

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

	Page
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 - 13



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 comprise the statement of financial position as at March 31, 2016, 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, 2016, 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

June 1, 2016

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

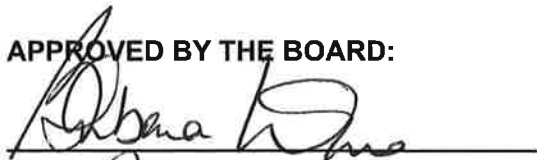
		PROPERTY & CURRENT EQUIPMENT	RESERVE	2016	2015
		FUND	FUND	TOTAL	TOTAL
A S S E T S					
CURRENT					
Cash (note 2)	\$ 408,324	\$ 0	\$ 1,031,209	\$ 1,439,533	\$ 559,383
Short-term investments (note 3)	0	0	0	0	1,029,789
Accounts receivable	21,020	0	1,257	22,277	26,673
Prepaid expenses	34,413	0	0	34,413	46,370
	<u>463,757</u>	<u>0</u>	<u>1,032,466</u>	<u>1,496,223</u>	<u>1,662,215</u>
PROPERTY & EQUIPMENT (note 4)	<u>0</u>	<u>4,419,807</u>	<u>0</u>	<u>4,419,807</u>	<u>4,540,785</u>
	<u>\$ 463,757</u>	<u>\$ 4,419,807</u>	<u>\$ 1,032,466</u>	<u>\$ 5,916,030</u>	<u>\$ 6,203,000</u>

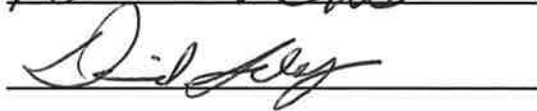
The accompanying notes are an integral part of these financial statements.

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

	PROPERTY & CURRENT FUND	EQUIPMENT FUND	RESERVE FUND	2016 TOTAL	2015 TOTAL
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ 92,378	\$ 0	\$ 0	\$ 92,378	\$ 89,951
Interfund loan (note 3)	413,530	2,084,576	(2,498,106)	0	0
Current portion of loan payable (note 5)	0	0	0	0	125,000
	<u>505,908</u>	<u>2,084,576</u>	<u>(2,498,106)</u>	<u>92,378</u>	<u>214,951</u>
LONG TERM					
Loan payable (note 5)	0	0	0	0	1,814,583
Deferred revenue (note 7)	112,952	0	3,347,607	3,460,559	3,634,998
	<u>112,952</u>	<u>0</u>	<u>3,347,607</u>	<u>3,460,559</u>	<u>3,634,998</u>
TOTAL LIABILITIES	618,860	2,084,576	849,501	3,552,937	5,664,532
NET ASSETS					
NET ASSETS					
Invested in property & equipment	0	2,335,231	0	2,335,231	659,988
Restricted	0	0	182,965	182,965	23,159
Unrestricted	(155,103)	0	0	(155,103)	(144,679)
	<u>(155,103)</u>	<u>2,335,231</u>	<u>182,965</u>	<u>2,363,093</u>	<u>538,468</u>
	<u>\$ 463,757</u>	<u>\$ 4,419,807</u>	<u>\$ 1,032,466</u>	<u>\$ 5,916,030</u>	<u>\$ 6,203,000</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, 2016

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	RESERVE FUND	2016 TOTAL	2015 TOTAL
NET ASSETS					
Balance at beginning of the year	\$ (144,679)	\$ 659,988	\$ 23,159	\$ 538,468	\$ 537,480
Excess of revenue over expenditures for the year	<u>1,880</u>	<u>1,683,480</u>	<u>139,265</u>	<u>1,824,625</u>	<u>988</u>
	(142,799)	2,343,468	162,424	2,363,093	538,468
Interfund transfers					
Purchase of property & equipment	<u>(12,304)</u>	<u>(8,237)</u>	<u>20,541</u>	<u>0</u>	<u>0</u>
Balance at end of the year	<u>\$ (155,103)</u>	<u>\$ 2,335,231</u>	<u>\$ 182,965</u>	<u>\$ 2,363,093</u>	<u>\$ 538,468</u>

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2016

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	RESERVE FUND	2016 TOTAL	2015 TOTAL
REVENUE					
Grants	\$ 1,193,470	\$ 0	\$ 62,600	\$ 1,256,070	\$ 1,282,315
Donations (Note 5)	370,788	1,825,000	219,964	2,415,752	580,513
Fundraising	202,004	0	0	202,004	214,569
Interest	0	0	10,214	10,214	10,893
Other income	53,706	0	0	53,706	126,148
Programs	20,220	0	0	20,220	15,555
	<u>1,840,188</u>	<u>1,825,000</u>	<u>292,778</u>	<u>3,957,966</u>	<u>2,229,993</u>
EXPENDITURES					
Residential wages and benefits	1,071,974	0	0	1,071,974	996,001
Other wages and benefits	365,888	0	98,465	464,353	488,090
Depreciation	0	141,520	0	141,520	250,106
Residential operating	114,455	0	0	114,455	113,414
Interest on loan payable	0	0	44,538	44,538	78,002
Office and general	71,276	0	0	71,276	74,197
Fundraising	48,260	0	0	48,260	40,923
Utilities	36,785	0	0	36,785	33,278
Community services	17,272	0	0	17,272	28,408
Advertising and promotion	43,968	0	0	43,968	22,772
Campaign expenses	0	0	8,231	8,231	18,675
Accounting	21,763	0	0	21,763	16,861
Audit and legal fees	11,370	0	0	11,370	14,344
Insurance	11,429	0	0	11,429	13,667
Education	9,017	0	0	9,017	13,645
Bank charges and interest	6,582	0	2,279	8,861	7,955
Municipal taxes	1,938	0	0	1,938	7,257
Membership dues	2,645	0	0	2,645	6,303
Repairs and maintenance	3,686	0	0	3,686	5,107
	<u>1,838,308</u>	<u>141,520</u>	<u>153,513</u>	<u>2,133,341</u>	<u>2,229,005</u>
EXCESS OF REVENUE OVER EXPENDITURES for the year	<u>\$ 1,880</u>	<u>\$ 1,683,480</u>	<u>\$ 139,265</u>	<u>\$ 1,824,625</u>	<u>\$ 988</u>

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	2016 TOTAL	2015 TOTAL
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 1,824,625	\$ 988
Items not involving cash		
Depreciation on property and equipment	<u>141,520</u>	<u>250,106</u>
	1,966,145	251,094
Changes in non-cash working capital items		
Short-term investments	1,029,789	(10,258)
Accounts receivable	4,396	(14,119)
Prepaid expenses	11,957	(32,327)
Accounts payable and accrued liabilities	2,426	(20,385)
Deferred revenue	<u>(174,439)</u>	<u>19,619</u>
	<u>2,840,274</u>	<u>193,624</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(20,541)</u>	<u>(16,764)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(1,939,583)</u>	<u>(225,000)</u>
NET INCREASE (DECREASE) IN CASH	880,150	(48,140)
CASH, BEGINNING OF YEAR	<u>559,383</u>	<u>607,523</u>
CASH, END OF YEAR	<u>\$ 1,439,533</u>	<u>\$ 559,383</u>

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

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

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, 2016

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) 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

(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.

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

3. INTERFUND LOAN

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

4. PROPERTY AND EQUIPMENT

Property, plant and equipment consists of the following:

	COST	ACCUM. DEPR'N	2016 NET BOOK VALUE	2015 NET BOOK VALUE
Land	\$ 203,185	\$ 0	\$ 203,185	\$ 203,185
Building	5,105,311	924,682	4,180,629	4,306,572
Equipment	522,982	510,988	11,994	15,321
Office furniture and equipment	37,216	37,216	0	0
Soft furnishings	50,721	50,721	0	0
Computer equipment	69,468	54,991	14,477	3,217
Signs	8,463	8,463	0	0
Computer software	3,987	2,658	1,329	2,658
Irrigation equipment	16,386	8,193	8,193	9,832
	<u>\$ 6,017,719</u>	<u>\$ 1,597,912</u>	<u>\$ 4,419,807</u>	<u>\$ 4,540,785</u>

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

5. LOAN PAYABLE

	2016	2015
Scotiabank loan payable, 0.75% for a term of 5 years, amortized over 20 years. Secured by a collateral mortgage on 795 Scottsdale Drive, Guelph, Ontario with a general security agreement on all present and future assets of the organization.	\$ 0	\$ 1,939,583
Less: current portion	<u>0</u>	<u>(125,000)</u>
	<u>\$ 0</u>	<u>\$ 1,814,583</u>

The loan due to Scotiabank was repaid in full during the year.

During the year, the Organization received donations as part of its "Futures Campaign". A portion of these donations were used to fund the repayment of the Scotiabank loan and have been recognized as revenue in the Property & Equipment Fund.

6. 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, 2016.

HOSPICE WELLINGTON
(A Not-for-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

7. 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, \$81,802 (2015 - \$78,944) is the monthly advance for April 2016 which was received in March 2016.
- b) Deferred revenue in the Current Fund consists of \$31,150 in ticket sales for the Embracing Beauty Gala taking place on April 23, 2016.
- 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.

	2016	2015
Opening balance	\$ 3,556,054	\$ 3,498,132
Donations and grants received	1,909,320	415,634
Expenses incurred and donations recognized as revenue	<u>(2,117,767)</u>	<u>(357,712)</u>
	<u>\$ 3,347,607</u>	<u>\$ 3,556,054</u>

8. 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 deferred revenue, accounts payable and accrued liabilities. The risk has not changed from the previous year.