

# **Casey House Foundation**

**Financial Statements**  
**March 31, 2017**



June 13, 2017

## **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, 2017 and the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended, and 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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\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Casey House Foundation as at March 31, 2017 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, 2017**

	2017 \$	2016 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	2,583,231	2,305,441
Accounts receivable	229,179	192,083
	<u>2,812,410</u>	<u>2,497,524</u>
<b>Investments</b>	<u>1,700,441</u>	<u>4,199,573</u>
	<u>4,512,851</u>	<u>6,697,097</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	52,117	101,824
Deferred revenue	3,500	1,500
Due to Casey House (note 3)	1,194,905	1,496,795
	<u>1,250,522</u>	<u>1,600,119</u>
<b>Post-employment benefits (note 7)</b>	<u>81,200</u>	<u>73,600</u>
	<u>1,331,722</u>	<u>1,673,719</u>
<b>Fund Balances</b>		
<b>Endowment (note 4)</b>	1,329,935	1,387,961
<b>Restricted (note 5)</b>	1,524,220	3,340,854
<b>Unrestricted</b>	326,974	294,563
	<u>3,181,129</u>	<u>5,023,378</u>
	<u>4,512,851</u>	<u>6,697,097</u>

Approved by the Board of Directors

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Director

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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, 2017**

	2017			2016	
	Endowment	Restricted	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Donations	-	771,502	617,157	1,388,659	1,472,969
Bequests	-	413,000	498,083	911,083	330,603
Special events	-	-	731,798	731,798	947,065
Donations in kind	-	-	104,282	104,282	77,150
Investment income	42,982	32,473	12,483	87,938	104,729
	42,982	1,216,975	1,963,803	3,223,760	2,932,516
<b>Expenditures</b>					
Fundraising and special events	-	11,689	702,090	713,779	897,744
Administrative (note 6)	-	-	424,828	424,828	377,108
Donations in kind	-	-	104,282	104,282	77,150
Amortization of equipment	-	-	-	-	114
	-	11,689	1,231,200	1,242,889	1,352,116
<b>Excess of revenue over expenditures before the following items</b>	42,982	1,205,286	732,603	1,980,871	1,580,400
<b>Change in fair value of investments</b>	27,894	16,501	-	44,395	(56,835)
<b>Grants to Casey House (note 3)</b>	(128,902)	(3,038,421)	(701,992)	(3,869,315)	(2,499,758)
<b>Excess (deficiency) of revenue over expenditures for the year</b>	(58,026)	(1,816,634)	30,611	(1,844,049)	(976,193)

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, 2017**

	2017		2016	
	Endowment \$	Restricted \$	Unrestricted \$	Total \$
<b>Balance - Beginning of year</b>	1,387,961	3,340,854	294,563	5,023,378
Excess (deficiency) of revenue over expenditures for the year	(58,026)	(1,816,634)	30,611	(1,844,049)
Net actuarial gain on employee future benefits	-	-	1,800	1,800
<b>Balance - End of year</b>	<b>1,329,935</b>	<b>1,524,220</b>	<b>326,974</b>	<b>3,181,129</b>
				<b>5,023,378</b>

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

# Casey House Foundation

## Statement of Cash Flows

For the year ended March 31, 2017

	2017 \$	2016 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenditures for the year	(1,844,049)	(976,193)
Items not affecting cash		
Amortization of equipment	-	114
Change in fair value of investments	(44,395)	56,835
Net post-employment benefits cost	9,400	9,100
	<u>(1,879,044)</u>	<u>(910,144)</u>
Net change in non-cash working capital items		
Accounts receivable	(37,096)	(94,594)
Accounts payable and accrued liabilities	(49,707)	41,765
Deferred revenue	2,000	1,500
Due to Casey House	(301,890)	1,266,101
	<u>(2,265,737)</u>	<u>304,628</u>
<b>Investing activities</b>		
Purchase of investments	(74,664)	(104,594)
Proceeds on sale of investments	2,618,191	18,570
	<u>2,543,527</u>	<u>(86,024)</u>
<b>Increase in cash during the year</b>	<b>277,790</b>	<b>218,604</b>
<b>Cash - Beginning of year</b>	<b>2,305,441</b>	<b>2,086,837</b>
<b>Cash - End of year</b>	<b>2,583,231</b>	<b>2,305,441</b>

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

# Casey House Foundation

## Notes to Financial Statements

March 31, 2017

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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, a not-for-profit hospital providing comprehensive 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

#### Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) set out in Part III of the Chartered Professional Accountants of Canada Handbook - Accounting.

#### 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 year 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, 2017

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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.

### 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.

### Use of estimates

These financial statements have been prepared in accordance with ASNPO, 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

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

	2017	2016
	\$	\$
Operating grant	853,176	945,968
One-time project grant for the Day Health Program Start-up, Research, Child Care Project and Community Education	142,853	133,522
Redevelopment grant	2,840,494	1,388,729
Capital grants	32,791	31,539
Total grants	<u>3,869,314</u>	<u>2,499,758</u>
Administrative service fees	<u>30,000</u>	<u>30,000</u>

The amount payable to Casey House of \$1,194,905 (2016 - \$1,496,795) relates to the grants awarded but unpaid as at the year-end date.

# Casey House Foundation

## Notes to Financial Statements

March 31, 2017

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### 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, 2017 amounted to \$295,165 (2016 - \$373,854).

In 2017, the Foundation received no endowment contributions (2016 - \$nil) to the Danz & Quick Fund, 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, 2017 is \$873,633 (2016 - \$859,758).

The remaining balance of \$161,137 (2016 - \$154,349) is subject to various externally imposed restrictions.

### 5 Restricted funds

	2017	2016
	\$	\$
Bonham operating fund (a)	-	120,324
Research	-	-
Child Care Project	34,429	50,063
Volunteer Program	-	-
Women's HIV Project	100,157	95,050
Day Health Pilot Project	452,808	451,936
Special Assistance	2,121	3,218
Care & Comfort Fund	87,130	89,834
Recreation Therapy Fund	1,339	18,338
Capital Fund (b)	825,703	2,483,213
Community Education Fund	20,533	28,878
	<u>1,524,220</u>	<u>3,340,854</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. These funds have been spent to support operational planning, program development and transitional support.
- 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. Funds totaling \$3,702,665 were transferred to Casey House in March 2017 to meet the funding requirements for construction costs.

### 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 \$47,263 (2016 - \$46,575).

# Casey House Foundation

## Notes to Financial Statements

March 31, 2017

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### 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:

	2017 \$	2016 \$
Accrued benefit liability as at April 1	73,600	158,100
Pension expense for the year		
Current service cost	7,000	6,700
Interest cost	2,400	2,400
Actuarial gains	(1,800)	(93,600)
	7,600	(84,500)
Benefits paid	-	-
Accrued benefit liability as at March 31	81,200	73,600
Weighted average assumptions		
Discount rate	3.50%	3.25%
Average remaining service period to retirement	12 years	15 years

The assumed dental care cost trend used in determining the benefit expense for 2017 is 3.0% (2016 - 3.0%). The assumed extended health-care cost trend used in determining the benefit expense for 2017 is 6.25% (2016 - 6.25%) and decreasing by 0.25% per annum to 4.5%.

### 8 Guarantee

In accordance with a mortgage agreement between Casey House and Bank of Montreal, the Foundation has guaranteed the \$542,886 (2016 - \$575,678) outstanding mortgage payable as at March 31, 2017.