

HOSPICE GEORGINA
Financial Statements
Year Ended March 31, 2020

HOSPICE GEORGINA
Index to Financial Statements
Year Ended March 31, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13

Lipchitz Professional Corporation

Chartered Professional Accountants



INDEPENDENT AUDITOR'S REPORT

To the Members of Hospice Georgina

Qualified Opinion

We have audited the financial statements of Hospice Georgina (the Organization), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2020, current assets and net assets as at March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

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 qualified audit opinion.

(continues)

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.

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.

(continues)

Independent Auditor's Report to the Members of Hospice Georgina *(continued)*

Lipchitz Professional Corporation

Keswick, Ontario
July 20, 2020

LIPCHITZ PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by
the Chartered Professional Accountants of
Ontario

HOSPICE GEORGINA
Statement of Financial Position
As at March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 85,652	\$ 144,273
Internally restricted cash (Note 6)	100,000	-
Harmonized sales tax recoverable	2,931	-
Prepaid expenses	3,450	2,986
	192,033	147,259
CAPITAL ASSETS (Note 4)	125,945	149,318
TERM DEPOSITS (Note 5)	34,348	33,633
	\$ 352,326	\$ 330,210
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,289	\$ 14,832
Current portion of long term debt (Note 8)	1,028	1,028
South Lake Community Futures Development Corporation loan (Note 7)	68,427	83,454
	74,744	99,314
LONG TERM DEBT (Note 8)	6,599	7,628
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	42,004	49,758
	123,347	156,700
NET ASSETS	228,979	173,510
	\$ 352,326	\$ 330,210

Subsequent event (Note 12)

ON BEHALF OF THE BOARD

_____ Director
 _____ Director

HOSPICE GEORGINA
Statement of Revenues and Expenditures
Year Ended March 31, 2020

	Budget	Total	Total
	2020	2020	2019
REVENUES			
Donations and fundraising	\$ 58,960	\$ 204,033	\$ 61,377
Grants (Note 10)	177,354	183,472	170,178
	<u>236,314</u>	<u>387,505</u>	<u>231,555</u>
EXPENSES			
Fundraising costs	12,885	95,122	20,244
Direct program and co-ordination costs	82,188	91,498	73,381
Administrative costs	47,152	62,825	50,317
Amortization	-	23,372	23,769
Management salaries	46,464	15,823	16,475
Occupancy costs	18,410	14,160	13,954
Office and general	7,845	13,629	8,297
Professional fees	6,000	6,500	6,000
Insurance	3,767	3,836	3,956
Interest and bank charges	3,470	3,058	3,069
Travel and mileage	1,000	2,267	1,053
Training	850	1,322	1,050
Telephone	940	862	853
Volunteer support	835	695	445
Advertising and promotion	345	323	445
HST expense (recovery)	(388)	(2,541)	5,137
	<u>231,763</u>	<u>332,751</u>	<u>228,445</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	4,551	54,754	3,110
OTHER INCOME			
Interest income	680	715	478
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 5,231</u>	<u>\$ 55,469</u>	<u>\$ 3,588</u>

See notes to financial statements

HOSPICE GEORGINA
Statement of Changes in Net Assets
Year Ended March 31, 2020

	General Fund	Restricted Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 123,771	\$ 49,739	\$ 173,510	\$ 169,922
Excess of revenues over expenses	55,469	-	55,469	3,588
Transfer of internally restricted net assets <i>(Note 6)</i>	(100,124)	100,124	-	-
NET ASSETS - END OF YEAR	\$ 79,116	\$ 149,863	\$ 228,979	\$ 173,510

See notes to financial statements

HOSPICE GEORGINA
Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 55,469	\$ 3,588
Item not affecting cash:		
Amortization of capital assets	23,372	23,769
	<u>78,841</u>	<u>27,357</u>
Changes in non-cash working capital:		
Accounts receivable	-	1,273
Internally restricted cash	-	23,000
Harmonized sales tax recoverable	(2,931)	14,713
Prepaid expenses	(464)	(285)
Accounts payable and accrued liabilities	(9,542)	5,402
Employee deductions payable	-	(1,872)
Deferred capital contribution	(7,754)	(7,755)
	<u>(20,691)</u>	<u>34,476</u>
Cash flow from operating activities	<u>58,150</u>	<u>61,833</u>
INVESTING ACTIVITIES		
Term deposits	(715)	(23,478)
Restricted cash	(100,000)	-
Cash flow used by investing activities	<u>(100,715)</u>	<u>(23,478)</u>
FINANCING ACTIVITIES		
HVAC loan - Town of Georgina	(1,029)	(1,028)
South Lake Community Futures Development Corporation loan	(15,027)	(20,046)
Cash flow used by financing activities	<u>(16,056)</u>	<u>(21,074)</u>
(DECREASE) INCREASE IN CASH FLOW	(58,621)	17,281
Cash - beginning of year	<u>144,273</u>	<u>126,992</u>
CASH - END OF YEAR	\$ 85,652	\$ 144,273

See notes to financial statements

HOSPICE GEORGINA
Notes to Financial Statements
Year Ended March 31, 2020

1. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Part III - Accounting Standards for Not-for-Profit Organizations of the CPA Handbook - Accounting issued by the Accounting Standards Board (AcSB).

2. PURPOSE OF THE ORGANIZATION

Hospice Georgina (the "Organization") is a Not-for-Profit organization incorporated provincially by letters patent, without share capital, under the Not-for-Profit Corporations Act of Ontario on September 22, 1997. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization operates to provide non-medical, physical, emotional and spiritual support to all people in Georgina with a life threatening illness, and also their families and caregivers through a base of a caring community of trained volunteers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Hospice Georgina follows the deferral method of accounting for contributions.

Contributions that have been received by year end are recognized as revenue in the period they are received.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Restricted investment income is recognized as revenue when earned.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining balance method
Computer software	100%	declining balance method
Equipment	20%	declining balance method
Leasehold improvements	8 year	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

The amortization of leasehold improvements commenced upon the Organization's move to the new facility. The amortization period is the term of the original lease and one renewal period of five years.

Government grants

Government grants are recorded when there is a reasonable assurance that the Organization has complied with and will continue to comply with, all the necessary conditions to obtain the grants.

(continues)

HOSPICE GEORGINA
Notes to Financial Statements
Year Ended March 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

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 expenses 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 policy

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 unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in expected cash flows, the carrying value of the financial asset is reduced to the higher of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 10,633	\$ 9,056	\$ 1,577	\$ 2,253
Computer software	2,171	2,171	-	-
Equipment	9,455	7,742	1,713	2,142
Leasehold improvements	170,720	48,065	122,655	144,923
	\$ 192,979	\$ 67,034	\$ 125,945	\$ 149,318

The amortization of leasehold improvements commenced upon the Organization's move to the new facility. The amortization period is the term of the original lease and one renewal period of five years.

HOSPICE GEORGINA
Notes to Financial Statements
Year Ended March 31, 2020

5. TERM DEPOSITS (INTERNALLY RESTRICTED)

The Board of Directors has restricted the use of a portion of the accumulated net assets for the purpose of expanding the programs throughout the Town of Georgina, in accordance with the Organization's strategic plan. These funds are held in reinvested cash and term deposits until they are required to be used.

Term deposits consist of two guaranteed investment certificates as follows:

\$10,242 GIC issued April 1, 2019, expiring April 1, 2021, with the laddered interest earning a blended rate of 1.9500% per year. \$158.75 in interest, over the term, has been accrued.

\$23,000 GIC issued on April 12, 2019, expiring April 12, 2021, with a laddered interest earning a blended rate of 2.25% per year. \$391 in interest has been accrued in 2019, with additional accrued interest for 2020 of \$471.50.

6. NET ASSETS (INTERNALLY RESTRICTED)

	2020
<u>Internally restricted net assets</u>	
Internally restricted cash	\$ 100,000
Internally restricted term deposits	34,348
Invested in capital assets	125,946
Less: deferred capital contributions	(42,004)
Less: Southlake Community Futures Development Corporation loan	(68,427)
	<u>\$ 149,863</u>

7. SOUTH LAKE COMMUNITY FUTURES DEVELOPMENT LOAN

During the March 31, 2018 year, a credit facility agreement was signed between Hospice Georgina (borrower) and South Lake Community Futures Development Corporation (lender), herein referred to as "South Lake" with the proceeds of the loan to assist with the leasehold improvements to the Hospice Georgina designated space located at the Link, located at 20849 Dalton Road in Sutton West, Ontario.

The signed agreement allows for a term loan in the amount of \$123,000; however, only \$103,500 had been advanced at March 31, 2018, with a fixed rate of 2.95% per annum, compounded monthly, with a rate term of one year. The repayment terms consist of monthly payments of interest only, due on the 15th of the month, plus any lump sum payments as cash flow permits. Hospice Georgina is able to repay the whole or part of any principal amount outstanding to South Lake from time to time, without notice, penalty or bonus interest.

A general security agreement was signed by authorized signing officers of Hospice Georgina. The loan has been secured by a signed guarantee by the Town of Georgina.

During the year, principal repayments in the amount of \$15,000 have been repaid.

HOSPICE GEORGINA
Notes to Financial Statements
Year Ended March 31, 2020

8. LONG TERM DEBT

	2020	2019
Loan from the Town of Georgina is for the installation of the HVAC unit. The cost of the unit was allocated amongst the other units which utilize the equipment; therefore, the portion attributed to Hospice Georgina was \$10,284. The repayment terms include 120 months at \$85.70 + HST.	\$ 7,627	\$ 8,656
Amounts payable within one year	(1,028)	(1,028)
	\$ 6,599	\$ 7,628

Principal repayment terms are approximately:

2021	\$ 1,028
2022	1,028
2023	1,028
2024	1,028
2025	3,516
	\$ 7,628

9. DEFERRED CAPITAL CONTRIBUTIONS

Grants were received to assist with the costs of the leasehold improvements for the space at the Link. The grants are to be deferred and recognized as income on the same basis as the amortization expense related to the renovation costs.

The amortization of leasehold improvements commenced upon the Organization's move to the new facility. The amortization period is the term of the original lease and one renewal period of five years.

	2020	2019
<u>Deferred Capital</u>		
Build A Brick	\$ 6,678	\$ 7,910
Georgina Health Care grant	35,326	41,848
	\$ 42,004	\$ 49,758

HOSPICE GEORGINA
Notes to Financial Statements
Year Ended March 31, 2020

10. GRANTS

The Organization has received program grants in support of their services provided to the residents of Georgina.

Better Living Health and Community Services	\$ 128,148	\$ 114,754
United Way of York Region	37,722	37,722
Canada Summer Jobs	7,792	7,770
Georgina Health Care	6,522	6,522
York Region Transit	2,055	2,177
Build A Brick	1,233	1,233
	<u>\$ 183,472</u>	<u>\$ 170,178</u>

11. LEASE COMMITMENTS

The Organization leases space in Georgina's Community Connection Centre, herein referred to as the "Link", located at 20849 Dalton Road in Sutton West, Ontario, under a long term lease that expires on August 31, 2020. Under the lease agreement dated September 5, 2017, the Organization is required to pay a base rent of \$1,170.83 plus applicable taxes for the first three-year term and subject to approval for the second five-year renewal term. Included in above base rent, the Organization pays for its proportionate share of utilities, property taxes, maintenance and other related costs for the leased premises.

The Organization has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2021	\$ 14,050
2022	<u>5,854</u>
	<u>\$ 19,904</u>

12. SUBSEQUENT EVENT

During March 2020, the Covid-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Ontario governments enacting emergency measures to combat the spread of the virus. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the organization is not known at this time. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the organization's operating results and financial position in the future.

As a result of Covid-19, the organization has had to cancel some of the fundraisers that were to be held. As well, the Catch the Ace fundraiser which was planned in spring of 2020, has been changed to an online platform, and is still in the process of finalization with the Ontario Lottery and Gaming Commission.

HOSPICE GEORGINA
Notes to Financial Statements
Year Ended March 31, 2020

13. COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at July 10, 2020, the Organization is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of its offices for an indefinite period by provincial decree.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Organization's operations as at the date of these financial statements.

14. GOING CONCERN ASSUMPTION

These financial statements were prepared using accounting standards that apply to an operating Organization. This assumes that the Organization will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

In March 2020, the World Health Organization declared a global pandemic due to COVID-19. Following this event, the Organization was forced to suspend its operations.

The Organization is fairly confident to qualify for some of the assistance programs that have been announced and believes that it can adhere to the terms of its current borrowings.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. This is because management believes that the aforementioned measures it has taken or intends to take will mitigate the effect of the conditions and events that cast doubt on the appropriateness of this assumption.

15. BUDGET

The budget figures presented are as approved by the Board of Directors. These figures have been agreed to the budget but otherwise are not subject to audit verification.