

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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## Independent Auditor's Report

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### To The Members of Hospice Wellington

We have audited the accompanying financial statements of Hospice Wellington, which comprise the statement of financial position as at March 31, 2018, and the statement of operations, 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 an audit to obtain reasonable assurance whether the financial statements are free of 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 Organization'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 purposes of expressing an opinion on the effectiveness of the Organization'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 donations and cash receipts, 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 unable to determine whether any adjustments might be necessary to revenues other than grants, excess of revenues over expenses, assets and net assets at March 31, 2018 and 2017.



**Qualified Opinion**

In our opinion, except for the 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 Wellington as at March 31, 2018 and 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario  
May 23, 2018

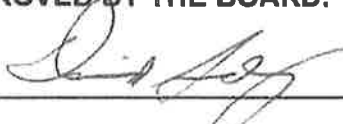
**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2018**


	<b>CURRENT FUND</b>	<b>PROPERTY &amp; EQUIPMENT FUND</b>	<b>2018 TOTAL</b>	<b>2017 TOTAL</b>
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash (note 2)	\$ 3,146,259	\$ 0	\$ 3,146,259	\$ 2,143,303
Accounts receivable	33,341	0	33,341	57,118
Prepaid expenses	22,623	0	22,623	43,110
	3,202,223	0	3,202,223	2,243,531
<b>PROPERTY &amp; EQUIPMENT (note 3)</b>	<u>0</u>	<u>4,243,378</u>	<u>4,243,378</u>	<u>4,310,717</u>
	<u>\$ 3,202,223</u>	<u>\$ 4,243,378</u>	<u>\$ 7,445,601</u>	<u>\$ 6,554,248</u>

<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	\$ 128,324	\$ 0	\$ 128,324	\$ 112,011
<b>LONG TERM</b>				
Deferred revenue (note 5)	<u>2,933,775</u>	<u>1,732,500</u>	<u>4,666,275</u>	<u>3,791,235</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 3,062,099</u>	<u>\$ 1,732,500</u>	<u>\$ 4,794,599</u>	<u>\$ 3,903,246</u>

<b>NET ASSETS</b>				
<b>NET ASSETS</b>				
Invested in property & equipment	\$ 0	\$ 2,510,878	\$ 2,510,878	\$ 2,514,051
Unrestricted	140,124	0	140,124	136,951
	<u>140,124</u>	<u>2,510,878</u>	<u>2,651,002</u>	<u>2,651,002</u>
	<u>\$ 3,202,223</u>	<u>\$ 4,243,378</u>	<u>\$ 7,445,601</u>	<u>\$ 6,554,248</u>

**APPROVED BY THE BOARD:**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<b>CURRENT FUND</b>	<b>PROPERTY &amp; EQUIPMENT FUND</b>	<b>2018 TOTAL</b>	<b>2017 TOTAL</b>
<b>NET ASSETS</b>				
Balance, beginning of the year	\$ 136,951	\$ 2,514,051	\$ 2,651,002	\$ 2,586,835
Excess (deficiency) of revenues over expenditures	<u>89,730</u>	<u>(89,730)</u>	<u>0</u>	<u>64,167</u>
Purchase of property & equipment	<u>226,681</u> <u>(86,557)</u>	<u>2,424,321</u> <u>86,557</u>	<u>2,651,002</u> <u>0</u>	<u>2,651,002</u> <u>0</u>
Balance at end of the year	<u>\$ 140,124</u>	<u>\$ 2,510,878</u>	<u>\$ 2,651,002</u>	<u>\$ 2,651,002</u>

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

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2018 TOTAL	2017 TOTAL
<b>REVENUE</b>				
Grants	\$ 1,365,227	\$ 0	\$ 1,365,227	\$ 1,477,159
Donations	844,464	64,167	908,631	606,084
Fundraising	382,861	0	382,861	300,197
Other income	38,095	0	38,095	36,181
Interest	11,669	0	11,669	10,365
Programs	3,537	0	3,537	11,801
	<u>2,645,853</u>	<u>64,167</u>	<u>2,710,020</u>	<u>2,441,787</u>
<b>EXPENDITURES</b>				
Residential wages and benefits	1,242,699	0	1,242,699	1,097,392
Other wages and benefits	750,420	0	750,420	612,321
Depreciation	0	153,897	153,897	148,095
Fundraising	133,904	0	133,904	101,985
Residential operating	119,287	0	119,287	125,305
Office and general	87,513	0	87,513	73,317
Advertising and promotion	45,667	0	45,667	50,382
Community services	38,421	0	38,421	25,480
Utilities	35,111	0	35,111	40,444
Accounting	28,669	0	28,669	22,535
Audit and legal fees	28,270	0	28,270	12,987
Insurance	11,798	0	11,798	11,552
Repairs and maintenance	10,966	0	10,966	33,250
Membership dues	8,809	0	8,809	6,163
Bank charges and interest	8,549	0	8,549	5,652
Education	5,085	0	5,085	9,534
Municipal taxes	955	0	955	1,226
	<u>2,556,123</u>	<u>153,897</u>	<u>2,710,020</u>	<u>2,377,620</u>
<b>EXCESS (DEFICIENCY) OF</b>				
<b>REVENUES OVER EXPENDITURES for</b>				
the year	<u>\$ 89,730</u>	<u>\$ (89,730)</u>	<u>\$ 0</u>	<u>\$ 64,167</u>

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<b>2018 TOTAL</b>	<b>2017 TOTAL</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 64,167
Items not involving cash		
Depreciation on property and equipment	<u>153,897</u>	<u>148,095</u>
	153,897	212,262
Changes in non-cash working capital items		
Accounts receivable	23,777	(34,841)
Prepaid expenses	20,487	(8,697)
Accounts payable and accrued liabilities	16,313	19,634
Deferred revenue	<u>875,040</u>	<u>554,418</u>
	<u>1,089,514</u>	<u>742,776</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(86,558)</u>	<u>(39,006)</u>
<b>NET INCREASE IN CASH</b>	1,002,956	703,770
<b>CASH, BEGINNING OF YEAR</b>	<u>2,143,303</u>	<u>1,439,533</u>
<b>CASH, END OF YEAR</b>	<u>\$ 3,146,259</u>	<u>\$ 2,143,303</u>



**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) NATURE OF ORGANIZATION**

Hospice Wellington (the "Organization") is a registered charity incorporated without share capital under the provisions of the Ontario Business Corporations Act and is exempt from income tax. The Organization is committed to providing programs that support a dignified transition from diagnosis to end of life. Hospice Wellington carries out its programs through the hearts and skills of trained volunteers and staff.

**(b) FUND ACCOUNTING**

The activities of the Organization are carried out through the following funds:

**Current Fund**

The Current Fund accounts for the ongoing operations of the Organization and the revenue and expenditures of its programs.

**Property & Equipment Fund**

The Property & Equipment Fund reports the activities of the entity related to its capital assets.

**(c) CONTRIBUTED SERVICES**

Volunteers contribute a significant amount of time per year to assist the Organization in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**(d) REVENUE RECOGNITION**

Hospice Wellington follows the deferral method of accounting for contributions (contributions are defined as grant, donation, fundraising, program and other revenue). Under this method:

- Contributions restricted for use on facilities or programming are deferred and recognized as revenue in the year in which the related expenses are incurred.
- Contributions externally restricted to the acquisition of property and equipment are initially recorded as deferred contributions in the year in which they are received and are amortized to revenue over the useful life of the related assets.
- Unrestricted contributions are recognized when received.

**HOSPICE WELLINGTON**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) PROPERTY & EQUIPMENT**

Property & equipment are recorded at cost. Depreciation is calculated using the straight line method over the assets' estimated useful lives as follows:

Building	40 years
Equipment	5 years
Office furniture and equipment	5 years
Computer equipment and software	3 years

**(f) FINANCIAL INSTRUMENTS**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. 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.

**2. CASH**

The Organization owns a savings account that pays interest on the monthly minimum balance at a rate of 0.8% on balances between \$50,000 - \$999,999 and 1% on balances above \$1,000,000. Additional interest of 0.15% is paid monthly on the difference between the minimum balance and the average balance.

**3. PROPERTY AND EQUIPMENT**

Property, plant and equipment consists of the following:

	COST	ACCUM. DEPR'N	2018 NET BOOK VALUE	2017 NET BOOK VALUE
Land	\$ 203,185	\$ 0	\$ 203,185	\$ 203,185
Building	5,151,061	1,180,543	3,970,518	4,055,338
Equipment	596,689	547,490	49,199	30,967
Office furniture and equipment	87,937	87,937	0	0
Computer equipment and software	104,410	83,934	20,476	21,227
	<u>\$ 6,143,282</u>	<u>\$ 1,899,904</u>	<u>\$ 4,243,378</u>	<u>\$ 4,310,717</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**4. AMALGAMATION OF PROPERTY & EQUIPMENT FUND AND RESERVE FUND**

Prior to 2017, the Organization had divided its activities related to the raising of funds for capital or future purposes between two funds, being the Property & Equipment Fund and the Reserve Fund. The intention was always to merge these two funds once activities related to constructing the building were completed. In the prior year, the Board of Directors decided to complete the amalgamation of the two funds as originally contemplated. This has resulted in the following changes to opening net assets and deferred revenues:

As at April 1, 2016 deferred revenues were decreased by \$1,984,575 to recognize that these funds had been invested in capital assets and the opening balance of net assets invested in capital assets was increased by the same amount. The opening balance of unrestricted net assets was increased by \$182,965 and the opening balance of restricted net assets was decreased by an equal amount. Revenues deferred for future purposes are now reflected in the current fund. Donations received for the purposes of funding the repayment of the mortgage on the building (\$1,925,000) have been deferred in the Property & Equipment fund and will be amortized into income on the same basis as the building is being depreciated. Net income was not affected by these adjustments.

**HOSPICE WELLINGTON**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**5. DEFERRED REVENUE**

Deferred revenue in the Current Fund consists of the following:

- a) Funding received from The Waterloo Wellington Community Care Access Centre for nursing and personal support wages. \$91,444 (2017 - \$93,463) is the monthly advance for April 2018, which was received in March 2018.
- b) \$35,000 in funds from the Handbags for Hospice to be used towards purchase of beds for the residence.
- c) \$51,191 in deferred revenues related to programs which will take place in fiscal 2018-2019 and revenues collected from programs for which the related expenditure had not yet been incurred.
- d) Deferred revenue related to the Futures Campaign (and previously, the Building on Compassionate Care Campaign) represents donations received that are in excess of expenses incurred for the planned campaigns and facilities.

	<b>2018</b>	<b>2017</b>
Opening balance	\$ 1,875,607	\$ 5,108,440
Adjustment for amalgamation of funds (note 4)	0	(1,984,575)
Transfer to Property & Equipment fund (note 4)	0	(1,860,833)
Donations and grants received	1,093,742	900,053
Expenses incurred and donations recognized as revenue	(213,209)	(287,478)
	<u>\$ 2,756,140</u>	<u>\$ 1,875,607</u>

- e) Summary of deferred revenues in the current fund:

	<b>2018</b>	<b>2017</b>
Waterloo Wellington Community Care Access Center	\$ 91,444	\$ 93,463
Handbags for Hospice	35,000	0
Deferred program revenue	51,191	25,498
Futures campaign	2,756,140	1,875,607
	<u>\$ 2,933,775</u>	<u>\$ 1,994,568</u>

Deferred revenue in the Property & Equipment fund relates to the repayment of the mortgage on the building and is being deferred and amortized into income over the life of the building.

	<b>2018</b>	<b>2017</b>
Opening balance	\$ 1,796,667	\$ 1,860,834
Expenses incurred and donations recognized as revenue	(64,167)	(64,167)
	<u>\$ 1,732,500</u>	<u>\$ 1,796,667</u>

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**6. FINANCIAL INSTRUMENTS**

The Organization's principal financial instrument is cash. The main purpose of this financial instrument is to finance and maintain the Organization's operations. The Organization has other financial instruments such as accounts receivable and accounts payable and accrued liabilities which arise directly from its operations. The main risks arising from the Organization's financial instruments are interest rate risk, liquidity risk and credit risk.

**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 cash flow risk related primarily to cash. The risk has not changed from the previous 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 its accounts payable, accrued liabilities and deferred revenue. The risk has not changed from the previous year.

**Credit Risk**

The Organization is exposed to concentrations of credit risk related primarily to accounts receivable from government organizations. The risk is mitigated by the strong collectibility factor inherent in government contributions. The risk has not changed from the prior year.

