

Hospice of Greater Saint John, Inc.

FINANCIAL STATEMENTS

March 31, 2009

INDEX

	<u>PAGE</u>
Auditor's Report	1
Financial Position	2
Operations	3
Changes in Net Assets	4
Cash Flows	5
Notes to the Financial Statements	6, 7, 8

AUDITOR'S REPORT

To the Directors of
Hospice of Greater Saint John, Inc.

I have audited the statement of financial position of Hospice of Greater Saint John, Inc. as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I have conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, Hospice of Greater Saint John, Inc. derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donation, memorial or fund raising revenue, excess of revenue over expenses, assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the amounts referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Saint John, N.B.
June 15, 2009



Chartered Accountant

Hospice of Greater Saint John, Inc.
(Incorporated under the laws of New Brunswick)

Financial Position

As At March 31

	2009	2008 (restated - Note 8)
ASSETS		
Current		
Cash	\$647,507	\$303,828
Accounts and pledges receivable	217,247	17,073
Prepaid expenses	6,309	5,307
	871,063	326,208
Pledges receivable due after one year	15,000	-
Property, furnishings and equipment (Note 4)	611,452	294,228
	\$1,497,515	\$620,436
LIABILITIES AND SURPLUS		
Current liabilities		
Accounts payable and accrued liabilities	\$32,557	\$10,743
Deferred program revenue	25,250	882
Deferred renovation project revenue	1,096,785	-
	1,154,592	11,625
Deferred renovation project revenue due after one year	15,000	274,329
	1,169,592	285,954
Net assets		
Invested in property, furnishings and equipment	(500,333)	360,917
Unrestricted net assets	828,256	(26,435)
Total net assets	327,923	334,482
	\$1,497,515	\$620,436

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

Approved on behalf of the Board:

Director

Director

Hospice of Greater Saint John, Inc.

Operations

For The Year Ended March 31

	2009	2008
		(restated - Note 8)
Revenues		
Grants	\$49,857	\$85,536
Fund raising and sponsorships	176,446	144,988
Donations and memorials	25,942	33,211
Other	6,658	4,183
	258,903	267,918
Expenses		
Salaries and benefits	144,619	142,375
Fund raising and sponsorships	44,865	38,812
Occupancy costs	23,127	26,462
Administration	23,246	22,771
Bank charges and loan interest	-	7,589
Marketing and communications	3,516	3,912
Palliative services	3,185	3,530
Volunteer development	4,367	3,592
Bereavement services	1,716	1,993
Research and development	8,888	3,272
Amortization	7,933	5,567
Loss on disposal of property at 282 Douglas Avenue	-	34,478
	265,462	294,353
Excess of revenues (expenses) for the year	(\$6,559)	(\$26,435)

Hospice of Greater Saint John, Inc.

Changes in Net Assets

For The Year Ended March 31

	Invested in capital assets	Unrestricted net assets	2009 Total net assets
Beginning of the year	\$19,899	\$314,583	334,482
Excess of revenues (expenses) for the year	-	(6,559)	(6,559)
Reclassify depreciation expense	(7,933)	7,933	-
Investment in capital assets using unrestricted assets:			
Cost of assets purchased	325,157	(325,157)	-
Deferred renovation project revenue	(837,456)	837,456	-
Net book value of assets sold or scrapped	-	-	-
End of the year	<u>(\$500,333)</u>	<u>\$828,256</u>	<u>\$327,923</u>
			2008
	Invested in capital assets	Unrestricted net assets	Total net assets
Beginning of the year	\$283,341	\$77,576	360,917
Excess of revenues (expenses) for the year	-	(26,435)	(26,435)
Reclassify depreciation expense	(5,567)	5,567	-
Investment in capital assets using unrestricted assets:			
Cost of assets purchased	288,182	(288,182)	-
Deferred renovation project revenue	(274,329)	274,329	-
Net book value of assets sold or scrapped	(271,728)	271,728	-
End of the year	<u>\$19,899</u>	<u>\$314,583</u>	<u>\$334,482</u>

Hospice of Greater Saint John, Inc.

Cash Flows

For The Year Ended March 31

	2009	2008 (restated - Note 8)
Sources and (uses) of cash		
Operating activities		
Excess of revenues (expenses) for the year	(\$6,559)	(\$26,435)
Non-cash items		
Amortization of capital assets	7,933	3,220
Cash generated from (invested in):		
Accounts and pledges receivable	(215,174)	(13,318)
Prepaid expenses	(1,002)	(3,918)
Accounts payable and accruals	21,814	(4,836)
Deferred program revenue	24,368	(21,818)
	<u>(168,620)</u>	<u>(67,105)</u>
Investing activities		
Purchase of property, furnishings and equipment	(325,157)	(14,107)
Financing activities		
Deferred renovation project revenue	837,456	274,329
Change in cash position	<u>343,679</u>	<u>193,117</u>
Cash position, beginning of the year	<u>303,828</u>	<u>110,711</u>
Cash position, end of the year	<u><u>\$647,507</u></u>	<u><u>\$303,828</u></u>

Hospice of Greater Saint John, Inc.

Notes to the Financial Statements

For The Year Ended March 31, 2009

1. Purpose

The organization was incorporated under the laws of New Brunswick in 1983 to provide quality end-of-life care to people living with terminal illness and coping with loss. It is a tax-exempt registered Canadian charity administered entirely by professional staff and governed by a duly-elected volunteer Board of Directors.

The organization is a member agency of the United Way of Greater Saint John Inc. and as such is subject to the terms of the current agency agreement, signed December 15, 2008.

The Board of Directors is in the process of transitioning the operation to become the first residential hospice in Atlantic Canada, by raising funds in the community to renovate the Dufferin Row property to offer ten full-time palliative care beds and the associated medical and nursing care. The Board has confirmed a funding partnership with the Province of New Brunswick for operations beginning in 2010 and continues to negotiate the exact terms and conditions of permanent funding for this initiative, which is expected to improve access to both hospice palliative care services and acute care beds in the Saint John Regional Hospital that are currently used for palliative care patients.

2. Significant accounting policies

The organization is dependent upon the contributed services of many volunteers, estimated at 27,040 hours during the current fiscal year. The monetary value of their time, if estimated at \$15 per hour, would amount to \$405,600, but has not been recognized in the financial statements.

Donations and grants are recorded as revenue when received. Other revenues and expenses, including special event revenues, are recorded when earned. Revenue specifically related to subsequent fiscal years is deferred to be matched against the related expense or asset, once incurred or acquired.

Equipment purchases in excess of \$200 are capitalized. Capital assets are recorded at cost, less grants or donations specifically designated for their purchase, and accumulated amortization. Amortization is provided, over the estimated service lives of the related assets, on a declining balance basis at the rate of 2% for buildings, 20% for furniture and 50% for computer equipment. Amortization is taken at one-half of those rates in the year of purchase. Assets under construction, such as the recently-commenced residential hospice renovations at Dufferin Row, are not amortized until completed and in service.

Financial instruments of the company consist of cash, accounts receivable, accounts payable and deferred revenue. The carrying values of these instruments approximates their fair value given their short-term maturity date.

The organization believes it has a minimal credit risk due to the nature of its accounts receivable. There is minor exposure to the risk that variations in interest rates earned on cash balances could have an unforeseen impact on cash flows.

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Hospice of Greater Saint John, Inc.

Notes to the Financial Statements

For The Year Ended March 31, 2009

3. Significant governance policies

Hospice of Greater Saint John, Inc. has spent considerable time and effort to increase transparency and accountability and meet the Standards of Excellence for Non-Profit Management guidelines established by the Donner Canadian Foundation. The following best practices have been implemented:

- Bi-annual due diligence report with 28 quality indicators;
- Monthly financial statements to the Board of Directors;
- Monthly Board minutes posted on the Hospice website;
- Quarterly financial statements and annual audited financial statements posted on the website;
- Revised Board and staff Code of Conduct and commitment pledge with 14 indicators, including a detailed conflict of interest statement/directive;
- New Canadian Board of Directors' Guidebook for each board member;
- Monthly detailed reports to the Board by all committees and the Executive Director;
- Annual applications to the Canadian Donner Awards as part of the annual evaluation and accountability process.

4. Property, furnishings and equipment

	Cost	Accumulated Depreciation	Net book value	
			2009	2008
Land	\$100,234	-	\$100,234	\$100,234
Building	150,025	4,471	145,554	148,525
Building renovations under construction	346,532	-	346,532	23,011
Furnishings and equipment				
Residential hospice	22,196	7,146	15,050	17,808
Office and other	24,232	20,150	4,082	4,650
	<u>\$643,219</u>	<u>\$31,767</u>	<u>\$611,452</u>	<u>\$294,228</u>

The cost of furnishings and equipment includes contributed assets recorded at either their estimated fair value at the date of contribution or at a nominal value, where fair value could not be reasonably estimated. During the year, contributed assets have been recorded at a nominal value of \$350.

5. Building renovations under construction

The organization is in the midst of a major renovation project to convert its building at 385 Dufferin Row into a ten bed residential hospice that will provide around-the-clock care to terminally ill palliative care patients in a comfortable, non-institutional setting. The renovations are estimated to cost approximately \$1,621,000. Fund raised to date from government, corporations, service clubs and individuals amount to \$1,121,000. Due to the shortfall of \$500,000, on February 12, 2009 it was agreed between the contractor, architect and Hospice that the renovation project would be put on hold until sufficient funds to guarantee completion had been raised.

Hospice of Greater Saint John, Inc.

Notes to the Financial Statements

For The Year Ended March 31, 2009

6. Subsequent events

The Board of Directors has approved a plan to establish a "high-end" second hand thrift store with a boutique atmosphere and a primary focus on women's clothing, accessories and household items. With the assistance of a \$25,000 grant from the HRDC "New Horizons for Seniors Program", the Hospice Shoppe is expected to open its doors to the public during July 2009.

7. Contingencies and commitments

On February 12, 2008 the organization received a letter from the lawyer for a person allegedly injured at the Douglas Avenue property two days before it was sold in December 2007. On April 7, 2009, management was advised by its insurance agent that the alleged injured party cannot be located, not even by their own lawyer. Both the third party's lawyer and the insurance company have closed their file on the matter.

The organization has committed to lease premises for three years for the new "Hospice Shoppe" for the sum of \$49,500 per year. The landlord has agreed to provide a rent holiday until September 1, 2009.

8. Restatement

With the decision made by the Board of Directors that the organization become a residential hospice, the need to segregate assets, liabilities, income and expenses into separate funds ended. As a result, revenue raised in the preceding year to fund residential hospice renovations has been restated and will be deferred until the project is completed.

9. Comparative figures

Certain figures for the preceding year, presented for comparative purposes, have been reclassified to conform to the financial statement presentation adopted for the current year.