

GREY BRUCE HOSPICE INC.

FINANCIAL STATEMENTS

MARCH 31, 2023

GREY BRUCE HOSPICE INC.
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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of **Grey Bruce Hospice Inc.** (the Hospice), which comprise the statement of financial position as at March 31, 2023 and the statements of operations and changes in net assets 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 Hospice as at March 31, 2023, 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

Grey Bruce Hospice Inc. derives revenue from charitable donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly for both years, our verification of these revenues was limited to the amounts recorded in the records of the Hospice. Consequently, we were unable to determine whether any adjustments to revenues, excess of revenues over expenditures, and cash flow for the years ended March 31, 2023 and March 31, 2022 and assets and fund balances as at March 31, 2023 and March 31, 2022 were necessary.

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 Hospice 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 Hospice'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 Hospice or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospice'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 Hospice'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 Hospice'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 Hospice 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.

A handwritten signature in cursive script that reads "Baker Tilly SGB LLP".

Chartered Professional Accountants
Licensed Public Accountants
Owen Sound, Ontario
September 5, 2023

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

	2023	2022
	\$	\$
Assets		
Current		
Cash	1,429,942	1,727,225
Accounts receivable	11,599	997
HST receivable	43,394	52,846
Prepaid expenses	12,712	9,588
	1,497,647	1,790,656
Property and equipment (Note 2)	4,794,902	4,934,065
	6,292,549	6,724,721
Liabilities		
Current		
Bank loan - CEBA (Note 8)	30,000	30,000
Accounts payable and accrued liabilities	147,673	115,049
Government remittances payable	33,489	16,740
Deferred revenue (Note 3)	235,301	794,033
	446,463	955,822
Net assets		
General fund	6,432,313	6,355,126
Capital fund (Note 4)	(586,227)	(586,227)
	5,846,086	5,768,899
	6,292,549	6,724,721

Approved on behalf of the board

_____ Director
 _____ Director

GREY BRUCE HOSPICE INC.
STATEMENT OF CHANGES IN NET ASSETS
AS AT MARCH 31

	General Fund \$	Capital Fund \$	2023 \$	2022 \$
Balance at beginning of year	6,355,126	(586,227)	5,768,899	5,423,227
Excess of revenue over expenditures (expenditures over revenue)	77,187	-	77,187	345,672
Balance at end of year	6,432,313	(586,227)	5,846,086	5,768,899

See accompanying notes to the financial statements

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

	General Fund \$	Capital Fund \$	2023 \$	2022 \$
Revenue				
Donation revenue	1,390,059	-	1,390,059	1,340,631
Fundraising revenue	267,446	-	267,446	89,220
Grant revenue - LHIN	1,139,444	-	1,139,444	1,248,295
Grant revenue - other	41,253	-	41,253	-
Government subsidies (Note 8)	-	-	-	13,702
Investment income and other	45,324	-	45,324	10,693
	<u>2,883,526</u>	-	<u>2,883,526</u>	<u>2,702,541</u>
Expenditures				
Administrative costs	46,727	-	46,727	36,333
Bank interest and charges	5,098	-	5,098	11,741
Chaplaincy expenses	33,841	-	33,841	28,893
Communications	18,242	-	18,242	23,857
Education and training	21,849	-	21,849	2,565
Fundraising expenses	89,587	-	89,587	83,061
Insurance	31,485	-	31,485	20,711
Interest on loan payable	-	-	-	619
Mileage and patient transport	3,451	-	3,451	3,870
Office and postage	6,957	-	6,957	20,996
Printing and promotion	17,572	-	17,572	2,455
Professional and consulting services	107,200	-	107,200	54,661
Rent	-	-	-	2,366
Supplies and maintenance	197,924	-	197,924	117,588
Utilities	43,407	-	43,407	33,167
Wages and employee benefits	2,007,891	-	2,007,891	1,735,927
	<u>2,631,231</u>	-	<u>2,631,231</u>	<u>2,178,810</u>
Excess of revenue over expenditures	252,295	-	252,295	523,731
Other income (expenses)				
Amortization	(175,108)	-	(175,108)	(178,059)
Excess of revenue over expenditures for the year	<u>77,187</u>	-	<u>77,187</u>	<u>345,672</u>

See accompanying notes to the financial statements

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

	2023	2022
	\$	\$
Cash provided by (used for)		
Operating activities		
Net income	77,187	345,672
Items not involving cash		
Amortization of property and equipment	175,108	178,059
	252,295	523,731
Change in		
Accounts receivable	(10,602)	4,735
HST receivable	9,452	(31,774)
Prepaid expenses	(3,124)	13,389
Accounts payable and accrued liabilities	32,623	19,635
Government remittances payable	16,749	16,740
Deferred revenue	(558,732)	237,028
	(261,339)	783,484
Investing activities		
Acquisition of property and equipment	(35,944)	(28,755)
Change in cash	(297,283)	754,729
Cash at beginning of year	1,727,225	972,496
Cash at end of year	1,429,942	1,727,225
Cash consists of		
Cash	1,429,942	1,727,225
	1,429,942	1,727,225

See accompanying notes to the financial statements

GREY BRUCE HOSPICE INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2023

Purpose of the organization

Grey Bruce Hospice 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 Hospice 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

Grey Bruce Hospice Inc. follows the restricted fund method of accounting for contributions. The Hospice 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.

(c) Cash and cash equivalents

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

GREY BRUCE HOSPICE INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2023

1. Summary of significant accounting policies (continued)

(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 Hospice'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 Hospice 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, 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.

GREY BRUCE HOSPICE INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2023

2. Property and equipment

	2023	2022
	\$	\$
Cost		
Land	268,166	268,166
Building	5,117,982	5,117,982
Furniture, fixtures and equipment	346,485	317,744
Computers and software	126,264	119,061
	5,858,897	5,822,953
Accumulated amortization		
Building	767,692	639,743
Furniture, fixtures and equipment	194,223	161,011
Computers and software	102,080	88,134
	1,063,995	888,888
	4,794,902	4,934,065

3. Deferred revenue

	2023	2022
	\$	\$
Donations - satellite site		
Opening balance	662,348	414,782
Received in year	10,000	247,566
Transferred to Saugeen Hospice Inc.	(568,732)	-
Ending balance	103,616	662,348
MOHLTC project funding	131,685	131,685
	235,301	794,033

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 \$48,315 has been spent.

4. External and internal restrictions on net assets

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.

GREY BRUCE HOSPICE INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2023

5. Endowment fund

	2023	2022
	\$	\$
Held by The Community Foundation Grey Bruce	5,220	5,220

Grey Bruce Hospice 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 Grey Bruce Hospice Inc.

6. Economic dependence

The Hospice is approved by the Ontario Ministry of Health and Long-Term Care to operate eight residential care beds. The Hospice 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.

7. Financial instruments

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

(a) Credit risk

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 Hospice is exposed to credit risk in connection with the collection of its accounts receivable. The Hospice mitigates this risk by maintaining credit approval and payment policies and does not anticipate significant loss for non-collection. The allowance for doubtful accounts is \$nil (2022 - \$nil).

(b) Interest rate risk

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 Hospice is exposed to interest rate risk on their loans.

(c) Liquidity risk

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

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

GREY BRUCE HOSPICE INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2023

8. Government subsidies

The Hospice also applied for in the prior year 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 Hospice received \$40,000 under the CEBA program. As long as the balance is repaid on or before December 31, 2023, 25% or \$10,000 of the loan will be forgiven. If the loan is not repaid by December 31, 2023, 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.

The Hospice also applied for the 10% Temporary Wage Subsidy (TWS) which was launched by the federal government to qualifying employers to subsidize 75% of payroll costs during the Covid-19 pandemic from March 18, 2020 to June 19, 2020. The Hospice received \$nil (2022 - \$13,702) under the TWS, which was recognized as a government subsidy.