

COWICHAN VALLEY HOSPICE SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)

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Review Engagement Report

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for the year ended December 31, 2013

Notes to the Financial Statements



Alex E. Palmer, B.Sc., C.A.*
Tammy Leslie, C.G.A., C.A.*

Herman Godefroy, C.G.A.*

*a professional corporation

**To the Members of the
Cowichan Valley Hospice Society
Duncan, BC**

Review Engagement Report

We have reviewed the Statement of Financial Position of Cowichan Valley Hospice Society as at December 31, 2013 and the Statements of Changes in Net Assets, Operations and Cash Flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit, and consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for Not-for-Profit organizations in a manner consistent with that of the prior year.

A handwritten signature in dark ink, appearing to read 'Palmer Leslie'.

Duncan, BC
May 7, 2014

Chartered Accountants

COWICHAN VALLEY HOSPICE SOCIETY

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2013

(Unaudited)

ASSETS

	OPERATING FUND		CAPITAL FUND	
	2013	2012	2013	2012
CURRENT				
Cash	\$ 60,210	\$ 41,872	\$ -	\$ 2,784
Accounts receivable (Note 4)	1,105	5,410	-	-
Prepaid expenses (Note 5)	1,294	2,906	-	-
	<u>62,609</u>	<u>50,188</u>	<u>-</u>	<u>2,784</u>
TERM DEPOSITS (Note 6)	5,090	5,000	-	-
PROPERTY, PLANT & EQUIPMENT (Note 7)	<u>-</u>	<u>-</u>	<u>172,513</u>	<u>165,919</u>
	<u>\$ 67,699</u>	<u>\$ 55,188</u>	<u>\$ 172,513</u>	<u>\$ 168,703</u>

LIABILITIES

CURRENT				
Accounts payable and accrued	\$ 7,410	\$ 8,379	\$ -	\$ -
Wages and benefits payable	10,567	13,321	-	-
Deferred revenues (Note 9)	7,564	7,668	-	2,784
Current portion of mortgage payable (Note 10)	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,947</u>
	<u>25,541</u>	<u>29,368</u>	<u>-</u>	<u>16,731</u>
MORTGAGE PAYABLE (Note 10)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>25,541</u>	<u>29,368</u>	<u>-</u>	<u>16,731</u>

NET ASSETS

Net assets invested in capital (Exhibit "B")	-	-	172,513	151,972
Unrestricted net assets (Exhibit "B")	<u>42,158</u>	<u>25,820</u>	<u>-</u>	<u>-</u>
	<u>42,158</u>	<u>25,820</u>	<u>172,513</u>	<u>151,972</u>
	<u>\$ 67,699</u>	<u>\$ 55,188</u>	<u>\$ 172,513</u>	<u>\$ 168,703</u>

APPROVED BY THE BOARD

_____, Director

_____, Director

PALMER LESLIE
CHARTERED ACCOUNTANTS

COWICHAN VALLEY HOSPICE SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

(Unaudited)

	OPERATING FUND		CAPITAL FUND	
	2013	2012	2013	2012
BALANCE, beginning of year	<u>\$ 25,820</u>	<u>\$ 11,190</u>	<u>\$ 151,972</u>	<u>\$ 153,653</u>
Net Revenue/(Expenses) (Exhibit "C")	38,095	14,623	(1,216)	(1,674)
Assets acquired	(10,594)	-	10,594	
Mortgage donations	2,784	2,662	(2,784)	(2,662)
Mortgage principal	<u>(13,947)</u>	<u>(2,655)</u>	<u>13,947</u>	<u>2,655</u>
Change in net assets	<u>16,338</u>	<u>14,630</u>	<u>20,541</u>	<u>(1,681)</u>
BALANCE, end of year (Exhibit "A")	<u><u>\$ 42,158</u></u>	<u><u>\$ 25,820</u></u>	<u><u>\$ 172,513</u></u>	<u><u>\$ 151,972</u></u>

PALMER LESLIE
CHARTERED ACCOUNTANTS

COWICHAN VALLEY HOSPICE SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Unaudited)

	OPERATING FUND		CAPITAL FUND	
	2013	2012	2013	2012
REVENUE				
Donations	\$ 51,563	\$ 56,809	\$ 2,784	\$ 2,662
Fundraising (Note 12)	148,008	119,222	-	-
Gaming	77,820	79,812	-	-
Cowichan Valley United Way	15,000	20,090	-	-
Central & North Vancouver Island United Way	6,606	9,351	-	-
Grants	52,400	9,000	-	-
VIHA Grants	15,700	15,700	-	-
Interest	86	186	-	-
Duncan Dabber Bingo Society distributions (Note 11)	3,250	1,607	-	-
Other	3,735	6,966	-	-
	<u>374,168</u>	<u>318,743</u>	<u>2,784</u>	<u>2,662</u>
EXPENSES				
Avertising and promotion	3,167	3,294	-	-
Amortization	-	-	4,000	4,336
Bank charges and interest	1,185	1,346	-	-
Fundraising costs (Note 12)	40,831	30,876	-	-
Insurance	3,496	3,025	-	-
Interest on long term debt	588	724	-	-
Licences, dues and fees	996	749	-	-
Materials and supplies	5,186	3,878	-	-
Office and miscellaneous	4,838	4,710	-	-
Professional fees	4,408	4,189	-	-
Property taxes	727	689	-	-
Repairs and maintenance	2,554	2,831	-	-
Small equipment purchases	4,131	6,105	-	-
Subcontract	1,657	2,900	-	-
Training and development	10,133	11,880	-	-
Travel	1,840	2,064	-	-
Utilities	7,308	7,535	-	-
Volunteer expenses	1,879	1,361	-	-
Wages, benefits and expenses	241,149	215,964	-	-
	<u>336,073</u>	<u>304,120</u>	<u>4,000</u>	<u>4,336</u>
EXCESS/(DEFICIT) OF REVENUE OVER EXPENSES				
FOR THE YEAR - Exhibit "B" & "D"	<u>\$ 38,095</u>	<u>\$ 14,623</u>	<u>\$ (1,216)</u>	<u>\$ (1,674)</u>

COWICHAN VALLEY HOSPICE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

(Unaudited)

	OPERATING FUND		CAPITAL FUND	
	2013	2012	2013	2012
CASH FROM OPERATING ACTIVITIES				
Net Revenues/(Expenses) (Exhibit "C")	\$ 38,095	\$ 14,623	\$ (1,216)	\$ (1,674)
Add back: Amortization	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>4,336</u>
	38,095	14,623	2,784	2,662
Net changes in non-cash working capital				
Accounts receivable	4,304	(3,345)	-	-
Prepaid expenses	1,612	188	-	-
Accounts payable and accrued	(968)	3,185	-	-
Wages and benefits payable	(2,754)	5,933	-	-
Deferred contributions	<u>2,680</u>	<u>(72,632)</u>	<u>(2,784)</u>	<u>(2,662)</u>
Net cash generated through operating activities	<u>42,969</u>	<u>(52,048)</u>	<u>-</u>	<u>-</u>
INVESTING ACTIVITIES				
Term deposits	(90)	(5,000)	-	-
Additions to property, plant and equipment	<u>-</u>	<u>-</u>	<u>(10,594)</u>	<u>-</u>
Cash flows from investing activities	<u>(90)</u>	<u>(5,000)</u>	<u>(10,594)</u>	<u>-</u>
FINANCING ACTIVITIES				
Mortgage payable	<u>-</u>	<u>-</u>	<u>(13,947)</u>	<u>(2,655)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>	<u>(13,947)</u>	<u>(2,655)</u>
INTERFUND TRANSFERS:				
Revenue/Expenses	-	(2,655)	-	2,655
Mortgage donations	(13,947)	2,662	13,947	(2,662)
Asset purchases	<u>(10,594)</u>	<u>-</u>	<u>10,594</u>	<u>-</u>
Net interfund transfers	<u>(24,541)</u>	<u>7</u>	<u>24,541</u>	<u>(7)</u>
Net increase/(decrease) in cash	18,338	(57,041)	-	(2,662)
Cash, beginning of year	<u>41,872</u>	<u>98,913</u>	<u>-</u>	<u>5,446</u>
Cash, end of year	<u>\$ 60,210</u>	<u>\$ 41,872</u>	<u>\$ -</u>	<u>\$ 2,784</u>
Represented by:				
Cash	<u>\$ 60,210</u>	<u>\$ 41,872</u>	<u>\$ -</u>	<u>\$ 2,784</u>
Supplemental information:				
Cash paid for: interest	<u>\$ 1,773</u>	<u>\$ 2,070</u>	<u>\$ -</u>	<u>\$ -</u>
Cash received for: interest	<u>\$ 176</u>	<u>\$ 186</u>	<u>\$ -</u>	<u>\$ -</u>

**COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

(Unaudited)

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1. OPERATIONS

Cowichan Valley Hospice Society is a Not-for-Profit community agency incorporated under the Society Act of British Columbia on April 15, 1981. Its purpose is to provide skilled and compassionate support services to the dying and bereaved and their families and friends, with sensitivity to their culture, values and beliefs. The Society is registered as a Charity under the Income Tax Act (11887 8388 RR) and is therefore tax-exempt under Section 149(1)(f).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting standards

These financial statements have been prepared in accordance with standards for Not for Profit Organizations which is one of the financial reporting frameworks included in Canadian Generally Accepted Accounting Principles.

b) Fund accounting

The Society follows the deferral method of accounting for contributions. The Operating Fund reports unrestricted and restricted assets, liabilities, revenues and expenses related to the Society's activities. The Capital Asset Fund reports the ownership, liabilities and equity related to the Society's capital assets.

c) Property, Plant & Equipment

Property, plant and equipment are recorded at cost. Expenditures and additions which substantially increase the useful life of existing assets are capitalized. Amortization of these assets is based on the following rates:

Building	40 years straight-line
Furniture and fixtures	5 years straight-line
Office equipment	5 years straight-line
Computer equipment	3 years straight-line
Computer software	1 year straight-line

One-half of the year's amortization is recorded in the year of purchase and none in the year of disposal.

d) Cash

Cash includes cash on hand and balances with banks net of bank overdrafts.

COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

(Unaudited)

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2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

e) Revenue Recognition

i) The Society follows the deferral method of accounting for donations, fundraising, gaming, Cowichan Valley United Way, Central & Northern Vancouver Island United Way, grants, Duncan Dabbers and other contributions. Restricted contributions and grants relating to the general operations of the Society are recognized in the Statement of Operations in the year in which the related expenses are incurred. Unrestricted contributions and grants that can be reasonably estimated and collection is reasonably assured are recorded as revenue in the Statement of Operations in the year received.

ii) Interest income earned is recognized as revenue in the year the investment income is earned.

f) 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 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 current period. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

g) Donated Services

If donated services are received by the Society the value of these services are not recognized in these statements.

**COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

(Unaudited)

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3. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, term deposits, accounts payable and accrued, and the mortgage. It is the board's opinion that the Society is not exposed to significant credit risk, liquidity risk, market risk or currency risk arising from these financial instruments. For further information regarding these financial instruments please see notes 4, 6 and 10.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of the Society to interest rate risk arises from its interest bearing term deposit. The Society manages its exposure to interest rate risk through contracts stating the guaranteed rate. Fluctuations in market rates of interest on the term deposits do not have a significant impact on the Society's results of operations.

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2013	2012
Grants receivable	\$ -	\$ 3,148
Goods and sales tax recoverable (GST)	<u>1,105</u>	<u>2,262</u>
	<u>\$ 1,105</u>	<u>\$ 5,410</u>

HST recoverable has been calculated as 50% of the 5% federal portion and 57% of the 7% provincial portion paid in accordance with HST requirements for Not-for-Profit Organizations.

GST recoverable has been calculated as 50% of the 5% federal portion paid in accordance with GST requirements for Not-for-Profit Organizations commencing April 1, 2013.

**COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

(Unaudited)

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5. PREPAID EXPENSES

Prepaid expenses consist of the following:	2013	2014
Prepaid director insurance and other prepaid deposits	<u>\$ 3,512</u>	<u>\$ 2,906</u>

6. TERM DEPOSITS

ISCU Term Deposit	<u>\$ 5,090</u>	<u>\$ 5,000</u>
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The term deposit is externally restricted by a donor for residential hospice support. The term deposit is held at Island Savings Credit Union accruing interest at a rate of 1.8% to be paid annually on September 7th. The term deposit is due to mature on March 7, 2014.

7. PROPERTY, PLANT & EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2013
Land	\$ 70,100	\$ -	\$ 70,100
Building	136,493	34,328	102,165
Furniture and fixtures	<u>16,923</u>	<u>16,675</u>	<u>248</u>
	<u>\$ 236,910</u>	<u>\$ 74,991</u>	<u>\$ 172,513</u>

	Cost	Accumulated Amortization	Net Book Value 2012
Land	\$ 70,100	\$ -	\$ 70,100
Building	125,899	31,048	94,851
Furniture and fixtures	<u>16,923</u>	<u>15,955</u>	<u>967</u>
	<u>\$ 236,910</u>	<u>\$ 70,991</u>	<u>\$ 165,919</u>

The Society recorded amortization of \$4,000 in the current year (2012 - \$4,336).

**COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

(Unaudited)

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8. BANK INDEBTEDNESS

The Society holds a \$200,000 operating line of credit with Island Savings Credit Union with an interest rate of prime plus 1% per annum which is payable on demand. The Society has not utilized this extended credit during the 2013 fiscal year.

9. DEFERRED REVENUES

Deferred contributions represent Donations and fundraised dollars received that remain unspent. Changes in the deferred contributions balance are as follows:

	2013	2012
Comfort supplies for Cowichan Dist. Hospital	\$ 2,564	\$ 2,668
Restricted residential hospice donation	5,000	5,000
Donations designated for mortgage principal	<u>-</u>	<u>2,784</u>
	<u>\$ 7,564</u>	<u>\$ 10,452</u>

10. MORTGAGE PAYABLE

Mortgage payable - Island Savings Credit Union; terms required minimum payments of \$65 weekly plus interest at 4.75% per annum locked in until November 1, 2013. The mortgage matured on November 1, 2013. Secured by land and building at 3122 Gibbins Road, Duncan, BC with a net book value of \$172,265. The mortgage was paid off in December 2013.

**COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

(Unaudited)

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11. DUNCAN DABBER BINGO SOCIETY DISTRIBUTIONS

The Duncan Dabber Bingo Society is operated by a Society of Registered Charities. This Society is responsible for all expenses and the net proceeds are distributed quarterly to participating organizations.

12. FUNDRAISING ACTIVITIES

	2013	2012
Reel Alternatives:		
Revenue	\$ 56,369	\$ 38,678
Expenses	<u>24,879</u>	<u>18,684</u>
Net revenue over expenses	<u>\$ 31,490</u>	<u>\$ 19,994</u>
Hike for Hospice:		
Revenue	\$ 35,512	\$ 31,971
Expenses	<u>3,387</u>	<u>2,236</u>
Net revenue over expenses	<u>\$ 32,125</u>	<u>\$ 29,735</u>
Golf Tournament:		
Revenue	\$ 36,720	\$ 30,348
Expenses	<u>9,490</u>	<u>7,010</u>
Net revenue over expenses	<u>\$ 27,230</u>	<u>\$ 23,338</u>
Direct Mail, Bracelets and Other:		
Revenue	\$ 9,786	\$ 10,605
Expenses	<u>3,077</u>	<u>1,557</u>
Net revenue over expenses	<u>\$ 6,709</u>	<u>\$ 9,048</u>