

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Financial Statements

Year Ended March 31, 2015

(Unaudited)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

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REVIEW ENGAGEMENT REPORT

To the Members of White Rock South Surrey Hospice Society

We have reviewed the balance sheet of White Rock South Surrey Hospice Society as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

White Rock, BC
June 15, 2015

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

PARTNERSHIP OF:

VANCOUVER Robert J. Burkart, Inc. Kenneth P. Chong Inc. Alvin F. Dale Ltd. Donald L. Furney, Ltd. David J. Goertz, Inc. Matthew G. Gosden, Inc. Barry S. Hartley, Inc. Reginald J. LaBonte Ltd. Robert J. Matheson, Inc. Rakesh I. Patel Inc. Lorraine W. Rinfret, Inc. Brad A. Robin Inc.
WHITE ROCK Michael K. Braun Inc. Peter J. Donaldson, Inc. Harjit S. Sandhu, Inc. **TRI-CITIES** Fraser G. Ross, Ltd. Brian A. Shaw Inc.

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Balance sheet
March 31, 2015
(Unaudited)

	Operating Fund	Capital Fund	Total 2015	Total 2014
ASSETS				
CURRENT				
Cash	\$ 36,294	\$ 47,776	\$ 84,070	\$ 163,334
Short term investments	110,585	523,297	633,882	250,889
Accounts receivable	2,396	-	2,396	744,882
Intrafund receivable	-	50,451	50,451	25,051
Prepaid expenses	4,869	2,618	7,487	15,870
GST recoverable	2,506	-	2,506	2,179
	156,650	624,142	780,792	1,202,205
REAL PROPERTY HELD FOR RESALE (Note 4)	-	230,470	230,470	501,668
PROPERTY (Note 5)	-	707,622	707,622	16,837
	\$ 156,650	\$ 1,562,234	\$ 1,718,884	\$ 1,720,710
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 19,090	\$ 896	\$ 19,986	\$ 18,665
Intrafund payable	50,451	-	50,451	25,051
Deferred revenue (Note 6)	135,497	107,715	243,212	221,526
Current portion of mortgage payable (Note 7)	-	-	-	18,673
Provincial sales tax payable	1,611	-	1,611	2,068
Payroll liabilities	36,261	-	36,261	27,585
	242,910	108,611	351,521	313,568
MORTGAGE PAYABLE (Note 7)	-	-	-	460,605
	242,910	108,611	351,521	774,173
FUND BALANCES				
Net assets	(86,260)	1,453,623	1,367,363	946,537
	\$ 156,650	\$ 1,562,234	\$ 1,718,884	\$ 1,720,710

COMMITMENTS (Note 9)

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Statement of Operations

Year ended March 31, 2015

(Unaudited)

	Operating Fund	Capital Fund	Total 2015	Total 2014
REVENUE				
Memberships	\$ 1,580	\$ -	\$ 1,580	\$ 1,345
Donations	57,890	-	57,890	90,474
Grants	79,835	-	79,835	77,527
BC Gaming grants	100,000	-	100,000	100,000
Fundraising projects	54,938	28,600	83,538	114,247
Thrift Store - net revenue (Schedule 1)	77,214	77,214	154,428	147,044
Interest and other income	2,790	1,984	4,774	3,488
Bequests	-	75,654	75,654	1,950
Rental	-	42,816	42,816	68,072
Gifts-in-kind (Note 10)	-	11,740	11,740	-
Property tax exemptions (Note 10)	3,714	4,007	7,721	11,147
	377,961	242,015	619,976	615,294
EXPENSES				
Accounting and legal	7,882	-	7,882	4,138
Advertising and promotion	8,912	-	8,912	6,876
Bank charges and interest	4,204	-	4,204	1,562
Board of Directors	4,914	-	4,914	3,081
Computer repairs and maintenance	12,692	-	12,692	7,988
Fundraising projects	1,234	-	1,234	13,990
Insurance	5,986	-	5,986	9,387
Interest on mortgage	-	10,187	10,187	20,088
Membership dues	863	-	863	942
Office	11,889	-	11,889	6,921
Personnel (Note 11)	393,354	62,964	456,318	367,477
Programs	9,486	-	9,486	11,468
Property taxes (Note 10)	4,527	8,151	12,678	14,280
Rental	20,000	-	20,000	20,000
Repairs and maintenance	745	5,250	5,995	9,617
Telephone and internet	3,966	-	3,966	4,355
Utilities	2,745	-	2,745	2,706
	493,399	86,552	579,951	504,876
EXCESS FROM OPERATIONS	(115,438)	155,463	40,025	110,418
OTHER ITEMS				
Gain (loss) on disposal of real estate property	-	380,801	380,801	(145,946)
Impairment of development costs	-	-	-	(99,711)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(115,438)	536,264	420,826	(135,239)
FUND BALANCE, beginning of year	29,178	917,359	946,537	1,081,776
FUND BALANCE, end of year	\$ (86,260)	\$ 1,453,623	\$ 1,367,363	\$ 946,537

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Statement of Cash Flows
Year ended March 31, 2015
(Unaudited)

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 420,826	\$ (135,239)
Items not involving cash:		
Loss (gain) on disposal of real estate property	(380,801)	145,946
Impairment of development costs	-	99,711
	<u>40,025</u>	<u>110,418</u>
Changes in non-cash working capital:		
Accounts receivable	742,486	(742,531)
GST recoverable	(327)	5,813
Prepaid expenses	8,383	(7,985)
Accounts payable and accrued liabilities	1,321	2,288
Deferred revenue	21,686	106,954
Payroll liabilities	8,676	(19,983)
PST payable	(457)	2,068
	<u>821,793</u>	<u>(542,958)</u>
INVESTING ACTIVITIES		
Proceeds from sale of real estate property	652,000	652,000
Purchase of real estate property	(553,885)	-
Deferred development costs	(136,901)	(16,837)
	<u>(38,786)</u>	<u>635,163</u>
FINANCING ACTIVITIES		
Repayment of mortgage payable	(479,278)	(17,776)
	<u>(479,278)</u>	<u>(17,776)</u>
INCREASE (DECREASE) IN CASH	303,729	74,429
CASH, beginning of year	414,223	339,794
CASH, end of year	\$ 717,952	\$ 414,223
CASH CONSISTS OF:		
Cash	\$ 84,070	\$ 163,334
Short term investments	633,882	250,889
	<u>\$ 717,952</u>	<u>\$ 414,223</u>

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2015

(Unaudited)

1. DESCRIPTION OF BUSINESS

White Rock South Surrey Hospice Society (the "Society") is incorporated under the Corporations Act of British Columbia as a not-for-profit organization and is a registered charity under the Income tax Act. The purpose of the Society is to promote the care and welfare of those in an imminent terminal health situation in the White Rock and South Surrey area.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

Volunteers contribute a significant amount of time each year to assist the Society in carrying out its programs and services.

Contributions of assets and supplies, that would otherwise have been purchased, are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

Cash and short term investments

Cash and short term investments consist primarily of cash on hand, bank accounts and guaranteed investment certificates with terms to maturity less than one year at the date of purchase. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. The Society's financial instruments include: accounts receivable, intrafund receivable, accounts payable and accrued liabilities, intrafund payable and payroll liabilities.

Fund accounting

White Rock South Surrey Hospice Society follows the restricted fund method of accounting for contributions.

Revenues and expenses relating to the promotion, training and care and support for the terminally ill are recorded in the Operating Fund.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets including the preservation and development of these assets.

(continues)

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2015

(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Society is a not-for-profit society registered under the British Columbia Society Act. As such it is not liable for federal or provincial income taxes.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Certain expenses are allocated to the Capital Fund based on management's best estimate as to which portion is attributable to the Capital Fund. Note 11 provides the details of the current period's allocation of expenses. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

White Rock South Surrey Hospice Society follows the deferral method of accounting for contributions and government funding.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Thrift Store - Net Revenue Allocation

The net revenue of the Thrift Store is accumulated and reported in the Society's Capital Fund within the statement of operations.

Each year, a portion, not to exceed one-half, of the Thrift Store's net revenue will be allocated to the Operating Fund.

4. REAL PROPERTY HELD FOR RESALE

	<u>2015</u>	<u>2014</u>
15496 Russell Avenue, White Rock, BC	\$ -	\$ 271,199
15510 Russell Avenue, White Rock, BC	230,470	230,469
	<u>\$ 230,470</u>	<u>\$ 501,668</u>

During the year the society sold the property located at 15496 Russell Avenue.

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2015

(Unaudited)

5. PROPERTY

	<u>2015</u>	<u>2014</u>
Deferred development costs	\$ 142,049	\$ 16,837
15433 - 16A Avenue, Surrey, BC	565,573	-
	<u>\$ 707,622</u>	<u>\$ 16,837</u>

6. DEFERRED REVENUE

The deferred revenue in the Operating Fund represents funding that is related to subsequent years' operations and is restricted by rules of the contributing organizations.

	BC Gov't (Gaming)	Fraser Health Authority	Other	<u>2015</u>	<u>2014</u>
Balance, beginning of period	\$ 100,000	\$ 6,461	\$ 6,120	\$ 112,581	\$ 114,572
Add: amount received in period	100,000	77,527	29,036	206,563	183,260
Less: amount recognized in period	(100,000)	(77,527)	(6,120)	(183,647)	(185,251)
Balance, end of period	<u>\$ 100,000</u>	<u>\$ 6,461</u>	<u>\$ 29,036</u>	<u>\$ 135,497</u>	<u>\$ 112,581</u>

The deferred revenue in the Capital Fund represents a non-refundable deposit received for the irrevocable option for a buyer to purchase the 15510 Russell Avenue property . The option deposit will be applied against the purchase price if the option is exercised by the buyer. If the option is not exercised the deposit will be forfeited absolutely to the Society.

7. MORTGAGE PAYABLE

The Coast Capital Savings mortgage outstanding at March 31, 2014 was discharged on April 11, 2014.

A new Coast Capital Savings mortgage in the amount of \$300,000 was obtained to provide financing for the acquisition of the property located at 15433 16A Avenue Surrey, BC. This new mortgage was repaid and discharged on February 3, 2015.

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2015

(Unaudited)

8. DIRECTOR'S REMUNERATION

No remuneration was paid to the voting members of the Society's Board of Directors during the year ended March 31, 2015.

9. COMMITMENTS

a) Funding/ Service commitments

i) BC government (Gaming) funding

Pursuant to the Community Gaming Grant program, the Society received a grant of \$100,000 that must be spent by March 5, 2016, which is 12 months from the date the funds were received. The grant must be used towards program related expenses for palliative and bereavement care;

ii) Fraser Health Authority funding

Pursuant to two funding grants, the Society received a total of \$6,461 per month from April 2014 to March 2015.

b) Sale of real estate properties

The Society entered into an agreement to grant a buyer the right to purchase the 15510 Russell Avenue property. In exchange for the option, the Society received an option deposit in the amount of \$50,000. The option deposit will be applied towards the purchase price of the land purchased if the option is exercised by the buyer. If the option is not exercised the deposit will be forfeited absolutely to the Society. The option is open for exercise up to February 1, 2016.

c) Option to purchase real estate property

The Society entered into an agreement to purchase the residential property located at 15443 - 16A Avenue for the purchase price of \$549,000. The option will only be exercised should the Society need the property for its proposed new Supportive Care Centre.

d) Operating lease

The Society leases premises for its Thrift Store operations. Monthly lease payments are \$3,321 plus a proportionate share of the operating costs until November 1, 2018, and \$3,535 plus a proportionate share of the operating costs until December 1, 2020. Future minimum lease payments are as follows:

2016	\$	39,852
2017		39,852
2018		39,852
2019		40,708
2020		42,420
Thereafter		<u>28,280</u>
	\$	<u>230,964</u>

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2015

(Unaudited)

10. NON-CASH TRANSACTIONS

For the year ended March 31, 2015:

- a) the Society recorded property tax exemption income of \$4,007 (2014: \$7,432) in the Capital Fund and \$3,714 (2014: \$3,715) in the Operating Fund and offsetting property tax expenses of \$8,151 (2014: \$9,929) in the Capital Fund and \$4,527 (2014: \$4,351) in the Operating Fund.
- b) the Society recorded Gift-in-Kind income of \$11,740 (2014: \$nil) in the Capital Fund for the donation of shares into the Society's investment portfolio.

These amounts were measured at their estimated fair market values.

11. ALLOCATION OF EXPENSES

For the year ended March 31, 2015, personnel costs associated with the Acting Executive Director, the Associate Director, and the Society's bookkeeper have been allocated to the Capital Fund as follows:

	\$ allocated to the Operating Fund	\$ allocated to the Capital Fund	Total allocated expenses
Acting Executive and Associate Director	\$ 50,242	\$ 57,081	\$ 107,323
Bookkeeper	23,533	5,883	29,416
	<u>\$ 73,775</u>	<u>\$ 62,964</u>	<u>\$ 136,739</u>

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

13. BANK INDEBTEDNESS

The society has available an operating line of credit to a maximum of \$100,000. When drawn upon, the line of credit bears interest at Coast Capital Savings' prime lending rate plus 1.00% per annum and is due on demand. The line of credit is secured by a general security agreement and real estate disclosed in Note 4.

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2015

(Unaudited)

14. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2015.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed rate financial instruments. The fixed rate instruments subject the Society to a fair value risk.

WHITE ROCK SOUTH SURREY HOSPICE SOCIETY

Thrift Store - Net Revenue

(Schedule 1)

Year Ended March 31, 2015

(Unaudited)

	2015	2014
REVENUE		
Sales	\$ 305,684	\$ 287,460
Recycling	2,710	3,487
	<u>308,394</u>	<u>290,947</u>
EXPENSES		
Advertising and promotion	7,150	6,827
Equipment	2,149	249
Rent	60,806	59,606
Repairs and maintenance	3,016	2,437
Personnel	70,508	64,703
Supplies	5,400	4,347
Utilities	4,937	5,734
	<u>153,966</u>	<u>143,903</u>
INCOME FROM OPERATIONS	<u>\$ 154,428</u>	<u>\$ 147,044</u>

See notes to financial statements