

Roger's House for Palliative Care

Financial Statements
March 31, 2014



June 26, 2014

Independent Auditor's Report

To the Directors of Roger's House for Palliative Care

We have audited the accompanying financial statements of Roger's House for Palliative Care, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and changes in net assets 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many not-for-profit organizations, Roger's House for Palliative Care derives revenue from donations and other sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Roger's House for Palliative Care. Therefore we were not able to determine whether any adjustments might be necessary to revenue, net revenue (expense) and cash flows from operations for the years ended March 31, 2014 and 2013, current assets as at March 31, 2014 and 2013 and net assets as at April 1 and March 31 for both the 2014 and 2013 years. Our audit opinion on the financial statements for the year ended March 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Roger's House for Palliative Care as at March 31, 2014 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

Roger's House for Palliative Care

Statement of Financial Position

As at March 31, 2014

	2014 \$	2013 \$
Assets		
Current assets		
Cash	631,834	528,139
Accounts receivable	83,068	213,801
Prepaid expenses	5,077	6,131
	<hr/>	<hr/>
	719,979	748,071
Capital assets (note 3)	<hr/>	<hr/>
	2,447,587	2,491,413
	<hr/>	<hr/>
	3,167,566	3,239,484
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	97,262	195,383
Deferred revenue	7,000	11,185
	<hr/>	<hr/>
	104,262	206,568
Deferred contributions related to capital assets (note 5)	<hr/>	<hr/>
	2,417,396	2,450,565
	<hr/>	<hr/>
	2,521,658	2,657,133
Net Assets	<hr/>	<hr/>
	645,908	582,351

Approved by the Board of Directors

_____ Director _____ Director

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

Roger's House for Palliative Care
Statement of Operations and Changes in Net Assets
For the year ended March 31, 2014

	2014	2013
	\$	\$
Revenues		
Contributions from the Sens Foundation	487,000	477,500
Contribution from the Ministry of Health and Long-Term Care	1,094,313	1,094,313
Contributions from the Ministry of Child and Youth Services	157,500	157,500
Amortization of contributions related to capital assets	155,885	175,387
Other contributions	15,051	29,298
Donations	45,539	7,195
Investment and other income	12,784	11,533
	<hr/>	<hr/>
	1,968,072	1,952,726
Expenses		
Salaries and benefits	1,547,780	1,540,838
Advertising and promotion	2,835	4,318
Amortization	172,569	193,461
Bank charges and interest	5,454	4,416
Facility expenses	80,757	65,680
In-house services	21,175	21,859
Office and travel	47,726	53,972
Professional fees and other	19,212	12,779
Quality management	–	2,495
Staff recruitment and training	7,007	12,183
	<hr/>	<hr/>
	1,904,515	1,912,001
Net revenue for the year	63,557	40,725
Net assets – Beginning of year	<hr/>	<hr/>
	582,351	541,626
Net assets – End of year	<hr/>	<hr/>
	645,908	582,351

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

Roger's House for Palliative Care

Statement of Cash Flows

For the year ended March 31, 2014

	2014	2013
	\$	\$
Cash flows provided by (used in)		
Operating activities		
Net revenue for the year	63,557	40,725
Items not affecting cash –		
Amortization of capital assets	172,569	193,461
Amortization of deferred contributions related to capital assets	(155,885)	(175,387)
Net change in operating components of working capital –		
Accounts receivable	130,733	(44,280)
Prepaid expenses	1,054	(2,023)
Accounts payable and accrued liabilities	(98,121)	64,366
Deferred revenue	(4,185)	11,185
	<hr/>	<hr/>
	109,722	88,047
Investing activity		
Purchase of capital assets	(128,743)	(179,142)
Financing activity		
Contributions related to capital assets	<hr/>	<hr/>
	122,716	28,152
Net change in cash for the year	103,695	(62,943)
Cash – Beginning of year	<hr/>	<hr/>
	528,139	591,082
Cash – End of year	<hr/>	<hr/>
	631,834	528,139

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

Roger's House for Palliative Care

Notes to Financial Statements

March 31, 2014

1 Primary purpose

The objectives of Roger's House for Palliative Care ("the Organization") are to enhance the quality of life for children/youth and provide respite care for the families of children/youth with progressive life-limiting illness; to construct, maintain and operate a hospice for paediatric palliative care; to foster research and education in all areas of paediatric palliative care, and to promote the dissemination of knowledge of the principles of paediatric palliative care.

The Organization was incorporated without share capital on March 4, 2005 and commenced operations on April 1, 2005.

As a registered charity, the Organization is exempt from income taxes under section 149(1)(f) of the *Income Tax Act*.

2 Significant accounting policies

Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates include certain accrued liabilities. Actual results could differ from these estimates.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Contributions which are restricted for specific expenses, or operations of specific periods, are recognized as revenue in the year in which the related expenses are incurred. Contributions which are restricted for the purchase or funding of capital assets are deferred and amortized to revenue on the same basis and over the same period as the related capital assets acquired or constructed. Unrestricted contributions 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.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are then amortized over their estimated useful service lives using the straight-line method at the following annual rates.

Building	4%
Furniture, equipment and other	20%
Computer equipment	50%

All additions are amortized at one-half the annual rate in the year of acquisition.

Roger's House for Palliative Care

Notes to Financial Statements

March 31, 2014

3 Capital assets

	2014		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Building	3,369,867	985,123	2,384,744
Furniture, equipment and other	357,332	296,740	60,592
Computer equipment	43,879	41,628	2,251
	<u>3,771,078</u>	<u>1,323,491</u>	<u>2,447,587</u>
			2013
	Cost	Accumulated amortization	Net
	\$	\$	\$
Building	3,136,401	853,529	2,282,872
Furniture, equipment and other	318,235	261,228	57,007
Computer equipment	40,877	36,165	4,712
Construction in progress	146,822	–	146,822
	<u>3,642,335</u>	<u>1,150,922</u>	<u>2,491,413</u>

4 Government remittances

Workers' safety insurance premiums of \$1,342 (2013 – \$nil) are included in accounts payable and accrued liabilities.

5 Deferred contributions related to capital assets

	\$
Balance – Beginning of year	2,450,565
Contributions received	122,716
Amortization of deferred contributions	<u>(155,885)</u>
Balance – End of year	<u>2,417,396</u>

Roger's House for Palliative Care

Notes to Financial Statements

March 31, 2014

6 Financial instruments

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. The Organization's objective in managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due.

At March 31, 2014, the Organization had cash and receivables of \$714,902 with which to meet its obligations, all of which are due within 60 days.

Interest rate risk

All of the Organization's financial instruments are non-interest bearing.

Credit risk

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and accounts receivable. Cash is maintained at a financial institution with a high credit rating and therefore, the Organization considers the risk of non-performance to be remote. The Organization evaluates its accounts receivable, the majority of which are due from the Sens Foundation, at periodic intervals for potential credit losses and establishes allowances for doubtful debts when accounts are determined to be uncollectible.

7 Economic dependence

The operations of the Organization are funded by the Ministry of Health and Long-Term Care, the Ministry of Children and Youth Services and the Sens Foundation. The Organization is economically dependent on these funding sources for its ongoing viability. The Ministry of Health and Long-Term Care and the Ministry of Children and Youth Services have committed funding through agreements which are renewed annually. In addition, the Organization signed a 15-year agreement with the Sens Foundation in 2006, pursuant to which the Sens Foundation committed to provide annual operating funding starting at \$290,000 and escalating at 3% per year for the life of the agreement. The Sens Foundation provides additional funding to support the Organization's operations and capital investment requirements. For the year ended March 31, 2014 the Sens Foundation also agreed to additional operational funding of \$75,000 (2013 – \$77,500).

In addition, the Organization has entered into a Memorandum of Understanding with the Children's Hospital of Eastern Ontario (CHEO) pursuant to which CHEO operates outreach palliative care activities and provides specific services to the Organization on a cost-recovery basis.