

**Residential Hospice of  
Grey-Bruce Inc.  
Financial Statements  
For the year ended March 31, 2017**

Residential Hospice of Grey-Bruce Inc.  
Financial Statements  
For the year ended March 31, 2017

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## Independent Auditor's Report

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### To the Board of Directors of Residential Hospice of Grey-Bruce Inc.

We have audited the accompanying financial statements of Residential Hospice of Grey-Bruce Inc. which comprise the statement of financial position as at March 31, 2017 and the statements of fund balances, operations 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 is sufficient and appropriate to provide a basis for our audit opinion.



### **Basis for Qualified Opinion**

In common with many charitable organizations, the entity derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to donation revenue, fundraising revenue, excess of revenues over expenses and cash flows from operations for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016 and fund balances as at April 1 and March 31st for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

### **Qualified Opinion**

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising revenues referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Residential Hospice of Grey-Bruce Inc. as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
August 2, 2017

**Residential Hospice of Grey-Bruce Inc.**  
**Statement of Financial Position**

March 31	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash and short-term investments (Note 2)	\$ 414,604	\$ 1,790,388
Accounts receivable (Note 3)	343,037	50,116
Prepaid expenses	8,189	6,134
	765,830	1,846,638
Capital assets (Note 4)	4,471,532	381,124
	\$ 5,237,362	\$ 2,227,762
<b>Liabilities and Fund Balances</b>		
<b>Current</b>		
Bank indebtedness (Note 5)	\$ 200,000	\$ -
Accounts payable and accrued liabilities (Note 6)	691,596	34,925
Deferred revenue	70,000	-
	961,596	34,925
<b>Fund Balances (Page 5)</b>		
General fund (Note 7)	5,217,414	823,521
Capital fund (Note 8)	(941,648)	1,369,316
	4,275,766	2,192,837
	\$ 5,237,362	\$ 2,227,762

Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Residential Hospice of Grey-Bruce Inc.**  
**Statement of Fund Balances**

<u>For the year ended March 31</u>	<u>2017</u>			<u>2016</u>	
	General Fund	Capital Fund	Total	Total	
Balance, beginning of the year	\$ 823,521	\$ 1,369,316	\$ 2,192,837	\$	488,707
Excess of revenue over expenses	295,320	1,787,609	2,082,929		1,704,130
Invested in capital assets	4,098,573	(4,098,573)	-		-
<b>Balance, end of the year</b>	<b>\$ 5,217,414</b>	<b>(941,648)</b>	<b>4,275,766</b>	<b>\$</b>	<b>2,192,837</b>

The accompanying notes are an integral part of these financial statements.

**Residential Hospice of Grey-Bruce Inc.**  
**Statement of Operations**

<b>For the year ended March 31</b>	<b>2017</b>			<b>2016</b>
	<b>General Fund</b>	<b>Capital Fund</b>	<b>Total</b>	<b>Total</b>
<b>Revenue</b>				
Donation revenue	\$ 670,345	\$ 1,599,651	\$ 2,269,996	\$ 2,129,055
Grant revenue	697,166	175,039	872,205	602,614
Fundraising revenues	104,850	40,218	145,068	118,080
Other	10,787	5,799	16,586	2,727
	<b>1,483,148</b>	<b>1,820,707</b>	<b>3,303,855</b>	<b>2,852,476</b>
<b>Expenses</b>				
Salaries & benefits	895,258	7,146	902,404	854,584
Rent	142,855	-	142,855	145,091
Supplies and maintenance	33,282	-	33,282	37,341
Professional & consulting services	32,360	263	32,623	33,466
Insurance	12,326	12,793	25,119	9,499
Fundraising expenses	9,390	7,157	16,547	10,493
Mileage & patient transport	10,892	-	10,892	6,783
Printing and promotion	9,644	978	10,622	13,645
Postage & shipping	8,248	-	8,248	6,580
Communication	6,477	-	6,477	4,416
Bank charges	2,579	3,143	5,722	3,873
Education & training	4,510	-	4,510	2,722
Utilities	4,349	-	4,349	-
Property taxes	389	1,489	1,878	1,279
Office supplies & miscellaneous	572	40	612	164
Administrative costs (recovery)	6,532	89	6,621	4,339
	<b>1,179,663</b>	<b>33,098</b>	<b>1,212,761</b>	<b>1,134,275</b>
<b>Revenue over expenses before other expenses</b>	<b>303,485</b>	<b>1,787,609</b>	<b>2,091,094</b>	<b>1,718,201</b>
<b>Other Expenses</b>				
Amortization	8,165	-	8,165	14,071
<b>Excess of revenue over expenses for the year</b>	<b>\$ 295,320</b>	<b>\$ 1,787,609</b>	<b>\$ 2,082,929</b>	<b>\$ 1,704,130</b>

The accompanying notes are an integral part of these financial statements.

**Residential Hospice of Grey-Bruce Inc.**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 2,082,929	\$ 1,704,130
Items not involving cash		
Amortization of capital costs	8,165	14,071
Donated assets	(246,009)	-
	<u>1,845,085</u>	<u>1,718,201</u>
Changes in non-cash working capital balances		
Accounts receivable	(292,921)	(32,614)
Prepaid expenses	(2,055)	(439)
Accounts payable and accrued liabilities	656,671	18,164
Deferred revenue	70,000	-
	<u>2,276,780</u>	<u>1,703,312</u>
<b>Investing activities</b>		
Purchase of capital assets	(3,852,564)	(330,816)
<b>Financing activities</b>		
Bank indebtedness	200,000	-
<b>Increase (decrease) in cash during the year</b>	<u>(1,375,784)</u>	<u>1,372,496</u>
Cash, beginning of the year	<u>1,790,388</u>	<u>417,892</u>
<b>Cash, end of the year</b>	<u>\$ 414,604</u>	<u>\$ 1,790,388</u>

The accompanying notes are an integral part of these financial statements.



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**Residential Hospice of Grey-Bruce Inc.**  
**Notes to Financial Statements**

**March 31, 2017**

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**1. Summary of Significant Accounting Policies**

<b>Nature of Organization</b>	Residential Hospice of Grey-Bruce Inc. was incorporated in the Province of Ontario without share capital on February 3, 2012. The goal of the organization is to help patients live their last days with the highest quality of life, dignity, and to be as comfortable and pain-free as possible, all the while surrounded by their loved ones.
<b>Basis of Accounting</b>	The financial statements of the organization are the representation of management prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements have been prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of an obligation to pay.
<b>Use of Estimates</b>	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates and may impact future periods. The estimates used in the preparation of these financial statements are the allowance for doubtful accounts, amortization, accrued liabilities and deferred revenue.
<b>Income Taxes</b>	Residential Hospice of Grey-Bruce Inc., incorporated without share capital under the laws of Ontario, is considered a charitable organization under the Income Tax Act and, therefore, no provision for income taxes has been reflected in these statements. The Hospice was granted Charitable status on May 25, 2012.

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**Residential Hospice of Grey-Bruce Inc.**  
**Notes to Financial Statements**

**March 31, 2017**

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**1. Summary of Significant Accounting Policies - (continued)**

**Capital Assets** Capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the asset and is calculated as follows:

	<b>Method</b>	<b>Rate</b>
Furniture & fixtures	Straight-line	10 years
Equipment	Straight-line	10 years
Leasehold improvements	Straight-line	3 years
Computer equipment	Straight-line	5 years
Computer software	Straight-line	3 years

**Fund Accounting** The organization uses fund accounting to report transactions.

The General Fund reports the assets, liabilities, revenues and expenses related to services provided to people and families affected by a life-threatening illness. The general fund also includes the amounts invested in capital assets.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Hospice's future capital asset expenditures including contributions restricted for the purchase of capital assets.

**Pledges** Pledges, which represent promises to donate cash, are not recorded as revenue until collected.

**Contributed Materials and Services** Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased, are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Volunteers contribute many hours per year to assist the hospice in carrying out its service delivery activities. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

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**Residential Hospice of Grey-Bruce Inc.**  
**Notes to Financial Statements**

**March 31, 2017**

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**1. Summary of Significant Accounting Policies - (continued)**

**Revenue Recognition**

The organization follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable in the general fund if the amount to be received can be reasonably estimated and collection is reasonably assured.

Operating grant revenue is recorded in the period in which the related eligible expenses are incurred. Where a portion of a grant relates to a future period, it is deferred and recognized in a subsequent period. Grants and claims are subject to review and settlement with respective funding agencies subsequent to year-end. Should adjustments to reported revenue be required they will be recorded in the year of settlement.

Restricted contributions for the purchase of capital assets are recognized as revenue in the year received in the capital fund.

Investment income is recognized as revenue of the appropriate fund in the year in which the income is earned.

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

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**Residential Hospice of Grey-Bruce Inc.**  
**Notes to Financial Statements**

**March 31, 2017**

**2. Cash and Short-term Investments**

On March 31, 2017, the organization had deposits of \$402,973 in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

Short-term investments include \$20,897 (2015 - \$1,001,555) held in Canadian money market mutual funds and \$NIL (2015 - \$99,985) in a guaranteed investment certificate.

**3. Accounts Receivable**

	2017	2016
HST receivable	\$ 335,742	\$ 50,116
Security deposits	7,295	-
	\$ 343,037	\$ 50,116

There are no impairment allowances relating to accounts receivable.

**4. Capital Assets**

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 268,166	\$ -	\$ 210,312	\$ -
Building under construction	4,161,223	-	120,504	-
Furniture, fixtures and equipment	67,822	27,061	67,822	20,279
Computer equipment and software	20,196	18,814	20,196	17,431
Leasehold improvements	4,436	4,436	4,436	4,436
	\$ 4,521,843	\$ 50,311	\$ 423,270	\$ 42,146
Net book value	\$ 4,471,532		\$ 381,124	

Included in capital assets are buildings under construction of \$4,161,223. This asset is not being depreciated.

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**Residential Hospice of Grey-Bruce Inc.**  
**Notes to Financial Statements**

**March 31, 2017**

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**5. Bank Indebtedness**

At March 31, 2017, the organization had a credit facility agreement with CIBC with an undrawn credit capacity of \$1,300,000. Interest is at prime. This amount has been guaranteed by a related party.

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**6. Accounts Payable and Accrued Liabilities**

Government remittances of \$3,818 (2016 - \$2,731) are included in accounts payable at year- end.

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**7. General Fund**

	<u>2017</u>	<u>2016</u>
Invested in capital assets	\$ 4,471,532	\$ 381,124
Unrestricted	745,882	442,397
	<u>\$ 5,217,414</u>	<u>\$ 823,521</u>

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**8. External and Internal Restrictions on Net Assets**

The Hospice received externally restricted donations of \$1,599,651 (2016 - \$1,653,900) that are to be used for capital purposes.

The capital fund balance includes \$50,000 that was internally restricted by the Board in 2014. These internally restricted amounts are not available for other purposes without approval of the board of directors.

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**Residential Hospice of Grey-Bruce Inc.**  
**Notes to Financial Statements**

**March 31, 2017**

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**9. Financial Instrument Risk**

The organization's financial instruments consist of cash and short-term investments, accounts receivable, and accounts payable and accrued liabilities. It is management's opinion that the organization is not exposed to significant currency risk arising from these financial instruments. The organization is exposed to credit risk arising from the possibility of default on its investments and accounts receivable. The organization is exposed to credit risk from the concentration of its bank balances. The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated short-term investments. Liquidity risk arises from accounts payable and accrued liabilities and is the risk that the organization will not have sufficient funds to settle a transaction on the due date. Management believes the organization's credit and liquidity risk is low.

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**10. Economic Dependence**

The Hospice is approved by the Ontario Ministry of Health and Long-Term Care to operate eight residential care beds. The Hospice receives funding for the salaries of Registered Nurses and Personal Support Worker staff based on a provincial formula. The organization relies on this funding to support their total operating costs.

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**11. Commitment**

Residential Hospice of Grey-Bruce has commitments for the construction of Chapman House. At year-end approximately \$1,141,992 exclusive of HST remains to be spent on this project.

Additionally, the organization has commitments for furniture and fixtures that had been ordered. At year-end approximately \$175,039 remains to be spent on these items.

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