

COWICHAN VALLEY HOSPICE SOCIETY

Financial Statements

Year Ended December 31, 2017

(Unaudited)

COWICHAN VALLEY HOSPICE SOCIETY

Index to Financial Statements

Year Ended December 31, 2017

(Unaudited)

	Page
REVIEW ENGAGEMENT REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3 - 4
Statement of Changes in Net Assets	5
Statement of Revenues and Expenditures	6 - 7
Statement of Cash Flows	8 - 9
Notes to Financial Statements	10 - 13
Fundraising Activities (<i>Schedule 1</i>)	14



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

*A Professional Corporation

REVIEW ENGAGEMENT REPORT

To the Directors of Cowichan Valley Hospice Society

We have reviewed the statement of financial position of Cowichan Valley Hospice Society as at December 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flows 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 accounting standards for not-for-profit organizations, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

(continues)

301-394 Duncan Street
Duncan, BC V9L 3W4

T | 250 748 1426
F | 250 748 2805

Toll Free | 1 800 818 5703
Email | info@plcpa.ca
Web | www.palmerleslie.ca

101-626 First Avenue, PO Box 1396
Ladysmith, BC V9G 1A9

T | 250 245 1429
F | 250 245 1421

Review Engagement Report to the Directors of Cowichan Valley Hospice Society *(continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Cowichan Valley Hospice Society as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Duncan, British Columbia
May 31, 2018

CHARTERED PROFESSIONAL
ACCOUNTANTS

COWICHAN VALLEY HOSPICE SOCIETY

Statement of Financial Position

December 31, 2017

(Unaudited)

	Operating Fund 2017	Capital Fund 2017	Externally Restricted Hospice House Fund 2017	Total 2017	Total 2016
ASSETS					
CURRENT					
Cash	\$ 101,148	\$ -	\$ 332,787	\$ 433,935	\$ 407,951
Cash - internally restricted	34,530	-	-	34,530	-
Term deposits (Note 5)	-	-	305,570	305,570	5,307
Accounts receivable	-	-	-	-	447
Goods and services tax recoverable	2,354	-	301	2,655	1,167
Prepaid expenses (Note 4)	2,322	-	-	2,322	2,322
Due from related parties	32,685	-	-	32,685	104
	173,039	-	638,658	811,697	417,298
PROPERTY, PLANT AND EQUIPMENT (Net of accumulated amortization) (Note 6)					
	-	222,614	-	222,614	228,099
	\$ 173,039	\$ 222,614	\$ 638,658	\$ 1,034,311	\$ 645,397

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants

COWICHAN VALLEY HOSPICE SOCIETY

Statement of Financial Position

December 31, 2017

(Unaudited)

	Operating Fund 2017	Capital Fund 2017	Externally Restricted Hospice House Fund 2017	Total 2017	Total 2016
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable	\$ 4,846	\$ -	\$ -	\$ 4,846	\$ 5,593
Wages payable	6,103	-	-	6,103	13,981
Employee deductions payable	6,952	-	-	6,952	1,786
Deferred income (Note 8)	968	-	605,973	606,941	338,791
Due to related parties	-	-	32,685	32,685	104
	18,869	-	638,658	657,527	360,255
NET ASSETS					
Net assets invested in capital	-	222,614	-	222,614	228,099
Internally restricted net assets	34,530	-	-	34,530	-
Unrestricted net assets	119,640	-	-	119,640	57,043
	154,170	222,614	-	376,784	285,142
	\$ 173,039	\$ 222,614	\$ 638,658	\$ 1,034,311	\$ 645,397

APPROVED BY THE BOARD

Director

Director

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants

COWICHAN VALLEY HOSPICE SOCIETY

Statement of Changes in Net Assets

Year Ended December 31, 2017

(Unaudited)

	Operating Fund	Capital Fund	Externally Restricted Hospice House Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 57,043	\$ 228,099	\$ -	\$ 285,142	\$ 248,232
Excess of revenues over expenses	97,127	(5,485)	-	91,642	36,910
NET ASSETS - END OF YEAR	\$ 154,170	\$ 222,614	\$ -	\$ 376,784	\$ 285,142

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, 2017
(Unaudited)

	Operating Fund	Capital Fund	Externally Restricted Hospice House Fund	Total	Total
	2017	2017	2017	2017	2016
REVENUES					
Donations	\$ 96,347	\$ -	\$ 62,902	\$ 159,249	\$ 91,276
Fundraising	185,474	-	-	185,474	170,773
Gaming	85,836	-	-	85,836	87,638
Cowichan Valley United Way	9,500	-	-	9,500	13,250
Central & North Vancouver Island United Way	9,500	-	-	9,500	5,661
CVRD grant	60,005	-	-	60,005	50,000
Miscellaneous grants	2,000	-	2,000	4,000	4,502
VIHA grants	17,062	-	-	17,062	17,062
Interest	150	-	423	573	224
Duncan Dabber Bingo Society distributions	6,300	-	-	6,300	3,250
Other	4,968	-	-	4,968	7,500
	477,142	-	65,325	542,467	451,136
EXPENSES					
Advertising and promotion	1,796	-	19,234	21,030	10,427
Amortization	-	5,485	-	5,485	5,547
Bank charges and interest	2,722	-	87	2,809	2,501
Donor Stewardship	-	-	1,267	1,267	-
Fundraising costs	53,073	-	-	53,073	47,139
Insurance	3,370	-	-	3,370	3,330
Licenses, dues and fees	915	-	-	915	872
Office and miscellaneous	3,282	-	583	3,865	5,349
Professional fees	7,213	-	-	7,213	6,521
Program materials and supplies	11,135	-	218	11,353	9,869
Property taxes	728	-	-	728	722
Repairs and maintenance	4,358	-	-	4,358	3,142

(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, 2017
(Unaudited)

	Operating Fund	Capital Fund	Externally Restricted Hospice House Fund	Total 2017	Total 2016
	2017	2017	2017		
Small equipment purchases	696	-	2,563	3,259	2,581
Subcontract	574	-	-	574	9,569
Training and development	9,613	-	-	9,613	7,148
Travel	2,003	-	-	2,003	2,146
Utilities	6,266	-	-	6,266	6,513
Volunteer expenses	427	-	-	427	1,150
Wages, benefits and salaries	271,844	-	41,373	313,217	289,700
	380,015	5,485	65,325	450,825	414,226
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 97,127	\$ (5,485)	\$ -	\$ 91,642	\$ 36,910

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants

COWICHAN VALLEY HOSPICE SOCIETY

Statement of Cash Flows

Year Ended December 31, 2017

(Unaudited)

	Operating Fund 2017	Capital Fund 2017	Externally Restricted Hospice House Fund 2017	Total 2017	Total 2016
OPERATING ACTIVITIES					
Excess (deficiency) of revenues	\$ 97,127	\$ (5,485)	\$ -	\$ 91,642	\$ 36,910
Item not affecting cash:					
Amortization of property and equipment	-	5,485	-	5,485	5,547
	97,127	-	-	97,127	42,457
Changes in non-cash working capital:					
Accounts receivable	447	-	-	447	(197)
Accounts payable	(747)	-	-	(747)	1,193
Deferred income	(1,418)	-	269,568	268,150	306,895
Prepaid expenses	-	-	-	-	1,275
Goods and services tax payable	(1,488)	-	-	(1,488)	2,091
Wages payable	(7,878)	-	-	(7,878)	(2,909)
Employee deductions payable	5,166	-	-	5,166	184
	(5,918)	-	269,568	263,650	308,532
Cash flow from operating activities	91,209	-	269,568	360,777	350,989
INVESTING ACTIVITY					
Term deposits	-	-	-	-	5,202
Cash flow from investing activity	-	-	-	-	5,202
FINANCING ACTIVITY					
Advances from (to) related parties	(32,789)	-	32,789	-	-

(continues)

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants

COWICHAN VALLEY HOSPICE SOCIETY

Statement of Cash Flows *(continued)*

Year Ended December 31, 2017

(Unaudited)

	Operating Fund 2017	Capital Fund 2017	Externally Restricted Hospice House Fund 2017	Total 2017	Total 2016
Cash flow from (used by) financing activity	(32,789)	-	32,789	-	-
INCREASE IN CASH FLOW	58,420	-	302,357	360,777	356,191
Cash - beginning of year	77,258	-	336,000	413,258	57,067
CASH - END OF YEAR	135,678	-	638,357	774,035	413,258
CASH CONSISTS OF:					
Cash	\$ 135,678	\$ -	\$ 332,787	\$ 468,465	\$ 407,951
Term deposits (Note 6)	-	-	305,570	305,570	5,307
	\$ 135,678	\$ -	\$ 638,357	\$ 774,035	\$ 413,258

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants

COWICHAN VALLEY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2017

Unaudited - See "REVIEW ENGAGEMENT REPORT" dated May 31, 2018.

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 Standards.

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, 2017

Unaudited - See "REVIEW ENGAGEMENT REPORT" dated May 31, 2018.

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.

Seminar fees are recognized as revenue when the seminars are held.

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. 10,852 volunteer hours were recorded in 2017 with an estimated value of \$20 per hour for a total of \$217,040 worth of volunteer time.

3. FINANCIAL INSTRUMENTS

The society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the society's risk exposure and concentration as of December 31, 2017.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. In order to reduce its credit risk, the society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The society has a significant number of customers which minimizes concentration of credit risk.

(continues)

COWICHAN VALLEY HOSPICE SOCIETY**Notes to Financial Statements****Year Ended December 31, 2017***Unaudited - See "REVIEW ENGAGEMENT REPORT" dated May 31, 2018.***3. FINANCIAL INSTRUMENTS (continued)****(b) 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 society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the society is not exposed to significant other price risks arising from these financial instruments.

4. PREPAID EXPENSES

	2017	2016
Prepaid director insurance and other prepaid deposits	\$ 2,322	\$ 2,322

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:

	2017	2016
ISCU term deposit @ .5% to mature May 25, 2018	\$ 305,570	\$ 5,307

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 70,100	\$ -	\$ 70,100	\$ 70,100
Buildings	203,887	52,190	151,697	156,795
Computer equipment	946	473	473	662
Computer software	1,302	958	344	543
Furniture and fixtures	16,923	16,923	-	-
	\$ 293,158	\$ 70,544	\$ 222,614	\$ 228,100

The Society recorded amortization of \$5,485 in the current year (prior year - \$5,547)

COWICHAN VALLEY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2017

Unaudited - See "REVIEW ENGAGEMENT REPORT" dated May 31, 2018.

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 current fiscal year.

8. DEFERRED REVENUE

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

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 336,405	\$ 31,901
Revenue received	335,861	318,803
Revenue recognized	<u>(65,325)</u>	<u>(14,299)</u>
Balance, end of year	<u>\$ 606,941</u>	<u>\$ 336,405</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, 2017***Unaudited - See "REVIEW ENGAGEMENT REPORT" dated May 31, 2018.*

	2017	2016
Reel Alternatives:		
Revenue	\$ 59,768	\$ 55,936
Expenses	<u>(29,225)</u>	<u>(25,132)</u>
Net revenue over expenses	<u>\$ 30,543</u>	<u>\$ 30,804</u>
Hike for Hospice		
Revenue	\$ 17,355	\$ 29,046
Expense	<u>(1,696)</u>	<u>(2,382)</u>
Net revenue over expenses	<u>\$ 15,659</u>	<u>\$ 26,664</u>
Golf Tournament		
Revenue	\$ 45,650	\$ 41,511
Expense	<u>(13,348)</u>	<u>(11,212)</u>
Net revenue over expenses	<u>\$ 32,302</u>	<u>\$ 30,299</u>
Other		
Revenue	\$ 62,701	\$ 44,280
Expense	<u>(8,804)</u>	<u>(8,413)</u>
Net revenue over expenses	<u>\$ 53,897</u>	<u>\$ 35,867</u>

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants