

COWICHAN VALLEY HOSPICE SOCIETY
Financial Statements
Year Ended December 31, 2021
(Unaudited)

COWICHAN VALLEY HOSPICE SOCIETY

Index to Financial Statements

Year Ended December 31, 2021

(Unaudited)

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*A Professional Corporation

INDEPENDENT PRACTITIONER'S 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, 2021 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.

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Independent Practitioner's 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, 2021, 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 30, 2022

CHARTERED PROFESSIONAL
ACCOUNTANTS

COWICHAN VALLEY HOSPICE SOCIETY

Statement of Financial Position

December 31, 2021

(Unaudited)

| | Operating Fund 2021 | Capital Fund 2021 | Externally Restricted Hospice House Fund 2021 | Total 2021 | Total 2020 |
|---|---------------------------|----------------------|---|---------------|---------------|
| ASSETS | | | | | |
| CURRENT | | | | | |
| Cash | \$ 261,130 | \$ - | \$ 300,330 | \$ 561,460 | \$ 2,579,539 |
| Term deposits (Note 5) | 509,921 | - | 1,050,000 | 1,559,921 | 611,266 |
| Accounts receivable | 3,819 | - | - | 3,819 | 107,500 |
| Interest receivable | 3,507 | - | 7,975 | 11,482 | - |
| Goods and services tax recoverable | 1,259 | - | - | 1,259 | 1,216 |
| Prepaid expenses (Note 4) | 3,357 | - | - | 3,357 | 2,669 |
| Due from related parties | 9,351 | - | - | 9,351 | 6,028 |
| | 792,344 | - | 1,358,305 | 2,150,649 | 3,308,218 |
| TANGIBLE CAPITAL ASSETS (Net of accumulated amortization) (Note 6) | | | | | |
| | - | 267,093 | - | 267,093 | 219,377 |
| LONG TERM INVESTMENTS (Note 5) | | | | | |
| | - | - | 500,000 | 500,000 | 100,702 |
| | \$ 792,344 | \$ 267,093 | \$ 1,858,305 | \$ 2,917,742 | \$ 3,628,297 |

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, 2021

(Unaudited)

| | Operating Fund 2021 | Capital Fund 2021 | Externally Restricted Hospice House Fund 2021 | Total 2021 | Total 2020 |
|---|---------------------------|----------------------|---|---------------------|---------------------|
| LIABILITIES AND NET ASSETS | | | | | |
| CURRENT | | | | | |
| Accounts payable | \$ 10,500 | \$ - | \$ 12,901 | \$ 23,401 | \$ 806,009 |
| Wages and benefits payable | 34,905 | - | - | 34,905 | 36,362 |
| Deferred income (Note 8) | 143,407 | - | 1,836,053 | 1,979,460 | 2,120,481 |
| Due to related parties | - | - | 9,351 | 9,351 | 6,028 |
| | 188,812 | - | 1,858,305 | 2,047,117 | 2,968,880 |
| NET ASSETS | | | | | |
| Net assets invested in capital | - | 267,093 | - | 267,093 | 219,377 |
| Unrestricted net assets | 603,532 | - | - | 603,532 | 440,040 |
| | 603,532 | 267,093 | - | 870,625 | 659,417 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 792,344 | \$ 267,093 | \$ 1,858,305 | \$ 2,917,742 | \$ 3,628,297 |

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, 2021

(Unaudited)

| | Operating Fund | Capital Fund | Externally Restricted Hospice House Fund | 2021 | 2020 |
|---|-------------------|-------------------|---|-------------------|-------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 440,040 | \$ 219,377 | \$ - | \$ 659,417 | \$ 460,323 |
| Excess of revenues over expenses | 179,484 | (11,733) | 43,457 | 211,208 | 199,094 |
| Capital Assets Purchased | (15,992) | 59,449 | (43,457) | - | - |
| NET ASSETS - END OF YEAR | \$ 603,532 | \$ 267,093 | \$ - | \$ 870,625 | \$ 659,417 |

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, 2021
(Unaudited)

| | Operating Fund | Capital Fund | Externally Restricted Hospice House Fund | Total 2021 | Total 2020 |
|---|-------------------|--------------|---|------------------|------------------|
| | 2021 | 2021 | 2021 | | |
| REVENUES | | | | | |
| Donations | \$ 174,740 | \$ - | \$ 366,465 | \$ 541,205 | \$ 3,392,077 |
| Fundraising | 218,495 | - | - | 218,495 | 153,487 |
| Gaming | 98,774 | - | - | 98,774 | 156,911 |
| Cowichan Valley United Way | 5,838 | - | - | 5,838 | 8,013 |
| CVRD grant | 61,007 | - | - | 61,007 | 61,000 |
| Miscellaneous grants | - | - | 3,195 | 3,195 | - |
| VIHA grants | 19,157 | - | - | 19,157 | 18,491 |
| Interest | 9,340 | - | 13,285 | 22,625 | 120,863 |
| Government assistance | - | - | - | - | 104,268 |
| Other | 62,226 | - | - | 62,226 | 26,962 |
| | <u>649,577</u> | <u>-</u> | <u>382,945</u> | <u>1,032,522</u> | <u>4,042,072</u> |
| EXPENSES | | | | | |
| Advertising and promotion | 4,201 | - | 846 | 5,047 | 5,137 |
| Amortization | - | 11,733 | - | 11,733 | 8,908 |
| Bank charges and interest | 5,221 | - | - | 5,221 | 3,186 |
| Consulting fees | 1,415 | - | 180 | 1,595 | 6,446 |
| Donor stewardship | - | - | 1,829 | 1,829 | 9,365 |
| Fundraising costs | 6,288 | - | 1,919 | 8,207 | 16,634 |
| Insurance | 4,348 | - | - | 4,348 | 3,760 |
| Licenses, dues and fees | 2,259 | - | - | 2,259 | 1,151 |
| Office and miscellaneous | 5,582 | - | - | 5,582 | 6,434 |
| Endowment fund contribution | - | - | - | - | 1,400 |
| Donation of Hospice House design and construction | - | - | 195,116 | 195,116 | 3,307,576 |
| Professional fees | 7,457 | - | - | 7,457 | 7,175 |
| Program materials and supplies | 12,700 | - | 13,055 | 25,755 | 9,932 |

(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, 2021
(Unaudited)

| | Operating Fund | Capital Fund | Externally Restricted Hospice House Fund | Total 2021 | Total 2020 |
|--|-------------------|--------------------|---|-----------------------|-------------------|
| | 2021 | 2021 | 2021 | | |
| Property taxes | 867 | - | - | 867 | 791 |
| Repairs and maintenance | 4,872 | - | - | 4,872 | 19,275 |
| Small equipment purchases | 6,533 | - | 654 | 7,187 | 4,986 |
| Sub-contracts | 5,005 | - | - | 5,005 | 2,380 |
| Training and development | 12,098 | - | - | 12,098 | 6,381 |
| Travel | 2,614 | - | - | 2,614 | 1,023 |
| Utilities | 5,704 | - | - | 5,704 | 6,817 |
| Volunteer expenses | 508 | - | - | 508 | 346 |
| Wages, benefits and salaries | 382,421 | - | 125,889 | 508,310 | 413,875 |
| | <u>470,093</u> | <u>11,733</u> | <u>339,488</u> | <u>821,314</u> | <u>3,842,978</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ 179,484 | \$ (11,733) | \$ 43,457 | \$ 211,208 | \$ 199,094 |

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, 2021

(Unaudited)

| | Operating Fund 2021 | Capital Fund 2021 | Externally Restricted Hospice House Fund 2021 | Total 2021 | Total 2020 |
|---|---------------------------|----------------------|---|---------------|---------------|
| OPERATING ACTIVITIES | | | | | |
| Excess (deficiency) of revenues | \$ 179,484 | \$ (11,733) | \$ 43,457 | \$ 211,208 | \$ 199,094 |
| Item not affecting cash: | | | | | |
| Amortization of tangible capital assets | - | 11,733 | - | 11,733 | 8,908 |
| | 179,484 | - | 43,457 | 222,941 | 208,002 |
| Changes in non-cash working capital: | | | | | |
| Accounts receivable | 103,680 | - | - | 103,680 | (107,500) |
| Interest receivable | (3,507) | - | (7,975) | (11,482) | - |
| Accounts payable | 3,274 | - | (785,883) | (782,609) | 797,170 |
| Deferred income | (48,186) | - | (92,835) | (141,021) | (2,828,706) |
| Prepaid expenses | (688) | - | - | (688) | 962 |
| Goods and services tax payable | (43) | - | - | (43) | 673 |
| Employee deductions payable | (1,457) | - | - | (1,457) | 3,754 |
| | 53,073 | - | (886,693) | (833,620) | (2,133,647) |
| Cash flow from operating activities | 232,557 | - | (843,236) | (610,679) | (1,925,645) |
| INVESTING ACTIVITIES | | | | | |
| Purchase of tangible capital assets | - | (59,449) | - | (59,449) | (8,933) |
| Term deposits | 100,704 | - | (500,000) | (399,296) | (702) |
| Cash flow from (used by) investing activities | 100,704 | (59,449) | (500,000) | (458,745) | (9,635) |
| FINANCING ACTIVITIES | | | | | |
| Advances from (to) related parties | (15,379) | - | 15,379 | - | - |

(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, 2021

(Unaudited)

| | Operating Fund 2021 | Capital Fund 2021 | Externally Restricted Hospice House Fund 2021 | Total 2021 | Total 2020 |
|---|---------------------------|----------------------|---|-----------------------|---------------|
| Interfund transfer for purchase of capital assets | (15,992) | 59,449 | (43,457) | - | - |
| Cash flow from (used by) financing activities | (31,371) | 59,449 | (28,078) | - | - |
| INCREASE (DECREASE) IN CASH FLOW | 301,890 | - | (1,371,314) | (1,069,424) | (1,935,280) |
| Cash - beginning of year | 469,161 | - | 2,721,644 | 3,190,805 | 5,126,085 |
| CASH - END OF YEAR | 771,051 | - | 1,350,330 | 2,121,381 | 3,190,805 |
| CASH CONSISTS OF: | | | | | |
| Cash | \$ 261,130 | \$ - | \$ 300,330 | \$ 561,460 | \$ 2,579,539 |
| Term deposits (Note 5) | 509,921 | - | 1,050,000 | 1,559,921 | 611,266 |
| | \$ 771,051 | \$ - | \$ 1,350,330 | \$ 2,121,381 | \$ 3,190,805 |

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, 2021

Unaudited - See "REVIEW ENGAGEMENT REPORT" dated May 30, 2022.

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 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.

Tangible capital assets

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, 2021

Unaudited - See "REVIEW ENGAGEMENT REPORT" dated May 30, 2022.

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.

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. 5,633 volunteer hours were recorded in 2021 with an estimated value of \$20 per hour for a total of \$112,600 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, 2021.

(a) 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.

COWICHAN VALLEY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

Unaudited - See "REVIEW ENGAGEMENT REPORT" dated May 30, 2022.

4. PREPAID EXPENSES

| | 2021 | 2020 |
|---|----------|----------|
| Prepaid director insurance and other prepaid deposits | \$ 3,357 | \$ 2,669 |

5. TERM DEPOSIT

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

| | 2021 | 2020 |
|--|---------------------|-------------------|
| Short term: | | |
| ISCU term deposit @ 3.2% to mature April 10, 2021 | | \$ 104,046 |
| ISCU term deposit @ 3.2% to mature August 13, 2021 | | 100,000 |
| ISCU term deposit @ 3.2% to mature August 13, 2021 | - | 407,220 |
| ISCU term deposit @ 3.8% to mature August 12, 2022 | 102,955 | - |
| ISCU term deposit @ 1.050% to mature April 10, 2022 | 105,758 | - |
| ISCU term deposit @ 1.20% to mature August 20, 2022 | 101,208 | - |
| ISCU term deposit @ 0.85% to mature August 20, 2022 | 100,000 | - |
| ISCU term deposit @ 0.85% to mature August 20, 2022 | 100,000 | - |
| ISCU term deposit @ 0.65% to mature February 8, 2022 | 350,000 | - |
| ISCU term deposit @ 0.65% to mature February 8, 2022 | 350,000 | - |
| ISCU term deposit @ 1.2% to mature August 20, 2022 | 350,000 | - |
| ISCU term deposit @ 1.3% to mature April 10, 2020 | - | - |
| Subtotal | 1,559,921 | 611,266 |
| Long Term: | | |
| ISCU term deposit @ .7% to mature August 12, 2022 | - | 100,702 |
| ISCU term deposit @ 1.3% to mature August 20, 2023 | 500,000 | - |
| | \$ 2,059,921 | \$ 711,968 |

6. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated amortization | 2021 Net book value | 2020 Net book value |
|------------------------|-------------------|--------------------------|------------------------|------------------------|
| Land | \$ 70,100 | \$ - | \$ 70,100 | \$ 70,100 |
| Buildings | 203,887 | 72,578 | 131,308 | 136,406 |
| Computer equipment | 8,142 | 4,297 | 3,845 | 4,677 |
| Computer software | 3,886 | 3,694 | 192 | 1,930 |
| Furniture and fixtures | 82,609 | 20,961 | 61,648 | 6,264 |
| | \$ 368,624 | \$ 101,530 | \$ 267,093 | \$ 219,377 |

The Society recorded amortization of \$11,733 in the current year (2020 - \$8,908).

COWICHAN VALLEY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

Unaudited - See "REVIEW ENGAGEMENT REPORT" dated May 30, 2022.

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:

| | 2021 | 2020 |
|----------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 2,120,481 | \$ 4,949,187 |
| Revenue received | - | - |
| Revenue recognized | (141,021) | (2,828,706) |
| Balance, end of year | <u>\$ 1,979,460</u> | <u>\$ 2,120,481</u> |

9. COMMITMENTS

The Society entered into a operating lease for its photocopier. Monthly payments of \$149.42 plus taxes are required and the payments cease in March of 2024.

Minimum lease payment schedule:

| | |
|------|-----------------|
| 2022 | \$ 1,793 |
| 2023 | 1,793 |
| 2024 | 448 |
| | <u>\$ 4,034</u> |

Palmer Leslie
Chartered Professional Accountants

COWICHAN VALLEY HOSPICE SOCIETY

**Fundraising Activities
(Schedule 1)**

Year Ended December 31, 2021

Unaudited - See "REVIEW ENGAGEMENT REPORT" dated May 30, 2022.

| | 2021 | 2020 |
|---------------------------|-------------------|------------------|
| Reel Alternatives: | | |
| Revenue | \$ 3,444 | \$ 38,963 |
| Expenses | <u>(384)</u> | <u>(6,190)</u> |
| Net revenue over expenses | <u>\$ 3,060</u> | <u>\$ 32,773</u> |
| Direct Mail | | |
| Revenue | \$ 128,179 | \$ 93,478 |
| Expense | <u>(4,926)</u> | <u>(4,763)</u> |
| Net revenue over expenses | <u>\$ 123,253</u> | <u>\$ 88,715</u> |
| Other | | |
| Revenue | \$ 86,871 | \$ 21,046 |
| Expense | <u>(2,896)</u> | <u>(5,681)</u> |
| Net revenue over expenses | <u>\$ 83,975</u> | <u>\$ 15,365</u> |

The accompanying notes form an integral part of these financial statements

Palmer Leslie
Chartered Professional Accountants