

HOSPICE TORONTO
FINANCIAL STATEMENTS
MARCH 31, 2013

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PARKER PRINS LEBANO
Chartered Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of:

HOSPICE TORONTO

Report on the Financial Statements

We have audited the accompanying financial statements of **HOSPICE TORONTO**, which comprise the Statement Of Financial Position as at March 31, 2013, and the Statements 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.

Auditors' 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 the audit to obtain reasonable assurance about whether the financial statements are free from 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 purpose 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **HOSPICE TORONTO** as at March 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in cursive script, appearing to read 'Parker Prins Lebano'.

Parker Prins Lebano Chartered Accountants Professional Corporation
Authorized to practice public accounting by The Institute of Chartered Accountants of Ontario

Toronto, Ontario
May 28, 2013

HOSPICE TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

| | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 165,899 | \$ 161,770 |
| Short term investments (note 4) | 222,140 | 266,068 |
| Accounts receivable | 15,460 | 2,752 |
| Accrued interest receivable | 1,044 | 2,773 |
| Recoverable sales tax | 11,125 | 30,178 |
| Prepaid expenses | <u>14,357</u> | <u>26,214</u> |
| | 430,025 | 489,755 |
| CAPITAL ASSETS (note 5) | <u>14,196</u> | <u>22,436</u> |
| | <u>\$ 444,221</u> | <u>\$ 512,191</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 15,330 | \$ 10,960 |
| Deferred revenue - partnership and community contributions (note 6) | 24,260 | 59,557 |
| Deferred revenue - other | <u>-</u> | <u>5,000</u> |
| | <u>39,590</u> | <u>75,517</u> |
| NET ASSETS | | |
| Invested in capital assets | 14,196 | 22,436 |
| Unrestricted net assets | <u>390,435</u> | <u>414,238</u> |
| | <u>404,631</u> | <u>436,674</u> |
| | <u>\$ 444,221</u> | <u>\$ 512,191</u> |

Approved by the Board:

 Director  Director

HOSPICE TORONTO
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2013

| | <u>2013</u> | <u>2012</u> |
|--|-------------------|-------------------|
| REVENUE | | |
| Ontario Ministry of Health (note 7) | \$ 571,193 | \$ 497,094 |
| Partnership and community contributions (note 6) | 222,169 | 279,369 |
| Funding contributions (note 9) | 240,396 | 297,027 |
| Interest income | <u>4,796</u> | <u>3,600</u> |
| | <u>1,038,554</u> | <u>1,077,090</u> |
| EXPENDITURES (note 10) | | |
| Administration | 94,768 | 114,209 |
| Fund development | 110,447 | 126,303 |
| Overhead and communications (note 11) | 135,960 | 140,049 |
| Professional fees | 35,877 | 36,776 |
| Program delivery (note 12) | <u>693,545</u> | <u>672,726</u> |
| | <u>1,070,597</u> | <u>1,090,063</u> |
| DEFICIENCY OF REVENUE OVER EXPENDITURES | (32,043) | (12,973) |
| NET ASSETS, BEGINNING OF YEAR | <u>436,674</u> | <u>449,647</u> |
| NET ASSETS, END OF YEAR | <u>\$ 404,631</u> | <u>\$ 436,674</u> |

HOSPICE TORONTO

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2013

| | Invested In Capital Assets | Invested In Unrestricted Net Assets | Total 2013 | Total 2012 |
|--|----------------------------------|---|-------------------|-------------------|
| BALANCE, BEGINNING OF YEAR | \$ 22,436 | \$ 414,238 | \$ 436,674 | \$ 449,647 |
| INVESTED IN CAPITAL ASSETS | (8,240) | 8,240 | - | - |
| DEFICIENCY OF REVENUE OVER EXPENDITURES | - | (32,043) | (32,043) | (12,973) |
| BALANCE, END OF YEAR | <u>\$ 14,196</u> | <u>\$ 390,435</u> | <u>\$ 404,631</u> | <u>\$ 436,674</u> |

HOSPICE TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013

| | <u>2013</u> | <u>2012</u> |
|--|-------------------|-------------------|
| CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES | | |
| Deficiency of revenue over expenditures | \$ (32,043) | \$ (12,973) |
| Items not affecting cash: | | |
| Amortization - leasehold improvements | <u>9,464</u> | <u>-</u> |
| | (22,579) | (12,973) |
| Net changes in non-cash items related to operations: | | |
| Accounts receivable | (12,708) | 298 |
| Accrued interest receivable | 1,729 | 135 |
| Recoverable sales tax | 19,053 | (18,399) |
| Prepaid expenses | 11,857 | (13,944) |
| Accounts payable and accrued liabilities | 4,370 | (6,230) |
| Deferred revenue | <u>(35,297)</u> | <u>39,757</u> |
| | <u>(33,575)</u> | <u>(11,356)</u> |
| CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES | | |
| Additions to capital assets | (1,224) | (22,436) |
| Proceeds from short-term investments matured | 266,068 | 162,333 |
| Purchases of short-term investments | <u>(222,140)</u> | <u>(166,068)</u> |
| | <u>42,704</u> | <u>(26,171)</u> |
| INCREASE (DECREASE) IN CASH | 4,129 | (37,527) |
| CASH, BEGINNING OF YEAR | <u>161,770</u> | <u>199,297</u> |
| CASH, END OF YEAR | <u>\$ 165,899</u> | <u>\$ 161,770</u> |

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

1. ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective April 1, 2012, the organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting Part III, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations (NFPO's). NFPO's that adopt Part III of the Handbook also adopt the accounting standards for private enterprises (ASPE; Part II of the CICA Handbook) to the extent accounting standards are not specifically addressed in Part III. These are the organization's first financial statements prepared in accordance with Canadian accounting standards for NFPO's - Part III (ASNFPO) which has been applied retrospectively. The accounting policies set out in the significant accounting policy note below have been applied in preparing these financial statements for the year ended March 31, 2013, and the comparative information presented in these financial statements for the year ended March 31, 2012. Management has determined the changes to the financial statements resulting from the adoption of ASNFPO are not material and thus have not presented an opening ASNFPO statement of financial position as at April 1, 2012 (the organization's date of transition).

The organization issued financial statements for the year ended March 31, 2012 using Canadian generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V. The adoption of ASNFPO had no impact on the previously reported assets, liabilities, or net assets of the organization, and accordingly, no adjustments have been recorded in the comparative statements of financial position, operations, net assets, and cash flows. Certain of the organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPO.

2. INCORPORATION

Hospice Toronto is a non-profit organization incorporated under the Registered Charities Act of Ontario and enhances the quality of life for persons with a terminal illness, their families and friends.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

ACCRUAL ACCOUNTING

Revenue is recognized when earned or when the organization is entitled to receive grant funds. Revenues from partnership and community projects and other designated grants are recognized when the related expenses they are intended to fund are incurred. Expenses are recognized when they are incurred.

CAPITAL ASSETS

Capital assets are stated at cost. Leasehold improvements are amortized on a straight-line basis over a two and a half year period commencing April 2012 to reflect the occupancy date of the organization's new offices.

The organization expenses capital assets less than \$10,000 when it receives direct funding for such asset purchases.

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS (continued)
MARCH 31, 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

DONATED SERVICES

Much of the work of Hospice Toronto is dependent on voluntary services. Since these services are not typically purchased by the Hospice, and as a result of the difficulty of determining their value, such donated services are not recognized in the financial statements.

4. SHORT TERM INVESTMENTS

The organization holds guaranteed investment certificates comprised of the following:

| | Interest Rate | Maturity Date | 2013 | 2012 |
|------------------------------------|------------------|-------------------|-------------------|-------------------|
| Canadian Imperial Bank of Commerce | 2.25% | August 20, 2012 | \$ - | \$ 100,000 |
| Canadian Imperial Bank of Commerce | 1.30% | February 22, 2013 | - | 166,068 |
| Canadian Imperial Bank of Commerce | 1.60% | September 5, 2013 | 104,564 | - |
| Canadian Imperial Bank of Commerce | 0.80% | February 22, 2014 | 117,576 | - |
| | | | <u>\$ 222,140</u> | <u>\$ 266,068</u> |

5. CAPITAL ASSETS

| | 2013 | | 2012 |
|------------------------|------------------|-----------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value |
| Leasehold improvements | <u>\$ 23,660</u> | <u>\$ 9,464</u> | <u>\$ 14,196</u> |
| | | | <u>\$ 22,436</u> |

The organization moved into its new offices at the end of March 2012, and as a result no amortization for leasehold improvements completed in March 2012 was recorded. Amortization was commenced in 2013 over a two and a half year term, reflecting the probable actual lease term given the pending tear-down of the building housing the organization's premises.

6. PARTNERSHIP AND COMMUNITY CONTRIBUTIONS

The organization is in partnership with community based health service providers. Contributions for these projects have been received from Human Resources and Skills Development Canada (HRSDC) and the Trillium Foundation for the Young Carers Programs. The organization uses and distributes these funds as required, to carry out the projects' mandates. Portions of these contributions apply to future expenditures and have been recorded as deferred revenue, as outlined in the schedule below.

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS (continued)
MARCH 31, 2013

6. PARTNERSHIP AND COMMUNITY CONTRIBUTIONS (continued)

| | Deferred Revenue 2012 | Amount Received 2013 | Revenue 2013 | Deferred Revenue 2013 |
|----------------------------|-----------------------------|----------------------------|-------------------|-----------------------------|
| Trillium Young Carers | \$ 28,518 | \$ 66,300 | \$ 70,558 | \$ 24,260 |
| New Horizons | - | 24,990 | 24,990 | - |
| NHFSP (HRSDC) Young Carers | 31,039 | 95,582 | 126,621 | - |
| | <u>\$ 59,557</u> | <u>\$ 186,872</u> | <u>\$ 222,169</u> | <u>\$ 24,260</u> |

7. ONTARIO MINISTRY OF HEALTH REVENUE

The organization receives funding from the LHIN under a three year (2011-2014) MSSA agreement signed with the Ministry of Health and Long-Term Care (MOHLTC). It also receives funding from Aids Bureau, MOHLTC. In 2012-13 the organization applied and was approved for one-time LHIN funding of \$74,600.

| | <u>2013</u> | <u>2012</u> |
|---------------|-------------------|-------------------|
| LHIN (MOHLTC) | \$ 448,051 | \$ 448,552 |
| One-time LHIN | 74,600 | - |
| Aids Bureau | 48,542 | 48,542 |
| | <u>\$ 571,193</u> | <u>\$ 497,094</u> |

8. LONG-TERM FUNDING AGREEMENT

Commencing the 2009/2010 fiscal year, the organization was awarded funding for the Young Carers Project through a contribution from the Government of Canada's Social Development Partnerships Program (SDPP) over four years. The agreement was amended in July 2012 to extend the funding period to January 2015. As of the current year the organization has received \$680,809 (2012 - \$554,137) in total.

Commencing on July 1, 2011, the organization commenced receiving funding totalling \$198,000 over a 36 month period for the Young Carers Initiative from the Trillium Foundation. As of the current year the organization has received \$131,700 (2012 - \$65,400). A payment of \$66,300 will be received in fiscal 2014.

9. DONATIONS AND FUNDRAISING EVENTS

Included in funding contributions revenue is cash donations from corporations, foundations and individuals. Donation receipts issued total \$159,585 (2012 - \$127,800) which includes contributions from fundraising events as well as donations in kind.

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS (continued)
MARCH 31, 2013

9. DONATIONS AND FUNDRAISING EVENTS (continued)

During the year, Hospice Toronto received contributions towards its silent auction and other fundraising events. Charitable donation receipts were issued for the fair market value of these gifts, totaling \$7,395 (2012 - \$9,477).

It is the organization's policy not to record donations in kind as revenue or expense in the financial statements.

10. EXPENDITURE ALLOCATIONS

Hospice Toronto has adopted a policy of allocating applicable expenditures to their relevant Partnership and Community projects including salaries, contractor fees, rent and others.

11. OVERHEAD AND COMMUNICATIONS EXPENSE

| | <u>2013</u> | <u>2012</u> |
|---------------------------------------|-------------------|-------------------|
| Amortization - leasehold improvements | \$ 9,464 | \$ - |
| Computer purchases and consulting | 7,180 | 13,595 |
| Insurance | 3,453 | 3,344 |
| Office and communications | 48,943 | 27,873 |
| Occupancy | <u>66,920</u> | <u>95,237</u> |
| | <u>\$ 135,960</u> | <u>\$ 140,049</u> |

12. PROGRAM DELIVERY EXPENSE

| | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|
| Client services | \$ 346,135 | \$ 287,323 |
| Partnership and community project costs | 222,699 | 279,369 |
| Volunteer training & recruitment | <u>124,711</u> | <u>106,034</u> |
| | <u>\$ 693,545</u> | <u>\$ 672,726</u> |

13. LEASE COMMITMENTS

Hospice Toronto have operating lease commitments for their office premises. The future minimum annual lease payments under this lease are as follows; however, it is expected the lease will be terminated before its full five year term as the landlord's current expectation is that the building housing the organization's premises will be torn down in 2014 or 2015:

| | |
|------|----------|
| 2014 | \$76,800 |
| 2015 | \$76,800 |
| 2016 | \$76,800 |
| 2017 | \$76,800 |

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2013

14. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, short-term investments, accounts receivable and accounts payable. The book values of these financial instruments approximate their fair values due to their nature. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year financial statement presentation and to align reported results with the annual report.