

HEARTHOUSE HOSPICE INC.

FINANCIAL STATEMENTS

MARCH 31, 2016



CALVIN G VICKERY

CHARTERED ACCOUNTANT
PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HeartHouse Hospice Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of HeartHouse Hospice Inc., which comprise the statement of financial position as at March 31, 2016 and the statement of operations and fund balances and the 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 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives part of its revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded by HeartHouse Hospice Inc., and I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and net assets.

Qualified Opinion

In my 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 HeartHouse Hospice Inc. as at March 31, 2016, 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.



Calvin G Vickery Chartered Accountant
Professional Corporation,
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

Brampton, Ontario
June 16, 2016

HEARTHOUSE HOSPICE INC.
(INCORPORATED UNDER THE LAWS OF ONTARIO)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

	Operating Fund	Residential Hospice Fund	2016	2015
ASSETS				
CURRENT				
Cash in bank	\$ 168,315	\$ 49,004	\$ 217,319	\$ 146,202
Short-term investments (Note 2)	584,945	75,878	660,823	73,787
Other receivables (Note 3)	26,303	10,973	37,276	81,226
Receivable from Operating Fund	-	7,956	7,956	2,724
Prepaid expenses and deposits	25,917	2,429	28,346	18,041
	<u>805,480</u>	<u>146,240</u>	<u>951,720</u>	<u>321,980</u>
LONG-TERM INVESTMENTS (Note 4)	225,659	200,900	426,559	1,123,823
CAPITAL ASSETS (Note 5)	8,652	2,749,155	2,757,807	2,760,691
	<u>\$ 1,039,791</u>	<u>\$ 3,096,295</u>	<u>\$ 4,136,086</u>	<u>\$ 4,206,494</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities (Note 6)	\$ 121,967	\$ 13,545	\$ 135,512	\$ 131,235
Payable to the Residential Hospice Fund	7,956	-	7,956	2,724
Current portion of capital lease (Note 7)	-	545,812	545,812	-
Deferred revenue (Note 8)	63,249	-	63,249	117,488
	<u>193,172</u>	<u>559,357</u>	<u>752,529</u>	<u>251,447</u>
LONG-TERM				
Capital lease payable (Note 7)	-	1,313,945	1,313,945	1,859,757
	<u>193,172</u>	<u>1,873,302</u>	<u>2,066,474</u>	<u>2,111,204</u>
COMMITMENTS (Note 9)				
FUND EQUITY				
Internally restricted funds (Note 10)	453,655	-	453,655	453,655
Residential Hospice Fund	-	1,222,993	1,222,993	1,250,370
Surplus: Operating Fund	392,964	-	392,964	391,265
	<u>846,619</u>	<u>1,222,993</u>	<u>2,069,612</u>	<u>2,095,290</u>
	<u>\$ 1,039,791</u>	<u>\$ 3,096,295</u>	<u>\$ 4,136,086</u>	<u>\$ 4,206,494</u>

APPROVED ON BEHALF OF THE BOARD:

 PRESIDENT
 TREASURER
June 13, 2016

HEARTHOUSE HOSPICE INC.
(INCORPORATED UNDER THE LAWS OF ONTARIO)
STATEMENT OF OPERATIONS AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2016

	Operating Fund	Internally Restricted Fund	Residential Hospice Fund	2016	2015
REVENUE					
Grants (Note 11)	\$ 902,681	\$ -	\$ -	\$ 902,681	\$ 883,824
Fundraising	271,507	-	-	271,507	252,725
Donations	213,324	-	97,287	310,611	313,411
Other income	15,173	-	-	15,173	24,874
Interest and other investment income	12,879	-	4,730	17,609	28,020
	<u>1,415,564</u>	<u>-</u>	<u>102,017</u>	<u>1,517,581</u>	<u>1,502,854</u>
Deferred revenue changes (Note 8)	54,239	-	-	54,239	(34,990)
	<u>1,469,803</u>	<u>-</u>	<u>102,017</u>	<u>1,571,820</u>	<u>1,467,864</u>
EXPENSES					
Salaries and employee benefits	962,725	-	-	962,725	848,691
Administration (Note 12)	199,524	-	79,706	279,230	269,641
Aging at Home program (Note 13)	124,764	-	-	124,764	127,054
Fundraising	100,095	-	-	100,095	86,489
Other programs	32,886	-	-	32,886	58,807
Public relations	32,163	-	3,194	35,357	13,467
Volunteer training and education	3,031	-	-	3,031	5,466
Website development and data services	5,846	-	-	5,846	5,185
Day program	4,186	-	-	4,186	3,384
Amortization of capital assets	2,884	-	-	2,884	2,716
Interest on capital lease	-	-	46,494	46,494	49,984
	<u>1,468,104</u>	<u>-</u>	<u>129,394</u>	<u>1,597,498</u>	<u>1,470,884</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR					
	1,699	-	(27,377)	(25,678)	(3,020)
Fund balances, beginning of year	<u>391,265</u>	<u>453,655</u>	<u>1,250,370</u>	<u>2,095,290</u>	<u>2,098,310</u>
FUND BALANCES, END OF YEAR					
	<u>\$ 392,964</u>	<u>\$ 453,655</u>	<u>\$ 1,222,993</u>	<u>\$ 2,069,612</u>	<u>\$ 2,095,290</u>

See accompanying notes to the financial statements.

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HEARTHOUSE HOSPICE INC.
 (INCORPORATED UNDER THE LAWS OF ONTARIO)
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (25,678)	\$ (3,020)
Items not resulting in an outlay or receipt of cash		
Change in unrealized gain on investments	5,676	902
Amortization of capital assets	2,884	2,716
	<u>(17,118)</u>	598
Changes in non-cash working capital		
Other receivables	43,950	(30,734)
Prepaid expenses and deposits	(10,305)	1,809
Accounts payable and accrued liabilities	3,069	(5,565)
Government remittances payable	1,208	10,702
Deferred revenue	(54,239)	34,990
	<u>(33,435)</u>	11,800
CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	<u>(33,435)</u>	11,800
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Sale (acquisition) of investments	113,600	(89,100)
Acquisition of capital assets	-	(178,536)
	<u>113,600</u>	(267,636)
CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	<u>113,600</u>	(267,636)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Capital lease principal payments made	-	(328,532)
	<u>-</u>	(328,532)
CASH USED IN FINANCING ACTIVITIES	<u>-</u>	(328,532)
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	80,165	(584,368)
Cash and cash equivalents, beginning of the year	219,989	804,357
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 300,154</u>	<u>\$ 219,989</u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash in bank	\$ 217,319	\$ 146,202
CIBC High Interest Savings Account mutual funds (Note 2)	82,835	73,787
	<u>\$ 300,154</u>	<u>\$ 219,989</u>
Interest paid in the year	<u>\$ 46,494</u>	<u>\$ 49,984</u>

HEARTHOUSE HOSPICE INC.
(INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

PURPOSE OF THE ORGANIZATION

HeartHouse Hospice Inc. ("HeartHouse") is a non-profit organization incorporated without share capital under the Ontario Business Corporations Act. HeartHouse is a registered charity under the Income Tax Act and is therefore exempt from income taxes and may issue official donation receipts for income tax purposes. Its principal activities include the provision of home care services and supportive care of the terminally ill.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) in Part III of the CPA Canada Handbook and include the following significant accounting policies:

(a) Fund accounting

The organization follows the restricted fund method of accounting for contributions. The specific purpose of each fund is explained below:

Operating Fund

The Operating fund reports the general revenue and expenses from HeartHouse's operations and other activities of the organization that are not included in any other fund.

Residential Hospice Fund

The Residential Hospice Fund reports revenue raised and related expenses for the development of a planned residential hospice.

Internally Restricted Funds

The Board of Directors has approved the following reserve funds:

Reserve for Operating Costs

As the funding received by HeartHouse is irregular, the Board of Directors has approved the establishment of a reserve to cover future operating costs.

Reserve for Special Expenditures

The Board of Directors has established a reserve to provide funding for certain specified future expenditures.

Inter-fund Transfers

Inter-fund transfers approved by the Board of Directors are recorded as transfers in the year in which the transfer is approved.

(b) Revenue recognition

Restricted contributions received from individuals or organizations for a specific purpose, that are not part of the Residential Hospice Fund, are recognized as revenue in the year in which the related expenses are incurred. When a restricted contribution is received for the purchase of a capital asset in the Operating Fund, the revenue is recognized at the same rate as the amortization of the related asset.

HEARTHOUSE HOSPICE INC.
(INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - continued

(c) Donated materials and services

Donations of materials are recognized as revenue and as an expense when:

- a fair value can be reasonably estimated;
- the materials are used in the normal course of operations; and
- the organization would have purchased the materials if they had not been contributed.

Donated services are not recognized in the financial statements because of the difficulty in determining their fair value.

(d) Capital assets

Purchased capital assets are recorded at cost, for acquisitions in excess of \$2,500. Contributed capital assets are recorded at fair value at the date of contribution. Asset repairs and maintenance are charged to expense. Betterments which extend the useful life of an asset are capitalized. When a capital asset no longer contributes to HeartHouse's ability to provide services, its carrying value is written down to its residual value.

Amortization is provided on a straight-line basis over the assets' estimated useful lives:

Computer equipment	3 years
Equipment	5 years

(e) Financial instruments

The following policies and assumptions were used to determine the fair value of each class of financial assets and financial liabilities.

Cash, accounts receivable, accounts payable and accrued liabilities:

These financial assets and liabilities are initially measured at fair value. Subsequently, the financial assets and liabilities, with the exception of investments as noted below, are measured at amortized cost.

Investments:

Investments are measured at fair value, determined using quoted values in an active market. Changes in the fair value are recognized in the statement of operations.

HEARTHOUSE HOSPICE INC.
 (INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - continued

(f) Cash and cash equivalents

HearthHouse's policy is to present bank balances under cash and cash equivalents, including short-term investments with a maturity period of three months or less from the date of acquisition.

(g) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) requires management to make estimates and assumptions that affect the reported amounts 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 reporting period. Actual results could differ from those estimates and may have an impact on future periods.

NOTE 2: SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	<u>2016</u>		<u>2015</u>	
	Market Value	Cost	Market Value	Cost
Operating Fund				
CIBC High Interest Savings Account mutual funds	\$ 82,835	\$ 82,836	\$ 73,787	\$ 73,787
Ontario Savings Bond, Step-up Series 2011, interest 1.25% to 3.75%, maturing June 21, 2016.	201,000	200,000	-	-
Guaranteed Investment Certificates, interest 1.2%, maturing December 8, 2016	301,110	300,000	-	-
	<u>\$ 584,945</u>	<u>\$ 582,836</u>	<u>\$ 73,787</u>	<u>\$ 73,787</u>
Residential Hospice Fund				
Ontario Savings Bond, Step-up Series 2011, interest 1.25% to 3.75%, maturing June 21, 2016.	\$ 75,878	\$ 75,500	\$ -	\$ -
Total short-term investments	<u>\$ 660,823</u>	<u>\$ 658,336</u>	<u>\$ 73,787</u>	<u>\$ 73,787</u>

HEARTHOUSE HOSPICE INC.
 (INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

NOTE 3: OTHER RECEIVABLES

Other receivables consist of the following:

	2016	2015
Operating Fund		
Accounts receivable	\$ 5,131	\$ 39,901
Harmonized sales tax (HST) recoverable	11,020	14,327
Interest receivable	10,152	8,083
	<u>\$ 26,303</u>	<u>\$ 62,311</u>
Residential Hospice Fund		
Harmonized sales tax (HST) recoverable	\$ 6,029	\$ 14,457
Interest receivable	4,944	4,458
	<u>\$ 10,973</u>	<u>\$ 18,915</u>
Total other receivables	<u>\$ 37,276</u>	<u>\$ 81,226</u>

HEARTHOUSE HOSPICE INC.
 (INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

NOTE 4: LONG-TERM INVESTMENTS

Long-term investments consist of the following:

	2016		2015	
	Market Value	Cost	Market Value	Cost
Operating Fund				
Ontario Savings Bond, Step-up Series 2011, interest 1.25% to 3.75%, maturing June 21, 2016.	\$ -	\$ -	\$ 205,000	\$ 200,000
Ontario Savings Bond, Step-up Series 2012, interest 1.25% to 2.25%, maturing June 21, 2017.	74,984	74,500	75,245	74,500
Ontario Savings Bond, Step-up Series 2013, interest 1.25% to 2.25%, maturing June 21, 2018.	150,675	150,000	150,750	150,000
Guaranteed Investment Certificates, interest 1.2%, maturing December 8, 2015	-	-	380,000	380,000
	<u>\$ 225,659</u>	<u>\$ 224,500</u>	<u>\$ 810,995</u>	<u>\$ 804,500</u>
Residential Hospice Fund				
Ontario Savings Bond, Step-up Series 2011, interest 1.25% to 3.75%, maturing June 21, 2016.	\$ -	\$ -	\$ 111,828	\$ 109,100
Ontario Savings Bond, Step-up Series 2013, interest 1.25% to 2.25%, maturing June 21, 2018.	200,900	200,000	201,000	200,000
	<u>\$ 200,900</u>	<u>\$ 200,000</u>	<u>\$ 312,828</u>	<u>\$ 309,100</u>
Total long-term investments	<u>\$ 426,559</u>	<u>\$ 424,500</u>	<u>\$ 1,123,823</u>	<u>\$ 1,113,600</u>

HEARTHOUSE HOSPICE INC.
 (INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

NOTE 5: CAPITAL ASSETS

Capital assets consist of the following:

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
Operating Fund				
Computer equipment	\$ 2,460	\$ 2,460	\$ -	\$ -
Equipment	24,895	16,243	8,652	11,536
	<u>\$ 27,355</u>	<u>\$ 18,703</u>	<u>\$ 8,652</u>	<u>\$ 11,536</u>
Residential Hospice Fund				
Land under capital lease	\$ 2,749,155	\$ -	\$ 2,749,155	\$ 2,749,155
	<u>\$ 2,776,510</u>	<u>\$ 18,703</u>	<u>\$ 2,757,807</u>	<u>\$ 2,760,691</u>

Land under capital lease

On December 16, 2013, HeartHouse entered into a capital lease agreement with the City of Mississauga ("City") for the purchase of land. The land is located at 4140 Pheasant Run, Mississauga. The land was previously used as a school. The agreement is for a five year term for the purchase.

Under the terms of the agreement, HeartHouse is responsible for all costs associated with the demolition of buildings (excluding portables) on the land and final grading of the land after demolition. The costs of demolition and grading are considered to be costs of preparing the land for future use and have been capitalized in the land value.

The buildings demolished included portables that were located adjacent to the school on City land. Under the terms of the lease agreement, the City will allow a credit for the cost of demolition of the portables on City property to be used against the future cost sharing agreement to be negotiated for the maintenance of the common areas surrounding land. No amount has been recorded as an offset for the cost of the demolition of the portables as the cost sharing agreement and the agreement for the demolition costs have not been finalized.

During the term of the capital lease, HeartHouse is not permitted to develop the land.

At the end of the lease, the City retains the right of first refusal for the repurchase of the land if HeartHouse is unable to develop the land into a residential hospice. The repurchase price is fixed in the agreement.

HEARTHOUSE HOSPICE INC.
 (INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

NOTE 6: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	Operating Fund	Residential Hospice Fund	2016	2015
Accounts payable and accrued liabilities	\$ 101,161	\$ 13,545	\$ 114,706	\$ 111,636
Government remittance payable	20,806	-	20,806	19,599
Total accounts payable and accrued liabilities	\$ 121,967	\$ 13,545	\$ 135,512	\$ 131,235

Under the terms of its funding agreements with the Mississauga Halton Local Health Integration Network ("MHLHIN"), the HeartHouse may be required to repay a portion of the grants received if actual expenditures are less than the budgeted expenditures. During 2016, \$nil (2015 - \$nil) was determined to be due to the MHLHIN at year end.

NOTE 7: CAPITAL LEASE PAYABLE

Capital lease payable consists of the following:

	2016	2015
Obligation under a capital lease for land, with interest at the rate of 2.5%, maturing on December 15, 2018	\$ 1,789,260	\$ 1,789,260
Add: Non-recoverable portion of HST on lease payments	70,497	70,497
	<u>1,859,757</u>	<u>1,859,757</u>
Less: Current portion of principal payments	<u>545,812</u>	<u>-</u>
Total long-term capital lease payable	\$ 1,313,945	\$ 1,859,757

HEARTHOUSE HOSPICE INC.
(INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

NOTE 7: CAPITAL LEASE PAYABLE - continued

On February 26, 2015, the lease was amended to defer principal payments for the period March 1, 2015 to September 1, 2016. During this time only interest payments are required on the lease. Future minimum lease payments under the capital lease, including the non-recoverable portion of the HST, for subsequent years are as follows:

2017	\$ 588,908
2018	769,713
2019	577,285
	<u>1,935,906</u>
Less: Interest	73,263
Non-recoverable HST	<u>2,886</u>
	<u>\$1,859,757</u>

NOTE 8: DEFERRED REVENUE

The changes in deferred revenue during the year are as follows:

Purpose of contributions or Contributor	Balance, beginning of year	Additional contributions received	Amortization of deferred contributions	Net change in the year	Balance, end of year
Brampton and Caledon Community Foundation	\$ 161	\$ 2,500	\$ -	\$ 2,500	\$ 2,661
Capital asset purchases	3,340	-	835	(835)	2,505
Community Foundation of Mississauga	49,702	-	47,433	(47,433)	2,269
Enersource	10,000	-	-	-	10,000
Fundraiser events and other	15,875	76,326	88,646	(12,320)	3,555
Laidlaw Foundation	-	1,000	1,000	-	-
Ontario Trillium Foundation	5,595	71,000	58,777	12,223	17,818
Region of Peel	32,815	-	27,672	(27,672)	5,143
The Baxter International Foundation	-	52,525	33,227	19,298	19,298
	<u>\$ 117,488</u>	<u>\$ 203,351</u>	<u>\$ 257,590</u>	<u>\$ (54,239)</u>	<u>\$ 63,249</u>

HEARTHOUSE HOSPICE INC.
(INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

NOTE 8: DEFERRED REVENUE - continued

Summary of grants

Brampton and Caledon Community Foundation

The Brampton and Caledon Community Foundation has provided funding to be used to prepare grief toolkits for the Children's Help Us Understand Grief ("HUUG") program.

Capital asset purchases

During 2015, a gift-in-kind donation of a telephone system was received. The charitable donation receipt was issued for the value of the donation received. The donation is being amortized straight-line over 5 years in the same manner as the capital asset is amortized.

Community Foundation of Mississauga

The Pendle Fund at the Community Foundation of Mississauga has provided funding to be used in the HUUG program.

Enersource

Enersource provided funding in 2014 to assist in the update of HeartHouse's website, translation of materials and preparation of an outreach package for physicians.

Laidlaw Foundation

The Laidlaw Foundation provided funding to be used in the Children and Youth Grief Network ("CYGN") program.

Ontario Trillium Foundation

Ontario Trillium Foundation has provided grant funding from April 2014 to March 2017 to assist with the costs related to the South Asian Community Education and Outreach program.

Region of Peel

The Region of Peel provided funding to be used in the CYGN program.

The Baxter International Foundation

The Baxter International Foundation provided a two year grant to help defray the costs associated with the Community Education and Wellness program. The term of the grant ran from November 2013 to October 2015.

HEARTHOUSE HOSPICE INC.
 (INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

NOTE 9: LEASE OBLIGATIONS AND OTHER COMMITMENTS

Lease obligations

The organization entered into a lease agreement for the rental of office space for a period of five years, commencing April 1, 2014 continuing to March 31, 2019. The minimum monthly rent under the terms of this lease is \$3,920 plus a proportionate share of the operating costs (estimated at \$1,452 per month) plus taxes.

The organization has entered into a lease agreement for office equipment with a term of sixty six months commencing October 28, 2014. The quarterly payment for this lease is \$1,253 plus taxes.

The minimum obligations under operating leases for the next four fiscal years are as follows:

	Premises	Office equipment
2017	\$ 67,004	\$ 5,012
2018	\$ 67,004	\$ 5,012
2019	\$ 67,004	\$ 5,012
2020	\$ -	\$ 5,012

NOTE 10: INTERNALLY RESTRICTED FUNDS

Internally restricted funds consist of the following:

	2016	2015
Reserve for special expenditures		
- day program	\$ 7,300	\$ 7,300
- software, hardware and technology upgrades	10,000	10,000
- translation of hospice materials	5,000	5,000
- marketing	7,000	7,000
	<u>29,300</u>	<u>29,300</u>
Reserve for operating expenses	<u>424,355</u>	<u>424,355</u>
Total Internally restricted funds	<u>\$ 453,655</u>	<u>\$ 453,655</u>

HEARTHOUSE HOSPICE INC.
 (INCORPORATED UNDER THE LAWS OF ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

NOTE 11: GRANTS

Grants consist of the following:

	2016	2015
MHLHIN		
Operating	\$ 558,660	\$ 514,554
Aging at Home	270,262	270,262
One-time funding	-	23,000
	<u>828,922</u>	<u>807,816</u>
Other sources		
Federal funding for a summer student	2,759	3,008
Ontario Trillium Foundation	71,000	73,000
	<u>73,759</u>	<u>76,008</u>
Total grants revenue	<u>\$ 902,681</u>	<u>\$ 883,824</u>

NOTE 12: ADMINISTRATION COSTS

Administration costs consist of the following:

	Operating Fund	Residential Hospice Fund	2016	2015
Rent and utilities	\$ 82,683	\$ -	\$ 82,683	\$ 82,838
Office supplies and miscellaneous	46,011	6,402	52,413	42,316
Professional fees	17,109	72,725	89,834	86,600
Travel	15,384	21	15,405	11,827
Staff development	11,479	115	11,594	6,695
Telephone	10,165	-	10,165	9,213
Bank charges and fees	4,741	283	5,024	8,089
Annual dues and licences	4,078	-	4,078	7,584
Meetings	3,975	-	3,975	2,364
Building maintenance	3,502	-	3,502	3,479
Insurance	397	160	557	8,636
	<u>199,524</u>	<u>79,706</u>	<u>279,230</u>	<u>269,641</u>
Total administration costs	<u>\$ 199,524</u>	<u>\$ 79,706</u>	<u>\$ 279,230</u>	<u>\$ 269,641</u>

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NOTE 13: AGING AT HOME PROGRAM

HeartHouse receives funding for the Aging at Home program from the MHLHIN. The funding received includes a portion to be allocated to two other agencies, Acclaim Health and Community Care Services and Dorothy Ley Hospice. These agencies are responsible for providing their Aging at Home programs according to MHLHIN guidelines. The final results of their program expenses are incorporated in the annual report to the MHLHIN by HeartHouse.

The breakdown of the Aging at Home program expenses is as follows:

	2016	2015
Agency expenses		
Salaries and benefits	\$ 108,395	\$ 112,368
Program costs	<u>13,905</u>	<u>9,931</u>
	122,300	122,299
HeartHouse		
Program costs	<u>2,464</u>	<u>4,755</u>
Total aging at home program expenses	<u>\$ 124,764</u>	<u>\$ 127,054</u>

NOTE 14: HEARTHOUSE HOSPICE FUND

The Community Foundation of Mississauga ("the Foundation") holds and manages funds in a pooled fund on behalf of HeartHouse. In accordance with the agreement with the Foundation the net income earned on these funds is paid to HeartHouse and used to fund programs operated by HeartHouse. Fund balance information is provided on a calendar basis. As at December 31, 2015 the balance held by the Foundation is \$12,491 (December 31, 2014 - \$12,297).

NOTE 15: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

HeartHouse carries various forms of financial instruments. It is management's opinion that the HeartHouse is not exposed to significant currency, interest rate or credit risks arising from these financial instruments.

NOTE 16: ECONOMIC DEPENDENCE

In the 2016 fiscal year, approximately 56% (2015 - 58%) of the organization's funds were from grants by the Ministry of Health and Long-Term Care ("the Ministry") and its designates and 44% (2015 - 42%) were from donations and fundraising. Should such funding from the Ministry or donations and fundraising cease, management is of the opinion that it would be questionable that the organization could continue operating in its present form.

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NOTE 17: COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's financial statement presentation.