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**THE HOSPICE FOR EATING  
DISORDERS OF TORONTO  
(OPERATING AS SHEENA'S PLACE)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Members,

The Hospice for Eating Disorders of Toronto (operating as Sheena's Place)

We have audited the accompanying financial statements of The Hospice for Eating Disorders of Toronto (operating as Sheena's Place), which comprise the statement of financial position as at December 31, 2017, and the statements of changes in net assets, operations, and cash flows for the year then ended, and 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.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

### *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 The Hospice for Eating Disorders of Toronto (operating as Sheena's Place) as at December 31, 2017, 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.

### *Other Matter*

The financial statements of The Hospice for Eating Disorders of Toronto (operating as Sheena's Place) as at and for the year ended December 31, 2016 were audited by another auditor who expressed a qualified opinion on those financial statements on June 22, 2017 for the reasons described in the Basis for Qualified Opinion paragraph.

*Pennylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

February 27, 2018  
Toronto, Ontario

**THE HOSPICE FOR EATING DISORDERS OF TORONTO  
(OPERATING AS SHEENA'S PLACE)**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 300,222	\$ 290,874
Accounts receivable	4,039	-
HST recoverable	11,420	48,794
Prepaid expenses	<u>7,887</u>	<u>5,174</u>
	323,568	344,842
Tangible capital assets (Note 3)	387,163	393,828
Intangible capital assets (Note 4)	10,168	24,448
Long-term investments (Note 5)	<u>3,244,762</u>	<u>3,091,736</u>
	<u>\$ 3,965,661</u>	<u>\$ 3,854,854</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 25,821	\$ 29,273
Mortgage payable - current (Note 9)	13,065	12,717
Deferred contributions (Note 7)	<u>36,049</u>	<u>48,512</u>
	74,935	90,502
Deferred capital contributions (Note 8)	119,140	104,442
Mortgage payable - long-term (Note 9)	<u>35,451</u>	<u>48,516</u>
	<u>229,526</u>	<u>243,460</u>
Net assets		
Externally restricted endowments (Note 10)	2,552,749	2,740,589
Internally restricted endowments (Note 10)	713,773	462,312
Unrestricted	<u>469,613</u>	<u>408,493</u>
	<u>3,736,135</u>	<u>3,611,394</u>
	<u>\$ 3,965,661</u>	<u>\$ 3,854,854</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

see accompanying notes

**THE HOSPICE FOR EATING DISORDERS OF TORONTO  
(OPERATING AS SHEENA'S PLACE)**

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

				<b>2017</b>	<b>2016</b>
	Externally Restricted Endowments	Internally Restricted Endowments	Unrestricted	Total	Total
Net assets, beginning of year	\$2,740,589	\$ 462,312	\$ 408,493	\$3,611,394	\$3,851,092
Excess revenue over expenses for the year	-	-	124,741	124,741	(239,698)
Net assets adjustment (note 10)	(187,840)	224,481	(36,641)	-	-
Interfund transfer (note 10)	<u>-</u>	<u>26,980</u>	<u>(26,980)</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$2,552,749</u></b>	<b><u>\$ 713,773</u></b>	<b><u>\$ 469,613</u></b>	<b><u>\$ 3,736,135</u></b>	<b><u>\$ 3,611,394</u></b>

see accompanying notes

**THE HOSPICE FOR EATING DISORDERS OF TORONTO  
(OPERATING AS SHEENA'S PLACE)**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Special events (Note 11)	\$ 427,324	\$ 359,259
Donations and fundraising (Notes 12 and 13)	300,090	204,162
Investment income (Note 5)	203,501	137,614
Capital contributions recognized (Note 8)	21,115	11,250
Other	<u>6,415</u>	<u>4,223</u>
	<u>958,445</u>	<u>716,508</u>
<b>EXPENSES</b>		
Personnel	447,583	476,694
Program	167,547	189,560
Event	91,307	150,482
Occupancy	39,599	39,470
Administration	36,158	38,616
Fundraising	12,438	24,941
Amortization of capital assets	<u>39,072</u>	<u>36,443</u>
	<u>833,704</u>	<u>956,206</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 124,741</u>	<u>\$ (239,698)</u>

see accompanying notes

**THE HOSPICE FOR EATING DISORDERS OF TORONTO  
(OPERATING AS SHEENA'S PLACE)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 124,741	\$ (239,698)
Add back non-cash items -		
Amortization of capital assets	39,072	36,443
Capital contributions recognized	(21,115)	(11,250)
Unrealized losses (gains) on long-term investments	(26,980)	31,337
Net change in non-cash working capital items (see below)	<u>14,706</u>	<u>(17,931)</u>
Net cash generated from (used for) operating activities	<u>130,424</u>	<u>(201,099)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale (purchase) of long-term investments, net	(126,046)	30,122
Tangible capital assets purchased	<u>(18,127)</u>	<u>(825)</u>
Net cash generated from (used for) investing activities	<u>(144,173)</u>	<u>29,297</u>
<b>FINANCING ACTIVITIES</b>		
Mortgage principal repayments made	(12,716)	(12,664)
Capital contributions received	<u>35,813</u>	<u>10,000</u>
Net cash generated from (used for) financing activities	<u>23,097</u>	<u>(2,664)</u>
<b>NET CASH INCREASE (DECREASE) IN THE YEAR</b>	<b>9,348</b>	<b>(174,466)</b>
Cash, beginning of year	<u>290,874</u>	<u>465,340</u>
<b>CASH, END OF YEAR</b>	<b><u>\$ 300,222</u></b>	<b><u>\$ 290,874</u></b>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Accounts receivable	\$ (4,039)	\$ 4,098
HST recoverable	37,374	(23,030)
Prepaid expenses	(2,713)	(406)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(3,452)	1,264
Deferred contributions	<u>(12,464)</u>	<u>143</u>
	<u>\$ 14,706</u>	<u>\$ (17,931)</u>

see accompanying notes

# THE HOSPICE FOR EATING DISORDERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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The Hospice for Eating Disorders of Toronto (operating as Sheena's Place) (the "Organization") is incorporated without share capital in the Province of Ontario. The Organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The purposes of the Organization are as follows:

- i) to establish, maintain and operate a non-residential, community based centre that provides support programs and services for people living with eating disorders, their families, caregivers and community service providers; and
- ii) to develop and promote education and community understanding regarding eating disorders.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### Revenue recognition

The Organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The Organization follows the deferral method of revenue recognition for contributions, which includes donations and grants. Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except for endowments, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expense are incurred. Externally restricted endowment contributions are recognized as direct increases in net assets when recorded in the accounts. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.
- ii) Special events revenue, which includes sponsorships, is recognized when the event takes place.
- iii) Donated materials and services which are purchased on behalf of the Organization are not recorded in the accounts.
- iv) Investment income, which consists of interest, dividends, and realized and unrealized gains and losses, is recorded in the statement of operations, except to the extent that it is externally restricted. In years where the investment income earned is in excess of the amount made available for spending, the excess is recorded as a direct increase in externally restricted endowments. In years where the investment income earned is below the amount made available for spending, the shortfall is recorded as a direct decrease in externally restricted endowments.

#### Intangible capital assets

Intangible capital asset purchases are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives using the straight-line method as follows:

Computer software	- 10 years
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# THE HOSPICE FOR EATING DISORDERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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### Tangible capital assets

Tangible capital asset purchases are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives using the straight-line method as follows:

Building and building improvements	- 40 years
Healing garden	- 20 years
Furniture, fixtures and equipment	- 5 years
Computer equipment	- 5 years

## 2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The Organization records financial instruments, which include cash, long-term investments, accounts receivable, accounts payable and accrued liabilities, and mortgage payable, initially at fair value. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at amortized cost and net of any provisions for impairment in value.

The following are those financial instruments and related financial risks considered particularly significant:

- i) The Organization buys and sells investments denominated in foreign currencies, and is therefore exposed to foreign currency risk as the fair value and future cash flows will fluctuate due to changes in the relative value of foreign currencies against the Canadian dollar.
- ii) The Organization holds fixed income investments which may be subject to unfavourable market interest rate fluctuations.
- iii) The Organization is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investments in equity securities.

## 3. TANGIBLE CAPITAL ASSETS

Tangible capital assets are as follows:

	Cost	Accumulated Amortization	2017 Net	2016 Net
Building	\$ 420,526	\$ (226,907)	\$ 193,619	\$ 204,131
Building improvements	181,028	(64,152)	116,876	114,583
Healing garden	150,012	(84,333)	65,679	73,180
Furniture, fixtures and equipment	12,245	(1,256)	10,989	743
Computer equipment	<u>35,817</u>	<u>(35,817)</u>	<u>-</u>	<u>1,191</u>
	<u>\$ 799,628</u>	<u>\$ (412,465)</u>	<u>\$ 387,163</u>	<u>\$ 393,828</u>



# THE HOSPICE FOR EATING DISORDERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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### 4. INTANGIBLE CAPITAL ASSETS

Intangible capital assets are as follows:

	Cost	Accumulated Amortization	2017 Net	2016 Net
Computer software	<u>\$ 42,803</u>	<u>\$ (32,635)</u>	<u>\$ 10,168</u>	<u>\$ 24,448</u>

### 5. LONG-TERM INVESTMENTS AND INVESTMENT INCOME

a) Long-term investments comprise the following:

	2017	2016
Mutual funds - Canadian bonds	\$ 1,094,229	\$ 818,045
Mutual funds - International equities	330,211	274,649
U.S. equity fund series	753,198	769,514
Canadian equity fund series	517,286	580,828
Bond and preferred shares series	473,236	570,508
International equities	<u>76,602</u>	<u>78,192</u>
	<u>\$ 3,244,762</u>	<u>\$ 3,091,736</u>

Long-term investments are held for endowment purposes and to fund long-term commitments.

b) Investment income recorded in the statement of operations includes the following:

	2017	2016
Realized gains	\$ 117,770	\$ 103,677
Interest and dividends	89,758	95,850
Unrealized gains (losses)	<u>26,980</u>	<u>(31,337)</u>
	234,508	168,190
Less: Management fees	<u>(31,007)</u>	<u>(30,576)</u>
	<u>\$ 203,501</u>	<u>\$ 137,614</u>

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$2,606 (2016 - \$2,054), which include various payroll withholding taxes.

# THE HOSPICE FOR EATING DISORDERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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### 7. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2017	2016
Healing garden maintenance	\$ 29,250	\$ 31,332
Bell Canada - Let's Talk	6,799	7,180
TD Securities Underwriting Hope Fund	<u>-</u>	<u>10,000</u>
	<u>\$ 36,049</u>	<u>\$ 48,512</u>

Continuity of deferred contributions for the year is as follows:

	2017	2016
Deferred contributions, beginning of year	\$ 48,512	\$ 48,369
Restricted contributions received	-	35,000
Less restricted contributions recognized as revenue	<u>(12,463)</u>	<u>(34,857)</u>
Deferred contributions, end of year	<u>\$ 36,049</u>	<u>\$ 48,512</u>

### 8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions are for the following:

	2017	2016
Healing Garden	\$ 65,674	\$ 73,175
Building improvements	34,338	10,000
Furniture, fixtures and equipment	10,412	-
Computer software	<u>8,716</u>	<u>21,267</u>
	<u>\$ 119,140</u>	<u>\$ 104,442</u>

Continuity of deferred capital contributions for the year is as follows:

	2017	2016
Deferred capital contributions, beginning of year	\$ 104,442	\$ 105,692
Capital contributions received	35,813	10,000
Less capital contributions recognized as revenue	<u>(21,115)</u>	<u>(11,250)</u>
Deferred capital contributions, end of year	<u>\$ 119,140</u>	<u>\$ 104,442</u>

# THE HOSPICE FOR EATING DISORDERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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### 9. MORTGAGE PAYABLE

The mortgage is for the building located at 87 Spadina Road, Toronto. The building has been provided as a security for the mortgage. On December 22, 2016, the Organization renewed its mortgage for a period of four years at a fixed interest rate of 2.7% and is due in July 2021. The blended monthly principal and interest payments are \$1,184.

	2017	2016
Total mortgage payable	\$ 48,516	\$ 61,233
Less current portion	<u>(13,065)</u>	<u>(12,717)</u>
Long-term portion	<u>\$ 35,451</u>	<u>\$ 48,516</u>

Annual repayment requirements are as follows:

2018	\$ 13,065
2019	13,422
2020	13,789
2021	<u>8,240</u>
	<u>\$ 48,516</u>

### 10. ENDOWMENT NET ASSETS

Endowment net assets include internally and externally restricted endowed net assets. Externally restricted endowments are amounts that must be maintained on a permanent basis as required by the donor. Internally restricted endowments are amounts designated by the Board of Directors to be used for endowment purposes. These funds provide a dependable and sustainable source of income to support the Organization's mandate.

In fiscal 2017, investment income, net of management fees, of \$202,894 was earned on endowment net assets. Investment income on externally restricted endowment net assets was \$159,880, which was made available for spending and recorded as investment income in the statement of operations. Investment income earned on internally restricted endowment net assets was \$43,014. This amount was also recorded as revenue in the statement of operations. During the year, the Board approved an interfund transfer of \$26,980 from unrestricted net assets to internally restricted endowment net assets. An adjustment was recorded to correct endowment net assets for amounts recognized as externally restricted endowments and should have been recorded as internally restricted endowments.

In fiscal 2016, investment income, net of management fees, of \$137,614 was earned on endowment net assets. Investment income on externally restricted endowment net assets was \$106,376, which was made available for spending and recorded as investment income in the statement of operations. Investment income earned on internally restricted endowment net assets was \$31,238. This amount was also recorded as revenue in the statement of operations.

# THE HOSPICE FOR EATING DISORDERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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### 11. SPECIAL EVENTS

Included in special events revenue are corporate sponsorships in the amount of \$195,000 (2016 - \$184,925).

### 12. DONATIONS AND FUNDRAISING

Donations and fundraising revenue were from the following sources:

	2017	2016
Individuals	\$ 132,824	\$ 115,276
Foundations	128,272	64,666
Corporations	<u>38,994</u>	<u>24,220</u>
	<u>\$ 300,090</u>	<u>\$ 204,162</u>

### 13. RELATED PARTY TRANSACTIONS

During the year, members of the Organization's Board of Directors provided financial donations amounting to \$77,995 (2016 - \$9,947). The transactions are in the normal course of operations and are measured at the exchange amount.

### 14. COMPARATIVE AMOUNTS

Certain comparative amounts as at December 31, 2016, and for the year then ended have been reclassified to conform with the current year's financial statement presentation.