

Casey House Foundation

Financial Statements

March 31, 2018



June 11, 2018

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, 2018 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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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Casey House Foundation as at March 31, 2018 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, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash	4,170,287	2,583,231
Accounts receivable	134,115	229,179
Prepaid expenses	25,000	-
	<u>4,329,402</u>	<u>2,812,410</u>
Investments	<u>1,796,478</u>	<u>1,700,441</u>
	<u>6,125,880</u>	<u>4,512,851</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	55,750	52,117
Deferred revenue	-	3,500
Due to Casey House (note 3)	2,131,650	1,194,905
	<u>2,187,400</u>	<u>1,250,522</u>
Post-employment benefits (note 7)	<u>92,900</u>	<u>81,200</u>
	<u>2,280,300</u>	<u>1,331,722</u>
Fund Balances		
Endowment (note 4)	1,400,312	1,329,935
Restricted (note 5)	1,320,093	1,524,220
Unrestricted	<u>1,125,175</u>	<u>326,974</u>
	<u>3,845,580</u>	<u>3,181,129</u>
	<u>6,125,880</u>	<u>4,512,851</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, 2018

				2018	2017
	Endowment	Restricted	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
Revenue					
Donations	-	494,158	814,938	1,309,096	1,388,659
Bequests	-	-	1,003,844	1,003,844	911,083
Special events	-	-	679,672	679,672	731,798
Donations in kind	-	-	158,290	158,290	104,282
Investment income	64,684	32,261	2,100	99,045	87,938
	64,684	526,419	2,658,844	3,249,947	3,223,760
Expenditures					
Fundraising and special events	-	284	730,980	731,264	713,779
Administrative (note 6)	-	-	624,257	624,257	424,828
Donations in kind	-	-	158,290	158,290	104,282
	-	284	1,513,527	1,513,811	1,242,889
Excess of revenue over expenditures before the following items	64,684	526,135	1,145,317	1,736,136	1,980,871
Change in fair value of investments	5,817	4,415	-	10,232	44,395
Grants to Casey House (note 3)	(124)	(734,677)	(345,216)	(1,080,017)	(3,869,315)
Excess (deficiency) of revenue over expenditures for the year	70,377	(204,127)	800,101	666,351	(1,844,049)

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, 2018

				2018	2017
	Endowment \$	Restricted \$	Unrestricted \$	Total \$	Total \$
Balance - Beginning of year	1,329,935	1,524,220	326,974	3,181,129	5,023,378
Excess (deficiency) of revenue over expenditures for the year	70,377	(204,127)	800,101	666,351	(1,844,049)
Net actuarial gain (loss) on employee future benefits	-	-	(1,900)	(1,900)	1,800
Balance - End of year	1,400,312	1,320,093	1,125,175	3,845,580	3,181,129

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

Casey House Foundation

Statement of Cash Flows

For the year ended March 31, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	666,351	(1,844,049)
Adjustments		
Change in fair value of investments	10,232	(44,395)
Investment custodian and management fees	(13,242)	(18,191)
Net post-employment benefits cost	9,800	9,400
	<hr/>	<hr/>
	673,141	(1,897,235)
Net change in non-cash working capital items		
Accounts receivable	95,064	(37,096)
Prepaid expenses	(25,000)	-
Accounts payable and accrued liabilities	3,633	(49,707)
Deferred revenue	(3,500)	2,000
Due to Casey House	936,745	(301,890)
	<hr/>	<hr/>
	1,680,083	(2,283,928)
Investing activities		
Purchase of investments	(93,027)	(74,664)
Proceeds on sale of investments	-	2,636,382
	<hr/>	<hr/>
	(93,027)	2,561,718
Increase in cash during the year	1,587,056	277,790
Cash - Beginning of year	<hr/>	<hr/>
	2,583,231	2,305,441
Cash - End of year	<hr/>	<hr/>
	4,170,287	2,583,231

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

Casey House Foundation

Notes to Financial Statements

March 31, 2018

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, 2018

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 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 requires 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:

	2018 \$	2017 \$
Operating grant	345,216	853,176
One-time project grant for the Day Health Program Start-up, Research, Child Care Project and Community Education	-	142,853
Redevelopment grant	700,000	2,840,495
Capital grants	34,801	32,791
Total grants	<u>1,080,017</u>	<u>3,869,315</u>
Administrative service fees	<u>30,000</u>	<u>30,000</u>

The amount payable to Casey House of \$2,131,650 (2017 - \$1,194,905) relates to the grants awarded but unpaid as at the year-end date.

Casey House Foundation

Notes to Financial Statements

March 31, 2018

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, 2018 amounted to \$310,963 (2017 - \$295,165).

In 2018, the Foundation received no endowment contributions (2017 - \$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, 2018 is \$919,709 (2017 - \$873,633).

The remaining balance of \$169,640 (2017 - \$161,137) is subject to various externally imposed restrictions.

5 Restricted Funds

	2018 \$	2017 \$
Child Care Project	19,995	34,429
Women's HIV Project	105,522	100,157
Day Health Pilot Project	474,239	452,808
Special Assistance	296	2,121
Care & Comfort Fund	76,055	87,130
Recreation Therapy Fund	1,549	1,339
Capital Fund (a)	620,804	825,703
Community Education Fund	21,633	20,533
	<u>1,320,093</u>	<u>1,524,220</u>

- a) 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 totalling \$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 the 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 \$42,349 (2017 - \$47,263).

Casey House Foundation

Notes to Financial Statements

March 31, 2018

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, 2015:

	2018 \$	2017 \$
Accrued benefit liability as at April 1	81,200	73,600
Pension expense for the year		
Current service cost	6,600	7,000
Interest cost	3,200	2,400
Actuarial gains	1,900	(1,800)
	11,700	7,600
Benefits paid	-	-
Accrued benefit liability as at March 31	92,900	81,200
Weighted average assumptions		
Discount rate	3.70%	3.50%
Average remaining service period to retirement	12 years	12 years

The assumed dental care cost trend used in determining the benefit expense for 2018 is 3.0% (2017 - 3.0%). The assumed extended health-care cost trend used in determining the benefit expense for 2018 is 6.0% (2017 - 6.25%) and decreasing by 0.25% per annum to 4.5%.

8 Guarantee

In accordance with a mortgage agreement between Casey House and the Bank of Montreal, the Foundation has guaranteed the \$508,793 (2017 - \$542,886) outstanding mortgage payable as at March 31, 2018.

9 Comparative information

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.