

Casey House Foundation

Financial Statements
March 31, 2015



June 8, 2015

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, 2015 and the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended, 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 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.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Casey House Foundation as at March 31, 2015 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Casey House Foundation

Statement of Financial Position

As at March 31, 2015

	2015 \$	2014 \$ (restated - note 2)
Assets		
Current assets		
Cash	2,086,837	1,789,156
Accounts receivable	97,489	77,174
	<u>2,184,326</u>	<u>1,866,330</u>
Investments	4,170,384	4,756,450
Equipment - net of accumulated amortization of \$43,510 (2014 - \$43,110)	114	514
	<u>6,354,824</u>	<u>6,623,294</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	60,059	97,171
Due to Casey House Hospice Inc. (note 3)	230,694	203,928
	<u>290,753</u>	<u>301,099</u>
Post-employment benefits (note 7)	158,100	127,000
	<u>448,853</u>	<u>428,099</u>
Fund Balances		
Endowment (note 4)	1,365,079	1,225,475
Restricted (note 5)	4,097,329	4,115,684
Unrestricted	443,563	854,036
	<u>5,905,971</u>	<u>6,195,195</u>
	<u>6,354,824</u>	<u>6,623,294</u>

Approved by the Board of Directors

Director

Director

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

Casey House Foundation
Statement of Revenue and Expenditures
For the year ended March 31, 2015

	2015			2014	
	Endowment \$	Restricted \$	Unrestricted \$	Total \$	Total \$
Revenue					
Donations	1,817	1,075,598	561,710	1,639,125	2,117,702
Bequests	-	-	55,988	55,988	232,174
Special events	-	-	1,001,058	1,001,058	906,185
Donations in kind	-	-	340,700	340,700	366,200
Investment income	24,473	68,888	345	93,706	151,288
	26,290	1,144,486	1,959,801	3,130,577	3,773,549
Expenditures					
Fundraising and special events	-	273,569	664,464	938,033	1,046,258
Administrative	-	1,070	483,842	484,912	458,043
Donations in kind	-	-	340,700	340,700	366,200
Amortization of equipment	-	-	400	400	443
	-	274,639	1,489,406	1,764,045	1,870,944
Excess of revenue over expenditures before the following items	26,290	869,847	470,395	1,366,532	1,902,605
Change in fair value of investments	113,314	85,075	-	198,389	474,010
Grants to Casey House Hospice Inc. (note 3)	-	(973,277)	(870,368)	(1,843,645)	(866,400)
Excess (deficiency) of revenue over expenditures for the year	139,604	(18,355)	(399,973)	(278,724)	1,510,215

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

Casey House Foundation
Statement of Changes in Fund Balances
For the year ended March 31, 2015

	2015			2014	
	Endowment	Restricted	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
Balance - Beginning of year					
As previously reported	1,225,475	4,115,684	854,036	6,195,195	4,606,080
Adjustment on transition - post-employment benefits (note 2)	-	-	-	-	75,900
As restated	1,225,475	4,115,684	854,036	6,195,195	4,681,980
Excess (deficiency) of revenue over expenditures for the year	139,604	(18,355)	(399,973)	(278,724)	1,510,215
Net actuarial gain (loss) on employee future benefits	-	-	(10,500)	(10,500)	3,000
Funds transfer (note 5)	-	-	-	-	-
Balance - End of year	1,365,079	4,097,329	443,563	5,905,971	6,195,195

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

Casey House Foundation

Statement of Cash Flows

For the year ended March 31, 2015

	2015 \$	2014 \$ (restated - note 2)
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	(278,724)	1,510,215
Items not affecting cash		
Amortization of equipment	400	443
Change in fair value of investments	(198,389)	(474,010)
Net post-employment benefits cost	20,600	21,200
	<hr/>	<hr/>
	(456,113)	1,057,848
Net change in non-cash working capital items		
Accounts receivable	(20,315)	62,743
Accounts payable and accrued liabilities	(37,112)	(105,000)
Due to Casey House Hospice Inc.	26,766	(114,881)
	<hr/>	<hr/>
	(486,774)	900,710
Investing activities		
Purchase of investments	(3,493,359)	(8,587,754)
Proceeds on sale of investments	4,277,814	8,465,935
	<hr/>	<hr/>
	784,455	(121,819)
Increase in cash during the year	<hr/>	<hr/>
	297,681	778,891
Cash - Beginning of year	<hr/>	<hr/>
	1,789,156	1,010,265
Cash - End of year	<hr/>	<hr/>
	2,086,837	1,789,156

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

Casey House Foundation

Notes to Financial Statements

March 31, 2015

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

Adoption of new standards for not-for-profit organizations

Effective April 1, 2014, the Foundation adopted Section 3463, Reporting Future Benefits by Not-for-profit Organizations. The section has been applied retroactively, which resulted in a \$72,400 decrease in the employee future benefits liability, a \$6,500 increase in administrative expenditures, and a \$75,900 increase in opening net assets for the 2014 comparative year. Actuarial gains of \$3,000 were recognized directly in net assets for the same year.

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.

Casey House Foundation

Notes to Financial Statements

March 31, 2015

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.

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 recorded in net assets.

Financial assets and financial liabilities

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

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

Casey House Foundation

Notes to Financial Statements

March 31, 2015

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.

3 Transactions with Casey House Hospice Inc.

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

	2015 \$	2014 \$
Operating grant	881,731	773,864
One-time project grant for the Women's HIV Health Care Program, Child Care Project, Recreation Therapy Program and Community Education	69,761	44,024
Redevelopment grant	850,000	-
Capital grants	42,153	48,512
	<hr/>	<hr/>
Total grants	1,843,645	866,400
	<hr/>	<hr/>
Administrative service fees	30,000	30,000

The amount payable to Casey House of \$230,694 (2014 - \$203,928) relates to the grants awarded but unpaid as at the year-end date.

4 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, 2015 amounted to \$367,691 (2014 - \$329,831).

In 2015, the Foundation received an endowment contribution of \$1,817 (2014 - \$2,496), 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 Foundation as its Board of Directors may determine. The balance of this fund as at March 31, 2015 is \$841,440 (2014 - \$756,608).

The remaining balance of \$151,804 (2014 - \$139,036) is subject to various externally imposed restrictions.

Casey House Foundation

Notes to Financial Statements

March 31, 2015

5 Restricted funds

	2015	2014
	\$	\$
Bonham operating fund (a)	191,102	176,295
Research	18,903	30,271
Child Care Project	65,890	76,592
Volunteer Program	15	3,755
Women's HIV Project	93,484	84,298
Day Health Pilot Project	441,093	397,751
Special Assistance	4,118	-
Care & Comfort Fund	98,793	85,945
Recreation Therapy Fund	32,614	43,273
Capital Fund (b)	3,115,459	3,191,949
Community Education Fund	35,858	25,555
	<u>4,097,329</u>	<u>4,115,684</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 \$nil (2014 - \$498,327) from the Futures Fund to the Unrestricted Fund.

6 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 administrative expenditures in the statement of revenue and expenditures and amounted to \$61,198 (2014 - \$65,840).

Casey House Foundation

Notes to Financial Statements

March 31, 2015

7 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 obligations is as follows, based on the latest full actuarial valuation as at April 1, 2012:

	2015 \$	2014 \$ (restated - note 2)
Accrued benefit liability as at April 1	127,000	108,800
Pension expense for the year		
Current service cost	17,800	17,500
Interest cost	5,700	4,700
Actuarial gains	10,500	(3,000)
	<u>34,000</u>	<u>19,200</u>
Benefits paid	<u>(2,900)</u>	<u>(1,000)</u>
Accrued benefit liability as at March 31	<u>158,100</u>	<u>127,000</u>
Weighted average assumptions		
Discount rate	3.25%	3.75%
Average remaining service period to retirement	10 years	10 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 2015 is 4% (2014 - 4.0 %). The assumed extended health-care cost trend used in determining the benefit expense for 2015 is 7.25% (2014 - 7.50%) and decreasing by 0.25% per annum to 5%.

8 Guarantee

In accordance with a mortgage agreement between Casey House and BMO Bank of Montreal, the Foundation has guaranteed the \$607,217 (2014 - \$637,079) outstanding mortgage payable as at March 31, 2015.