

Hospice Simcoe
Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Board of Directors of Hospice Simcoe

Qualified Opinion

We have audited the accompanying financial statements of Hospice Simcoe (the organization), which comprise the statement of financial position as at March 31, 2024, 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 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, 2024, and the 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

In common with many charitable organizations, the organization derives revenues 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 donations and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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 audit 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 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.



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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
July 15, 2024

Hospice Simcoe Statement of Financial Position

March 31	2024	2023
Assets		
Current		
Cash (note 2)	\$ 475,779	\$ 296,749
Accounts receivable	-	27,885
HST receivable	133,999	92,832
Due from Ministry of Health	-	236,500
Prepaid expenses	53,713	34,471
Investments (note 3)	3,024,063	2,442,924
	3,687,554	3,131,361
Capital Assets , at cost less accumulated amortization (note 4)	3,983,319	4,088,970
	\$ 7,670,873	\$ 7,220,331

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued liabilities	\$ 196,419	\$ 161,687
Government remittances payable	54,146	53,569
Deferred contributions	39,472	18,489
	290,037	233,745
Deferred Contributions Related to Capital Assets (note 5)	4,241,315	3,848,839
Commitments (note 10)		
Contingency (note 6)		
Net Assets		
Internally restricted reserve funds (note 7)	725,000	725,000
Unrestricted	2,414,521	2,412,747
	3,139,521	3,137,747
	\$ 7,670,873	\$ 7,220,331

On behalf of the Board:

_____ Director

_____ Director

Hospice Simcoe Statement of Operations

For the year ended March 31	2024	2023
Revenues		
Ministry of Health	\$ 1,931,509	\$ 1,744,064
Donations and fundraising	1,488,148	1,693,312
Amortization of deferred contributions related to capital assets (note 5)	226,616	213,459
Interest and dividend income	132,236	76,383
United Way	79,480	-
Other grants	43,582	38,065
Other revenues and recoveries	17,802	256,476
Ontario Trillium Foundation grant	11,100	100,700
Unrealized loss on investments (note 3)	-	(31,693)
	3,930,473	4,090,766
Expenses		
Advertising	31,009	24,881
Amortization of capital assets	243,084	229,935
Bank charges	20,685	25,608
Data processing	51,802	65,670
Employee benefits	481,898	532,800
Fundraising expenses	80,527	160,581
Insurance	25,815	21,705
Meeting expenses	12,808	20,338
Membership and dues	10,959	11,610
Office	16,747	18,979
Other	33,700	50,671
Professional fees	118,865	68,505
Rent	29,921	49,023
Repairs and maintenance	156,658	132,255
Salaries and wages	2,415,157	2,446,127
Supplies	54,606	49,629
Telephone	16,596	16,699
Training and development	48,565	88,406
Travel	6,958	12,509
Utilities	66,242	84,278
Volunteer recognition	6,097	4,752
	3,928,699	4,114,961
Total expenses		
Excess of revenues over expenses (expenses over revenues) for the year	\$ 1,774	\$ (24,195)

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

**Hospice Simcoe
Statement of Changes in Net Assets**

<u>March 31</u>	<u>2024</u>			<u>2023</u>
	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
	(note 7)			
Balance, beginning of the year	\$ 725,000	\$ 2,412,747	\$ 3,137,747	\$ 3,161,942
Excess of revenues over expenses (expenses over revenues) for the year	-	1,774	1,774	(24,195)
Balance, end of the year	\$ 725,000	\$ 2,414,521	\$ 3,139,521	\$ 3,137,747

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

Hospice Simcoe Statement of Cash Flows

For the year ended March 31	2024	2023
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for the year	\$ 1,774	\$ (24,195)
Charges (credits) to operations not involving cash		
Amortization of capital assets	243,084	229,935
Amortization of deferred contributions related to capital assets	(226,616)	(213,459)
Unrealized loss on investments	-	31,693
	18,242	23,974
Change in non-cash working capital balances related to operations		
Accounts receivable	27,885	(27,885)
HST receivable	(41,167)	(35,146)
Due from Ministry of Health	236,500	(236,500)
Prepaid expenses	(19,242)	35,011
Accounts payable and accrued liabilities	34,732	(8,248)
Government remittances payable	577	29,080
Deferred contributions	20,983	(104,187)
	278,510	(323,901)
Cash flows from investing activities		
Additions to capital assets	(137,433)	(124,211)
Increase in investments	(581,139)	(116,568)
	(718,572)	(240,779)
Cash flows from financing activities		
Increase in deferred contributions related to capital assets	619,092	436,163
	619,092	436,163
Net increase (decrease) in cash during the year	179,030	(128,517)
Cash, beginning of the year	296,749	425,266
Cash, end of the year	\$ 475,779	\$ 296,749

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

Hospice Simcoe

Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies

Nature of Organization

Hospice Simcoe is an incorporated not-for-profit organization without share capital under the Corporations Act (Ontario). The organization offers support to individuals and their families who are facing a life threatening illness or grieving the loss of a loved one. Beginning in December 2009, the organization commenced the operation of a residential hospice providing accommodation and end of life care for individuals with terminal illnesses.

Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

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 amounts of revenues and expenses during the reporting period. The significant estimates made in the preparation of these financial statements include the estimated useful life of capital assets and the fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue Recognition

The organization follows the deferral method of accounting for contributions which includes donations and government subsidies. Operating revenue, including grants and subsidies, are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that future period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Hospice Simcoe

Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

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

In-Kind Contributions Contributions of assets are recognized in the period they are donated at their fair market value.

Contributed services are not recognized in the financial statements due to the inherent difficulty in valuing the time of volunteers.

Capital Assets Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed capital assets are recorded at a nominal amount.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Straight-line	20 - 40 years
Computers and software	Straight-line	3 years
Furniture and equipment	Straight-line	5 - 15 years
Landscaping	Straight-line	15 years
Leasehold improvements	Straight-line	Lease term
Parking lot	Straight-line	15 years

When a capital asset no longer contributes to an organization's ability to provide goods and services, or the future economic benefits or service potential of the capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

When a capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations. Any unamortized deferred contribution amount related to the capital asset disposed of is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Hospice Simcoe

Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Income Taxes	The organization is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.
Pension Plan	The organization applies defined contribution plan accounting to its multi-employer defined benefit plan for which the organization has insufficient information to apply defined benefit plan accounting (see note 9).
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
Impairment of Long Lived Assets	In the event that facts and circumstances indicate that the organization's long lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow is required. The organization considers that no circumstances exist that would require such an evaluation.
Foreign Currency Translation	Foreign currency accounts are translated into Canadian dollars as follows: At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities in foreign currency are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in the statement of operations in the current period. Investments denominated in foreign currency are recorded at the foreign exchange rate in effect at the time the investment was purchased.

Hospice Simcoe Notes to the Financial Statements

March 31, 2024

2. Cash

The organization's bank accounts are held at a chartered bank. The bank accounts earn interest at a variable rate dependent on the monthly minimum balances.

In addition, the organization has an operating line of credit facility available in the amount of \$400,000. Any outstanding amount bears interest at the bank's prime rate plus 1% and is secured by a general security agreement, a collateral mortgage representing a first charge on the property at 336 Penetanguishene Road, Barrie, Ontario, and assignment of fire insurance. There is no balance outstanding as at March 31, 2024 (2023 - \$NIL).

3. Investments

	<u>2024</u>	<u>2023</u>
Cash (interest rate of 0.0% (2023 - 3.1%))	\$ 505,000	\$ 793,551
High interest savings accounts (interest rate of 4.75% (2023 - 4.5% to 4.65%))	2,512	300,660
Guaranteed investment certificates	2,445,732	827,623
Mutual funds	-	94,931
Canadian equities	-	412,299
Accrued interest receivable	70,819	13,860
	<u>\$ 3,024,063</u>	<u>\$ 2,442,924</u>

The guaranteed investment certificates have interest rates of 1.83% to 5.87% (2023 - 1.65% to 5.00%) and maturity dates ranging from May 21, 2024 to December 1, 2028 (2023 - June 30, 2023 to October 4, 2027).

Investments in securities with an active market have been recorded at market value based on quoted market prices at March 31, 2024. Guaranteed investment certificates are recorded at carrying value plus accrued interest, which approximates market value at March 31, 2024. The organization has recognized an unrealized loss in the amount of \$NIL (2023 - \$31,693) related to the change in the fair value of investments during the year. This loss has been recorded in the statement of operations.

Hospice Simcoe Notes to the Financial Statements

March 31, 2024

4. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 645,427	\$ -	\$ 645,427	\$ -
Building	4,236,627	1,527,954	4,217,287	1,420,386
Computers and software	48,100	43,772	48,100	40,892
Furniture and equipment	1,040,491	694,343	922,398	598,511
Landscaping	257,453	151,185	257,453	138,477
Leasehold improvements	38,364	19,186	38,364	15,346
Parking lot	349,230	195,933	349,230	175,677
	\$ 6,615,692	\$ 2,632,373	\$ 6,478,259	\$ 2,389,289
Net book value		\$ 3,983,319		\$ 4,088,970

5. Deferred Contributions Related to Capital Assets

Deferred contributions represent the unamortized amount of grants and restricted donations received to be used in the purchase of certain assets or in the settlement of certain obligations. The amortization of these contributions is recorded as revenue in the statement of operations. In addition, of the donations received that are restricted for capital purchases, \$1,041,570 (2023 - \$559,911) has not been spent as at March 31, 2024.

	2024	2023
Balance, beginning of year	\$ 3,848,839	\$ 3,626,135
Contribution received from the County of Simcoe for the purchase of capital assets	108,934	-
Donations received during the year for the purchase of capital assets	510,158	436,163
Amounts amortized to revenue	(226,616)	(213,459)
Balance, end of year	\$ 4,241,315	\$ 3,848,839

Hospice Simcoe Notes to the Financial Statements

March 31, 2024

6. Contingency

The organization receives funding from the Ministry of Health. The amount of funding provided to the organization is subject to final review and approval by the Ministry. As at the date of these financial statements, funding for the period April 1, 2023 to March 31, 2024 had not been subject to this review process. Any future adjustments required as a result of this review will be accounted for in the year the adjustment is determined.

7. Internally Restricted Reserve Funds

Operating Reserve Fund

The Board of Directors has established an operating reserve fund for the purpose of covering annual operating deficits or ensuring a steady supply of income in the event of cash flow disruption. The organization will strive to maintain the reserve fund at a balance equal to approximately six months of non-Ministry funded operating costs.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year and end of year	<u>\$ 625,000</u>	<u>\$ 625,000</u>

Capital Reserve Fund

The Board of Directors has established the Capital Reserve Fund for the purpose of future capital projects, renovations and improvements.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year and end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Total Internally Restricted Reserve Funds	<u>\$ 725,000</u>	<u>\$ 725,000</u>

Hospice Simcoe

Notes to the Financial Statements

March 31, 2024

8. Economic Dependence

The organization received 49% (2023 - 43%) of its revenue from the Ministry of Health.

9. Pension Plan

Healthcare of Ontario Pension Plan (the "Plan") is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Healthcare of Ontario Pension Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on the best estimates of management of the Plan, in consultation with its actuaries, of the amount, together with the percentage of salary contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

The Plan provides pension services to more than 460,000 active and retired members and approximately 677 employers. Substantially all of the full-time employees and some of the part-time employees are members of the Plan. The Plan is a multi-employer plan and therefore the organization's contributions are accounted for as if the Plan were a defined contribution plan with the organization's contributions being expensed in the period they come due. Each year, an independent actuary determines the funding status of the Plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The results of the most recent valuation as at December 31, 2023 disclosed a surplus of \$10,181 million. The results of this valuation disclosed total actuarial liabilities and pension obligations of \$193,575 million in respect of benefits accrued for service with actuarial assets at that date of \$203,756 million. Because the Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the organization does not recognize any share of the Plan surplus or deficit.

Employer contributions made to the Plan during the year by the organization amount to \$157,170 (2023 - \$183,917) and is included in employee benefits expense.

Hospice Simcoe Notes to the Financial Statements

March 31, 2024

10. Commitments

The organization has entered into an agreement with Blackbaud for the use of Raiser's Edge NXT which extends to May 31, 2025 at an annual fee of \$20,086 for 2025 and \$3,348 for 2026.

Effective February 1, 2024, the organization has extended its lease for its premises at 130 Bell Farm Road, expiring on January 31, 2027. Total obligations for the next three years, exclusive of realty taxes and other occupancy charges, are as follows:

Year	Amount
2025	\$ 26,575
2026	27,830
2027	<u>24,064</u>
	<u>\$ 78,469</u>

11. Subsequent Event

Subsequent to year end, on April 1, 2024, the organization amalgamated with Seasons Centre for Grieving Children. The new amalgamated corporation will be named Hospice Simcoe - Seasons Centre with a year end of March 31st. As part of this agreement, the organization will contribute all its property and assets, less all its liabilities at March 31, 2024, to the amalgamated corporation.

Hospice Simcoe

Notes to the Financial Statements

March 31, 2024

12. Financial Instrument Risk

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 organization has an operating line of credit facility available that bears interest at the bank's prime rate plus 1% however there is no balance outstanding on this credit facility. The organization invests in a diversified portfolio including fixed income guaranteed investment certificates and therefore their exposure to interest rate risk is considered to be minimal. The organization mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

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 organization is also exposed to credit risk arising from its accounts and HST receivable. Credit risk is the risk that the counterparty to the transaction will not pay. The organization's receivables are from government sources and the organization works to ensure they meet all eligibility criteria in order to qualify to receive the funding. The organization is also exposed to credit risk arising from its bank and investment accounts being held at financial institutions in excess of the amount insured by agencies of the federal government of \$100,000.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and government remittances payable.

The organization is no longer exposed to market risk as the organization did not hold any investments in mutual funds or equities or any foreign currency investments at year end. There have been no other changes to the organization's financial instrument exposure from the prior year.