

HOSPICE PRINCE EDWARD FOUNDATION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014

**HOSPICE PRINCE EDWARD FOUNDATION  
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FOR THE YEAR ENDED MARCH 31, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Hospice Prince Edward Foundation

**Report on the Financial Statements**

I have audited the accompanying financial statements of Hospice Prince Edward Foundation, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in fund balances (General Fund and Capital Fund) and cash flow for the year ended March 31, 2014, 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

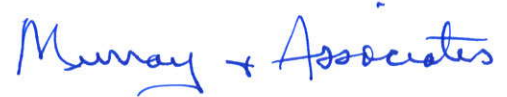
I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my qualified audit opinion.

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, Hospice Prince Edward Foundation derives revenue from fundraisers, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenue, net revenue (expenditures), assets and fund balances.

**Qualified Opinion**

In my 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, 2014; and its financial performance and its cash flows for the year ended March 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.



CHARTERED ACCOUNTANT  
LICENSED PUBLIC ACCOUNTANT

Picton, Ontario  
August 14, 2014

**HOSPICE PRINCE EDWARD FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2014**

	General Fund \$	Capital Fund \$	Total 2014 \$
<b><u>ASSETS</u></b>			
<b>CURRENT</b>			
Cash	137,632	-	137,632
Accounts receivable	25,908	11,500	37,408
Due from related party (note 2)	27,478	-	27,478
Prepaid expenditures	3,797	-	3,797
	<b>194,815</b>	<b>11,500</b>	<b>206,315</b>
<b>TANGIBLE CAPITAL ASSETS (note 3)</b>			
Cost	-	709,713	709,713
Accumulated amortization	-	(20,498)	(20,498)
	<b>-</b>	<b>689,215</b>	<b>689,215</b>
	<b>194,815</b>	<b>700,715</b>	<b>895,530</b>
<b><u>LIABILITIES</u></b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	11,151	-	11,151
Deferred revenue (note 4)	56,285	11,500	67,785
Government remittances payable	6,011	-	6,011
	<b>73,447</b>	<b>11,500</b>	<b>84,947</b>
<b><u>NET ASSETS</u></b>			
<b>FUND BALANCES:</b>			
Unrestricted			
General Fund	121,368	-	121,368
Internally restricted			
Capital Fund	-	689,215	689,215
	<b>121,368</b>	<b>689,215</b>	<b>810,583</b>
	<b>194,815</b>	<b>700,715</b>	<b>895,530</b>

\_\_\_\_\_ President

The accompanying notes form an  
integral part of these financial statements

HOSPICE PRINCE EDWARD FOUNDATION  
CHANGES IN FUND BALANCE  
ALL FUNDS  
FROM APRIL 19, 2013 (DATE OF INCEPTION) TO MARCH 31, 2014

	2014
<u>GENERAL FUND</u>	\$
GENERAL FUND BALANCE - BEGINNING OF YEAR	-
NET ASSET TRANSFER FROM HOSPICE PRINCE EDWARD	90,944
EXCESS OF REVENUE OVER EXPENDITURES	291,859
TRANSFER TO CAPITAL FUND	<u>(261,435)</u>
GENERAL FUND BALANCE - END OF YEAR	<u><u>121,368</u></u>
<hr/>	
<u>CAPITAL FUND</u>	
CAPITAL FUND BALANCE - BEGINNING OF YEAR	-
NET ASSET TRANSFER FROM HOSPICE PRINCE EDWARD	448,278
TRANSFER FROM GENERAL FUND	261,435
EXCESS OF EXPENDITURES OVER REVENUE	<u>(20,498)</u>
CAPITAL FUND BALANCE - END OF YEAR	<u><u>689,215</u></u>

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**HOSPICE PRINCE EDWARD FOUNDATION  
STATEMENT OF OPERATIONS  
GENERAL FUND  
FROM APRIL 19, 2013 (DATE OF INCEPTION) TO MARCH 31, 2014**

	2014 \$
<b>REVENUE</b>	
Donations and gifts:	
Community Campaign	228,684
In Memory Of - Residential	9,645
In Memory Of - General	51,202
General	28,777
Fundraising:	
Gala	81,487
Hike for Hospice	42,388
Coffee Party	31,930
Other fundraising revenues	5,259
Ontario Trillium Foundation (note 4)	16,315
Rent	3,500
Interest	235
	<b>499,423</b>
 <b>EXPENDITURES</b>	
Fundraising:	
Gala	31,437
Hike for Hospice	5,476
Coffee Party	1,960
Other fundraising expenditures	1,216
Donation to Hospice Prince Edward	29,452
Accounting and legal	9,031
Administration	8,963
Communication	2,711
Occupancy	6,986
Payroll	86,640
Project	2,228
Residential supplies and upkeep	5,149
Ontario Trillium Foundation (note 4)	16,315
	<b>207,564</b>
 <b>EXCESS REVENUE OVER EXPENDITURES</b>	<b>291,859</b>

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HOSPICE PRINCE EDWARD FOUNDATION  
STATEMENT OF OPERATIONS  
CAPITAL FUND  
FROM APRIL 19, 2013 (DATE OF INCEPTION) TO MARCH 31, 2014

	2014
	\$
REVENUES	-
EXPENDITURES	
Amortization	<u>20,498</u>
EXCESS OF EXPENDITURES OVER REVENUE	<u><u>(20,498)</u></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, 2014**

	2014 \$
<b>CASH PROVIDED FROM (USED IN):</b>	
<b>OPERATING ACTIVITIES</b>	
Excess (deficiency) revenues over expenditures:	
General Fundraising Fund	291,859
Capital Fund	<u>(20,498)</u>
	271,361
Add non-cash items:	
Amortization of tangible capital assets	<u>20,498</u>
	291,859
Changes in non-cash working capital components:	
Accounts receivable	(37,408)
Due from related party	(27,478)
Prepaid expenditures	(3,797)
Accounts payable and accrued liabilities	11,151
Deferred revenue	67,785
Government remittances payable	<u>6,011</u>
<b>NET CASH FROM (USED BY) OPERATING ACTIVITIES</b>	<u>308,123</u>
<b>INVESTING ACTIVITIES</b>	
Acquisition of tangible capital assets	(203,429)
Purchase of tangible capital assets	<u>(58,006)</u>
<b>NET CASH FROM (USED BY) INVESTING ACTIVITIES</b>	<u>(261,435)</u>
<b>FINANCING ACTIVITIES</b>	
Net working capital transfer from Hospice Prince Edward	<u>90,944</u>
<b>NET CASH FROM (USED BY) FINANCING ACTIVITIES</b>	<u>90,944</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	137,632
<b>CASH - BEGINNING OF YEAR</b>	<u>-</u>
<b>CASH - END OF YEAR</b>	<u><u>137,632</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, 2014

**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 non-profit, volunteer based organization, and is subject to the Charities Accounting Act. The Foundation's mandate is to support and further the life work and missions of Hospice Prince Edward and to support services to patients with terminal illness, their families and their care givers; and to own and operate 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.

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting:**

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

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, additional fundraising revenues as well as rent and interest that may be spent at the discretion of the organization in support of the Foundation's purpose. It also includes government funding (note 4) which must be used in compliance with the terms of the funder.
- ii. **Capital Fund** - consists of a gift from Hospice Prince Edward to be used for the acquisition of capital assets as required by and at the discretion of the organization to support the Foundation's purposes.

HOSPICE PRINCE EDWARD FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 program 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.

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) PLEDGES:

Pledges are not recognized as revenue until received.

e) DONATED SUPPLIES:

Donated supplies are recorded at fair values only if the Foundation would normally have purchased the supplies.

f) DONATED SERVICES:

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 reflected in the financial statements.

g) TANGIBLE CAPITAL ASSETS AND AMORTIZATION:

Tangible capital assets over \$2500 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
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.

HOSPICE PRINCE EDWARD FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h) MEASUREMENT UNCERTAINTY:**

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 expenditures 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 accounts receivable, prepaid expenditures, amortization of tangible capital assets, accounts payable and accrued liabilities. Actual results could differ from those estimates.

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

**i) 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 and accounts receivable. The financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

**2. RELATED PARTY**

Effective April 19, 2013 the Foundation was set up as a separate entity from Hospice Prince Edward (HPE). As of August 1, 2013, the assets related to the Foundation (ie. residential hospice) were gifted by HPE to the Foundation.

The Foundation and HPE are common control organizations. The Foundation operates exclusively to support and further the life, work and mission of Hospice Prince Edward. Certain directors of the Foundation are also directors on the HPE board.

At the year end, the Foundation is owed \$27,478 by HPE. These amounts do not carry any terms of repayment and are not subject to any interest charges.

HOSPICE PRINCE EDWARD FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014

**2. RELATED PARTY (continued)**

The effective date of operation for the Foundation was August 1, 2013. At that date, the following balances were transferred to the Foundation:

<b>Assets:</b>	
Cash	71,110
Due from related party	21,478
Due from government	33,970
Prepaid expenditures	4,630
Tangible capital assets	651,707
	782,895
 <b>Liabilities:</b>	
Accounts payable and accrued liabilities	1,462
Due to government	8,599
Wages payable	609
Deferred revenue	1,224
	11,894
 <b>April 1, 2013 Fund Balances:</b>	
General	90,944
Capital	448,278
	539,222
 <b>April 1, 2013 to August 1, 2013 net activity:</b>	
	231,779
	782,895

**3. TANGIBLE CAPITAL ASSETS**

Tangible Capital Asset balances are comprised of the following:

	2014 Cost \$	Accumulated amortization \$
	\$	\$
Land	115,000	-
Building	270,403	7,211
Building improvement*	266,970	7,093
Parking lot	13,033	543
Hospice furniture and equipment	44,307	5,651
	709,713	20,498
 Net Book Value		 689,215

\* Building Improvement had a cost of \$277,880 which was offset by a grant from the Corporation of the County of Prince Edward in the amount of \$10,910.

Additions to the tangible capital assets totalled \$307,636 of which \$248,298 occurred prior to the transfer of the tangible capital assets from Hospice Prince Edward to the Foundation's capital fund.

**HOSPICE PRINCE EDWARD FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014**

**4. 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.

	2014
Ontario Trillium Foundation Grant -	\$
Resource Development Coordinator	63,000
Program expenses and administration	9,600
Stair chair lift (capital fund)	11,500
Total grant awarded	84,100

	Monies Received	Receivable	Grant Recognized in current year	Deferred to 2014-2015
2013-2014	47,800	-	16,315	31,485
2014-2015	-	36,300	-	36,300
	47,800	36,300	16,315	67,785
General Fund		24,800	16,315	56,285
Capital Fund		11,500	-	11,500
		36,300	16,315	67,785

**5. 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, 2014.

**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.

**Credit risk**

Credit risk is the risk of financial loss to the Foundation if a debtor fails to perform its obligations. Hospice is exposed to credit risk in the event of non-performance by those entities in connection with its accounts and other receivables. In order to reduce its credit risk, the Foundation performs regular evaluations of its receivables, and pursues delinquent accounts.

**Risk management**

Since this is the inception year, management believes the existing policies in place are adequate to manage the identified risks.