

Chatham Kent Hospice Inc.

Financial Statements

Year ended March 31, 2018



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of Chatham Kent Hospice Inc.

I have audited the accompanying financial statements of Chatham Kent Hospice Inc. which comprise the statement of financial position at as March 31, 2018 and the statements of operations, changes in net assets 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

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 whether the financial statements are free of material misstatement.

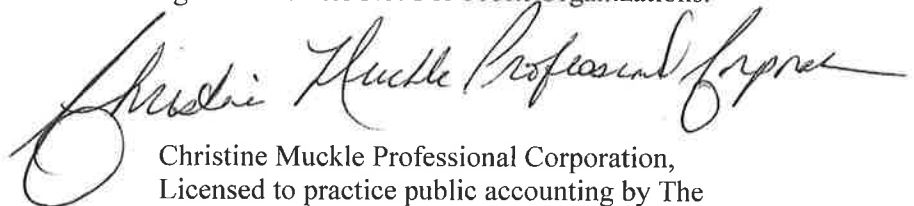
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I consider internal controls relevant to the entity's preparation and fair presentation 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Chatham Kent Hospice Inc. as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Blenheim, Ontario
May 24, 2018

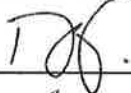

Christine Muckle Professional Corporation,
Licensed to practice public accounting by The
Chartered Professional Accountants of Ontario

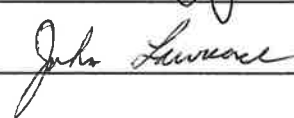
Chatham Kent Hospice Inc.
Statement of Financial Position
March 31, 2018

	2018	2017
Assets		
Current assets		
Cash	\$ 232,315	\$ 614,318
Government taxes recoverable	124,550	163,498
Accounts receivable	146,504	357,943
Prepaid expenses	<u>11,203</u>	<u>10,467</u>
	514,572	1,146,226
Capital assets (note 2)	<u>4,406,202</u>	<u>4,551,966</u>
	<u>\$ 4,920,774</u>	<u>\$ 5,698,192</u>
Liabilities and Net Assets		
Current Liabilities		
Short term debt	\$ -	\$ 389,632
Accounts payable and accrued liabilities	94,002	105,494
Deferred contributions (note 3)	<u>249,906</u>	<u>260,328</u>
	343,908	755,454
Deferred capital contributions (note 4)	4,406,202	4,551,966
Net assets	<u>170,664</u>	<u>390,772</u>
Commitment (note 5)	<u>\$ 4,920,774</u>	<u>\$ 5,698,192</u>

See accompanying notes to financial statements

Approved on Behalf of the Board


 _____ Director


 _____ Director

Chatham Kent Hospice Inc.
Statement of Operations and Changes in Net Assets
Year ended March 31, 2018

	2018	2017
Revenue		
Donations	\$ 8,571	\$ 176,341
Provincial funding	1,099,425	1,126,509
Municipal grant (note 6)	335,000	335,000
Investment	6,454	3,729
License fee	13,600	13,600
Distribution from Chatham-Kent Hospice Foundation (note 7)	797,118	327,184
Amortization of deferred capital contributions	<u>145,764</u>	<u>147,715</u>
	2,405,932	2,130,078
Expenditures		
Salaries and wages	1,347,320	1,219,462
Fundraising	-	13,906
Amortization	145,764	147,715
Memberships and licenses	27,189	32,856
Advertising and promotion	15,996	25,431
Grant expenses	5,105	-
Interest and bank charges	16,251	20,479
Insurance	12,117	11,815
Office expenses	19,385	30,047
Training expense	15,237	10,819
Health and safety	7,914	4,746
Professional fees	26,562	12,365
Medical supplies	16,953	28,832
Dietary	26,670	18,858
Laundry and linen	11,338	10,010
Repairs and maintenance	17,622	21,855
Telephone	8,221	9,598
Travel expenses	2,476	1,566
Utilities	35,633	44,911
Volunteer	4,506	11,599
Computer-related expenses	33,781	27,955
Distribution to Chatham-Kent Hospice Foundation (note 7)	<u>830,000</u>	<u>176,341</u>
	<u>2,626,040</u>	<u>1,881,166</u>
Excess of revenue over expenditures (expenditures over revenue)	(220,108)	248,912
Net assets, beginning of year		
As previously reported	296,783	51,931
Adjustment of government taxes recoverable (note 8)	<u>93,989</u>	<u>89,929</u>
	<u>390,772</u>	<u>141,860</u>
Net assets, end of the year	<u>\$ 170,664</u>	<u>\$ 390,772</u>

See accompanying notes to financial statements

Chatham Kent Hospice Inc.

Statement of Cash Flow

Year ended March 31, 2018

	2018	2017
Cash Provided by (used for)		
Operations		
Excess of revenue over expenditures (expenditures over revenue)	\$ (220,108)	\$ 248,912
Items not requiring an outlay of cash		
Amortization	145,764	147,715
Amortization of deferred capital contributions	<u>(145,764)</u>	<u>(147,715)</u>
	(220,108)	248,912
Changes in non-cash operating working capital		
Decrease (increase) in government taxes recoverable	38,948	260,628
Increase in accounts receivable	211,439	(326,137)
Increase in prepaid expenses	(736)	(10,467)
Increase (decrease) in accounts payable and accrued liabilities	(11,492)	(1,331,283)
Increase (decrease) in deferred contributions	<u>(10,422)</u>	<u>234,776</u>
	7,629	(923,571)
Investing		
Sale of short term investment	-	598,934
Purchase of capital assets	<u>-</u>	<u>(72,656)</u>
	-	526,278
Financing		
Deferred capital contributions	-	72,656
Short term debt	<u>(389,632)</u>	<u>389,632</u>
	(389,632)	462,288
Increase (decrease) in cash	(382,003)	64,995
Cash, beginning of year	<u>614,318</u>	<u>549,323</u>
Cash, end of year	<u>\$ 232,315</u>	<u>\$ 614,318</u>

See accompanying notes to financial statements

Chatham Kent Hospice Inc.

Notes to Financial Statements

Year ended March 31, 2018

Chatham Kent Hospice Inc. is incorporated without share capital under the laws of Ontario. Our vision is to provide a home-like setting, deeply embedded in our community where people in end of life transition and those who love and support them, have access to outstanding care and bereavement support. We work in cooperation with highly skilled volunteers, service providers and colleagues to promote life and enhance its quality. Our mission is to provide care that changes how families live the important experiences near the end of life. The Corporation is a registered charity under The Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of The Income Tax Act are met.

1. Summary of Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CPA Canada Handbook - Accounting.

Revenue recognition

The Corporation follows the deferral method of accounting for contributions, which include donations and government grants. Under this method restricted contributions are recognized in the year the corresponding expenditure is incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as amortization expense.

License fee revenue is recognized in the period in which the premises are rented from the Corporation.

Unrestricted investment income is recognized as revenue when it is earned.

Cash

Cash consists of amounts on deposit. For financial instrument purposes cash has been classified as held for trading.

Capital assets

Capital assets are recorded at cost. Capital assets are amortized as follows:

Building	40 years straight line
Furniture and equipment	3 to 20 years straight line

Financial instruments classification

Accounts receivables have been classified as loans and receivables and are reported at amortized cost using effective interest method. Accounts payable and accrued liabilities have been classified as other and are reported at amortized cost using effective interest method.

Chatham Kent Hospice Inc.

Notes to Financial Statements

Year ended March 31, 2018

1. Summary of Significant Accounting Policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual amounts could differ from those estimates.

Gifts in kind

Donations of gifts in kind are recorded at fair market value.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining fair value, contributed services are not recognized in the financial statements.

2. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2018 Net Book Value</u>	<u>2017 Net Book Value</u>
Building	\$ 3,995,457	\$ 201,723	\$ 3,793,734	\$ 3,893,620
Equipment	<u>704,224</u>	<u>91,756</u>	<u>612,468</u>	<u>658,346</u>
	<u>\$ 4,699,681</u>	<u>\$ 293,479</u>	<u>\$ 4,406,202</u>	<u>\$ 4,551,966</u>

3. Deferred Contributions

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 260,328	\$ 77,482
Less: amounts recognized as deferred capital contributions in the year	(265,422)	(77,482)
Plus: amount received related to the following year	<u>255,000</u>	<u>260,328</u>
Balance, end of year	<u>\$ 249,906</u>	<u>\$ 260,328</u>

Chatham Kent Hospice Inc.

Notes to Financial Statements

Year ended March 31, 2018

4. Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized funds received from donors and the Ontario Trillium Foundation for the construction of the Hospice and purchase of furnishings and equipment. They will be amortized on the same method and rates as capital assets and recorded as income in the statement of operations.

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 4,551,966	\$ 4,627,025
Amount received during the year	-	72,656
Less: amount recognized as revenue in the year	<u>(145,764)</u>	<u>(147,715)</u>
Balance, end of year	<u>\$ 4,406,202</u>	<u>\$ 4,551,966</u>

5. Commitment

On February 5, 2015, the Corporation signed a land lease for twenty years to lease the land the Hospice has been constructed on for \$1 per annum.

6. Municipality of Chatham-Kent

The Corporation of the Municipality of Chatham-Kent has agreed to provide a grant for for the construction and operation of a community residential hospice of \$335,000 annually to August 2019.

7. Related party transactions

The Chatham-Kent Hospice Foundation is responsible for all fundraising activities carried out on behalf of the Chatham Kent Hospice Inc. During the year the Foundation granted \$797,118 (2017 - \$327,184) to the Hospice to assist with their capital and other initiatives. During the year the Hospice transferred \$830,000 of municipal funding to establish a Substantiality Fund (2017 - \$176,341 of donations) to the Foundation.

The Foundation provides administrative services for the Hospice and the Hospice pays certain expenses on behalf of the Foundation. During the year the Hospice reimbursed the Foundation for expenses paid in the amount of \$62,003 (2017 - \$68,736).

These transactions are measured at the exchange amounts at the date of contribution.

Included in accounts receivable is an amount due from the Chatham-Kent Hospice Foundation in the amount of \$145,613 (2017 - \$336,213).

Chatham Kent Hospice Inc.

Notes to Financial Statements

Year ended March 31, 2018

8. Government taxes recoverable

In fiscal 2018, the Hospice was granted facility operator status for HST. This resulted in an increase in the HST rebate recoverable. Capital assets and deferred capital contributions for prior years were reduced by \$87,148 and expenditures were reduced by \$6,841.

9. Financial Risks

There have been no change to the risk exposure from 2017.

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.