

Casey House Foundation

Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011



June 7, 2013

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 statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, statements of revenue and expenditures and changes in fund balance and cash flow for the years ended March 31, 2013 and March 31, 2012, and the related notes, which comprise 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



We believe that the audit evidence we have obtained in our audits 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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Casey House Foundation

Statements of Financial Position

As at March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013 \$	March 31, 2012 \$	April 1, 2011 \$
Assets			
Current assets			
Cash	1,010,265	1,026,098	560,750
Accounts receivable	139,917	52,857	96,652
	<u>1,150,182</u>	<u>1,078,955</u>	<u>657,402</u>
Investments	4,160,621	3,916,763	3,720,920
Equipment - net of accumulated amortization of \$42,667 (2012 - \$40,811)	957	1,920	3,666
	<u>5,311,760</u>	<u>4,997,638</u>	<u>4,381,988</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	202,171	126,167	71,658
Due to Casey House Hospice Inc. (note 4)	318,809	288,298	382,037
	<u>520,980</u>	<u>414,465</u>	<u>453,695</u>
Post-employment benefits (note 8)	184,700	172,500	139,900
	<u>705,680</u>	<u>586,965</u>	<u>593,595</u>
Fund Balances			
Endowment (note 5)	1,415,126	1,298,393	846,711
Restricted (note 6)	3,189,955	3,089,838	2,722,896
Unrestricted	999	22,442	218,786
	<u>4,606,080</u>	<u>4,410,673</u>	<u>3,788,393</u>
	<u>5,311,760</u>	<u>4,997,638</u>	<u>4,381,988</u>

Approved by the Board of Directors

 Director

 Director

The accompanying notes are an integral part of these financial statements.

Casey House Foundation

Statements of Revenue and Expenditures

For the years ended March 31, 2013 and March 31, 2012

	Endowment \$	Restricted \$	Unrestricted \$	Total \$	March 31, 2013 Total \$	March 31, 2012 Total \$
Revenue						
Donations	75	1,121,234	499,014	1,620,323	1,620,323	1,525,303
Bequests	43,650	169,055	82,150	294,855	294,855	577,427
Special events	-	-	1,302,146	1,302,146	1,302,146	1,327,230
Donations in kind	-	-	399,010	399,010	399,010	414,500
Interest and other	60,479	147,847	3,124	211,450	211,450	176,958
	104,204	1,438,136	2,285,444	3,827,784	3,827,784	4,021,418
Expenditures						
Fundraising and special events	-	429,259	821,321	1,250,580	1,250,580	1,097,950
Administrative	-	3,237	565,972	569,209	569,209	627,621
Donations in kind	-	-	399,010	399,010	399,010	414,500
Amortization of equipment	-	-	1,856	1,856	1,856	2,271
	-	432,496	1,788,159	2,220,655	2,220,655	2,142,342
Excess of revenue over expenditures before the following items	104,204	1,005,640	497,285	1,607,129	1,607,129	1,879,076
Change in fair value of investments	15,627	45,941	-	61,568	61,568	(253,042)
Grants to Casey House Hospice Inc. (note 4)	(3,098)	(701,464)	(768,728)	(1,473,290)	(1,473,290)	(1,003,754)
Excess (deficiency) of revenue over expenditures for the year	116,733	350,117	(271,443)	195,407	195,407	622,280

The accompanying notes are an integral part of these financial statements.

Casey House Foundation

Statements of Changes in Fund Balances

For the years ended March 31, 2013 and March 31, 2012

	Endowment \$	Restricted \$	Unrestricted \$	Total \$	March 31, 2013 Total \$	March 31, 2012 Total \$
Balance - Beginning of year	1,298,393	3,089,838	22,442	4,410,673	4,410,673	3,788,393
Excess (deficiency) of revenue over expenditures for the year	116,733	350,117	(271,443)	195,407	195,407	622,280
Fund transfer (note 6)	-	(250,000)	250,000	-	-	-
Balance - End of year	<u>1,415,126</u>	<u>3,189,955</u>	<u>999</u>	<u>4,606,080</u>	<u>4,606,080</u>	<u>4,410,673</u>

The accompanying notes are an integral part of these financial statements.

Casey House Foundation

Statements of Cash Flows

For the years ended March 31, 2013 and March 31, 2012

	March 31, 2013 \$	March 31, 2012 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	195,407	622,280
Items not affecting cash		
Amortization of equipment	1,856	2,271
Change in fair value of investments	(61,568)	253,042
Net post-employment benefits cost	12,200	32,600
	<hr/>	<hr/>
	147,895	910,193
Net changes in non-cash working capital items		
Accounts receivable	(87,060)	43,795
Accounts payable and accrued liabilities	76,004	54,509
Due to Casey House Hospice Inc.	30,511	(93,739)
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	167,350	914,758
Investing activities		
Purchase of equipment	(893)	(525)
Net change in investments	(182,290)	(448,885)
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	(183,183)	(449,410)
Increase (decrease) in cash during the year	(15,833)	465,348
Cash - Beginning of year	1,026,098	560,750
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Cash - End of year	1,010,265	1,026,098
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The accompanying notes are an integral part of these financial statements.

Casey House Foundation

Notes to Financial Statements

March 31, 2013 and March 31, 2012

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 of the Foundation and to make grants to Casey House.
- The Restricted Funds reflect 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 value. Proceeds from fundraising and special events are recognized in the period in which the event occurred, based on reasonable assurance of collection. All other revenue and expenditures are recorded on an accrual basis.

Investments

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

Casey House Foundation

Notes to Financial Statements

March 31, 2013 and March 31, 2012

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 assets and financial liabilities

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of revenue and expenditures. Financial assets are tested for impairment at the end of each reporting period where there are indicators that the assets may be impaired.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, and accounts payable and accrued liabilities and due to Casey House Hospice Inc.

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

March 31, 2013 and March 31, 2012

3 Transition to Canadian accounting standards for not-for-profit organizations

Effective April 1, 2012 the Foundation elected to adopt Canadian accounting standards for not-for-profit organizations (ASNPO), as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework have been applied consistently and retrospectively as if these policies had always been in effect.

In accordance with ASNPO transitional exemptions, the Foundation has elected to carry forward unrecognized actuarial gains and losses and past service costs that were previously determined under Section 3461 of the CICA Handbook

There were no adjustments to the statements of financial position or statements of revenue and expenditures, fund balances and cash flows.

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:

	2013	2012
	\$	\$
Operating grant	725,716	879,620
One-time project grant for the Women's HIV Health Care Program, Child Care Project, Recreation Therapy Program and Community Education	156,993	81,030
Redevelopment grant	544,854	-
Capital grants	45,727	43,104
Total grants	<u>1,473,290</u>	<u>1,003,754</u>
Administrative service fees paid	<u>30,000</u>	<u>30,000</u>

The amount payable to Casey House of \$318,809 (2012 - \$288,298) relates to the grants awarded but unpaid as at the year-end date.

Casey House Foundation
 Notes to Financial Statements
 March 31, 2013 and March 31, 2012

5 Endowment Funds

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 Funds. 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, 2013 amounted to \$529,490 (2012 - \$503,624).

In 2013, the Foundation received an endowment contribution of \$43,650 (2012 - \$490,000), 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, 2013 is \$762,999 (2012- \$678,835).

The remaining balance of \$122,637 (2012 - \$115,934) is subject to various externally imposed restrictions.

6 Restricted Funds

	2013 \$	2012 \$
Bonham operating fund (a)	155,613	214,847
Child Care Project	73,250	78,998
Volunteer Program	50,684	-
Women's HIV Project	74,847	70,756
Day Health Pilot Project	350,840	331,662
Futures Fund (c)	498,327	545,833
Care & Comfort Fund	73,740	67,864
Recreation Therapy Fund	47,030	53,875
Capital Fund (b)	1,845,944	1,721,303
Community Education Fund	19,680	4,700
	<u>3,189,955</u>	<u>3,089,838</u>

- (a) In December 2000, the Foundation received a gift of \$500,000 to assist with operational funding for new beds, 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 redevelopment project. The Capital Fund consists of donations received to date through the capital campaign to meet the local share requirement.
- (c) During the year, the Board of Directors approved a transfer of \$250,000 (2012- \$130,000) from the Futures Fund to the Unrestricted Fund.

Casey House Foundation

Notes to Financial Statements

March 31, 2013 and March 31, 2012

7 Pension plan

Substantially all of the employees of Casey House are members of Healthcare 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 \$69,212 (2012 - \$70,749).

8 Post-employment benefits

Casey House, a related party, has a defined benefit post-employment benefit plan covering certain employees of the Foundation. A summary of the Foundation's obligation is as follows, based on the latest full actuarial valuation as of April 1, 2012:

	2013 \$	2012 \$
Accrued benefit liability, as at April 1	172,500	139,900
Pension expense for the year		
Current service cost	16,400	28,700
Interest cost	4,100	6,700
Actuarial (gains)	(7,800)	(1,400)
	12,700	34,000
Benefits paid	(500)	(1,400)
Accrued benefit liability, as at March 31	184,700	172,500
Reconciliation of accrued benefit obligation to accrued benefit liability		
Accrued benefit obligation,	108,800	154,200
Unamortized experience gain	75,900	18,300
Accrued benefit liability	184,700	172,500
Weighted average assumptions		
Discount rate	3.75%	4%
Average remaining service period to retirement	10 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 2013 is 4% (2012 - 4.0%). The assumed extended health-care cost trend used in determining the benefit expense for 2013 is 7.75% (2012 - 8.0%) and decreasing by 0.25% per annum to 5.0%.

Casey House Foundation

Notes to Financial Statements

March 31, 2013 and March 31, 2012

9 Guarantee

In accordance with a mortgage agreement between Casey House and the Equitable Trust Company, the Foundation has guaranteed the \$685,591 (2012 - \$731,318) outstanding mortgage payable as at March 31, 2013.