

Hazel Burns Hospice

Financial Statements

March 31, 2017



Independent Auditor's Report

To the board of directors of
Hazel Burns Hospice

Report of the Financial Statements

We have audited the accompanying financial statements of **Hazel Burns Hospice**, which comprise the statement of financial position as at **March 31, 2017**, the statements of operations and changes in net assets and the statement of cash flows for the year then ended, and notes, comprising 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 plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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, we consider internal controls relevant to the entity'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 purpose of expressing an opinion on the effectiveness of the entity'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.

Independent Auditor's Report

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Basis for Qualified Opinion

In common with many not-for-profit organizations, **Hazel Burns Hospice** derives revenue from fundraising activities and donations, 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. Therefore, we were not able to determine whether any adjustments might be necessary to the fundraising activities and donations, excess of revenue over distributions and expenses, and cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016, and net assets as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, which might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the fundraising activities and donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of **Hazel Burns Hospice** as at **March 31, 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.

Mississauga, Ontario
June 26, 2017

Clarkson Rouble LLP
Clarkson Rouble LLP
Chartered Professional Accountants
Licensed Public Accountants

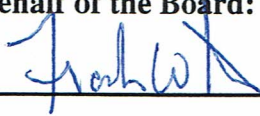


Hazel Burns Hospice

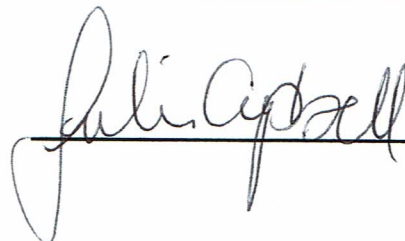
Statement of Financial Position As at March 31

	2017	2016
Assets		
Current		
Cash	\$ 80,073	\$ 26,763
Short term investments (Note 2)	42,094	41,027
Accounts receivable	3,174	3,028
Prepaid expenses	343	326
	\$ 125,684	\$ 71,144
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 4,790	\$ 4,790
Deferred revenue (Note 3)	85,470	30,950
	90,260	35,740
Net Assets		
Designated net assets (Note 4)	5,000	5,000
Unrestricted	30,424	30,404
	35,424	35,404
	\$ 125,684	\$ 71,144

On behalf of the Board:



President



Treasurer

Hazel Burns Hospice

Statement of Operations and Changes in Net Assets Year Ended March 31, 2017

	2017	2016
Revenues		
Grants (Note 5)	\$ 202,634	\$ 199,922
Interest	1,067	-
Donations, fundraising and other	7,773	6,781
	<u>211,474</u>	<u>206,703</u>
Expenses		
Administration	76,473	78,732
Case management	51,938	38,307
Volunteer program	42,774	43,953
Bereavement support	-	11,588
Office and general	15,836	14,210
Professional fees	10,600	10,100
Support and recognition	8,146	4,097
Rent	3,000	3,000
Insurance	2,687	2,698
	<u>211,454</u>	<u>206,685</u>
Excess of revenues over expenses	20	18
Net assets, beginning of year	35,404	35,386
Net assets, end of year	\$ 35,424	\$ 35,404

Hazel Burns Hospice

Statement of Cash Flows Year Ended March 31, 2017

	2017	2016
Operating activities		
Excess of revenues over expenses	\$ 20	\$ 18
Cash used for		
Changes in non-cash working capital items		
Accounts receivable	(146)	162
Prepaid expenses	(17)	1,768
Accounts payable and accrued liabilities	-	52
Deferred revenue	54,520	3,400
Increase from operating activities	54,377	5,400
Investing activity		
Purchase of short term investments	(1,067)	-
Increase in cash	53,310	5,400
Cash, beginning of year	26,763	21,363
Cash, end of year	\$ 80,073	\$ 26,763

Hazel Burns Hospice

Notes to Financial Statements

March 31, 2017

Purpose of organization

Hazel Burns Hospice (the "Hospice") is a charitable organization incorporated in the province of Ontario without share capital.

The Hospice is dedicated to the compassionate care of people living with life threatening illnesses and support of their families.

1. Significant accounting policies

The accounting policies of the Hospice are in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are the policies considered to be particularly significant.

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash in bank.

(b) Capital assets

Capital assets in excess of \$2,000 per item are capitalized in the year of purchase and amortized to operations over their estimated useful lives.

(c) Revenue recognition

Government grants related to current expenditures is reflected in the accounts as a revenue item in the year in which it is received. Grants related to the purchase of capital assets is recorded as revenue in the same period the related capital assets are charged to operations.

The Hospice follows the deferral method of recognition for grant revenue. Grants received in the current year for expenses to be incurred in the following fiscal year are recorded as deferred revenue.

Interest income is recognized as revenue when earned.

Donations and fundraising are recognized in the same period in which programming and operating expenses are incurred.

Hazel Burns Hospice

Notes to Financial Statements

March 31, 2017

1. Significant accounting policies (continued)

(d) Volunteer time

The value of volunteer time of members is not reflected in these financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time to the Hospice's fund raising activities.

Contributed materials and services

Due to the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

(e) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results may differ from estimates. Significant estimates and assumptions are used when accounting for items such as impairment of capital assets and the determination of their useful lives, revenue recognition, contingent liabilities and allowances for amounts receivable.

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Notes to Financial Statements

March 31, 2017

1. Significant accounting policies (continued)

(f) Financial Instruments

Financial assets and liabilities are recognized when the Hospice becomes party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights or obligations to receive or repay cash flows from the assets and liabilities have expired or have transferred and the Hospice has transferred substantially all risks and rewards of ownership.

Financial instruments of the Hospice consist of cash, short-term investments, accounts receivable, accounts payable and accrued charges. Cash, accounts receivable, accounts payable and accrued charges are recorded at amortized cost. Amortization is recorded on a straight-line basis. Short-term investments are recognized at fair value determined on the basis of market value. Gains or losses are recognized in the statement of operations and changes in fund balances in the period in which they occur.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the excess of revenues over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess of revenue over expenses.

2. Short term investments

	2017	2016
Short term investments	42,094	41,027
	<u>\$ 42,094</u>	<u>\$ 41,027</u>

The short term investments consist of four Guaranteed Investment Certificates which bear interest from 0.75% to 0.85% and mature on March 21, 2020.

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March 31, 2017

3. Deferred revenue

Deferred contributions result from significant donations, restricted government funding for Community Care Information Management (CCIM) training and Astrid H. Flaska estate grant. The year-end balance of deferred contributions represents the unrecognized portion of these donations and funding. The changes in the deferred contributions balance for the year are as follows:

	2017	2016
Deferred revenue, beginning of year	\$ 30,950	\$ 27,550
Deferred revenue received during the year	54,520	3,400
<u>Deferred revenue, end of year</u>	<u>\$ 85,470</u>	<u>\$ 30,950</u>

Deferred revenue is comprised of the following:

	2017	2016
Astrid H. Flaska estate grant	\$ 50,000	\$ -
Private donations - to be applied for programming and operation expenses	35,470	27,550
<u></u>	<u>\$ 85,470</u>	<u>\$ 30,950</u>

4. Designated net assets

The board of directors of the Hospice has designated net assets for the purpose of providing a contingency in the event of unexpected financial requirements.

Designated fund balances at March 31, were as follows:

	2017	2016
Contingency fund	\$ 5,000	\$ 5,000
<u></u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>

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March 31, 2017

5. Grants

Government funding received from the Central Local Health Integration Network ("LHIN"), as well as other grants recognized in the year were as follows:

	2017	2016
Current year government funding:		
Central LHIN - Core operating grant	\$ 202,634	\$ 199,922
	<u>\$ 202,634</u>	<u>\$ 199,922</u>

6. Income tax status

The Hospice is registered as a charitable organization under section 149 (l)(f) of the Income Tax Act (Canada) and, as such, is exempt from income taxes, and may issue receipts that are eligible for a non-refundable tax credit by an individual donor and a tax deduction by a corporate donor.

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7. Financial instruments

The organization's activities expose it to a variety of financial risks: credit risk, interest rate risk and liquidity risk. The organization's risk management approach is to minimize the potential adverse effects from these risks on its financial performance.

Credit risk

Credit risk arises from the financial assets of the Hospice, which are exposed to potential counterparty default, with a maximum exposure equal to the carrying amount of the asset.

In the normal course of business, the Hospice incurs credit risk from accounts receivable from third parties. The Hospice performs ongoing credit evaluations of new and existing customers' financial conditions and reviews the collectibility of amounts receivable. No single party accounts for a significant balance of accounts receivable. In the last two years the allowance for doubtful accounts has been \$NIL and bad debt expense has been \$NIL (2016 - \$NIL).

The Hospice's credit risk with respect to cash and cash equivalents is minimized substantially by seeking to ensure that these financial instruments are secured with a well capitalized financial institution.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Hospice's investments bear interest at fixed rates and therefore, Hospice does not currently have a significant exposure to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Hospice will not be able to meet its obligations associated with financial liabilities. The Hospice manages liquidity risk by maintaining cash balances, adequate borrowing facilities and monitoring forecasts and actual cash flows. Cash flows from operations provide a substantial portion of the Hospice's cash requirements.

The Hospice expects future cash flows from operations, cash and cash equivalents on hand and fundraising to be sufficient to satisfy obligations as they come due.