HOSPICE GEORGINA

Financial Statements

Year Ended March 31, 2023

HOSPICE GEORGINA

Index to Financial Statements

Year Ended March 31, 2023

Chaggares & Bonhomme
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, 2023, 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, 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 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, 2023, current assets and net assets as at March 31, 2023. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2022 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.

Other Matter

The financial statements for the year ended March 31, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on September 7, 2022 for the reasons described in the *Basis for Qualified Opinion* section.

(continues)

Chaggares & Bonhomme
CHARTERED PROFESSIONAL ACCOUNTANTS

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.

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

- 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.

Chaggares & Bonhomme

Newmarket, Ontario
August 21, 2023

Chaggares & Bonhomme
Chartered Professional Accountants
Licensed Public Accountants

HOSPICE GEORGINA

Statement of Financial Position

March 31, 2023

		2023		2022
ASSETS				
CURRENT				
Cash and cash equivalents *(Note 5)*	**$**	**330,790**	$	247,365
Term deposits *(Note 6)*		**112,874**		110,603
Accounts receivable		**3,374**		23,170
Harmonized sales tax recoverable		**2,991**		4,904
Prepaid expenses		**6,582**		4,879
		456,611		390,921
CAPITAL ASSETS *(Note 7)*		**64,604**		88,847
LONG TERM INVESTMENTS *(Note 6)*		**24,580**		24,408
	$	**545,795**	$	504,176
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	**$**	**23,730**	$	13,058
Wages payable		**3,391**		2,269
Deferred income *(Note 8)*		**7,850**		30,795
		34,971		46,122
EXTERNALLY RESTRICTED DEFERRED REVENUE *(Note 9)*		**30,312**		9,490
DEFERRED CAPITAL CONTRIBUTIONS *(Note 10)*		**25,140**		35,352
		90,423		90,964
NET ASSETS				
General and capital fund		**278,455**		224,707
Internally restricted operating reserve fund *(Note 11)*		**176,917**		188,505
		455,372		413,212
	$	**545,795**	$	504,176

LEASE COMMITMENTS *(Note 14)*

COMPARATIVE FIGURES *(Note 15)*

ON BEHALF OF THE BOARD

________________________________ *Director*

________________________________ *Director*

HOSPICE GEORGINA

PRIOR YEAR ERROR CORRECTION *(Note 1)*

ON BEHALF OF THE BOARD

___________________________________ *Director*

___________________________________ *Director*

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

	2023	2022
REVENUES		
Catch the Ace	**$ 85,777**	$ 22,019
Donations	**27,477**	8,697
Fundraising	**71,414**	85,740
Grants *(Note 12)*	**221,799**	231,323
Program revenue	**7,120**	-
	413,587	347,779
Accounting fees	**8,850**	8,650
Administrative costs	**52,178**	56,244
Advertising and promotion	**15,109**	297
Amortization	**24,243**	24,302
Business taxes, licenses and memberships	**6,661**	2,906
Catch the Ace	**48,188**	18,050
Direct program and co-ordination costs	**118,166**	108,116
Fundraising costs	**47,876**	59,976
HST expense	**1,943**	3,635
Insurance	**5,598**	5,198
Interest and bank charges	**1,296**	3,569
Management salaries	**15,000**	11,507
Office	**12,401**	13,824
Rental	**14,601**	14,315
Repairs and maintenance	**-**	3,873
Telephone	**918**	879
Training	**5,954**	8,400
Travel	**1,028**	505
Volunteer support	**846**	400
Web development and consulting	**-**	1,440
	380,856	346,086
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	**32,731**	1,693
OTHER INCOME		
Canada Recovery Hiring Program (CRHP)	**1,312**	-
Interest income	**3,053**	(233)
Covid-19 Subsidy Hardest Hit Recovery Program *(Note 13)*	**5,064**	10,236
Canada Emergency Rent Subsidy (CERS)	**-**	2,823
Canada Emergency Wage Subsidy (CEWS)	**-**	48,897
	9,429	61,723
EXCESS OF REVENUES OVER EXPENSES	**$ 42,160**	$ 63,416

See notes to financial statements

HOSPICE GEORGINA

Statement of Changes in Net Assets

Year Ended March 31, 2023

	General and Capital Fund	Internally Restricted Operating Reserve Fund	**2023**	2022
NET ASSETS - BEGINNING OF YEAR	$ 224,707	$ 188,505	**$ 413,212**	$ 349,796
EXCESS OF REVENUES OVER EXPENSES	42,160	-	**42,160**	63,416
Transfer to internally restricted operating reserve fund *(Note 11)*	11,588	(11,588)	**-**	-
NET ASSETS - END OF YEAR	$ 278,455	$ 176,917	**$ 455,372**	$ 413,212

See notes to financial statements

HOSPICE GEORGINA

Statement of Cash Flows

Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 42,160**	$ 63,416
Item not affecting cash:		
Amortization of capital assets	**24,243**	24,302
	66,403	87,718
Changes in non-cash working capital:		
Accounts receivable	**19,796**	(3,269)
Canada Emergency Wage subsidy receivable	**-**	(3,665)
Harmonized sales tax receivable	**1,913**	-
Prepaid expenses	**(1,703)**	(678)
Accounts payable and accrued liabilities	**10,671**	1,188
Deferred income	**(22,945)**	30,795
Wages payable	**1,122**	523
Externally restricted deferred revenue	**20,822**	9,490
Deferred capital contributions	**(10,212)**	1,103
	19,464	35,487
Cash flow from operating activities	**85,867**	123,205
INVESTING ACTIVITIES		
Purchase of capital assets	**-**	(10,286)
Term deposits	**(2,270)**	1,044
Long term Investments	**(172)**	-
	-	-
Cash flow used by investing activities	**(2,442)**	(9,242)
FINANCING ACTIVITIES		
HVAC loan - Town of Georgina	**-**	(6,599)
Southlake Community Futures Development Corporation loan	**-**	(64,650)
Cash flow used by financing activities	**-**	(71,249)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**83,425**	42,714
Cash - beginning of year	**247,365**	204,651
CASH - END OF YEAR	**$ 330,790**	$ 247,365

See notes to financial statements

1. PRIOR YEAR ERROR CORRECTION

During the course of the audit, it was determined that the restricted bingo funds, which had not been spent, had incorrectly been reported as bingo revenue instead of deferred restricted bingo funds. The following adjustments were made to the prior year financial statements to correct this error.

- Bingo revenue decreased by $9,490
- Deferred bingo revenue increased by $9,490
- Net income decreased by $9,490.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

Hospice Georgina follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The general fund is comprised of the assets, liabilities, revenues and expenses of the programs that are funded by the parents though child care fees, as well as government and similar agencies. Revenue and expenses related to services offered, and all administrative activities are reported in the general fund.

The Internally Restricted Operating Reserve fund is comprised of board approved operating funds which are internally restricted for the purpose intended to assist with a sudden increase in expenses, or assist with one time unbudgeted expenses, unanticipated expenses or losses in funding. It is estimated to be equal to three month of operating costs.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are highly liquid investments with maturities of one year or less at date of purchase.

Public Service Bodies' Rebate

The organization qualifies for the Public Service Bodies' Rebate. The amount outstanding has been recorded as Harmonized sales tax recoverable at year end.

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

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis 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	7 years	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.

Financial instruments

Financial instruments are recorded at fair value on initial recognition and are subsequently reported at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year, if there are indicators of impairment. If there is an indication of impairment, the organization determines if there is a significant adverse change in the expected amount of timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that can 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.

Revenue recognition

Hospice Georgina follows the deferral method of accounting for contributions.

Restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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

Government grants and other government assistance

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

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.

Significant estimates and assumptions are used when accounting for items, such as fair value of assets, useful life of assets and amortization policies. Estimates were used for accruals for prepaid expenses, accounts receivables, accounts payables, and deferred revenue.

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.

3. PURPOSE OF THE ORGANIZATION

Hospice Georgina (the "Organization") is a not-for-profit organization of Ontario. As a registered charity the Organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act. The organization was incorporated provincially under the Not-for-profit Corporations Act of Ontario on September 22, 1997 under the laws of The Province of Ontario by Letter Patent and without share capital.

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.

4. FINANCIAL INSTRUMENTS

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.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from customers. In order to reduce its credit risk, the Organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Organization has a significant number of customers which minimizes concentration of credit risk. At December 31, 2022, there were no accounts required to be set up as an allowance for doubtful accounts.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk due to the guaranteed investment certificates that are market-link and a pre-determine interest rate correlates with the performance of the stock market.

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. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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

5. CASH

Cash is invested with a major Canadian Financial Institution. As well, amounts up to $100,000 on deposit with this institution are insured by the Canadian Deposit Insurance Corporation (CDIC). Accordingly, the organization believes these amounts are not exposed to significant credit risk.

6. 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 reinvested and held in cash and term deposits until they are required to be used.

The term deposits consist of three guaranteed investment certificates. The guaranteed investment certificates have been separately disclosed for current and long term maturity dates.

1. $24,580 - BMO GIC with interest of 0.75% and a maturity date of May 10, 2024;
2. $102,054 - BMO GIC with interest of 4.00% and a maturity date of September 28, 2023;
3. $10,820 - BMO GIC with interest of 2.50% and a maturity date of June 15, 2023;

As a condition for the $25,000 credit card limit, the Organization has to maintain a balance exceeding that held as collateral in the Bank of Montreal bank accounts or invested in guaranteed investment certificates.

7. CAPITAL ASSETS

	Cost	Accumulated amortization	**2023 Net book value**	2022 Net book value
Computer equipment	$ 18,633	$ 13,332	**$ 5,301**	$ 7,573
Computer software	2,171	2,171	**-**	-
Equipment	11,742	9,218	**2,524**	3,155
Leasehold improvements	170,720	113,941	**56,779**	78,119
	$ 203,266	$ 138,662	**$ 64,604**	$ 88,847

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.

8. DEFERRED INCOME

	2023	2022
Fundraising events (internally restricted)	**$ 5,650**	$ -
Ontario Trillium Foundation	**2,200**	30,795
	$ 7,850	$ 30,795

The amounts received in advance of the fundraising event, which was held on April 29, 2023 are internally restricted until the event date in order to cover any costs that are anticipated. After the event, the restrictions are removed, and the funds can be used to fund the general operations of the Organization.

9. EXTERNALLY RESTRICTED DEFERRED REVENUE

	2023	2022
Bingo - restricted use	**$ 24,607**	$ 9,490
Residential Hospice	**5,705**	-
	$ 30,312	$ 9,490

The amounts received from the Newmarket Bingo program are externally restricted use based on agreed upon terms. At year end, any unspent funds are deferred until the related expenses are incurred and recognized into income at that time. The deferred bingo balance consists of the bank balance and the March accounts receivable, at March 31, 2023..

During the year, there were preliminary discussions surrounding the possibility of expanding the services within Georgina to include a community Residential Hospice. There were contributions and donations received in advance to assist with feasibility studies, and other pre-planning costs that may be incurred.

10. 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 the 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.

	2023	2022
Deferred capital		
Build A Brick	**$ 2,979**	$ 4,212
Georgina Health Care	**15,761**	22,283
Ontario Trillium Foundation	**6,400**	8,857
	$ 25,140	$ 35,352

11. INTERNALLY RESTRICTED OPERATING RESERVE FUND

	2023	2022
Internally restricted term deposits	**$ 112,874**	$ 135,011
Internally restricted long term investments	**24,580**	-
Invested in capital assets	**64,603**	88,846
Less: deferred capital contributions	**(25,140)**	(35,352)
	$ 176,917	$ 188,505

12. GRANTS

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

	2023	2022
Better Living Health and Community Services	**$ 133,272**	$ 128,147
Build A Brick	**1,233**	1,233
Georgina Health Care	**6,522**	6,522
Job Skills Training	**2,304**	-
Ontario Trillium Foundation	**30,795**	67,705
United Way Seniors Response Fund	**-**	2,623
United Way of York Region	**45,216**	33,950
Subtotal	**219,342**	240,180
Ontario Trillium Foundation (recognized) deferral for capital expenditures	**2,457**	(8,857)
	$ 221,799	$ 231,323

13. COVID-19 HARDEST HIT BUSINESS RECOVERY PROGRAM (HHBRP)

The Canada Emergency Wage Subsidy (CEWS) ended effective October 23, 2021 and was replaced by two new programs. On October 24, 2021, the federal government implemented the new program, for organizations (and businesses) who meet the following conditions: (a) 12 month average revenue drop from March 2020 to February 2021 of at least 50%, b) claim period revenue drop of at least 50%. During the year, the Organized received $5,064 in revenue; however, the prior years receivable of $10,236 was also received.

14. LEASE COMMITMENTS

The Organization has a long term lease with respect to its premises. The original lease contained renewal options and provides for payment of utilities, and maintenance costs.

On November 1, 2018, an agreement was signed between the Corporation of the Town of Georgina (herein referred to as the "Town"), for Hospice Georgina to move into the designated space at the Link, a community hub set up for not for profits located at 20849 Dalton Road in Sutton, Ontario. The agreement was for two years, for the period of November 8, 2018 to December 31, 2020, with a five year renewal.

On March 17, 2021, a notice exercising the option to renew the lease, for a five year period commencing on January 1, 2021 and terminating on December 31, 2025, further providing that all of the terms of the original lease shall continue during the extended term, had been finalized and signed. The monthly amount comprises of $941 plus the non-rebate portion for a total monthly fee of $978.

Future minimum lease payments as at year end are as follows:

2024	$ 11,736
2025	11,736
2026	11,736
	$ 35,208

15. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants. Some of the comparative figures have been reclassified to conform to the current year's presentation.