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Independent Auditor's Report

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, 2015, 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.

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, 2015, 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 26, 2015

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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 caring assistance to individuals and families from the time of diagnosis of life threatening or terminal illness regardless of disease stage. Hospice Wellington carries out its programs through a strong volunteer organization.

(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.

Reserve Fund

The Reserve Fund accounts for restricted contributions designated for facilities. All income earned on investments of the fund accrues to the fund. The Board of Directors may transfer amounts from the Current Fund to the Reserve Fund by way of motion. The Board of Directors may transfer amounts from the Reserve Fund to the Current Fund only to the extent of cumulative funds remaining from amounts previously transferred by way of Board motion from the Current Fund.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) REVENUE RECOGNITION

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

- Contributions restricted for use on facilities are deferred and recognized as revenue in the year in which the related expenses are incurred.
- Contributions 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.

(e) SHORT-TERM INVESTMENTS

Short-term investments, consisting principally of guaranteed investment certificates (GICs) are recorded at fair value.

(f) 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
Soft furnishings	5 years
Computer equipment	3 years
Signs	5 years
Computer software	3 years

(g) 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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Actual results could differ from those estimates.

2. CASH

The Organization's bank deposits are held in one chartered bank.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of two guaranteed investment certificate with balances of $11,494 and $1,018,295, bearing interest at 0.5% and 1.00% per annum and maturing at March 2016 and July 2015, respectively.

4. INTERFUND LOAN

Interfund loans are non-interest bearing and due on demand.

5. PROPERTY AND EQUIPMENT

Property, plant and equipment consists of the following:

	COST	ACCUM. DEPR'N	2015 NET BOOK VALUE	2014 NET BOOK VALUE
Land	$ 203,185	$ 0	$ 203,185	$ 203,185
Building	5,103,783	797,211	4,306,572	4,432,095
Equipment	520,195	504,874	15,321	112,604
Office furniture and equipment	37,216	37,216	0	0
Soft furnishings	50,721	50,721	0	10,144
Computer equipment	53,241	50,024	3,217	3,603
Signs	8,463	8,463	0	1,026
Computer software	3,987	1,329	2,658	0
Irrigation equipment	16,386	6,554	9,832	11,470
	$ 5,997,177	$ 1,456,392	$ 4,540,785	$ 4,774,127

6. LOAN PAYABLE

The loan due to Scotiabank bears interest at the bank's prime lending rate plus 0.75% for a term of 5 years (expires February 15, 2018), amortized over 20 years. The loan is secured by a collateral mortgage providing a first fixed charge over 795 Scottsdale Drive, Guelph, Ontario with replacement cost fire insurance coverage, loss if any, payable to the bank as mortgagee and a general security agreement on all present and future assets of the Organization.

Principal repayments over the next five years are as follows:

2016	$ 125,000
2017	125,000
2018	1,689,583
	$ 1,939,583

The Organization is subject to covenants related to its credit facilities. As at March 31, 2015 the Organization is in compliance with all covenants.

7. CAPITAL DISCLOSURE

The Organization's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide ongoing hospice palliative and end-of-life care and grief and bereavement support.

The Organization manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Organization may obtain financing, additional grants, increase fundraising efforts or manage costs.

The Organization does not have any externally imposed capital requirements, and has not made any changes with respect to its overall capital management strategy during the year ended March 31, 2015.

8. DEFERRED REVENUE

Deferred revenue consists of the following:

a) Deferred revenue in the Current Fund consists of funding received from The Waterloo Wellington Community Care Access Centre for nursing and personal support wages, $78,944 (2014 - $78,944) is the monthly advance for April 2015 which was received in March 2015.

b) Deferred revenue in the Property & Equipment Fund consists of funding received from the Ministry of Health and Long Term Care for property and equipment. The deferred revenue relating to these grants will be recognized over the estimated useful life of the assets that were funded by these grants in amounts equal to the annual depreciation.

	2015	2014
Opening balance	$ 38,304	$ 76,608
Grants received	0	0
Expenses incurred and grants recognized as revenue	(38,304)	(38,304)
	$ 0	$ 38,304

c) Deferred revenue in the Reserve Fund represents donations received from the Building on Compassionate Care Campaign that are in excess of expenses incurred for the planned campaign and facilities.

	2015	2014
Opening balance	$ 3,498,132	$ 3,450,612
Donations and grants received	415,634	342,702
Expenses incurred and donations recognized as revenue	(357,712)	(295,182)
	$ 3,556,054	$ 3,498,132

9. FINANCIAL INSTRUMENTS

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 to the extent that its loan is at a floating rate of interest. Fluctuations in these rates will impact the cost of financing incurred in the future. 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 loan, deferred revenue, accounts payable and accrued liabilities. The risk has not changed from the previous year.

HOSPICE WELLINGTON

(A Not-for-Profit Organization)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

HOSPICE WELLINGTON

(A Not-for-Profit Organization)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	RESERVE FUND	2015 TOTAL	2014 TOTAL
ASSETS					
CURRENT					
Cash (note 2)	$ 254,654	$ 0	$ 304,729	$ 559,383	$ 607,523
Short-term investments (note 3)	11,494	0	1,018,295	1,029,789	1,019,532
Accounts receivable	25,976	0	697	26,673	12,554
Prepaid expenses	46,370	0	0	46,370	14,043
	338,494	0	1,323,721	1,662,215	1,653,652
PROPERTY & EQUIPMENT (note 5)	0	4,540,785	0	4,540,785	4,774,127
	$ 338,494	$ 4,540,785	$ 1,323,721	$ 6,203,000	$ 6,427,779

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

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	RESERVE FUND	2015 TOTAL	2014 TOTAL
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	$ 89,803	$ 0	$ 148	$ 89,951	$ 110,336
Interfund loan (note 4)	314,426	1,941,214	(2,255,640)	0	0
Current portion of loan payable (note 6)	0	125,000	0	125,000	125,000
	404,229	2,066,214	(2,255,492)	214,951	235,336
LONG TERM					
Loan payable (note 6)	0	1,814,583	0	1,814,583	2,039,583
Deferred revenue (note 8)	78,944	0	3,556,054	3,634,998	3,615,380
	78,944	1,814,583	3,556,054	5,449,581	5,654,963
TOTAL LIABILITIES	483,173	3,880,797	1,300,562	5,664,532	5,890,299
NET ASSETS					
NET ASSETS					
Invested in property & equipment	0	659,988	0	659,988	917,459
Restricted	0	0	23,159	23,159	(199,118)
Unrestricted	(144,679)	0	0	(144,679)	(180,861)
	(144,679)	659,988	23,159	538,468	537,480
	$ 338,494	$ 4,540,785	$ 1,323,721	$ 6,203,000	$ 6,427,779

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, 2015

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	RESERVE FUND	2015 TOTAL	2014 TOTAL
NET ASSETS					
Balance at beginning of the year	$ (180,861)	$ 917,459	$ (199,118)	$ 537,480	$ 533,211
Excess of revenue over expenditures for the year	43,406	(250,106)	207,688	988	4,269
	(137,455)	667,353	8,570	538,468	537,480
Interfund transfers					
Purchase of property & equipment	(7,224)	(7,365)	14,589	0	0
Balance at end of the year	$ (144,679)	$ 659,988	$ 23,159	$ 538,468	$ 537,480

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	RESERVE FUND	2015 TOTAL	2014 TOTAL
REVENUE					
Grants	$ 1,207,315	$ 0	$ 75,000	$ 1,282,315	$ 1,186,868
Donations	308,549	0	271,964	580,513	589,325
Fundraising	214,569	0	0	214,569	272,575
Interest	0	0	10,893	10,893	8,877
Other income	126,148	0	0	126,148	17,932
Programs	15,555	0	0	15,555	0
	1,872,136	0	357,857	2,229,993	2,075,577
EXPENDITURES					
Residential wages and benefits	996,001	0	0	996,001	971,578
Other wages and benefits	436,052	0	52,039	488,091	366,349
Depreciation	0	250,106	0	250,106	248,872
Residential operating	113,414	0	0	113,414	81,818
Interest on loan payable	0	0	78,002	78,002	88,060
Office and general	74,197	0	0	74,197	70,078
Fundraising	40,923	0	0	40,923	59,730
Utilities	33,278	0	0	33,278	32,788
Community services	28,408	0	0	28,408	18,126
Advertising and promotion	22,772	0	0	22,772	25,057
Campaign expenses	0	0	18,675	18,675	0
Accounting	16,861	0	0	16,861	12,279
Audit and legal fees	14,344	0	0	14,344	11,182
Insurance	13,667	0	0	13,667	14,100
Education	13,645	0	0	13,645	15,066
Bank charges and interest	6,501	0	1,453	7,954	8,376
Municipal taxes	7,257	0	0	7,257	21,499
Membership dues	6,303	0	0	6,303	4,109
Repairs and maintenance	5,107	0	0	5,107	20,026
Loss on disposal of property and equipment	0	0	0	0	1,166
Building appraisal	0	0	0	0	1,049
	1,828,730	250,106	150,169	2,229,005	2,071,308
EXCESS OF REVENUE OVER EXPENDITURES for the year	$ 43,406	$ (250,106)	$ 207,688	$ 988	$ 4,269

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015 TOTAL	2014 TOTAL
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	$ 988	$ 4,269
Items not involving cash		
Depreciation on property and equipment	250,106	248,872
Loss on disposal of property and equipment	0	1,166
	251,094	254,307
Changes in non-cash working capital items		
Short-term investments	(10,258)	(1,008,220)
Accounts receivable	(14,119)	5,698
Prepaid expenses	(32,327)	31,804
Accounts payable and accrued liabilities	(20,385)	(8,748)
Deferred revenue	19,619	9,217
	193,624	(715,942)
INVESTING ACTIVITIES		
Purchase of property and equipment	(16,764)	(18,103)
FINANCING ACTIVITIES		
Repayment of long-term debt	(225,000)	(325,000)
NET DECREASE IN CASH	(48,140)	(1,059,045)
CASH, BEGINNING OF YEAR	607,523	1,666,568
CASH, END OF YEAR	$ 559,383	$ 607,523