

Financial Statements of

VICTORIA HOSPICE SOCIETY

Year ended March 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Members of Victoria Hospice Society

Report on the Financial Statements

We have audited the accompanying financial statements of the Victoria Hospice Society, which comprise the statement of financial position as at March 31, 2018, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 our 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, we consider 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.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Victoria Hospice Society as at March 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles applied by Victoria Hospice Society in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
July 19, 2018

VICTORIA HOSPICE SOCIETY

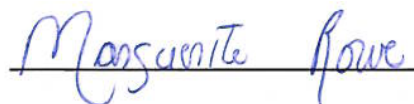
Statement of Financial Position

March 31, 2018, with comparative information for 2017

	Operating Fund	Capital Fund	2018 Total	2017 Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,457,732	\$ -	\$ 1,457,732	\$ 1,657,483
Investments (note 2)	1,000,000	-	1,000,000	3,550,000
Accounts receivable	134,641	-	134,641	83,310
Prepaid expenses	15,305	-	15,305	6,985
Inventories	9,616	-	9,616	15,818
	2,617,294	-	2,617,294	5,313,596
Cash surrender value of life insurance policies (note 4)	91,585	-	91,585	122,445
Capital assets (note 5)	-	271,188	271,188	234,603
	\$ 2,708,879	\$ 271,188	\$ 2,980,067	\$ 5,670,644
Liabilities				
Current liabilities:				
Payable to Vancouver Island Health Authority	\$ 244,865	\$ -	\$ 244,865	\$ 409,188
Accounts payable and accrued liabilities	354,044	-	354,044	341,262
Payable to Victoria Hospice and Palliative Care Foundation	1,699,714	-	1,699,714	4,363,462
Deferred revenue	284,015	-	284,015	176,376
	2,582,638	-	2,582,638	5,290,288
Fund Balances				
Invested in capital assets	-	271,188	271,188	234,603
Unrestricted	126,241	-	126,241	145,753
	126,241	271,188	397,429	380,356
Commitments (note 6)				
	\$ 2,708,879	\$ 271,188	\$ 2,980,067	\$ 5,670,644

See accompanying notes to financial statements.

Approved on Behalf of the Board:

 Director

 Director

VICTORIA HOSPICE SOCIETY

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2018, with comparative information for 2017

	Operating Fund	Capital Fund	Total 2018	Operating Fund	Capital Fund	Total 2017
Revenue:						
Vancouver Island Health Authority (note 7):						
Operating grant and contract funding	\$ 4,172,415	\$ -	\$ 4,172,415	\$ 4,094,571	\$ -	\$ 4,094,571
M.S.P. recoveries	663,506	-	663,506	676,603	-	676,603
	4,835,921	-	4,835,921	4,771,174	-	4,771,174
Public support:						
Gaming	-	-	-	50,000	-	50,000
Donations and fundraising	5,241,394	-	5,241,394	7,398,456	-	7,398,456
Courses and research projects	247,978	-	247,978	388,327	-	388,327
Other	60,353	-	60,353	59,316	-	59,316
	5,549,725	-	5,549,725	7,896,099	-	7,896,099
Donations from Victoria Hospice Palliative Care Foundation (note 3)	305,915	-	305,915	222,851	58,426	281,277
Total revenue	10,691,561	-	10,691,561	12,890,124	58,426	12,948,550
Expenses:						
Amortization of capital assets	-	68,517	68,517	-	52,468	52,468
Bereavement	277,470	-	277,470	284,666	-	284,666
Communications	74,288	-	74,288	78,902	-	78,902
Corporate and administration	990,424	-	990,424	914,612	-	914,612
Counseling and spiritual	664,012	-	664,012	663,239	-	663,239
Decrease in cash surrender value of life insurance policies	30,860	-	30,860	2,325	-	2,325
Education and research	391,989	-	391,989	334,316	-	334,316
Fund development and planned giving	729,215	-	729,215	672,699	-	672,699
Medical	842,619	-	842,619	843,253	-	843,253
Nursing	3,096,654	-	3,096,654	2,923,337	-	2,923,337
Palliative response team	829,948	-	829,948	859,838	-	859,838
Other projects	90,634	-	90,634	210,124	-	210,124
Courses and research projects	208,892	-	208,892	300,673	-	300,673
Volunteers	142,684	-	142,684	137,111	-	137,111
Donations to Victoria Hospice Palliative Care Foundation (note 3)	2,236,282	-	2,236,282	4,621,878	-	4,621,878
Total expenses	10,605,971	68,517	10,674,488	12,846,973	52,468	12,899,441
Excess (deficiency) of revenue over expenses	85,590	(68,517)	17,073	43,151	5,958	49,109
Fund balances, beginning of year	145,753	234,603	380,356	140,597	190,650	331,247
Interfund transfers (note 10)	(105,102)	105,102	-	(37,995)	37,995	-
Fund balances, end of year	\$ 126,241	\$ 271,188	\$ 397,429	\$ 145,753	\$ 234,603	\$ 380,356

See accompanying notes to financial statements.

VICTORIA HOSPICE SOCIETY

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses:		
Operating Fund	\$ 85,590	\$ 43,151
Capital Fund	(68,517)	5,958
	17,073	49,109
Items not involving cash:		
Amortization of capital assets	68,517	52,468
Decrease in cash surrender value of life insurance policies	30,860	2,325
Changes in non-cash operating working capital (note 8)	(2,761,099)	4,529,600
	(2,644,649)	4,633,502
Investing:		
Maturity purchase of investments	2,550,000	(2,950,000)
Purchase of capital assets	(105,102)	(96,421)
	2,444,898	(3,046,421)
Increase (decrease) in cash and cash equivalents	(199,751)	1,587,081
Cash and cash equivalents, beginning of year	1,657,483	70,402
Cash and cash equivalents, end of year	\$ 1,457,732	\$ 1,657,483

See accompanying notes to financial statements.

VICTORIA HOSPICE SOCIETY

Notes to Financial Statements

Year ended March 31, 2018

The Victoria Hospice Society (the "Society") is incorporated under the Societies Act (British Columbia) and is a charitable organization under the Income Tax Act. On November 28, 2016, the new Societies Act (British Columbia) became effective. On April 13, 2018, the Society transitioned to the new Act. The Society's principal activities are to provide palliative care, counseling, bereavement support, education and research, and fundraising.

1. Significant accounting policies:

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies.

(a) Fund accounting:

The Society follows the restricted fund method of accounting for contributions.

The Society receives support from various donors and allows for restrictions on the use of the donations. The transactions of the Society are recorded in the following funds:

Operating Fund:

The Operating Fund is unrestricted and includes general operating revenue and expenses of the Society.

Capital Fund:

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Society's capital assets.

(b) Revenue recognition:

Donations are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted revenues include amounts received for which there are no restrictions attached by the donor and unrestricted earnings on Society investments. Restricted operating donations are deferred and recognized as revenue in the same period in which the related expenses are incurred. Restricted contributions are recorded as revenue in the appropriate fund when the amount to be received can be reasonably estimated and collection is reasonably assured.

Proceeds from life insurance policies are recorded when the funds are received or receivable by the Society. The cash surrender value of life insurance policies and changes in cash surrender value are recorded for those policies in which the Society is the beneficiary.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash, short-term investments with original maturity dates of three months or less when acquired and investments in money market instruments.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in the excess of revenue over expenses in the period incurred.

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Notes to Financial Statements

Year ended March 31, 2018

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized on a straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Inventories:

The Society's inventories consist of manuals and books held for resale measured at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis. Net realizable value is determined as the selling price less costs to complete and sell. Adjustments to record inventories at net realizable value are recorded as a write-down under the caption "Courses and projects" in the statement of operations and changes in fund balances.

(f) Medical supplies:

Medical supplies are expensed as purchased.

(g) Capital assets:

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is calculated on a straight-line method over the assets' estimated useful lives as follows:

Asset	Years
Equipment	5 - 10
Leasehold improvements	lesser of initial lease term and useful life
Vehicle	5

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Notes to Financial Statements

Year ended March 31, 2018

1. Significant accounting policies (continued):

(g) Capital assets (continued):

Art works and other capital assets with an expected unlimited life or residual value in excess of cost are not subject to amortization. Assets included in work-in-progress are amortized once the assets are put into use. When a capital asset no longer contributes to the Society's ability to provide service its carrying amount is written down to its residual value. Write-downs are not reversed.

(h) Contributed services:

The Society operates from premises and enjoys certain other services provided by the Vancouver Island Health Authority, the value of which is not readily ascertainable and has therefore not been reflected in these financial statements.

A substantial number of volunteers contribute a significant amount of time each year to assist the Society in carrying out its activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

(i) Gifts in kind:

Gifts in kind which would otherwise be paid for by the Society are recorded at the estimated fair market value on date of receipt. Contributed materials of \$12,361 (2017 - \$19,208) were included in donations and fundraising in the year.

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Actual results could differ from those estimates.

(k) Comparative information:

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

2. Investments:

Investments consist of a \$1,000,000 term deposit bearing interest at 2% with a maturity date of March 20, 2019.

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Notes to Financial Statements

Year ended March 31, 2018

3. Victoria Hospice and Palliative Care Foundation:

Directors from the Society board constitute the majority of the board members of the Foundation board. The Foundation is incorporated under the Society Act (British Columbia) and is registered as a public foundation (exempt from income taxes) under the Income Tax Act.

The purpose of the Foundation is to manage endowment funds and other investments to provide palliative care, counselling, bereavement support, research and education. The Society provides certain administrative services without charge to the Foundation.

Net donations from (to) the Victoria Hospice and Palliative Care Foundation (the "Foundation"):

	2018	2017
Operating grant	\$ 305,915	\$ 222,851
Capital grant	-	58,426
Donation to Foundation	(2,236,282)	(4,621,878)
	(1,930,367)	(4,340,601)
Deferred operating grant	12,579	15,476
	\$ (1,917,788)	\$ (4,325,125)

The Foundation has not been consolidated in the Society's financial statements. A financial summary of the Foundation as at March 31, 2018 and for the years then ended is as follows:

Victoria Hospice and Palliative Care Foundation

Financial Position	2018	2017
Total assets	\$ 14,515,214	\$ 12,299,866
Total liabilities	(95,601)	(95,601)
Fund balances	\$ 14,419,613	\$ 12,204,265
Results of Operations	2018	2017
Total revenue	\$ 2,615,606	\$ 5,691,512
Total expenses	(400,258)	(375,232)
Excess of revenue over expenses	\$ 2,215,348	\$ 5,316,280
Cash Flows	2018	2017
Operating activities	\$ 4,861,764	\$ 327,544
Investing activities	(5,036,526)	(89,103)
Increase (decrease) in cash	\$ (174,762)	\$ 238,441

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Notes to Financial Statements

Year ended March 31, 2018

4. Life insurance policies:

	Cash surrender value	Future payout value
Balance, March 31, 2016	\$ 124,770	\$ 495,263
Net decrease	(2,325)	(11,981)
Balance, March 31, 2017	122,445	483,282
Net decrease	(30,860)	(143,800)
Balance, March 31, 2018	\$ 91,585	\$ 339,482

5. Capital assets:

March 31, 2018	Cost	Accumulated amortization	Net book value
Equipment	\$ 1,195,016	\$ 974,921	\$ 220,095
Leasehold improvements	1,412,512	1,412,512	-
Art works and other	26,295	-	26,295
Vehicle	36,908	25,835	11,073
Work-in-progress	13,725	-	13,725
	\$ 2,684,456	\$ 2,413,268	\$ 271,188

March 31, 2017	Cost	Accumulated amortization	Net book value
Equipment	\$ 1,076,238	\$ 913,785	\$ 162,453
Leasehold improvements	1,412,512	1,412,512	-
Art works and other	26,295	-	26,295
Vehicle	36,908	18,454	18,454
Work-in-progress	27,401	-	27,401
	\$ 2,579,354	\$ 2,344,751	\$ 234,603

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$nil (2017 - \$700). During the year ended March 31, 2018, the Society wrote down \$13,676 work-in-progress based on its estimated residual value.

VICTORIA HOSPICE SOCIETY

Notes to Financial Statements

Year ended March 31, 2018

6. Commitments:

The Society is committed to minimum annual lease payments under various operating leases for office and computer equipment as follows:

2019	\$	57,522
2020		79,823
2021		40,546
2022		6,476
	\$	184,367

During 2018, the Society made lease payments of \$92,938 (2017 - \$92,403).

7. Vancouver Island Health Authority:

The Society receives certain services including utilities, laundry services and housekeeping from the Vancouver Island Health Authority (the "Authority") for no charge. The value of these services is not readily ascertainable and has therefore not been reflected in the financial statements.

The Society leases its premises from the Authority at a cost of \$1 per year under a lease which expired on March 31, 2015. The lease has not since been renewed, but the Society continues to operate under its terms. Under the terms of the Authority's union contracts, employees with ten years of service and having reached a certain age are entitled to receive special payments upon retirement. These payments are based upon accumulated sick leave credits and entitlements for each year of service and are the responsibility of the Authority. The Society has responsibility for any and all extra costs and liabilities associated with Society initiated terminations.

8. Supplemental cash flow information:

	2018	2017
Changes in non-cash operating working capital:		
Accounts receivable	\$ (51,331)	\$ (34,996)
Prepaid expenses	(8,320)	1,263
Inventories	6,202	(7,906)
Receivable from Foundation	-	44,346
Accounts payable and accrued liabilities	12,782	6,236
Payable to Vancouver Island Health Authority	(164,323)	99,561
Payable to Foundation	(2,663,748)	4,363,462
Deferred revenue	107,639	57,634
	\$ (2,761,099)	\$ 4,529,600

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Notes to Financial Statements

Year ended March 31, 2018

9. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk arises from cash and cash equivalents and investments held with banks and financial institutions and credit exposure to accounts receivable balances. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Society assesses the credit quality of the counter parties, dealing only with high credit quality financial institutions, taking into account their financial position, past experience, and other factors.

It is management's opinion that the Society is not exposed to significant credit risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change in the risk exposures from 2017.

10. Interfund transfers:

Interfund transfers from the Operating Fund to the Capital Fund are amounts to fund the purchase of capital assets.

11. Societies Act remuneration disclosure:

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016. For employee and contractor remuneration the requirement is to disclose amounts paid to the top ten individuals whose remuneration was greater than \$75,000. For the fiscal year ending March 31, 2018, the Society paid remuneration of \$1,161,136 to ten employees and contractors (2017 - \$1,150,785 to ten employees and contractors), each of whom received total annual remuneration of \$75,000 or greater. There were no remuneration payments made to directors of the Society.