

HOSPICE ASSOCIATION OF ONTARIO

Report And Financial Statements

March 31, 2014

HOSPICE ASSOCIATION OF ONTARIO

Index To Financial Statements

MARCH 31, 2014

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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, 2014 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 Association of Ontario** as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Wally Chong LLP
WALLINGTON CHONG LLP
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Markham, Ontario
June 25, 2014

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WEST TORONTO

24 The East Mall, Unit 8
Etobicoke, Ontario
M8W 4W5
Phone: 416-291-2561
Fax: 416-291-2754
email: bwccwest@attglobal.net

EAST TORONTO

820 Denison Street, Unit 1
Markham, Ontario
L3R 3K5
Phone: 905-475-1116
Fax: 905-475-2290
email: bwceast@on.aibn.com

HOSPICE ASSOCIATION OF ONTARIO

Statement of Operations

FOR THE YEAR ENDED MARCH 31,

	HAO Member Services	Palliative Education and Information Services (note 6)	Total 2014	Total 2013
EXPENSES				
Salaries and benefits	\$ 93,225	\$ 207,472	\$ 300,697	\$ 237,760
Nevada ticket costs	56,515	-	56,515	48,554
Nevada profit sharing	7,310	-	7,310	12,341
Office and general	81,398	11,731	93,129	65,979
Professional fees and consultants	67,274	30,597	97,871	172,791
Insurance	916	1,832	2,748	2,397
Rent and operating costs	31,141	21,948	53,089	46,178
Travel, meetings and conference	205,199	-	205,199	141,549
Amortization - capital assets	2,833	-	2,833	-
	<u>545,811</u>	<u>273,580</u>	<u>819,391</u>	<u>727,549</u>
FUNDED BY				
Foundations	24,820	-	24,820	20,823
Corporations	8,110	-	8,110	4,000
Donations	42,615	-	42,615	16,492
Nevada ticket sales	113,893	-	113,893	112,981
Conference and education	268,102	-	268,102	260,941
Government of Ontario (note 6)	-	267,975	267,975	267,975
Membership	110,690	-	110,690	42,943
Merchandise and publication sales	11,459	-	11,459	2,690
Interest and sundry income	405	-	405	90
	<u>580,094</u>	<u>267,975</u>	<u>848,069</u>	<u>728,935</u>
FUNDED BY OPERATIONS	<u>(5,605)</u>	<u>5,605</u>	<u>-</u>	<u>-</u>
	<u>574,489</u>	<u>273,580</u>	<u>848,069</u>	<u>728,935</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 28,678</u>	<u>\$ -</u>	<u>\$ 28,678</u>	<u>\$ 1,386</u>

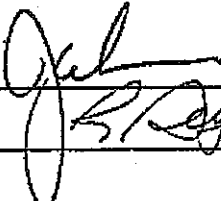
(The accompanying notes form an integral part of these financial statements)

HOSPICE ASSOCIATION OF ONTARIO

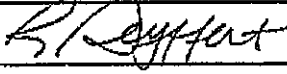
Statement of Financial Position

AS AT MARCH 31.	2014	2013
ASSETS		
CURRENT		
Cash and short term investments	\$ 273,641	\$ 180,441
Accounts receivable	25,692	24,293
Prepaid expenses and deposits (note 7)	<u>56,139</u>	<u>54,305</u>
	<u>355,472</u>	<u>259,039</u>
CAPITAL (note 5)	<u>5,666</u>	<u>8,499</u>
	<u>\$ 361,138</u>	<u>\$ 267,538</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 63,658	\$ 53,384
Deferred revenue (note 8)	<u>180,714</u>	<u>126,066</u>
	<u>244,372</u>	<u>179,450</u>
NET ASSETS		
Invested in capital assets	5,666	8,499
Unrestricted	<u>111,100</u>	<u>79,589</u>
	<u>116,766</u>	<u>88,088</u>
	<u>\$ 361,138</u>	<u>\$ 267,538</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,			2014	2013
	Unrestricted			
	Invested in Capital Assets	Unrestricted	Total	Total
BALANCE , beginning of year	\$ 8,499	\$ 79,589	\$ 88,088	\$ 86,702
Excess (deficiency) of revenue over expenses for the year	(2,833)	31,511	28,678	1,386
BALANCE , end of year	\$ 5,666	\$ 111,100	\$ 116,766	\$ 88,088

(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,	2014	2013
FUNDS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 28,678	\$ 1,386
Items not requiring current cash:		
Amortization	<u>2,833</u>	<u>-</u>
	31,511	1,386
Net change in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	(1,399)	(9,425)
Prepaid expenses and deposits	(1,834)	(1,694)
Increase (decrease) in:		
Accounts payable and accrued liabilities	10,274	(5,395)
Deferred revenue	<u>54,648</u>	<u>(32,124)</u>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>93,200</u>	<u>(47,252)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>-</u>	<u>(8,499)</u>
CASH (USED IN) INVESTING ACTIVITIES	<u>-</u>	<u>(8,499)</u>
INCREASE (DECREASE) IN CASH POSITION FOR THE YEAR	93,200	(55,751)
CASH POSITION, beginning of year	<u>180,441</u>	<u>236,192</u>
CASH POSITION, end of year	<u>\$ 273,641</u>	<u>\$ 180,441</u>
CASH POSITION REPRESENTED BY:		
Cash	\$ 248,641	\$ 130,441
Short term investments	<u>25,000</u>	<u>50,000</u>
	<u>\$ 273,641</u>	<u>\$ 180,441</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, 2014

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 members in their efforts to provide the maximum possible hospice palliative care 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. HAO is able to issue charitable donation receipts for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PRESENTATION

These financial statements, HAO having adopted Part III of the CPA Canada Handbook, are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP") 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 HAO'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 HAO during the period.

b) REVENUE RECOGNITION

HAO 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 ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued

c) FINANCIAL INSTRUMENTS

HAO 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, HAO 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 HAO 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, HAO 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 ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued

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 HAO in a cost-effective manner while maximizing all opportunities to further HAO's mission. HAO allocates certain of its management and administrative costs by identifying the appropriate basis of allocation. The allocation basis may be amended annually to reflect HAO'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

HAO is exposed to various risks through its financial instruments. The following analysis provides a measure of HAO's risk exposure and concentrations as at March 31, 2014.

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2014

3. FINANCIAL INSTRUMENTS - continued

HAO 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. HAO'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 HAO's low risk investment criteria of its investment policy.

As at March 31, 2014, 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 HAO'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 HAO'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, HAO 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 HAO'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.

HAO does not speculate in foreign currencies. As at March 31, 2014, HAO was not in possession of any foreign investments that would arise in an overall currency exposure to a particular foreign currency.

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2014

3. FINANCIAL INSTRUMENTS - continued

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.

HAO 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, 2014 HAO held no investments that were subject to market risk.

e) Liquidity risk:

Liquidity risk is the risk that HAO 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.

HAO manages its liquidity risk by monitoring cash flows and holding assets readily converted into cash. HAO 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:

HAO 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 HAO to cash flow risk arises from certain of its interest bearing instruments. HAO's cash balance includes amounts on deposit with financial institutions that earn interest at market rates. HAO 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 HAO's results of operations.

g) Changes in risk:

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

4. CREDIT FACILITIES

HAO 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, 2014 (2013 - \$Nil).

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2014

5. CAPITAL ASSETS

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 32,564	\$ 26,898	\$ 5,666	\$ 8,499
Office equipment	613	613	-	-
	<u>\$ 33,177</u>	<u>\$ 27,511</u>	<u>\$ 5,666</u>	<u>\$ 8,499</u>

6. PALLIATIVE EDUCATION AND INFORMATION SERVICES

End of Life Information Services

The Hospice Association of 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 2014, MOHLTC provided aggregate funding to the End of Life Information Services ("EOL") in the amount of \$115,229 (2013 - \$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 2014, MOHLTC provided aggregate funding towards Palliative Care Education ("PCE") in the amount of \$152,746 (2013 - \$152,746).

In aggregate the MOHLTC provided total government funding in the amount of \$267,975 (2013 - \$267,975) to service the EOL and PCE programs. Program expenses for the fiscal year exceeded provincial grant funding in the amount of \$5,605 (2013 - \$14). The deficiency is funded internally by HAO'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 ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2014

7. PREPAID EXPENSES AND DEPOSITS

As at March 31, 2014, HAO incurred prepaid conference and facility costs in the aggregate of \$40,772 (2013 - \$39,672). The conference is scheduled to commence subsequent to the fiscal year end and will be expensed in fiscal 2015.

8. DEFERRED REVENUE

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

	Balance March 31, 2013	Received or Receivable in Year	Recognized as Revenue	Balance March 31, 2014
HPCO conference revenue	\$ 126,066	\$ 161,804	\$ (126,066)	\$ 161,804
Librach Award fund	-	12,300	-	12,300
Purdue Pharma grant	-	10,000	(10,000)	-
Website Development fund	-	10,000	(3,390)	6,610
	<u>\$ 126,066</u>	<u>\$ 194,104</u>	<u>\$ (139,456)</u>	<u>\$ 180,714</u>

Unrestricted deferred revenue:

Unrestricted deferred revenue comprises HAO conference revenue, exhibitor fees and sponsorships received prior to fiscal year end, yet relate to periods subsequent to March 31, 2014.

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 HAO to grant a cash award to a physician selected by the HPCO Awards Committee.

The Purdue Pharma grant received in the fiscal year was used to fund a physicians symposium on the Primary-Care-Palliative Care Integrated Approach for Ontario.

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2014

8. DEFERRED REVENUE - continued

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

Lease commitments - premises

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

	<u>Total</u>
2015	\$ 15,471
2016	16,400
2017	<u>6,833</u>
	<u>\$ 38,704</u>

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

10. 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. HAO's ability to continue viable operations of these service programs is dependent on this Ministerial funding.

11. CONTINUANCE

As at March 31, 2014, HAO had yet to receive approval from Industry Canada and Canada Revenue Agency concerning the proposed continuance under the Canada Not-For-Profit Corporations Act including the change in name to Hospice Palliative Care Ontario and changes to corporate objects and by-laws. The Board anticipate these changes to be effective in fiscal 2015.

HOSPICE ASSOCIATION OF ONTARIO

Notes To The Financial Statements

FOR THE YEAR ENDED MARCH 31, 2014

12. COMPARATIVE FIGURES

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