

**DOANE HOUSE HOSPICE INC.**

**Financial Statements**

**Year Ended March 31, 2014**

**DOANE HOUSE HOSPICE INC.**  
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**Year Ended March 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Doane House Hospice Inc.

We have audited the accompanying financial statements of Doane House Hospice Inc., which comprise the statement of financial position as at March 31, 2014 and the statements of revenues and expenditures, 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 qualified audit opinion.

*(continues)*

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, Doane House Hospice Inc. derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Doane House Hospice Inc. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2014, current assets and net assets as at April 1, 2013 and March 31, 2014

**Qualified Opinion**

In our opinion, except for the possible 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 Doane House Hospice Inc. as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Newmarket, Ontario  
June 26, 2014

**Chaggares & Bonhomme**  
**Chartered Accountants**

Authorized to practise public accounting by  
The Institute of Chartered Accountants of Ontario

**DOANE HOUSE HOSPICE INC.**  
**Statement of Financial Position**  
**March 31, 2014**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 59,332	\$ 28,220
Accounts receivable (Note 4)	14,732	15,235
Prepaid expenses	4,895	3,068
Cash in trust (Note 5)	6,883	52,302
Short term investments (Note 6)	70,830	110,000
	<b>\$ 156,672</b>	<b>\$ 208,825</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 9,654	\$ 12,315
Current portion of long term debt	-	5,217
Deferred revenue (Note 7)	10,454	10,870
	<b>20,108</b>	<b>28,402</b>
<b>NET ASSETS</b>		
Unrestricted	99,681	98,121
Internally restricted	30,000	30,000
Externally restricted	6,883	52,302
	<b>136,564</b>	<b>180,423</b>
	<b>\$ 156,672</b>	<b>\$ 208,825</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

**DOANE HOUSE HOSPICE INC.**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2014**

	2014	2013
<b>REVENUES</b>		
Donations	\$ 24,352	\$ 37,493
Event fundraising	146,454	127,351
Government funding	66,758	70,215
Grants	5,500	11,000
Interest	1,230	2,139
	<b>244,294</b>	<b>248,198</b>
<b>EXPENDITURES</b>		
Administration & facility	65,631	69,446
Event fundraising	32,157	15,322
Program costs	190,365	206,302
	<b>288,153</b>	<b>291,070</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>\$ (43,859)</b>	<b>\$ (42,872)</b>

See notes to financial statements

**DOANE HOUSE HOSPICE INC.**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2014**

	Unrestricted	Internally Restricted	Externally Restricted	<b>2014</b>	2013
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 98,121	\$ 30,000	\$ 52,302	<b>\$ 180,423</b>	\$ 223,295
Deficiency of revenues over expenditures	1,560	-	(45,419)	<b>(43,859)</b>	(42,872)
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 99,681</b>	<b>\$ 30,000</b>	<b>\$ 6,883</b>	<b>\$ 136,564</b>	<b>\$ 180,423</b>

See notes to financial statements

**DOANE HOUSE HOSPICE INC.**  
**Statement of Cash Flows**  
**Year Ended March 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenditures	\$ (43,859)	\$ (42,872)
Changes in non-cash working capital:		
Accounts receivable	503	(1,387)
Accounts payable and accrued liabilities	(2,661)	387
Deferred revenue	(416)	6,690
Prepaid expenses	(1,827)	1,770
	(4,401)	7,460
Cash flow used by operating activities	(48,260)	(35,412)
<b>INVESTING ACTIVITIES</b>		
Purchase of long term investments	(50,830)	(110,000)
Proceeds on investment maturity	90,000	151,000
Cash flow from investing activities	39,170	41,000
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	(5,217)	(6,972)
<b>DECREASE IN CASH FLOW</b>	<b>(14,307)</b>	<b>(1,384)</b>
Cash - beginning of year	80,522	81,906
<b>CASH - END OF YEAR</b>	<b>\$ 66,215</b>	<b>\$ 80,522</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 59,332	\$ 28,220
Cash in trust	6,883	52,302
	\$ 66,215	\$ 80,522

See notes to financial statements



**DOANE HOUSE HOSPICE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Capital assets

The capital assets of the organization consist of office furniture and computer software and hardware. As permitted by section 4430 of the CICA's Handbook, the organization has elected to expense its capital asset expenditures.

Income taxes

The organization is exempt from Income Taxes as a registered charity under section 149(1)(l) of the income tax act.

Contributed services

The organization is dependant on the voluntary services of many individuals. The organization also receives donations of goods for auction or sale at fundraising events as well for use by the organization. Since these materials and services are not normally purchased and because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

Doane House Hospice Inc. follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenditures are incurred. Unrestricted investment income is recognized as revenue when earned.

Event fees are recognized as revenue when the events are held.

**DOANE HOUSE HOSPICE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

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**2. PURPOSE OF THE ORGANIZATION**

Doane House Hospice Inc. (the "organization") is incorporated under the Business Corporations Act of Ontario. The organization's principal business activity is enhancing quality of life, through the provision of non-medical, in-house respite care and emotional support for the terminally ill who wish to live within the comfort of home and family.

**3. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2014.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and accounts payable.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to this risk mainly in respect to the economy and its affect on contributions, for both individuals and corporations.

**4. ACCOUNTS RECEIVABLE**

Government receivables (other than income tax) included in accounts receivable:

	2014	2013
HST Public Service Bodies' Rebate	\$ 12,680	\$ 10,256

**5. CASH - RESTRICTED**

Restricted cash is comprised of the following:

	2014	2013
Charity Bingo	\$ 6,883	\$ 52,302

The charity bingo funds may only be used towards direct support services programming. Programming expenditures include the costs to operate adult bereavement caregiver support, child and youth bereavement and compassion programs. Funding is regulated by the Ontario Lottery and Gaming Commission and is subject to regular approval and review.

**DOANE HOUSE HOSPICE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

**6. TERM DEPOSITS**

Term deposits consist of a Bank of Montreal Cashable GIC in the amount of \$20,000 (2012 - \$60,000) bearing annual interest at a rate of 1.20%, cashable the 15th of every month and maturing on November 14, 2015, and a Bank of Montreal Non-Cashable GIC in the amount of \$50,830 (2012 - \$50,000) bearing annual interest at a rate of 1.50%, maturing on July 25, 2014.

The term deposits include accrued interest of \$783 and is currently included as part of accounts receivable.

**7. DEFERRED REVENUES**

Deferred revenues is comprised of the following:

	2014	2013
Event Fundraising	\$ 10,454	\$ 10,870

**8. NET ASSETS**

Net assets comprise amounts subject to external restriction, internal restrictions and amounts which are not subject to any form of restriction as set out below.

	2014	2013
Net assets - unrestricted	\$ 99,681	\$ 98,121
Net assets - internally restricted	30,000	30,000
Net assets - externally restricted	6,883	52,302
	\$ 136,564	\$ 180,423

Externally restricted assets represent ongoing charity bingo fundraising activities which are subject to the restrictions as described in Note 5.

Internally restricted assets represent a portion of cumulative surpluses designated by resolution of the board of directors in anticipation of the future relocation costs.

**9. COMMITMENTS**

Beginning in January 2014, the organization leases its office premises from the Town of Newmarket for the amount of \$581 per month. A new agreement is currently being negotiated and drafted.

**10. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.