

**The Dorothy Ley Hospice**  
**Audited Financial Statements**  
**March 31, 2010**



## Auditors' Report

To the Members of  
**The Dorothy Ley Hospice**

We have audited the statement of financial position of **The Dorothy Ley Hospice** as at **March 31, 2010** and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the audited financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the organization derives revenue from contributions and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses and net assets

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these audited financial statements present fairly, in all material respects, the financial position of the organization as at **March 31, 2010** and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Mississauga, Ontario  
June 15, 2010

**Clarkson Rouble LLP**  
**Chartered Accountants**  
**Licensed Public Accountants**

# The Dorothy Ley Hospice

(Incorporated as a corporation without share capital under the laws of Ontario)

## Statement of Financial Position

March 31

	Operating Fund	2010 Building Fund	Total	2009 Total
<b>Assets</b>				
<b>Current assets</b>				
Cash and short term investments	\$ 181,871	\$ 143,321	\$ 325,192	\$ 1,663,641
Accounts receivable	3,395	1,429	4,824	118,509
Inter fund accounts receivable	-	73,940	73,940	10,047
Prepaid expenses	36,648	-	36,648	9,853
	221,914	218,690	440,604	1,802,050
Deferred project costs (Note 4)	-	-	-	6,326,106
Capital Assets (Note 5)	7,251,443	-	7,251,443	-
	\$ 7,473,357	\$ 218,690	\$ 7,692,047	\$ 8,128,156
<b>Liabilities and fund balances</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,274	\$ -	\$ 1,274	\$ 500,793
Inter fund accounts payable	73,940	-	73,940	10,047
Deferred grant revenue (Note 6)	109,702	-	109,702	60,150
	184,916	-	184,916	570,990
Long-term debt (Note 10)	-	2,000,000	2,000,000	2,000,000
	184,916	2,000,000	2,184,916	2,570,990
<b>Fund balances</b>				
Internally restricted	-	(1,781,310)	(1,781,310)	5,214,898
Unrestricted	7,288,441	-	7,288,441	342,268
	7,288,441	(1,781,310)	5,507,131	5,557,166
	\$ 7,473,357	\$ 218,690	\$ 7,692,047	\$ 8,128,156

The accompanying notes are an integral part of these financial statements.

Approved by the Board:



Director

# The Dorothy Ley Hospice

(Incorporated as a corporation without share capital under the laws of Ontario)

## Statement of Operations and Changes in Fund Balances

for the year ended March 31

	Operating Fund (Schedule A)	2010 Building Fund	Total	2009 Total
<b>Revenue</b>				
Provincial funding	\$ 1,353,239	\$ -	\$ 1,353,239	\$ 1,274,042
Contributions	853,778	577,065	1,430,843	1,761,726
Investment income	612	639	1,251	39,139
Partnership fee for service	46,837	-	46,837	11,955
Sub-tenant rental income	13,440	-	13,440	-
	<b>2,267,906</b>	<b>577,704</b>	<b>2,845,610</b>	<b>3,086,862</b>
<b>Expenses</b>				
Program Costs				
Bereavement care	72,344	-	72,344	36,750
Direct care co-ordination	198,650	-	198,650	298,904
Direct care residential	860,901	-	860,901	90,604
Education	232,862	-	232,862	197,916
Integrative Wellness	88,979	-	88,979	78,217
Spiritual care	69,312	-	69,312	67,531
Other Costs				
Administration	151,161	-	151,161	142,771
Amortization	240,378	-	240,378	2,144
Communications	135,969	-	135,969	73,433
Facilities	273,014	-	273,014	101,109
Office	102,346	-	102,346	235,313
Resource development	315,028	96,792	411,820	599,447
Volunteer services	57,909	-	57,909	66,033
	<b>2,798,853</b>	<b>96,792</b>	<b>2,895,645</b>	<b>1,990,172</b>
<b>Excess of revenue over expenses for the year</b>	<b>(530,947)</b>	<b>480,912</b>	<b>(50,035)</b>	<b>1,096,690</b>
<b>Fund reallocation (Note 4)</b>	<b>7,477,120</b>	<b>(7,477,120)</b>	<b>-</b>	<b>-</b>
<b>Fund balance, beginning of year</b>	<b>342,268</b>	<b>5,214,898</b>	<b>5,557,166</b>	<b>4,460,476</b>
<b>Fund balance, end of year</b>	<b>\$ 7,288,441</b>	<b>\$ (1,781,310)</b>	<b>\$ 5,507,131</b>	<b>\$ 5,557,166</b>

The accompanying notes are an integral part of these financial statements.

**The Dorothy Ley Hospice**  
(Incorporated as a corporation without share capital under the laws of Ontario)

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**Notes to Audited Financial Statements**  
**March 31, 2010**

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**1. Incorporation and Mission**

**The Dorothy Ley Hospice** ("the Hospice") was incorporated on March 17, 1987 as a corporation without share capital under the laws of Ontario and is a registered charity under the Income Tax Act (Canada). The Hospice is committed to fostering hope and dignity through exemplary care, advocacy, education and research for individuals living with the challenges of life-limiting illness or loss.

**2. Significant Accounting Policies**

**Basis of presentation**

The accounting policies of the Hospice are in accordance with Canadian generally accepted accounting principles. Policies which are considered particularly significant are outlined below.

**Fund accounting**

Revenue and expenses related to the delivery of services and administrative activities are reported in the Operating Fund.

Contributions which have been specifically designated by the donor for the acquisition of a new building and expenditures for the new building are reported in the Building Fund.

**Investments**

All short-term investments are classified as available-for-sale because the Hospice does not intend to trade the investments for short-term profit making and accordingly has not elected to classify the investments as held-for-trading.

The quoted market price was used to estimate the fair value of the financial instruments held as short-term investments.

**Contributed services**

Volunteers contributed 22,353 hours in this fiscal year (21,335 in 2009) to assist the Hospice in carrying out its service activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Revenue recognition**

The Hospice follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue of the appropriate Fund when receivable. Restricted contributions are recognized as revenue of the appropriate Fund in the year in which related expenses are incurred.

Unrestricted investment income is recognized as revenue when earned. Investment income of the Building Fund is recognized as revenue when earned.

**The Dorothy Ley Hospice**  
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**Notes to Audited Financial Statements**  
**March 31, 2010**

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**2. Significant Accounting Policies - continued**

**Capital assets**

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, as follows:

Landscaping	20 years	Straight line
Parking Lot	15 years	Straight line
Building	35 years	Straight line
Roof	20 years	Straight line
Elevator and mechanical systems	20 years	Straight line
Residential suites equipment	20 years	Straight line
Small appliances and dishes	3 years	Straight line
Major appliances	10 years	Straight line
Computer hardware	3 years	Straight line
Computer software	2 years	Straight line
Furniture and fixtures	10 years	Straight line
Telephone system	10 years	Straight line
Security system	15 years	Straight line
Website	3 years	Straight line

**Use of estimates by management**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

**3. Change in Accounting Policies**

Effective April 1, 2009, the Hospice adopted CICA Handbook Section 4470 "Disclosure of allocated expenses by Not-For-Profit Organizations" which establishes disclosure standards for a not-for profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. Management does not believe that the adoption of this section will have an effect on the financial statement disclosures.

**The Dorothy Ley Hospice**  
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**Notes to Audited Financial Statements**  
**March 31, 2010**

**4. Deferred Project Costs**

The Hospice deferred all direct costs related to the development and construction of a free standing palliative care centre and its programs. The costs were transferred to capital assets and amortized against operations, commencing on July 1, 2009, the completion of the project. Accordingly, the deferred project costs were transferred from the Building Fund to capital assets in the Operating Fund.

**5. Capital assets**

			2010	2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Landscaping	\$ 414,467	\$ 15,542	\$ 398,925	\$ -
Parking Lot	73,714	3,686	70,028	-
Building	5,624,016	120,515	5,503,501	-
Roof	79,358	2,976	76,382	-
Elevator mechanical systems	423,429	15,879	407,550	-
Residential suites equipment	187,819	7,043	180,776	-
Small appliances and dishes	26,568	6,642	19,926	-
Major appliances	31,843	2,388	29,455	-
Computer hardware	99,988	24,997	74,991	-
Computer software	8,805	8,805	-	-
Furniture and fixtures	368,427	35,347	333,080	-
Telephone system	40,472	3,035	37,437	-
Security system	115,360	5,768	109,592	-
Website	14,700	4,900	9,800	-
	<b>\$ 7,508,966</b>	<b>\$ 257,523</b>	<b>\$ 7,251,443</b>	<b>\$ -</b>

**6. Deferred grant revenue**

The Hospice received grants and donations during the fiscal year which are to be used for operations of the business. At March 31, 2010 an amount of \$109,702 will be deferred until the 2010 - 2011 year and will be allocated to Contributions of the Operating Fund once the funds are used to cover costs of operations.

# **The Dorothy Ley Hospice**

**(Incorporated as a corporation without share capital under the laws of Ontario)**

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## **Notes to Audited Financial Statements**

**March 31, 2010**

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### **7. Income Tax Status**

The Hospice is registered as a charitable organization under Section 149 (1)(f) of the Income Tax Act (Canada) and, as such, is exempt from income taxes, and may issue receipts that are eligible for a non-refundable tax credit by an individual donor and a tax deduction by a corporate donor.

### **8. Statement of Cash Flows**

A separate statement of cash flows has not been presented as it would not provide additional useful information.

### **9. Commitments**

- a. The Dorothy Ley Hospice entered into a lease with Trillium Health Centre to use land until 2042 as the site of the free-standing palliative care hospice.
- b. The Hospice has a letter of credit of \$20,000 to the City of Toronto. The City can draw against the letter of credit if the Landscaping Agreement with the Community Planning Division of The City of Toronto is not completely executed.

### **10. Long term debt**

The long term debt is a loan of \$2 million received from the Ontario Infrastructure Projects Corporation. The loan bears interest at a floating rate effective on the date of the advance, is reset on the first business day of each month, with the interest payable on the first day of the month. No principal payments have been made to date. The loan matures on November 2, 2012. During the year, interest expense of \$12,015 has been charged against the Operating Fund.

### **11. Financial instruments**

#### **Fair value**

Canadian generally accounting principles require that the Hospice disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for accounts receivable, and accounts payable on the statement of financial position approximate fair value because of the limited term of these instruments.

# **The Dorothy Ley Hospice**

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## **Notes to Audited Financial Statements**

**March 31, 2010**

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### **12. Capital management**

As a Not-for-profit, the Hospice's operations are reliant on revenues generated annually. The Hospice has accumulated unrestricted net assets over its history. A portion of the accumulated net assets is retained as working capital which may be required from time to time due to timing delays in receiving its primary funding. The remaining surplus is available for the use of the Hospice at the Board's discretion, except for the amount internally restricted. There are no external restrictions on the net assets of the Hospice.

### **13. Comparative figures**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements.

**The Dorothy Ley Hospice**  
(Incorporated as a corporation without share capital under the laws of Ontario)

Schedule A

**Schedule of Program Revenue and Expenses**  
for the year ended March 31, 2010

	<b>Community Programs</b>	<b>Residential Services</b>	<b>Specific Initiatives</b>	<b>Administration</b>	<b>Total</b>
<b>Revenues</b>					
Provincial government funding	\$ 514,320	\$ 598,918	\$ 240,000	\$ -	\$ 1,353,238
Contributions	-	-	-	853,779	853,779
Investment income	-	-	-	612	612
Service cost sharing	-	-	46,837	-	46,837
Sub-tenant rental income	-	-	-	13,440	13,440
	<b>514,320</b>	<b>598,918</b>	<b>286,837</b>	<b>867,831</b>	<b>2,267,906</b>
<b>Expenses</b>					
<b>Program costs</b>					
Bereavement care	43,405	21,703	7,236	-	72,344
Direct care co-ordination	186,408	9,522	2,720	-	198,650
Direct residential care	-	860,901	-	-	860,901
Education	-	-	232,862	-	232,862
Integrated Wellness	62,285	26,694	-	-	88,979
Spiritual care	48,517	20,795	-	-	69,312
<b>Other costs</b>					
Administration	57,140	57,140	36,881	-	151,161
Amortization	-	-	-	240,378	240,378
Communications	-	-	-	135,969	135,969
Facilities	85,207	187,807	-	-	273,014
Office	58,561	36,647	7,138	-	102,346
Resource development	-	-	-	315,028	315,028
Volunteer services	40,537	17,372	-	-	57,909
	<b>582,060</b>	<b>1,238,581</b>	<b>286,837</b>	<b>691,375</b>	<b>2,798,853</b>
<b>Surplus (deficit)</b>	<b>\$ (67,740)</b>	<b>\$ (639,663)</b>	<b>\$ -</b>	<b>\$ 176,456</b>	<b>\$ (530,947)</b>