

**Residential Hospice of  
Grey-Bruce Inc.  
Financial Statements  
For the year ended March 31, 2018**

**Residential Hospice of Grey-Bruce Inc.**  
**Financial Statements**  
**For the year ended March 31, 2018**

---

**Contents**

Independent Auditor's Report	2 - 3
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



Tel: 519 376 6110  
Fax: 519 376 4741  
www.bdo.ca

BDO Canada LLP  
1717 2<sup>nd</sup> Avenue E, Third Floor  
PO Box 397  
Owen Sound ON N4K 5P7 Canada

---

## Independent Auditor's Report

---

**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, 2018 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, 2018 and 2017, current assets as at March 31, 2018 and 2017 and fund balances as at April 1 and March 31st 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 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, 2018 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
June 20, 2018

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

March 31	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash and short-term investments (Note 2)	\$ 336,723	\$ 414,604
Accounts receivable (Note 3)	31,873	343,037
Prepaid expenses	-	8,189
	368,596	765,830
Capital assets (Note 4)	5,503,086	4,471,532
	\$ 5,871,682	\$ 5,237,362
<b>Liabilities and Fund Balances</b>		
<b>Current</b>		
Bank indebtedness	\$ -	\$ 200,000
Accounts payable and accrued liabilities (Note 5)	178,503	691,596
Deferred revenue	-	70,000
Loan payable (Note 6)	439,000	-
	617,503	961,596
<b>Fund Balances (Page 5)</b>		
General fund (Note 7)	6,299,802	5,217,414
Capital fund (Note 8)	(1,045,623)	(941,648)
	5,254,179	4,275,766
	\$ 5,871,682	\$ 5,237,362

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>2018</u>			<u>2017</u>
	General Fund	Capital Fund	Total	Total
Balance, beginning of the year	\$ 5,217,414	\$ (941,648)	\$ 4,275,766	\$ 2,192,837
Excess of revenue over expenses (expenses over revenue)	(107,377)	1,085,790	978,413	2,082,929
Invested in capital assets	1,189,765	(1,189,765)	-	-
<b>Balance, end of the year</b>	<b>\$ 6,299,802</b>	<b>(1,045,623)</b>	<b>5,254,179</b>	<b>\$ 4,275,766</b>

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

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

For the year ended March 31	2018			2017
	General Fund	Capital Fund	Total	Total
<b>Revenue</b>				
Donation revenue	\$ 656,243	\$ 1,045,572	\$ 1,701,815	\$ 2,269,996
Grant revenue	870,084	-	870,084	872,205
Fundraising revenues	128,157	40,218	168,375	145,068
Other	-	-	-	16,586
	<u>1,654,484</u>	<u>1,085,790</u>	<u>2,740,274</u>	<u>3,303,855</u>
<b>Expenses</b>				
Salaries & benefits	1,236,618	-	1,236,618	902,404
Supplies and maintenance	85,893	-	85,893	33,282
Professional & consulting services	72,433	-	72,433	32,623
Utilities	39,946	-	39,946	4,349
Rent	25,308	-	25,308	142,855
Interest on loan payable	20,893	-	20,893	-
Administrative costs	18,592	-	18,592	6,621
Insurance	16,634	-	16,634	25,119
Chaplaincy expenses	14,570	-	14,570	-
Communication	14,392	-	14,392	6,477
Printing and promotion	12,964	-	12,964	10,622
Education & training	10,726	-	10,726	4,510
Postage & shipping	9,166	-	9,166	8,248
Mileage & patient transport	7,534	-	7,534	10,892
Fundraising expenses	6,723	-	6,723	16,547
Bank charges	4,766	-	4,766	5,722
Office supplies & miscellaneous	1,492	-	1,492	2,490
	<u>1,598,650</u>	<u>-</u>	<u>1,598,650</u>	<u>1,212,761</u>
<b>Revenue over expenses before other expenses</b>	<u>55,834</u>	<u>1,085,790</u>	<u>1,141,624</u>	<u>2,091,094</u>
<b>Other Expenses</b>				
Amortization	158,211	-	158,211	8,165
Endowment contribution	5,000	-	5,000	-
	<u>163,211</u>	<u>-</u>	<u>163,211</u>	<u>8,165</u>
<b>Excess of revenue over expenses (expenses over revenue) for the year</b>	<u>\$ (107,377)</u>	<u>\$ 1,085,790</u>	<u>\$ 978,413</u>	<u>\$ 2,082,929</u>

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

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

For the year ended March 31	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 978,413	\$ 2,082,929
Items not involving cash		
Amortization of capital costs	158,211	8,165
Donated assets	(130,322)	(246,009)
	<u>1,006,302</u>	<u>1,845,085</u>
Changes in non-cash working capital balances		
Accounts receivable	311,164	(292,921)
Prepaid expenses	8,189	(2,055)
Accounts payable and accrued liabilities	(513,093)	656,671
Deferred revenue	(70,000)	70,000
	<u>742,562</u>	<u>2,276,780</u>
<b>Investing activities</b>		
Purchase of capital assets	(1,059,443)	(3,852,564)
<b>Financing activities</b>		
Increase (decrease) in bank indebtedness	(200,000)	200,000
Loan advance	800,000	-
Repayment of loan	(361,000)	-
	<u>239,000</u>	<u>200,000</u>
<b>Increase (decrease) in cash during the year</b>	<b>(77,881)</b>	<b>(1,375,784)</b>
<b>Cash, beginning of the year</b>	<b>414,604</b>	<b>1,790,388</b>
<b>Cash, end of the year</b>	<b>\$ 336,723</b>	<b>\$ 414,604</b>

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



---

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

**March 31, 2018**

---

**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.

---

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

**March 31, 2018**

---

**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>
Building	Straight-line	40 years
Furniture & fixtures	Straight-line	10 years
Equipment	Straight-line	10 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.

---

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

**March 31, 2018**

---

**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.

---

---

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

**March 31, 2018**

---

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

On March 31, 2018, the organization had deposits of \$336,723 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 \$41,997 (2017 - \$20,897) held in Canadian money market mutual funds and \$10,000 (2017 - \$NIL) in a guaranteed investment certificate with interest at 1% maturing July 25, 2018.

---

**3. Accounts Receivable**

	2018	2017
HST receivable	\$ 24,578	\$ 335,742
Other	(5,000)	-
Security deposits	12,295	7,295
	<u>\$ 31,873</u>	<u>\$ 343,037</u>

There are no impairment allowances relating to accounts receivable.

---

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

March 31, 2018

**4. Capital Assets**

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 268,166	\$ -	\$ 268,166	\$ -
Building	5,117,757	127,944	4,161,223	-
Furniture, fixtures and equipment	261,417	49,399	67,822	27,061
Computer equipment and software	59,832	26,743	20,196	18,814
	<b>\$ 5,707,172</b>	<b>\$ 204,086</b>	<b>\$ 4,517,407</b>	<b>\$ 45,875</b>
Net book value	<b>\$ 5,503,086</b>		<b>\$ 4,471,532</b>	

Included in prior year capital assets were buildings under construction of \$4,161,223. This asset was not being depreciated in 2017. Depreciation of the building commenced, upon substantial completion, at the start of the fiscal year.

---

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

**March 31, 2018**

---

**5. Accounts Payable and Accrued Liabilities**

Government remittances of \$4,307 (2017 - \$3,818) are included in accounts payable at year-end.

---

**6. Loan Payable**

At March 31, 2018, the organization had a credit facility agreement with CIBC with an outstanding balance of \$439,000. The loan is due on demand. Until the note is demanded the facility is repayable with annual minimum payments of \$160,000 commencing December 31, 2018 plus interest at prime. The organization intends to pay off the loan as funds are available. This amount has been guaranteed by a third party.

Minimum principal repayments required for the next 3 years are due as follows:

2019	\$ 160,000
2020	160,000
2021	<u>119,000</u>
	<u>\$ 439,000</u>

---

**7. General Fund**

	2018	2017
Invested in capital assets	\$ 5,503,086	\$ 4,471,532
Unrestricted	<u>796,716</u>	<u>745,882</u>
	<u>\$ 6,299,802</u>	<u>\$ 5,217,414</u>

---

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

The Hospice received externally restricted donations of \$1,045,572 (2017 - \$1,599,651) 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.

---

---

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

**March 31, 2018**

---

**9. Endowment Fund**

	2018	2017
Held by The Community Foundation Grey Bruce	\$ 5,000	\$ -

The Residential Hospice of Grey-Bruce Inc. established a designated Agency endowment fund called the Chapman House Endowment Fund with the Community Foundation Grey Bruce to be maintained in perpetuity by the Foundation. The income earned will be used to support the charitable activities of the Residential Hospice of Grey Bruce Inc.

---

**10. 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.

---

**11. 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.

---