

**MANITOBA HOSPICE
FOUNDATION INC.**
o/a Palliative Manitoba

Financial Statements
For the year ended March 31, 2019

MANITOBA HOSPICE FOUNDATION INC.

Financial Statements

For the year ended March 31, 2019

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Independent Auditor's Report

To the members of **MANITOBA HOSPICE FOUNDATION INC.**

Qualified Opinion

We have audited the accompanying financial statements of **MANITOBA HOSPICE FOUNDATION INC.** (the Foundation), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2019, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities 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 the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matters

The financial statements of the Foundation for the year ended March 31, 2018 were audited by another Chartered Professional Accounting firm who expressed an unmodified opinion on those financial statements on July 31, 2018.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 26, 2019


MANITOBA HOSPICE FOUNDATION INC.
Statement of Financial Position


March 31	2019	2018
Assets		
Current Assets		
Cash	\$ 80,926	\$ 144,559
Short-term investments (Note 2)	69,822	56,840
GST receivable	1,538	6,832
Prepaid expenses	8,368	4,748
	160,654	212,979
Investment (Note 3)	40,000	-
Capital assets (Note 4)	26,395	30,213
	\$ 227,049	\$ 243,192

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued liabilities	\$ 18,724	\$ 22,492
Government remittances payable	3,792	3,584
Deferred revenue	8,350	16,384
	30,866	42,460
Deferred contributions related to capital assets (Note 5)	23,583	32,982
	54,449	75,442
Net Assets		
Unrestricted	102,778	110,910
Internally restricted (Note 6)	69,822	56,840
	172,600	167,750
	\$ 227,049	\$ 243,192

Approved on behalf of the Board:


 _____ Director


 _____ Director

MANITOBA HOSPICE FOUNDATION INC.
Statement of Changes in Net Assets

For the year ended March 31

	Unrestricted	Internally Restricted	2019 Total	2018 Total
Balance, beginning of year	\$ 110,910	\$ 56,840	\$ 167,750	\$ 101,283
Transfer to internally restricted	(11,000)	11,000	-	-
Revenue over expenses	2,868	1,982	4,850	66,467
Balance, end of year	\$ 102,778	\$ 69,822	\$ 172,600	\$ 167,750

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

MANITOBA HOSPICE FOUNDATION INC.
Statement of Operations

For the year ended March 31	2019	2018
Revenue		
Grants (Note 7)	\$ 240,176	\$ 241,753
Provincial conference (Page 12)	110,028	93,706
Fundraising	64,768	66,283
Donations	35,698	79,682
Education	8,335	12,563
Investment	3,907	465
Membership	1,270	1,290
Amortization of deferred contributions related to capital assets	9,399	6,034
	<u>473,581</u>	<u>501,776</u>
Expenses		
Advertising and promotion	2,885	2,566
Amortization	9,159	6,034
Automobile and travel	1,422	508
Contract wages	237	13,137
Equipment and furnishings	15,544	11,058
Fundraising	10,135	8,648
Insurance	3,474	2,860
Interest and bank charges	4,416	5,264
Meetings and seminars	2,391	1,171
Membership dues and subscriptions	350	442
Miscellaneous	1,051	935
Office	7,870	7,357
Professional development	5,375	7,058
Professional fees	7,596	9,378
Program	11,253	16,512
Provincial conference (Page 12)	56,210	68,820
Rent	2,030	2,215
Salaries and employee benefits	322,147	264,347
Telephone	4,141	2,713
Volunteer support cost	1,045	785
	<u>468,731</u>	<u>431,808</u>
Revenue over expenses before other items	<u>4,850</u>	<u>69,968</u>
Other Items		
Recognition of deferred contributions - short-term investment	-	26,063
Transfer to The Winnipeg Foundation	-	(29,564)
	<u>-</u>	<u>(3,501)</u>
Revenue over expenses	<u>\$ 4,850</u>	<u>\$ 66,467</u>

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

MANITOBA HOSPICE FOUNDATION INC.
Statement of Cash Flows

For the year ended March 31	2019	2018
Cash Flows from Operating Activities		
Revenue over expenses	\$ 4,850	\$ 66,467
Adjustments for items not affecting cash		
Amortization of capital assets	9,159	6,034
Amortization of deferred contributions related to capital assets	(9,399)	(7,634)
Unrealized (gain) loss on investments	(38)	(400)
	<u>4,572</u>	64,467
Changes in non-cash working capital		
GST receivable	5,294	1,790
Prepaid expenses	(3,620)	(2,729)
Accounts payable and accrued liabilities	(3,768)	(14,682)
Government remittances payable	208	837
Deferred revenue	(8,034)	3,384
Deferred contributions	-	(26,063)
	<u>(5,348)</u>	27,004
Cash Flows from Investing Activities		
Purchase of capital assets	(5,340)	(8,725)
Purchase of investments	(69,500)	31,064
Proceeds on sale of investments	16,555	-
	<u>(58,285)</u>	22,339
Cash Flows from Financing Activities		
Deferred contributions related to capital assets	-	8,775
	<u>-</u>	8,775
Increase (decrease) in cash	(63,633)	58,118
Cash, beginning of year	144,559	86,441
Cash, end of year	\$ 80,926	\$ 144,559

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

MANITOBA HOSPICE FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2019

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Manitoba Hospice Foundation Inc. (the Foundation) is a non-profit organization incorporated without share capital under the Corporations Act of Manitoba in 1983. Manitoba Hospice Foundation Inc. operates as Palliative Manitoba which provides development of hospice palliative care for the people of Manitoba.

As a registered charity, Manitoba Hospice Foundation Inc. is tax exempt under the provisions of the Income Tax Act.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Capital Assets

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed capital assets are recorded at a nominal value at the date of contribution. Amortization is provided using the straight-line method, which will amortize the cost of these assets over their estimated useful lives as follows:

Website	7 years
Memory tree	5 years
Computer equipment	5 years
Furniture and equipment	5 years

Revenue Recognition

The organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital asset. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Fundraising, education and provincial conference revenue is recognized when the event is held. Investment and other income is recognized in the period it is earned.

MANITOBA HOSPICE FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2019

1. Nature of Business and Summary of Significant Accounting Policies (continued)

Contributed Services

Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets in actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

2. Short-term Investments

	2019		2018	
	Market	Cost	Market	Cost
Cash	\$ 1,037	\$ 1,037	\$ 3,538	\$ 3,538
Fixed income	51,551	53,333	48,224	49,898
Mutual funds	14,814	14,910	3,052	3,150
Equities	2,420	2,582	2,026	2,582
	\$ 69,822	\$ 71,862	\$ 56,840	\$ 59,168

MANITOBA HOSPICE FOUNDATION INC.
Notes to Financial Statements

For the year ended March 31, 2019

3. Investment

	2019	2018
Guaranteed investment certificate Interest at 2.61%, matures January 21, 2022	\$ 40,000	\$ -

4. Capital Assets

	2019			2018		
	Accumulated Cost	Amortization	Net Book Value	Accumulated Cost	Amortization	Net Book Value
Website	\$ 26,350	\$ 16,939	\$ 9,411	\$ 26,350	\$ 13,175	\$ 13,175
Furniture and equipment	4,444	2,222	2,222	4,444	1,333	3,111
Memory tree	7,278	2,183	5,095	7,278	728	6,550
Computer equipment	13,625	3,958	9,667	8,285	908	7,377
	\$ 51,697	\$ 25,302	\$ 26,395	\$ 46,357	\$ 16,144	\$ 30,213

5. Deferred Contributions Related to Capital Assets

	2019	2018
Balance, beginning of year	\$ 32,982	\$ 30,241
Contributions	-	8,775
Amortization of deferred contributions	(9,399)	(6,034)
	\$ 23,583	\$ 32,982

Deferred contributions related to the purchase of capital assets are deferred upon receipt and recognized as revenue on the same basis as the amortization on the related capital assets.

MANITOBA HOSPICE FOUNDATION INC. Notes to Financial Statements

For the year ended March 31, 2019

6. Internally Restricted Net Assets

The Foundation's board of directors has approved to internally restrict resources from the accumulated unrestricted net assets to be used for future activities of the Foundation. The total internally restricted net assets for the year is \$69,822 (\$56,840 in 2018). This restricted amount is not available for unrestricted purposes without approval from the board of directors.

7. Grants

	2019	2018
United Way of Winnipeg	\$ 147,894	\$ 147,744
Winnipeg Regional Health Authority	84,336	84,336
The Winnipeg Foundation	2,600	4,000
Other	5,346	5,673
	\$ 240,176	\$ 241,753

8. Endowment Funds

The Foundation has established an endowment fund to be administered by The Winnipeg Foundation. Interest earned by this fund is paid annually to the Foundation to support its operations. The capital amount of the Endowment Fund is retained by The Winnipeg Foundation and is not available to the Foundation. The market value of the fund as at March 31, 2019 was \$17,522 (\$17,413 in 2018). Disbursement from the Endowment Fund for the year was \$1,751 included in investment income on the statement of operations.

During 2012, the Foundation established the Sharon Carstairs Caring Community Award to help promote awareness of palliative and end of life care and to financially assist a Manitoba-based organization in providing this care and service. The annual award is \$1,500 (\$1,600 in 2018). In 2018 the fund was transferred to the Winnipeg Foundation to be administered. Interest earned by this fund is paid annually to the Foundation to support the Sharon Carstairs Caring Community Award. The capital amount of the Sharon Carstairs Fund is retained by The Winnipeg Foundation and is not available to the Foundation. The market value of the fund as at March 31, 2019 was \$29,011 (\$29,564 in 2018). Disbursement from the Sharon Carstairs Fund for the year was \$1,500 and is included in provincial conference income and expense on the statement of operations.

MANITOBA HOSPICE FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2019

9. Financial Instrument Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is not exposed to interest rate risk because its investments can be redeemed without penalty. As a result, the impact of interest rate changes on operations has been fully mitigated.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to fluctuations in equity markets on its investments.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is mainly exposed to credit risk through the credit quality of the individuals and businesses in which the Foundation has invested.

10. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

MANITOBA HOSPICE FOUNDATION INC.
Schedule of Provincial Conference

For the year ended March 31	2019	2018
Revenue		
Registrations	\$ 88,260	\$ 81,490
Sponsorships	8,500	3,500
Exhibits	9,165	7,210
Advertising	380	1,040
Donations	-	-
Auction	3,723	466
	<u>110,028</u>	<u>93,706</u>
Expenditures		
Advertising	300	16,015
Contract services	3,736	16,015
Facility equipment rental	49,582	50,222
Miscellaneous	153	29
Professional fees	-	1,030
Gifts	918	-
Volunteer support	1,521	1,524
	<u>56,210</u>	<u>68,820</u>
Revenue over expenses	\$ 53,818	\$ 24,886