

**HEARTHOUSE HOSPICE INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2018**



## CALVIN G VICKERY CPA

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, 2018 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, 2018, 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.

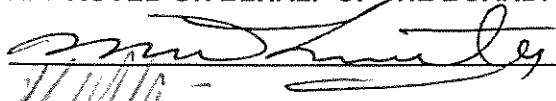
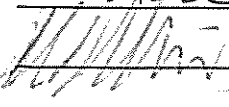
Calvin G Vickery CPA  
Professional Corporation,  
Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

Brampton, Ontario  
June 12, 2018

**HEARTHOUSE HOSPICE INC.**  
 (INCORPORATED UNDER THE LAWS OF ONTARIO)  
**STATEMENT OF FINANCIAL POSITION**  
 AS AT MARCH 31, 2018

	Operating Fund	Residential Hospice Fund	2018	2017
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash in bank	\$ 292,882	\$ 40,209	\$ 333,091	\$ 329,719
Short-term investments (Note 2)	1,105,460	1,236,780	2,342,240	755,625
Other receivables (Note 3)	59,405	5,711	65,116	970,469
Receivable from Residential Hospice Fund	1,677	-	1,677	42,873
Prepaid expenses and deposits	26,776	-	26,776	29,520
	<u>1,486,200</u>	<u>1,282,700</u>	<u>2,768,900</u>	<u>2,128,206</u>
<b>LONG-TERM INVESTMENTS (Note 4)</b>	-	-	-	352,100
<b>CAPITAL ASSETS (Note 5)</b>	<u>9,074</u>	<u>-</u>	<u>9,074</u>	<u>10,442</u>
	<u>\$ 1,495,274</u>	<u>\$ 1,282,700</u>	<u>\$ 2,777,974</u>	<u>\$ 2,490,748</u>
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities (Note 6)	\$ 295,660	\$ -	\$ 295,660	\$ 276,258
Payable to the Operating Fund	-	1,677	1,677	42,873
Deferred revenue (Note 7)	211,219	-	211,219	251,840
	<u>506,879</u>	<u>1,677</u>	<u>508,556</u>	<u>570,971</u>
<b>COMMITMENTS (Note 8)</b>				
<b>FUND EQUITY</b>				
Internally restricted funds (Note 9)	436,655	-	436,655	436,655
Residential Hospice Fund	-	1,281,023	1,281,023	1,201,363
Surplus: Operating Fund	551,740	-	551,740	281,759
	<u>988,395</u>	<u>1,281,023</u>	<u>2,269,418</u>	<u>1,919,777</u>
	<u>\$ 1,495,274</u>	<u>\$ 1,282,700</u>	<u>\$ 2,777,974</u>	<u>\$ 2,490,748</u>

APPROVED ON BEHALF OF THE BOARD:

  
 \_\_\_\_\_ DIRECTOR  
  
 \_\_\_\_\_ DIRECTOR  
 June 11, 2018  
 \_\_\_\_\_ DATE

**HEARTHOUSE HOSPICE INC.**  
 (INCORPORATED UNDER THE LAWS OF ONTARIO)  
**STATEMENT OF OPERATIONS AND FUND BALANCES**  
 FOR THE YEAR ENDED MARCH 31, 2018

	Operating Fund (Note 13)	Internally Restricted Fund	Residential Hospice Fund	2018	2017
<b>REVENUE</b>					
Grants (Note 10)	\$ 1,362,638	\$ -	\$ -	\$ 1,362,638	\$ 1,204,180
Donations (Note 11)	456,843	-	67,121	523,964	230,274
Fundraising (Note 11)	277,632	-	1,280	278,912	215,292
Other income (Note 5)	13,032	-	-	13,032	24,858
Interest and other investment income	12,619	-	13,134	25,753	16,870
	<u>2,122,764</u>	<u>-</u>	<u>81,535</u>	<u>2,204,299</u>	<u>1,691,474</u>
<b>EXPENSES</b>					
Salaries and employee benefits	1,303,388	-	-	1,303,388	1,195,823
Administration (Note 12)	310,026	-	1,875	311,901	380,007
Aging at Home program (Note 10)	122,299	-	-	122,299	122,299
Fundraising	92,730	-	-	92,730	60,022
Public relations	12,417	-	-	12,417	43,340
Software and data services	7,046	-	-	7,046	4,810
Amortization of capital assets	4,877	-	-	4,877	4,012
Interest on capital lease	-	-	-	-	30,996
	<u>1,852,783</u>	<u>-</u>	<u>1,875</u>	<u>1,854,658</u>	<u>1,841,309</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>					
	269,981	-	79,660	349,641	(149,835)
Fund balances, beginning of year	<u>281,759</u>	<u>436,655</u>	<u>1,201,363</u>	<u>1,919,777</u>	<u>2,069,612</u>
<b>FUND BALANCES, END OF YEAR</b>					
	<u>\$ 551,740</u>	<u>\$ 436,655</u>	<u>\$ 1,281,023</u>	<u>\$ 2,269,418</u>	<u>\$ 1,919,777</u>

**HEARTHOUSE HOSPICE INC.**  
 (INCORPORATED UNDER THE LAWS OF ONTARIO)  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 349,641	\$ (149,835)
Items not resulting in an outlay or receipt of cash		
Change in unrealized gain on investments	2,287	1,910
Amortization of capital assets	4,877	4,012
	<u>356,805</u>	<u>(143,913)</u>
Changes in non-cash working capital		
Other receivables	(16,199)	(11,642)
Prepaid expenses and deposits	2,744	(1,174)
Accounts payable and accrued liabilities	34,805	25,986
Government remittances payable	2,131	5,988
Due to MHLHIN	36,471	54,762
Deferred revenue	(40,621)	188,592
	<u>376,136</u>	<u>118,599</u>
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
(Purchase) sale of investments	(1,226,708)	71,912
Addition of capital assets	(3,508)	(5,803)
Disposal of land under capital lease (Note 3)	-	2,749,155
	<u>(1,230,216)</u>	<u>2,815,264</u>
<b>CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Termination of capital lease (Note 3)	-	(1,859,757)
Accounts receivable related to lease termination (Note 3)	921,552	(921,552)
HST payable related to lease termination (Note 3)	(54,005)	54,005
	<u>867,547</u>	<u>(2,727,304)</u>
<b>CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR</b>	13,467	206,559
Cash and cash equivalents, beginning of the year	506,713	300,154
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 520,180</u>	<u>\$ 506,713</u>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash in bank	\$ 333,091	\$ 329,719
CIBC High Interest Savings Account mutual funds (Note 2)	187,089	176,994
	<u>\$ 520,180</u>	<u>\$ 506,713</u>
Interest paid in the year	<u>\$ -</u>	<u>\$ 30,996</u>

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**HEARTHOUSE HOSPICE INC.**  
(INCORPORATED UNDER THE LAWS OF ONTARIO)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED MARCH 31, 2018

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**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 (ASNFP) 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.

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**HEARTHOUSE HOSPICE INC.**  
(INCORPORATED UNDER THE LAWS OF ONTARIO)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED MARCH 31, 2018

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**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.

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**HEARTHOUSE HOSPICE INC.**  
(INCORPORATED UNDER THE LAWS OF ONTARIO)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED MARCH 31, 2018

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - continued**

**(f) Cash and cash equivalents**

HeartHouse'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.



**HEARTHOUSE HOSPICE INC.**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED MARCH 31, 2018

**NOTE 2: SHORT-TERM INVESTMENTS**

Short-term investments consist of the following:

	2018		2017	
	Market Value	Cost	Market Value	Cost
<b>Operating Fund</b>				
CIBC High Interest Savings				
Account mutual funds	\$ 104,509	\$ 104,509	\$ 94,931	\$ 94,928
Ontario Savings Bond, Step-up Series 2013, interest 1.25% to 2.25%, maturing June 21, 2018	150,150	150,000	-	-
Guaranteed Investment Certificates, non- redeemable, interest 1.69%, maturing August 13, 2018	276,000	276,000	-	-
Guaranteed Investment Certificates, non- redeemable, interest 1.7%, maturing September 18, 2018	303,600	303,600	-	-
Guaranteed Investment Certificates, interest 1.5%, maturing January 7, 2019	271,201	271,201	-	-
Ontario Savings Bond, Step-up Series 2012, interest 1.25% to 2.25%, maturing June 21, 2017	-	-	74,612	74,500
Guaranteed Investment Certificates, non- redeemable, interest 1.5%, maturing June 21, 2017	-	-	200,000	200,000
Guaranteed Investment Certificates, non- redeemable, interest 1.45%, maturing December 21, 2017	-	-	150,000	150,000
Guaranteed Investment Certificates, interest 1.0%, maturing December 21, 2017	-	-	154,019	153,600
	<u>\$ 1,105,460</u>	<u>\$ 1,105,310</u>	<u>\$ 673,562</u>	<u>\$ 673,028</u>

**HEARTHOUSE HOSPICE INC.**  
 (INCORPORATED UNDER THE LAWS OF ONTARIO)  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED MARCH 31, 2018

**NOTE 2: SHORT-TERM INVESTMENTS (continued)**

	2018		2017	
	Market Value	Cost	Market Value	Cost
<b>Residential Hospice Fund</b>				
CIBC High Interest Savings				
Account mutual funds	82,580	82,580	82,063	82,060
Ontario Savings Bond, Step-up				
Series 2013, interest 1.25%				
to 2.25%, maturing June 21,				
2018	200,200	200,000	-	-
Guaranteed Investment				
Certificates, non-				
redeemable, interest 1.69%,				
maturing August 13, 2018	377,000	377,000	-	-
Guaranteed Investment				
Certificates, non-				
redeemable, interest 1.8%,				
maturing November 9, 2018	377,000	377,000	-	-
Guaranteed Investment				
Certificates, non-				
redeemable, interest 1.95%,				
maturing February 12, 2019	100,000	100,000	-	-
HSBC Bank Canada				
Guaranteed Investment				
Certificates, interest 2.05%,				
maturing February 12, 2019	100,000	100,000	-	-
	<u>\$ 1,236,780</u>	<u>\$ 1,236,580</u>	<u>\$ 82,063</u>	<u>\$ 82,060</u>
<b>Total short-term investments</b>	<u>\$ 2,342,240</u>	<u>\$ 2,341,890</u>	<u>\$ 755,625</u>	<u>\$ 755,088</u>

**HEARTHOUSE HOSPICE INC.**  
 (INCORPORATED UNDER THE LAWS OF ONTARIO)  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED MARCH 31, 2018

**NOTE 3: OTHER RECEIVABLES**

Other receivables consist of the following:

	2018	2017
<b>Operating Fund</b>		
Accounts receivable	\$ 23,597	\$ 16,131
Harmonized sales tax (HST) recoverable	30,231	22,663
Interest receivable	5,577	7,000
	<u>\$ 59,405</u>	<u>\$ 45,794</u>
<b>Residential Hospice Fund</b>		
Other receivables - land lease	\$ -	\$ 921,552
Interest receivable	5,711	3,123
	<u>\$ 5,711</u>	<u>\$ 924,675</u>
<b>Total other receivables</b>	<u>\$ 65,116</u>	<u>\$ 970,469</u>

In December 2016, HeartHouse served notice to the City of Mississauga ("City") of their intention to terminate the capital lease agreement. HeartHouse and the City finalized the lease termination on April 24, 2017. The lease termination agreement provided for the cancellation of the capital lease to purchase the 4140 Pheasant Run property. The City agreed to refund HeartHouse the principal capital lease payments made by HeartHouse during the term of the capital lease agreement and other costs reimbursable in accordance with the original capital lease agreement and the lease termination agreement. Accordingly, on June 14, 2017, \$921,552 was received from the City. Amounts received from the City included \$54,005 of HST which was subsequently remitted to the government.

**HEARTHOUSE HOSPICE INC.**  
 (INCORPORATED UNDER THE LAWS OF ONTARIO)  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED MARCH 31, 2018

**NOTE 4: LONG-TERM INVESTMENTS**

Long-term investments consist of the following:

	2018		2017	
	Market Value	Cost	Market Value	Cost
<b>Operating Fund</b>				
Ontario Savings Bond, Step-up Series 2013, interest 1.25% to 2.25%, maturing June 21, 2018	\$ -	\$ -	\$ 150,900	\$ 150,000
<b>Residential Hospice Fund</b>				
Ontario Savings Bond, Step-up Series 2013, interest 1.25% to 2.25%, maturing June 21, 2018	\$ -	\$ -	\$ 201,200	\$ 200,000
<b>Total long-term investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 352,100</b>	<b>\$ 350,000</b>

**NOTE 5: CAPITAL ASSETS**

Capital assets consist of the following:

	Cost	Accumulated Amortization	Net Book Value	Net Book Value
			2018	2017
<b>Operating Fund</b>				
Computer equipment	\$ 8,262	\$ 5,522	\$ 2,740	\$ 4,674
Equipment	\$ 28,403	\$ 22,069	\$ 6,334	\$ 5,768
<b>Total capital assets</b>	<b>\$ 36,665</b>	<b>\$ 27,591</b>	<b>\$ 9,074</b>	<b>\$ 10,442</b>

Funding for the purchase of certain capital assets has been provided by various grants and donations to the organization (Note 7).

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**HEARTHOUSE HOSPICE INC.**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED MARCH 31, 2018

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**NOTE 6: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following:

	Operating Fund	Residential Hospice Fund	2018	2017
Accounts payable and accrued liabilities	\$ 175,502	\$ -	\$ 175,502	\$ 140,697
Government remittance payable	28,925	-	28,925	26,794
HST payable (Note 3)	-	-	-	54,005
Due to MHLHIN	91,233	-	91,233	54,762
<b>Total accounts payable and accrued liabilities</b>	<u>\$ 295,660</u>	<u>\$ -</u>	<u>\$ 295,660</u>	<u>\$ 276,258</u>

Under the terms of its funding agreements with the Mississauga Halton Local Health Integration Network ("MHLHIN"), HeartHouse may be required to repay a portion of the grants received if actual expenditures are less than the budgeted expenditures. During 2018, \$91,233 (2017 - \$54,762) was determined to be due to the MHLHIN at year end.

**HEARTHOUSE HOSPICE INC.**  
(INCORPORATED UNDER THE LAWS OF ONTARIO)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED MARCH 31, 2018

**NOTE 7: DEFERRED REVENUE**

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

<b>Purpose of contributions or Contributor</b>	<b>Balance, beginning of year</b>	<b>Additional contributions received</b>	<b>Amortization of deferred contributions</b>	<b>Net change in the year</b>	<b>Balance, end of year</b>
<b>Grants (Note 10)</b>					
Ontario Trillium Foundation	\$ 189,976	\$ 321,600	\$ 380,686	\$ (59,086)	\$ 130,890
Region of Peel	27,801	51,253	44,379	6,874	34,675
	<u>217,777</u>	<u>372,853</u>	<u>425,065</u>	<u>(52,212)</u>	<u>165,565</u>
<b>Donations (Note 11)</b>					
Brampton and Caledon Community Foundation	1,780	-	-	-	1,780
Capital asset purchases	1,670	3,508	893	2,615	4,285
Enersource	10,000	-	4,365	(4,365)	5,635
Miscellaneous donors	-	1,150	789	361	361
The Baxter International Foundation	19,298	-	-	-	19,298
	<u>32,748</u>	<u>4,658</u>	<u>6,047</u>	<u>(1,389)</u>	<u>31,359</u>
<b>Fundraising (Note 11)</b>					
Fundraiser events and other	1,315	111,660	98,680	12,980	14,295
	<u>1,315</u>	<u>111,660</u>	<u>98,680</u>	<u>12,980</u>	<u>14,295</u>
	<u>\$ 251,840</u>	<u>\$ 489,171</u>	<u>\$ 529,792</u>	<u>\$ (40,621)</u>	<u>\$ 211,219</u>

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**HEARTHOUSE HOSPICE INC.**  
(INCORPORATED UNDER THE LAWS OF ONTARIO)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED MARCH 31, 2018

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**NOTE 7: DEFERRED REVENUE - continued**

**Summary of grants and restricted donations**

**Ontario Trillium Foundation**

Ontario Trillium Foundation ("Trillium") has provided \$215,000 in grant funding from April 2014 to March 2017 to fund the costs related to the South Asian Community Education and Outreach program.

Trillium has provided \$225,500 in grant funding from March 2016 to June 2019 to fund the costs related to the diverse palliative, end-of-life program.

Trillium has provided \$303,700 in grant funding from March 2016 to June 2019 to fund the costs related to the Health and Wellness program.

Trillium has provided \$500,000 in grant funding from March 2016 to June 2019 to fund the costs related to the HUUG program.

**Region of Peel**

The Region of Peel has provided \$103,513 in funding from April 2016 to March 2018 to be used in the Children and Youth Grief Network ("CYGN") program. Due to a delay in the initial start of the program, the Region of Peel has verbally agreed to extend the original funding for an additional year.

**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 2018, funding was received from the MHLHIN to assist with the costs related to the renovation of the front entranceway of the office. The grant is being amortized straight-line over 5 years in the same manner as the capital asset is amortized.

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.

**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.

**The Baxter International Foundation**

The Baxter International Foundation ("Baxter") 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. In collaboration with Baxter, the funds remaining from the grant will be reallocated to another program.

**HEARTHOUSE HOSPICE INC.**  
 (INCORPORATED UNDER THE LAWS OF ONTARIO)  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED MARCH 31, 2018

**NOTE 8: 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 \$1,492 per month) plus taxes.

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

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

	Premises	Office equipment
2019	\$ 67,503	\$ 5,012
2020	\$ -	\$ 5,012
2021	\$ -	\$ 5,012

**NOTE 9: INTERNALLY RESTRICTED FUNDS**

Internally restricted funds consist of the following:

	2018	2017
<b>Reserve for special expenditures</b>		
- day program	\$ 7,300	\$ 7,300
- translation of hospice materials	5,000	5,000
	<u>12,300</u>	<u>12,300</u>
<b>Reserve for operating expenses</b>	<u>424,355</u>	<u>424,355</u>
<b>Total Internally restricted funds</b>	<u>\$ 436,655</u>	<u>\$ 436,655</u>



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**NOTE 10: GRANTS**

Grants consist of the following:

	<b>2018</b>	<b>2017</b>
<b>MHLHIN</b>		
Operating	\$ 776,399	\$ 716,399
One-time funding	<u>35,487</u>	<u>51,478</u>
	<u>811,886</u>	<u>767,877</u>
<b>Aging at Home - other agencies</b>		
Acclaim Health and Community Care Services	90,899	90,899
Dorothy Ley Hospice	<u>31,400</u>	<u>31,400</u>
	<u>122,299</u>	<u>122,299</u>
<b>Total MHLHIN funding</b>	934,185	890,176
<b>Other sources</b>		
Federal funding for a summer student	3,388	3,560
Ontario Trillium Foundation	328,474	452,000
Region of Peel	<u>44,379</u>	<u>30,602</u>
	<u>1,310,426</u>	<u>1,376,338</u>
Change in deferred revenue for year	<u>52,212</u>	<u>(172,158)</u>
<b>Total grants revenue</b>	<u>\$ 1,362,638</u>	<u>\$ 1,204,180</u>

HeartHouse receives funding for the Aging at Home program from the MHLHIN. The funding received includes funding for 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.

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**NOTE 11: FUNDRAISING AND DONATIONS**

In the Operating Fund, fundraising and donations consist of the following:

	2018	2017
<b>Donations</b>		
Gross donation revenues	\$ 455,453	\$ 180,293
Change in deferred revenue for year	<u>1,390</u>	<u>(18,673)</u>
	<u>\$ 456,843</u>	<u>\$ 161,620</u>
<b>Fundraising</b>		
Gross fundraising revenues	\$ 290,612	\$ 212,552
Change in deferred revenue for year	<u>(12,980)</u>	<u>2,240</u>
	<u>\$ 277,632</u>	<u>\$ 214,792</u>

**NOTE 12: ADMINISTRATION COSTS**

Administration costs consist of the following:

	Operating Fund	Residential Hospice Fund	2018	2017
Rent and utilities	\$ 82,821	\$ -	\$ 82,821	\$ 81,790
Office supplies and miscellaneous	81,977	14	81,991	101,579
Professional fees	77,438	779	78,217	110,899
Travel	19,018	-	19,018	20,281
Telephone	12,327	-	12,327	11,320
Staff development	7,993	-	7,993	9,509
Building maintenance	7,908	-	7,908	15,234
Insurance	7,074	813	7,887	8,795
Bank charges and fees	5,117	269	5,386	3,688
Annual dues and licences	4,885	-	4,885	3,973
Meetings	3,468	-	<u>3,468</u>	<u>12,939</u>
<b>Total administration costs</b>	<u>\$ 310,026</u>	<u>\$ 1,875</u>	<u>\$ 311,901</u>	<u>\$ 380,007</u>

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**NOTE 13: REVENUE AND EXPENSES BY PROGRAM - Operating Fund**

	2018	2017
<b>Revenue</b>		
<b>MHLHIN</b>		
Operations	\$ 776,399	\$ 716,399
Aging at Home	122,299	122,299
One-time funding	35,487	51,478
<b>Trillium Foundation</b>		
HUUG	216,162	78,725
Health and Wellness	91,855	68,974
South Asian counsellor	67,815	54,924
South Asian outreach	6,859	81,959
Donations	442,873	156,834
Fundraising events	277,632	214,792
Children and Youth Grief Network	44,879	30,648
Miscellaneous income	12,757	31,099
Investment income	12,619	11,966
Other programs	11,740	-
Other government funding	3,388	3,560
<b>Total revenue</b>	<u>2,122,764</u>	<u>1,623,657</u>
<b>Expenses</b>		
<b>Program costs</b>		
Hospice visiting	521,967	546,263
Trillium Foundation - HUUG	216,133	78,725
Aging at Home	122,299	122,299
Volunteer training and outreach	111,777	65,430
Trillium Foundation - Health and Wellness	91,848	68,974
Trillium Foundation - South Asian counsellor	67,751	54,924
Volunteer coordination	59,326	52,219
Children and Youth Grief Network	44,879	30,648
Trillium Foundation - South Asian outreach	10,896	82,817
	<u>1,246,876</u>	<u>1,102,299</u>
<b>Unallocated costs</b>		
Fundraising	257,495	264,844
Administration	241,098	278,857
Facilities	99,540	105,438
Other	7,774	424
	<u>605,907</u>	<u>649,563</u>
<b>Total expenses</b>	<u>1,852,783</u>	<u>1,751,862</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 269,981</u>	<u>\$ (128,205)</u>

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**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, 2017 the balance held by the Foundation is \$12,300 (December 31, 2016 - \$12,601).

**NOTE 15: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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

**NOTE 16: ECONOMIC DEPENDENCE**

In the 2018 fiscal year, approximately 57% (2017 - 79%) of the organization's funds were from grants by the MHLHIN and Trillium Foundation and 36% (2017 - 26%) were from donations and fundraising. Should the funding cease, management is of the opinion that it would be questionable that the organization could continue operating in its present form.

**NOTE 17: COMPARATIVE FIGURES**

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