EVERGREEN HOSPICE

FINANCIAL STATEMENTS

MARCH 31, 2018

Independent Auditor's Report

To the Directors of
Evergreen Hospice

I have audited the accompanying financial statements of Evergreen Hospice, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and 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.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit 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 organization'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 organization'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion
Evergreen Hospice derives a material amount of revenue from donations and fundraising activities. I was not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, I was unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion
In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Evergreen Hospice as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Paul Stainton

Markham, Ontario
September 13, 2018

AUTHORIZED TO PRACTICE PUBLIC ACCOUNTING BY CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

315 Renfrew Drive, Suite 201, Markham, ON L3R 9S7
Voice: (905) 943-7425 Fax: (905) 946-7632 Email: paul@paulstainton.ca

Evergreen Hospice

Statement of Financial Position

As at March 31, 2018

		2018		2017
Assets				
Current				
Cash and cash equivalents (note 3)	**$**	**81,087**	$	85,997
Short-term investments (note 4)		**311,762**		350,649
Accounts receivable		**6,680**		21,975
Prepaid expenses		**4,840**		4,840
Government taxes receivable		**6,909**		6,356
Current portion of mortgage receivable (note 5)		**9,087**		-
Total current		**420,365**		469,817
Long term portion of mortgage receivable (note 5)		**223,332**		-
Total assets	**$**	**643,697**	$	469,817
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**17,145**	$	35,178
Unearned revenue		**25,100**		8,500
Total liabilities		**42,245**		43,678
Commitment (note 6)				
Net Assets				
Net assets		**601,452**		426,139
Total liabilities and net assets	**$**	**643,697**	$	469,817

Approved on behalf of the Board

____________________________ Member

See accompanying notes

Evergreen Hospice

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2018

		2018	%		2017	%
Revenue						
Grants	$	188,918	24.2	$	196,625	41.1
Fundraising		157,681	20.2		192,864	40.3
Donations		140,032	18.0		89,361	18.7
Bequest		292,593	37.5		-	
Total revenue		779,224	100.0		478,850	100.0
Expenditures						
Office and general		48,005	6.2		52,144	10.9
Administration		128,059	16.4		130,552	27.3
Fundraising and community awareness		151,058	19.4		142,737	29.8
HST expense		6,235	0.8		5,491	1.1
Occupancy		48,681	6.2		48,888	10.2
Delivery and postage		3,297	0.4		3,477	0.7
Client services		216,305	27.8		204,495	42.7
Total expenditures		601,640	77.2		587,784	122.7
Excess (deficiency) of revenue over expenditures before undernoted items		177,584	22.8		(108,934)	(22.7)
Other expenses (income)						
Loss (gain) on sale of investments		1,798	0.2		(7,646)	(1.6)
Unrealized (loss) gain on sale of investments		14,014	1.8		(23,373)	(4.9)
Investment and other income		(13,541)	(1.7)		(14,685)	(3.1)
		2,271	0.3		(45,704)	(9.5)
Excess (deficiency) of revenue over expenditures		175,313	22.5		(63,230)	(13.2)
Net assets, beginning of year		426,139			489,369	
Net assets, end of year	$	601,452		$	426,139	

See accompanying notes

Evergreen Hospice

Statement of Cash Flows

For the year ended March 31, 2018

		2018		2017
Operating activities				
Excess (deficiency) of revenue over expenditures	**$**	**175,313**	$	(63,230)
Adjustment for				
Loss (gain) on sale of investments		**1,798**		(7,646)
		177,111		(70,876)
Change in non-cash working capital items				
Accounts receivable		**15,295**		16,096
Government taxes receivable		**(553)**		3,972
Accounts payable and accrued liabilities		**(18,033)**		12,608
Unearned revenue		**16,600**		6,000
		190,420		(32,200)
Investing activities				
Short-term investments		**37,089**		29,166
Long term portion of mortgage receivable		**(232,419)**		-
		(195,330)		29,166
Decrease in cash		**(4,910)**		(3,034)
Cash, beginning of year		**85,997**		89,031
Cash, end of year	**$**	**81,087**	$	85,997

See accompanying notes

1. Organization

Evergreen Hospice of Markham-Stouffville ("the Organization") was incorporated under The Laws of Ontario in February, 1989 as a corporation without Share Capital and merged with Hospice of Thornhill on April 1, 2014, forming Evergreen Hospice.

The Organization's purpose is to provide supportive and bereavement care to people in Markham, Thornhill and Whitchurch-Stouffville who are experiencing the impact of life-threatening illness and death.

The Organization is classified as a registered charity under the Income Tax Act and as such is not subject to income tax provided certain disbursement requirements are met.

2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition

The organization follows the deferral method of accounting for contributions. 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.

Externally restricted contributions for the purchase of property, plant and equipment that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired property, plant and equipment. Externally restricted contributions for the purchase of property, plant and equipment that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

Revenue from fundraising events are recognized when the related event occurs. Ticket sales and sponsorship revenue received in advance of the event is deferred and recorded as unearned revenue.

(b) Cash and cash equivalents

Cash and cash equivalents consists of money held in banks

(c) Investments

The organization has elected to classify all of its investments as held-for-trading, and accordingly they are recorded at fair value. Changes in fair values during the year are included in revenue or expenditures on the statement of operations.

Quoted market prices were used to determine the fair value of the investments as at the year end date.

2. Significant accounting policies, continued

(d) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenditures in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the accounts payable and accrued liabilities.

Financial assets measured at fair value include quoted shares.

(ii) Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess (deficiency) of revenue over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenditures.

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

(e) Use of estimates

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts receivable, mortgage receivable, accounts payable and accrued liabilities, and unearned revenue.

3. Financial Instruments

a) Credit Risk - Credit risk is the risk that a counterparty will fail to perform its obligations when they come due. The organization is exposed to credit risk on its investments and accounts receivable. The organization does not have significant accounts receivable exposure to any individual and investments are held with well known, reputable companies. There has been no change to this risk exposure from 2017.

b) Interest rate risk - Interest rate risk is the risk that the value of the organization's financial instruments will vary due to fluctuations in interest rates and the degree of volatility of these rates. The organization is exposed to interest rate risk on a portion of its investments. There has been no change to this risk exposure from 2017.

c) Liquidity risk - Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The organization's objective is to have sufficient liquidity to meet its liabilities when they come due. The organization monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2018, the most significant financial liabilities are accounts payable and accrued liabilities. There has been no change to this risk exposure from 2017.

4. Short-term investments

	2018 Market	**2018 Cost**	2017 Market	2017 Cost
Algonquin Power & Utilities Corp	**$ 31,925**	**$ 27,988**	$ 31,750	$ 27,988
BCE Inc New	**27,720**	**20,069**	26,496	17,185
Bank of Montreal	**27,249**	**19,781**	27,812	19,781
Canadian National Railway Co	**21,186**	**17,217**	22,086	17,217
Edgepoint Cdn Growth & Income Portfolio	**25,057**	**25,224**	-	-
First Capital Realty Inc	**22,039**	**19,227**	25,939	22,991
Fortis Inc	**25,659**	**18,897**	26,001	18,897
Intact Financial Corp	**28,075**	**25,824**	27,428	25,824
Inter Pipeline Ltd Com	**19,565**	**22,522**	24,526	22,522
National Bank of Canada	**21,224**	**15,721**	19,544	15,721
North West Company Inc	**27,030**	**24,739**	31,710	24,739
Northland Power Inc	**12,655**	**11,435**	13,508	11,435
Riocan REIT	**-**	**-**	23,842	24,870
Transcanada Corporation	**22,378**	**15,832**	25,776	15,832
United-Global Fixed Income Pool	**-**	**-**	24,231	24,346
	$ 311,762	**$ 264,476**	$ 350,649	$ 289,348

5. Long term portion of mortgage receivable

The mortgage receivable was received in the current year as a bequest from the estate of a donor. The mortgage is non-interest bearing, repayable in annual instalments of $ 25,000 and has been discounted to fair market value at the annualized rate of 7%.

		2018		2017
Mortgage receivable	**$**	**232,419**	$	-
Less current portion		**9,087**		-
Due beyond one year	**$**	**223,332**	$	-

6. Commitment

The organization's total commitment, under a property lease agreement, exclusive of occupancy costs, is as follows:

2019	$	20,323
2020		22,668
2021		7,817
	$	50,808

7. Gain (loss) on investments

		2018		2017
Capital Gains/Losses - realized	$	(1,798)	$	7,646
Capital Gains/Losses - unrealized		(14,014)		23,373
		-		-
	$	(15,812)	$	31,019