HOSPICE PALLIATIVE CARE ONTARIO

Report And Financial Statements

March 31, 2017

HOSPICE PALLIATIVE CARE ONTARIO

Index To Financial Statements

MARCH 31, 2017

WALLINGTON
CHONG LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
www.bwccas.com

Independent Auditors' Report

To the Members of
HOSPICE PALLIATIVE CARE ONTARIO

Report on the Financial Statements
We have audited the accompanying financial statements of **Hospice Palliative Care Ontario,** which comprise the statement of financial position as at March 31, 2017 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
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 association derives revenue from donations and various fundraising events, 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 association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenue over expenses, 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 Palliative Care Ontario** as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Wallington Chong LLP

WALLINGTON CHONG LLP
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Markham, Ontario
June 22, 2017

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HOSPICE PALLIATIVE CARE ONTARIO

Statement of Financial Position

AS AT MARCH 31,	2017	2016
ASSETS		
CURRENT		
Cash and short term investments	$ 603,847	$ 412,337
Accounts receivable	36,835	47,223
Prepaid expenses and deposits (note 3)	101,464	96,756
	$ 742,146	$ 556,316
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 110,034	$ 86,931
Deferred revenue (note 4)	459,114	297,300
	569,148	384,231
NET ASSETS		
Unrestricted	172,998	172,085
	$ 742,146	$ 556,316

APPROVED ON BEHALF OF THE BOARD

_______________ Director

_______________ Director

(The accompanying notes form an integral part of these financial statements)

HOSPICE PALLIATIVE CARE ONTARIO

Statement of Operations

FOR THE YEAR ENDED MARCH 31,

	HPCO Member Services	Palliative Education and Information Services (note 6)	Total 2017	Total 2016
FUNDING				
Foundations	$ 100,192	$ -	$ 100,192	$ 18,430
Donations	35,634	-	35,634	58,894
Nevada ticket sales	98,017	-	98,017	115,910
Conference and education	407,878	-	407,878	352,300
Government of Ontario (note 7)	194,051	267,975	462,026	492,975
Membership	163,425	-	163,425	160,460
Merchandise and publication sales	49,313	-	49,313	36,037
Interest and sundry income	118	-	118	161
	1,048,628	267,975	1,316,603	1,235,167
EXPENSES				
Salaries and benefits	240,227	199,611	439,838	359,002
Nevada ticket costs	48,359	-	48,359	57,815
Nevada profit sharing	5,142	-	5,142	6,843
Office and general	184,754	3,978	188,732	111,782
Professional fees and consultants	288,484	45,639	334,123	408,653
Insurance	-	1,567	1,567	4,368
Rent and operating costs	42,320	25,672	67,992	62,133
Travel, meetings and conference	229,937	-	229,937	186,231
Amortization - capital assets	-	-	-	2,833
	1,039,223	276,467	1,315,690	1,199,660
	9,405	(8,492)	913	35,507
FUNDED BY OPERATIONS	(8,492)	8,492	-	-
EXCESS OF REVENUE OVER EXPENSES	$ 913	$ -	$ 913	$ 35,507

(The accompanying notes form an integral part of these financial statements)

HOSPICE PALLIATIVE CARE ONTARIO

Statement of Changes in Net Assets

FOR THE YEAR ENDED MARCH 31,	2017	2016
	Total	Total
BALANCE, beginning of year	$ 172,085	$ 136,578
Excess of revenue over expenses for the year	913	35,507
BALANCE, end of year	$ 172,998	$ 172,085

(The accompanying notes form an integral part of these financial statements)

HOSPICE PALLIATIVE CARE ONTARIO

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31,	2017	2016
FUNDS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 913	$ 35,507
Items not requiring current cash:		
Amortization	-	2,833
	913	38,340
Net change in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	10,388	(16,192)
Prepaid expenses and deposits	(4,708)	(16,220)
Increase (decrease) in:		
Accounts payable and accrued liabilities	23,103	19,972
Deferred revenue	161,814	22,062
CASH PROVIDED BY OPERATING ACTIVITIES AND INCREASE IN CASH POSITION FOR THE YEAR	191,510	47,962
CASH POSITION, beginning of year	412,337	364,375
CASH POSITION, end of year	$ 603,847	$ 412,337

CASH POSITION REPRESENTED BY:

Cash	$ 603,847	$ 387,337
Short term investments	-	25,000
	$ 603,847	$ 412,337

(The accompanying notes form an integral part of these financial statements)

1. SIGNIFICANT ACCOUNTING POLICIES

a) NATURE OF OPERATIONS AND GOVERNING STATUTES

The objectives of the Hospice Palliative Care Ontario ("HPCO") are to provide a network of expertise, information and communications to support and assist members in their efforts to provide the maximum possible hospice palliative care support in the communities they serve.

HPCO is incorporated under the Canada Corporations Act as a not-for-profit corporation and was issued a certificate of continuance effective June 26, 2014. HPCO is exempt of income tax, is a registered charity under the Income Tax Act and is able to issue charitable donation receipts for income tax purposes.

b) BASIS OF ACCOUNTING

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

HPCO's financial statements separately disclose the activities of its unrestricted and restricted funds and segregate their net asset balances as follows:

i) **Unrestricted net assets** comprise the remaining excess (deficiency) of revenues over expenses from operations.

The financial statements do not include the value of materials and services donated or the value of any pledges made to HPCO during the period.

c) REVENUE RECOGNITION

HPCO follows the deferral method of accounting for contributions and donations. Restricted contributions and donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions which are comprised of tickets sales, merchandise and publication sales, interest and sundry income, are recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Special project and function revenues are recognized in the period the event occurs.

Membership revenue and unrestricted donations are recognized when received.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

d) **FINANCIAL INSTRUMENTS**

HPCO initially measures it financial assets and financial liabilities at fair value. Except for investments held that are quoted in an active market, other investments are measured at fair value, HPCO measures its financial assets and liabilities at amortized cost. Any gains or losses are recognized in the statement of operations in the period in which the gain or loss occurs. Changes in fair value are recognized in the statement of operations in the period incurred.

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that HPCO would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair value of accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their nature and capacity for prompt liquidation.

Impairment

At the end of the reporting period, HPCO assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Where there is an indication of impairment, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

Transaction costs

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the acquisition and disposal of investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Investment management fees are expensed as incurred.

e) **CAPITAL ASSETS**

Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair market value at the date of contribution. Capital assets are amortized at rates and basis as follows:

Furniture and fixtures	- 5 years, straight-line basis
Office equipment	- 5 years, straight-line basis
Computer hardware and software	- 3 years, straight-line basis

No amortization is charged in the year of acquisition.

As at March 31, 2017, HPCO's capital assets were fully amortized.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

f) SHORT-TERM INVESTMENTS

Short-term investments, if any, are acquired primarily for their income producing potential, are classified as held for trading and initially are recorded at their acquisition cost. Investments are subsequently adjusted to fair value at the balance sheet date, and the corresponding unrealized gains and losses are reflected in the statements of operations.

g) EXPENSES

Expenses are recorded on the accrual basis of accounting, whereby they are reflected in the accounts in the period incurred, whether or not such transactions have been settled by payment of money in the period.

h) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from these estimates as additional information becomes available in the future.

i) ALLOCATION OF MANAGEMENT AND ADMINISTRATIVE EXPENSES

Management and administrative expenditures are incurred to operate HPCO in a cost-effective manner while maximizing all opportunities to further HPCO's mission. HPCO allocates certain of its management and administrative costs by identifying the appropriate basis of allocation. The allocation basis may be amended annually to reflect HPCO's priorities and implemented programs and may affect the comparability of financial information.

j) DONATED SERVICES AND MATERIALS

These financial statements do not reflect the value received from volunteer services or materials donated.

2. CREDIT FACILITIES

HPCO has available an unsecured bank line of credit for $40,000 which carries interest at prime + 2.4% per annum and is repayable on demand. No advances on the credit facility were outstanding as at March 31, 2017 (2016 - $Nil).

3. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits as at March 31, 2017 were comprised as follows:

	2017	2016
Prepaid expenses and deposits	$ 20,481	$ 23,126
Conference and facility costs paid in advance	78,178	73,630
Caregiver Initiative project costs (note 7 b))	2,805	-
	$ 101,464	$ 96,756

HPCO's annual conference is scheduled to commence subsequent to March 31, 2017. Accordingly, conference and facility costs incurred in advance will be expensed in fiscal 2018.

4. DEFERRED REVENUE

Deferred revenue is comprised of unrestricted revenue and externally restricted contributions as follows:

	Balance April 1, 2016	Received or Receivable in Year	Recognized as Revenue	Balance March 31, 2017
HPCO conference revenue	$ 274,280	$ 337,645	$ (274,280)	$ 337,645
Advanced Care Planning: Caregiver Initiative Funding (note 7 a) and b))	-	270,000	(169,051)	100,949
Librach Award fund	19,800	-	(2,500)	17,300
Website Development fund	3,220	-	-	3,220
	$ 297,300	$ 607,645	$ (445,831)	$ 459,114

Unrestricted deferred revenue:

Unrestricted deferred revenue comprises HPCO conference revenue, exhibitor fees and sponsorships received prior to fiscal year end, yet relate to periods subsequent to March 31, 2017.

4. DEFERRED REVENUE - continued

Externally restricted contributions:

Externally restricted contributions are to be recognized as revenue in the year in which related expenses are recognized, and are comprised as follows:

The Librach Award fund provides for restricted contributions used to fund the Dr. S. Lawrence Librach Award for Palliative Medicine in the community. The funds may be used by HPCO to grant a cash award to a physician selected by the HPCO Awards Committee.

The Website Development fund comprises restricted contributions designated for use in developing a new web based hospice palliative care services database. The funds may be used for contract staff services, development costs, hosting, design and other similar expenses related to the development of the website.

5. FINANCIAL INSTRUMENTS

HPCO is exposed to various risks through its financial instruments. The following analysis provides a measure of HPCO's risk exposure and concentrations as at March 31, 2017.

HPCO manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance by prescribing to an investment asset mix policy requiring investment in low risk investments, portfolio diversification and limits exposure to individual investments and major asset classes. The objective of this policy is to reduce volatility in cash flow and earnings. HPCO's Board monitors compliance, reviews its policies and procedures annually.

a) Credit risk

Credit risk is the risk of loss resulting from the possibility that parties may default on their financial obligations or otherwise fail to perform under the terms of the contract. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness and the respective concentration risk.

HPCO's financial statements that are exposed to concentrations of credit risk relate primarily to its accounts receivable balances outstanding.

The risk has not changed from the prior fiscal year.

b) Interest rate risk

Interest rate risk is the risk that the fair value of HPCO's financial instruments will fluctuate due to changes in the market interest rates. It arises from the potential variations in the timing and amount of cash flow related to the HPCO's assets and liabilities. The value of investments held are affected by short term changes in nominal rates.

5. FINANCIAL INSTRUMENTS - continued

To properly manage its interest rate risk, HPCO invests only in low risk investments or investment savings accounts within its portfolio. The risk has not changed from the prior fiscal year.

c) Currency risk

Currency risk is the risk that the value of HPCO's financial instruments will fluctuate due to changes in foreign exchange rates. These risks would relate primarily to fluctuations between the U.S. dollar and the Canadian dollar, subjecting the Association to gains and losses due to fluctuations in the respective foreign currencies.

HPCO does not speculate in foreign currencies. As at March 31, 2017, HPCO was not in possession of any foreign investments that would arise in an overall currency exposure to a particular foreign currency. The risk has not changed from the prior fiscal year.

d) Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market.

HPCO invests in low risk, diversified portfolio of investments or high quality interest bearing investments, based on criteria established by its investment policy. The risk has not changed from the prior fiscal year.

e) Liquidity risk

Liquidity risk is the risk that HPCO will not be able to meet a demand for cash or fund its obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

HPCO manages its liquidity risk by monitoring cash flows and holding assets readily converted into cash. HPCO also has credit facilities available to draw upon should it be required to meet temporary fluctuations in cash requirements (note 2). The risk has not changed from the prior fiscal year.

f) Cash flow risk

HPCO is exposed to cash flow risk resulting from the possibility that future cash flows associated with a monetary financial instrument will fluctuate in amount. The exposure of HPCO to cash flow risk arises from certain of its interest bearing instruments. HPCO's cash balance includes amounts on deposit with financial institutions that earn interest at market rates. HPCO manages its exposure to the cash flow risk of its cash by maintaining minimum liquidity necessary to conduct operations on a day-to-day basis and by maintaining cash balances in interest bearing accounts. Fluctuations in market rates of interest on cash balances do not have a significant impact on HPCO's results of operations.

6. PALLIATIVE EDUCATION AND INFORMATION SERVICES

End of Life Information Services

Hospice Palliative Care Ontario is funded by the Government of Ontario, Ministry of Health and Long Term Care (“MOHLTC”), to provide information about and referral to a wide range of hospice palliative care services and resources. These services and resources include hospices, palliative care programs and units, community-based services, pain and symptom management, bereavement support services and palliative care education. The scope of the program is Ontario wide.

During fiscal 2017, MOHLTC provided aggregate funding to the End of Life Information Services (“EOL”) in the amount of $114,446 (2016 - $114,449).

Palliative Care Education

This Local Health Integration Network (“LHIN”) funded service includes introductory, advanced and enhanced palliative care education to front line health care staff working in the community support sector. The scope of the program is the City of Toronto.

During fiscal 2017, MOHLTC provided aggregate funding towards Palliative Care Education (“PCE”) in the amount of $153,529 (2016 - $153,526).

In aggregate, the MOHLTC provided total government funding in the amount of $267,975 (2016 - $267,975) to service the EOL and PCE programs. Provincial expenditures for the fiscal year exceeded provincial grant funding in the amount of $8,492 (2016 - $4,438). The deficiency is funded internally by HPCO’s unrestricted net assets.

Contractual arrangements with the Ministry relative to each service program stipulate that contract year funding grant surplus are recoverable by the Ministry through direct payment or reduction in future annual funding grant contracts and transfer payments.

7. MOHLTC - OTHER GOVERNMENT FUNDING

a) Advanced Care Planning (ACP)

The objective of funds employed towards advanced care planning pertain to the research and development of best care practices, the creation of ACP standards, support services and the development of educational resources for health service providers.

Under a funding agreement dated November 1, 2016, the MOHLTC has agreed to provide funding in the aggregate of $700,000. HPCO received $230,000 in government funding in fiscal 2017, with the balance to be received in fiscal 2018. Of the total grant funding received in fiscal 2017, HPCO recognized the sum of $129,051 as government funding revenue, with the remainder of $100,949 deferred until fiscal 2018, in which the related expenses will be incurred.

The agreement expires on March 31, 2018.

7. MOHLTC - OTHER GOVERNMENT FUNDING - continued

b) **Caregiver Initiative Funding**

The objective of the project is to develop and publish a collection of palliative and end-of-life resources for health care providers and caregivers. Under an agreement with the MOHLTC effective November 30, 2016, the Ministry agreed to provide funding in the aggregate of $255,000 with one-time funding in the amount of $40,000 to be received in fiscal 2017, and the balance of $215,000 to be received in fiscal 2018. HPCO has recognized the $40,000 received in fiscal 2017 as government funding revenue as at March 31, 2017.

The funding agreement expires on March 31, 2018.

c) **On-line Training System**

The goal of the on-line training system is to create an on-line training platform providing more widely accessible access for volunteer training and to provide within the system, the capacity for an on-line management system capable of monitoring volunteers learning process.

Under an agreement with the MOHLTC effective August 1, 2015, the Ministry agreed to a one-time funding commitment of $250,000 to fund the project. Of the total grant funds committed, HPCO recognized the sum of $225,000 as funding revenue during fiscal 2016, with the remaining $25,000 realized in the 2017 fiscal upon completion of final reporting. The funding agreement expired on March 31, 2016.

8. COMMITMENTS

a) **Lease commitments - premises**

HPCO is obligated under various operating leases for its office premises requiring minimum annual lease payments as follows:

	Total
2018	$ 12,300

The lease commitment on the existing office premises expires on December 31, 2017.

In addition to these minimum annual lease payments for premises, HPCO is committed to pay realty taxes and operating costs associated with its rental office facilities over the term of the lease.

b) **Other contractual obligations**

In the normal course of operations, HPCO enters into contractual and purchase commitments with consulting service providers and suppliers. These amounts are of varying terms and can provide for fixed or variable prices and amounts.

9. ECONOMIC DEPENDENCE

The End of Life Information Services and Palliative Care Education Service programs primary source of funding is provided by the Government of Ontario, Ministry of Health and Long Term Care. HPCO's ability to continue viable operations of these service programs is dependent on this Ministerial funding.