

HOSPICE WELLINGTON
Financial Statements
Year Ended March 31, 2023

HOSPICE WELLINGTON
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Year Ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Hospice Wellington

Opinion

We have audited the financial statements of Hospice Wellington (the Organization), which comprise the statement of financial position as at March 31, 2023, and the statements of changes in fund balances, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 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.

Emphasis of Matter

We draw attention to Note 13 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.



Guelph, Ontario
May 24, 2023

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


HOSPICE WELLINGTON
Statement of Financial Position
March 31, 2023

	Operating Fund	Capital Fund	2023 Total	2022 Total
ASSETS				
CURRENT				
Cash	\$ 617,784	\$ -	\$ 617,784	\$ 692,065
Accounts receivable <i>(Note 4)</i>	279,114	-	279,114	9,954
Harmonized sales tax recoverable	43,101	-	43,101	37,974
Short term investments <i>(Note 5)</i>	3,071,446	-	3,071,446	2,000,902
Prepaid expenses	31,651	-	31,651	25,018
	4,043,096	-	4,043,096	2,765,913
CAPITAL ASSETS <i>(Note 6)</i>	-	3,672,885	3,672,885	3,844,932
LONG TERM				
INVESTMENTS <i>(Note 5)</i>	1,274,058	-	1,274,058	2,908,340
	\$ 5,317,154	\$ 3,672,885	\$ 8,990,039	\$ 9,519,185


HOSPICE WELLINGTON
Statement of Financial Position
March 31, 2023

	Operating Fund	Capital Fund	2023 Total	2022 Total
LIABILITIES AND FUND BALANCES				
CURRENT				
Accounts payable and accrued liabilities	\$ 186,269	\$ -	\$ 186,269	\$ 199,158
Government remittances payable	37,754	-	37,754	31,215
Current portion of deferred contributions (<i>Notes 7, 13</i>)	222,954	-	222,954	177,823
	446,977	-	446,977	408,196
DEFERRED				
CONTRIBUTIONS (<i>Notes 7, 13</i>)	2,718,664	-	2,718,664	2,805,758
DEFERRED CAPITAL				
CONTRIBUTIONS (<i>Notes 8, 13</i>)	-	1,467,615	1,467,615	1,560,948
	3,165,641	1,467,615	4,633,256	4,774,902
COMMITMENTS (<i>Note 9</i>)				
FUND BALANCES				
Unrestricted (deficit)	(3,808)	-	(3,808)	304,977
Invested in capital assets	-	2,205,270	2,205,270	2,283,985
Internally restricted (<i>Notes 10, 13</i>)	2,155,321	-	2,155,321	2,155,321
	2,151,513	2,205,270	4,356,783	4,744,283
	\$ 5,317,154	\$ 3,672,885	\$ 8,990,039	\$ 9,519,185

ON BEHALF OF THE BOARD



Director



Director

HOSPICE WELLINGTON
Statement of Changes in Fund Balances
Year Ended March 31, 2023

	Operating Fund	Capital Fund	2023	2022
FUND BALANCES -				
BEGINNING OF				
YEAR (Note 13)	\$ 2,460,298	\$ 2,283,985	\$ 4,744,283	\$ 3,964,272
(Deficiency) excess of revenues over expenditures	(287,846)	(99,654)	(387,500)	780,011
Deferred capital contributions received (Note 8)	20,200	(20,200)	-	-
Purchase of capital assets	(41,139)	41,139	-	-
FUND BALANCES - END OF YEAR	\$ 2,151,513	\$ 2,205,270	\$ 4,356,783	\$ 4,744,283

HOSPICE WELLINGTON
Statement of Revenues and Expenditures
Year Ended March 31, 2023

	Operating Fund	Capital Fund	2023 Total	2022 Total
REVENUES				
Ministry of Health - grants	\$ 1,696,164	\$ -	\$ 1,696,164	\$ 1,831,109
Donations <i>(Note 13)</i>	909,297	-	909,297	1,432,931
Fundraising	485,862	-	485,862	510,842
Interest income	113,883	-	113,883	75,918
Amortization of deferred capital contributions <i>(Note 13)</i>	-	113,533	113,533	112,376
Grants	110,837	-	110,837	71,526
Other income	52,344	-	52,344	66,486
Programs	12,335	-	12,335	537
	3,380,722	113,533	3,494,255	4,101,725
EXPENDITURES				
Salaries and benefits	2,729,792	-	2,729,792	2,493,729
Community services	220,405	-	220,405	138,759
Amortization	-	213,187	213,187	216,351
Residential operations	183,176	-	183,176	165,738
Office and administration	176,061	-	176,061	161,370
Fundraising	163,131	-	163,131	122,092
Occupancy costs	130,642	-	130,642	87,939
Advertising and promotion	33,380	-	33,380	48,337
Membership dues and education	26,417	-	26,417	35,446
Volunteer services	5,564	-	5,564	8,922
	3,668,568	213,187	3,881,755	3,478,683
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER INCOME	(287,846)	(99,654)	(387,500)	623,042
COVID GOVERNMENT ASSISTANCE	-	-	-	156,969
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (287,846)	\$ (99,654)	\$ (387,500)	\$ 780,011

HOSPICE WELLINGTON**Statement of Cash Flows**
Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures <i>(Note 13)</i>	\$ (387,500)	\$ 780,011
Items not affecting cash:		
Amortization of capital assets	213,187	216,351
Amortization of deferred capital contributions <i>(Note 13)</i>	(113,533)	(112,376)
Capital contributions funding facility costs <i>(Note 13)</i>	(280)	(2,254)
	<u>(288,126)</u>	<u>881,732</u>
Changes in non-cash working capital:		
Accounts receivable	(269,160)	(5,535)
Harmonized sales tax recoverable	(5,127)	(2,787)
COVID government assistance receivable	-	77,717
Prepaid expenses	(6,633)	417
Accounts payable and accrued liabilities	(12,889)	22,252
Government remittances payable	6,539	(1,207)
Deferred contributions <i>(Note 13)</i>	(41,683)	(1,571)
	<u>(328,953)</u>	<u>89,286</u>
Cash flow from (used by) operating activities	<u>(617,079)</u>	<u>971,018</u>
INVESTING ACTIVITIES		
Net sale (purchase) of investments - short and long term	563,738	(1,832,059)
Purchase of capital assets	(41,140)	(5,157)
Cash flow from (used by) investing activities	<u>522,598</u>	<u>(1,837,216)</u>
FINANCING ACTIVITY		
Deferred capital contributions received - capital fund	<u>20,200</u>	<u>-</u>
DECREASE IN CASH FLOW	(74,281)	(866,198)
Cash - beginning of year	<u>692,065</u>	<u>1,558,263</u>
CASH - END OF YEAR	\$ 617,784	\$ 692,065

HOSPICE WELLINGTON
Notes to Financial Statements
Year Ended March 31, 2023

1. PURPOSE OF THE ORGANIZATION

Hospice Wellington (the "Organization") is a corporation without share capital incorporated under Ontario's *Not-for-Profit Corporations Act*, 2010, and a registered charity exempt from income taxes.

The Organization is dedicated to providing hospice palliative care for individuals and their families. The strategic priorities are to engage with the broader community, serve Wellington County and invest in quality care.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the Chartered Professional Accountants of Canada Handbook.

3. SUMMARY OF ACCOUNTING POLICIES

Fund accounting

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

The Operating Fund records the ongoing operations of the Organization and the revenues and expenditures of its programs.

The Capital Fund reports the activities of the Organization related to its capital assets.

Cash

Cash consists principally of funds held at financial institutions.

Capital assets

Capital assets are recorded at cost. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value. Amortization 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

Revenue recognition

Hospice Wellington follows the deferral method of accounting for contributions (contributions are defined as grants, donations, fundraising, program and other revenues). Under this method:

Externally restricted contributions restricted for specific program and projects are deferred and recognized as revenue in the year in which the related stipulated expenditures are incurred.

Externally restricted Futures Campaign contributions are recognized as revenue in the year in which the related facility expenditures are incurred or transferred to deferred capital contributions in the year the funds are spent on the related capital asset.

Externally restricted contributions for the acquisition of capital assets are initially recorded as deferred capital contributions in the period in which they are received and are amortized to revenue over the useful life of the related funded capital assets.

Unrestricted contributions are recognized when received.

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HOSPICE WELLINGTON
Notes to Financial Statements
Year Ended March 31, 2023

3. SUMMARY OF ACCOUNTING POLICIES (continued)

Contributed services and goods

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 that fair value is determinable.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any changes in fair value reported in income. All other financial instruments are reported at amortized 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.

4. ACCOUNTS RECEIVABLE

Accounts receivable at March 31, 2023 is net of an allowance for impairment in the amount of \$Nil (2022 - \$Nil).

5. INVESTMENTS

Guaranteed Investment Certificates ("GIC"):

	<u>2023</u>	<u>2022</u>
Short term investments - GIC	\$ 3,071,446	\$ 2,000,902
Long term investments - GIC	1,274,058	2,908,340

Investments are comprised of GIC's have interest rates of 1.20% to 5.21% (2022 - 1.20% to 3.10%) and maturity dates between May 2023 and November 2024. Accrued interest of \$48,163 (2022 - \$25,138) is included in the totals.

HOSPICE WELLINGTON
Notes to Financial Statements
Year Ended March 31, 2023

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 203,185	\$ -	\$ 203,185	\$ 203,185
Building	5,184,724	1,831,401	3,353,323	3,483,795
Equipment	483,287	371,862	111,425	157,476
Computer equipment and software	45,367	40,415	4,952	476
	\$ 5,916,563	\$ 2,243,678	\$ 3,672,885	\$ 3,844,932

7. DEFERRED CONTRIBUTIONS

Deferred contributions consists of amounts received by the Organization that are externally restricted for specific programs and projects and will be recognized in future years when the eligible expenditures are incurred as stipulated.

	2023	2022
<u>Externally Restricted for Programs and Projects</u>		
Opening	\$ 327,987	\$ 335,425
Grants and donations received	143,223	113,477
Amounts recognized as revenue	(194,906)	(120,915)
	276,304	327,987
Current portion of deferred contributions	(222,954)	(177,823)
	53,350	150,164

Deferred contributions related to the fundraising for the Futures Campaign (formerly Capital Campaign) represent donations received that are in excess of expenditures incurred for the campaign and amounts transferred to the Capital Fund for the facilities. The Futures Campaign supports facility related capital expenditures to replace and repair equipment which extends the useful life of Hospice Wellington facilities.

<u>Externally Restricted for Futures Campaign</u>		
Opening balance	2,655,594	2,756,506
Donations and grants received	10,000	5,867
Amounts recognized as donation revenue to fund facility and campaign expenses	(280)	(2,254)
Amounts transferred to Capital Fund to fund capital assets purchased (<i>Note 8</i>)	-	(104,525)
	2,665,314	2,655,594
Deferred contributions	\$ 2,718,664	\$ 2,805,758

HOSPICE WELLINGTON
Notes to Financial Statements
Year Ended March 31, 2023

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions in the Capital Fund are being deferred and recognized as revenue over the life of the funded capital asset. Deferred capital contributions in the Capital Fund consist of the following:

	<u>2023</u>	<u>2022</u>
<u>Capital Fund</u>		
Opening balance	\$ 1,560,948	\$ 1,568,799
Transferred in from Futures Campaign (Note 7)	-	104,525
Capital donations and grants received	20,200	-
Amortization	<u>(113,533)</u>	<u>(112,376)</u>
Closing balance	<u>\$ 1,467,615</u>	<u>\$ 1,560,948</u>

9. COMMITMENTS

The Organization is committed to various service and rental agreements.

Contractual obligation repayment schedule:

2024	\$ 9,040
2025	6,560
2026	4,400
2027	3,320
2028	<u>3,320</u>
	<u>\$ 26,640</u>

10. INTERNALLY RESTRICTED FUNDS

During the year, the Board of Directors internally restricted \$NIL (2022 - \$2,155,321) to be utilized to support the Organization's future operations and strategic priorities. This internally restricted amount is not available for other purposes without approval by the Board of Directors.

11. ECONOMIC DEPENDENCE

The Organization is economically dependent upon funding from the Ministry of Health of Ontario. This source represents 49% (2022 - 43%) of operating fund revenues for the year ended March 31, 2023.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

HOSPICE WELLINGTON
Notes to Financial Statements
Year Ended March 31, 2023

13. ACCOUNTING ERROR

During the year, the Organization discovered internally restricted funds were incorrectly recorded to deferred contributions. The correction has occurred in the current year and has been applied retrospectively. The following financial statement items have been adjusted as follows:

a) The statement of financial position at March 31, 2022 has been restated as follows:

	As Previously Reported	Adjustment	Restated
Deferred contributions current portion	\$ -	\$ 177,823	\$ 177,823
Deferred contributions (deferred revenue)	6,699,850	(3,894,092)	2,805,758
Deferred capital contributions	-	1,560,948	1,560,948
Unrestricted (deficit)	242,262	62,715	304,977
Invested in capital assets	2,346,700	(62,715)	2,283,985
Internally restricted	-	2,155,321	2,155,321
	<u>\$ 9,288,812</u>	<u>\$ -</u>	<u>\$ 9,288,812</u>

b) The fund balances were adjusted as follows:

	<i>March 31</i> 2023	<i>March</i> 2022
Fund balances, beginning, as previously reported	\$ 2,588,962	\$ 2,588,962
Adjustments to beginning fund balances:		
Transfer to the Capital Fund	62,715	-
Transfer from the Operating Fund	(62,715)	-
Reversal of internally restricted funds from deferred contributions	<u>2,155,321</u>	<u>1,375,310</u>
Fund balances, beginning, as restated	<u>\$ 4,744,283</u>	<u>\$ 3,964,272</u>

c) Excess of revenues over expenditures for the year ended March 31, 2022 was restated as follows:

	As Previously Reported	Adjustment	Restated
Donations	\$ 765,296	\$ 667,635	\$ 1,432,931
Amortization of deferred capital contributions	-	112,376	112,376
Total	<u>\$ 765,296</u>	<u>\$ 780,011</u>	<u>\$ 1,545,307</u>

(continues)

HOSPICE WELLINGTON
Notes to Financial Statements
Year Ended March 31, 2023

13. ACCOUNTING ERROR (continued)

d) The cash flow statement for the year ended March 31, 2022 was adjusted as follows:

	As Previously Reported	Adjustment	Restated
Excess of revenues over expenditures from operations	\$ -	\$ 780,011	\$ 780,011
Amortization of deferred capital contributions	-	(112,376)	(112,376)
Capital contributions funding facilities costs	-	(2,254)	(2,254)
Deferred contributions (deferred revenue)	663,810	(665,381)	(1,571)
Total	\$ 663,810	\$ -	\$ 663,810

14. FINANCIAL RISK MANAGEMENT

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2023. It is management's opinion that the Organization's risk exposure is unchanged from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to concentrations of credit risk related primarily to accounts receivable from government Organizations. The risk is mitigated by the strong collectability factor inherent in government contributions.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting 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 contributions.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the 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 fair value risk while floating rate instruments subject it to a cash flow risk.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.
