

HOSPICE OF GREATER SAINT JOHN, INC.

(Incorporated under the laws of New Brunswick)

FINANCIAL STATEMENTS

MARCH 31, 2016

HOSPICE OF GREATER SAINT JOHN, INC.

MARCH 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Directors of Hospice of Greater Saint John, Inc.

We have audited the accompanying financial statements of Hospice of Greater Saint John, Inc., which comprise the statement of financial position as at March 31, 2016, and the statement of operations, the statement of changes in net assets and statement of 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 private enterprises, 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.

Auditors' 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 company'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 company'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hospice of Greater Saint John, Inc. as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



CHARTERED PROFESSIONAL ACCOUNTANTS

Saint John, NB
May 25, 2016

HOSPICE OF GREATER SAINT JOHN, INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 139,981	\$ 86,338
Accounts receivable	14,856	14,446
Prepaid expenses	<u>28,302</u>	<u>22,637</u>
	<u>183,139</u>	<u>123,421</u>
CAPITAL ASSETS (Note 3)	<u>2,350,454</u>	<u>2,412,723</u>
	<u>\$ 2,533,593</u>	<u>\$ 2,536,144</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 101,690	\$ 95,773
Deferred revenue	<u>1,258</u>	<u>3,270</u>
	<u>102,948</u>	<u>99,043</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 4)	<u>1,607,303</u>	<u>1,658,753</u>
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS	743,150	753,969
UNRESTRICTED NET ASSETS	<u>80,192</u>	<u>24,379</u>
	<u>823,342</u>	<u>778,348</u>
	<u>\$ 2,533,593</u>	<u>\$ 2,536,144</u>

COMMITMENTS (Note 8)

SUBSEQUENT EVENT (Note 9)

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

HOSPICE OF GREATER SAINT JOHN, INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
REVENUE		
Provincial government funding	\$ 730,000	\$ 730,000
Donations and memorials	291,355	241,841
Fundraising and sponsorships	799,935	681,432
Grants	15,000	1,000
Donation from Hospice Legacy Foundation Inc. (Note 5)	17,000	25,989
Bequests	-	134,965
Interest and other	<u>5,165</u>	<u>3,393</u>
	<u>1,858,455</u>	<u>1,818,620</u>
EXPENDITURE		
Salaries and benefits	1,197,665	1,167,073
Governance and administration	47,159	34,943
Occupancy	71,779	75,611
Operating supplies and expenses	64,147	41,439
Fundraising and sponsorship	267,747	241,967
Staff and volunteer expense	47,475	37,228
Community relations	10,568	4,730
Donation to Hospice Legacy Foundation Inc. (Note 5)	<u>87,000</u>	<u>166,565</u>
	<u>1,793,540</u>	<u>1,769,556</u>
EXCESS OF REVENUE OVER EXPENDITURE BEFORE AMORTIZATION	64,915	49,064
AMORTIZATION OF DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS	53,450	59,347
AMORTIZATION	<u>(73,371)</u>	<u>(79,824)</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$ 44,994</u>	<u>\$ 28,587</u>

HOSPICE OF GREATER SAINT JOHN, INC.

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
BALANCE AT BEGINNING OF YEAR	\$ 753,969	\$ 24,379	\$ 778,348	\$ 749,761
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(21,409)	66,403	44,994	28,587
PURCHASE OF CAPITAL ASSETS	12,590	(12,590)	-	-
CONTRIBUTIONS RELATED TO CAPITAL ASSETS	<u>(2,000)</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
BALANCE AT END OF YEAR	<u>\$ 743,150</u>	<u>\$ 80,192</u>	<u>\$ 823,342</u>	<u>\$ 778,348</u>

HOSPICE OF GREATER SAINT JOHN, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenditure	\$ 44,994	\$ 28,587
Items not involving cash		
Amortization	74,859	81,312
Amortization of capital campaign grants and donations	<u>(53,450)</u>	<u>(59,347)</u>
	66,403	50,552
Changes in non-cash working capital balances		
Accounts and pledges receivable	(410)	(1,858)
Prepaid expenses	(5,665)	37
Accounts payable and accrued liabilities	5,917	32,465
Deferred revenue	<u>(2,012)</u>	<u>1,571</u>
	<u>64,233</u>	<u>82,767</u>
Investing activities		
Purchase of capital assets	<u>(12,590)</u>	<u>(75,077)</u>
Financing activities		
Contributions related to capital assets	2,000	38,700
Due to Hospice Legacy Foundation Inc.	<u>-</u>	<u>(8,058)</u>
	<u>2,000</u>	<u>30,642</u>
INCREASE IN CASH	53,643	38,332
CASH AT BEGINNING OF YEAR	<u>86,338</u>	<u>48,006</u>
CASH AT END OF YEAR	<u>\$ 139,981</u>	<u>\$ 86,338</u>

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

1. PURPOSE OF THE ORGANIZATION

Hospice of Greater Saint John, Inc., incorporated under the laws of New Brunswick, is a registered charity under the Income Tax Act and is exempt from income taxes. Its purpose is to provide quality end-of-life care to people living with terminal illness and coping with loss. It is administered entirely by professional staff and governed by a duly elected volunteer Board of Directors comprised of business professionals.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Revenue Recognition

Hospice of Greater Saint John, Inc. 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, including donations and grants, are recognized as revenue when the related pledges or commitments are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other revenue, including special event revenue and Hospice Shoppe sales, are recorded when earned.

Donated Goods and Services

The organization receives the donated services of many volunteers in various functions, including administration, fund raising and palliative support. These donated services are not reflected in the financial statements because of the difficulty of determining their fair value.

Items donated for the Valentine's Gala charity auction are recorded at the value realized during the auction. Donations of services require that payments be exchanged between the donor and the organization, in accordance with Canada Revenue Agency guidelines.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank balances and investments in guaranteed investment certificates having maturities of one year or less from date of purchase.

Use of Estimates

The preparation of financial statements in accordance 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Related to Capital Assets

Grants and donations received for the purpose of renovating and maintaining the Dufferin Row property and for the purpose of purchasing furnishings and equipment are being deferred and amortized to revenue on the same basis the related capital assets are being amortized to expense.

Controlled Foundation

The Hospice Legacy Foundation Inc., which is controlled by Hospice of Greater Saint John, Inc., is not consolidated in the organization's financial statements.

Financial Instruments

Measurement of Financial Instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditure.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenditure. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditure.

Transaction Costs

The organization recognizes its transaction costs in excess of revenue over expenditure in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Equipment purchases in excess of \$1,000 are capitalized. Capital assets are recorded at their acquisition cost less accumulated amortization. Contributed capital assets are recorded at their fair value at the date of contribution where the fair value can be reasonably determined.

Capital assets are amortized on the basis of their useful life using the following methods and rates:

Buildings	2% diminishing balance
Parking areas	8% diminishing balance
Furnishings and equipment	20% diminishing balance
Leaseholds	10% straight line
Vehicle	30% diminishing balance

3. CAPITAL ASSETS

	<u>2016</u>			<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land and improvements	\$ 112,440	\$ -	\$ 112,440	\$ 112,440
Building	2,361,223	263,903	2,097,320	2,137,433
Parking areas	23,963	8,927	15,036	16,343
Furnishings and equipment				
Residential hospice	300,952	190,281	110,671	127,170
Office and other	36,431	30,645	5,786	7,232
Hospice Shoppe	6,182	4,519	1,663	2,079
Hospice Shoppe leaseholds	14,877	9,671	5,206	6,694
Vehicle	<u>8,000</u>	<u>5,668</u>	<u>2,332</u>	<u>3,332</u>
	<u>\$ 2,864,068</u>	<u>\$ 513,614</u>	<u>\$ 2,350,454</u>	<u>\$ 2,412,723</u>

4. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 1,658,753	\$ 1,679,400
Donations received or receivable	2,000	38,700
Recognized as revenue	<u>(53,450)</u>	<u>(59,347)</u>
Balance at end of year	<u>\$ 1,607,303</u>	<u>\$ 1,658,753</u>

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

5. RELATED PARTY TRANSACTIONS

Hospice of Greater Saint John, Inc. and Hospice Legacy Foundation Inc. (Foundation) are related parties under common control since they have the same board of directors. All transactions are made in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The accounts payable balance at year end was \$Nil (2015 - \$Nil).

Hospice of Greater Saint John, Inc. receives donations from the Foundation. The organization also donates bequests and other donations to the Foundation:

	<u>2016</u>	<u>2015</u>
Donations received	\$ <u>17,000</u>	\$ <u>25,989</u>
Bequests	\$ -	\$ 134,965
Donations	<u>87,000</u>	<u>31,600</u>
Donations paid	<u>\$ 87,000</u>	<u>166,565</u>

6. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date March 31, 2016:

Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its obligations under operating lease agreements and accounts payable and accrued liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts and pledges receivable. The organization assesses the collectability of its accounts receivable on a continuous basis.

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

7. CONTROLLED FOUNDATION

HOSPICE LEGACY FOUNDATION INC.

Hospice Legacy Foundation Inc. is controlled by Hospice of Greater Saint John, Inc. as the organization appoints the majority of the Foundation's board of directors.

The Foundation was incorporated under the laws of New Brunswick on June 13, 2012 and is a public foundation under the Income Tax Act. Its purpose is to receive and maintain a fund or funds for the benefit of Hospice of Greater Saint John, Inc.

	<u>2016</u>	<u>2015</u>
The summary financial statements of the Foundation are as follows:		
Statement of financial position		
Assets	\$ 834,981	\$ 732,248
Liabilities	<u>2,556</u>	<u>2,500</u>
Unrestricted net assets	<u>\$ 832,425</u>	<u>\$ 729,748</u>
Statement of operations		
Revenue	\$ 151,085	\$ 241,791
Expenditure	<u>30,136</u>	<u>36,770</u>
Excess of revenue over expenditure	<u>\$ 120,949</u>	<u>\$ 205,021</u>
Statement of cash flows		
Operating activities	\$ 120,584	\$ 172,838
Investing activities	<u>(112,749)</u>	<u>(154,248)</u>
Increase in cash	<u>\$ 7,835</u>	<u>\$ 18,590</u>

8. COMMITMENTS

The organization is committed to lease payments of \$50,966 plus HST per year ending August 31, 2018 under the terms of a lease for the premises for the Hospice Shoppe boutique.

9. SUBSEQUENT EVENT

The agreement pursuant to which the Province of New Brunswick provides annual funding in the amount of \$730,000 for the operation of the residential hospice has been renewed for the fiscal year ending March 31, 2017.

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

10. SIGNIFICANT GOVERNANCE POLICIES

Hospice of Greater Saint John, Inc. is committed to excellence, transparency and accountability in all areas of operations. Using the “Standards of Excellence for Non-Profit Management” guidelines established by the Donner Canadian Foundation and others, Hospice follows the following best practices:

- Monthly financial statements are reported to the Board of Directors
- Minutes of monthly Board of Directors meetings and Donor Reports are posted on the Hospice website
- Quarterly financial and accountability reports are submitted to the Department of Health and the Board of Directors
- Annual Due Diligence Report presented to the Board of Directors with 33 quality indicators reporting on legal and governance requirements
- Annual independent financial audit and operational reports are approved by the Board of Directors
- Annual General Meeting open to the public
- Annual audited statements and Annual Report are posted on the Hospice website
- Annual performance measures with indicators for quality care, governance and operations with quarterly tracking and reports are presented to the Board of Directors
- Information, plans and best practices are shared with other hospice palliative care non-profits
- Comprehensive policies and procedures are in place and regularly updated
- All staff, volunteers and the Board of Directors sign a Code of Conduct, which includes commitments to confidentiality and privacy, conflicts of interest and respectful workplace