

**HOSPICE PALLIATIVE CARE ONTARIO**

**Report And Financial Statements**

March 31, 2015

# HOSPICE PALLIATIVE CARE ONTARIO

## Index To Financial Statements

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MARCH 31, 2015

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**Independent Auditors' Report**

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**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, 2015 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.

**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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Markham, Ontario  
June 25, 2015

*Waijia Chong LLP*  
**WALLINGTON CHONG LLP  
CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS**

# HOSPICE PALLIATIVE CARE ONTARIO

## Statement of Operations

FOR THE YEAR ENDED MARCH 31,

	HPCO Member Services	Palliative Education and Information Services (note 6)	Total 2015	Total 2014
<b>EXPENSES</b>				
Salaries and benefits	\$ 113,188	\$ 200,397	\$ 313,585	\$ 300,697
Nevada ticket costs	52,605	-	52,605	56,515
Nevada profit sharing	7,783	-	7,783	7,310
Office and general	76,028	8,799	84,827	93,129
Professional fees and consultants	132,564	35,127	167,691	97,871
Insurance	1,329	2,226	3,555	2,748
Rent and operating costs	32,064	23,162	55,226	53,089
Travel, meetings and conference	145,024	-	145,024	205,199
Amortization - capital assets	2,833	-	2,833	2,833
	<u>563,418</u>	<u>269,711</u>	<u>833,129</u>	<u>819,391</u>
<b>FUNDED BY</b>				
Foundations	714	-	714	5,570
Corporations	1,350	-	1,350	8,110
Donations	44,959	-	44,959	61,865
Nevada ticket sales	108,182	-	108,182	113,893
Conference and education	284,513	-	284,513	268,102
Government of Ontario (note 6)	-	267,975	267,975	267,975
Membership	129,540	-	129,540	110,690
Merchandise and publication sales	15,499	-	15,499	11,459
Interest and sundry income	209	-	209	405
	<u>584,966</u>	<u>267,975</u>	<u>852,941</u>	<u>848,069</u>
	<u>21,548</u>	<u>(1,736)</u>	<u>19,812</u>	<u>28,678</u>
<b>FUNDED BY OPERATIONS</b>	<u>(1,736)</u>	<u>1,736</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 19,812</u>	<u>\$ -</u>	<u>\$ 19,812</u>	<u>\$ 28,678</u>

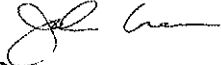
(The accompanying notes form an integral part of these financial statements)

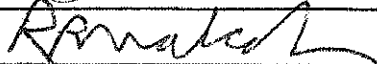
# HOSPICE PALLIATIVE CARE ONTARIO

## Statement of Financial Position

AS AT MARCH 31,	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short term investments	\$ 364,375	\$ 273,641
Accounts receivable	31,031	25,692
Prepaid expenses and deposits (note 7)	<u>80,536</u>	<u>56,139</u>
	<u>475,942</u>	<u>355,472</u>
<b>CAPITAL (note 5)</b>	<u>2,833</u>	<u>5,666</u>
	<u>\$ 478,775</u>	<u>\$ 361,138</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 66,959	\$ 63,658
Deferred revenue (note 8)	<u>275,238</u>	<u>180,714</u>
	<u>342,197</u>	<u>244,372</u>
<b>NET ASSETS</b>		
Invested in capital assets	2,833	5,666
Unrestricted	<u>133,745</u>	<u>111,100</u>
	<u>136,578</u>	<u>116,766</u>
	<u>\$ 478,775</u>	<u>\$ 361,138</u>

### 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 Changes in Net Assets

<u>FOR THE YEAR ENDED MARCH 31,</u>	<u>Unrestricted</u>		<u>2015</u>	<u>2014</u>
	<u>Invested in</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
	<u>Capital Assets</u>			
<b>BALANCE</b> , beginning of year	\$ 5,666	\$ 111,100	\$ 116,766	\$ 88,088
Excess (deficiency) of revenue over expenses for the year	(2,833)	22,645	19,812	28,678
<b>BALANCE</b> , end of year	\$ 2,833	\$ 133,745	\$ 136,578	\$ 116,766

(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,	2015	2014
<b>FUNDS PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 19,812	\$ 28,678
Items not requiring current cash:		
Amortization	<u>2,833</u>	<u>2,833</u>
	22,645	31,511
Net change in non-cash working capital (Increase) decrease in:		
Accounts receivable	(5,339)	(1,399)
Prepaid expenses and deposits	(24,397)	(1,834)
Increase (decrease) in:		
Accounts payable and accrued liabilities	3,301	10,274
Deferred revenue	<u>94,524</u>	<u>54,648</u>
<b>CASH PROVIDED BY OPERATING ACTIVITIES AND INCREASE IN CASH POSITION FOR THE YEAR</b>	90,734	93,200
<b>CASH POSITION, beginning of year</b>	<u>273,641</u>	<u>180,441</u>
<b>CASH POSITION, end of year</b>	<u>\$ 364,375</u>	<u>\$ 273,641</u>
<b>CASH POSITION REPRESENTED BY:</b>		
Cash	\$ 339,375	\$ 248,641
Short term investments	<u>25,000</u>	<u>25,000</u>
	<u>\$ 364,375</u>	<u>\$ 273,641</u>

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

# HOSPICE PALLIATIVE CARE ONTARIO

## Notes To The Financial Statements

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FOR THE YEAR ENDED MARCH 31, 2015

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### **1. PURPOSE AND GOVERNING STATUTES**

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With effect from June 26, 2014, the name of the not-for-profit corporation was changed from Hospice Association of Ontario ("HAO") to Hospice Palliative Care Ontario ("HPCO").

The objectives of the Hospice Palliative Care Ontario 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 is a registered charity under the Income Tax Act. HPCO is able to issue charitable donation receipts for income tax purposes.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

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#### **a) BASIS OF PRESENTATION**

These financial statements, HPCO having adopted Part III of the CPA Canada Handbook, are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

##### **Net assets**

The financial statements have been prepared in a manner which segregates net asset balances as follows:

- i) **Unrestricted net assets** comprise the remaining excess (deficiency) of revenues over expenses from operations.
- ii) **Invested in capital assets** represent HPCO's net investment in property which is comprised of the amount of its capital assets purchased with unrestricted funds.

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.

#### **b) 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 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 is recognized when received.



# HOSPICE PALLIATIVE CARE ONTARIO

## Notes To The Financial Statements

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FOR THE YEAR ENDED MARCH 31, 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES - continued**

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#### **c) FINANCIAL INSTRUMENTS**

HPCO initially measures its 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.

#### **d) 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.

# HOSPICE PALLIATIVE CARE ONTARIO

## Notes To The Financial Statements

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FOR THE YEAR ENDED MARCH 31, 2015

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### **2. SIGNIFICANT ACCOUNTING POLICIES - continued**

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e) **INVESTMENTS**

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.

f) **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.

g) **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.

h) **MEASUREMENT UNCERTAINTY**

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) **DONATED SERVICES AND MATERIALS**

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

### **3. FINANCIAL INSTRUMENTS**

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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, 2015.

# HOSPICE PALLIATIVE CARE ONTARIO

## Notes To The Financial Statements

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FOR THE YEAR ENDED MARCH 31, 2015

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### **3. FINANCIAL INSTRUMENTS - continued**

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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.

Credit risk is mitigated by establishing limits on exposure to individual counter-parties and by adhering to HPCO's low risk investment criteria of its investment policy.

As at March 31, 2015, there are no assets that are past their maturity or impaired due to credit risk related defaults.

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.

To properly manage its interest rate risk, HPCO invests only in low risk investments or investment savings accounts within its portfolio.

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, 2015, HPCO was not in possession of any foreign investments that would arise in an overall currency exposure to a particular foreign currency.

# HOSPICE PALLIATIVE CARE ONTARIO

## Notes To The Financial Statements

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FOR THE YEAR ENDED MARCH 31, 2015

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### **3. FINANCIAL INSTRUMENTS - continued**

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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.

As at March 31, 2015 HPCO held no investments that were subject to market risk.

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 4).

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.

g) Changes in risk:

There have been no changes in HPCO's risk exposures from the prior year.

### **4. CREDIT FACILITIES**

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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, 2015 (2014 - \$Nil).

# HOSPICE PALLIATIVE CARE ONTARIO

## Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2015

### 5. CAPITAL ASSETS

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 32,564	\$ 29,731	\$ 2,833	\$ 5,666
Office equipment	613	613	-	-
	<u>\$ 33,177</u>	<u>\$ 30,344</u>	<u>\$ 2,833</u>	<u>\$ 5,666</u>

### 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 2015, MOHLTC provided aggregate funding to the End of Life Information Services ("EOL") in the amount of \$115,229 (2014 - \$115,229).

#### 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 2015, MOHLTC provided aggregate funding towards Palliative Care Education ("PCE") in the amount of \$152,746 (2014 - \$152,746).

In aggregate the MOHLTC provided total government funding in the amount of \$267,975 (2014 - \$267,975) to service the EOL and PCE programs. Provincial expenditures for the fiscal year exceeded provincial grant funding in the amount of \$1,736 (2014 - \$5,605). 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.

# HOSPICE PALLIATIVE CARE ONTARIO

## Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2015

### 7. PREPAID EXPENSES AND DEPOSITS

As at March 31, 2015, HPCO incurred prepaid conference and facility costs in the aggregate of \$63,364 (2014 - \$40,772). The conference is scheduled to commence subsequent to the fiscal year end and will be expensed in fiscal 2016.

### 8. DEFERRED REVENUE

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

	Balance March 31, 2014	Received or Receivable in Year	Recognized as Revenue	Balance March 31, 2015
HPCO conference revenue	\$ 161,804	\$ 248,023	\$ (161,804)	\$ 248,023
Librach Award fund	12,300	12,500	(2,500)	22,300
Website Development fund	6,610	-	(1,695)	4,915
	<u>\$ 180,714</u>	<u>\$ 260,523</u>	<u>\$ (165,999)</u>	<u>\$ 275,238</u>

#### 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, 2015.

#### 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.

# HOSPICE PALLIATIVE CARE ONTARIO

## Notes To The Financial Statements

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FOR THE YEAR ENDED MARCH 31, 2015

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### **8. DEFERRED REVENUE - continued**

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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.

### **9. COMMITMENTS**

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#### **Lease commitments - premises**

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

	<u>Total</u>
2016	\$ 16,400
2017	<u>6,833</u>
	<u>\$ 23,233</u>

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.

### **10. ECONOMIC DEPENDENCE**

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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.

### **11. COMPARATIVE FIGURES**

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Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current fiscal year.