

**HOSPICE WELLINGTON
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

INDEX

	Page
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8



Martha M. Zettle, CPA, CA, LPA, TEP
CPA (Illinois)

Lori A. Halliday, CPA, CA, LPA
Michael J. Kerr, CPA, CA, LPA

Lisa A. Bursey, CPA, CA, LPA, TEP
Andrew W. Renner, CPA, CA

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, 2020**, 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, 2020**, 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.

Other Matter

The financial statements for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 22, 2019.

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.

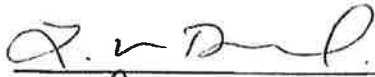
Guelph, Ontario
May 27, 2020

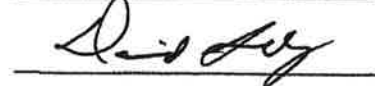
Weiler & Company
Chartered Accountants
Licensed Public Accountants

HOSPICE WELLINGTON
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	CURRENT FUND	PROPERTY & EQUIPMENT FUND	2020 TOTAL	2019 TOTAL
ASSETS				
CURRENT				
Cash (note 2)	\$ 770,406	\$ 0	\$ 770,406	\$ 1,290,985
Short-term investments (note 3)	2,695,970	0	2,695,970	2,023,526
Government remittances receivable	33,058	0	33,058	44,699
Accounts receivable	2,533	0	2,533	48,153
Prepaid expenses	<u>25,575</u>	<u>0</u>	<u>25,575</u>	<u>20,046</u>
	3,527,542	0	3,527,542	3,427,409
PROPERTY & EQUIPMENT (note 4)	<u>0</u>	<u>4,202,787</u>	<u>4,202,787</u>	<u>4,334,219</u>
	<u>\$ 3,527,542</u>	<u>\$ 4,202,787</u>	<u>\$ 7,730,329</u>	<u>\$ 7,761,628</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 128,079	\$ 0	\$ 128,079	\$ 357,595
LONG-TERM				
Deferred revenue (note 5)	<u>3,302,391</u>	<u>1,604,166</u>	<u>4,906,557</u>	<u>4,730,122</u>
Total Liabilities	<u>3,430,470</u>	<u>1,604,166</u>	<u>5,034,636</u>	<u>5,087,717</u>
NET ASSETS				
NET ASSETS				
Invested in property & equipment	0	2,598,621	2,598,621	2,665,886
Unrestricted	<u>97,072</u>	<u>0</u>	<u>97,072</u>	<u>8,025</u>
Total Net Assets	<u>97,072</u>	<u>2,598,621</u>	<u>2,695,693</u>	<u>2,673,911</u>
	<u>\$ 3,527,542</u>	<u>\$ 4,202,787</u>	<u>\$ 7,730,329</u>	<u>\$ 7,761,628</u>

APPROVED BY THE BOARD:

 Director

 Director

see accompanying notes

HOSPICE WELLINGTON
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020

	CURRENT	PROPERTY & EQUIPMENT	2020	2019
	FUND	FUND	TOTAL	TOTAL
NET ASSETS beginning of the year	\$ 8,025	\$ 2,665,886	\$ 2,673,911	\$ 2,651,002
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES for the year	165,592	(143,810)	21,782	22,909
PURCHASE OF PROPERTY & EQUIPMENT	<u>(76,545)</u>	<u>76,545</u>	<u>0</u>	<u>0</u>
NET ASSETS end of the year	<u>\$ 97,072</u>	<u>\$ 2,598,621</u>	<u>\$ 2,695,693</u>	<u>\$ 2,673,911</u>

**HOSPICE WELLINGTON
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020**

	CURRENT	PROPERTY & EQUIPMENT	2020	2019
	FUND	FUND	TOTAL	TOTAL
REVENUE				
Grants	\$ 1,376,939	\$ 0	\$ 1,376,939	\$ 1,444,616
Donations	777,124	64,167	841,291	688,551
Fundraising	445,176	0	445,176	392,687
Other income	89,606	0	89,606	168,122
Interest	78,035	0	78,035	26,665
Programs	2,100	0	2,100	2,530
	<u>2,768,980</u>	<u>64,167</u>	<u>2,833,147</u>	<u>2,723,171</u>
EXPENDITURES				
Residential wages and benefits	1,116,164	0	1,116,164	1,179,314
Other wages and benefits	864,529	0	864,529	707,926
Depreciation	0	207,977	207,977	181,740
Fundraising	158,556	0	158,556	107,628
Residential operating	129,610	0	129,610	146,666
Office and general	95,998	0	95,998	83,138
Community services	45,865	0	45,865	39,890
Advertising and promotion	31,606	0	31,606	60,913
Accounting	28,555	0	28,555	25,602
Utilities	28,521	0	28,521	27,100
Repairs and maintenance	24,133	0	24,133	16,975
Audit and legal fees	16,454	0	16,454	32,416
Bank charges and interest	14,520	0	14,520	12,019
Insurance	14,095	0	14,095	12,060
Membership dues	10,859	0	10,859	12,090
Education	10,094	0	10,094	16,896
Rent	7,581	0	7,581	0
Volunteer services	5,322	0	5,322	7,245
Municipal taxes	926	0	926	953
One time grant expenses	0	0	0	29,691
	<u>2,603,388</u>	<u>207,977</u>	<u>2,811,365</u>	<u>2,700,262</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES for the year	<u>\$ 165,592</u>	<u>\$ (143,810)</u>	<u>\$ 21,782</u>	<u>\$ 22,909</u>

**HOSPICE WELLINGTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020**

	2020	2019
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	\$ 21,782	\$ 22,909
Items not involving cash		
Depreciation	<u>207,977</u>	<u>181,740</u>
	229,759	204,649
Changes in non-cash working capital items		
Decrease (increase) in government remittances receivable	11,641	(44,699)
Decrease (increase) in accounts receivable	45,620	(14,812)
(Increase) decrease in prepaid expenses	(5,529)	2,577
(Decrease) increase in accounts payable and accrued liabilities	(229,516)	229,271
Increase in deferred revenue	<u>176,435</u>	<u>63,847</u>
	228,410	440,833
INVESTING ACTIVITIES		
Purchase of property and equipment	(76,545)	(272,581)
Purchase of investments	<u>(672,444)</u>	<u>(2,023,526)</u>
	<u>(748,989)</u>	<u>(2,296,107)</u>
NET DECREASE IN CASH	(520,579)	(1,855,274)
CASH, BEGINNING OF YEAR	<u>1,290,985</u>	<u>3,146,259</u>
CASH, END OF YEAR	<u>\$ 770,406</u>	<u>\$ 1,290,985</u>

**HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

NATURE OF BUSINESS

Hospice Wellington (the Organization) is a registered charitable organization incorporated without share capital under the provisions of the Ontario Business 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
Computer equipment and software	3 years

HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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 SERVICES

Volunteers contribute a significant amount of time per year 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.

(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.

HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

2. CASH

The Organization owns a savings account that pays interest on the monthly minimum balance at a rate of 0.65% (2019 - 1.4%) on balances between \$0 - \$99,999, 0.65% (2019 - 1.5%) on balances between \$100,000 - \$999,999 and 0.75% (2019 - 1.6%) on balances above \$1,000,000.

3. SHORT TERM INVESTMENTS

Short term investments as at March 31, 2020 consist of the following:

	2020	2019
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.9% per annum, matures June 15, 2021.	\$ 1,029,000	\$ 1,000,000
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.9% per annum, matures March 27, 2022.	617,448	600,000
Meridian, non-redeemable Guaranteed investment certificate, interest at 3.10% per annum, matures March 27, 2022.	412,434	400,000
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.90% per annum, matures April 1, 2022.	400,000	0
Meridian, non-redeemable Guaranteed investment certificate, interest at 2.60% per annum, matures March 2, 2023.	200,000	0
Accrued interest	<u>37,088</u>	<u>23,526</u>
	<u>\$ 2,695,970</u>	<u>\$ 2,023,526</u>

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

4. PROPERTY AND EQUIPMENT

Property and equipment as at March 31, 2020 consists of the following:

	COST	ACCUM. DEPRN.	2020 NET BOOK VALUE	2019 NET BOOK VALUE
Land	\$ 203,185	\$ 0	\$ 203,185	\$ 203,185
Building	5,184,724	1,439,985	3,744,739	3,856,897
Equipment	388,375	143,270	245,105	264,188
Computer equipment and software	<u>54,883</u>	<u>45,125</u>	<u>9,758</u>	<u>9,949</u>
	<u>\$ 5,831,167</u>	<u>\$ 1,628,380</u>	<u>\$ 4,202,787</u>	<u>\$ 4,334,219</u>

HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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) \$506,524 (2019 - \$225,393) in deferred revenue related to programs which will take place in fiscal 2020-2021 (2019-2020) and revenue collected from programs for which the related expenditure has not yet been incurred.
- 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.

	2020	2019
Opening balance	\$ 2,800,396	\$ 2,756,140
Donations and grants received	66,250	74,849
Expenses incurred and donations recognized as revenue	<u>(96,779)</u>	<u>(30,593)</u>
	<u>\$ 2,769,867</u>	<u>\$ 2,800,396</u>

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

	2020	2019
Handbags for Hospice	\$ 26,000	\$ 36,000
Deferred program revenue	506,524	225,393
Deferred revenue related to fundraising campaigns	<u>2,769,867</u>	<u>2,800,396</u>
	<u>\$ 3,302,391</u>	<u>\$ 3,061,789</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.

	2020	2019
Opening balance	\$ 1,668,333	\$ 1,732,500
Expenses incurred and donations recognized as revenue	<u>(64,167)</u>	<u>(64,167)</u>
	<u>\$ 1,604,166</u>	<u>\$ 1,668,333</u>

6. COMPARATIVE FIGURES

Certain reclassifications for the year ended March 31, 2019 have been made for the purpose of comparability.

HOSPICE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

7. FINANCIAL RISK MANAGEMENT

The Organization's principal financial instruments are cash and short-term investments. The main purpose of these financial instruments are 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, which 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 previous 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.

8. UNCERTAINTY DUE TO NOVEL CORONAVIRUS (COVID-19)

Due to public health directives as a result of the COVID-19 pandemic, 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 as of the reporting date.