

Chatham-Kent Hospice Foundation

Financial Statements

Year ended March 31, 2018



INDEPENDENT AUDITOR'S REPORT

The Board of Directors of Chatham-Kent Hospice Foundation

I have audited the accompanying financial statements of Chatham-Kent Hospice Foundation 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives its revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of donations revenue was limited to the amounts recorded in the records of the Foundation and I was not able to determine whether any adjustment might be necessary to revenue, excess of revenue over expenditures, assets, liabilities and net assets.



Qualified Opinion

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph the financial statements present fairly, in all material respects, the financial position of Chatham-Kent Hospice Foundation 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 30, 2018

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

Chatham-Kent Hospice Foundation

Statement of Financial Position

March 31, 2018

	2018	2017
Assets		
Current assets		
Cash	\$ 226,123	\$ 270,512
Short term investments (note 2)	1,630,000	780,000
Government taxes recoverable	6,612	3,644
Accounts receivable	17,114	9,046
Prepaid expenses	<u>1,595</u>	<u>-</u>
	<u>\$ 1,881,444</u>	<u>\$ 1,063,202</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 159,846	\$ 346,068
Deferred revenue	<u>29,022</u>	<u>30,234</u>
	188,868	376,302
Net assets		
Unrestricted	862,576	686,900
Sustainability fund (note 3)	<u>830,000</u>	<u>-</u>
	<u>1,692,576</u>	<u>686,900</u>
	<u>\$ 1,881,444</u>	<u>\$ 1,063,202</u>

See accompanying notes to financial statements

Approved on Behalf of the Board

John Lawrence Director

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

	2018	2017
Revenue		
Donations	\$ 1,089,502	\$ 998,783
Distribution from Chatham Kent Hospice Inc.	830,000	176,341
Special events	120,218	32,480
Investment	<u>11,770</u>	<u>4,074</u>
	2,051,490	1,211,678
Expenditures		
Salaries and wages	136,449	131,290
Annual campaigns	4,706	9,671
Donations to Chatham Kent Hospice Inc.	797,118	327,184
Donor recognition	1,759	1,423
Donor relations	7,795	3,955
Insurance	657	1,900
Interest and bank charges	5,972	3,174
Office expenses	18,663	15,651
Advertising and promotion	19,175	12,787
Professional fees	14,385	2,988
Special events	34,208	13,987
Staff professional development	2,558	603
Strategic planning and board development	<u>2,369</u>	<u>165</u>
	1,045,814	524,778
Excess of revenue over expenditures	1,005,676	686,900
Net assets, beginning of year	<u>686,900</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,692,576</u>	<u>\$ 686,900</u>

See accompanying notes to financial statements

Chatham-Kent Hospice Foundation

Statement of Cash Flow

Year ended March 31, 2018

	2018	2017
Cash Provided by (used for)		
Operations		
Excess of revenue over expenditures	\$ 1,005,676	\$ 686,900
Changes in non-cash operating working capital		
Increase in government taxes recoverable	(2,968)	(3,644)
Increase in accounts receivable	(8,068)	(9,046)
Increase in prepaid expenses	(1,595)	-
Increase (decrease) in accounts payable and accrued liabilities	(186,222)	346,068
Increase in deferred revenue	<u>(1,212)</u>	<u>30,234</u>
	805,611	1,050,512
Investing		
Purchase of short term investments	<u>(850,000)</u>	<u>(780,000)</u>
Increase (decrease) in cash	(44,389)	270,512
Cash, beginning of year	<u>270,512</u>	<u>-</u>
Cash, end of year	<u>\$ 226,123</u>	<u>\$ 270,512</u>

See accompanying notes to financial statements

Chatham-Kent Hospice Foundation

Notes to Financial Statements

Year ended March 31, 2018

Chatham-Kent Hospice Foundation is incorporated without share capital under the laws of Ontario. Our mission is to enhance the financial sustainability of the Chatham-Kent Hospice by working with the community to raise funds, awareness and understanding to enable compassionate, quality near end of life experiences for the residents of Chatham-Kent. The Foundation 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 Foundation follows the deferral method of accounting for contributions, which include donations. 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.

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.

Financial instruments classification

Short term investments have been classified as held-to-maturity. 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.

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.

Chatham-Kent Hospice Foundation

Notes to Financial Statements

Year ended March 31, 2018

1. Summary of Significant Accounting Policies (continued)

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. Short term investments

	<u>2018</u>	<u>2017</u>
Redeemable Guaranteed Investment Certificates		
Prime less 1.75%, due October 31, 2018	\$ 500,000	\$ -
1.77%, due March 29, 2019	930,000	-
1.77% due March 29, 2019	200,000	-
.95% due December 17, 2017 to February 2, 2018	<u>-</u>	<u>780,000</u>
	<u>\$ 1,630,000</u>	<u>\$ 780,000</u>

3. Net assets internally restricted

The Board of Directors have internally restricted funds to be used as a Sustainability Fund. The fund was established with the Municipal grant funding. The intent of the Sustainability Fund is to cover future or unexpected capital expenses or other expenditures as approved by the Chatham-Kent Hospice Foundation Board. The goal is to build the Sustainability fund to a minimum of \$2 million.

4. 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 grant funding to establish a Sustainability fund (2017 - \$176,341) 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 exchange amounts at the date of contribution.

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

Chatham-Kent Hospice Foundation

Notes to Financial Statements

Year ended March 31, 2018

4. Financial Risks

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

Liquidity risk

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

Interest rate risk

The Foundation is exposed to interest rate risk on its fixed rate financial instrument. Fixed-interest instruments subject the Foundation to a fair value risk.