

HOSPICE ASSOCIATION OF ONTARIO

Report And Financial Statements

March 31, 2011

HOSPICE ASSOCIATION OF ONTARIO

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MARCH 31, 2011

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Independent Auditors' Report

To the Members of
HOSPICE ASSOCIATION OF ONTARIO

Report on the Financial Statements

We have audited the accompanying financial statements of Hospice Association of Ontario, which comprise the statement of financial position as at March 31, 2011 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 generally accepted accounting principles, 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.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hospice Association of Ontario as at March 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Waijit Chong LLP

WALLINGTON CHONG LLP
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Markham, Ontario
August 18, 2011

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HOSPICE ASSOCIATION OF ONTARIO

Statement of Operations

FOR THE YEAR ENDED MARCH 31, 2011

	HAO Member Services	End of Life Information Services	Palliative Care Education	Total 2011	Total 2010
EXPENSES					
Salaries, benefits and consulting contracts	\$ 79,810	\$ 84,786	\$ 105,503	\$ 270,099	\$ 292,641
Nevada ticket costs	93,367	-	-	93,367	87,801
Office and general	25,859	13,512	41,045	80,416	89,039
Conference and education costs	178,740	-	-	178,740	215,091
Direct mail costs	953	-	-	953	2,081
Fundraising expenses	10,074	-	-	10,074	8,018
Rent and relocation costs	21,851	13,990	3,715	39,556	36,032
Merchandise costs	112	-	-	112	-
Travel and meetings	5,864	2,552	23	8,439	7,379
Amortization	3,117	-	-	3,117	3,782
	<u>419,747</u>	<u>114,840</u>	<u>150,286</u>	<u>684,873</u>	<u>741,864</u>
FUNDED BY					
Foundations	-	-	-	-	5,000
Corporations	17,565	-	-	17,565	5,500
Donations	19,029	-	-	19,029	15,390
Nevada ticket sales	123,395	-	-	123,395	132,605
Conference and education	221,949	-	-	221,949	251,343
Government of Ontario (note 8)	-	114,224	149,791	264,015	258,838
Membership	37,330	-	-	37,330	58,972
Merchandise and publication sales	1,998	-	-	1,998	2,501
Interest, sponsorship and sundry income	-	-	-	-	23,500
	<u>421,266</u>	<u>114,224</u>	<u>149,791</u>	<u>685,281</u>	<u>753,649</u>
FUNDED BY OPERATIONS	<u>(1,111)</u>	<u>616</u>	<u>495</u>	<u>-</u>	<u>-</u>
	<u>420,155</u>	<u>114,840</u>	<u>150,286</u>	<u>685,281</u>	<u>753,649</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 408</u>	<u>\$ 11,785</u>

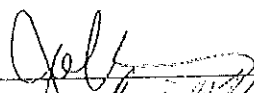
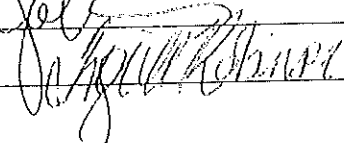
(The accompanying notes form an integral part of these financial statements)

HOSPICE ASSOCIATION OF ONTARIO

Statement of Financial Position

AS AT MARCH 31,	2011	2010
ASSETS		
CURRENT		
Cash	\$ 215,356	\$ 134,781
Accounts receivable	21,238	24,441
Prepaid expenses (note 9)	<u>77,541</u>	<u>46,480</u>
	<u>314,135</u>	<u>205,702</u>
Capital assets (note 7)	<u>-</u>	<u>3,117</u>
	<u>\$ 314,135</u>	<u>\$ 208,819</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 26,878	\$ 35,134
Deferred contributions (note 10)	<u>237,594</u>	<u>124,430</u>
	<u>264,472</u>	<u>159,564</u>
NET ASSETS		
Unrestricted	49,663	46,138
Invested in capital assets	<u>-</u>	<u>3,117</u>
	<u>49,663</u>	<u>49,255</u>
	<u>\$ 314,135</u>	<u>\$ 208,819</u>

APPROVED ON BEHALF OF THE BOARD

 Director
 Director

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

HOSPICE ASSOCIATION OF ONTARIO

Statement of Changes in Net Assets

FOR THE YEAR ENDED MARCH 31,			2011	2010
	<u>Unrestricted</u>	<u>Invested in Capital Assets</u>	<u>Total</u>	<u>Total</u>
BALANCE , beginning of year	\$ 46,138	\$ 3,117	\$ 49,255	\$ 37,470
Excess (deficiency) of revenue over expenses for the year	3,525	(3,117)	408	11,785
BALANCE , end of year	\$ 49,663	\$ -	\$ 49,663	\$ 49,255

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

HOSPICE ASSOCIATION OF ONTARIO

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31,	2011	2010
FUNDS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 408	\$ 11,785
Items not requiring current cash:		
Amortization	<u>3,117</u>	<u>3,782</u>
	3,525	15,567
Net change in non-cash working capital (Increase) decrease in:		
Accounts receivable	3,203	(18,649)
Inventory of merchandise	-	16,719
Prepaid expenses and deposits	(31,061)	(1,157)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(8,256)	(7,390)
Deferred contributions	<u>113,164</u>	<u>519</u>
CASH PROVIDED BY OPERATING ACTIVITIES AND NET INCREASE IN CASH FOR THE YEAR	80,575	5,609
CASH POSITION, beginning of year	<u>134,781</u>	<u>129,172</u>
CASH POSITION, end of year	<u>\$215,356</u>	<u>\$ 134,781</u>
 Cash flow supplementary information:		
<u>Interest paid on loan balances</u>	<u>\$ 63</u>	<u>\$ 317</u>

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

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2011

1. PURPOSE AND GOVERNING STATUTES

The objectives of the Hospice Association of Ontario ("HAO") are to provide a network of expertise, information and communications to support and assist member hospices in their efforts to provide the maximum possible hospice support in the communities they serve.

HAO is incorporated under the Canada Corporations Act as a not-for-profit corporation and is a registered charity under the Income Tax Act. The Association is able to issue charitable donation receipts for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined as follows:

Net assets

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

- a) **Invested in capital assets** represents HAO's net investment in property which is comprised of the amount of capital assets purchased with unrestricted funds.
- b) **Unrestricted (deficiency)** comprises 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 HAO during the period.

b) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions 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.

c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on the computer and office equipment on a straight-line basis over three years, with no amortization charged in the year of acquisition.

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES - continued

d) **Donated services and materials**

These financial statements do not reflect the value received for any of the many volunteer services or materials donated.

e) **Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

f) **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 and the balance sheet date, and the corresponding unrealized gains and losses are reflected in the statements of operations and changes in net assets.

g) **Allocation of management and administrative expenses**

Management and administrative expenditures are incurred to operation the Association in a cost-effective manner while maximizing all opportunities to further the Association's mission. The Association allocates certain of its management and administrative costs by identifying the appropriate basis of allocating and applying that basis consistently each year.

3. CHANGES IN ACCOUNTING POLICIES

a) **Amendments to accounting standards that apply to not-for-profit organizations**

Effective April 1, 2010 the Association adopted the CICA amendments to Section 4400, Financial Statement Presentation by Not-For-Profit Organizations, of the CICA Handbook. Amongst other items, these amendments eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenues and expenses to be presented on a gross basis when the not-for-profit organization is acting as principal and require a statement of cash flows. Adoption of these recommendations had no significant impact on the financial statements for the year ended March 31, 2011.

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2011

3. CHANGES IN ACCOUNTING POLICIES - continued

b) Amendments to Section 1000, Financial Statement Concepts

Effective April 1, 2010 the Association adopted the CICA amendments to Section 1000 of the CICA Handbook. These amendments clarified the criteria for the recognition of an asset or liability, removing the ability to recognize assets and liabilities solely on the basis of matching revenue and expense items. Adoption of these amendments had no effect on the financial statements for the year ended March 31, 2011.

4. FUTURE ACCOUNTING CHANGES

In December 2010, The Accounting Standards Board (AcSB) released Part III of the CICA Handbook which consists of new accounting standards for not-for-profit organizations and the inclusion of the 4400 series of standards addressing transactions and circumstances that are unique to not-for-profit organizations. Alternatively private sector not-for-profit organizations have the option to adopt International Financial Reporting Standards (IFRS) released by the AcSB in January, 2011. Either of these new standards are effective for fiscal years beginning on or after January 1, 2012, with earlier adoption permitted.

The Board of HAO will review the impact of these new standards on the financial statements prior to adoption of either by the Association.

5. FINANCIAL INSTRUMENTS

Classification and fair value

The Association has classified its financial instruments and recognized fair value as follows:

a) Held for trading

Cash and cash equivalents are classified as held for trading at their initial fair value with any subsequent changes in fair value based on market prices included in the statements of operations and changes in fund balances.

b) Receivables

Accounts receivable are classified as receivables and are recognized initially at their fair value and subsequently measured at their cost less provision for impairment. Due to their short-term nature their carrying value approximates their cost less any impairment losses.

c) Other financial liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities and are recognized initially at their fair value and subsequently measured at their amortized cost. Due to their short-term nature their carrying value approximates their recorded cost.

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2011

5. FINANCIAL INSTRUMENTS - continued

Risk management

The Association prescribes to a long term investment asset mix policy, which requires low risk investments, portfolio diversification and limits exposure to individual investments and major asset classes.

The Association is subject to interest rate, credit and market risks that could adversely affect cash flows, financial position and income. The Association diversifies its investment in order to reduce the investment risk.

a) Interest rate risk:

Interest rate risk is the risk that the market value of the Association's investments 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 Association's assets and liabilities.

The Association had no investments within its portfolio as at March 31, 2011.

b) Credit risk:

Credit risk is the risk of loss should the counter-party to a transaction default 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.

As at the Association's fiscal year end, there are no assets that are past their maturity or impaired due to credit risk related defaults. The Association does not extend credit to any of its members or customers.

c) Currency risk:

Currency risk is the risk that the value of the Association's investments will fluctuate due to the 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.

The Association does not speculate in foreign currencies. As at March 31, 2011 the Association was not in possession of any foreign investments that would arise in an overall currency exposure to a particular foreign currency.

d) Market risk:

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

As at March 31, 2011, the Association held no investments that were subject to market risk.

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2011

6. CREDIT FACILITIES

The Association 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, 2011 (2010 - \$Nil).

7. CAPITAL ASSETS

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 24,065	\$ 24,065	\$ -	\$ 3,117
Office equipment	613	613	-	-
	<u>\$ 24,678</u>	<u>\$ 24,678</u>	<u>\$ -</u>	<u>\$ 3,117</u>

8. GOVERNMENT OF ONTARIO FUNDING

End of Life Information Services

The Hospice Association of Ontario is funded by the Government of Ontario, Ministry of Health and Long Term Care, 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 2011, the Government of Ontario, Ministry of Health and Long Term Care provided aggregate funding to the End of Life Information Services ("EOL") in the amount of \$114,224 (2010 - \$112,183). Of the amount provided by the Government of Ontario, Ministry of Health and Long Term Care, expenses for the fiscal year exceeded provincial grant funding in the aggregate of \$616 (2010 - \$61). The deficiency is funded by HAO's unrestricted net assets.

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 2011, the Government of Ontario, Ministry of Health and Long Term Care, provided aggregate funding towards Palliative Care Education ("PCE") in the amount of \$149,791 (2010 - \$146,655). Of the amount provided by the Government of Ontario, Ministry of Health and Long Term Care, expenses for the fiscal year exceeded provincial grant funding in the aggregate of \$495 (2010 - \$134). The deficiency is funded by HAO's unrestricted net assets.

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2011

8. GOVERNMENT OF ONTARIO FUNDING -continued

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.

9. PREPAID EXPENSES

As at March 31, 2011, HAO incurred prepaid conference and facility costs in the aggregate of \$69,303 (2010 - \$41,095). The conference is scheduled to commence subsequent to the fiscal year end and will be expensed in fiscal 2012.

10. DEFERRED CONTRIBUTIONS

Deferred contributions represent funding received that relates to periods subsequent to March 31, 2011. Amounts yet to be recognized as revenue, pending the incurrence and recognition of the related expenses, to be disbursed after March 31, 2011, are set out in the following table:

	Balance April 1, 2010	Receivable or Received in Year	Recognized as Revenue	Balance March 31, 2011
HAO/OCPA conference revenue	\$ 124,430	\$ 237,594	\$(124,430)	\$ 237,594

11. COMMITMENTS

Lease commitments:

HAO is obligated under various operating leases for its office premises and equipment rentals requiring minimum annual lease payments as follows:

	Premises	Equipment	Total
2012	\$ 11,480	\$ 594	\$ 12,074
2013	12,956	-	12,956
2014	14,815	-	14,815
2015	15,471	-	15,471
2016	16,400	-	16,400
Thereafter	<u>6,833</u>	<u>-</u>	<u>6,833</u>
	<u>\$ 77,955</u>	<u>\$ 594</u>	<u>\$ 78,549</u>

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2011

12. 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. The Association's ability to continue viable operations of these service programs is dependent on this Ministerial funding.

13. BUSINESS ALMAGAMATION AND PROPOSED NAME CHANGE

During fiscal 2011, the Hospice Association of Ontario ("HAO") and the Ontario Palliative Care Association ("OPCA") entered into discussions concerning the proposed merger and integration of the associations to form one provincial palliative care association, under the name of Hospice Palliative Care Ontario ("HPCO").

The proposed amalgamation is subject to changes to corporate objects and by-laws and requires approval by both association's membership and Industry Canada.

The Board anticipates these changes to occur in fiscal 2012.