externally restricted	-	305,905	305,905
Unrestricted	187,745	-	187,745
	187,745	2,025,522	2,213,267
	\$ 348,568	\$ 2,025,522	\$ 2,374,090

Hospice of Waterloo Region Schedule 3 - Statement of Operations

For the year ended March 31, 2012

	Operating	Capital	Total
Revenue			
WWLHIN	\$ 370,200	\$ -	\$ 370,200
Donations and fundraising	145,208	33,350	178,558
Ministry of Health Education Funding	53,214	-	53,214
Grants	39,300	-	39,300
Interest	28	1,834	1,862
Workshops	925	-	925
	608,875	35,184	644,059
Expenses			
Advertising, promotion, printing, fundraising	23,158	-	23,158
Amortization	-	79,680	79,680
Bank charges	2,178	45	2,223
Computer and other equipment leases and costs	9,169	-	9,169
Insurance and professional fees	30,856	-	30,856
Ministry of Health Education	53,214	-	53,214
Memberships	1,772	-	1,772
Office	2,933	-	2,933
Postage and telephone	8,889	-	8,889
Program costs	40,004	641	40,645
Property taxes, maintenance and utilities	39,590	1,972	41,562
Salaries and benefits	305,200	-	305,200
Staff education	5,144	-	5,144
Travel reimbursements	6,990	-	6,990
	529,097	82,338	611,435
Excess (deficiency) of revenue over expenditures for the year	\$ 79,778	\$ (47,154)	\$ 32,624