

HOSPICE TORONTO
FINANCIAL STATEMENTS
MARCH 31, 2014

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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, 2014, 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, 2014, 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 black ink that reads "Paul Prins P.C.".

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

Toronto, Ontario
June 11, 2014

HOSPICE TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT		
Cash	\$ 128,575	\$ 165,899
Short term investments (note 3)	224,759	222,140
Accounts receivable	23,180	15,460
Accrued interest receivable	784	1,044
Recoverable sales tax	22,842	11,125
Prepaid expenses	<u>10,716</u>	<u>14,357</u>
	410,856	430,025
CAPITAL ASSETS (note 4)	<u>4,732</u>	<u>14,196</u>
	<u>\$ 415,588</u>	<u>\$ 444,221</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 25,084	\$ 15,330
Deferred revenue - partnership and community contributions (note 5)	<u>47,299</u>	<u>24,260</u>
	<u>72,383</u>	<u>39,590</u>
NET ASSETS		
Invested in capital assets	4,732	14,196
Unrestricted net assets	<u>338,473</u>	<u>390,435</u>
	<u>343,205</u>	<u>404,631</u>
	<u>\$ 415,588</u>	<u>\$ 444,221</u>

Approved by the Board:

 Director  Director

HOSPICE TORONTO
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Ontario Ministry of Health (note 6)	\$ 571,594	\$ 571,193
Partnership and community contributions (note 5)	128,261	222,169
Funding contributions (note 8)	307,337	240,396
Interest income	<u>2,369</u>	<u>4,796</u>
	<u>1,009,561</u>	<u>1,038,554</u>
EXPENDITURES (note 9)		
Administration	100,576	94,768
Fund development	139,320	110,447
Overhead and communications (note 10)	148,795	135,960
Professional fees	39,997	35,877
Program delivery (note 11)	<u>642,299</u>	<u>693,545</u>
	<u>1,070,987</u>	<u>1,070,597</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES	(61,426)	(32,043)
NET ASSETS, BEGINNING OF YEAR	<u>404,631</u>	<u>436,674</u>
NET ASSETS, END OF YEAR	<u>\$ 343,205</u>	<u>\$ 404,631</u>

HOSPICE TORONTO

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2014

	Invested In Capital Assets	Invested In Unrestricted Net Assets	Total 2014	Total 2013
BALANCE, BEGINNING OF YEAR	\$ 14,196	\$ 390,435	\$ 404,631	\$ 436,674
INVESTED IN CAPITAL ASSETS	(9,464)	9,464	-	-
DEFICIENCY OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>(61,426)</u>	<u>(61,426)</u>	<u>(32,043)</u>
BALANCE, END OF YEAR	<u>\$ 4,732</u>	<u>\$ 338,473</u>	<u>\$ 343,205</u>	<u>\$ 404,631</u>

HOSPICE TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (61,426)	\$ (32,043)
Items not affecting cash:		
Amortization - leasehold improvements	<u>9,464</u>	<u>9,464</u>
	(51,962)	(22,579)
Net changes in non-cash items related to operations:		
Accounts receivable	(7,720)	(12,708)
Accrued interest receivable	260	1,729
Recoverable sales tax	(11,717)	19,053
Prepaid expenses	3,641	11,857
Accounts payable and accrued liabilities	9,754	4,370
Deferred revenue - partnership and community contributions	23,039	(35,297)
Deferred revenue - other	<u>-</u>	<u>(5,000)</u>
	<u>(34,705)</u>	<u>(38,575)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES		
Additions to capital assets	-	(1,224)
Proceeds from short-term investments matured	222,140	266,068
Purchases of short-term investments	<u>(224,759)</u>	<u>(222,140)</u>
	<u>(2,619)</u>	<u>42,704</u>
(DECREASE) INCREASE IN CASH	(37,324)	4,129
CASH, BEGINNING OF YEAR	<u>165,899</u>	<u>161,770</u>
CASH, END OF YEAR	<u><u>\$ 128,575</u></u>	<u><u>\$ 165,899</u></u>

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

1. 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.

2. 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.

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.

3. SHORT TERM INVESTMENTS

The organization holds guaranteed investment certificates comprised of the following:

	Interest Rate	Maturity Date	2014	2013
Canadian Imperial Bank of Commerce	1.60%	September 5, 2013	\$ -	\$ 104,564
Canadian Imperial Bank of Commerce	0.80%	February 22, 2014	-	117,576
Canadian Imperial Bank of Commerce	1.15%	September 5, 2014	106,237	-
Canadian Imperial Bank of Commerce	0.80%	February 24, 2015	118,522	-
			<u>\$ 224,759</u>	<u>\$ 222,140</u>

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2014

4. CAPITAL ASSETS

	2014		2013
	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	\$ 23,660	\$ 18,928	\$ 4,732
			\$ 14,196

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.

5. PARTNERSHIP AND COMMUNITY CONTRIBUTIONS

The organization is in partnership with community based health service providers, federal and municipal governments. Contributions for these projects have been received from City of Toronto, The Ontario Trillium Foundation for the Young Carers Program, and New Horizons for Seniors Program. 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.

	Deferred Revenue 2013	Amount Received 2014	Revenue 2014	Deferred Revenue 2014
City of Toronto	\$ -	\$ 35,000	\$ 35,000	\$ -
Trillium Young Carers	24,260	66,300	68,261	22,299
New Horizons	-	50,000	25,000	25,000
	<u>\$ 24,260</u>	<u>\$ 151,300</u>	<u>\$ 128,261</u>	<u>\$ 47,299</u>

6. 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 2013-14 the organization applied and was approved for one-time LHIN funding of \$74,500.

	2014	2013
LHIN (MOHLTC)	\$ 448,552	\$ 448,051
One-time LHIN	74,500	74,600
Aids Bureau	48,542	48,542
	<u>\$ 571,594</u>	<u>\$ 571,193</u>

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2014

7. LONG-TERM FUNDING AGREEMENT

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 \$198,000 (2013 - \$131,700).

8. DONATIONS AND FUNDRAISING EVENTS

Included in funding contributions revenue is cash donations from corporations, foundations and individuals. Donation receipts issued total \$126,553 (2013 - \$159,858) which includes contributions from fundraising events as well as donations in kind.

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 \$13,664 (2013 - \$7,395).

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

9. 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.

10. OVERHEAD AND COMMUNICATIONS EXPENSE

	<u>2014</u>	<u>2013</u>
Amortization - leasehold improvements	\$ 9,464	\$ 9,464
Computer purchases and consulting	6,598	7,180
Insurance	3,933	3,453
Office and communications	48,191	48,943
Occupancy	<u>80,609</u>	<u>66,920</u>
	<u>\$ 148,795</u>	<u>\$ 135,960</u>

11. PROGRAM DELIVERY EXPENSE

	<u>2014</u>	<u>2013</u>
Client services	\$ 334,574	\$ 346,135
Partnership and community project costs	128,261	222,699
Volunteer training & recruitment	<u>179,464</u>	<u>124,711</u>
	<u>\$ 642,299</u>	<u>\$ 693,545</u>

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2014

12. 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 2015:

2015	\$76,800
2016	\$76,800
2017	\$76,800

13. 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.