

HOSPICE WELLINGTON
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To: The Members of Hospice Wellington

Opinion

We have audited the accompanying financial statements of **Hospice Wellington** (the **Organization**), which comprise the statement of financial position as at **March 31, 2022**, the statement of operations, the statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Organization** at March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Organization 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 opinion.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Guelph, Ontario
May 25, 2022





WCO Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

HOSPICE WELLINGTON
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2022 TOTAL	2021 TOTAL
ASSETS				
CURRENT				
Cash	\$ 692,065	\$ 0	\$ 692,065	\$ 1,558,263
Short-term investments (note 2)	4,909,242	0	4,909,242	3,077,183
HST recoverable	37,974	0	37,974	35,187
Accounts receivable	9,954	0	9,954	4,419
COVID government assistance receivable	0	0	0	77,717
Prepaid expenses	<u>25,018</u>	<u>0</u>	<u>25,018</u>	<u>25,435</u>
	5,674,253	0	5,674,253	4,778,204
PROPERTY & EQUIPMENT (note 3)	<u>0</u>	<u>3,844,932</u>	<u>3,844,932</u>	<u>4,056,126</u>
	<u>\$ 5,674,253</u>	<u>\$ 3,844,932</u>	<u>\$ 9,519,185</u>	<u>\$ 8,834,330</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 199,158	\$ 0	\$ 199,158	\$ 176,906
Government remittances payable	<u>31,215</u>	<u>0</u>	<u>31,215</u>	<u>32,422</u>
	230,373	0	230,373	209,328
LONG-TERM				
Deferred revenue (note 5)	<u>5,201,618</u>	<u>1,498,232</u>	<u>6,699,850</u>	<u>6,036,040</u>
Total Liabilities	<u>5,431,991</u>	<u>1,498,232</u>	<u>6,930,223</u>	<u>6,245,368</u>
NET ASSETS				
NET ASSETS				
Invested in property & equipment	0	2,346,700	2,346,700	2,487,327
Unrestricted	<u>242,262</u>	<u>0</u>	<u>242,262</u>	<u>101,635</u>
Total Net Assets	<u>242,262</u>	<u>2,346,700</u>	<u>2,588,962</u>	<u>2,588,962</u>
	<u>\$ 5,674,253</u>	<u>\$ 3,844,932</u>	<u>\$ 9,519,185</u>	<u>\$ 8,834,330</u>

APPROVED BY THE BOARD:


 _____ Director

 _____ Director

HOSPICE WELLINGTON
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2022

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2022 TOTAL	2021 TOTAL
NET ASSETS beginning of the year	\$ 101,635	\$ 2,487,327	\$ 2,588,962	\$ 2,695,693
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES for the year	145,784	(145,784)	0	(106,731)
PURCHASE OF PROPERTY & EQUIPMENT	<u>(5,157)</u>	<u>5,157</u>	<u>0</u>	<u>0</u>
NET ASSETS end of the year	<u>\$ 242,262</u>	<u>\$ 2,346,700</u>	<u>\$ 2,588,962</u>	<u>\$ 2,588,962</u>

HOSPICE WELLINGTON
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2022

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2022 TOTAL	2021 TOTAL
REVENUE				
Grants	\$ 1,897,060	\$ 0	\$ 1,897,060	\$ 1,593,229
Donations	694,729	70,567	765,296	149,499
Fundraising	510,842	0	510,842	472,399
Interest	75,918	0	75,918	83,105
Other income	72,061	0	72,061	88,820
Programs	537	0	537	3,582
	<u>3,251,147</u>	<u>70,567</u>	<u>3,321,714</u>	<u>2,390,634</u>
EXPENDITURES				
Residential wages and benefits	1,489,221	0	1,489,221	1,350,727
Other wages and benefits	1,004,508	0	1,004,508	912,333
Depreciation	0	216,351	216,351	212,977
Residential operating	165,738	0	165,738	161,479
Community services	138,759	0	138,759	39,921
Fundraising	122,092	0	122,092	127,557
Office and general	79,799	0	79,799	105,068
Advertising and promotion	48,337	0	48,337	23,847
Utilities	31,906	0	31,906	30,439
Audit and legal fees	28,491	0	28,491	22,356
Accounting	28,266	0	28,266	28,691
Bank charges and interest	24,814	0	24,814	17,335
Rent	19,966	0	19,966	13,046
Education	19,560	0	19,560	13,186
Insurance	19,166	0	19,166	15,721
Repairs and maintenance	15,956	0	15,956	25,574
Membership dues	15,886	0	15,886	9,659
Volunteer services	8,922	0	8,922	1,367
Municipal taxes	945	0	945	923
	<u>3,262,332</u>	<u>216,351</u>	<u>3,478,683</u>	<u>3,112,206</u>
(DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS	(11,185)	(145,784)	(156,969)	(721,572)
COVID GOVERNMENT ASSISTANCE	<u>156,969</u>	<u>0</u>	<u>156,969</u>	<u>614,841</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES for the year	<u>\$ 145,784</u>	<u>\$ (145,784)</u>	<u>\$ 0</u>	<u>\$ (106,731)</u>

**HOSPICE WELLINGTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022**

	2022	2021
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	\$ 0	\$ (106,731)
Items not involving cash		
Depreciation	<u>216,351</u>	<u>212,977</u>
	216,351	106,246
Changes in non-cash working capital items		
(Increase) in HST receivable	(2,787)	(2,129)
(Increase) in accounts receivable	(5,535)	(1,886)
Decrease (increase) in COVID government assistance receivable	77,717	(77,717)
Decrease in prepaid expenses	417	140
Increase in accounts payable and accrued liabilities	22,252	70,109
(Decrease) increase in government remittances payable	(1,207)	11,140
Increase in deferred revenue	<u>663,810</u>	<u>1,129,483</u>
	971,018	1,235,386
INVESTING ACTIVITIES		
Purchase of property and equipment	(5,157)	(66,316)
(Increase) in investments	<u>(1,832,059)</u>	<u>(381,213)</u>
	<u>(1,837,216)</u>	<u>(447,529)</u>
NET (DECREASE) INCREASE IN CASH	(866,198)	787,857
CASH, BEGINNING OF YEAR	<u>1,558,263</u>	<u>770,406</u>
CASH, END OF YEAR	<u><u>\$ 692,065</u></u>	<u><u>\$ 1,558,263</u></u>

**HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

NATURE OF BUSINESS

Hospice Wellington (the Organization) is a registered charitable organization incorporated without share capital under the provisions of the Ontario Corporations Act. The Organization is exempt from income taxes. The purpose of the Organization is to provide programs that support a dignified transition from diagnosis to end of life. Hospice Wellington carries out its programs through the hearts and skills of trained volunteers and staff.

1. SUMMARY OF ACCOUNTING POLICIES

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

(a) FUND ACCOUNTING

The activities of the Organization are recorded through the following funds:

Current Fund

The Current Fund records the ongoing operations of the Organization and the revenue and expenditures of its programs.

Property & Equipment Fund

The Property & Equipment Fund reports the activities of the Organization related to its capital assets.

(b) SHORT-TERM INVESTMENTS

Short-term investments, consisting of GICs, are recorded at fair value.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist principally of funds held at financial institutions.

(d) PROPERTY & EQUIPMENT

Property & equipment is recorded at cost. Depreciation is calculated using the straight line method at the following annual rates, except in the year of acquisition, when one-half of the annual rate is used:

Building	40 years
Equipment	5 years
Computer equipment and software	3 years

**HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

(e) REVENUE RECOGNITION

The Organization follows the deferral method of accounting for contributions (contributions are defined as grants, donations, fundraising, program and other revenue).

Under this method:

- Contributions restricted for use on facilities or programming are deferred and recognized as revenue in the year in which the related expenses are incurred.
- Contributions restricted to the acquisition of property and equipment are initially recorded as deferred contributions in the period in which they are received and are amortized to revenue over the useful life of the related assets.
- Unrestricted contributions are recognized when received.

(f) CONTRIBUTED MATERIALS AND SERVICES

Volunteers contribute a significant amount of time to assist the Organization in carrying out its service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements. The Organization receives donations of goods from the community. These are recognized in the financial statements to the extent which fair value is determinable.

(g) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Actual results could differ from those estimates. Estimates are reviewed on a regular basis and, as adjustments become necessary, they are reported in income in the periods in which they become known.

HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

(h) FINANCIAL INSTRUMENTS

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, guaranteed investments certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Related party transactions that are considered financial instruments are reported at cost with cost being the exchange amount of the consideration transferred or received.

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.

HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

2. SHORT TERM INVESTMENTS

Short term investments as at March 31 consist of the following:

	2022	2021
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.90% per annum, matures April 1, 2022.	\$ 423,569	\$ 411,632
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.60% per annum, matures March 2, 2023.	210,535	205,200
Meridian, redeemable Guaranteed investment certificate, interest at 1.20% per annum, matures November 18, 2022.	600,000	0
Meridian, non-redeemable Guaranteed investment certificate, interest at 1.30% per annum, matures November 18, 2022.	750,000	0
Meridian, non-redeemable Guaranteed investment certificate, interest at 1.40% per annum, matures May 18, 2023.	750,000	0
Meridian, non-redeemable Guaranteed investment certificate, interest at 1.50% per annum, matures November 18, 2023.	750,000	0
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.45% per annum, matures September 20, 2023.	750,000	0
Meridian, redeemable Guaranteed investment certificate, interest at 2.90% per annum, matures February 20, 2025.	250,000	0
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.80% per annum, matures February 20, 2024.	400,000	0
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.9% per annum, matures March 27, 2022.	0	635,354
Meridian, non-redeemable Guaranteed investment certificate, interest at 3.10% per annum, matures March 27, 2022.	0	425,219
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.9% per annum, matures June 15, 2021.	0	1,058,923
Meridian, non-redeemable Guaranteed investment certificate, interest at 1.35% per annum, matures July 6, 2021.	0	300,000
Accrued interest	<u>25,138</u>	<u>40,855</u>
	<u>\$ 4,909,242</u>	<u>\$ 3,077,183</u>

The cost of the short term investments plus accrued interest approximates their fair value.

HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

3. PROPERTY AND EQUIPMENT

Property and equipment as at March 31 consists of the following:

	COST	ACCUM. DEPRN.	2022 NET BOOK VALUE	2021 NET BOOK VALUE
Land	\$ 203,185	\$ 0	\$ 203,185	\$ 203,185
Building	5,184,724	1,700,929	3,483,795	3,614,267
Equipment	464,035	306,559	157,476	236,102
Computer equipment and software	<u>50,695</u>	<u>50,219</u>	<u>476</u>	<u>2,572</u>
	<u>\$ 5,902,639</u>	<u>\$ 2,057,707</u>	<u>\$ 3,844,932</u>	<u>\$ 4,056,126</u>

4. UNCERTAINTY DUE TO COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The situation is dynamic with various cities, regions, and countries around the world responding in different ways to address the outbreak.

During the year, COVID-19 restrictions began to relax as vaccination rates increased and governments established rules and regulations to allow businesses to resume normal operations. However, uncertainty due to COVID-19 remains a risk as new variants emerge.

The potential economic effects within the Organization's environment and in the global markets due to the possible disruption to supply chains and measures introduced at various levels of government to curtail the spread of the virus continue to impact the operations of the Organization. As a result, the Organization was required to make changes to its operations, including limited use of volunteers to assist with the delivery of programs and services. In addition, the Organization adapted to local restrictions by transitioning to alternative forms of fundraising and programming where possible. The financial impact of the COVID-19 pandemic on the Organization cannot be estimated at this time.

HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

5. DEFERRED REVENUE

Deferred revenue consists of amounts received by the Organization for specific programs and projects that will be expended in future years.

Deferred revenue in the Current Fund consists of the following:

- a) \$2,216,043 (2021 - \$1,420,130) in deferred revenue related to programs which will take place in future fiscal years and revenue collected from programs for which the related expenditure has not yet occurred.
- b) Deferred revenue related to the fundraising campaigns (Futures Campaign and previously, the Building on Compassionate Care Campaign) represents donations received that are in excess of expenses incurred for the planned campaigns and facilities.

	2022	2021
Opening balance	\$ 2,756,506	\$ 2,769,867
Donations and grants received	5,867	29,335
Expenses incurred and donations recognized as revenue	<u>(44,064)</u>	<u>(42,696)</u>
	<u>\$ 2,718,309</u>	<u>\$ 2,756,506</u>

- c) Externally restricted expansion project estate gift:

An estate gift of \$250,000 was received in fiscal 2021 that is externally restricted. This donation is to be used to establish a three year pilot project to expand Hospice Wellington's community programs to areas outside of their current location and to include other locations in the City of Guelph and County of Wellington where interest might exist. The donation is to be used to cover costs of staffing, materials and supplies, and volunteer training for this project. Costs relating to this project of \$73,483 were incurred in the current year.

- d) Externally restricted donations:

Donations in the amount of \$33,926 were received in the current year and are externally restricted. The details of how these funds are to be used have not yet been determined.

- e) Summary of deferred revenue in the Current Fund:

	2022	2021
Deferred revenue related to fundraising campaigns	\$ 2,718,309	\$ 2,756,506
Deferred program revenue	2,216,043	1,420,130
Restricted expansion project estate gift	176,517	250,000
Restricted donations	33,926	0
Handbags for Hospice	<u>56,823</u>	<u>40,605</u>
	<u>\$ 5,201,618</u>	<u>\$ 4,467,241</u>

Deferred revenue in the Property & Equipment Fund relates to the repayment of the mortgage on the building and is being deferred and amortized into income over the life of the building.

	2022	2021
Opening balance	\$ 1,568,799	\$ 1,604,166
Grants received and deferred during the year	0	32,000
Expenses incurred and donations recognized as revenue	<u>(70,567)</u>	<u>(67,367)</u>
	<u>\$ 1,498,232</u>	<u>\$ 1,568,799</u>

**HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

6. FINANCIAL RISK MANAGEMENT

The Organization's principal financial instruments are cash and short-term investments. The main purpose of these financial instruments is to finance and maintain the Organization's operations. The Organization has other financial instruments such as accounts receivable and accounts payable and accrued liabilities which arise directly from its operations. The main risks arising from the Organization's financial instruments are credit risk, liquidity risk and interest rate risk.

a) Credit risk

The Organization is exposed to concentrations of credit risk related primarily to accounts receivable from government organizations. The risk is mitigated by the strong collectibility factor inherent in government contributions. The risk has not changed from the prior year.

b) 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 that is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from its accounts payable, accrued liabilities and deferred revenue. The risk has not changed from the prior year.

c) 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 Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk while floating rate instruments subject it to a cash flow risk.

7. COMPARATIVE FIGURES

Certain reclassifications for the year ended March 31, 2022 have been made for the purpose of comparability.