

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.

FINANCIAL STATEMENTS

MARCH 31, 2021

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **Residential Hospice of Grey-Bruce Inc.**:

Qualified Opinion

We have audited the financial statements of **Residential Hospice of Grey-Bruce Inc.** (the Organization), which comprise the statement of financial position as at March 31, 2021 and the statements of changes in net assets, operations, and cash flow 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, 2021, and results of its 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

Residential Hospice of Grey-Bruce Inc. derives revenue from charitable donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Consequently, we were unable to determine whether any adjustments were necessary to revenues, excess of revenues over expenditures, and cash flows for the year ended March 31, 2021 and March 31, 2020 and assets and fund balances as at March 31, 2021 and March 31, 2020. Our audit opinion was modified accordingly because of the possible effect of this scope limitation.

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.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT CONTINUED

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.



BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Owen Sound, Ontario

July 28, 2021

AUDIT • TAX • ADVISORY

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2021	2020
	\$	\$
ASSETS		
CURRENT:		
Cash	972,496	490,480
Accounts Receivable	5,732	40,461
HST Receivable	21,072	13,089
Prepaid Expenses	22,977	18,288
	1,022,277	562,318
PROPERTY AND EQUIPMENT (Note 2)	5,083,369	5,208,453
TOTAL ASSETS	6,105,646	5,770,771
LIABILITIES		
CURRENT:		
Bank Loan - CEBA (Note 9)	30,000	-
Accounts Payable and Accrued Liabilities	95,414	78,117
Deferred Revenue (Note 3)	557,005	391,707
Loan Payable (Note 4)	-	279,000
	682,419	748,824
NET ASSETS		
GENERAL FUND	6,019,451	5,719,535
CAPITAL FUND (Note 5)	(596,224)	(697,588)
	5,423,227	5,021,947
TOTAL LIABILITIES AND NET ASSETS	6,105,646	5,770,771

ON BEHALF OF THE BOARD

_____ Director

_____ Director

(See Accompanying Notes to Financial Statements)

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31

	General Fund \$	Capital Fund \$	2021 \$	2020 \$
Balance at Beginning of Year	5,719,535	(697,585)	5,021,950	5,069,363
Excess of Revenue over Expenditures (Expenditures over Revenue)	299,916	101,361	401,277	(47,413)
Balance at End of Year	<u>6,019,451</u>	<u>(596,224)</u>	<u>5,423,227</u>	<u>5,021,950</u>

(See Accompanying Notes to Financial Statements)

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31

	General Fund \$	Capital Fund \$	2021 \$	2020 \$
REVENUE:				
Donation Revenue	1,172,036	101,361	1,273,397	880,913
Fundraising Revenue	153,761	-	153,761	305,813
Grant Revenue - LHIN	952,639	5,296	957,935	892,473
Government Subsidies (Note 9)	173,694	-	173,694	-
Other	4,212	-	4,212	10,773
	<u>2,456,342</u>	<u>106,657</u>	<u>2,562,999</u>	<u>2,089,972</u>
EXPENDITURES:				
Administrative Costs	18,612	-	18,612	20,517
Bank Interest and Charges	10,734	-	10,734	6,261
Chaplaincy Expenses	22,026	-	22,026	15,902
Communications	20,836	-	20,836	14,359
Education and Training	3,682	-	3,682	6,192
Fundraising Expenses	58,774	-	58,774	73,404
Insurance	16,594	-	16,594	14,054
Interest on Loan Payable	5,521	-	5,521	16,206
Mileage and Patient Transport	1,526	-	1,526	2,219
Office and Postage	12,662	-	12,662	8,541
Printing and Promotion	1,658	-	1,658	2,045
Professional and Consulting Services	38,254	5,296	43,550	56,743
Supplies and Maintenance	92,390	-	92,390	85,156
Utilities	38,318	-	38,318	43,137
Wages and Employee Benefits	1,641,990	-	1,641,990	1,603,938
	<u>1,983,577</u>	<u>5,296</u>	<u>1,988,873</u>	<u>1,968,674</u>
EXCESS OF REVENUE OVER EXPENDITURES	472,765	101,361	574,126	121,298
OTHER INCOME (EXPENSES):				
Amortization	(172,849)	-	(172,849)	(168,711)
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR THE YEAR	<u>299,916</u>	<u>101,361</u>	<u>401,277</u>	<u>(47,413)</u>

(See Accompanying Notes to Financial Statements)

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31

	2021	2020
	\$	\$
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Excess of Revenue over Expenditures (Expenditures over Revenue)	401,277	(47,413)
Charges not involving cash		
Amortization of Property and Equipment	172,849	168,711
	574,126	121,298
Changes In:		
Accounts Receivable	34,729	(40,386)
HST Receivable	(7,983)	5,185
Prepaid Expenses	(4,689)	(3,041)
Short Term Investments	-	10,000
Accounts Payable and Accrued Liabilities	17,301	10,488
Deferred Revenue	165,298	178,666
	778,782	282,210
FINANCING ACTIVITIES:		
Loan Advance	30,000	-
Loan Repayment	(279,000)	(160,000)
	(249,000)	(160,000)
INVESTING ACTIVITIES:		
Acquisition of Property and Equipment	(47,766)	(3,786)
	482,016	118,424
INCREASE IN CASH DURING YEAR		
CASH AT BEGINNING OF YEAR	490,480	372,056
CASH AT END OF YEAR	972,496	490,480

(See Accompanying Notes to Financial Statements)

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2021

PURPOSE OF THE ORGANIZATION

Residential Hospice of Grey-Bruce Inc. was incorporated in the Province of Ontario without share capital on February 3, 2012 and is considered a charitable organization under the Income Tax Act and, therefore exempt from income taxes. The goal of the Organization is to help patients live their last days with the highest quality of life, dignity, and to be as comfortable and pain-free as possible, all the while surrounded by their loved ones.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies applied in accordance with these standards are as follows:

(A) FUND ACCOUNTING

Residential Hospice of Grey-Bruce Inc. follows the restricted fund method of accounting for contributions. The Organization ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

The General Fund reports the assets, liabilities, revenues and expenses related to services provided to people and family affected by a life-threatening illness. The General Fund also includes the amounts invested in capital assets.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Hospice's capital asset acquisitions including contributions restricted for the purchase of capital assets.

(B) REVENUE RECOGNITION

Unrestricted contributions are recognized as revenue in the year received or receivable in the general fund if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted donations and operating grant revenue are recorded in the period in which the related eligible expenses are incurred. Where a portion of a donation and grant relates to a future period, it is deferred and recognized in a subsequent period. Grants and claims are subject to review and settlement with respective funding agencies subsequent to year-end. Should adjustments to reported revenue be required they will be recorded in the year of settlement.

Restricted contributions for the purchase of capital assets are recognized as revenue in the year received in the capital fund.

Investment income is recognized as revenue of the appropriate fund in the year in which the income is earned.

Government subsidies are reported as other revenue in the year the eligible expenses are incurred or when the obligation relating to the subsidy has been met. Repayment of government subsidies is accounted for as a liability in the period in which conditions arise that have caused the subsidy to be repayable.

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and cash deposited in Canadian bank accounts.

(D) PROPERTY AND EQUIPMENT

Purchased property and equipment are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which are as follows:

Building	40 Years
Furniture, Fixtures, and Equipment	10 Years
Computers	5 Years
Software	3 Years

(E) PLEDGES

Pledges, which represent promises to donate cash, are not recorded as revenue until collected.

(F) CONTRIBUTED MATERIALS AND SERVICES

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased, are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Volunteers contribute many hours per year to assist the Hospice in carrying out its service delivery activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(G) FINANCIAL INSTRUMENTS

The Organization measures its financial assets and financial liabilities initially at fair value. Subsequently, financial assets and financial liabilities are measured at amortized cost. Financial instruments measured at amortized cost are tested for impairment annually.

Financial assets measured at amortized cost include cash, short term investments, accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and loan payable.

(H) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known. Actual results could differ from those estimates.

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2021

2. PROPERTY AND EQUIPMENT

	2021	2020
	\$	\$
COST-		
Land	268,166	268,166
Building	5,117,982	5,117,982
Furniture, Fixtures and Equipment	288,989	268,901
Computers and Software	119,061	91,383
	5,794,198	5,746,432
ACCUMULATED AMORTIZATION-		
Building	511,793	383,844
Furniture, Fixtures and Equipment	130,675	102,780
Computers and Software	68,361	51,355
	710,829	537,979
	5,083,369	5,208,453

3. DEFERRED REVENUE

	2021	2020
	\$	\$
MOHLTC Project Funding	142,224	147,520
Donations - Satellite Site	414,782	244,187
	557,006	391,707
	557,006	391,707

The MOHLTC project funding of \$180,000 was received in 2018 to cover the cost of planning the establishment of a site in South Bruce. To date \$37,776 has been spent.

Donations received for the specific purpose of supporting the construction and operations of the proposed site in South Bruce have been recorded as deferred revenue.

4. LOAN PAYABLE

At March 31, 2021, the Organization had a credit facility agreement with CIBC with an outstanding balance of nil (2020 - \$279,000). The loan was due on demand and was paid in full during the year. This amount had been guaranteed by a third party.

5. EXTERNAL AND INTERNAL RESTRICTIONS ON NET ASSETS

The Hospice received externally restricted donations of \$101,361 (2020 - \$197,748) that are to be used for capital purposes.

The Capital Fund balance includes \$50,000 that was internally restricted by the Board in 2014. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2021

6. ENDOWMENT FUND

	2021	2020
	\$	\$
Held by The Community Foundation Grey Bruce	<u>5,220</u>	<u>5,120</u>

The Residential Hospice of Grey-Bruce Inc. established a designated agency endowment fund called the Chapman House Endowment Fund with the Community Foundation Grey Bruce to be maintained in perpetuity by the Foundation. The income earned will be used to support the charitable activities of the Residential Hospice of Grey-Bruce Inc.

7. ECONOMIC DEPENDENCE

The Hospice is approved by the Ontario Ministry of Health and Long-Term Care to operate eight residential care beds. The Organization relies on this funding to support their total operating costs.

The amount of funding provided to the Hospice is subject to final review and approval by the LHIN, any future adjustments required as a result of this review will be accounted for in the year the adjustment is determined.

8. FINANCIAL INSTRUMENTS

The Hospice's exposure to risks from financial instruments is described as follows:

Credit Risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk in connection with the collection of its accounts receivable. The Organization mitigates this risk by maintaining credit approval and payment policies and does not anticipate significant loss for non-collection.

Interest Rate Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on their loans.

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its long term debt and accounts payable. The Organization expects to meet these obligations as they come due by cash flow from government subsidies.

Management of the Organization does not believe they are exposed to other financial risks.

RESIDENTIAL HOSPICE OF GREY-BRUCE INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2021

9. GOVERNMENT SUBSIDIES

The Organization applied for the Canada Emergency Wage Subsidy ("CEWS") which was launched by the federal government to qualifying employers to subsidize payroll costs during the Covid-19 pandemic. The amounts received under the CEWS program, while subject to review, are non-repayable. The Organization applied for \$163,694 of which the total amount was recognized as a government subsidy for the year ended March 31, 2021.

The Organization also applied for the Canada Emergency Business Account ("CEBA"), made available by the federal government to qualifying businesses to assist with funding payroll costs or non-deferrable expenses. The Company applied for and received \$40,000 under the CEBA program. As long as the balance is repaid on or before December 31, 2022, 25% or \$10,000 of the loan will be forgiven. If the loan is not repaid by December 31, 2022, the full \$40,000 will be extended for an additional 3 year term bearing interest at 5% per year. The CEBA loan may be repaid at any time without penalty. Any amount of the CEBA loan that is repaid may not be re-advanced. The \$10,000 forgivable portion was recognized as a government subsidy for the year ended March 31, 2021.

10. SUBSEQUENT EVENT

On January 31, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19) and declared it a public health event of international concern. On March 11, 2020, WHO declared the global outbreak of COVID-19 a pandemic.

On March 17, 2020, the Ontario government enacted a declaration of emergency to protect the public and ordered specific businesses to close and on March 23, 2020 further ordered mandatory closure of all non-essential workplaces to fight the spread of Covid-19. Early May 2020, the Ontario government implemented a COVID-19 response framework including regional restrictions and sector specific guidelines to limit the transmission of the virus and allow businesses to reopen in phases. Most businesses were able to reopen by mid-spring of 2020 operating under public health guidelines. A second province wide shutdown of all non-essential workplaces was implemented effective December 26, 2020 and reopened under the regional restriction framework February 16, 2021. A province wide stay at home order was enacted April 8, 2021 which ended on June 2nd, 2021. The province has a staggered approach to reopening which will evolve over the next number of months as residents are vaccinated and case numbers drop.

The Organization has continued to operate as an essential workplace. Operations have been modified to protect the health and safety of staff and clients. As well it has affected fundraising events that have been cancelled or postponed, which has reduced fundraising revenues. The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Organization is uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future operations. The potential economic effects to the Organization could have a material impact on future operations and an estimate of financial effects cannot be made at this time.