

# **Roger's House for Palliative Care**

Financial Statements  
**March 31, 2016**



June 30, 2016

## **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, 2016 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 revenues 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, 2016 and 2015, current assets as at March 31, 2016 and 2015 and net assets as at the beginning and the end of the years ended March 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended March 31, 2015 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, 2016 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, 2016

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	2016 \$	2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	399,743	672,727
Accounts receivable	11,489	136,633
Prepaid expenses	5,838	5,149
	<hr/>	<hr/>
	417,070	814,509
<b>Long-term investments</b> (note 3)	400,000	-
<b>Capital assets</b> (note 4)	2,239,813	2,325,808
	<hr/>	<hr/>
	3,056,883	3,140,317
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 5)	80,028	112,750
Deferred revenue	7,000	7,000
	<hr/>	<hr/>
	87,028	119,750
Deferred contributions related to capital assets (note 6)	2,184,908	2,296,644
	<hr/>	<hr/>
	2,271,936	2,416,394
<b>Net Assets</b>	<hr/>	<hr/>
	784,947	723,923

### 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, 2016**

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	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Contributions from the Ottawa Senators Foundation	327,818	499,360
Contribution from the Ministry of Health and Long-Term Care	1,110,882	1,107,214
Contributions from the Ministry of Child and Youth Services	157,500	157,500
Amortization of contributions related to capital assets	153,808	149,493
Other contributions	58,861	63,051
Donations	51,866	57,138
Investment and other income	20,599	16,970
	<hr/>	<hr/>
	1,881,334	2,050,726
<b>Expense</b>		
Salaries and benefits	1,447,455	1,618,743
Advertising and promotion	3,579	4,453
Amortization	162,510	156,138
Bank charges, interest and service fees	6,724	11,677
Facility expenses	92,180	83,236
In-house services	16,360	18,272
Office and travel	55,361	58,127
Professional fees and other	16,935	18,252
Staff recruitment and training	19,206	3,813
	<hr/>	<hr/>
	1,820,310	1,972,711
<b>Net revenue for the year</b>	61,024	78,015
<b>Net assets - Beginning of year</b>	<hr/>	<hr/>
	723,923	645,908
<b>Net assets - End of year</b>	<hr/>	<hr/>
	784,947	723,923

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, 2016

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	2016 \$	2015 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue for the year	61,024	78,015
Items not affecting cash -		
Amortization of capital assets	162,510	156,138
Amortization of deferred contributions related to capital assets	(153,808)	(149,493)
Net change in operating components of working capital -		
Accounts receivable	125,144	(53,565)
Prepaid expenses	(689)	(72)
Accounts payable and accrued liabilities	(32,722)	15,488
	<hr/> 161,459	<hr/> 46,511
<b>Investing activity</b>		
Purchase of capital assets	<hr/> (52,515)	<hr/> (34,359)
<b>Financing activities</b>		
Contributions related to capital assets	18,072	28,741
Purchase of long-term investments (note 3)	(400,000)	-
	<hr/> (381,928)	<hr/> 28,741
<b>Net change in cash for the year</b>	(272,984)	40,893
<b>Cash - Beginning of year</b>	<hr/> 672,727	<hr/> 631,834
<b>Cash - End of year</b>	<hr/> <b>399,743</b>	<hr/> <b>672,727</b>
<b>Supplemental non-cash information</b>		
Contributed capital assets acquired	(24,000)	-
Non-cash contributions received related to capital assets	24,000	-

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

# Roger's House for Palliative Care

## Notes to Financial Statements

March 31, 2016

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### 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	25 years
Furniture, equipment and other	5 years
Computer equipment	2 years

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, 2016

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### Long-term investments

Long-term investments are measured at fair value.

### 3 Long-term investments

During the year, the Organization transferred \$400,000 to the Children's Hospital of Eastern Ontario Foundation ("the CHEO Foundation") to be included in the CHEO Foundation's pooled investment funds as a portion of a separate, restricted fund. These funds can be requested by the Organization on an as-needed basis (note 8).

### 4 Capital assets

	<b>2016</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Building	3,369,867	1,254,712	2,115,155
Furniture, equipment and other	466,284	343,066	123,218
Computer equipment	45,801	44,361	1,440
	<u>3,881,952</u>	<u>1,642,139</u>	<u>2,239,813</u>
	<b>2015</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
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>

### 5 Government remittances

Workers' safety insurance premiums, employer health taxes and other payroll withholding taxes of \$935 (2015 - workers' safety insurance premiums of \$30,000) are included in accounts payable and accrued liabilities.



# Roger's House for Palliative Care

Notes to Financial Statements

March 31, 2016

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## 6 Deferred contributions related to capital assets

	\$
<b>Balance - Beginning of year</b>	2,296,644
Contributions received	42,072
Amortization of deferred contributions	<u>(153,808)</u>
<b>Balance - End of year</b>	<u>2,184,908</u>

## 7 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, 2016, the Organization had cash and receivables of \$411,232 with which to meet its obligations, all of which are due within 60 days.

### Interest rate risk

The Organization's cash, accounts receivable, and accounts payable and accrued liabilities are non-interest bearing. The long-term accounts receivable are ultimately invested in pooled investment funds held by the CHEO Foundation (notes 3 and 8).

### 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, at periodic intervals for potential credit losses and establishes allowances for doubtful debts when accounts are determined to be uncollectible.

### Market risk

The Organization holds equity financial instruments. The Organization is therefore exposed to equity price risk as the value of the equity financial instruments will fluctuate due to changes in equity prices.

# Roger's House for Palliative Care

Notes to Financial Statements

March 31, 2016

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## 8 Economic dependence

The operations of the Organization are funded by the Ministry of Health and Long-Term Care and the Ministry of Children and Youth Services. 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 \$327,818 (2015 - \$499,360). On December 31, 2015, the Ottawa Senators Foundation transferred the remaining balance of all future operating funds per the original agreements to the CHEO Foundation. The funds are held in the CHEO Foundation's pooled investment funds as a separate, restricted fund. This fund is held and managed by the CHEO Foundation, with approximately 80% of all investment income earned transferred to the Organization each year to partially cover operational expenses. The remaining 20% of investment income earned will be reinvested in the fund for future growth. No amounts were transferred to the Organization during the year.

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.