

Hospice King
(Operating as Hospice King-Aurora)

Financial Statements
Period ended March 31, 2011

Hospice King

(Operating as Hospice King-Aurora)

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INDEPENDENT AUDITORS' REPORT

To the Members of
Hospice King

We have audited the accompanying financial statements of **Hospice King** (Operating as Hospice King-Aurora), which comprise the statements of financial position as at March 31, 2011 and March 31, 2010 and the statements of changes in net assets, statements of operations, and statements of cash flows for the year ended March 31, 2011 and for the three month period ended March 31, 2010, 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.

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 auditors' 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 qualified audit opinion.

INDEPENDENT AUDITORS' REPORT, continued

Basis for Qualified Opinion

In common with many registered charities, the Organization derives a material amount of revenue from special events, a golf tournament and other grants, bingo, donations and other fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to Revenues, Excess (deficiency) of revenues over expenditures, Current Assets and Net Assets.

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 King as at March 31, 2011 and March 31, 2010 and its financial performance and its cash flows for the period ended March 31, 2011 and the three month period ended March 31, 2010 in accordance with Canadian generally accepted accounting principles.



TabacTucker LLP

Chartered Accountants

Licensed Public Accountants

Richmond Hill, Ontario

July 29, 2011

Hospice King

(Operating as Hospice King-Aurora)

Statements of Financial Position

As at March 31, 2011

	2011	2010
ASSETS		
Current		
Cash	\$ 105,801	\$ 48,158
Cash restricted (note 4)	58,710	73,890
Accounts receivable	4,955	4,976
GST/HST rebate receivable	11,678	1,184
Prepaid expenses	3,442	6,641
	\$ 184,586	\$ 134,849
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 17,167	\$ 30,749
Deferred contributions (note 9)	23,351	15,478
	40,518	46,227
Net Assets (note 4)	144,068	88,622
	\$ 184,586	\$ 134,849
Commitments (note 6)		

See accompanying notes

Hospice King
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Statements of Changes in Net Assets
 Period ended March 31, 2011

	Unrestricted	Restricted	Total 2011	Total 2010
Balance, beginning of period	\$ 30,210	\$ 58,412	\$ 88,622	\$ 121,366
Excess (deficiency) of revenues over expenditures	80,749	(25,303)	55,446	(32,744)
Balance, end of period(note 5)	\$ 110,959	\$ 33,109	\$ 144,068	\$ 88,622

See accompanying notes

Hospice King
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Statements of Operations

	Year Ended March 31, 2011	Three month period ended March 31, 2010
Revenues		
Special events	\$ 170,423	\$ -
Grants (note 9)	109,335	24,686
Donations (note 9)	61,826	6,489
Bingo	48,850	10,419
Other	12,065	33
	402,499	41,627
Expenditures		
Wages and benefits	151,841	43,355
Special events	81,221	300
Office rent	31,130	7,646
Administration	21,843	2,577
Subcontractor	15,411	3,368
Advertising and promotion	13,337	1,530
Program related	9,704	6,687
Repairs and maintenance	5,633	1,997
Telephone and utilities	4,803	1,042
Interest and bank charges	4,480	419
Insurance	2,541	608
Utilities	2,016	583
Computer software	1,199	411
Professional dues	998	65
Professional fees	896	1,095
Furniture and equipment	-	2,688
	347,053	74,371
Excess (deficiency) of revenues over expenditures	\$ 55,446	\$ (32,744)

See accompanying notes

Hospice King
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Statements of Cash Flows

	Year Ended March 31, 2011	Three month period ended March 31, 2010
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 55,446	\$ (32,744)
Change in non-cash working capital items		
Accounts receivable	21	(806)
GST/HST rebate receivable	(10,494)	2,603
Prepaid expenses	3,199	(2,757)
Accounts payable and accrued liabilities	(13,582)	7,823
Deferred contributions	7,873	(5,332)
Change in cash position	42,463	(31,213)
Cash, beginning of period	122,048	153,261
Cash, end of period	\$ 164,511	\$ 122,048
Cash consists of:		
Cash	\$ 105,801	\$ 48,158
Cash restricted	58,710	73,890
	\$ 164,511	\$ 122,048

See accompanying notes

Hospice King

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Notes to the Financial Statements

March 31, 2011

1. Nature of operations

Hospice King was incorporated without share capital under the laws of Ontario and is registered with Canada Revenue Agency as a registered charity. The Organization was incorporated on May 20, 1983. It is a volunteer based organization that provides specialized support to those living with life threatening illness, the people who care for them and those who are bereaved.

The Organization serves the municipalities of Aurora and King City.

During 2010, the organization received approval from Canada Revenue Agency-Charities Directorate to change its year end from December 31 to March 31.

2. Future changes in Accounting Standards for Not-for-Profit Organizations

The Accounting Standards Board has introduced accounting standards for Not-for-Profit Organizations (Part III).

Should the Organization adopt to Part III of the Handbook, it must do so no later than January 1, 2012.

The Organization is presently evaluating whether to adopt International Financial Reporting Standards or Accounting Standards for Not-for-Profit Organizations as found in Part III of the CICA's Handbook.

3. Significant accounting policies

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

(a) **Classification of financial instruments**

The following is a summary of the Organization's policies for each of the financial instrument categories in accordance with sections 1530, 3855 and 3861 of the Canadian Institute of Chartered Accountant's Handbook:

(i) **Held for trading (HFT)**

Restricted and unrestricted cash is classified as held for trading and is measured at fair value as at balance sheet date.

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Notes to the Financial Statements

March 31, 2011

3. Significant accounting policies, continued

(ii) **Loans and receivables**

Accounts receivable and GST/HST rebate receivable are classified as loans and receivables and are accounted for at amortized cost.

(iii) **Other liabilities**

Accounts payable and accrued liabilities are classified as other liabilities and are measured at amortized cost.

(b) **Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period.

Accounts payable and accrued liabilities represents management's best estimate of the amount to be paid. The amount of the exposure at year end was not determinable.

(c) **Property, plant and equipment**

As permitted by section 4430 of the CICA's Handbook, the organization expenses its capital assets. During the current year, capital expenditures totaled \$1,199 (2010 - \$3,099) for furniture and equipment and computer hardware and software.

(d) **Revenue recognition**

Unrestricted revenues, consisting of donations, special events, charity bingo, golf tournament and other revenues are recognized as revenue in the year of receipt.

Hospice King follows the deferral method of accounting for restricted revenues such as donations and grants. As per the provision, restricted grants and donations for specified purposes or programs are recorded as deferred income until the provisions of the grants or donations are satisfied, at which time they are recognized as income.

(e) **Contributed services**

Being a volunteer based organization, volunteers assists in delivery of its programs and administrative functions. Because of the difficulty of determining the fair value of these services, they are not recognized in the financial statements.

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Notes to the Financial Statements

March 31, 2011

3. Significant accounting policies, continued

(f) **Income taxes**

The organization is exempt from Income Taxes as a registered charity under section 149(1)(l) of the Income Tax Act.

4. Cash restricted

Restricted cash is classified as restricted due to external restrictions imposed by funding agencies.

	2011	2010
Cash - restricted (Trillium Foundation)	\$ 1,500	\$ 10,719
Cash - restricted (Charity Bingo)	57,210	63,171
Total cash restricted	\$ 58,710	\$ 73,890

Trillium Foundation - restrictions require cash to be used for office renovations, furniture, direct program salaries as well as the costs to evaluate program delivery and are subject to annual reporting requirements.

Charity bingo - restrictions require cash to be used for direct programming and educational expenses. The restriction has been recently amended to include a portion of the salary expense of the programming staff. These programs include an Adult Bereavement, Caregiver Support, Child and Youth Bereavement, Complementary Therapies, Compassion, Library resources, Promotion and Community Education and Volunteer Education. These funds are regulated by the Ontario Lottery and Gaming Commission and is subject to regular review and approval.

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Notes to the Financial Statements

March 31, 2011

5. Net Assets

Net assets comprise amounts subject to external restriction and amounts which are not subject to any form of restriction as set out below:

	2011	2010
Net assets - unrestricted	\$ 108,709	\$ 30,210
Net assets - restricted	35,359	58,412
Net assets - restricted and unrestricted	\$ 144,068	\$ 88,622

Net assets subject to restriction represent cash relating to funds raised from ongoing charity bingo fundraising activities and subject to the restrictions described in Note 4.

6. Commitments

The organization entered into a lease contract for photocopy equipment until September 2012. Future minimum lease payments remaining under this contract are as follows:

2012	\$ 1,860
2013	1,860
2014	1,395

The organization leases commercial office space. The lease agreement expired in 2008. Until renegotiated the leasing arrangement is on a month-to-month basis.

7. Financial instruments

The Organization's financial instruments consist of cash (restricted and unrestricted), accounts receivable, GST/HST rebate receivable, accounts payable and accrued liabilities.

It is management's assessment that the Organization is not exposed to significant currency or interest risk arising from these financial instruments.

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Notes to the Financial Statements

March 31, 2011

7. Financial instruments, continued

(a) Credit risk

The Organization's operating results are subject to credit risk. Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from unrelated funding agencies and other hospice agencies with whom it has financial dealings. In order to reduce its credit risk, it is the Organization's policy to conduct periodic reviews of these agency's credit performance in fulfillment of its objective to identify and manage risk. An allowance for doubtful accounts is assessed where factors suggest the existence of credit risk. The Organization relies upon several agencies for funding. Credit risk is therefore reduced. No allowance for doubtful accounts was recorded at year end (2010- \$ 0) as it was management's judgment that there was no credit risk. All outstanding balances at year end were collected following year end.

Credit risk may also arise due to the organization's banking arrangements. Restricted and unrestricted deposits will at times exceed deposit insurance limits when placed with one financial institution. As part of its policy to manage risk, the Organization monitors its cash balances in order to ensure that balances on deposit do not exceed deposit insurance limits with any financial institution with which it has dealings.

(b) Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due. As at March 31, 2011, the organization had a cash balance of \$164,511 and working capital of \$144,067. Accordingly, the organization will be able to meet its current obligations and has minimal liquidity risk.

Financial assets designated as "loans and receivables" were valued at amortized cost which approximated their fair value due to their current maturity. No re-measurement adjustment was required during the period as a result.

Financial liabilities designated as "other liabilities" were valued at amortized cost which approximated their fair value due to their current maturity. No re-measurement adjustment was required during the period as a result.

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March 31, 2011

8. Capital disclosure

The organization's objectives with respect to managing its capital is to preserve net assets and deliver services to the community at no less than a break even basis over two periods that reflects the bi-annual nature of organization's major fundraiser "Jitterbug Ball", which is intended to carry the organization through the non-Jitterbug Ball year.

Capital has been defined by the Organization as the Net Assets which are set out below:

	2011	2010
Total assets	\$ 184,586	\$ 134,849
Total liabilities	40,518	46,227
Net Assets	\$ 144,068	\$ 88,622

9. Deferred contributions

Ontario Trillium Foundation Grant: On March 9, 2006, a letter of agreement between Ontario Trillium Foundation and Hospice King was executed. Under this agreement, Hospice King-Aurora will have received \$254,000 over a five (5) year period to assist with additional staffing costs to be incurred to increase the level of service, community awareness and educational programs to the local community. Grants remaining to be recognized as revenues of 2012 total \$4,784.

Grants and government funding breakdown was as follows:

	Year ended March 31, 2011	Three month period ended March 31, 2010
Ministry of Health- funded through Palcare funding agent	\$ 67,025	\$ 16,409
Trillium Grant	27,000	7,750
Other Government Grant - HRSDC	5,129	527
Other Grants	10,181	-
	\$ 109,335	\$ 24,686

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March 31, 2011

9. Deferred contributions, continued

Revenue from the Ontario Trillium Foundation is recorded as revenue in the year in which related expenses are incurred by the Organization. Unspent funds at year end are segregated as externally restricted cash.

Activity recorded during the year in deferred contributions is set out below:

	2011	2010
Beginning balance	\$ 15,478	\$ 20,810
Less amount recognized as revenue during the year	(37,694)	(16,026)
Add amount received related to the following year	45,567	10,694
Ending balance	\$ 23,351	\$ 15,478

The amount of funding provided to the Organization by The Ontario Trillium Foundation is subject to final review and approval by the Foundation at the completion of the program. As at the date of these financial statements, the funding received for 2010-2011 has not been subject to this review process. Any adjustments required as a result of the Foundation's review will be accounted for upon settlement.

Deferred contributions are comprised of internally and externally restricted contributions. Internally restricted funds totaled \$18,567 (2010 - \$10,694). Externally restricted funds were comprised of funds received from the Ontario Trillium Foundation and totaled \$4,784 (2010 - \$4,784).

10. Special events

The major special events held during the year were the Jitterbug Ball and Charity Bingo. The revenues and expenses of each are set out below.

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March 31, 2011

10. Special events, continued

	Year Ended March 31, 2011	Three Months Ended March 31, 2010
Revenues - Jitterbug Ball	\$ 170,423	\$ -
Expenses - Jitterbug Ball	(73,640)	-
	96,783	-
Revenues - Charity Bingo	48,850	10,419
Expenses - Charity Bingo	(7,440)	(630)
	\$ 138,193	\$ 9,789

Funds raised from the Jitterbug Ball are unrestricted and are designated internally for the general operations of the Organization.

Funds raised through the Charity Bingo are restricted as previously described in note 4.

The organization collaborated with the annual Doane House Hospice Golf Tournament receiving funds totaling \$3,350. The organization was also a benefactor from a number of third party fundraising events that received funds totaling \$6,926.