

HOSPICE PRINCE EDWARD FOUNDATION

FINANCIAL STATEMENTS

March 31, 2022

CONTENTS

	<u>Page</u>
Independent Auditor's Report	2
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 17

INDEPENDENT AUDITOR'S REPORT

To the Directors of
HOSPICE PRINCE EDWARD FOUNDATION

Qualified Opinion

We have audited the financial statements of **HOSPICE PRINCE EDWARD FOUNDATION**, which comprise the statement of financial position as at March 31, 2022, and the statements of operations, 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 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, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from 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 years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in 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 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 qualified opinion.

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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

INDEPENDENT AUDITOR'S REPORT (continued)

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Welch LLP

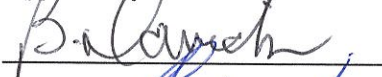
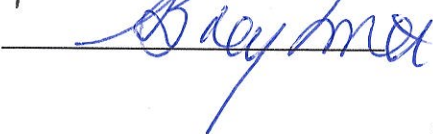
Picton, Ontario
June 29, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

**HOSPICE PRINCE EDWARD FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022**

	General Fund \$	Capital Fund \$	Total 2022 \$	Total 2021 \$
ASSETS				
CURRENT				
Cash	212,246	-	212,246	218,977
Term deposit (note 4)	305,930	-	305,930	180,348
Accounts receivable	59,400	-	59,400	-
Due from government	2,335	-	2,335	2,452
Due from related party (note 12)	173	-	173	5,157
Prepaid expenses	6,474	-	6,474	7,774
	586,558	-	586,558	414,708
TANGIBLE CAPITAL ASSETS (note 5)				
Cost	-	758,632	758,632	754,065
Accumulated amortization	-	(270,389)	(270,389)	(242,861)
	-	488,243	488,243	511,204
OTHER ASSETS				
Loan receivable from related party (note 12)	20,000	-	20,000	20,000
Cash value of life insurance (note 7)	45,645	-	45,645	42,188
	652,203	488,243	1,140,446	988,100
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	39,283	-	39,283	23,221
Due to government	1,108	-	1,108	344
Deferred revenue (note 9)	26,250	-	26,250	31,720
Deferred capital contribution (note 8)	14,102	-	14,102	13,600
	80,743	-	80,743	68,885
NET ASSETS				
FUND BALANCES:				
Unrestricted				
General Fund	571,460	-	571,460	405,632
Internally restricted				
Capital Fund	-	488,243	488,243	513,583
	571,460	488,243	1,059,703	919,215
	652,203	488,243	1,140,446	988,100

Approved by the Board:

(See accompanying notes)

HOSPICE PRINCE EDWARD FOUNDATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2022

	General Fund 2022 \$	Capital Fund 2022 \$	Total 2022 \$	Total 2021 \$
REVENUE				
Donations and gifts:				
In Memory Of - Residential	45,923	-	45,923	62,176
In Memory Of - General	-	-	-	8,820
General	91,934	-	91,934	24,250
Annual Appeal	57,350	-	57,350	106,134
Fundraising events (note 8)	123,570	-	123,570	79,819
Rent (note 12)	6,000	-	6,000	6,000
Increase in cash surrender value of life insurance	3,457	-	3,457	3,352
Interest	2,166	-	2,166	504
Funds and grants (note 11)	220,650	-	220,650	5,000
Government assistance (note 14)	45,448	-	45,448	39,590
Miscellaneous	-	-	-	5,263
Amortization of deferred capital contributions	-	4,065	4,065	2,383
	<u>596,498</u>	<u>4,065</u>	<u>600,563</u>	<u>343,291</u>
EXPENSES				
Amortization of tangible capital assets	-	27,528	27,528	30,014
Administration	10,304	-	10,304	5,693
Accounting and legal	14,400	-	14,400	13,912
Communication	2,624	-	2,624	1,579
Fundraising expenses	15,492	-	15,492	11,988
Life insurance premium	3,600	-	3,600	3,600
Occupancy	20,220	-	20,220	15,220
One time funding expenses re Trillium grant (note 11)	29,890	-	29,890	5,323
Payroll (note 13)	323,811	-	323,811	157,862
Residential supplies and upkeep	10,801	-	10,801	7,646
Volunteer training, recruitment and recognition	-	-	-	23
	<u>431,142</u>	<u>27,528</u>	<u>458,670</u>	<u>252,860</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE DONATION TO HOSPICE	165,356	(23,463)	141,893	90,431
OTHER				
Donation to Hospice Prince Edward (note 12)	1,405	-	1,405	715
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>163,951</u>	<u>(23,463)</u>	<u>140,488</u>	<u>89,716</u>

(See accompanying notes)

**HOSPICE PRINCE EDWARD FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2022**

	General Fund 2022 \$	Capital Fund 2022 \$	Total 2022 \$	Total 2021 \$
FUND BALANCE - BEGINNING OF YEAR	405,632	513,583	919,215	829,499
Excess (deficiency) of revenue over expenses	163,951	(23,463)	140,488	89,716
Transfer to capital fund (Note 6)	<u>1,877</u>	<u>(1,877)</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>571,460</u></u>	<u><u>488,243</u></u>	<u><u>1,059,703</u></u>	<u><u>919,215</u></u>

(See accompanying notes)

**HOSPICE PRINCE EDWARD FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022**

	2022	2021
	\$	\$
CASH PROVIDED FROM (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses:	140,488	89,716
Adjustment for non-cash items:		
Amortization of tangible capital assets	27,528	30,014
Amortization of intangible capital assets	4,065	2,383
Amortization of deferred capital contribution	(4,065)	(2,383)
Increase in cash surrender value of insurance	(3,457)	(3,352)
	164,559	116,378
Changes in non-cash working capital components:		
Accounts receivable	(59,400)	-
Due from government	117	917
Prepaid expenses	1,300	(4,180)
Accounts payable and accrued liabilities	16,062	5,994
Due to government	764	95
Deferred revenue	(5,470)	31,720
Deferred capital contribution	502	10,618
	118,434	161,542
NET CASH FROM OPERATING ACTIVITIES	118,434	161,542
INVESTING ACTIVITIES		
Donation of tangible capital assets	(4,567)	(13,001)
Purchase of tangible capital assets	-	(64)
	(4,567)	(13,065)
NET CASH USED BY INVESTING ACTIVITIES	(4,567)	(13,065)
FINANCING ACTIVITIES		
Advances from (to) related party	4,984	(453)
	4,984	(453)
NET CASH FROM (USED BY) FINANCING ACTIVITIES	4,984	(453)
NET INCREASE IN CASH FOR THE YEAR	118,851	148,024
CASH - BEGINNING OF YEAR	399,325	251,301
CASH - END OF YEAR	518,176	399,325
Cash is comprised of:		
Cash	212,246	218,977
Term deposit	305,930	180,348
	518,176	399,325

(See accompanying notes)

**HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

1. NATURE OF OPERATIONS

Hospice Prince Edward Foundation (Foundation) was incorporated on April 19, 2013 without share capital under the laws of Ontario, its activities to be carried out without the purpose of gain for its members. The Foundation is a charitable, volunteer-based organization, and is subject to the Charities Accounting Act. The Foundation's mandate is to support and further the life work and mission of Hospice Prince Edward and to provide quality of life, dignity in death and grief and bereavement support for all those living with or affected by a life limiting illness. The Foundation owns and operates a residential hospice that provides in-home palliative support services in Prince Edward County.

The Foundation received designation as a registered charity effective June 20, 2014, and as a charity under Section 149(1) of the Canada Income Tax Act, is exempt from income taxes and is eligible to issue official income tax receipts for charitable donations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Outlined below are those policies considered significant for the Foundation.

Fund accounting

Fund accounting involves accounting segregation, although not necessarily a physical segregation of resources. The Foundation maintains the following funds:

- i. General Fund - consists of donations, bequests, fundraising revenues, rent and other revenues that may be spent at the discretion of the organization in support of the Foundation's purpose. It also includes grants which must be used in compliance with the terms of the funding provider.
- ii. Capital Fund - consists of internally and externally designated contributions directed at acquisition of and major repairs to the Foundation's tangible capital assets.

Revenue recognition

- i. Contributions are recognized as revenue in the related fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- ii. Deferred revenue is funding received which relates to future years' operations and which will be recognized as revenues in the year in which the related program expenditures are incurred.

HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

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

Expenditure allocations

Expenditures are allocated entirely to specific programs and funds when circumstances are such that the expense is fully attributable to the approved expenditure within that funding budget. In all other circumstances, management applies a ratio to the expense based on the nature of the expenses and a rationale that considers the value of the expense to a specific fund.

Tangible capital assets and amortization

Tangible capital assets over \$2,500 are recorded at cost and amortized over their estimated useful lives at the following rates per annum:

Building	25 years	straight line method
Building improvement	25 years	straight line method
Deck	15 years	straight line method
Landscaping projects	5 years	straight line method
Parking lot	10 years	straight line method
Hospice furniture and equipment	5 years	straight line method

In the year of acquisition, amortization is taken proportionately based on the date the asset has been put into use.

Use of estimates

The preparation of financial statements requires that management 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 statement and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statement in future periods could be significant.

These estimates are based on management's best knowledge of current events and actions that the Foundation may undertake in the future.

Significant items subject to such estimates and assumptions include valuation of accounts receivable, prepaid expenses, amortization of tangible capital assets, accounts payable and accrued liabilities. Actual results could differ from those estimates.

Differences in actual results from prior estimates are taken into account at the time the differences are determined.

**HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government assistance

Due to Covid-19 the Government of Canada has implemented the Covid-19 Economic Response Plan. Under the plan, the Foundation is eligible for the Canada Emergency Wage Subsidy ("CEWS") in which Canadian businesses impacted by Covid-19 may be eligible for wage subsidies for up to 75% of eligible employees' remuneration from March 15 to December 19, 2020, subject to the business demonstrating eligible revenue reductions. The Government of Canada announced that it would be extending the CEWS program until May 7, 2022. The Foundation will continue to monitor its eligibility for the subsidy.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, term deposit, amounts receivable, amounts due from related party and cash surrender value of insurance. The financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

3. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's significant risk exposures and concentrations at March 31, 2022.

Liquidity risk

Liquidity risk is the risk that the Foundation will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. The Foundation manages its liquidity risk by monitoring its operating future cash flow requirements to ensure financial resources are available and by monitoring cash reserves

Other risk

Management does not believe that the Foundation is exposed to significant credit, currency, interest rate or market risks.

Changes in risk

There have been no changes in the Foundation's risk exposures from the prior year.

HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

4. TERM DEPOSITS

The term deposits are comprised by:

	2022	2021
Term deposit due January 26, 2023 bearing interest at 0.65%	\$ 100,115	\$ -
Term deposit due January 27, 2023 bearing interest at 2.15%	100,377	-
Term deposit due January 13, 2023 bearing interest at 3.25%	100,401	-
Term deposit due June 19, 2023 bearing interest at 0.95%	5,037	5,037
Term deposit due January 13, 2022 bearing interest at 0.15%	-	75,023
Term deposit due January 13, 2022 bearing interest at 1.40%	-	100,288
	\$ 305,930	\$ 180,348

The \$5,000 term deposit is required by the bank as security for the credit card.

The credit card has an authorized limit of \$5,000 at an annual rate of 18.4% and is set to be repaid in full each month. An amount of \$1,252 of the credit limit remained unused at March 31, 2022 (2021: \$3,636).

5. TANGIBLE CAPITAL ASSETS

Tangible Capital Asset balances are comprised of the following:

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 115,000	\$ -	\$ 115,000	\$ -
Building	541,991	186,939	541,991	165,259
Deck	6,398	4,372	6,398	3,945
Landscaping projects	6,676	6,676	6,676	6,676
Parking lot	13,033	10,969	13,033	9,666
Hospice furniture and equipment	75,534	61,433	70,967	57,315
	758,632	270,389	754,065	242,861
Net book value	\$ 488,243		\$ 511,204	

**HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

6. TRANSFER TO CAPITAL FUND

Capital acquisition and purchasing activities are initially performed within the unrestricted general fund. When these transactions meet the Foundation's capitalization policy (note 2 - Tangible capital assets and amortization), they are transferred to the restricted capital fund. Assets transferred during the year are as follows:

	2022	2021
Screening kiosk	\$ 4,567	\$ -
Screening kiosk - prepaid last year	(2,690)	-
PROMatt Plus Mattress System with control unit	-	6,564
Hospital bed - donated	-	2,600
Security system - donated	-	3,901
	\$ 1,877	\$ 13,065

7. CASH SURRENDER VALUE OF LIFE INSURANCE

An individual took out a life insurance policy on her life on December 15, 2003 of which Hospice Prince Edward Foundation is the owner and beneficiary of the policy. The annual premiums are \$3,600, which are paid by the individual and for which the individual receives a donation receipt.

At March 31, 2022, the policy provided for a death benefit in the amount of \$79,325 (2021: \$77,299). The cash surrender value of the policy was \$45,645 (2021: \$42,188).

**HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

8. FUNDRAISING EVENTS

	2022		
	Revenue	Expense	Total
Golf tournament	\$ 61,485	\$ 10,440	\$ 51,045
Hike for Hospice	63,328	688	62,640
Third party event	9,885	-	9,885
	<u>\$ 134,698</u>	<u>\$ 11,128</u>	<u>\$ 123,570</u>

	2021		
	Revenue	Expense	Total
Golf tournament	\$ 51,462	\$ 8,334	\$ 43,128
Hike for Hospice	37,878	1,547	36,331
Third party event	360	-	360
	<u>\$ 89,700</u>	<u>\$ 9,881</u>	<u>\$ 79,819</u>

HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

9. DEFERRED REVENUE

The Foundation defers funding and grants until the amounts are matched against expenditures when the services are provided in accordance to their various funding agreements.

	<u>2022</u>	<u>2021</u>
Ontario Trillium Foundation	\$ -	\$ 27,000
Donations for special purpose	-	4,720
LHIN funding	<u>26,250</u>	<u>-</u>
	<u>\$ 26,250</u>	<u>\$ 31,720</u>

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred contributions related to capital assets represent restricted grants and donations with which various capital assets were purchased. Amounts amortized to income are equal to amortization taken on the capital assets acquired with the grants. The changes in deferred contributions balance are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 13,600	\$ 2,982
Add: screening kiosk	4,567	-
Add: security system and hospital bed	-	6,501
Add: promat plus air mattress and control unit	-	6,500
Less: amounts amortized to revenue	<u>(4,065)</u>	<u>(2,383)</u>
	<u>\$ 14,102</u>	<u>\$ 13,600</u>

11. FUNDS AND GRANTS

The funds and grants in 2022 and the respective expenses related to the revenue, are detailed bellow:

	<u>Revenue</u>	<u>Expense</u>
LHIN Funding	\$ 131,250	\$ -
LHIN - One time funding	59,400	-
Trillium grant	<u>30,000</u>	<u>29,890</u>
	<u>\$ 220,650</u>	<u>\$ 29,890</u>

HOSPICE PRINCE EDWARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

13. PAYROLL

Beginning November 2021, the Local Health Integration Network (LHIN) funds the Foundation for the direct hire of nurses and PSWs. The Foundation hires and pays the nurses and PSWs necessary to provide the required care. As a consequence, payroll costs increased significantly during the year.

14. GOVERNMENT ASSISTANCE

As at March 31, 2022, the Foundation was entitled to \$45,448 (2021: \$32,059) under the Canada Emergency Wage Subsidy (CEWS). The Foundation received \$45,448 (2021: \$32,059) from the CEWS program. There are no unfulfilled conditions attached to the CEWS, and as such the Foundation has recorded the full amount of this subsidy as income.

As at March 31, 2021, \$3,175 was received under the Temporary Wage Subsidy, the pre-cursor to CEWS. There are no unfulfilled conditions attached to this subsidy.

As at March 31, 2021, \$4,356 was received for Summer Canada Jobs.

**15. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF THE
CORONAVIRUS DISEASE (COVID-19) OUTBREAK**

In Mid-March of 2020, the province of Ontario declared a state of emergency in response to public health concerns originating from the spread of the coronavirus disease. Those measures included travel restrictions and social distancing requirements which included a call to avoid crowded places and non-essential gatherings. On December 26, 2020 was the start of another stay at home order for Ontario related to COVID-19. This order lasted until February 10, 2021 and was again imposed on April 8, 2021 until June 11, 2021. On December 18, 2021 another stay at home order was imposed until January 31, 2022. At the time of issuing these financial statements the financial impact of these actions on the future operations of the Foundation is not yet known.