

The Dorothy Ley Hospice
Audited Financial Statements
March 31, 2009



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, 2009** 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, 2009** 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
May 15, 2009

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

	2009	Building	Total	2008
	Operating	Fund		Total
	Fund			
Assets				
Current assets				
Cash and cash equivalents	\$ 435,827	\$ 1,227,814	\$ 1,663,641	\$ 3,319,422
Accounts receivable	11,065	107,444	118,509	36,757
Inter fund accounts receivable	10,047	-	10,047	13,122
Prepaid expenses	9,853	-	9,853	-
	466,792	1,335,258	1,802,050	3,369,300
Deferred project costs (note 3)	-	6,326,106	6,326,106	1,864,395
Capital assets (note 4)	-	-	-	2,144
	\$ 466,792	\$ 7,661,364	\$ 8,128,156	\$ 5,235,839
Liabilities and fund balances				
Current liabilities				
Accounts payable and accrued liabilities	\$ 64,374	\$ 436,419	\$ 500,793	\$ 262,241
Inter fund accounts payable	-	10,047	10,047	13,122
Deferred revenue (note 5)	60,150	-	60,150	500,000
	124,524	446,466	570,990	775,363
Long-term debt (note 10)	-	2,000,000	2,000,000	-
	124,524	2,446,466	2,570,990	775,363
Fund balances				
Internally restricted	-	5,214,898	5,214,898	4,183,825
Unrestricted	342,268	-	342,268	276,651
	342,268	5,214,898	5,557,166	4,460,476
	\$ 466,792	\$ 7,661,364	\$ 8,128,156	\$ 5,235,839

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

Approved by the Board:

Director

The Dorothy Ley Hospice

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Statement of Operations and Changes in Fund Balances

for the year ended March 31

	2009		2008	
	Operating Fund	Building Fund	Total	Total
Revenue				
Ontario Ministry of Health funding	\$ 759,042	\$ -	\$ 759,042	\$ 1,764,100
Contributions	1,127,041	1,134,685	2,261,726	2,248,944
Investment income	11,693	27,446	39,139	197,913
Acclaim Health	15,000	-	15,000	-
Partnership fee for service	11,955	-	11,955	-
	1,924,731	1,162,131	3,086,862	4,210,957
Expenses				
Administration	148,860	-	148,860	223,447
Spiritual care and bereavement	102,765	-	102,765	68,087
Office	254,676	-	254,676	125,882
Resource development	466,594	130,178	596,772	471,477
Communication	72,359	-	72,359	58,633
Education	186,829	-	186,829	209,472
Volunteer services	65,107	-	65,107	80,056
Amortization of equipment	1,264	880	2,144	6,335
Client Services- Community	294,251	-	294,251	262,169
Client Services- Residential	89,452	-	89,452	-
Integrative Wellness	77,155	-	77,155	-
Operations	99,802	-	99,802	-
	1,859,114	131,058	1,990,172	1,505,558
Excess of revenue over expenses for the year	65,617	1,031,073	1,096,690	2,705,399
Fund balance, beginning of year	276,651	4,183,825	4,460,476	1,755,077
Fund balance, end of year	\$ 342,268	\$ 5,214,898	\$ 5,557,166	\$ 4,460,476

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

The Dorothy Ley Hospice

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Notes to Audited Financial Statements

March 31, 2009

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.

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:

Computer hardware	-	33	%	Straight line
Computer software	-	50	%	Straight line
Furniture, fixtures and equipment	-	20	%	Straight line

Contributed services

Volunteers contributed **21,335** hours in this fiscal year (15,777 in 2008) 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.

The Dorothy Ley Hospice

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Notes to Audited Financial Statements
March 31, 2009

2. Significant Accounting Policies - continued

Revenue recognition

The Hospice follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue of the appropriate Fund when received. 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 received on cash and cash equivalents held in the Building Fund is recognized as a direct increase to that fund.

The Hospice receives gifts in kind in the normal course of its operations. The benefit to the gifts in kind is recognized in the year in which the gifts have been sold or otherwise realized.

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 defers all direct costs related to the development and construction of a free standing palliative care centre and its programs. These costs will be transferred to capital assets and amortized against operations upon completion of the project.

4. Capital Assets

			2009	2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating fund	\$ 17,146	\$ 17,146	\$ -	\$ 1,264
Building fund	5,282	5,282	-	880
	\$ 22,428	\$ 22,428	\$ -	\$ 2,144

5. Deferred revenue

During the year, the Hospice received \$101,650 of grants and donations which are to be used for specific expenditures in the operations of the Hospice. Of that amount, \$41,500 had been used during the current fiscal year and has been allocated to Contributions of the Operating Fund. The remaining \$60,150 will be deferred until the 2009 - 2010 year and will be allocated to Contributions of the Operating Fund once the funds are used for the specified expenditures.

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Notes to Audited Financial Statements

March 31, 2009

6. Building Fund Balance - Restricted

	2009	2008
Building fund balance, beginning of year	\$ -	\$ 86,067
Used for construction of the building	-	(86,067)
Building fund balance, end of year	\$ -	\$ -

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

1. On June 3, 2002, an agreement was entered into for Architectural Services in relation to the construction of a free-standing palliative care hospice. The total commitment is contingent on specific project completion criteria defined within the contract.

All architectural, project management and construction related costs are the responsibility of The Dorothy Ley Hospice. The total capital expenditure cost of the facility is estimated at approximately \$7,500,000. The start date of the project was July 2007 with completion estimated to be June 2009.

2. 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 for a nominal amount.
3. The Hospice has a letter of credit of \$103,697 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.

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Notes to Audited Financial Statements
March 31, 2009

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. They will commence upon the completion of the building. The loan matures on November 2, 2012.

Interest incurred on the long-term debt in the current year amounted to \$8,858 and has been added to Deferred Project Costs.

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, accounts payable, and long-term debt on the statement of financial position approximate fair value because of the limited term of these instruments.