

FRIENDS OF HOSPICE OTTAWA

**Financial Statements
Year Ended December 31, 2010**

Auditors' Report

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the accompanying financial statements of Friends of Hospice Ottawa, which comprise the statement of financial position as at December 31, 2010, and the statements of operations, changes in net assets and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenues from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the accounts of the organization and we were not able to determine whether any adjustments might be necessary to these revenues, net revenue, assets, liabilities and net assets.

Qualified Opinion

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Friends of Hospice Ottawa as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cox, Merritt & Co. LLP

COX, MERRITT & CO. LLP
Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
May 19, 2011

FRIENDS OF HOSPICE OTTAWA

Statement of Financial Position

As at December 31, 2010

	2010	2009
ASSETS		
Cash and term deposits	\$ 210,783	\$ 126,190
HST recoverable	4,830	963
Inventory	1,638	1,866
Prepaid expenses	4,678	5,867
Hospice home deposit (Note 5)	25,000	25,000
	246,929	159,886
Capital assets (Note 3)	14,916	9,251
	\$ 261,845	\$ 169,137
LIABILITIES		
Accounts payable and accrued liabilities	\$ 15,022	\$ 23,304
Deferred contributions (Note 4)	30,979	4,936
	46,001	28,240
Deferred residential contributions (Note 5)	124,207	40,676
	170,208	68,916
NET ASSETS		
Invested in capital assets	14,916	9,251
Unrestricted	76,721	90,970
	91,637	100,221
	\$ 261,845	\$ 169,137

Approved on behalf of the Board

Director

Director

FRIENDS OF HOSPICE OTTAWA

Statement of Operations Year ended December 31, 2010

	2010	2009
Revenues		
Grants		
Champlain Local Health Integrated Network		
Core funding	\$ 75,996	\$ 71,247
Special one time funding	12,091	9,332
United Way	39,441	36,319
GEM/ADP	30,774	18,000
City of Ottawa	9,405	11,598
Green Shield Benefit Association	7,500	-
Community Foundation	10,000	-
Ontario Trillium Foundation	6,200	-
Fundraising projects (Schedule A)	184,097	156,440
Donations	44,758	35,276
Donations recognized for the capital campaign	20,962	9,046
Volunteer travel donations	37,283	27,954
Interest	177	466
	<hr/> 478,684	<hr/> 375,678
Expenditures		
Advertising	5,181	3,566
Amortization	3,390	1,950
Association fees	1,973	1,338
Bank charges	3,770	2,026
Capital campaign	20,962	9,046
Caregiver and bereavement	2,610	4,284
Communications	7,299	7,093
Conference	3,571	1,921
Day hospice supplies	8,750	7,248
Education	-	159
Fundraising coordinator	42,735	42,554
Fundraising projects (Schedule A)	73,798	55,932
Hospice coordinators	217,116	151,869
Insurance	2,522	3,170
Office supplies	11,259	7,865
Professional fees	11,188	13,165
Repairs and maintenance	1,888	3,574
Rent	12,162	1,200
Supplies	1,926	1,768
Travel - patient	37,283	27,954
Travel - staff	14,385	14,784
Website	3,500	1,928
	<hr/> 487,268	<hr/> 364,394
Net revenues over expenditures (expenditures over revenues)	\$ (8,584)	\$ 11,284

FRIENDS OF HOSPICE OTTAWA

Statement of Changes in Net Assets Year Ended December 31, 2010

	Invested in capital assets	Unrestricted	Total 2010	Total 2009
Balance, beginning of year	\$ 9,251	\$ 90,970	\$ 100,221	\$ 88,937
Net revenues over expenditures (expenditures over revenue)	(3,390)	(5,194)	(8,584)	11,284
Investment in capital assets	9,055	(9,055)	-	-
Balance, end of year	\$ 14,916	\$ 76,721	\$ 91,637	\$ 100,221

FRIENDS OF HOSPICE OTTAWA

Statement of Cash Flows Year Ended December 31, 2010

	2010	2009
Cash flows from operating activities		
Receipts from grants, fundraising and donations	\$ 500,683	\$ 394,616
Payments to suppliers	(490,743)	(357,664)
Interest received	177	466
	10,117	37,418
Cash flows from financing and investing activities		
Deferred residential contributions received	104,493	16,000
Deferred residential contributions spent	(20,962)	(9,046)
Decrease (increase) in restricted term deposits	-	33,722
Purchase of capital assets	(9,055)	(5,905)
Deposit on hospice home	-	(25,000)
	74,476	9,771
Increase in cash and term deposits	84,593	47,189
Cash and term deposits, beginning of year	126,190	79,001
Cash and term deposits, end of year	\$ 210,783	\$ 126,190

FRIENDS OF HOSPICE OTTAWA

Notes to Financial Statements Year Ended December 31, 2010

1. Operations

(a) Purpose

Friends of Hospice Ottawa is a charitable organization providing, in collaboration with community hospitals, government agencies and other health care professionals, programs that deliver compassionate, quality end-of-life care for palliative patients, as well as support for the patients' families and loved ones. The program includes day hospice, in-home volunteer support, education, bereavement support and a caregiver support program.

(b) Operations

Friends of Hospice Ottawa was registered as a charitable organization under the Income Tax Act (Canada) effective January 1, 2004 and commenced active operations on that date. The Organization became incorporated under the Corporations Act - Ontario as a charity - PGT on October 8, 2004.

2. Significant accounting policies

(a) Basis of accounting

The organization follows the deferral method of accounting for contributions.

(b) Revenue recognition

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. Contributions are recognized in the period in which the related expenditures are incurred.

(c) Donations in kind

The organization receives contributed materials, the cost of which cannot always be reasonably estimated. Therefore, only those contributed materials whose fair value can be reasonably estimated and are used in the normal course of the organization's operations and would otherwise have been purchased are recorded in the accounts of the organization.

(d) Volunteer services

The organization receives the services of many volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.

FRIENDS OF HOSPICE OTTAWA

Notes to Financial Statements Year Ended December 31, 2010

2. Significant accounting policies (cont'd)

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in first out basis.

(f) Capital assets

Capital assets are stated at cost. Amortization is provided annually on the declining balance basis using the following rates:

Office furniture and fixtures	20%
Computers	30%

In the year of acquisition, amortization is provided at one half the annual rate.

(g) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

3. Capital assets

	Cost	Accumulated amortization	Net 2010	Net 2009
Office furniture and fixtures	\$ 11,648	\$ 3,861	\$ 7,787	\$ 5,598
Computers	11,788	4,659	7,129	3,653
	\$ 23,436	\$ 8,520	\$ 14,916	\$ 9,251

4. Deferred contributions

Deferred revenue represents unspent grants and revenue received for the hospice palliative care program as follows:

	2010	2009
City of Ottawa	\$ 5,539	\$ 3,866
Ontario Trillium Foundation	18,600	-
Champlain Local Health Integrated Network (payment for January 2011 received in December 2010)	6,840	-
Ticket sales for 2010 event	-	1,070
	\$ 30,979	\$ 4,936

FRIENDS OF HOSPICE OTTAWA

Notes to Financial Statements Year Ended December 31, 2010

5. Deferred residential contributions

In 2007, the organization began accepting money for a capital campaign of building or acquiring a permanent hospice home. During the year, \$104,493 was contributed to the campaign and \$20,962 was spent on related expenses. As at December 31, 2010 the deferred residential contribution balance is \$124,207 (2009 - \$40,676). These funds are externally restricted for the capital campaign and related current expenditures.

In December 2009 the Hospice entered into a conditional land and building purchase agreement that would have been the permanent hospice home. A deposit of \$25,000 had been made with the condition that the Hospice will raise the required funding for the purchase. The hospice did not purchase the building and the deposit was refunded subsequent to year end.

6. Commitments

Under the terms of various grants and contributions, the organization may be required to repay funds received should they not be able to fulfil their funding obligations.

7. Financial instruments

The association's financial instruments consist of cash and term deposits and accounts payable and accrued liabilities. The carrying amounts reported on the statement of financial position for all financial instruments approximate fair values due to their immediate or short-term maturities. It is management's opinion that the hospice is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

8. Capital disclosure

The hospice considers its capital to be the balance maintained in its unrestricted net assets. The primary objective of the hospice is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the board of directors of the hospice with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The hospice is not subject to externally imposed financial requirements.

9. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted for 2010.

FRIENDS OF HOSPICE OTTAWA

Schedule A

Schedule of Fundraising Activities Year Ended December 31, 2010

	Valentines Dinner	Christmas Luncheon and Other	Hike	Tuesday with Morrie	Girls Night Out	Totals 2010	Totals 2009
Revenue							
Ticket sales	\$ 21,518	\$ 10,886	\$ -	\$ 6,503	\$ 93,208	\$ 132,115	\$ 110,319
Donations	-	-	32,197	-	-	32,197	26,779
Bear sales	-	1,575	-	-	-	1,575	1,367
Cookbooks	-	70	-	-	-	70	150
Third party events	-	11,910	-	-	-	11,910	17,123
Newsletter	-	5,585	-	-	-	5,585	-
Other	-	645	-	-	-	645	702
	21,518	30,671	32,197	6,503	93,208	184,097	156,440
Expenditures							
Advertising	-	-	-	725	1,087	1,812	1,014
Bears	-	807	-	-	-	807	620
Actors	-	-	-	-	-	-	2,563
Catering/halls	13,574	3,188	-	-	22,485	39,247	39,542
Cookbooks	-	74	-	-	-	74	-
Supplies	12	8	5,768	3,153	10,181	19,122	12,193
Newsletter	-	12,736	-	-	-	12,736	-
	13,586	16,813	5,768	3,878	33,753	73,798	55,932
Excess of revenue over							
expenditures	\$ 7,932	\$ 13,858	\$ 26,429	\$ 2,625	\$ 59,455	\$ 110,299	\$ 100,508