

COWICHAN VALLEY HOSPICE SOCIETY

Financial Statements

Year Ended December 31, 2016

(Unaudited)

COWICHAN VALLEY HOSPICE SOCIETY

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Year Ended December 31, 2016

(Unaudited)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Cowichan Valley Hospice Society have been prepared in accordance with accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Cowichan Valley Hospice Society 's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

Director

Director

Duncan, BC
May 16, 2017

Palmer Leslie
Chartered Professional Accountants



Alex E. Palmer, C.P.A. , C.A. *
Tammy Leslie, C.P.A. , C.G.A. , C.A. *

*A Professional Corporation

REVIEW ENGAGEMENT REPORT

To the Members of Cowichan Valley Hospice Society

We have reviewed the statement of financial position of Cowichan Valley Hospice Society as at December 31, 2016 and the statements of revenues and expenditures, changes in net assets 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 accounting standards for not-for-profit organizations.

Duncan, British Columbia
May 16, 2017

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COWICHAN VALLEY HOSPICE SOCIETY

Statement of Financial Position

As at December 31, 2016

(Unaudited)

	Operating Fund	Capital Fund	Externally Restricted Hospice House Fund	Total	Total
	2016	2016	2016	2016	2015
ASSETS					
CURRENT					
Cash	\$ 77,258	\$ -	\$ 330,693	\$ 407,951	\$ 57,067
Term deposits (Note 6)	-	-	5,307	5,307	-
Accounts receivable	447	-	-	447	3,508
Goods and services tax recoverable	866	-	301	1,167	-
Prepaid expenses (Note 4)	2,322	-	-	2,322	3,597
Due from related parties	-	-	104	104	-
	80,893	-	336,405	417,298	64,172
TERM DEPOSITS (Note 5)	-	-	-	-	5,202
PROPERTY AND EQUIPMENT (Net of accumulated amortization) (Note 6)	-	228,099	-	228,099	233,646
	\$ 80,893	\$ 228,099	\$ 336,405	\$ 645,397	\$ 303,020

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants

COWICHAN VALLEY HOSPICE SOCIETY

Statement of Financial Position

As at December 31, 2016

(Unaudited)

	Operating Fund	Capital Fund	Externally Restricted Hospice House Fund	Total	Total
	2016	2016	2016	2016	2015
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable	\$ 5,593	\$ -	\$ -	\$ 5,593	\$ 4,395
Wages payable	13,981	-	-	13,981	16,890
Employee deductions payable	1,786	-	-	1,786	1,602
Deferred revenue <i>(Note 8)</i>	2,386	-	336,405	338,791	31,901
Due to related parties	104	-	-	104	-
	<u>23,850</u>	<u>-</u>	<u>336,405</u>	<u>360,255</u>	<u>54,788</u>
NET ASSETS					
Net assets invested in capital	-	228,099	-	228,099	233,646
Unrestricted net assets	57,043	-	-	57,043	14,586
	<u>57,043</u>	<u>228,099</u>	<u>-</u>	<u>285,142</u>	<u>248,232</u>
	<u>\$ 80,893</u>	<u>\$ 228,099</u>	<u>\$ 336,405</u>	<u>\$ 645,397</u>	<u>\$ 303,020</u>

APPROVED BY THE BOARD

_____ *Director*

_____ *Director*

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Palmer Leslie
Chartered Professional Accountants

COWICHAN VALLEY HOSPICE SOCIETY

Statement of Changes in Net Assets

Year Ended December 31, 2016

(Unaudited)

	Operating Fund	Capital Fund	Externally Restricted Hospice House Fund	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 14,586	\$ 233,646	\$ -	\$ 248,232	\$ 236,929
Net revenue (expenses)	42,457	(5,547)	-	36,910	11,303
NET ASSETS - END OF YEAR	\$ 57,043	\$ 228,099	\$ -	\$ 285,142	\$ 248,232

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants

COWICHAN VALLEY HOSPICE SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2016

(Unaudited)

	Operating Fund	Capital Fund	Externally Restricted Hospice House Fund	Total	Total
	2016	2016	2016	2016	2015
REVENUE					
Donations	\$ 77,231	\$ -	\$ 14,045	\$ 91,276	\$ 63,534
Fundraising (Schedule 1)	170,773	-	-	170,773	166,943
Gaming	87,638	-	-	87,638	100,818
Cowichan Valley United Way	13,250	-	-	13,250	15,875
Central & North Vancouver Island United Way	5,661	-	-	5,661	3,602
CVRD grant	50,000	-	-	50,000	50,000
Miscellaneous grants	4,502	-	-	4,502	3,905
VIHA grants	17,062	-	-	17,062	16,800
Interest	8	-	217	225	138
Duncan Dabber Bingo Society distributions (Note 9)	3,250	-	-	3,250	1,389
Other	7,500	-	-	7,500	11,310
	<u>436,875</u>	<u>-</u>	<u>14,262</u>	<u>451,137</u>	<u>434,314</u>
EXPENSES					
Advertising and promotion	4,316	-	6,111	10,427	2,857
Amortization	-	5,547	-	5,547	4,541
Bank charges and interest	2,277	-	225	2,502	1,988
Fundraising costs (Schedule 1)	47,139	-	-	47,139	41,239
Insurance	3,330	-	-	3,330	2,967
Licenses, dues and fees	872	-	-	872	1,100
Program materials and supplies	9,927	-	32	9,959	9,695
Office and miscellaneous	3,136	-	2,213	5,349	3,492
Professional fees	6,521	-	-	6,521	4,223
Property taxes	722	-	-	722	711
Repairs and maintenance	3,052	-	-	3,052	4,899
Small equipment purchases	2,581	-	-	2,581	5,227

(continues)

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants

COWICHAN VALLEY HOSPICE SOCIETY
Statement of Revenues and Expenditures *(continued)*
Year Ended December 31, 2016
(Unaudited)

	Operating Fund	Capital Fund	Externally Restricted Hospice House Fund	Total	Total
	2016	2016	2016	2016	2015
Subcontract	9,569	-	-	9,569	9,080
Training and development	7,148	-	-	7,148	16,747
Travel	1,951	-	195	2,146	1,206
Utilities	6,513	-	-	6,513	6,717
Volunteer expenses	1,150	-	-	1,150	1,734
Wages, benefits and salaries	284,214	-	5,486	289,700	304,588
	394,418	5,547	14,262	414,227	423,011
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 42,457	\$ (5,547)	\$ -	\$ 36,910	\$ 11,303

The accompanying notes form an integral part of these financial statements

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COWICHAN VALLEY HOSPICE SOCIETY

Statement of Cash Flows

Year Ended December 31, 2016

(Unaudited)

	Operating Fund 2016	Capital Fund 2016	Externally Restricted Hospice House Fund 2016	Total 2016	Total 2015
OPERATING ACTIVITIES					
Excess (deficiency) of revenue over expenses	\$ 42,457	\$ (5,547)	\$ -	\$ 36,910	\$ 11,303
Amortization of property and equipment	-	5,547	-	5,547	4,541
	<u>42,457</u>	<u>-</u>	<u>-</u>	<u>42,457</u>	<u>15,844</u>
Changes in non-cash working capital:					
Accounts receivable	(197)	-	-	(197)	2,835
Accounts payable	1,198	-	(5)	1,193	(1,480)
Deferred income	-	-	306,895	306,895	(59,484)
Prepaid expenses	1,275	-	-	1,275	(2,775)
Goods and services tax payable	2,392	-	(301)	2,091	(2,209)
Wages payable	(2,909)	-	-	(2,909)	2,530
Employee deductions payable	184	-	-	184	170
	<u>1,943</u>	<u>-</u>	<u>306,589</u>	<u>308,532</u>	<u>(60,413)</u>
Cash flow from operating activities	<u>44,400</u>	<u>-</u>	<u>306,589</u>	<u>350,989</u>	<u>(44,569)</u>
INVESTING ACTIVITY					
Purchase of property and equipment	-	-	-	-	(69,028)
Cash flow from (used by) investing activity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,028)</u>
INVESTING ACTIVITY					
Advances from related parties	104	-	(104)	-	-
Term deposits	5,202	-	-	5,202	(67)

(continues)

The accompanying notes form an integral part of these financial statements

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COWICHAN VALLEY HOSPICE SOCIETY

Statement of Cash Flows *(continued)*

Year Ended December 31, 2016

(Unaudited)

	Operating Fund 2016	Capital Fund 2016	Externally Restricted Hospice House Fund 2016	Total 2016	Total 2015
Cash flow from investing activity	5,306	-	(104)	5,202	(67)
INCREASE (DECREASE) IN CASH FLOW	49,706	-	306,485	356,191	(113,664)
Cash - beginning of year	27,552	-	29,515	57,067	170,731
CASH - END OF YEAR	\$ 77,258	\$ -	\$ 336,000	\$ 413,258	\$ 57,067
CASH CONSISTS OF:					
Cash	\$ 77,258	\$ -	\$ 330,693	\$ 407,951	\$ 57,067
Term deposits	-	-	5,307	5,307	-
	\$ 77,258	\$ -	\$ 336,000	\$ 413,258	\$ 57,067

The accompanying notes form an integral part of these financial statements

Palmer Leslie
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COWICHAN VALLEY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2016

(Unaudited)

1. OPERATIONS

Cowichan Valley Hospice Society ("the 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting standards

These financial statements have been prepared in accordance with standards for Not-for-Profit Organizations which is one of the financial reporting frameworks included in Canadian Generally Accepted Accounting Principles.

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. The Hospice House Fund reports the revenue and expenses related to the development and construction of a hospice facility in collaboration with Island Health.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Buildings	40 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Computer equipment	3 years	straight-line method
Computer software	1 year	straight-line method

One-half of the year's amortization is recorded in the year of purchase and none in the year of disposal.

Cash

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

(continues)

COWICHAN VALLEY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2016

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue consists of donations, fundraising, grants, contributions and interest from savings.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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 statements of operations as appropriate in the year they become known.

Donated services

A substantial number of volunteers contribute a significant amount of time each year to assist the Society in carrying out its activities and the value of the contributed services are not recognized in the financial statements. 11,727 volunteer hours were recorded in 2016 with an estimated value of \$20 per hour for a total of \$234,454 worth of volunteer time.

3. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, term deposits, accounts payable and accrued, and security deposits. It is the board's opinion that the Society is not exposed to significant credit risk, market risk or currency risk arising from these financial instruments as of December 31, 2016.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the society manages exposure through its normal operating and financing activities.

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.

COWICHAN VALLEY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2016

(Unaudited)

4. PREPAID EXPENSES

	<u>2016</u>	<u>2015</u>
Prepaid director insurance and other prepaid deposits	<u>\$ 2,322</u>	<u>\$ 3,597</u>

5. TERM DEPOSIT

The term deposit is externally restricted by a donor for residential hospice support and is held by a financial institution as follows:

	<u>2016</u>	<u>2015</u>
ISCU term deposit @ 3% to mature March 7, 2017	<u>\$ 5,307</u>	<u>\$ 5,202</u>

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 70,100	\$ -	\$ 70,100	\$ 70,100
Buildings	203,888	47,092	156,795	161,893
Computer equipment	946	285	661	851
Computer software	1,302	759	543	804
Furniture and fixtures	16,923	16,923	-	-
	<u>\$ 293,159</u>	<u>\$ 65,059</u>	<u>\$ 228,099</u>	<u>\$ 233,648</u>

The Society recorded amortization of \$5,547 in the current year (2015 - \$4,541).

7. 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 and is secured by the land and building. The Society has not utilized this extended credit during the 2016 fiscal year.

COWICHAN VALLEY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2016

(Unaudited)

8. DEFERRED REVENUE

Deferred contributions represent donations and fundraised dollars received that remain unspent. Changes in the deferred contributions balance are as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 31,901	\$ 91,386
Revenue received	318,803	88,437
Revenue recognized	<u>(14,299)</u>	<u>(147,922)</u>
Balance, end of year	<u>\$ 336,405</u>	<u>\$ 31,901</u>

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.

COWICHAN VALLEY HOSPICE SOCIETY

**Fundraising Activities
(Schedule 1)**

Year Ended December 31, 2016

(Unaudited)

	2016	2015
Reel Alternatives:		
Revenue	\$ 55,936	\$ 55,256
Expenses	<u>(25,132)</u>	<u>(22,445)</u>
Net revenue over expenses	<u>\$ 30,804</u>	<u>\$ 32,811</u>
Hike for Hospice		
Revenue	\$ 29,046	\$ 25,351
Expense	<u>(2,382)</u>	<u>(3,077)</u>
Net revenue over expenses	<u>\$ 26,664</u>	<u>\$ 22,274</u>
Golf Tournament		
Revenue	\$ 41,511	\$ 36,025
Expense	<u>(11,212)</u>	<u>(10,285)</u>
Net revenue over expenses	<u>\$ 30,299</u>	<u>\$ 25,740</u>
Other		
Revenue	\$ 44,280	\$ 50,311
Expense	<u>(8,413)</u>	<u>(5,431)</u>
Net revenue over expenses	<u>\$ 35,867</u>	<u>\$ 44,880</u>

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants