

**HOSPICE PRINCE EDWARD FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

**HOSPICE PRINCE EDWARD FOUNDATION
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FOR THE YEAR ENDED MARCH 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Hospice Prince Edward Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Hospice Prince Edward Foundation, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in fund balances 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 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 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Hospice Prince Edward Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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 donations and fundraising, deficiency of revenue over expenses and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017 and net assets as at April 1 and March 31, for both the 2018 and 2017 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 the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Hospice Prince Edward Foundation as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Welch LLP

Picton, Ontario
June 28, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

HOSPICE PRINCE EDWARD FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	General Fund \$	Capital Fund \$	Total 2018 \$	Total 2017 \$
<u>ASSETS</u>				
CURRENT				
Cash	78,519	-	78,519	82,973
Term deposit (note 2)	105,293	-	105,293	5,043
Due from government	3,753	-	3,753	1,869
Due from related party (note 3)	1,475	-	1,475	16,925
Prepaid expenses	5,161	-	5,161	3,198
	<u>194,201</u>	<u>-</u>	<u>194,201</u>	<u>110,008</u>
TANGIBLE CAPITAL ASSETS (note 4)				
Cost	-	722,787	722,787	722,787
Accumulated amortization	-	(153,472)	(153,472)	(120,052)
	<u>-</u>	<u>569,315</u>	<u>569,315</u>	<u>602,735</u>
OTHER ASSETS				
Loan receivable from related party (note 3)	20,000	-	20,000	20,000
Cash value of life insurance (note 6)	33,357	-	33,357	29,397
	<u>247,558</u>	<u>569,315</u>	<u>816,873</u>	<u>762,140</u>
<u>LIABILITIES</u>				
CURRENT				
Accounts payable and accrued liabilities	16,725	-	16,725	22,666
Due to government	2,745	-	2,745	6,386
Deferred revenue (note 8)	1,130	-	1,130	-
	<u>20,600</u>	<u>-</u>	<u>20,600</u>	<u>29,052</u>
<u>NET ASSETS</u>				
FUND BALANCES:				
Unrestricted				
General Fund	226,958	-	226,958	130,354
Internally restricted				
Capital Fund	-	569,315	569,315	602,735
	<u>226,958</u>	<u>569,315</u>	<u>796,273</u>	<u>733,089</u>
	<u>247,558</u>	<u>569,315</u>	<u>816,873</u>	<u>762,140</u>

Approved by the Board:

The accompanying notes form an
integral part of these financial statements

HOSPICE PRINCE EDWARD FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2018

	General Fund 2018 \$	Capital Fund 2018 \$	Total 2018 \$	Total 2017 \$
FUND BALANCE - BEGINNING OF YEAR	130,354	602,735	733,089	819,843
Excess (deficiency) of revenue over expenses	<u>96,604</u>	<u>(33,420)</u>	<u>63,184</u>	<u>(86,754)</u>
GENERAL FUND BALANCE - END OF YEAR	<u>226,958</u>	<u>569,315</u>	<u>796,273</u>	<u>733,089</u>

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integral part of these financial statements

HOSPICE PRINCE EDWARD FOUNDATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2018

	General Fund 2018 \$	Capital Fund 2018 \$	Total 2018 \$	Total 2017 \$
REVENUE				
Donations and gifts:				
In Memory Of - Residential	46,311	-	46,311	28,928
In Memory Of - General	14,095	-	14,095	9,106
General	163,512	-	163,512	51,769
Fundraising events	119,327	-	119,327	42,945
Rent (note 3)	6,000	-	6,000	6,000
Increase in cash surrender value of life insurance	3,960	-	3,960	2,555
Interest	318	-	318	56
	<u>353,523</u>	<u>-</u>	<u>353,523</u>	<u>141,359</u>
EXPENSES				
Amortization of tangible capital assets	-	33,420	33,420	33,954
Administration	9,788	-	9,788	5,923
Accounting and legal	14,163	-	14,163	11,048
Capital purchases	12,170	-	12,170	-
Communication	1,839	-	1,839	1,121
Loss on disposal of market securities	204	-	204	-
Fundraising events	50,399	-	50,399	10,245
Life insurance premium	3,600	-	3,600	3,600
Occupancy	10,841	-	10,841	9,979
Payroll	124,394	-	124,394	128,788
Residential supplies and upkeep	299	-	299	1,069
Volunteer training, recruitment and recognition	49	-	49	974
	<u>227,746</u>	<u>33,420</u>	<u>261,166</u>	<u>206,701</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE DONATION TO HOSPICE	125,777	(33,420)	92,357	(65,342)
OTHER				
Donation to Hospice Prince Edward (note 3)	29,173	-	29,173	21,412
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>96,604</u>	<u>(33,420)</u>	<u>63,184</u>	<u>(86,754)</u>

The accompanying notes form an
integral part of these financial statements

HOSPICE PRINCE EDWARD FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
	\$	\$
CASH PROVIDED FROM (USED IN):		
OPERATING ACTIVITIES		
Excess (Deficiency) of revenues over expenses:	63,184	(86,754)
Adjustment for non-cash items:		
Loss on disposal of market securities	(204)	-
Amortization of tangible capital assets	33,420	33,954
Increase in cash surrender value of insurance	<u>(3,960)</u>	<u>(2,555)</u>
	92,440	(55,355)
Changes in non-cash working capital components:		
Due from government	(1,884)	(367)
Due from related party	15,450	(5,865)
Prepaid expenses	(1,963)	(94)
Accounts payable and accrued liabilities	(5,941)	9,757
Due to government	(3,641)	2,677
Deferred revenue	<u>1,130</u>	<u>(2,800)</u>
NET CASH FROM (USED BY) OPERATING ACTIVITIES	<u>95,592</u>	<u>(52,047)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	<u>-</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES		
Donation of securities	3,071	-
Sale of securities	<u>(2,867)</u>	<u>-</u>
NET CASH FROM (USED BY) FINANCING ACTIVITIES	<u>204</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	95,796	(52,047)
CASH - BEGINNING OF YEAR	<u>88,016</u>	<u>140,063</u>
CASH - END OF YEAR	<u><u>183,812</u></u>	<u><u>88,016</u></u>
Cash is comprised of:		
Cash	78,519	82,973
Term deposit	<u>105,293</u>	<u>5,043</u>
	<u><u>183,812</u></u>	<u><u>88,016</u></u>

The accompanying notes form an
integral part of these financial statements

HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

PURPOSE OF THE ORGANIZATION

Hospice Prince Edward Foundation (Foundation) was incorporated on April 19, 2013 without share capital under the laws of Ontario, its activities to be carried out without the purpose of gain for its members. The Foundation is a charitable, volunteer-based organization, and is subject to the Charities Accounting Act. The Foundation's mandate is to support and further the life work and mission of Hospice Prince Edward and to provide quality of life, dignity in death and grief and bereavement support for all those living with or affected by a life limiting illness. The Foundation owns and operates a residential hospice that provides in-home palliative support services in Prince Edward County.

The Foundation received designation as a registered charity effective June 20, 2014, and as a charity under Section 149(1) of the Canada Income Tax Act, is exempt from income taxes and is eligible to issue official income tax receipts for charitable donations.

1. SUMMARY OF ACCOUNTING POLICIES

Basis of accounting:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The following policies are significant to the Foundation:

a) **FUND ACCOUNTING:**

Fund accounting involves accounting segregation, although not necessarily a physical segregation of resources. The Foundation maintains the following funds:

- i. **General Fund** - consists of donations, bequests, fundraising revenues, rent and other revenues that may be spent at the discretion of the organization in support of the Foundation's purpose. It also includes grants which must be used in compliance with the terms of the funding provider.
- ii. **Capital Fund** - consists of internally and externally designated contributions directed at acquisition of and major repairs to the Foundation's tangible capital assets.

b) **REVENUE RECOGNITION:**

- i. Contributions are recognized as revenue in the related fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- ii. Deferred revenue is funding received which relates to future years' operations and which will be recognized as revenues in the year in which the related program expenditures are incurred.

HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (con't)

c) **EXPENDITURE ALLOCATIONS:**

Expenditures are allocated entirely to specific programs and funds when circumstances are such that the expense is fully attributable to the approved expenditure within that funding budget. In all other circumstances, management applies a ratio to the expense based on the nature of the expenses and a rationale that considers the value of the expense to a specific fund.

d) **DONATED SUPPLIES AND SERVICES:**

Contributions of materials are recorded only when such materials have a fair value that can be reasonably estimated and when those materials would have otherwise been purchased in the support of normal operating activities of the Foundation.

The Foundation receives services donated by citizens interested in its program. The kinds of services provided generally involve the contribution of time. Because of the difficulty in assigning values for such services, these items are not recognized in the financial statements.

e) **TANGIBLE CAPITAL ASSETS AND AMORTIZATION:**

Tangible capital assets over \$2,500 are recorded at cost and amortized over their estimated useful lives at the following rates per annum:

Building	25 years	straight line method
Building improvement	25 years	straight line method
Deck	15 years	straight line method
Landscaping projects	5 years	straight line method
Parking lot	10 years	straight line method
Hospice furniture and equipment	5 years	straight line method

In the year of acquisition, amortization is taken proportionately based on the date the asset has been put into use.

f) **USE OF ESTIMATES:**

The preparation of financial statements requires that management 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 statement and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statement in future periods could be significant.

These estimates are based on management's best knowledge of current events and actions that the Foundation may undertake in the future.

Significant items subject to such estimates and assumptions include valuation of prepaid expenses, amortization of tangible capital assets and the valuation of accounts payable, and accrued liabilities. Actual results could differ from those estimates.

HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (con't)

f) USE OF ESTIMATES (con't):

Differences in actual results from prior estimates are taken into account at the time the differences are determined.

g) FINANCIAL INSTRUMENTS:

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, term deposit, amounts receivable, amounts due from related party and cash surrender value of insurance. The financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

2. TERM DEPOSIT

There are two cashable term deposits:

	2018	2017
Term deposit due January 11, 2019 bearing interest at 1.15%	100,246	-
Term deposit due January 19, 2020 bearing interest at 1.20%	5,047	5,043
	105,293	5,043

The \$5,000 term deposit is required by the bank as security for the credit card.

The credit card has an authorized limit of \$5,000 at an annual rate of 18.4% and is set to be repaid in full each month. An amount of \$3,201 of the credit limit remained unused at March 31, 2018 (2017: \$3,524).

3. RELATED PARTY

The Foundation continues to operate under a fundraising arrangement with Hospice Prince Edward (HPE). Effective April 19, 2013 the Foundation was set up as a separate entity from HPE and charged with encouraging and coordinating a continuing high level of community financial support necessary to assist HPE in providing its Volunteer Visiting program. During the year the Foundation provided funding of \$29,173 (2017: \$21,412) to HPE.

Amounts due from HPE are non-interest bearing and payable on demand.

The Foundation has loaned \$20,000 to HPE. The loan is non-interest bearing and receivable on demand.

The Foundation invoices HPE for parking, office and meeting facilities at a flat rental rate of \$500 per month or \$6,000 annually (2017: \$6,000). The Foundation also invoices for miscellaneous office costs, employee costs, outreach program supplies, legal and insurance costs as they are incurred. As of March 31, 2018 the invoices receivable from HPE amounted to \$1,475 (2017: \$16,925).

HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

3. RELATED ENTITY (con't)

The Foundation controls HPE based on its ability to appoint HPE's Board of Directors and, as such can influence the direction and policies of HPE. HPE is further economically dependant on the Foundation for access to the Foundation's pool of available volunteers, use of administration facilities and for the Foundation's contribution to expenses not otherwise provided for by HPE's primary source of funding through a memorandum of agreement with the Prince Edward Community Care for Seniors Association, which flows funds received from the South East Local Health Integration Network to Hospice Prince Edward.

Hospice Prince Edward operates as a charity to provide palliative and bereavement support to families and individuals of all ages in Prince Edward County who are facing life limiting illnesses. The summary financial statements of Hospice Prince Edward are as follows:

	<u>2018</u>	<u>2017</u>
STATEMENT OF FINANCIAL POSITION		
Assets	35,025	52,319
Liabilities	35,025	52,319
Net assets	-	-
STATEMENT OF OPERATIONS		
Revenues	78,907	72,504
Expenditures	108,080	93,916
Donation received from the Foundation	29,173	21,412
STATEMENT OF CASH FLOWS		
Operating activities	(7,755)	1,277
Financing activities	-	-

4. TANGIBLE CAPITAL ASSETS

Tangible capital asset balances are comprised of the following:

	2018		2017	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	115,000	-	115,000	-
Building	270,403	50,475	270,403	39,659
Building improvement	266,970	49,809	266,970	39,130
Deck	6,398	2,666	6,398	2,239
Landscaping projects	6,676	3,671	6,676	2,336
Parking lot	13,033	5,756	13,033	4,453
Hospice furniture and equipment	44,307	41,096	44,307	32,235
	<u>722,787</u>	<u>153,473</u>	<u>722,787</u>	<u>120,052</u>
Net Book Value		<u><u>569,314</u></u>		<u><u>602,735</u></u>

HOSPICE PRINCE EDWARD FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2018

5. TRANSFER TO CAPITAL FUND

Capital acquisition and purchasing activities are initially performed within the unrestricted general fund. When these transactions meet the Foundation's capitalization policy (note 1e), they are transferred to the restricted capital fund. There are no capital assets transferred during the current or prior years.

6. CASH SURRENDER VALUE OF LIFE INSURANCE

An individual took out a life insurance policy on her life on December 15, 2003 of which Hospice Prince Edward Foundation is the owner and beneficiary of the policy. The annual premiums are \$3,600, which are paid by the individual and for which the individual receives a donation receipt.

At March 31, 2018, the policy provided for a death benefit in the amount of \$71,722. The cash surrender value of the policy was \$33,357 (2017: \$29,397).

7. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's significant risk exposures and concentrations at March 31, 2018.

Liquidity risk

Liquidity risk is the risk that the Foundation will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. The Foundation manages its liquidity risk by monitoring its operating cash flow requirements to ensure financial resources are available and by monitoring cash reserves.

Management does not believe that the Foundation is exposed to significant credit, currency, interest rate or market risks.

Change in risk

There has been a decrease in liquidity risk as a result of the significant increase in cash and short term deposits.

8. DEFERRED REVENUE

The Foundation defers funding and grants until the amounts are matched against expenditures when the services are provided in accordance to their various funding agreements.

	<u>2018</u>	<u>2017</u>
The County of Prince Edward Grant - hall rental	<u>1,130</u>	<u>-</u>

9. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to current year's presentation.