HOSPICE WELLINGTON

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

INDEX

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, 2021**, 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, 2021, 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.

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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.

W/co

Guelph, Ontario
May 26, 2021

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, 2021

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2021 TOTAL	2020 TOTAL
ASSETS				
CURRENT				
Cash	$ 1,558,263	$ 0	$ 1,558,263	$ 770,406
Short-term investments (note 2)	3,077,183	0	3,077,183	2,695,970
Government remittances receivable	35,187	0	35,187	33,058
Accounts receivable	4,419	0	4,419	2,533
COVID government assistance receivable	77,717	0	77,717	0
Prepaid expenses	25,435	0	25,435	25,575
	4,778,204	0	4,778,204	3,527,542
PROPERTY & EQUIPMENT (note 3)	0	4,056,126	4,056,126	4,202,787
	$ 4,778,204	$ 4,056,126	$ 8,834,330	$ 7,730,329
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$ 176,906	$ 0	$ 176,906	$ 106,797
Government remittances payable	32,422	0	32,422	21,282
	209,328	0	209,328	128,079
LONG-TERM				
Deferred revenue (note 4)	4,467,241	1,568,799	6,036,040	4,906,557
Total Liabilities	4,676,569	1,568,799	6,245,368	5,034,636
NET ASSETS				
NET ASSETS				
Invested in property & equipment	0	2,487,327	2,487,327	2,598,621
Unrestricted	101,635	0	101,635	97,072
Total Net Assets	101,635	2,487,327	2,588,962	2,695,693
	$ 4,778,204	$ 4,056,126	$ 8,834,330	$ 7,730,329

APPROVED BY THE BOARD:

_______________ Director

_______________ Director

see accompanying notes

HOSPICE WELLINGTON
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2021 TOTAL	2020 TOTAL
NET ASSETS beginning of the year	$ 97,072	$ 2,598,621	$ 2,695,693	$ 2,673,911
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES for the year	38,879	(145,610)	(106,731)	21,782
PURCHASE OF PROPERTY & EQUIPMENT	(66,316)	66,316	0	0
PROPERTY & EQUIPMENT GRANTS	32,000	(32,000)	0	0
NET ASSETS end of the year	$ 101,635	$ 2,487,327	$ 2,588,962	$ 2,695,693

HOSPICE WELLINGTON
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2021 TOTAL	2020 TOTAL
REVENUE				
Grants	$ 1,593,229	$ 0	$ 1,593,229	$ 1,405,863
Fundraising	472,399	0	472,399	445,176
Donations	82,132	67,367	149,499	841,291
Other income	88,820	0	88,820	60,682
Interest	83,105	0	83,105	78,035
Programs	3,582	0	3,582	2,100
	2,323,267	67,367	2,390,634	2,833,147
EXPENDITURES				
Residential wages and benefits	1,350,727	0	1,350,727	1,116,164
Other wages and benefits	912,333	0	912,333	864,529
Depreciation	0	212,977	212,977	207,977
Residential operating	161,479	0	161,479	129,610
Fundraising	127,557	0	127,557	158,556
Office and general	105,068	0	105,068	95,998
Community services	39,921	0	39,921	45,865
Utilities	30,439	0	30,439	28,521
Accounting	28,691	0	28,691	28,555
Repairs and maintenance	25,574	0	25,574	24,133
Advertising and promotion	23,847	0	23,847	31,606
Audit and legal fees	22,356	0	22,356	16,454
Bank charges and interest	17,335	0	17,335	14,520
Insurance	15,721	0	15,721	14,095
Education	13,186	0	13,186	10,094
Rent	13,046	0	13,046	7,581
Membership dues	9,659	0	9,659	10,859
Volunteer services	1,367	0	1,367	5,322
Municipal taxes	923	0	923	926
	2,899,229	212,977	3,112,206	2,811,365
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	(575,962)	(145,610)	(721,572)	21,782
COVID GOVERNMENT ASSISTANCE	614,841	0	614,841	0
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES for the year	$ 38,879	$ (145,610)	$ (106,731)	$ 21,782

HOSPICE WELLINGTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditures for the year	$ (106,731)	$ 21,782
Items not involving cash		
Depreciation	212,977	207,977
	106,246	229,759
Changes in non-cash working capital items		
(Increase) decrease in government remittances receivable	(2,129)	11,641
(Increase) decrease in accounts receivable	(1,886)	45,620
(Increase) in COVID government receivable	(77,717)	0
Decrease (increase) in prepaid expenses	140	(5,529)
Increase (decrease) in accounts payable and accrued liabilities	70,109	(216,681)
Increase (decrease) in government remittances payable	11,140	(12,835)
Increase in deferred revenue	1,129,483	176,435
	1,235,386	228,410
INVESTING ACTIVITIES		
Purchase of property and equipment	(66,316)	(76,545)
(Increase) in investments	(381,213)	(672,444)
	(447,529)	(748,989)
NET INCREASE (DECREASE) IN CASH	787,857	(520,579)
CASH, BEGINNING OF YEAR	770,406	1,290,985
CASH, END OF YEAR	$ 1,558,263	$ 770,406

see accompanying notes

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 entity related to its capital assets.

(b) SHORT-TERM INVESTMENTS

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

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist principally of funds held in 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
Communication equipment	5 years
Computer equipment and software	3 years

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 received 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.

(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. 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

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

	2021	2020
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.9% per annum, matures June 15, 2021.	$ 1,058,923	$ 1,029,000
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.9% per annum, matures March 27, 2022.	635,354	617,448
Meridian, non-redeemable Guaranteed investment certificate, interest at 3.10% per annum, matures March 27, 2022.	425,219	412,434
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.90% per annum, matures April 1, 2022.	411,632	400,000
Meridian, non-redeemable Guaranteed investment certificate, interest at 1.35% per annum, matures July 6, 2021.	300,000	0
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.60% per annum, matures March 2, 2023.	205,200	200,000
Accrued interest	40,855	37,088
	$ 3,077,183	$ 2,095,970

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

3. PROPERTY AND EQUIPMENT

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

	COST	ACCUM. DEPRN.	2021 NET BOOK VALUE	2020 NET BOOK VALUE
Land	$ 203,185	$ 0	$ 203,185	$ 203,185
Building	5,184,724	1,570,457	3,614,267	3,744,739
Equipment	404,140	217,303	186,837	245,105
Communication equipment	54,739	5,474	49,265	0
Computer equipment and software	50,695	48,123	2,572	9,758
	$ 5,897,483	$ 1,841,357	$ 4,056,126	$ 4,202,787

4. 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) $1,420,130 (2020 - $506,524) 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.

	2021	2020
Opening balance	$ 2,769,867	$ 2,800,396
Donations and grants received	29,335	66,250
Expenses incurred and donations recognized as revenue	(42,696)	(96,779)
	$ 2,756,506	$ 2,769,867

c) Externally restricted expansion project estate gift:

An estate gift of $250,000 was received during the year 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. No costs relating to this project have been incurred to date. The project is expected to begin in fiscal 2022.

d) Summary of deferred revenue in the Current Fund:

	2021	2020
Deferred revenue related to fundraising campaigns	$ 2,756,506	$ 2,769,867
Deferred program revenue	1,420,130	506,524
Restricted expansion project estate gift	250,000	0
Handbags for Hospice	40,605	26,000
	$ 4,467,241	$ 3,302,391

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.

	2021	2020
Opening balance	$ 1,604,166	$ 1,668,333
Grants received and deferred during the year	32,000	0
Expenses incurred and donations recognized as revenue	(67,367)	(64,167)
	$ 1,568,799	$ 1,604,166

5. COMPARATIVE FIGURES

Certain reclassifications for the year ended March 31, 2020 have been made for the purpose of comparability.

6. 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.

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 the inability to use volunteers to assist with the delivery of programs and services. In addition, the Organization was unable to continue traditional fundraising activities. The financial impact of the COVID-19 pandemic on the Organization cannot be estimated at this time.

7. 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 entity to a fair value risk while floating rate instruments subject it to a cash flow risk.