

**Hospice King**  
(Operating as Hospice King-Aurora)

**Financial Statements**  
Year ended December 31, 2008

# Hospice King

(Operating as Hospice King-Aurora)

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## AUDITORS' REPORT

To the Members of  
Hospice King

We have audited the statement of financial position of **Hospice King** (Operating as Hospice King-Aurora) as at December 31, 2008 and the statements of changes in net assets, operations, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Organization derives revenue from Special Events, Bingo and Donations 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 Organization and we were not able to determine whether any adjustment might be necessary to Special Events, Bingo, Donations, Excess of revenues over expenditures, Assets, Net Assets or Change in Cash Position.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary, had we been able to satisfy ourselves concerning the completeness of Special Events, Bingo or Donations, referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*TabacTucker LLP*

**TabacTucker LLP**  
Chartered Accountants  
Licensed Public Accountants

Richmond Hill, Ontario  
Thursday, May 21, 2009

**Hospice King**  
 (Operating as Hospice King-Aurora)

**Statement of Financial Position**  
 As at December 31, 2008

	2008	2007
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 134,537	\$ 126,636
Cash restricted (note 3)	9,218	9,218
Accounts receivable	9,059	18,351
Marketable securities (note 4)	1,887	5,305
Prepaid expenses	2,967	5,986
Interest receivable	48	48
	<b>\$ 157,716</b>	<b>\$ 165,544</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 24,767	\$ 24,450
Unearned revenue (note 9)	24,830	18,367
Tenant rent inducement - current portion	-	6,097
	<b>49,597</b>	<b>48,914</b>
<b>Nature of operations (note 1)</b>		
<b>Lease commitments (note 5)</b>		
<b>Net Assets</b>		
Unrestricted	108,119	116,630
	<b>\$ 157,716</b>	<b>\$ 165,544</b>

See accompanying notes

# Hospice King

(Operating as Hospice King-Aurora)

## Statement of Operations

Year ended December 31, 2008

	2008	2007
<b>Revenues</b>		
Grants	\$ 138,449	\$ 121,601
Special events (note 10)	24,527	3,857
Bingo	27,403	23,387
Donations	34,335	29,912
Jitter Bug Ball	-	122,492
Other	706	1,230
Garage sale	-	382
	<b>225,420</b>	<b>302,861</b>
<b>Expenditures</b>		
Wages and benefits	103,489	83,221
Subcontract	34,505	59,436
Rent	19,195	19,032
Special events (note 10)	20,048	-
Administration	12,517	17,301
Program Cost	12,210	9,682
Computer software	6,948	1,542
Advertising and promotion	5,846	5,838
Telephone and utilities	3,772	3,099
Professional fees	4,500	4,000
Repairs and maintenance	2,996	2,443
Insurance	2,405	2,284
Utilities	1,765	1,798
Interest and bank charges	1,104	2,176
Bingo expenses	834	3,468
Furniture and equipment	829	75
Professional dues	827	976
Garage sale expenses	-	125
Jitterbug ball expenses	(68)	36,430
	<b>233,722</b>	<b>252,926</b>
<b>(Deficiency) excess of revenues over expenditures before undernoted item</b>	<b>(8,302)</b>	<b>49,935</b>
<b>Other expense</b>		
Realized loss on disposal of investments held for trading (note 4)	209	-
<b>(Deficiency) excess of revenues over expenditures</b>	<b>\$ (8,511)</b>	<b>\$ 49,935</b>

See accompanying notes

# Hospice King

(Operating as Hospice King-Aurora)

## Statement of Changes in Net Assets

Year ended December 31, 2008

	2008	2007
<b>Net Assets, beginning of year</b>		
As previously stated	\$ 121,896	\$ 71,961
Correction of error (note 6)	(5,266)	(5,266)
As restated	116,630	66,695
(Deficiency) excess of revenues over expenditures	(8,511)	49,935
<b>Net Assets, end of year</b>	<b>\$ 108,119</b>	<b>\$ 116,630</b>

See accompanying notes

**Hospice King**  
**(Operating as Hospice King-Aurora)**

**Statement of Cash Flows**  
Year ended December 31, 2008

	<b>2008</b>	2007
<b>Operating activities</b>		
(Deficiency) excess of revenues over expenditures	<b>\$ (8,511)</b>	\$ 49,935
Change in non-cash working capital items		
Accounts receivable	<b>9,292</b>	(15,434)
Marketable securities	<b>3,418</b>	14,047
Prepaid expenses	<b>3,019</b>	7,639
Accounts payable and accrued liabilities	<b>317</b>	7,400
Unearned revenue	<b>6,463</b>	(5,037)
Tenant rent inducement - current portion	<b>(6,097)</b>	(5,723)
<b>Change in cash position</b>	<b>7,901</b>	52,827
<b>Cash, beginning of year</b>	<b>135,854</b>	83,027
<b>Cash, end of year</b>	<b>\$ 143,755</b>	\$ 135,854
<b>Cash consists of:</b>		
Cash	<b>\$ 134,537</b>	\$ 126,636
Cash restricted	<b>9,218</b>	9,218
	<b>\$ 143,755</b>	\$ 135,854

See accompanying notes

# Hospice King

(Operating as Hospice King-Aurora)

## Notes to the Financial Statements

December 31, 2008

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### 1. Nature of operations

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Hospice King was incorporated without share capital under the laws of Ontario and is registered with Canada Revenue Agency as a registered charity. The Organization was incorporated on May 20, 1983 and commenced operations at that time offering specialized services and support to those who live with a life-threatening illness and to those who are bereaved.

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### 2. Significant accounting policies

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These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

(a) **Change in accounting policy**

**Capital disclosures, Section 1535**

On January 1, 2008, the organization adopted the provisions of this Section.

Capital is defined by the Organization as representing its unrestricted net assets. The organization's objective, with respect to managing its capital, is to maintain approximately six months of operating expenses in cash, cash equivalents and marketable securities on an ongoing basis.

**General standards of financial statement presentation, Section 1400**

On January 1, 2008, the organization adopted the provisions of this Section specifically with respect to the amendment which now requires management to assess and disclose an entity's ability to continue as a going concern.

(b) **Future change in accounting policies**

The Organization will be required to adopt the following CICA Handbook changes for the year ended December 31, 2009. Management is evaluating the impact that these changes will have on the financial statements.

**Capital assets held by not-for-profit organizations, Section 4430**

This section has been amended to provide additional guidance to not-for-profit organizations with respect to the appropriate use of the scope exemption for smaller entities in paragraph 4430.03.

**Disclosure of allocated expenses by not-for-profit organizations, Section 4470**

This new Section establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another.

# Hospice King

(Operating as Hospice King-Aurora)

## Notes to the Financial Statements

December 31, 2008

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### 2. Significant accounting policies, continued

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#### (c) Classification of financial instruments

The following is a summary of the Organization's policies for each of the financial instrument categories in accordance with sections 1530, 3855 and 3861 of the Canadian Institute of Chartered Accountant's Handbook:

<u>Financial Instrument</u>	<u>Designated as</u>
Cash and cash equivalents	Held for trading
Accounts receivable	Loans and receivables
Investments in shares	Held for Trading
Accounts payable and accrued liabilities	Other liabilities

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#### (i) Held for trading (HFT)

Measured at fair value as at balance sheet date.

#### (ii) Loans and receivables

Loans and receivables are accounted for at amortized cost.

#### (iii) Other liabilities

Other liabilities are recorded at amortized cost and include all liabilities other than liabilities which have been identified as HFT.

Trade-date accounting is used for all regular-way purchases or sales of investments traded publicly. Settlement-date accounting will be used to account for all regular-way purchases or sales for all privately traded investments.

Transaction costs related to HTM assets, loans and receivables, and deposits are generally capitalized and are then amortized using the effective interest method.

#### (d) 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 and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period.

Accounts receivable are based upon management's estimate of the amount to be realized upon collection.

# Hospice King

(Operating as Hospice King-Aurora)

## Notes to the Financial Statements

December 31, 2008

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### 2. Significant accounting policies, continued

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(e) **Cash equivalents**

Cash and cash equivalents comprise cash on hand and short term investments which are highly liquid and have a maturity of less than three months from the time of purchase and are subject to an insignificant risk of change in value.

(f) **Revenue recognition**

Hospice King follows the deferral method of accounting for contributions and grant revenue. Restricted Donations and Grant revenues are recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenues consist of Donations, Special Events, Charity Bingo and Grants.

i) **Special events**

Special event revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

ii) **Charity Bingo**

Charity Bingo revenue is recognized as revenue when received.

iii) **Grants**

Grant revenues which are unrestricted are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Grant revenues which are restricted are recognized as revenue in the year in which the related expense is incurred.

iv) **Donations and other revenues**

Donations and Other revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(g) **Contributed services**

Volunteers assists in delivery of its programs and administrative functions. Because of the difficulty of determining the fair value of these services, they are not recognized in the financial statements.

# Hospice King

(Operating as Hospice King-Aurora)

## Notes to the Financial Statements

December 31, 2008

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### 2. Significant accounting policies, continued

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#### (h) Income taxes

The organization is exempt from Income Taxes as a registered charity under section 149(1)(f) of the Income Tax Act.

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### 3. Cash restricted

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Restricted cash is classified as restricted due to external restrictions imposed by funding agencies.

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### 4. Marketable securities

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Shares on hand at year end were disposed of in full following year end.

Quoted market value is \$1,887 (2007 - \$5,305).

	2008	2007
Publicly traded shares	\$ 1,887	\$ 5,305

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### 5. Lease commitments

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The organization's total commitments, for equipment under an operating lease is as follows:

2009	\$ 532
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The organization leases commercial office space. The lease agreement expired in 2008. Until renegotiated the leasing arrangement is on a month-to-month basis.

# Hospice King

(Operating as Hospice King-Aurora)

## Notes to the Financial Statements

December 31, 2008

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### 6. Correction of error

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In 2005, furniture was ordered as part of office renovations. An invoice was never issued by the manufacturer nor was a charge for this amount recorded on the accounts of the organization. As a result, accounts payable and office furniture expense accounts were understated by \$9,128 in the financial statements of 2005.

As part of the same office renovation project, a portion of the leasehold improvements was credited in error to prepaid expenses. As a result, prepaid expenses were understated by \$3,952 and rent expense overstated for 2005.

Accounts payable and prepaid expenses were \$9,128 and \$3,952 respectively as at December 31, 2008 and 2007 to reflect the effect of this adjustment.

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### 7. Financial instruments

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The Organization's financial instruments consist cash (restricted and unrestricted), accounts receivable, goods and services tax receivable, interest receivable, marketable securities, accounts payable and accrued liabilities. It is management's assessment that the Organization is not exposed to significant currency or interest risk arising from these financial instruments.

The organization does have some exposure to credit risk in respect of accounts receivable.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from unrelated funding agencies and other hospice agencies. In order to reduce its credit risk, the Organization conducts regular reviews of these agency's credit performance. An allowance for doubtful accounts is established where factors suggest the existence of credit risk. As the Organization relies on several funding agencies credit risk is, therefore, reduced.

Credit risk may also arises due to the organization's banking arrangements. Restricted and unrestricted deposits will at time exceed deposit insurance limits when placed with one financial institution. Management monitors cash balances in order to ensure that balances on deposit do not exceed deposit insurance coverage with a financial institution.

# Hospice King

(Operating as Hospice King-Aurora)

## Notes to the Financial Statements

December 31, 2008

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### 8. Tenant Inducement

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In 2004, the Organization entered into a revised operating lease of its office facilities. As part of the new lease agreement, the landlord agreed to provide a one year free period from October 1, 2004 to September 30, 2005. The value of the inducement was \$22,900 as has been reflected in these financial statements. This amount will be amortized over the remaining life of the lease. The term of the lease is October 1, 2004 to September 30, 2008.

In 2008, \$5,725 (2007 - \$5,725) was amortized as part of rent expense.

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### 9. Grants and funding

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*Ontario Trillium Foundation Grant:* On March 9, 2006, a letter of agreement between Ontario Trillium Foundation and Hospice King-Aurora was executed. Under this agreement, Hospice King-Aurora will have received \$254,000 over a five (5) year period to assist with additional staffing costs to be incurred to increase the level of service to the local community. Funding remains to be received as follows;

2009	<b>\$ 33,000</b>
2010	<b>27,000</b>
	<hr/> <b>\$ 60,000</b>

Revenue from the Ontario Trillium Foundation will be recorded as revenue in the year in which related expenses are incurred by the Organization. Unspent funds at year end are segregated as extremely restricted cash.

PalCare Network: Funds were received during 2008 from PalCare network totaling \$74,444 (2007 - \$59,595). This grant revenue was received in exchange for service delivery, organizational development and community awareness and was directed towards salary and administrative overhead. The organization is economically dependent on this source of funding. Efforts to increase funding from this source will continue. Any further increase in funding will continue to increase the organization's reliance in subsequent periods.

Revenue received from PalCare during the year represented 32% (2007 - 19%) of the organization's total revenues.

# Hospice King

(Operating as Hospice King-Aurora)

## Notes to the Financial Statements

December 31, 2008

### 9. Grants and funding, continued

	2008	2007
Beginning balance	\$ 18,367	\$ 23,404
Less amount recognized as revenue during the year	(58,816)	(73,037)
Add amount received related to the following year	65,279	68,000
Ending balance	\$ 24,830	\$ 18,367

### 10. Special events

Special events held during the year consisted of a golf tournament raffle and day trips to Stratford Theatre.

	2008
Master's Golf Raffle	\$ 13,800
Stratford Festival trips	9,292
Other	1,435
Special events expenses	(20,048)
	\$ 4,479

### 11. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings except as explained in note 7.