HOSPICE WELLINGTON

(A Not-for-Profit Organization)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

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BDO

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Independent Auditor's Report

To the Members of Hospice Wellington

Opinion

We have audited the accompanying financial statements of Hospice Wellington (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statement of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance of 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonable be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
May 22, 2019

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2019 TOTAL	2018 TOTAL
ASSETS				
CURRENT				
Cash (note 2)	$ 1,290,985	$ 0	$ 1,290,985	$ 3,146,259
Short-term investments (note 3)	2,000,000	0	2,000,000	0
Accounts receivable	116,378	0	116,378	33,341
Prepaid expenses	20,046	0	20,046	22,623
	3,427,409	0	3,427,409	3,202,223
PROPERTY & EQUIPMENT (note 4)	0	4,334,219	4,334,219	4,243,378
	$ 3,427,409	$ 4,334,219	$ 7,761,628	$ 7,445,601
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$ 357,595	$ 0	$ 357,595	$ 128,324
LONG TERM				
Deferred revenue (note 5)	3,061,789	1,668,333	4,730,122	4,666,275
TOTAL LIABILITIES	$ 3,419,384	$ 1,668,333	$ 5,087,717	$ 4,794,599
NET ASSETS				
NET ASSETS				
Invested in property & equipment	$ 0	$ 2,665,886	$ 2,665,886	$ 2,510,878
Unrestricted	8,025	0	8,025	140,124
	8,025	2,665,886	2,673,911	2,651,002
	$ 3,427,409	$ 4,334,219	$ 7,761,628	$ 7,445,601

APPROVED BY THE BOARD:

_______________ Director

_______________ Director

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

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2019 TOTAL	2018 TOTAL
NET ASSETS				
Balance, beginning of the year	$ 140,124	$ 2,510,878	$ 2,651,002	$ 2,651,002
Excess (deficiency) of revenues over expenditures	140,482	(117,573)	22,909	0
	280,606	2,393,305	2,673,911	2,651,002
Purchase of property & equipment	(272,581)	272,581	0	0
Balance at end of the year	$ 8,025	$ 2,665,886	$ 2,673,911	$ 2,651,002

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, 2019

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2019 TOTAL	2018 TOTAL
REVENUE				
Grants	$ 1,444,616	$ 0	$ 1,444,616	$ 1,365,227
Donations	624,384	64,167	688,551	908,631
Fundraising	392,687	0	392,687	382,861
Other income	168,122	0	168,122	38,095
Interest	26,665	0	26,665	11,669
Programs	2,530	0	2,530	3,537
	2,659,004	64,167	2,723,171	2,710,020
EXPENDITURES				
Residential wages and benefits	1,179,314	0	1,179,314	1,242,699
Other wages and benefits	755,089	0	755,089	750,420
Depreciation	0	181,740	181,740	153,897
Residential operating	130,604	0	130,604	119,287
Fundraising	107,296	0	107,296	133,904
Office and general	75,277	0	75,277	87,513
Advertising and promotion	60,913	0	60,913	45,667
Community services	40,042	0	40,042	38,421
Audit and legal fees	32,416	0	32,416	28,270
One time grant expenses	29,691	0	29,691	0
Utilities	27,100	0	27,100	35,111
Accounting	25,602	0	25,602	28,669
Repairs and maintenance	16,975	0	16,975	10,966
Membership dues	12,090	0	12,090	8,809
Insurance	12,060	0	12,060	11,798
Bank charges and interest	12,019	0	12,019	8,549
Education	1,081	0	1,081	5,085
Municipal taxes	953	0	953	955
	2,518,522	181,740	2,700,262	2,710,020
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES for the year	$ 140,482	$ (117,573)	$ 22,909	$ 0

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019 TOTAL	2018 TOTAL
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	$ 22,909	$ 0
Items not involving cash		
Depreciation on property and equipment	181,740	153,897
	204,649	153,897
Changes in non-cash working capital items		
Accounts receivable	(83,037)	23,777
Prepaid expenses	2,577	20,487
Accounts payable and accrued liabilities	229,271	16,313
Deferred revenue	63,847	875,040
	417,307	1,089,514
INVESTING ACTIVITIES		
Purchase of investments	(2,000,000)	0
Purchase of property and equipment	(272,581)	(86,558)
	(2,272,581)	(86,558)
NET (DECREASE) INCREASE IN CASH	(1,855,274)	1,002,956
CASH, BEGINNING OF YEAR	3,146,259	2,143,303
CASH, END OF YEAR	$ 1,290,985	$ 3,146,259

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.

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
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 1.4% on balances between $0 - $99,999, 1.5% on balances between $100,000 - $999,999 and 1.6% on balances above $1,000,000.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of three guaranteed investment certificates with balances of $1,000,000, $400,000 and $600,000, bearing interest at 2.9%, 3.10% and 2.9% per annum and maturing at June 2021, March 2022 and March 2022, respectively.

4. PROPERTY AND EQUIPMENT

Property, plant and equipment consists of the following:

	COST	ACCUM. DEPR'N	2019 NET BOOK VALUE	2018 NET BOOK VALUE
Land	$ 203,185	$ 0	$ 203,185	$ 203,185
Building	5,166,844	1,309,947	3,856,897	3,970,518
Equipment	339,125	74,937	264,188	49,199
Computer equipment and software	45,470	35,521	9,949	20,476
	$ 5,754,624	$ 1,420,405	$ 4,334,219	$ 4,243,378

5. DEFERRED REVENUE

Deferred revenue in the Current Fund consists of the following:

a) $225,393 (2018 - $51,191) in deferred revenues related to programs which will take place in fiscal 2019-2020 (2018-2019) and revenues collected from programs for which the related expenditure had not yet been incurred.

b) Deferred revenue related to the fundraising campaigns (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.

	2019	2018
Opening balance	$ 2,756,140	$ 1,875,607
Donations and grants received	74,849	1,093,742
Expenses incurred and donations recognized as revenue	(30,593)	(213,209)
	$ 2,800,396	$ 2,756,140

c) Summary of deferred revenues in the current fund:

	2019	2018
Waterloo Wellington Local Health Integration Network	$ 0	$ 91,444
Handbags for Hospice	36,000	35,000
Deferred program revenue	225,393	51,191
Deferred revenue related to fundraising campaigns	2,800,396	2,756,140
	$ 3,061,789	$ 2,933,775

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.

	2019	2018
Opening balance	$ 1,732,500	$ 1,796,667
Expenses incurred and donations recognized as revenue	(64,167)	(64,167)
	$ 1,668,333	$ 1,732,500

6. FINANCIAL INSTRUMENTS

The Organization's principal financial instrument is cash and short-term investments. 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.

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.