

**COWICHAN VALLEY HOSPICE SOCIETY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(UNAUDITED)**

**INDEX**

Review Engagement Report

Exhibit "A" - Statement of Financial Position at December 31, 2012

Exhibit "B" - Statement of Changes in Net Assets

for the year ended December 31, 2012

Exhibit "C" - Statement of Operations

for the year ended December 31, 2012

Exhibit "D" - Statement of Cash Flows

for the year ended December 31, 2012

Notes to the Financial Statements

**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, 2012 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.

We draw attention to Notes 2(a) and 13 to the financial statements which describe that Cowichan Valley Hospice Society adopted Canadian accounting standards for Not-for-Profit Organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the Statements of Financial Position and Changes in Net Assets as at December 31, 2011 and January 1, 2011 and the Statements of Operations and Cash Flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information and, as such, it is neither audited nor reviewed.

Duncan, BC  
March 13, 2013



Chartered Accountants

## COWICHAN VALLEY HOSPICE SOCIETY

## STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2012

(Unaudited)

## ASSETS

## CURRENT

Cash  
Accounts receivable (Note 4)  
Prepaid expenses (Note 5)

| OPERATING FUND       |                                   |                                 |
|----------------------|-----------------------------------|---------------------------------|
| December<br>31, 2012 | December<br>31, 2011<br>(Note 13) | January<br>1, 2011<br>(Note 13) |
| \$ 41,872            | \$ 98,913                         | \$ 20,854                       |
| 5,410                | 2,065                             | 1,491                           |
| 2,906                | 3,094                             | 2,967                           |
| 50,188               | 104,072                           | 25,312                          |
| 5,000                | -                                 | -                               |
|                      | -                                 | -                               |
| <u>\$ 55,188</u>     | <u>\$ 104,072</u>                 | <u>\$ 25,312</u>                |

TERM DEPOSITS (Note 6)

PROPERTY, PLANT &amp; EQUIPMENT (Note 7)

## CURRENT

Accounts payable and accrued  
Wages and benefits payable  
Deferred revenues (Note 9)  
Current portion of long term debt (Note 10)

| LIABILITIES |          |          |
|-------------|----------|----------|
| \$ 8,379    | \$ 5,194 | \$ 4,733 |
| 13,321      | 7,388    | 7,473    |
| 7,668       | 80,300   | 4,300    |
| -           | -        | -        |
| 29,368      | 92,882   | 16,506   |
| -           | -        | -        |
| 29,368      | 92,882   | 16,506   |

LONG TERM DEBT (Note 10)

Net assets invested in capital (Exhibit "B")

Unrestricted net assets (Exhibit "B")

| NET ASSETS       |                   |                  |
|------------------|-------------------|------------------|
| -                | -                 | -                |
| 25,820           | 11,190            | 8,806            |
| 25,820           | 11,190            | 8,806            |
| <u>\$ 55,188</u> | <u>\$ 104,072</u> | <u>\$ 25,312</u> |

## CAPITAL FUND

| December<br>31, 2012 | December<br>31, 2011<br>(Note 13) | January<br>1, 2011<br>(Note 13) |
|----------------------|-----------------------------------|---------------------------------|
| \$ 2,784             | \$ 5,446                          | \$ -                            |
| -                    | -                                 | -                               |
| -                    | -                                 | -                               |
| 2,784                | 5,446                             | -                               |
| 13,947               | 2,662                             | 3,161                           |
| 16,731               | 8,108                             | 3,161                           |
| -                    | 13,940                            | 15,996                          |
| 16,731               | 22,048                            | 19,157                          |
| 151,972              | 153,653                           | 135,649                         |
| -                    | -                                 | -                               |
| 151,972              | 153,653                           | 135,649                         |
| <u>\$ 168,703</u>    | <u>\$ 175,701</u>                 | <u>\$ 154,806</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, 2012**

(Unaudited)

|                                      | OPERATING FUND       |                                   |                                 | CAPITAL FUND         |                                   |                                 |
|--------------------------------------|----------------------|-----------------------------------|---------------------------------|----------------------|-----------------------------------|---------------------------------|
|                                      | December<br>31, 2012 | December<br>31, 2011<br>(Note 13) | January<br>1, 2011<br>(Note 13) | December<br>31, 2012 | December<br>31, 2011<br>(Note 13) | January<br>1, 2011<br>(Note 13) |
| BALANCE, beginning of year           | \$ 11,190            | \$ 8,806                          | \$ 8,806                        | \$ 153,653           | \$ 135,649                        | \$ 135,649                      |
| Net Revenue/(Expenses) (Exhibit "C") | 14,623               | 22,379                            | -                               | (1,674)              | (1,991)                           | -                               |
| Equipment acquired                   | -                    | (19,995)                          | -                               | -                    | 19,995                            | -                               |
| Mortgage donations                   | 2,662                |                                   |                                 | (2,662)              |                                   |                                 |
| Mortgage principal                   | (2,655)              | -                                 | -                               | 2,655                | -                                 | -                               |
| Change in net assets                 | 14,630               | 2,384                             | -                               | (1,681)              | 18,004                            | -                               |
| BALANCE, end of year (Exhibit "A")   | <u>\$ 25,820</u>     | <u>\$ 11,190</u>                  | <u>\$ 8,806</u>                 | <u>\$ 151,972</u>    | <u>\$ 153,653</u>                 | <u>\$ 135,649</u>               |

## COWICHAN VALLEY HOSPICE SOCIETY

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

(Unaudited)

|   | OPERATING FUND       |                                   | CAPITAL FUND         |                                   |
|---|----------------------|-----------------------------------|----------------------|-----------------------------------|
|   | December<br>31, 2012 | December<br>31, 2011<br>(Note 13) | December<br>31, 2012 | December<br>31, 2011<br>(Note 13) |
| <b>REVENUE</b>                                      |                      |                                   |                      |                                   |
| Donations   | \$ 56,809            | \$ 56,655                         | \$ 2,662             | \$ 2,554                          |
| Fundraising (Note 12)                               | 119,222              | 90,603                            | -                    | -                                 |
| Gaming  | 79,812               | 59,911                            | -                    | -                                 |
| Cowichan Valley United Way                          | 20,090               | 20,000                            | -                    | -                                 |
| Central & North Vancouver Island United Way         | 9,351                | 9,131                             | -                    | -                                 |
| Grants  | 9,000                | 800                               | -                    | -                                 |
| VIHA Grants   | 15,700               | 11,700                            | -                    | -                                 |
| Interest  | 186                  | 25                                | -                    | -                                 |
| Duncan Dabber Bingo Society distributions (Note 11) | 1,607                | 6,744                             | -                    | -                                 |
| Other   | 6,966                | 5,219                             | -                    | -                                 |
|   | <u>318,743</u>       | <u>260,788</u>                    | <u>2,662</u>         | <u>2,554</u>                      |
| <b>EXPENSES</b>                                     |                      |                                   |                      |                                   |
| Avertising and promotion                            | 3,294                | 2,110                             | -                    | -                                 |
| Amortization  | -                    | -                                 | 4,336                | 4,545                             |
| Bank charges and interest                           | 1,346                | 940                               | -                    | -                                 |
| Fundraising costs (Note 12)                         | 30,876               | 23,126                            | -                    | -                                 |
| Insurance   | 3,025                | 3,194                             | -                    | -                                 |
| Interest on long term debt                          | 724                  | 862                               | -                    | -                                 |
| Licences, dues and fees                             | 749                  | 832                               | -                    | -                                 |
| Materials and supplies                              | 3,878                | 2,487                             | -                    | -                                 |
| Office and miscellaneous                            | 4,710                | 5,234                             | -                    | -                                 |
| Professional fees                                   | 4,189                | 4,713                             | -                    | -                                 |
| Property taxes                                      | 689                  | 655                               | -                    | -                                 |
| Repairs and maintenance                             | 2,831                | 7,181                             | -                    | -                                 |
| Small equipment purchases                           | 6,105                | 786                               | -                    | -                                 |
| Subcontract   | 2,900                | -                                 | -                    | -                                 |
| Training and development                            | 11,880               | 10,284                            | -                    | -                                 |
| Travel  | 2,064                | 1,906                             | -                    | -                                 |
| Utilities   | 7,535                | 7,008                             | -                    | -                                 |
| Volunteer expenses                                  | 1,361                | 531                               | -                    | -                                 |
| Wages, benefits and expenses                        | 215,964              | 166,560                           | -                    | -                                 |
|   | <u>304,120</u>       | <u>238,409</u>                    | <u>4,336</u>         | <u>4,545</u>                      |
| <b>EXCESS/(DEFICIT) OF REVENUE OVER EXPENSES</b>    |                      |                                   |                      |                                   |
| <b>FOR THE YEAR - Exhibit "B" &amp; "D"</b>         | <u>\$ 14,623</u>     | <u>\$ 22,379</u>                  | <u>\$ (1,674)</u>    | <u>\$ (1,991)</u>                 |

**COWICHAN VALLEY HOSPICE SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(Unaudited)

|  | OPERATING FUND       |                                   | CAPITAL FUND         |                                   |
|--|----------------------|-----------------------------------|----------------------|-----------------------------------|
|  | December<br>31, 2012 | December<br>31, 2011<br>(Note 13) | December<br>31, 2012 | December<br>31, 2011<br>(Note 13) |
| <b>CASH FROM OPERATING ACTIVITIES</b>                  |                      |                                   |                      |                                   |
| Net Revenues/(Expenses) (Exhibit "C")                  | \$ 14,623            | \$ 22,379                         | \$ (1,674)           | \$ (1,991)                        |
| Add back: Amortization                                 | -                    | -                                 | 4,336                | 4,545                             |
|  | 14,623               | 22,379                            | 2,662                | 2,554                             |
| <b>Net changes in non-cash working capital</b>         |                      |                                   |                      |                                   |
| Accounts receivable                                    | (3,345)              | (573)                             | -                    | -                                 |
| Prepaid expenses                                       | 188                  | (127)                             | -                    | -                                 |
| Accounts payable and accrued                           | 3,185                | 460                               | -                    | -                                 |
| Wages and benefits payable                             | 5,933                | (85)                              | -                    | -                                 |
| Deferred contributions                                 | (72,632)             | 76,000                            | (2,662)              | 5,446                             |
| <b>Net cash generated through operating activities</b> | <b>(52,048)</b>      | <b>98,054</b>                     | <b>-</b>             | <b>8,000</b>                      |
| <b>INVESTING ACTIVITIES</b>                            |                      |                                   |                      |                                   |
| Term deposits  | (5,000)              | -                                 | -                    | -                                 |
| Additions to property, plant and equipment             | -                    | -                                 | -                    | (19,995)                          |
| <b>Cash flows from investing activities</b>            | <b>(5,000)</b>       | <b>-</b>                          | <b>-</b>             | <b>(19,995)</b>                   |
| <b>FINANCING ACTIVITIES</b>                            |                      |                                   |                      |                                   |
| Mortgage payable                                       | -                    | -                                 | (2,655)              | (2,554)                           |
| <b>Cash flows from financing activities</b>            | <b>-</b>             | <b>-</b>                          | <b>(2,655)</b>       | <b>(2,554)</b>                    |
| <b>INTERFUND TRANSFERS:</b>                            |                      |                                   |                      |                                   |
| Revenue/Expenses                                       | (2,655)              | -                                 | 2,655                | -                                 |
| Mortgage donations                                     | 2,662                | -                                 | (2,662)              | -                                 |
| Asset purchases  | -                    | (19,995)                          | -                    | 19,995                            |
| <b>Net interfund transfers</b>                         | <b>7</b>             | <b>(19,995)</b>                   | <b>(7)</b>           | <b>19,995</b>                     |
| <b>Net increase/(decrease) in cash</b>                 | <b>(57,041)</b>      | <b>78,059</b>                     | <b>(2,662)</b>       | <b>5,446</b>                      |
| <b>Cash, beginning of year</b>                         | <b>98,913</b>        | <b>20,854</b>                     | <b>5,446</b>         | <b>-</b>                          |
| <b>Cash, end of year</b>                               | <b>\$ 41,872</b>     | <b>\$ 98,913</b>                  | <b>\$ 2,784</b>      | <b>\$ 5,446</b>                   |
| <b>Represented by:</b>                                 |                      |                                   |                      |                                   |
| Cash   | \$ 41,872            | \$ 98,913                         | \$ 2,784             | \$ 5,446                          |
| <b>Supplemental information:</b>                       |                      |                                   |                      |                                   |
| Cash paid for: interest                                | \$ 2,070             | \$ 1,802                          | \$ -                 | \$ -                              |
| Cash received for: interest                            | \$ 186               | \$ 25                             | \$ -                 | \$ -                              |

**COWICHAN VALLEY HOSPICE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(Unaudited)

-1-

**1. PURPOSE OF THE ORGANIZATION**

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**

The Society follows accounting principles which are generally accepted for Not-for-Profit Organizations.

**(a) Adoption of accounting standards**

These financial statements were prepared in accordance with Part III of the CICA Handbook-Accounting ("Part III").

The Society's first reporting period using Part III is for the year ended December 31, 2012. As a result, the date of transition to Part III is January 1, 2011. The Society presented financial statements under its previous Canadian Generally Accepted Accounting Principles ("GAAP") annually to December 31st of each fiscal year up to, and including, December 31, 2011.

As these financial statements are the first financial statements for which the Society has applied Part III, the financial statements have been prepared in accordance with the provisions set out in Section 1501 of Part III, First-time Adoption by Not-for-Profit Organizations.

The Society is required to apply Part III effective for the period ending December 31, 2012 in:

- a) Preparing and presenting its opening Statement of Financial Position and Changes in Net Assets at January 1, 2011; and
- b) Preparing and presenting its statement of Financial Position for December 31, 2012 (including comparative amounts for 2011), Statement of Changes in Net Assets, Operations and Cash Flows for the year ended December 31, 2012 (including comparative amounts for 2011) and disclosures (including comparative information for 2011).

**COWICHAN VALLEY HOSPICE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(Unaudited)

-2-

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(b) Property, plant and 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.

**(c) 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.

**(d) 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.



**COWICHAN VALLEY HOSPICE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(Unaudited)

- 3 -

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(e) 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 Statement of Operations as appropriate in the year they become known.

**(f) Cash**

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

**(g) Donated services**

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

**(h) Financial instruments**

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly to the instrument.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations in the period incurred.

Financial assets measured at amortized cost include cash, receivables, and term deposits.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, wages payable and mortgage payable.

**3. FINANCIAL INSTRUMENTS**

The Society's financial instruments consist of cash, accounts receivable, term deposits, accounts payable and accrued liabilities, wages and benefits payable, and mortgage payable. 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, 8 and 10.

**COWICHAN VALLEY HOSPICE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(Unaudited)

- 4 -

**3. FINANCIAL INSTRUMENTS Cont'd**

**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**

|                      | December<br>31, 2011 | December<br>31, 2011 | January<br>1, 2011 |
|----------------------|----------------------|----------------------|--------------------|
| Grants receivable    | \$ 3,148             | \$ -                 | \$ -               |
| Harmonized Sales Tax | <u>2,262</u>         | <u>2,065</u>         | <u>1,491</u>       |
|                      | <u>\$ 5,410</u>      | <u>\$ 2,065</u>      | <u>\$ 1,491</u>    |

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

**5. PREPAID EXPENSES**

|  | December<br>31, 2011 | December<br>31, 2011 | January<br>1, 2011 |
|--|----------------------|----------------------|--------------------|
|  | <u>\$ 2,906</u>      | <u>\$ 3,094</u>      | <u>\$ 2,967</u>    |

Prepaid expenses consist of prepaid property insurance, directors' insurance, workshops and other prepaid deposits.

**6. TERM DEPOSITS**

|                   | December<br>31, 2011 | December<br>31, 2011 | January<br>1, 2011 |
|-------------------|----------------------|----------------------|--------------------|
| ISCU term deposit | <u>\$ 5,000</u>      | <u>\$ -</u>          | <u>\$ -</u>        |

The long 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.

**PALMER LESLIE**  
**CHARTERED ACCOUNTANTS**

**COWICHAN VALLEY HOSPICE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(Unaudited)

- 5 -

**7. PROPERTY, PLANT AND EQUIPMENT**

|                        | Cost              | Accumulated<br>Amortization | Net Book<br>Value<br>December<br>31, 2012 |
|------------------------|-------------------|-----------------------------|---|
| Land                   | \$ 70,100         | \$ -                        | \$ 70,100                                 |
| Building               | 125,899           | 31,048                      | 94,851                                    |
| Furniture and fixtures | 16,923            | 15,955                      | 968                                       |
| Office equipment       | 6,777             | 6,777                       | -   |
| Computer equipment     | 13,154            | 13,154                      | -   |
| Computer software      | <u>4,057</u>      | <u>4,057</u>                | <u>-</u>                                  |
|                        | <u>\$ 236,910</u> | <u>\$ 70,991</u>            | <u>\$ 165,919</u>                         |

|                        | Cost              | Accumulated<br>Amortization | Net Book Value       |                    |
|------------------------|-------------------|-----------------------------|----------------------|--------------------|
|                        |                   |                             | December<br>31, 2011 | January<br>1, 2011 |
| Land                   | \$ 70,100         | \$ -                        | \$ 70,100            | \$ 70,100          |
| Building               | 125,899           | 27,900                      | 97,999               | 80,902             |
| Furniture and fixtures | 16,923            | 14,766                      | 2,156                | 3,528              |
| Office equipment       | 6,777             | 6,777                       | -                    | 4                  |
| Computer equipment     | 13,154            | 13,154                      | -                    | 52                 |
| Computer software      | <u>4,057</u>      | <u>4,057</u>                | <u>-</u>             | <u>220</u>         |
|                        | <u>\$ 236,910</u> | <u>\$ 66,654</u>            | <u>\$ 170,255</u>    | <u>\$ 154,806</u>  |

The Society recorded amortization of \$4,336 in the current year (2011 - \$4,545).

**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 2012 fiscal year.

**COWICHAN VALLEY HOSPICE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(Unaudited)

- 6 -

**9. DEFERRED REVENUES**

|  | December<br>31, 2012 | December<br>31, 2011 | January<br>1, 2011 |
|--|----------------------|----------------------|--------------------|
| Victoria Foundation grant                    | \$ -                 | \$ 6,000             | \$ -               |
| Comfort supplies for Cowichan Dist. Hospital | 2,668                | 4,300                | 4,300              |
| Restricted residential hospice donation      | 5,000                | -                    | -                  |
| Gaming revenue                               | -                    | 70,000               | -                  |
| Donations designated for mortgage principal  | <u>2,784</u>         | <u>5,446</u>         | <u>-</u>           |
|  | <u>\$ 10,452</u>     | <u>\$ 85,746</u>     | <u>\$ 4,300</u>    |

During the December 31, 2010 year, the Society received donations designated for the comfort supplies for use at the Cowichan District Hospital totaling \$4,300. During the current fiscal year \$1,632 was spent. The remaining balance has been deferred to a subsequent year.

**10. LONG TERM DEBT**

Mortgage payable - Island Savings Credit Union; terms currently require minimum payments of \$65 weekly plus interest at 4.75% per annum locked in until November 1, 2013. The mortgage is due to mature on November 1, 2013. Secured by land and building at 3122 Gibbins Road, Duncan, BC with a net book value of \$164,951.

|                       | December<br>31, 2012 | December<br>31, 2011 | January<br>1, 2011 |
|-----------------------|----------------------|----------------------|--------------------|
|                       | \$ 13,947            | \$ 16,602            | \$ 19,157          |
| Less: current portion | <u>13,947</u>        | <u>2,662</u>         | <u>3,161</u>       |
|                       | <u>\$ -</u>          | <u>\$ 13,940</u>     | <u>\$ 15,996</u>   |

The minimum principal repayments for the next year are as follows:

|         |                  |
|---------|------------------|
| Current | <u>\$ 13,947</u> |
|---------|------------------|

**COWICHAN VALLEY HOSPICE SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(Unaudited)

- 7 -

**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. FUND RAISING ACTIVITIES**

|                                   | 2012             | 2011             |
|-----------------------------------|------------------|------------------|
| Reel Alternatives:                |                  |                  |
| Revenue                           | \$ 38,678        | \$ 20,390        |
| Expenses                          | <u>18,684</u>    | <u>7,777</u>     |
| Net revenue over expenses         | <u>\$ 19,994</u> | <u>\$ 12,613</u> |
| Hike for Hospice:                 |                  |                  |
| Revenue                           | \$ 31,971        | \$ 23,595        |
| Expenses                          | <u>2,236</u>     | <u>3,017</u>     |
| Net revenue over expenses         | <u>\$ 29,735</u> | <u>\$ 20,578</u> |
| Golf Tournament:                  |                  |                  |
| Revenue                           | \$ 30,348        | \$ 23,178        |
| Expenses                          | <u>7,010</u>     | <u>7,259</u>     |
| Net revenue over expenses         | <u>\$ 23,338</u> | <u>\$ 15,919</u> |
| Direct Mail, Bracelets and Other: |                  |                  |
| Revenue                           | \$ 18,225        | \$ 23,440        |
| Expenses                          | <u>2,946</u>     | <u>5,073</u>     |
| Net revenue over expenses         | <u>\$ 15,279</u> | <u>\$ 18,367</u> |

**13. COMPARATIVE FIGURES**

The opening balance sheet representing the transition to the new Accounting Standards for Not-for-Profit Organizations at January 1, 2011 has not been reviewed or audited.

The comparative figures at December 31, 2011 have not been reviewed or audited for compliance with Accounting Standards for Not-for-Profit Organizations. The comparative figures at December 31, 2011 were reviewed for compliance with Generally Accepted Accounting Principles.

**PALMER LESLIE**  
**CHARTERED ACCOUNTANTS**