

# **Casey House Foundation**

Financial Statements  
**March 31, 2009**

May 21, 2009

## **Auditors' Report**

### **To the Directors of Casey House Foundation**

We have audited the statement of financial position of **Casey House Foundation** (the Foundation) as at March 31, 2009 and the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*  
**Chartered Accountants, Licensed Public Accountants**

# Casey House Foundation

## Statement of Financial Position

As at March 31, 2009

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	2009 \$	2008 \$ (restated - note 2)
<b>Assets</b>		
<b>Current assets</b>		
Cash	458,033	640,535
Accounts receivable	13,168	111,661
	<hr/>	<hr/>
	471,201	752,196
<b>Investments</b>	2,942,180	3,266,516
<b>Equipment</b> - net of accumulated amortization of \$32,869 (2008 - \$30,294)	2,821	3,814
	<hr/>	<hr/>
	3,416,202	4,022,526
	<hr/>	<hr/>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	144,532	11,505
Deferred revenue (note 9)	2,000	-
Due to Casey House Hospice Inc. (note 4)	164,664	365,442
	<hr/>	<hr/>
	311,196	376,947
<b>Post-employment benefits</b> (note 8)	92,900	91,400
	<hr/>	<hr/>
	404,096	468,347
	<hr/>	<hr/>
<b>Fund Balances</b>		
<b>Endowment</b> (note 5)	1,490,575	1,487,319
<b>Restricted</b> (note 6)	540,678	407,887
<b>Unrestricted</b>	980,853	1,658,973
	<hr/>	<hr/>
	3,012,106	3,554,179
	<hr/>	<hr/>
	3,416,202	4,022,526
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Approved by the Board of Directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Casey House Foundation

## Statement of Revenue and Expenditures

For the year ended March 31, 2009

	Endowment	Restricted	Unrestricted	2009 Total \$	2008 Total \$ (restated - note 2)
<b>Revenue</b>					
Donations	2,550	225,000	838,994	1,066,544	999,019
Bequests	-	-	136,446	136,446	189,466
Special events	-	-	1,026,704	1,026,704	1,196,558
Donations in kind	-	-	263,720	263,720	302,850
Interest and other	706	-	210,118	210,824	205,624
	3,256	225,000	2,475,982	2,704,238	2,893,517
<b>Expenditures</b>					
Fundraising and special events	-	-	970,773	970,773	854,440
Administrative	-	-	467,037	467,037	464,977
Donations in kind	-	-	263,720	263,720	302,850
Amortization of equipment	-	-	2,575	2,575	2,087
Unrealized investment loss	-	-	323,601	323,601	151,243
	-	-	2,027,706	2,027,706	1,775,597
<b>Excess of revenue over expenditures before grants to Casey House Hospice Inc.</b>	3,256	225,000	448,276	676,532	1,117,920
<b>Grants to Casey House Hospice Inc. (note 4)</b>		92,209	1,126,396	1,218,605	935,933
<b>Excess (deficiency) of revenue over expenditures for the year</b>	3,256	132,791	(678,120)	(542,073)	181,987

**Casey House Foundation**  
 Statement of Changes in Fund Balances  
 For the year ended March 31, 2009

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	<b>Endowment</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>2009</b>	<b>2008</b>
	\$	\$	\$	Total	Total
				\$	\$
					(restated - note 2)
<b>Balance - Beginning of year</b>	1,487,319	407,887	1,658,973	3,554,179	3,119,702
Excess (deficiency) of revenue over expenditures for the year	3,256	132,791	(678,120)	(542,073)	181,987
Adjustment as a result of adopting fair value recognition of financial instruments	-	-	-	-	232,490
<b>Balance - End of year</b>	<b>1,490,575</b>	<b>540,678</b>	<b>980,853</b>	<b>3,012,106</b>	<b>3,554,179</b>

# Casey House Foundation

## Statement of Cash Flows

For the year ended March 31, 2009

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	2009 \$	2008 \$ (restated -note 2)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	(542,073)	181,987
Items not affecting cash		
Amortization of equipment	2,575	2,087
Net post-employment benefits cost	1,500	2,600
Net changes in non-cash working capital items		
Accounts receivable	98,493	157,208
Accounts payable and accrued liabilities	133,027	(19,734)
Deferred revenue	2,000	-
Due to Casey House Hospice Inc.	(200,778)	125,908
	<hr/> (505,256) <hr/>	<hr/> 450,056 <hr/>
<b>Investing activities</b>		
Purchase of equipment	(1,582)	(2,731)
Net change in investments	<hr/> 324,336 <hr/>	<hr/> (23,575) <hr/>
	<hr/> 322,754 <hr/>	<hr/> (26,306) <hr/>
<b>Increase (decrease) in cash during the year</b>	(182,502)	423,750
<b>Cash - Beginning of year</b>	<hr/> 640,535 <hr/>	<hr/> 216,785 <hr/>
<b>Cash - End of year</b>	<hr/> 458,033 <hr/>	<hr/> 640,535 <hr/>

# Casey House Foundation

Notes to Financial Statements

March 31, 2009

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## 1 Organization

Casey House Foundation (the Foundation) was incorporated without share capital, effective December 6, 1988, under the Ontario Corporations Act to provide financial support to Casey House Hospice Inc. (Casey House), a not-for-profit hospice providing palliative and supportive care to people living with HIV/AIDS. The activities of the Foundation began in April 1989 and it is registered as a charitable foundation within the meaning of the Income Tax Act (Canada) and is exempt from income taxes provided certain requirements of the Income Tax Act are met.

## 2 Change in accounting policy

On April 1, 2008, the Foundation changed its accounting policy for revenue recognition from the deferral method to the restricted fund method. The change in accounting policy has been accounted for retroactively and the comparative statements for 2008 have been restated as follows:

	<b>As reported March 31, 2008 \$</b>	<b>Adjustment \$</b>	<b>As restated March 31, 2008 \$</b>
Deferred revenue	371,417	(371,417)	-
Restricted funds	36,470	371,417	407,887
Fundraising and special events expenditures	849,404	5,036	854,440
Excess of revenue over expenditures	187,023	(5,036)	181,987

## 3 Summary of significant accounting policies

### Fund accounting and revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. The financial statements separately disclose the activities of the following funds maintained by the Foundation:

- The Unrestricted Fund reflects the general fundraising, investing, granting and administrative activities and reports on unrestricted resources available for immediate use. The Unrestricted Fund is used to support the operations for the Foundation and make grants to Casey House.
- The Restricted Fund reflects the funds that have been externally or internally restricted by the objectives specified by the donors or in accordance with directives issued by the Board of Directors. Funds designated to a particular service as directed by the donor are expended on related programs and services.
- The Endowment Funds represent a group of funds that have been contributed to the Foundation with the instruction to invest the capital in perpetuity and to use the income earned for specific purposes as outlined

# Casey House Foundation

## Notes to Financial Statements

March 31, 2009

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in the governing documents. Investment income generated on the Endowment Funds is recorded as revenue of the appropriate funds as specified in the governing documents.

Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship of assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the statement of changes in fund balances.

All donations, contributions and other income are recognized as revenue of the appropriate fund in the year received or receivable. Donations in kind are recorded at their appraised or fair market value. Proceeds from fundraising and special events are recognized in the period the event occurred, based on reasonable assurance of collection. All other revenues and expenditures are recorded on an accrual basis.

### **Recently adopted accounting pronouncements**

- Section 1535, Capital Disclosures

On April 1, 2008, the Foundation adopted Section 1535, Capital Disclosures, of The Canadian Institute of Chartered Accountants (CICA) Handbook, which requires that an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. The adoption of these recommendations only required additional disclosures, which are provided in note 10.

- Section 4400, Financial Statement Presentation for Not-for-Profit Organizations

Effective April 1, 2008, the Foundation adopted retroactively the changes to the recommendations in Section 4400, Financial Statement Presentation for Not-for-Profit Organizations, that eliminate the requirement to separately disclose the amount of net assets invested in capital assets. The Foundation has therefore eliminated from the financial statements details about the amount of net assets invested in capital assets and the calculation of this amount. As a result, the Foundation has reclassified the prior year financial statements to include the amount of net assets invested in capital assets as at April 1, 2007 of \$3,170 and as at April 1, 2008 of \$3,814 in unrestricted net assets.

### **Recent Canadian accounting pronouncements issued and not yet adopted**

- Section 1000, Financial Statement Concepts

In February 2008, the ACSB amended Section 1000, Financial Statement Concepts, to clarify that assets not meeting the definition of an asset or the recognition criteria are not permitted to be recognized on the statement of financial position.

The amendments are effective for financial statements for fiscal years beginning on or after October 1, 2008. The Foundation is examining its current approach to recognizing costs as assets and will implement these standards effective April 1, 2009 retroactively with restatement of the prior year. The impact of implementing these amendments on the Foundation's financial statements is currently not known.

# Casey House Foundation

## Notes to Financial Statements

March 31, 2009

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- Section 4400, Financial Statement Presentation by Not-for-Profit Organizations

Recent amendments to Section 4400, Financial Statement Presentation by Not-for-Profit Organizations will modify the requirements with respect to various elements of financial statement presentation. These amendments include:

- reporting certain revenues in gross amounts in the statement of revenue and expenditures; and
- disclosure of the policy adopted for allocation of fundraising and general support costs where expenses are classified by functions.

The new standard applies to financial statements relating the fiscal years beginning on or after January 1, 2009, specifically April 1, 2009 for the Foundation. This standard will impact the Foundation's disclosures provided but will not affect the Foundation's results or financial position.

### **Investments**

Investments in pooled funds are recorded at quoted market values of the securities held by the funds provided by the administrator of the pooled funds.

### **Contributed materials and services**

A number of volunteers contribute their services to the Foundation each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the notes to the financial statements. Contributed materials are recorded, when received, at fair value.

### **Equipment**

Equipment consists of computer hardware and software. Equipment is recorded at cost and amortized, in the year of acquisition, on a straight-line basis over its estimated useful life of three to five years.

### **Post-employment benefits**

Post-employment benefits relate to life insurance, health and dental benefits paid to employees post-employment with the Foundation. The plan is unfunded. The accrued benefit obligation and the current service cost were actuarially determined using the projected benefit method pro-rated on service and based on management's best estimates. Current market interest rates, for the periods over which payments are estimated to be required, are used to estimate the present value of future benefit obligations. Actuarial experience gains or losses are amortized over the average remaining service period to retirement.

# Casey House Foundation

Notes to Financial Statements

March 31, 2009

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## Financial instruments - recognition and measurement

The following is a summary of the classification of each of the Foundation's financial instruments:

Cash	held-for-trading
Investments	held-for-trading
Accounts receivable	loans and receivables
Accounts payable and accrued liabilities	other financial liabilities
Due to Casey House Hospice Inc.	other financial liabilities

Financial assets classified as held-for-trading are recorded at fair market value at the financial statement date. Interest earned or accrued, gains and losses realized on disposal, transaction costs and unrealized gains and losses from changes in fair value are included in interest income.

Amounts classified as loans and receivables or other financial liabilities are accounted for at amortized cost.

The estimated fair values of cash, investments, accounts receivable, related party payables and accounts payable and accrued liabilities approximate their carrying values in the financial statements due to their short-term maturity.

The Foundation has chosen to continue to apply CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation, in place of Section 3862, Financial Instruments – Disclosure, and Section 3863, Financial Instruments – Presentation.

## Use of estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenditures during the reporting period. Actual results could differ from those estimates.

# Casey House Foundation

Notes to Financial Statements

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## 4 Transactions with Casey House Hospice Inc.

Funding provided and fees paid by the Foundation to Casey House Hospice Inc. during the year are as follows:

	2009	2008
	\$	\$
Operating grant	980,052	725,187
One-time project grant for the Women's HIV Health Care Program, Child Care Project Real State Project, Day Health Program Planning and Community Education	197,422	22,812
One-time grant for repayment of mortgage	-	150,000
Capital grants	41,131	37,934
Total grants	<u>1,218,605</u>	<u>935,933</u>
Administrative service fees paid	30,000	30,000

The amount payable to Casey House of \$164,664 (2008 - \$365,442) relates to the grants rewarded but unpaid as at the year-end date.

## 5 Endowment funds

In 2001, the Foundation received an endowment contribution of \$1,000,000, which is subject to external restrictions stipulating that the Foundation hold the funds for at least ten years and any investment income earned on the funds is to be used to support new initiatives and programs. The balance of this fund as at March 31, 2009 is \$1,000,000 (2008 - \$1,000,000).

In April 2004, the Foundation received a bequest of \$250,000 of which the current balance is \$394,471 (2008 - \$391,921). This bequest was designated by the Board of Directors as the June Callwood Legacy Endowed Fund. This fund is to be used to maintain and enhance the quality and home-like environment of both Casey House Hospice and any community programs. The investment income from this fund may be used to fund specific programs, as stipulated in the terms of the endowed fund and has been recorded in the restricted fund. In addition, by a majority vote of the Board of Directors of the Foundation, the investment income may be used to fund special grant requests of the hospice and/or be treated as an unrestricted net asset.

The remaining balance of \$96,104 (2008 - \$95,398) is subject to various externally imposed restrictions.

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Notes to Financial Statements

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## 6 Restricted Funds

	2009 \$	2008 \$
Bonham operating fund (a)	178,401	268,415
Child care project	42,267	34,098
Women's HIV project	68,143	68,507
Day health polite project	225,000	-
Interest from J. Callwood Endowment Fund	26,867	26,867
Staff education	-	10,000
	<u>540,678</u>	<u>407,887</u>

(a) In December 2000, the Foundation received a gift of \$500,000 to assist with operational funding for new beds and a day centre and for the development of an ongoing funding base.

## 7 Pension plan

Substantially all of the employees of the Foundation are members of the Hospitals of Ontario Pension Plan (HOOPP), which is a multi-employer, final average earnings, contributory pension plan. Contributions to the pension plan made during the year by the Foundation on behalf of its employees are as required by HOOPP and are expensed in the accounts.

## 8 Post-employment benefits

Casey House, a related party, has a defined benefit post-employment benefit plan covering certain employees of the Foundation. The net post-employment benefit expense for the year amounted to \$1,500 (2008 - \$2,600).

A summary of the Foundation's obligation is as follows, based on the last actuarial valuation completed in March 31, 2009:

	2009 \$	2008 \$
Accrued benefit obligation	35,900	25,700
Reconciliation of accrued benefit obligation to accrued benefit liability		
Accrued benefit obligation – Beginning of year	35,900	25,700
Unamortized experience gain	57,000	65,700
Accrued benefit obligation – End of year	<u>92,900</u>	<u>91,400</u>
Net post-employment benefit cost	<u>2,500</u>	<u>3,100</u>

# Casey House Foundation

Notes to Financial Statements

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	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Weighted average assumptions:		
Discount rate	5.75%	5.75%
Average remaining service period to retirement	15 years	15 years
Average remaining service period to full eligibility	14 years	14 years
Other assumptions:		
	<b>2009</b>	<b>2008</b>
	<b>%</b>	<b>%</b>
Dental care cost trend	4.0%	4.0%
Extended health-care cost trend	9.5%	9.0%

## 9 Deferred revenue

During the year, the Foundation received \$2,000 (2008 - \$NIL) for the fiscal 2010 Art With Heart fundraising event.

## 10 Capital management

The Foundation considers its capital to be comprised of its endowment funds and other short-term cash resources. This capital is invested in a combination of equities and other investments to provide for the long-term preservation of the endowment funds and short-term liquidity requirements of the Foundation in line with its overall objectives as set out in note 1. The investments are administered in line with the investment policy as established by the Investment Committee of the Foundation. The Foundation also has external restrictions in connection with certain of its endowment funds. These restrictions are monitored and the Foundation is currently of the view that it is in compliance with these external restrictions.

## 11 Guarantee

In accordance with a mortgage agreement between Casey House and the Equitable Trust Company, the Foundation has guaranteed the \$852,540 (2008 - \$893,675) outstanding mortgage payable as at March 31, 2009.