



Hospice Vaughan

Financial Statements

March 31, 2023



Independent Auditor's Report

To the Board of Directors of Hospice Vaughan

Opinion

We have audited the accompanying financial statements of **Hospice Vaughan** ("the Entity"), which comprise the statement of financial position as at **March 31, 2023** and the statements of changes in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at **March 31, 2023**, and its financial performance and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Entity 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 opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Association'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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 findings, including any significant deficiencies in internal control that we identify during our audit.

Fazzari + Partners

FAZZARI + PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants

Vaughan, Ontario
June 6, 2023

Hospice Vaughan

Statement of Financial Position

As at March 31

	General Fund	Restricted Fund	Total 2023	Total 2022
Assets				
Current				
Cash	\$ 414,574	\$ 583,869	\$ 998,443	\$ 2,739,024
Term deposits (Note 3)	-	915,638	915,638	600,000
Accounts receivable	252,300	-	252,300	-
HST receivable	43,223	-	43,223	65,925
Prepaid expenses	42,506	-	42,506	35,444
Interfund receivable	169,065	-	169,065	191,032
	921,668	1,499,507	2,421,175	3,631,425
Long-term				
Residential Hospice (Note 4)	-	13,898,543	13,898,543	14,610,496
	\$ 921,668	\$15,398,050	\$16,319,718	\$18,241,921

The accompanying notes are an integral part of these financial statements.

Hospice Vaughan

Statement of Financial Position

As at March 31


	General Fund	Restricted Fund	Total 2023	Total 2022 (Note 9)
Liabilities				
Current				
Bank indebtedness (Note 5)	\$ -	\$ 4,612,902	\$ 4,612,902	\$ 5,000,000
Government assistance loan (Note 6)	40,000	-	40,000	40,000
Accounts payable and accrued liabilities	148,486	-	148,486	169,063
Deferred income	82,000	-	82,000	-
Interfund payable	-	169,065	169,065	191,032
	270,486	4,781,967	5,052,453	5,400,095

Fund Balances

Surplus (deficit)	651,182	1,330,442	1,981,624	3,231,330
Invested in capital assets	-	9,285,641	9,285,641	9,610,496
	651,182	10,616,083	11,267,265	12,841,826
	\$ 921,668	\$15,398,050	\$16,319,718	\$18,241,921

Commitments (Note 8)

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements.

Hospice Vaughan

Statement of Changes in Fund Balances

Year Ended March 31

	General Fund	Restricted Fund	Total 2023	Total 2022
Balance, beginning of year	\$ 1,387,171	\$11,454,655	\$12,841,826	\$11,745,111
Excess (deficiency) of income over expenses	(735,989)	(838,572)	(1,574,561)	1,096,713
Balance, end of year	\$ 651,182	\$10,616,083	\$11,267,265	\$12,841,824

The accompanying notes are an integral part of these financial statements.

Hospice Vaughan

Statement of Operations

Year Ended March 31

	General Fund	Restricted Fund	Total 2023	Total 2022 (Note 9)
Income				
Residential program funding	\$1,111,250	\$ -	\$ 1,111,250	\$1,050,000
Donations	385,703	180,000	565,703	1,804,758
Special events	489,365	-	489,365	265,684
Grants	259,700	-	259,700	150,783
One time government funding	252,300	-	252,300	687,191
Community program funding	131,564	-	131,564	128,148
Interest	18,147	-	18,147	2,892
Other	-	-	-	20,000
	2,648,029	180,000	2,828,029	4,109,456
Expenses				
Salaries and benefits	2,466,007	-	2,466,007	1,759,105
Administration and office	390,560	-	390,560	323,837
Facility	346,105	-	346,105	270,436
Special events	100,663	-	100,663	12,984
Professional fees	67,589	-	67,589	96,029
Interest and bank charges	13,094	306,620	319,714	179,203
Amortization	-	711,952	711,952	371,149
	3,384,018	1,018,572	4,402,590	3,012,743
Excess (deficiency) of income over expenses	\$ (735,989)	\$ (838,572)	\$ (1,574,561)	\$ 1,096,713

The accompanying notes are an integral part of these financial statements.

Hospice Vaughan

Statement of Cash Flows

Year Ended March 31

	2023	2022
Cash flows from (used in):		
Operating activities		
Excess (deficiency) of income over expenses	\$ (1,574,561)	\$ 1,096,713
Adjustment for non cash item - amortization	711,952	371,149
	(862,609)	1,467,862
Changes in non-cash working capital items		
Term deposits	(315,637)	-
Accounts receivable	(252,300)	-
Government remittances receivable	22,702	156,205
Prepaid expenses	(7,060)	(14,727)
Accounts payable and accrued liabilities	(20,582)	(186,109)
Government assistance loan	-	(20,000)
Deferred revenue	82,000	(224,074)
	(490,877)	(288,705)
	(1,353,486)	1,179,157
Financing activity		
Advances from demand loan	(387,097)	11,204
Investing activity		
Capital assets acquired	-	(1,542,799)
Decrease in balance	(1,740,581)	(352,436)
Balance, beginning of year	2,739,024	3,091,460
Balance, end of year	\$ 998,443	\$ 2,739,024
Balance consists of:		
Cash	\$ 414,574	\$ 1,016,002
Restricted cash	583,869	1,723,022
	\$ 998,443	\$ 2,739,024

The accompanying notes are an integral part of these financial statements.

Hospice Vaughan

Notes to Financial Statements

March 31, 2023

1. Purpose of the entity

Hospice Vaughan is a registered charity and incorporated without share capital pursuant to the Ontario Not-For-Profit Corporations Act.

The Entity's purpose is to provide compassionate support to persons of all ages, their families and friends, coping with a life limiting illness or dealing with the loss of a loved one. The Entity also provides palliative care in their facility for individuals and their families who require end of life support.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting

The Entity follows fund accounting thereby segregating general and restricted funds. The purpose of the General Fund is to record the administrative and operating activities of the Entity. The purpose of the Restricted Fund is to record purchased capital assets of the Residential Hospice, as well as the related debt and net investment of the Entity in such assets. Interest expense associated with debt financing is recorded in the Operating Fund.

Hospice Vaughan

Notes to Financial Statements

March 31, 2023

2. Significant accounting policies (continued)

(b) Residential Hospice

The capital assets which comprise the Residential Hospice are recorded at cost, and amortized over their estimated useful lives using the following annual rates and methods:

Asset	Rate	Method
Building	4%	Declining balance
Furniture and fixtures	20%	Declining balance
Office equipment	20%	Declining balance

A capital asset is tested for impairment whenever an event or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value.

(c) Revenue recognition

Regular donations or donations for the Residential Hospice, are recognized when received or if amounts can be reasonably estimated and collection is reasonably assured. Donations received relating to the Capital Campaign are reported in the Restricted Fund.

Income from special events is recognized when the event occurs.

Residential Program, Community Program and Funding from restricted grants is recognized in accordance with the deferral method. Restricted contributions for expenses of future periods are deferred and recognized as revenue in the same period as the related expenses are recognized.

Hospice Vaughan

Notes to Financial Statements

March 31, 2023

2. Significant accounting policies (continued)

(c) Revenue recognition (continued)

Funding from The Ministry of Health of the Province of Ontario (the "Ministry") for the Residential Hospice is recognized when received or when progress toward completion meets specified percentages and funding becomes receivable.

Pledges to the capital campaign for the Residential Hospice are not recognized until received. As at the financial statement date, pledges of approximately \$26,000 (2022 - \$26,000) are not recognized as revenue.

(d) Donated services

Any volunteer hours and donated services that contribute to the operation of the Entity in carrying out its operating activities are not recognized in these financial statements due to the difficulty in determining their value.

(e) Income taxes

The Entity is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

(f) Financial instruments

The Entity 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 and term deposits. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Hospice Vaughan

Notes to Financial Statements

March 31, 2023

2. Significant accounting policies (continued)

(g) Use of estimates

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, liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are required in determining the useful lives of assets for amortization purposes, determining future cash flows when assessing assets for impairment and contingencies. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

3. Term and Restricted term deposits

Term deposits of \$915,637 (2022 - \$600,000) consist of various redeemable and non-redeemable short term deposits which earn interest at an average rate of 4.825% (2022 - 0.65%), with maturity dates ranging from November 2023 to January 2024.

4. Residential Hospice

The Residential Hospice consists of the following:

			2023	2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$14,095,323	\$ 834,443	\$13,260,880	\$13,813,417
Furniture and fixtures	885,643	247,980	637,663	797,079
Office equipment	42,160	42,160	-	-
	\$15,023,126	\$1,124,583	\$13,898,543	\$14,610,496

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Notes to Financial Statements

March 31, 2023

5. Bank indebtedness

As at year end, the Entity had access to the following credit facilities:

- (i) \$5,000,000 demand loan facility of which \$4,612,903 (2022 - \$5,000,000) was drawn at year end, for the construction of the Residential Hospice. The demand loan bears interest at the bank's prime rate plus 1.00%. Interest of \$295,004 (2022 - \$157,978) was paid during the year on this facility;
- (ii) \$5,000,000 non-revolving demand loan to finance the payout of the Demand Loan Facility. Interest on the fixed rate term loan is to be determined at the time of conversion and is to be calculated half-yearly and is repayable on demand;
- (iii) \$100,000 operating demand loan bearing interest at the bank's prime rate plus 1.00%. At year end the Entity had not drawn on this facility (2022 - \$nil); and
- (iv) Credit card facility up to a maximum of \$25,000. At year end the Entity has drawn \$4,322 (2022 - \$4,700) on this facility;

Security for the above facilities includes the following:

- (i) Insurance on a "Fire and Extended Coverage" or "All risks" basis for the full insurable or replacement value with loss payable to the bank;
- (ii) Title insurance naming the bank as beneficiary;
- (iii) Registered first-ranking mortgage in the amount of \$6,425,000 on the Residential Hospice;
- (iv) Assignment of cash collateral in the amount of \$482,000 to be held in a Term Deposit; and
- (v) General security agreement providing the bank with a security interest over all present and future personal/moveable property of the Entity with a first ranking for all accounts receivable, machinery and equipment.

As part of the Entity's credit arrangement with the bank, the Entity is required to maintain a specified debt-service ratio. As at year end, the Entity has not met the covenant.

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Notes to Financial Statements

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6. Government assistance loan

The Entity has received the Canada Emergency Business Account loan which is unsecured and operates as a 2-year, 0% interest term loan due by December 31, 2023. A portion of the loan is forgivable in the amount of \$20,000 if the remaining \$40,000 is to be repaid in full by December 31, 2023. In 2022, the Entity recognized \$20,000 of the loan in income to reflect the forgivable portion.

7. Financial instruments and risk management

The Entity is exposed to the following risks related to its financial assets and liabilities. The Entity is not exposed to currency risk, credit risk, market risk, other price risk, or any significant concentrations of risk. The following financial risk assessment has remained unchanged from prior year.

(a) Liquidity risk

The Entity is exposed to the risk of being unable to honour its financial commitments by the deadlines set out under the terms of such commitments. The Entity is exposed to this risk mainly through its bank indebtedness and accounts payable and accrued liabilities. Senior management manages the Entity's cash resources based on financial forecasts and anticipated cash flows.

(b) Fair value

The fair value of the Entity's financial instruments approximates their carrying values because of their short-term nature.

(c) Interest rate risk

The Entity is exposed to interest rate risk on its bank indebtedness which bear interest at floating rates based on the bank prime rate and, as such, are subject to cash flow interest rate risk resulting from market fluctuations in interest rates. Further details about the bank indebtedness are included in Note 5.

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Notes to Financial Statements

March 31, 2023

8. Commitments

As of the year end date, the Entity has the following standby letter of credits:

Amount	Issued in favour of
\$319,967	City of Vaughan
\$101,185	Regional Municipality of York

9. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.