

HOSPICE PRINCE EDWARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

INDEPENDENT AUDITOR'S REPORT

To the Members of Hospice Prince Edward

Report on the Financial Statements

I have audited the accompanying financial statements of Hospice Prince Edward, which comprise the statement of financial position as at March 31, 2012, and the statement of operations and changes in net assets for the Volunteer Visiting Program Fund, the General Fund, the Special Programs Fund, the Other Funding Programs and the Residential Hospice Fund and statement of 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 generally accepted accounting principles, 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 judgement, 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 is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Hospice Prince Edward derives revenue from donations and 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 as at March 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Picton, Ontario
June 20, 2012



CHARTERED ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT

HOSPICE PRINCE EDWARD
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012

| | 2012 | 2011 |
|---|----------------|----------------|
| <u>ASSETS</u> | \$ | \$ |
| CURRENT | | |
| Cash and investments | 211,424 | 121,883 |
| Accounts receivable -MOHLTC CSS CAP | 15,400 | - |
| Sales tax rebate receivable | 4,714 | 2,139 |
| Prepaid expenditures | 4,821 | 1,719 |
| | <u>236,359</u> | <u>125,741</u> |
| <u>LIABILITIES</u> | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | 5,825 | 2,500 |
| Wages and deductions payable | 9,349 | 10,279 |
| Deferred revenue (note 4) | 6,200 | 1,180 |
| | <u>21,374</u> | <u>13,959</u> |
| <u>NET ASSETS</u> | | |
| FUND BALANCES - END OF YEAR: | | |
| Unrestricted | | |
| General Fund | 84,355 | 86,782 |
| Internally restricted | | |
| Residential Hospice Fund | 105,029 | 25,000 |
| Externally restricted | | |
| South East Local Health Integration Network (SE LHIN) | | |
| - Volunteer Visiting Program Fund | - | - |
| - Special Programs Fund | 5,678 | - |
| Other Funding Programs (note 6) | 19,923 | - |
| | <u>214,985</u> | <u>111,782</u> |
| | <u>236,359</u> | <u>125,741</u> |

The accompanying notes form an
integral part of these financial statements

HOSPICE PRINCE EDWARD
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| REVENUE | | |
| Donations | 37,312 | 26,623 |
| Donations in-kind | 6,000 | 6,000 |
| Fundraising - net | 8,906 | 4,898 |
| Interest and miscellaneous | 1,408 | 522 |
| | <u>53,626</u> | <u>38,043</u> |
| EXPENDITURES | | |
| Wages and benefits | - | 19,139 |
| County Memory project | - | 924 |
| | <u>-</u> | <u>20,063</u> |
| EXCESS REVENUE OVER EXPENDITURES BEFORE FUNDRAISING CONTRIBUTION TO THE VOLUNTEER VISITING PROGRAM FUND | 53,626 | 17,980 |
| Fundraising contribution to the: | | |
| SE LHIN Volunteer Visiting Program Fund | (55,098) | (24,000) |
| Other Funding Programs Fund | (955) | - |
| | <u>(56,053)</u> | <u>(24,000)</u> |
| EXCESS REVENUE OVER EXPENDITURES | (2,427) | (6,020) |
| FUND BALANCE - BEGINNING OF YEAR | <u>86,782</u> | <u>92,802</u> |
| FUND BALANCE - END OF YEAR | <u><u>84,355</u></u> | <u><u>86,782</u></u> |

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HOSPICE PRINCE EDWARD
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
SOUTH EAST LOCAL HEALTH INTEGRATION NETWORK (SE LHIN)
VOLUNTEER VISITING PROGRAM FUND
FOR THE YEAR ENDING MARCH 31, 2012

| | 2012 | 2011 |
|---|-----------------|-----------------|
| | \$ | \$ |
| REVENUE | | |
| SE LHIN | | |
| - Volunteer Visiting | 61,498 | 60,589 |
| | <u>61,498</u> | <u>60,589</u> |
| EXPENDITURES | | |
| Bank charges and interest | 554 | 208 |
| Insurance | 2,612 | 2,506 |
| Office, printing and postage | 5,356 | 4,191 |
| Professional fees | 12,150 | 7,852 |
| Program materials | 1,013 | 1,320 |
| Rent | 6,000 | 6,000 |
| Travel | 6,091 | 4,847 |
| Volunteer training & materials | 6,174 | 6,908 |
| Wages and benefits | 75,366 | 50,757 |
| | <u>115,316</u> | <u>84,589</u> |
| EXCESS OF EXPENDITURES OVER REVENUE FOR THE YEAR | (53,818) | (24,000) |
| PRIOR YEAR SUBSIDY AMOUNTS RECOVERED (note 7) | | |
| SE LHIN | | |
| 2008/09 unspent subsidy recovered in the year | (1,280) | - |
| EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) BEFORE FUNDRAISING CONTRIBUTION FROM THE GENERAL FUND | (55,098) | (24,000) |
| Fundraising contribution from the General Fund | <u>55,098</u> | <u>24,000</u> |
| EXCESS OF REVENUE OVER EXPENDITURES | - | - |
| FUND BALANCE -BEGINNING OF YEAR | <u>-</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u><u>-</u></u> | <u><u>-</u></u> |

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HOSPICE PRINCE EDWARD
 STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
 SOUTH EAST LOCAL HEALTH INTEGRATION NETWORK (SE LHIN)
 SPECIAL PROGRAMS FUND
 FOR THE YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|---|---------------------|-----------------|
| | \$ | \$ |
| REVENUE | | |
| SE LHIN | | |
| -Approved Reallocation (one time) | 23,515 | 9,830 |
| -Community Furniture, Equipment and Supplies (one time) | - | 4,990 |
| | <u>23,515</u> | <u>14,820</u> |
| EXPENDITURES | | |
| SE LHIN | | |
| Approved Reallocation (one time) | 17,837 | 9,830 |
| Community Furniture, Equipment and Supplies | - | 4,990 |
| | <u>17,837</u> | <u>14,820</u> |
| EXCESS REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) | 5,678 | - |
| Transfer to Volunteer and Visiting | - | - |
| FUND BALANCE - BEGINNING OF YEAR | <u>-</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u><u>5,678</u></u> | <u><u>-</u></u> |

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**HOSPICE PRINCE EDWARD
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
OTHER FUNDING PROGRAMS
FOR THE YEAR ENDING MARCH 31, 2012**

| | 2012 | 2011 |
|--|---------------|---------------|
| | \$ | \$ |
| REVENUES | | |
| Ontario Trillium Foundation Grant | 64,900 | 21,874 |
| Prince Edward County Community Foundation | 2,000 | - |
| Ministry of Health and Long Term Care | | |
| - Community Support Services Common Assessment Project | 9,200 | - |
| | <u>76,100</u> | <u>21,874</u> |
| EXPENDITURES | | |
| Ontario Trillium Foundation | | |
| Office & Communication | 7,462 | 4,752 |
| Volunteer Training & Travel | 825 | 4,622 |
| Staffing | 43,207 | 12,500 |
| Prince Edward County Community Foundation | 115 | - |
| Ministry of Health and Long Term Care | | |
| - Community Support Services Common Assessment Project | 5,523 | - |
| | <u>57,132</u> | <u>21,874</u> |
| EXCESS REVENUE OVER EXPENDITURES | 18,968 | - |
| Fundraising contribution from the General Fund | <u>955</u> | <u>-</u> |
| FUND BALANCE - BEGINNING OF YEAR | <u>-</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR (note 6) | <u>19,923</u> | <u>-</u> |

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HOSPICE PRINCE EDWARD
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
RESIDENTIAL HOSPICE FUND
FOR THE YEAR ENDING MARCH 31, 2012

| | 2012 \$ | 2011 \$ |
|---|----------------|---------------|
| REVENUES | | |
| Donations | 82,035 | 25,000 |
| | <u>82,035</u> | <u>25,000</u> |
| | | |
| EXPENDITURES | | |
| Administration expenditures | 2,006 | - |
| | <u>2,006</u> | <u>-</u> |
| | | |
| EXCESS REVENUE OVER EXPENDITURES | 80,029 | 25,000 |
| | | |
| FUND BALANCE - BEGINNING OF YEAR | <u>25,000</u> | <u>-</u> |
| | | |
| FUND BALANCE - END OF YEAR | <u>105,029</u> | <u>25,000</u> |

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integral part of these financial statements

HOSPICE PRINCE EDWARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|--|----------------|----------------|
| | \$ | \$ |
| CASH PROVIDED FROM (USED IN): | | |
| OPERATING ACTIVITIES | | |
| Excess (deficiency) revenues over expenditures - | | |
| General Fund | (2,427) | (6,020) |
| Volunteer Visiting Program | - | - |
| SE LHIN Other Programs | 5,678 | - |
| Other Funding Programs | 19,923 | - |
| Residential Hospice | 80,029 | 25,000 |
| | <u>103,203</u> | <u>18,980</u> |
| | | |
| Changes in the levels of: | | |
| Accounts receivable | (17,975) | (1,543) |
| Accounts payable | 2,395 | 1,298 |
| Prepays | (3,102) | (119) |
| Deferred revenue | 5,020 | (20,695) |
| | | |
| NET CASH USED BY OPERATING ACTIVITIES | <u>89,541</u> | <u>(2,079)</u> |
| | | |
| INCREASE (DECREASE) IN CASH FOR THE YEAR | 89,541 | (2,079) |
| | | |
| CASH - BEGINNING OF YEAR | <u>121,883</u> | <u>123,962</u> |
| | | |
| CASH - END OF YEAR | <u>211,424</u> | <u>121,883</u> |
| | | |
| CASH consists of: | | |
| Unrestricted | | |
| - Cash | 13,934 | 21,681 |
| - Term deposits | 92,461 | 75,202 |
| Restricted | | |
| - Term deposits | 105,029 | 25,000 |
| | <u>211,424</u> | <u>121,883</u> |

The accompanying notes form an
integral part of these financial statements

1. ORGANIZATION

Hospice Prince Edward is a non-profit organization, registered as a charity under the Income Tax Act. The Hospice's mandate is to provide palliative and bereavement support to families and individuals of all ages in Prince Edward County who are facing life limiting illness.

2. SIGNIFICANT ACCOUNTING POLICIES

a) **FUND ACCOUNTING:**

Fund accounting involves accounting segregation, although not necessarily a physical segregation of resources.

The organization uses fund accounting under the restricted method to record and report its transactions whereby:

- i. The General Fund consists of donations, bequests, and additional fundraising revenues that may be spent at the discretion of the organization for expenses not funded by other funds.
- ii. The South East Local Health Integration Network (SE LHIN) Volunteer Visiting Fund is used to provide core agency services to assist individuals and their families facing life-limiting illness. These services are provided under agreement with the SE LHIN.
- iii. The South East Local Health Integration Network (SE LHIN) Special Programs Fund is comprised of specific program grants and is provided through agreements with the SE LHIN. Expenditures are externally restricted as specified by funding agreements.
- iv. The Other Funding Program is comprised of specific grants from various levels of government and private foundations. Expenditures are externally restricted as specified by funding agreements.
- v. The Residential Hospice Fund is a fund set aside to receive contributions to fund the establishment in the future of a self contained residential hospice. This fund has been internally restricted for this specific use by the Board of Directors.

Net assets may be internally or externally restricted. External restrictions are imposed from outside the organization. Internal restrictions are imposed in a formal manner by the Organization, usually by resolution of the board of directors.

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) **CAPITAL ASSETS**

Expenditures on capital assets are charged against current revenue in the year of acquisition.

HOSPICE PRINCE EDWARD
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2012

- d) **DONATED SUPPLIES**
 Donated supplies are recorded at fair values only if the organization would normally have purchased the supplies.

- e) **DONATED SERVICES**
 Hospice Prince Edward receives services donated by citizens interested in the organization's 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.

- f) **MINISTRY TRANSFERS:**
 Approved ministry transfers for the over or under payment of grants are recorded in the year of approval and are not restated in the year to which they relate.

- g) **ACCOUNTING ESTIMATES:**
 The preparation of financial instruments in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. These estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future. Actual results may differ from these estimates.

3. FUTURE ACCOUNTING CHANGES

Effective January 1, 2012 Canadian private sector not-for-profit organizations had the choice to adopt either the International Financial Reporting Standards (IFRS) or Part III of the Canadian Institute of Chartered Accountants Handbook (CICA Handbook), Accounting Standards for Not-For-Profit organizations. The Organization has decided to adopt the standards in Part III of the CICA Handbook for its fiscal year ending March 31, 2013. The Organization does not expect that the adoption of this standard will have an impact on its accounting methods, financial disclosures and information systems.

4. DEFERRED REVENUE

The Corporation received one-time funding in the 2011-2012 fiscal period that was required to be spent on the Community Support Services Common Assessment Project ("CSS CAP").

This project commenced in the 2012 fiscal year and will end in the 2013 fiscal year. The amount deferred relates to the portion to be spent in the 2013 fiscal year.

Deferred revenue consists of the following:

| | 2012 | 2011 |
|---------------------------------------|-------|-------|
| | \$ | \$ |
| Ministry of Health and Long Term Care | | |
| - CSS CAP Implementation | 6,200 | - |
| SE LHIN | | |
| - Special Programs | - | 1,180 |
| | 6,200 | 1,180 |

5. 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.

6. OTHER FUNDING PROGRAMS - FUND BALANCE

The Other Funding Programs Fund includes activity under agreements and contracts with a number of funding agencies, the composition of which may vary from time to time. Depending on pre-agreed upon terms, surplus may be used in future periods or may be subject to handling described in note 8.

The surplus to be carried forward to future periods at March 31, 2012 was \$19,923 (March 31, 2011 was NIL) and is comprised of the following:

| | 2012 | 2011 |
|---|--------|------|
| | \$ | \$ |
| Ontario Trillium Foundation | 13,406 | - |
| Prince Edward County Community Foundation | 2,840 | - |
| Ministry of Health and Long Term Care | | |
| - CSS CAP Implementation | 3,677 | - |
| | 19,923 | - |

7. PRIOR YEAR SUBSIDY AMOUNTS RECOVERED

Contractual agreements between the organization and its funders often contain stipulations as to the use of the funder's contributions, to include allowable expenditures and the timing with which those expenditures must take place.

Any funds not utilized in the period, together with any interest earned on these funds, may, at the funder's discretion, require a future repayment of those unspent funds or result in decreased cash flow in future funding agreement. This repayment, if required, is to be recognized in the fiscal period in which the surplus recovery of unspent funding occurs.

8. FINANCIAL INSTRUMENTS

The organization's financial assets and financial liabilities are held for trading.

The organization's financial instruments consist of cash, accounts receivable, and accounts payable. It is management's opinion that the organization is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

The fair value of these instruments approximate their carry value due to the short term nature of the instruments.

9. ECONOMIC DEPENDENCE

The organization is dependent on the SE LHIN for the major portion of its income, and accordingly, may be economically dependent for the continuation of its operations on funding from this source.

10. COMPARATIVE FIGURES

Certain figures within these financial statements have been restated to conform with the current year's presentation.