

Hospice Palliative Care Association of P.E.I. Inc.

Financial Statements
March 31, 2019



Member of The AC Group of Independent Accounting Firms

June 19, 2018

Independent Auditor's Report

To the Directors of Hospice Palliative Care Association of P.E.I. Inc.

Qualified Opinion

We have audited the financial statements of Hospice Palliative Care Association of P.E.I. Inc., which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Hospice Palliative Care Association of P.E.I. Inc. as at March 31, 2019, 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.

Basis of Qualified Opinion

In common with many not-for-profit organizations, Hospice Palliative Care Association of P.E.I. Inc. derives revenue from fundraising events, donations and memorials, 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 Hospice Palliative Care Association of P.E.I. Inc.. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising events, donations and memorials revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and March 31, 2018, current assets as at March 31, 2019 and March 31, 2018, and net assets as at April 1 and March 1 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Hospice Palliative Care Association of P.E.I. Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Hospice Palliative Care Association of P.E.I. Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Hospice Palliative Care Association of P.E.I. Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospice Palliative Care Association of P.E.I. Inc.'s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Hospice Palliative Care Association of P.E.I. Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Hospice Palliative Care Association of P.E.I. Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Hospice Palliative Care Association of P.E.I. Inc. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Arsenault Best Cameron Ellis

Chartered Professional Accountants

Hospice Palliative Care Association of P.E.I. Inc.

Statement of Financial Position

As at March 31, 2019

			2019	2018
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
Assets				
Current assets				
Cash	72,848	-	72,848	120,088
Short-term investments	70,278	-	70,278	166,339
HST receivable	1,680	-	1,680	3,648
Prepaid expenses	1,459	-	1,459	1,491
	146,265	-	146,265	291,566
Long-term investments				
Investments held by The Community Foundation of Prince Edward Island Inc. (note 3)	-	101,608	101,608	116,130
2.7% GIC investment maturing May 26, 2020	-	169,740	169,740	-
	146,265	271,348	417,613	407,696
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 4)	10,848	-	10,848	10,721
Deferred revenue	4,361	-	4,361	-
	15,209	-	15,209	10,721
Net Assets				
Internally restricted	-	271,348	271,348	291,051
Unrestricted	131,056	-	131,056	105,924
	131,056	271,348	402,404	396,975
	146,265	271,348	417,613	407,696

Approved by the Board of Directors

_____ Director

_____ Director

Hospice Palliative Care Association of P.E.I. Inc.

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2019

	Budget (Unaudited)	General Fund	Restricted Fund	Total 2019	Total 2018
	\$	\$	\$	\$	\$
Revenue					
Fundraising events	143,200	153,133	-	153,133	140,296
Bequests - Florence Simmons (note 2)	36,000	36,708	-	36,708	35,795
Donations	33,500	24,684	-	24,684	33,302
Memorials	26,000	29,399	-	29,399	25,871
Memberships	6,000	4,435	-	4,435	6,359
United Way grant	5,000	4,000	-	4,000	-
Government of PEI Grant	-	-	-	-	2,418
Investment income	16,000	4,454	2,868	7,322	9,145
	265,700	256,813	2,868	259,681	253,186
Expenses					
Advertising and promotion	4,544	2,068	-	2,068	1,194
Bank charges and credit card fees	3,200	2,671	-	2,671	3,440
Board, staff, and volunteer	29,500	25,259	-	25,259	32,862
Contracted services	-	-	-	-	14,960
Fundraising supplies and resources	7,435	5,778	-	5,778	5,929
Grief support expenses	8,225	2,581	-	2,581	9,663
Insurance	2,211	2,880	-	2,880	2,900
Management and investment fees (note 3)	-	-	1,260	1,260	1,440
Membership dues	2,968	2,406	-	2,406	2,968
Memorial service	-	818	-	818	506
Office expenses and printing	14,318	13,314	-	13,314	16,873
Professional fees	6,372	5,237	-	5,237	5,373
Provincial Wellness grant expense	-	-	-	-	2,418
Telephone and internet	3,385	4,351	-	4,351	3,386
United Way grant expense	5,000	3,827	-	3,827	-
Wages and benefits	174,327	181,802	-	181,802	148,848
	261,485	252,992	1,260	254,252	252,760
Excess revenue for the year	<u>4,215</u>	3,821	1,608	5,429	426
Net Assets - Beginning of year		105,924	291,051	396,975	396,549
		109,745	292,659	402,404	396,975
Transfer from restricted fund (note 5)		21,311	(21,311)	-	-
Net assets - End of year		<u>131,056</u>	<u>271,348</u>	<u>402,404</u>	<u>396,975</u>

Hospice Palliative Care Association of P.E.I. Inc.

Statement of Cash Flows

For the year ended March 31, 2019

			2019	2018
	General Fund \$	Restricted Fund \$	Total \$	Total \$
Cash provided by (used in)				
Operating activities				
Excess revenue for the year	3,821	1,608	5,429	426
Unrealized gain on investments	-	-	-	(7,559)
	3,821	1,608	5,429	(7,133)
Net change in non-cash working capital items				
Decrease (increase) in HST receivable	1,968	-	1,968	(778)
Decrease in prepaid expenses	32	-	32	920
Increase (decrease) in accounts payable and accrued liabilities	127	-	127	(2,913)
Increase in deferred revenue	4,361	-	4,361	-
	10,309	1,608	11,917	(9,904)
Investing activities				
Decrease (increase) in amount due between funds - net	12,729	(12,729)	-	-
Decrease (increase) in long-term investments	-	(155,218)	(155,218)	1,440
	12,729	(167,947)	(155,218)	1,440
Change in net cash	23,038	(166,339)	(143,301)	(8,464)
Net cash - Beginning of year	120,088	166,339	286,427	294,891
Net cash - End of year	143,126	-	143,126	286,427
Net cash consists of				
Cash	72,848	-	72,848	120,088
Short-term investments	70,278	-	70,278	166,339
	143,126	-	143,126	286,427

Hospice Palliative Care Association of P.E.I. Inc.

Notes to Financial Statements

March 31, 2019

1 Purpose of the organization

Hospice Palliative Care Association of P.E.I. Inc. is a volunteer-driven organization assisting people in Prince Edward Island by preparing, supporting and caring for those affected by a life-limiting illness before and after death. The organization operates under the registered trade name Hospice PEI.

The Association was incorporated under the laws of the Province of Prince Edward Island in 1985. The Association is a Registered Charity and is not taxable under the provisions of the *Income Tax Act*.

2 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements include the following significant accounting policies:

Cash

Cash consists of bank account balances and petty cash.

Fund accounting

Hospice Palliative Care Association of P.E.I. Inc. follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Association's program delivery, fundraising and administrative activities.

The Restricted Fund reports resources that have been internally appropriated by the Board. The purpose of this fund is to accumulate funds to ensure the future viability of the organization. The Board may set aside additional amounts in this fund as finances allow. This internally restricted amount is not available for use without the approval of the Board of Directors.

Realized investment income is used for general operations of Hospice Palliative Care Association of P.E.I. Inc. During the year, \$36,708 (2018 - \$35,795) in memorials and bequests revenue carried an external restriction in that the funds cannot be used for wages or capital construction.

Capital assets

Capital assets are recorded as expenditures in the year of acquisition.

Hospice Palliative Care Association of P.E.I. Inc.

Notes to Financial Statements

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Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received.

Unrestricted investment income earned on Restricted Fund assets is recognized as revenue of the General Fund. Market value changes are recorded in the Restricted Fund.

Contributed services

Volunteers contribute many hours each year to assist Hospice Palliative Care Association of P.E.I. Inc. in carrying out its services. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Actual results could differ from those estimates.

Financial instruments

(a) Measurement of financial instruments

The organization's financial instruments consist of cash, short-term investments, long-term investments and accounts payable and accrued liabilities.

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost except for publicly traded securities which are measured at quoted market value.

(b) Impairment

For financial assets measured at cost or amortized cost, the association determines whether there are indications of possible impairment. When there is an indication of impairment, and the association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess revenue for the year. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 revenue for the year.

Hospice Palliative Care Association of P.E.I. Inc.

Notes to Financial Statements

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(c) Risks

Transacting in financial instruments exposes the association certain financial risks and uncertainties. These risks include:

- i) Liquidity risk: The associations's exposure to liquidity risk is dependent on raising funds to meet commitments and sustain operations. The association controls liquidity risk by management of working capital and cash flows.
- ii) Market risk: The association's investment in publicly traded securities exposes the association to market risk since these equity investments are subject to price fluctuations in the open market.

3 Long-term investments

In 2002, the Association entered into an agreement to invest funds in a separate Agency Fund of The Community Foundation of Prince Edward Island Inc., an unrelated registered charity. The Community Foundation of Prince Edward Island Inc. administers and invests the Agency Fund on behalf of the Association, for which it receives a management fee. Income generated by the Fund is distributed to the Association or reinvested in the Fund, as determined by the Association.

At March 31, 2019, the market value of the investment was \$101,608 (2018 - \$116,130). Management and investment fees of \$1,260 (2018 - \$1,440) were paid to The Community Foundation of Prince Edward Island Inc.

4 Accounts payable and accrued liabilities

	2019	2018
	\$	\$
Accounts payable and accrued liabilities	7,343	10,721
Wage source deductions payable	3,505	-
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	10,848	10,721
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5 Fund transfer

The Board has approved the transfer of \$21,311 (2018 - nil) from the Restricted Fund to the General Fund.