

Roger Neilson House for Palliative Care

Financial Statements
March 31, 2018



July 9, 2018

Independent Auditor's Report

**To the Directors of
Roger Neilson House for Palliative Care**

We have audited the accompanying financial statements of Roger Neilson House for Palliative Care, which comprise the statement of financial position as at March 31, 2018 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.

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

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Basis for qualified opinion

In common with many not-for-profit organizations, Roger Neilson House for Palliative Care derives revenues from donations, 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 Neilson 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, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at the beginning and the end of the years ended March 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended March 31, 2017 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 Neilson House for Palliative Care as at March 31, 2018 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 Neilson House for Palliative Care

Statement of Financial Position

As at March 31, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash	23,318	123,457
Accounts receivable	13,215	13,893
Prepaid expenses	16,816	7,457
	<hr/>	<hr/>
	53,349	144,807
Long-term investments (note 3)	868,206	618,206
Capital assets (note 4)	<hr/>	<hr/>
	2,259,113	2,353,221
	<hr/>	<hr/>
	3,180,668	3,116,234
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	157,824	70,108
Deferred revenue	16,945	9,150
	<hr/>	<hr/>
	174,769	79,258
Deferred contributions related to capital assets (note 6)	<hr/>	<hr/>
	2,149,874	2,234,033
	<hr/>	<hr/>
	2,324,643	2,313,291
Net Assets	<hr/>	<hr/>
	856,025	802,943

Approved by the Board of Directors

_____ Director _____ Director

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

Roger Neilson House for Palliative Care

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2018

	2018 \$	2017 \$
Revenue		
Contributions from the Ottawa Senators Foundation	350,000	325,000
Contributions from the Ministry of Health and Long-Term Care	1,378,420	1,341,547
Contributions from the Ministry of Children and Youth Services	157,500	157,209
Amortization of deferred contributions related to capital assets	198,006	181,889
Investment and other income	6,715	42,605
Other contributions	116,700	26,181
Donations	13,410	19,942
	<hr/> 2,220,751	<hr/> 2,094,373
Expenses		
Salaries and benefits	1,695,847	1,625,107
Advertising and promotion	18,229	48,473
Amortization of capital assets	222,877	196,062
Bank charges, interest and service fees	7,790	6,689
Facility expenses	100,809	85,911
In-house services	29,398	22,147
Office and travel	41,681	46,714
Professional fees and other	36,169	28,532
Staff recruitment and training	14,869	16,742
	<hr/> 2,167,669	<hr/> 2,076,377
Net revenue for the year	53,082	17,996
Net assets - Beginning of year	<hr/> 802,943	<hr/> 784,947
Net assets - End of year	<hr/> <hr/> 856,025	<hr/> <hr/> 802,943

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

Roger Neilson House for Palliative Care

Statement of Cash Flows

For the year ended March 31, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	53,082	17,996
Items not affecting cash		
Amortization of capital assets	222,877	196,062
Amortization of deferred contributions related to capital assets	(198,006)	(181,889)
Interest income on balance held by CHEO Foundation	-	(16,907)
Contributions from the Ottawa Senators Foundation (note 3)	(350,000)	(325,000)
Expenses paid from balance held by CHEO Foundation	663	75,214
Funds received from CHEO Foundation	100,000	-
Net change in operating components of working capital		
Accounts receivable	678	(2,404)
Prepaid expenses	(9,359)	(1,619)
Accounts payable and accrued liabilities	87,716	(9,920)
Deferred revenue	7,795	2,150
	(84,554)	(246,317)
Investing activity		
Purchase of capital assets	(128,769)	(260,983)
Financing activity		
Contributions related to capital assets	113,184	231,014
Net change in cash for the year	(100,139)	(276,286)
Cash - Beginning of year	123,457	399,743
Cash - End of year	23,318	123,457

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

Roger Neilson House for Palliative Care

Notes to Financial Statements

March 31, 2018

1 Primary purpose

The objectives of Roger Neilson 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 Summary of 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include certain accrued liabilities. Actual results could differ from those estimates.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Contributions that 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 that 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 Neilson House for Palliative Care

Notes to Financial Statements

March 31, 2018

Long-term investments

Long-term investments are measured at fair value.

3 Long-term investments

During the year, the Ottawa Senators Foundation transferred \$350,000 in fundraising contributions 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

	2018		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Building	3,503,300	1,532,308	1,970,992
Furniture, equipment and other	740,583	455,657	284,926
Computer equipment	52,389	49,194	3,195
	4,296,272	2,037,159	2,259,113
	2017		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Building	3,503,300	1,392,176	2,111,124
Furniture, equipment and other	614,910	375,953	238,957
Computer equipment	49,293	46,153	3,140
	4,167,503	1,814,282	2,353,221

5 Government remittances

Workers' safety insurance premiums, employer health taxes and other payroll withholding taxes of \$1,474 (2017 - \$40) are included in accounts payable and accrued liabilities.

Roger Neilson House for Palliative Care

Notes to Financial Statements

March 31, 2018

6 Deferred contributions related to capital assets

	\$
Balance - Beginning of year	2,234,033
Contributions received	113,184
Amortization of deferred contributions	<u>(197,343)</u>
Balance - End of year	<u>2,149,874</u>

7 Financial instruments

Liquidity risk

Liquidity risk is the risk 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 it has sufficient liquidity available to meet its liabilities when due.

As at March 31, 2018, the Organization had cash and receivables of \$35,793 (2017 - \$134,468) and long term investments of \$868,206 (2017 - \$618,206), which can be requested by the Organization on an as-needed basis, 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 investments 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, accounts receivable and long-term investments. 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 Neilson House for Palliative Care

Notes to Financial Statements

March 31, 2018

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 that 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 \$nil (2017 - \$nil). 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 CHEO Foundation pursuant to which CHEO Foundation operates outreach palliative care activities and provides specific services to the Organization on a cost-recovery basis.