

# **Casey House Foundation**

Financial Statements  
**March 31, 2011**

May 19, 2011

## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of Casey House Foundation, which comprise the statement of financial position as at March 31, 2011 and the statements of revenue and expenditures and changes in fund balance and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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**

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 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 entity'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 entity'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Casey House Foundation as at March 31, 2011 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, 2011

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	2011 \$	2010 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	560,750	776,534
Accounts receivable	96,652	178,787
	<u>657,402</u>	<u>955,321</u>
<b>Investments</b>	3,720,920	3,312,231
<b>Equipment</b> - net of accumulated amortization of \$42,206 (2010 - \$35,435)	3,666	2,424
	<u>4,381,988</u>	<u>4,269,976</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	71,658	98,184
Due to Casey House Hospice Inc. (note 3)	382,037	616,939
	<u>453,695</u>	<u>715,123</u>
<b>Post-employment benefits</b> (note 7)	139,900	112,200
	<u>593,595</u>	<u>827,323</u>
<b>Fund Balances</b>		
<b>Endowment</b> (note 4)	846,711	1,662,697
<b>Restricted</b> (note 5)	2,722,896	1,302,912
<b>Unrestricted</b>	218,786	477,044
	<u>3,788,393</u>	<u>3,442,653</u>
	<u>4,381,988</u>	<u>4,269,976</u>

Approved by the Board of Directors

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[Redacted Signature] Director

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[Redacted Signature] Director

## Casey House Foundation

Statement of Revenue and Expenditures  
For the year ended March 31, 2011

				2011	2010
	Endowment \$	Restricted \$	Unrestricted \$	Total \$	Total \$
<b>Revenue</b>					
Donations	1,135	130,007	767,490	898,632	993,668
Bequests	200,000	75,750	245,542	521,292	742,466
Special events	-	-	1,156,606	1,156,606	970,540
Donations in kind	-	-	314,820	314,820	357,100
Interest and other	81,746	78,126	6,146	166,018	82,141
Unrealized investment gain (loss)	127,760	95,065	(5,609)	217,216	306,320
	410,641	378,948	2,484,995	3,274,584	3,452,235
<b>Expenditures</b>					
Fundraising and special events	-	107,033	895,003	1,002,036	867,929
Administrative	-	42,696	531,457	574,153	545,152
Donations in kind	-	-	314,820	314,820	357,100
Amortization of equipment	-	-	3,105	3,105	2,566
	-	149,729	1,744,385	1,894,114	1,772,747
<b>Excess of revenue over expenditures before grants to Casey House Hospice Inc.</b>	410,641	229,219	740,610	1,380,470	1,679,488
<b>Grants to Casey House Hospice Inc. (note 3)</b>	-	37,024	997,706	1,034,730	1,248,941
<b>Excess (deficiency) of revenue over expenditures for the year</b>	410,641	192,195	(257,096)	345,740	430,547

## Casey House Foundation

Statement of Changes in Fund Balances  
For the year ended March 31, 2011

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	<u>Endowment</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>2011</u>	<u>2010</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>Total</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Balance - Beginning of year</b>	1,662,697	1,302,912	477,044	3,442,653	3,012,106
Excess (deficiency) of revenue over expenditures for the year	410,641	192,195	(257,096)	345,740	430,547
	2,073,338	1,495,107	219,948	3,788,393	3,442,653
Fund transfer (note 4)	(1,226,627)	1,227,789	(1,162)	-	-
<b>Balance - End of year</b>	<u>846,711</u>	<u>2,722,896</u>	<u>218,786</u>	<u>3,788,393</u>	<u>3,442,653</u>

# Casey House Foundation

## Statement of Cash Flows

For the year ended March 31, 2011

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	2011 \$	2010 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	345,740	430,547
Items not affecting cash		
Amortization of equipment	3,105	2,566
Net post-employment benefits cost	27,700	19,300
	<u>376,545</u>	<u>452,413</u>
Net changes in non-cash working capital items		
Accounts receivable	82,135	(165,619)
Accounts payable and accrued liabilities	(26,526)	(46,348)
Deferred revenue	-	(2,000)
Due to Casey House Hospice Inc.	<u>(234,902)</u>	<u>452,275</u>
	<u>197,252</u>	<u>690,721</u>
<b>Investing activities</b>		
Purchase of equipment	( 4,347)	(2,169)
Net change in investments	<u>(408,689)</u>	<u>(370,051)</u>
	<u>(413,036)</u>	<u>(372,220)</u>
<b>Increase (decrease) in cash during the year</b>	(215,784)	318,501
<b>Cash - Beginning of year</b>	<u>776,534</u>	<u>458,033</u>
<b>Cash - End of year</b>	<u><u>560,750</u></u>	<u><u>776,534</u></u>

# Casey House Foundation

Notes to Financial Statements

March 31, 2011

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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 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 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 inter-fund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund 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.

### Investments

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

# Casey House Foundation

Notes to Financial Statements

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## 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.

## Financial instruments - recognition and measurement

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.

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.

# Casey House Foundation

Notes to Financial Statements

March 31, 2011

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## 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.

## Future accounting policies

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Foundation is currently considering the impact of the adoption of these standards, which is specifically effective for the Foundation for the fiscal year beginning April 1, 2012.

## 3 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:

	2011 \$	2010 \$
Operating grant	957,690	1,172,951
One-time project grant for the Women's HIV Health Care Program, Child Care Project, Recreation Therapy Program and Community Education	33,099	38,499
Capital grants	43,941	37,491
Total grants	<u>1,034,730</u>	<u>1,248,941</u>
Administrative service fees paid	30,000	30,000

The amount payable to Casey House of \$382,037 (2010 - \$616,939) relates to the grants awarded but unpaid as at the year-end date.

# Casey House Foundation

Notes to Financial Statements

March 31, 2011

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## 4 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 ten year restriction ended during fiscal 2011 and the fund balance of \$1,227,789 has been transferred to the restricted capital fund.

In April 2004, the Foundation received a bequest which the Board of Directors has designated 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 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 endowment 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 Casey House and/or be treated as an unrestricted net asset. The balance as at March 31, 2011 amounted to \$522,371 (2010 - \$464,305).

In 2011, the Foundation received an endowment contribution of \$200,000, which is subject to external restrictions stipulating that the Foundation may use the annual income from the fund for such purposes in connection with the work of the Casey House Foundation as its Board of Directors may determine. The balance of this fund as at March 31, 2011 is \$205,626.

The remaining balance of \$118,714 (2010 - \$104,715) is subject to various externally imposed restrictions.

## 5 Restricted funds

	2011	2010
	\$	\$
Bonham operating fund (a)	219,999	195,976
Child Care Project	105,452	59,971
Women's HIV Project	72,453	73,741
Day Health Pilot Project	339,617	302,531
Futures Fund	634,294	487,147
Care & Comfort Fund	42,979	25,194
Recreation Therapy Fund	54,638	46,559
Capital Fund (b)	1,250,392	101,793
Community Education Fund	3,072	10,000
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	2,722,896	1,302,912

(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.

(b) The Ministry of Health and Long Term Care requires Casey House to contribute its local share to support the re-development project. The Capital Fund consists of donations received to-date through the capital campaign to meet the local share requirement.

# Casey House Foundation

Notes to Financial Statements

March 31, 2011

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## 6 Pension plan

Substantially all of the employees of Casey House are members of the Hospitals of Ontario Pension Plan (HOOPP), which is a multi-employer, final average pay contributory pension plan. HOOPP is accounted for as a defined contribution plan. Contributions made to HOOPP during the year are included in salaries and benefits in the statement of revenue and expenditures and amounted to \$55,716 (2010 - \$39,188).

## 7 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 \$27,700 (2010 - \$19,300). A summary of the Foundation's obligation is as follows, based on the latest full actuarial valuation completed in March 31, 2009:

	2011 \$	2010 \$
Accrued benefit obligation	112,000	74,100
Reconciliation of accrued benefit obligation to accrued benefit liability		
Accrued benefit obligation	112,000	74,100
Unamortized experience gain	27,900	38,100
Accrued benefit liability	139,900	112,200
Net post-employment benefit cost	31,000	23,800
Weighted average assumptions		
Discount rate	4.75%	5.50%
Average remaining service period to retirement	12 years	12 years
Average remaining service period to full eligibility	9 years	9 years

The assumed dental care cost trend used in determining the benefit expense for 2011 is 4.0% (2010 - 4.0%).

The assumed extended health care cost trend used in determining the benefit expense for 2011 is 8.5% (2010 - 9.0%).

## 8 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

# Casey House Foundation

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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.

## 10 Guarantee

In accordance with a mortgage agreement between Casey House and the Equitable Trust Company, the Foundation has guaranteed the \$774,422 (2010 - \$815,049) outstanding mortgage payable as at March 31, 2011.