

The Dorothy Ley Hospice
Audited Financial Statements
March 31, 2011



Independent Auditors' Report

To the board of directors of
The Dorothy Ley Hospice

Report of the Financial Statements

We have audited the accompanying financial statements of **The Dorothy Ley Hospice**, which comprise the statement of financial position as at **March 31, 2011** and the statement of operations and changes in fund balances 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 generally accepted accounting principles, 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

Our responsibility is to express an opinion on these financial statements based on our audit. 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 about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

The Dorothy Ley Hospice
Independent Auditor's Report
Page 2

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities and donations, the completeness of which is not susceptible to 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 revenues, excess of revenue over expenditures, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, which might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at **March 31, 2011** and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Mississauga, Ontario
June 27, 2011



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, 2011

	Operating Fund	2011 Building Fund	Total	2010 Total
Assets				
Current assets				
Cash and short term investments	\$ 174,388	\$ 228,787	\$ 403,175	\$ 325,192
Accounts receivable	31,243	323	31,566	4,824
Inter fund accounts receivable	-	55,592	55,592	73,940
Prepaid expenses	14,083	-	14,083	36,648
	219,714	284,702	504,416	440,604
Capital Assets (Note 4)	6,941,722	-	6,941,722	7,251,443
	\$ 7,161,436	\$ 284,702	\$ 7,446,138	\$ 7,692,047
Liabilities and fund balances				
Current liabilities				
Accounts payable and accrued liabilities	\$ 52,794	-	\$ 52,794	\$ 1,274
Inter fund accounts payable	55,592	-	55,592	73,940
Deferred grant revenue (Note 5)	91,047	-	91,047	109,702
	199,433	-	199,433	184,916
Long-term debt (Note 9)	-	2,000,000	2,000,000	2,000,000
	199,433	2,000,000	2,199,433	2,184,916
Fund balances				
Internally restricted	-	(1,715,298)	(1,715,298)	(1,781,310)
Unrestricted	6,962,003	-	6,962,003	7,288,441
	6,962,003	(1,715,298)	5,246,705	5,507,131
	\$ 7,161,436	\$ 284,702	\$ 7,446,138	\$ 7,692,047

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

Approved by the **The Dorothy Ley Hospice:**

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, 2011

	Operating Fund (Schedule A)	2011 Building Fund	Total	2010 Total
Revenue				
Provincial government funding	\$ 1,577,800	\$ -	\$ 1,577,800	1,353,239
Contributions	733,162	129,679	862,841	1,430,843
Investment income	174	956	1,130	1,251
Cost sharing recoveries	110,750	-	110,750	46,837
Sub-tenant rental income	21,312	-	21,312	13,440
	2,443,198	130,635	2,573,833	2,845,610
Expenses				
Program Costs				
Bereavement care	66,518	-	66,518	72,344
Direct care co-ordination	272,274	-	272,274	198,650
Direct care residential	848,159	-	848,159	860,901
Education	227,536	-	227,536	232,862
Integrative Wellness	90,042	-	90,042	88,979
Spiritual care	66,216	-	66,216	69,312
Other Costs				
Administration	159,836	-	159,836	151,161
Amortization	320,016	-	320,016	240,378
Communications	19,961	-	19,961	135,969
Facilities	267,628	-	267,628	273,014
Office	92,798	-	92,798	102,346
Resource development	267,364	57,132	324,496	411,820
Volunteer services	56,927	-	56,927	57,909
	2,755,275	57,132	2,812,407	2,895,645
Deficiency of revenue over expenses for the year	(312,077)	73,503	(238,574)	(50,035)
Fund reallocation (Note 3)	7,491	(7,491)	-	-
Fund balance, beginning of year	7,288,441	(1,781,310)	5,507,131	5,557,166
Correction of prior period error (Note 6)	(21,852)	-	(21,852)	
Fund balance, end of year	\$ 6,962,003	\$ (1,715,298)	\$ 5,246,705	\$ 5,507,131

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

Statement of changes in cash flows
for the year ended March 31, 2011

	Operating Fund	2011 Building Fund	Total	2010 Total
Operating activities				
Excess of revenue over expenses	\$ (312,077)	\$ 73,503	\$ (238,574)	\$ (50,035)
Items not requiring an outlay of cash				
Amortization	320,016	-	320,016	240,378
Correction of prior period error	(21,852)	-	(21,852)	-
	(13,913)	73,503	59,590	190,343
Net change in working capital items				
Operating working capital				
Account receivable	(27,848)	1,106	(26,742)	113,685
Prepaid expenses	22,565	-	22,565	(26,794)
Interfund receivable	(18,348)	18,348	-	-
Accounts payable	51,520	-	51,520	(499,519)
Deferred grant revenue	(18,655)	-	(18,655)	49,552
Increase (decrease) from operating	(4,679)	92,957	88,278	(172,733)
Investing activities				
Purchase of capital assets	(10,295)	-	(10,295)	(1,165,716)
Transfer of cash for asset purchase	7,491	(7,491)	-	-
Decrease from investing activities	(2,804)	(7,491)	(10,295)	(1,165,716)
Increase (Decrease) in cash	(7,483)	85,466	77,983	(1,338,449)
Cash, beginning of year	181,871	143,321	325,192	1,663,641
Cash, end of year	\$ 174,388	\$ 228,787	\$ 403,175	\$ 325,192

The Dorothy Ley Hospice

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

Notes to Audited Financial Statements

March 31, 2011

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 23,254 hours in this fiscal year (22,353 in 2010) 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
(Incorporated as a corporation without share capital under the laws of Ontario)

Notes to Audited Financial Statements
March 31, 2011

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. 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. The funds transferred in the current year, represent payments for additional work being performed to the building. Accordingly, the deferred project costs were transferred from the Building Fund to capital assets in the Operating Fund.

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

Notes to Audited Financial Statements
March 31, 2011

4. Capital assets

			2011	2010
	Cost	Accumulated Amortization	Net Book in cash flows	Net Book Value
Landscaping	\$ 414,467	\$ 36,265	\$ 378,202	398,925
Parking Lot	73,714	8,600	65,114	70,028
Building	5,631,506	281,308	5,350,198	5,503,501
Roof	79,358	6,944	72,414	76,382
Elevator mechanical systems	423,429	37,050	386,379	407,550
Residential suites equipment	188,971	16,463	172,508	180,776
Small appliances and dishes	26,568	15,498	11,070	19,926
Major appliances	31,843	5,573	26,270	29,455
Computer hardware	100,785	58,459	42,326	74,991
Computer software	8,805	8,805	-	-
Furniture and fixtures	368,427	72,190	296,237	333,080
Telephone system	41,328	7,125	34,203	37,437
Security system	115,360	13,459	101,901	109,592
Website	14,700	9,800	4,900	9,800
	\$ 7,519,261	\$ 577,539	\$ 6,941,722	\$ 7,251,443

5. Deferred grant revenue

The Hospice has received grants and donations through out the last couple years which are to be used for specific operations of the business. At March 31, 2011 an amount of \$91,047 will be deferred until the 2011 - 2012 year and will be allocated to Contributions of the Operating Fund once the funds are used to cover costs of the specified projects and events.

6. Correction of prior period error

The financial statements as at March 31, 2010 do not include an accrual for wages, salaries and benefits. As a result, the accounts payable and accrued liabilities balance has been understated and the Fund balance has been overstated by \$21,852. This error has been reflected as a separate line item on the March 31, 2011, Statement of Operations and Changes in Fund Balances.

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

Notes to Audited Financial Statements
March 31, 2011

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. 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.

9. 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 \$25,554 has been charged against the Operating Fund.

10. 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
(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, 2011,**

	Community Programs	Residential Services	Specific Initiatives	Fundraising and Other	Total
Revenues					
Provincial government funding	\$ 580,012	\$ 752,988	\$ 244,800	\$ -	\$ 1,577,800
Contributions	-	-	-	733,162	733,162
Investment income	-	-	-	174	174
Cost sharing recoveries	-	-	110,750	-	110,750
Sub-tenant rental income	-	-	-	21,312	21,312
	580,012	752,988	355,550	754,648	2,443,198
Expenses					
Program costs					
Bereavement care	39,548	16,947	10,023	-	66,518
Direct care co-ordination	210,654	27,656	33,964	-	272,274
Direct residential care	-	848,159	-	-	848,159
Education	-	-	227,536	-	227,536
Integrated Wellness	64,240	16,059	9,743	-	90,042
Spiritual care	46,351	19,865	-	-	66,216
Other costs					
Administration	51,408	51,408	57,020	-	159,836
Amortization	-	-	-	320,016	320,016
Communications	-	-	-	19,961	19,961
Facilities	90,757	176,871	-	-	267,628
Office	44,502	31,032	17,264	-	92,798
Resource development	-	-	-	267,364	267,364
Volunteer services	39,848	17,079	-	-	56,927
	587,308	1,205,076	355,550	607,341	2,755,275
Surplus (deficit)	\$ (7,296)	\$ (452,088)	\$ -	\$ 147,307	\$ (312,077)