

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

---

	<b>Page</b>
Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position - Assets	4
Statement of Financial Position - Liabilities	5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 14



Tel: 519 824 5410  
Fax: 519 824 5497  
Toll-free: 877 236 4835  
www.bdo.ca

BDO Canada LLP  
512 Woolwich Street  
Guelph ON N1H 3X7 Canada

---

## Independent Auditor's Report

---

### To The Members of Hospice Wellington

We have audited the accompanying financial statements of Hospice Wellington, which are comprised of the statement of financial position as at March 31, 2014, 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, 2014, 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 Accountants, Licensed Public Accountants

Guelph, Ontario  
May 27, 2014

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2014**

		<b>PROPERTY &amp; CURRENT EQUIPMENT</b>	<b>RESERVE</b>	<b>2014</b>	<b>2013</b>
		<b>FUND</b>	<b>FUND</b>	<b>TOTAL</b>	<b>TOTAL</b>
<b>A S S E T S</b>					
<b>CURRENT</b>					
Cash (note 2)	\$	377,898	\$ 0	\$ 229,625	\$ 1,666,568
Short-term investments (note 3)		11,403	0	1,008,129	11,312
Accounts receivable		12,554	0	0	18,254
Prepaid expenses		14,043	0	0	45,847
		<u>415,898</u>	<u>0</u>	<u>1,237,754</u>	<u>1,741,981</u>
<b>PROPERTY &amp; EQUIPMENT</b> (note 5)		<u>0</u>	<u>4,774,127</u>	<u>0</u>	<u>5,006,062</u>
	<b>\$</b>	<b><u>415,898</u></b>	<b>\$ <u>4,774,127</u></b>	<b>\$ <u>1,237,754</u></b>	<b>\$ <u>6,427,779</u></b>
			<b>\$ <u>6,748,043</u></b>		

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2014**

	PROPERTY & CURRENT FUND	EQUIPMENT FUND	RESERVE FUND	2014 TOTAL	2013 TOTAL
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 110,336	\$ 0	\$ 0	\$ 110,336	\$ 119,085
Interfund loan (note 4)	407,479	1,653,781	(2,061,260)	0	0
Current portion of loan payable (note 6)	0	125,000	0	125,000	125,000
	517,815	1,778,781	(2,061,260)	235,336	244,085
<b>LONG TERM</b>					
Loan payable (note 6)	0	2,039,583	0	2,039,583	2,364,583
Deferred revenue (note 8)	78,944	38,304	3,498,132	3,615,380	3,606,164
	78,944	2,077,887	3,498,132	5,654,963	5,970,747
<b>TOTAL LIABILITIES</b>	596,759	3,856,668	1,436,872	5,890,299	6,214,832
<b>NET ASSETS</b>					
<b>NET ASSETS</b>					
Invested in property & equipment	0	917,459	0	917,459	1,136,558
Restricted	0	0	(199,118)	(199,118)	(424,599)
Unrestricted	(180,861)	0	0	(180,861)	(178,748)
	(180,861)	917,459	(199,118)	537,480	533,211
	\$ 415,898	\$ 4,774,127	\$ 1,237,754	\$ 6,427,779	\$ 6,748,043

**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, 2014**

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	RESERVE FUND	2014 TOTAL	2013 TOTAL
<b>NET ASSETS</b>					
Balance at beginning of the year	\$ (178,748)	\$ 1,136,558	\$ (424,599)	\$ 533,211	\$ 531,462
Excess of revenue over expenditures for the year	<u>5,111</u>	<u>(211,734)</u>	<u>210,892</u>	<u>4,269</u>	<u>1,749</u>
	(173,637)	924,824	(213,707)	537,480	533,211
Interfund transfers					
Purchase of property & equipment	<u>(7,224)</u>	<u>(7,365)</u>	<u>14,589</u>	<u>0</u>	<u>0</u>
Balance at end of the year	<u>\$ (180,861)</u>	<u>\$ 917,459</u>	<u>\$ (199,118)</u>	<u>\$ 537,480</u>	<u>\$ 533,211</u>

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	RESERVE FUND	2014 TOTAL	2013 TOTAL
<b>REVENUE</b>					
Grants	\$ 1,148,564	\$ 38,304	\$ 0	\$ 1,186,868	\$ 1,189,888
Donations	297,663	0	291,662	589,325	537,899
Fundraising	272,575	0	0	272,575	252,720
Interest	0	0	8,877	8,877	14,423
Other income	17,932	0	0	17,932	12,092
	<u>1,736,734</u>	<u>38,304</u>	<u>300,539</u>	<u>2,075,577</u>	<u>2,007,022</u>
<b>EXPENDITURES</b>					
Residential wages and benefits	971,578	0	0	971,578	944,629
Other wages and benefits	366,349	0	0	366,349	311,963
Depreciation	0	248,872	0	248,872	252,384
Interest on loan payable	0	0	88,060	88,060	87,313
Residential operating	81,818	0	0	81,818	73,891
Office and general	70,078	0	0	70,078	68,346
Fundraising	59,730	0	0	59,730	71,823
Utilities	32,788	0	0	32,788	30,682
Advertising and promotion	25,057	0	0	25,057	24,343
Municipal taxes	21,499	0	0	21,499	29,526
Repairs and maintenance	20,026	0	0	20,026	13,864
Education	15,066	0	0	15,066	18,008
Insurance	14,100	0	0	14,100	13,861
Accounting	12,279	0	0	12,279	13,235
Audit and legal fees	11,182	0	0	11,182	19,867
Community services	18,126	0	0	18,126	13,529
Bank charges and interest	7,838	0	538	8,376	8,156
Membership dues	4,109	0	0	4,109	3,673
Loss on disposal of property and equipment	0	1,166	0	1,166	0
Campaign expenses	0	0	1,049	1,049	0
Building appraisal	0	0	0	0	6,180
	<u>1,731,623</u>	<u>250,038</u>	<u>89,647</u>	<u>2,071,308</u>	<u>2,005,273</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES for the year</b>	<u>\$ 5,111</u>	<u>\$ (211,734)</u>	<u>\$ 210,892</u>	<u>\$ 4,269</u>	<u>\$ 1,749</u>



**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	<b>2014</b>	<b>2013</b>
	<b>TOTAL</b>	<b>TOTAL</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 4,269	\$ 1,749
Items not involving cash		
Depreciation on property and equipment	248,872	252,384
Loss on disposal of property and equipment	1,166	0
	<u>254,307</u>	<u>254,133</u>
Changes in non-cash working capital items		
Short-term investments	(1,008,220)	2,399,932
Accounts receivable	5,698	449
Prepaid expenses	31,804	(32,613)
Accounts payable and accrued liabilities	(8,748)	20,751
Deferred revenue	9,217	(5,543)
	<u>(715,942)</u>	<u>2,637,109</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(18,103)</u>	<u>(2,488)</u>
	<u>(18,103)</u>	<u>(2,488)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<u>(325,000)</u>	<u>(1,510,417)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(1,059,045)	1,124,204
<b>CASH, BEGINNING OF YEAR</b>	<u>1,666,568</u>	<u>542,364</u>
<b>CASH, END OF YEAR</b>	<u>\$ 607,523</u>	<u>\$ 1,666,568</u>

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

**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.

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

**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 interest 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

**(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.

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

**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 \$11,403 and \$1,008,129, bearing interest at 0.8% and 1.15% per annum and maturing at March 2015 and July 2014, 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	2014 NET BOOK VALUE	2013 NET BOOK VALUE
Land	\$ 203,185	\$ 0	\$ 203,185	\$ 203,185
Building	5,101,711	669,616	4,432,095	4,559,637
Equipment	514,967	402,363	112,604	207,105
Office furniture and equipment	37,216	37,216	0	0
Soft furnishings	50,721	40,577	10,144	20,288
Computer equipment	47,765	44,162	3,603	757
Signs	8,463	7,437	1,026	1,981
Irrigation equipment	16,386	4,916	11,470	13,109
	<u>\$ 5,980,414</u>	<u>\$ 1,206,287</u>	<u>\$ 4,774,127</u>	<u>\$ 5,006,062</u>

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

**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:

2015	\$ 125,000
2016	125,000
2017	125,000
2018	125,000
Thereafter	<u>1,664,583</u>

\$ 2,164,583

The Organization is subject to covenants related to its credit facilities. As at March 31, 2014 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, 2014.

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

**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 (2013 - \$78,944) is the monthly advance for April 2014 which was received in March 2014.
- 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.

	<b>2014</b>	<b>2013</b>
Opening balance	\$ 76,608	\$ 116,943
Grants received	0	0
Expenses incurred and grants recognized as revenue	<u>(38,304)</u>	<u>(40,335)</u>
	<u>\$ 38,304</u>	<u>\$ 76,608</u>

- 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.

	<b>2014</b>	<b>2013</b>
Opening balance	\$ 3,450,612	\$ 3,415,820
Donations received	342,702	345,842
Expenses incurred and donations recognized as revenue	<u>(295,182)</u>	<u>(311,050)</u>
	<u>\$ 3,498,132</u>	<u>\$ 3,450,612</u>

**HOSPICE WELLINGTON**  
**(A Not-for-Profit Organization)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

**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.