

COWICHAN VALLEY HOSPICE SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

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**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 at December 31, 2011 and the Statements of Changes in Equity, Operations and Cash Flows for the year then ended. These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles. Our review was made in accordance with Canadian Generally Accepted Standards for review engagements and accordingly consisted primarily of enquiry, 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 Generally Accepted Accounting Principles applied on a basis consistent with the preceding year.



Duncan, BC
March 23, 2012

Chartered Accountants

COWICHAN VALLEY HOSPICE SOCIETY
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2011
(Unaudited)

	Capital asset Fund	Operating Fund	2011	2010
ASSETS				
CURRENT				
Cash	\$ 5,446	\$ 98,913	\$ 104,359	\$ 20,854
Accounts receivable (Note 4)	-	2,065	2,065	1,491
Prepaid expenses	-	3,094	3,094	2,967
	5,446	104,072	109,518	25,312
PROPERTY, PLANT AND EQUIPMENT (Notes 2(a) & 5)	<u>170,255</u>	<u>-</u>	<u>170,255</u>	<u>154,806</u>
	<u>\$ 175,701</u>	<u>\$ 104,072</u>	<u>\$ 279,773</u>	<u>\$ 180,118</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued	\$ -	\$ 5,194	\$ 5,194	\$ 4,733
Wages and benefits payable	-	7,388	7,388	7,473
Deferred revenue (Note 7)	5,446	80,300	85,746	4,300
Current portion of long term debt	<u>2,662</u>	<u>-</u>	<u>2,662</u>	<u>3,161</u>
	8,108	92,882	100,990	19,667
LONG TERM DEBT (Note 8)	<u>13,940</u>	<u>-</u>	<u>13,940</u>	<u>15,996</u>
	<u>22,048</u>	<u>92,882</u>	<u>114,930</u>	<u>35,663</u>
MEMBERS' EQUITY				
EQUITY, end of year - Exhibit "B"	<u>153,653</u>	<u>11,190</u>	<u>164,843</u>	<u>144,455</u>
	<u>\$ 175,701</u>	<u>\$ 104,072</u>	<u>\$ 279,773</u>	<u>\$ 180,118</u>

APPROVED ON BEHALF OF THE SOCIETY

_____, President

_____, Treasurer

COWICHAN VALLEY HOSPICE SOCIETY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

	Capital Asset Fund	Operating Fund	2011	2010
EQUITY, beginning of year	\$ 135,649	\$ 8,806	\$ 144,455	\$ 111,247
Excess (Deficit) of revenue over expenses - Exhibit "C"	<u>(1,991)</u>	<u>22,379</u>	<u>20,388</u>	<u>33,208</u>
	<u>133,658</u>	<u>31,185</u>	<u>164,843</u>	<u>144,455</u>
INTERFUND TRANSFERS:				
Equipment acquired	19,995	(19,995)	-	-
Principal payments on mortgage	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>19,995</u>	<u>(19,995)</u>	<u>-</u>	<u>-</u>
EQUITY, end of year - Exhibit "A"	<u>\$ 153,653</u>	<u>\$ 11,190</u>	<u>\$ 164,843</u>	<u>\$ 144,455</u>

COWICHAN VALLEY HOSPICE SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

	Capital asset Fund	Operating Fund	2011	2010
REVENUE				
Donations	\$ 2,554	\$ 56,655	\$ 59,209	\$ 50,879
Fundraising (Note 11)	-	90,603	90,603	96,009
Gaming	-	59,911	59,911	74,532
Cowichan Valley United Way	-	20,000	20,000	21,250
Central & Northern Vancouver Island United Way	-	9,131	9,131	6,000
Grants	-	12,500	12,500	10,786
Interest	-	25	25	337
Duncan Dabber Bingo Society distributions (Note 9)	-	6,744	6,744	3,915
Rebates	-	-	-	2,703
Other	-	5,219	5,219	5,449
	<u>2,554</u>	<u>260,788</u>	<u>263,342</u>	<u>271,860</u>
EXPENSES				
Advertising and promotion	-	2,110	2,110	2,554
Amortization	4,545	-	4,545	6,733
Bank charges and interest	-	940	940	1,068
Freight	-	-	-	416
Fundraising costs (Note 11)	-	23,126	23,126	32,119
Insurance	-	3,194	3,194	2,825
Interest on long term debt	-	862	862	1,047
Licences, dues and fees	-	832	832	886
Materials and supplies	-	2,487	2,487	2,773
Office and miscellaneous	-	5,435	5,435	5,452
Professional fees	-	4,713	4,713	4,110
Property taxes	-	655	655	628
Repairs and maintenance	-	7,181	7,181	1,895
Small equipment purchases	-	585	585	209
Subcontract	-	-	-	1,100
Training and development	-	7,673	7,673	10,394
Travel	-	1,906	1,906	1,379
Utilities	-	7,008	7,008	6,880
Volunteer expenses	-	3,142	3,142	614
Wages, benefits and expenses	-	166,560	166,560	155,570
	<u>4,545</u>	<u>238,409</u>	<u>242,954</u>	<u>238,652</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES				
FOR THE YEAR - Exhibit "B"	<u>\$ (1,991)</u>	<u>\$ 22,379</u>	<u>\$ 20,388</u>	<u>\$ 33,208</u>

COWICHAN VALLEY HOSPICE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

	2011	2010
OPERATING ACTIVITIES		
Excess (Deficit) of revenue over expenses for the year - Exhibit "C"	\$ 20,388	\$ 33,208
Add back non-cash items:		
Amortization	<u>4,545</u>	<u>6,733</u>
	<u>24,933</u>	<u>39,941</u>
Net change in non-cash working capital		
Accounts receivable	(573)	(1,166)
Prepaid expenses	(127)	(1,215)
Accounts payable and accrued	460	(86)
Wages and benefits payable	(85)	(356)
Deferred revenue	<u>81,446</u>	<u>(5,248)</u>
	<u>81,121</u>	<u>(8,071)</u>
CASH FROM OPERATIONS	<u>106,054</u>	<u>31,870</u>
INVESTING ACTIVITIES		
Purchase of equipment	(19,995)	(440)
Principal payments on mortgage	<u>(2,554)</u>	<u>(11,692)</u>
	<u>(22,549)</u>	<u>(12,132)</u>
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS	83,505	19,738
CASH, beginning of year	<u>20,854</u>	<u>1,116</u>
CASH, end of year	<u>\$ 104,359</u>	<u>\$ 20,854</u>
REPRESENTED BY:		
Cash	<u>\$ 104,359</u>	<u>\$ 20,854</u>
SUPPLEMENTAL INFORMATION:		
Interest earned	<u>\$ 25</u>	<u>\$ 337</u>
Interest paid	<u>\$ 1,802</u>	<u>\$ 2,115</u>

COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

(Unaudited)

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1. PURPOSE OF THE ORGANIZATION

Cowichan Valley Hospice Society is a non-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 non-profit organizations.

(a) Property, plant and equipment (see Note 5)

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 are 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.

(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 and equity related to the Society's capital assets.

(c) Revenue recognition

The Society follows the deferral method of accounting for 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.

COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

(Unaudited)

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Use of estimates

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the collectibility of accounts receivable, deferred revenue and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in subsequent fiscal periods.

3. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, wages and benefits payable, and mortgage payable. For further information regarding these financial instruments please see Notes 4, 6, 7 and 8.

The financial instruments have been classified as follows:

Held For Trading

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition of adoption of CICA 3856 Financial Instruments, even if that instrument would otherwise satisfy the definition of held for trading. The Society has classified the following assets and liabilities as held for trading: cash.

The Society's held for trading instruments are initially recognized at their fair value. Any gain/loss arising as a result of the difference between the carrying amount and their fair value is recognized in net income. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are not recorded on the settlement date. Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value are recognized immediately in income.

COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

(Unaudited)

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3. FINANCIAL INSTRUMENTS (cont'd)

Loans and Receivables

The Society has classified the following financial assets as loans and receivables: accounts receivable. The assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell items are recorded on the settlement date. Total interest income, calculated using the effective interest rate method, is recognized in total income.

Other Financial Liabilities

The Society has classified the following financial liabilities as other financial liabilities: accounts payable and accrued liabilities, wages and benefits payable, and mortgage payable. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date. Total interest expense (if any) is calculated using the effective interest rate method and would be recognized in net income.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest or credit risks.

4. ACCOUNTS RECEIVABLE

	2011	2010
Operating Fund:		
Harmonized Sales Tax	\$ <u>2,065</u>	\$ <u>1,491</u>

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2011	2010
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>

COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

(Unaudited)

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6. BANK INDEBTEDNESS

Bank indebtedness includes a operating line of credit with a nil balance and a credit limit of \$200,000. Interest is charged at rate of prime plus 1% per annum.

7. DEFERRED REVENUES

	2011	2010
Gaming revenue	\$ 70,000	\$ -
Victoria Foundation grant	6,000	-
Comfort Supplies for Cowichan District Hospital	4,300	4,300
Donations designated for mortgage principal payments	<u>5,446</u>	<u>-</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. This amount has not been spent in the current year and has been deferred to a subsequent year.

8. LONG TERM DEBT

Mortgage payable - Island Savings Credit Union; terms currently require minimum payments of \$65.86 weekly plus interest at 4.85% per annum locked in for two years. Secured by land and building at 3122 Gibbins Road, Duncan, BC with a net book value of \$168,099.

	\$ 16,602	\$ 19,157
Less: current portion	<u>(2,662)</u>	<u>(3,161)</u>
	<u>\$ 13,940</u>	<u>\$ 15,996</u>

The minimum principal repayments for the next five years are as follows:

Current	\$ 2,662
2011	3,161
2012	3,161
2013	3,161
2014	3,161
Thereafter	<u>1,296</u>
	<u>\$ 16,602</u>

COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

(Unaudited)

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9. 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.

10. CHANGES IN ACCOUNTING FRAMEWORK AND ACCOUNTING POLICIES

The Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board (ASB) has issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning January 1, 2012, not-for-profit organizations will be required to choose between International Financial Reporting Standards (IFRS) and Accounting Standards for Not-for-Profit Organizations. Early adoption of these standards is permitted. The Cowichan Valley Hospice Society plans to adopt the new accounting standards for not-for-profit organizations for its fiscal year beginning January 1, 2012, however, the impact of this transition has not yet been determined.

COWICHAN VALLEY HOSPICE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

(Unaudited)

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11. FUND RAISING ACTIVITIES

	2011	2010
Reel Alternatives:		
Revenue	\$ 20,390	\$ 13,793
Expenses	<u>7,777</u>	<u>5,114</u>
Net revenue over expenses	<u>\$ 12,613</u>	<u>\$ 8,679</u>
 Hike for Hospice:		
Revenue	\$ 23,595	\$ 21,620
Expenses	<u>3,017</u>	<u>1,643</u>
Net revenue over expenses	<u>\$ 20,578</u>	<u>\$ 19,977</u>
 Golf Tournament:		
Revenue	\$ 23,178	\$ 29,110
Expenses	<u>7,259</u>	<u>9,185</u>
Net revenue over expenses	<u>\$ 15,919</u>	<u>\$ 19,925</u>
 Other:		
Revenue	\$ 23,440	\$ 31,486
Expenses	<u>5,073</u>	<u>16,177</u>
Net revenue over expenses	<u>\$ 18,367</u>	<u>\$ 15,309</u>