

Roger's House for Palliative Care

Financial Statements
March 31, 2015



June 25, 2015

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, 2015 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.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963



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 and cash flows from operations for the years ended March 31, 2015 and 2014, current assets as at March 31, 2015 and 2014 and net assets as at the beginning and the end of the years ended March 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended March 31, 2014 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, 2015 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, 2015

	2015 \$	2014 \$
Assets		
Current assets		
Cash	672,727	631,834
Accounts receivable	136,633	83,068
Prepaid expenses	5,149	5,077
	<hr/>	<hr/>
	814,509	719,979
Capital assets (note 3)	<hr/>	<hr/>
	2,325,808	2,447,587
	<hr/>	<hr/>
	3,140,317	3,167,566
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	112,750	97,262
Deferred revenue	7,000	7,000
	<hr/>	<hr/>
	119,750	104,262
Deferred contributions related to capital assets (note 5)	<hr/>	<hr/>
	2,296,644	2,417,396
	<hr/>	<hr/>
	2,416,394	2,521,658
Net Assets	<hr/>	<hr/>
	723,923	645,908

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, 2015

	2015	2014
	\$	\$
Revenue		
Contributions from the Ottawa Senators Foundation	499,360	487,000
Contribution from the Ministry of Health and Long-Term Care	1,107,214	1,094,313
Contributions from the Ministry of Child and Youth Services	157,500	157,500
Amortization of contributions related to capital assets	149,493	155,885
Other contributions	63,051	15,051
Donations	57,138	45,539
Investment and other income	16,970	12,784
	<hr/>	<hr/>
	2,050,726	1,968,072
Expenses		
Salaries and benefits	1,618,743	1,547,780
Advertising and promotion	4,453	2,835
Amortization	156,138	172,569
Bank charges, interest and service fees	11,677	5,454
Facility expenses	83,236	80,757
In-house services	18,272	21,175
Office and travel	58,127	47,726
Professional fees and other	18,252	19,212
Staff recruitment and training	3,813	7,007
	<hr/>	<hr/>
	1,972,711	1,904,515
Net revenue for the year	78,015	63,557
Net assets – Beginning of year	<hr/>	<hr/>
	645,908	582,351
Net assets – End of year	<hr/>	<hr/>
	723,923	645,908

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, 2015

	2015 \$	2014 \$
Cash flows provided by (used in)		
Operating activities		
Net revenue for the year	78,015	63,557
Items not affecting cash –		
Amortization of capital assets	156,138	172,569
Amortization of deferred contributions related to capital assets	(149,493)	(155,885)
Net change in operating components of working capital –		
Accounts receivable	(53,565)	130,733
Prepaid expenses	(72)	1,054
Accounts payable and accrued liabilities	15,488	(98,121)
Deferred revenue	–	(4,185)
	<hr/> 46,511	<hr/> 109,722
Investing activity		
Purchase of capital assets	(34,359)	(128,743)
Financing activity		
Contributions related to capital assets	<hr/> 28,741	<hr/> 122,716
Net change in cash for the year	40,893	103,695
Cash – Beginning of year	<hr/> 631,834	<hr/> 528,139
Cash – End of year	<hr/> 672,727	<hr/> 631,834

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

Roger's House for Palliative Care

Notes to Financial Statements

March 31, 2015

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 revenue 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, 2015

3 Capital assets

	2015		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Building	3,369,867	1,119,918	2,249,949
Furniture, equipment and other	391,691	316,583	75,108
Computer equipment	43,879	43,128	751
	<u>3,805,437</u>	<u>1,479,629</u>	<u>2,325,808</u>
			2014
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
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>

4 Government remittances

Workers' safety insurance premiums, employer health taxes and other payroll withholding taxes of \$30,000 (2014 – workers' safety insurance premiums of \$1,342) are included in accounts payable and accrued liabilities.

5 Deferred contributions related to capital assets

	\$
Balance – Beginning of year	2,417,396
Contributions received	28,741
Amortization of deferred contributions	<u>(149,493)</u>
Balance – End of year	<u>2,296,644</u>

Roger's House for Palliative Care

Notes to Financial Statements

March 31, 2015

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, 2015, the Organization had cash and receivables of \$809,360 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 Ottawa Senators 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 Ottawa Senators 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 Ottawa Senators Foundation in 2006, pursuant to which the Ottawa Senators Foundation committed to provide annual operating funding starting at \$290,000 and escalating at 3% per year for the life of the agreement. Funding under this agreement amounted to \$499,360 (2014 – \$487,000). The Ottawa Senators Foundation provides additional funding to support the Organization's operations and capital investment requirements. For the year ended March 31, 2015, the Ottawa Senators Foundation also agreed to additional operational funding of \$75,000 (2014 – \$75,000).

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.