

The Hospice Georgian Triangle Foundation
Financial Statements
For the year ended March 31, 2017

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Independent Auditor's Report

To the Board of Directors of The Hospice Georgian Triangle Foundation

We have audited the accompanying financial statements of The Hospice Georgian Triangle Foundation, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and changes in fund balances and changes in fund balances 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.



Basis for Qualified Opinion

In common with many charitable organizations, The Hospice Georgian Triangle Foundation derives revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were unable to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenues over expenses and cash flows from operations for the years ended March 31, 2017 and 2016, and to current assets and net assets as at March 31, 2017 and March 31, 2016.

Qualified 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 The Hospice Georgian Triangle Foundation as at March 31, 2017, 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.

Other Matters

The financial statements of The Hospice Georgian Triangle Foundation for the year ended March 31, 2016 were audited by another auditor who expressed a qualified opinion on those statements on July 28, 2016.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
May 25, 2017

**The Hospice Georgian Triangle Foundation
Statement of Financial Position**

March 31	2017	2016
		(note 6)
Assets		
Current		
Cash and short-term investment (note 2)	\$ 324,716	\$ 220,157
HST receivable	5,698	7,508
Prepaid expenses	2,424	-
	332,838	227,665
Investments (note 3)	2,717,090	2,065,810
Other Assets	45,128	-
	\$ 3,095,056	\$ 2,293,475

Liabilities and Fund Balances

Current		
Accounts payable and accrued liabilities	\$ 8,001	\$ 7,740
Due to Hospice Georgian Triangle (note 4)	9,332	8,495
Deferred revenue	-	5,000
	17,333	21,235
Fund Balances		
Capital fund	545,292	246,750
General fund	2,532,431	2,025,490
	3,077,723	2,272,240
	\$ 3,095,056	\$ 2,293,475

On behalf of the Board:

 Director

Breck West

 Director

T. Dyson

The Hospice Georgian Triangle Foundation Statement of Operations and Changes in Fund Balances

For the year ended March 31	2017			2016
	General Fund	Capital Fund	Total	Total
Revenues				
Donations	\$ 739,826	\$ 1,439,928	\$ 2,179,754	\$ 1,057,330
Fundraising events	188,797	-	188,797	254,970
Gain (loss) on disposal of investments	2,931	687	3,618	(30,910)
Grants	5,350	-	5,350	-
Investment income	57,718	13,540	71,258	41,305
Unrealized gain (loss) on investments	52,985	12,428	65,413	(13,693)
	<u>1,047,607</u>	<u>1,466,583</u>	<u>2,514,190</u>	<u>1,309,002</u>
Expenses				
Bank administration fees	14,421	-	14,421	8,081
Event expenses	48,083	18,456	66,539	79,043
Fundraising expenses paid to Hospice Georgian Triangle (note 4)	141,294	-	141,294	116,999
Insurance	2,494	-	2,494	2,409
Investment fees	8,500	1,993	10,493	9,196
Memberships	2,879	-	2,879	1,740
Miscellaneous	2,909	-	2,909	2,095
Professional development	3,267	-	3,267	-
Professional fees	9,657	-	9,657	7,682
	<u>233,504</u>	<u>20,449</u>	<u>253,953</u>	<u>227,245</u>
Distribution to Hospice Georgian Triangle (note 4)	307,162	1,147,592	1,454,754	270,515
Excess of revenues over expenses for the year	<u>506,941</u>	<u>298,542</u>	<u>805,483</u>	<u>811,242</u>
Fund balances, beginning of the year	<u>2,025,490</u>	<u>246,750</u>	<u>2,272,240</u>	<u>1,460,998</u>
Fund balances, end of the year	<u>\$ 2,532,431</u>	<u>\$ 545,292</u>	<u>\$ 3,077,723</u>	<u>\$ 2,272,240</u>

The accompanying notes are an integral part of these financial statements.

The Hospice Georgian Triangle Foundation Statement of Cash Flows

For the year ended March 31	2017	2016
		(note 6)
Cash flows from operating activities		
Excess of revenues over expenses	\$ 805,483	\$ 811,242
Changes (credits) to operations not involving cash		
Unrealized (gain) loss on portfolio investments	(65,413)	13,693
Cash surrender value of life insurance policy	45,128	-
	<u>785,198</u>	<u>824,935</u>
Changes in non-cash working capital balances related to operations		
HST receivable	1,810	(7,508)
Prepaid expenses	(2,424)	-
Accounts payable and accrued liabilities	262	3,450
Due to Hospice Georgian Triangle	836	8,941
Deferred revenue	(5,000)	5,000
	<u>780,682</u>	<u>834,818</u>
Cash flows from investing activities		
Change in investments	<u>(676,123)</u>	<u>(833,009)</u>
Net increase in cash and short-term investment during the year	104,559	1,809
Cash and short-term investment, beginning of the year	<u>220,157</u>	<u>218,348</u>
Cash and short-term investment, end of the year	<u>\$ 324,716</u>	<u>\$ 220,157</u>
Represented by:		
Cash	\$ 224,529	\$ 119,908
Guaranteed Investment Certificate (note 2)	<u>100,187</u>	<u>100,249</u>
	<u>\$ 324,716</u>	<u>\$ 220,157</u>

The accompanying notes are an integral part of these financial statements.

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2017

1 . Significant Accounting Policies

Nature and Purpose of Organization

The Hospice Georgian Triangle Foundation (the "Foundation") is incorporated without share capital under the Corporations Act (Ontario) as a charitable organization and is a registered charity under the Income Tax Act (Canada).

The objective of the Foundation is to use the gifts, and benefits, including income derived, therefrom, for the benefit of, or as requested by Hospice Georgian Triangle. These financial statements have not been consolidated with those of Hospice Georgian Triangle.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The significant estimates made in the preparation of the financial statements include the fair value of financial instruments and the allocation of unrealized gains and losses related to the change in the fair value of investments to the various fund balances. Actual results could differ from management's best estimates as additional information becomes available in the future.

Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's fundraising and administrative activities. This fund reports unrestricted contributions and other unrestricted revenues and expenses.

The Capital Fund reports restricted resources to be used for capital expenses as specified by the respective donors.

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities in foreign currency are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in the statement of operations in the current period. Investments denominated in foreign currency are recorded at the foreign exchange rate in effect at the time the investment was purchased.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Net investment income earned on externally restricted Capital Fund resources are recognized as revenue of the Capital Fund. All other investment income is recognized as revenue of the General Fund when earned.

In-Kind Contributions

Contributions of materials are recognized in the period they are donated at their fair market value when a fair value can be reasonably estimated and when the materials are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Contributed services are not recognized in the financial statements due to the inherent difficulty in valuing the time of volunteers.

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies (continued)

Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>
Income Taxes	<p>The Foundation is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.</p>
Pledges	<p>Pledges, which represent promises to donate cash, are not recorded as revenue until collected.</p>

The Hospice Georgian Triangle Foundation Notes to Financial Statements

March 31, 2017

2. Cash and Short-term Investment

The Foundation's bank account is held at a chartered bank. The bank account earn interest at a variable rate dependent on the monthly minimum balances.

Cash and short-term investment includes a TD Canada Trust Guaranteed Investment Certificate with a face value of \$100,187 (2016 - \$100,249), interest at 0.75% (2016 - 0.75%), and a maturity date of May 28, 2017 (2016 - May 29, 2016).

3. Investments

	2017		2016	
	Market	Cost	Market	Cost
Cash held with investment company	\$ 2,623	\$ 2,623	\$ -	\$ -
Guaranteed investment certificates	567,406	562,087	487,019	482,000
Common shares of various public companies	699,373	628,415	568,103	551,161
Mutual funds	1,411,922	1,420,592	981,434	991,857
Other	35,766	24,870	29,251	25,912
	\$ 2,717,090	\$ 2,638,587	\$ 2,065,810	\$ 2,050,930

Guaranteed investment certificates have fixed interest rates ranging from 1.80% to 2.40% (2016 - 1.80% to 3.30%), and maturity dates ranging from April 2017 through January 2019 (2016 - May 2016 through January 2019).

Investments in securities with an active market have been recorded at market value based on quoted market prices at March 31, 2017. Guaranteed investment certificates are recorded at carrying value plus accrued interest, which approximates market value at March 31, 2017. The Foundation has recognized an unrealized gain in the amount of \$65,413 (2016 - loss of \$13,693) related to the change in the fair value of the investments during the year. This gain has been recorded in the statement of operations and changes in fund balances.

The Hospice Georgian Triangle Foundation Notes to Financial Statements

March 31, 2017

4. Related Party Balances and Transactions

The objective of the Foundation is to use the gifts, benefits, including income derived, therefrom, for the benefit of, or as requested by Hospice Georgian Triangle. The affairs of the Foundation are managed by seven members, which includes up to three board members of Hospice Georgian Triangle. The financial statements of the Hospice Georgian Triangle have not been consolidated in these financial statements.

During fiscal 2016, the Foundation transferred \$10,382 to Hospice Georgian Triangle to be used for the purchase of capital assets. During the year, the Foundation transferred \$1,147,592 to Hospice Georgian Triangle to be used for the expansion of its palliative care centre. These funds have been included in the Capital Fund as a distribution to Hospice Georgian Triangle in the statement of operations and changes in fund balances.

During the year, the Foundation transferred \$307,162 (2016 - \$259,001) to Hospice Georgian Triangle to be used to cover operating costs for the year of which \$6,750 has been recorded as due to Hospice Georgian Triangle in the statement of financial position at March 31, 2017. These funds have been included in the General Fund as a distribution to Hospice Georgian Triangle in the statement of operations and changes in fund balances. In addition, the Foundation transferred \$141,294 (2016 - \$116,999) to Hospice Georgian Triangle to cover fundraising expenses incurred by the organization on their behalf.

During the year, Hospice Georgian Triangle paid expenses on behalf of the Foundation in the amount of \$91,722 (2016 - \$90,079). As at March 31, 2017, the Foundation has reimbursed Hospice Georgian Triangle \$89,140 (2016 - \$81,138) and the balance of \$2,582 (2016 - \$8,495) has been recorded as amounts due to Hospice Georgian Triangle in the statement of financial position.

The amounts due to Hospice Georgian Triangle are non-interest bearing, unsecured and have no specific terms of repayment.

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2017

5. Financial Instrument Risk

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 Foundation is exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation carries investments in Canadian and United States ("U.S.") dollars. Fluctuations in the value of the currency will impact the return on investments. As at March 31, 2017, the Foundation held portfolio investments in U.S. Dollars for \$105,269 (2016 - \$22,259). These assets have been translated to Canadian dollars for financial statement purposes at the year end exchange rate.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation invests in a diversified portfolio including several fixed income guaranteed investment certificates and therefore their exposure to interest rate risk is considered to be minimal. The Foundation mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the Foundation's financial instrument exposure from the prior year.

6. Comparative Figures

Certain comparative figures presented in the financial statements have been reclassified to conform to the current year's presentation.
