Hospice Muskoka
Financial Statements
For the year ended March 31, 2023

Contents

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Independent Auditor's Report

To the Directors of Hospice Muskoka

Qualified Opinion

We have audited the accompanying financial statements of Hospice Muskoka (the Organization) which comprise the statement of financial position as at March 31, 2023 and the statements of operations and 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*, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023 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 charitable organizations, Hospice Muskoka derives revenue from donations and fund raising 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. 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, 2023 and March 31, 2022, current assets as at March 31, 2023 and March 31, 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the statements for the year ended March 31, 2022 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 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
Bracebridge, Ontario

September 22, 2023

Hospice Muskoka
Statement of Financial Position

March 31		2023		2022
Assets				
Current				
Cash	**$**	**499,539**	$	32,574
Restricted cash (Note 3)		**21,704**		25,786
Accounts receivable		**179,450**		71,767
Prepaid expenses		**14,234**		18,491
		714,927		148,618
Tangible capital assets (Note 4)		**3,776,313**		3,681,007
	$	**4,491,240**	$	3,829,625
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities (Note 5)	**$**	**96,304**	$	125,554
Deferred revenue		**70,000**		-
Deferred operating contributions (Note 6)		**21,704**		24,551
		188,008		150,105
Deferred contributions - tangible capital assets (Note 7)		**3,370,430**		3,503,431
Long-term debt (Note 8)		**40,000**		40,000
		3,598,438		3,693,536
Net Assets				
Unrestricted net assets		**892,802**		136,089
	$	**4,491,240**	$	3,829,625

On behalf of the Board:

DocuSigned by:

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The accompanying notes are an integral part of these financial statements

Hospice Muskoka

Statement of Operations and Changes in Net Assets

For the year ended March 31	2023	2022
Revenue		
Donations - general	$ **584,901**	$ 444,543
Donations - legacy gift	**405,689**	-
Fundraising	**43,277**	91,687
Provincial grants	**682,778**	613,973
Municipal grants	**47,989**	23,433
Other grants	**-**	5,551
Alternate health facility agreement	**551,473**	20,000
Amortization of deferred contributions (Note 7)	**156,271**	153,826
	2,472,378	1,353,013
Expenses		
Amortization of tangible capital assets	**191,318**	177,393
Building and grounds	**20,742**	13,756
Compensation	**1,289,612**	830,947
Fundraising and awareness	**35,201**	23,623
General and administrative	**184,721**	125,578
Medical supplies	**30,260**	14,431
Program costs	**13,811**	20,607
Loss on disposal of tangible capital assets	**-**	728
	1,765,665	1,207,063
Excess of revenue over expenses for the year	**706,713**	145,950
Unrestricted net assets, beginning of year	**136,089**	(9,861)
Contributed asset - land	**50,000**	-
Unrestricted net assets, end of year	$ **892,802**	$ 136,089

The accompanying notes are an integral part of these financial statements

Hospice Muskoka
Statement of Cash Flows

For the year ended March 31	2023	2022
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	$ 706,713	$ 145,950
Adjustments for		
Amortization of tangible capital assets	191,318	177,393
Amortization of deferred contributions - tangible capital assets	(156,271)	(153,826)
Loss on disposal of tangible capital assets	-	728
	741,760	170,245
Changes in non-cash working capital balances		
Accounts receivable	(107,683)	(39,440)
Prepaid expenses	4,257	(9,571)
Accounts payable and accrued liabilities	(29,250)	(70,483)
Deferred revenue	70,000	-
Deferred operating contributions	(2,846)	18,851
	676,238	69,602
Investing activities		
Purchase of tangible capital assets	(213,354)	(145,675)
Financing activities		
Increase in long-term debt	-	40,000
Advances from restricted cash	4,081	1,879
	4,081	41,879
Increase in cash during the year	466,965	(34,194)
Cash, beginning of year	32,574	66,768
Cash, end of year	$ 499,539	$ 32,574

The accompanying notes are an integral part of these financial statements

1. Summary of Significant Accounting Policies

i) Nature and Purpose of Organization

Hospice Muskoka was incorporated under the laws of Ontario by Letters Patent without share capital on March 14, 1995. It is a community based organization serving the needs of people facing life threatening illness.

For Canadian income tax purposes the organization is a registered charity and, as such, is exempt from income tax and may issue tax-deductible receipts to donors.

In February 2022, Hospice Muskoka was approved to be an Alliance Council member of the Muskoka and Area Ontario Health Team (MAOHT), which has replaced the former LHIN structure and is now the lead organization for health service delivery planning and development in the Muskoka region.

ii) Basis of Accounting

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

iii) Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist.

iv) Tangible Capital Assets

Purchased capital assets, comprising furniture and equipment, are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization based on the estimated useful life of the asset is as follows:

Buildings	-	4 % straightline basis
Paving	-	8 % diminishing balance basis
Computer equipment	-	30 % diminishing balance basis
Furniture and equipment:		
acquired prior to March 31, 2010	-	20 % diminishing balance basis
acquired after March 31, 2010	-	20 % straight line basis
Website design	-	20 % straight line basis

v) **Revenue Recognition**

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Facility charges revenue is recognized when the service is provided.

vi) **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.

2. Comparative Amounts

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

3. Restricted Cash

	2023	2022
Cash	**$ 21,704**	$ 25,786

Restricted cash represents externally restricted contributions and investment income received which have not yet been spent for the restricted purpose.

4. Tangible Capital Assets

	2023		2022	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 231,044**	**$ -**	$ -	$ -
Buildings	**3,725,678**	**371,623**	3,716,926	222,596
Paving	**31,523**	**5,909**	31,523	3,682
Computer equipment	**51,859**	**26,672**	29,809	$ 20,545
Furniture and equipment	**200,929**	**63,666**	176,151	30,629
Website design	**4,500**	**1,350**	4,500	450
	$ 4,245,533	**$ 469,220**	$ 3,958,909	$ 277,902
Net book value		**$ 3,776,313**		$ 3,681,007

5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of 2023 $- (2022 - $22,922).

6. Deferred Operating Contributions

Deferred operating contributions represent restricted operating funding received in the current period that is related to the subsequent period. Deferred contributions at March 31, 2023 is comprised of the following program balances:

	2023	2022
Andy's house	**$ 7,510**	$ 20,000
Fund for laptop and IT server	**14,194**	-
Internet	**-**	2,551
Other	**-**	2,000
	$ 21,704	$ 24,551

7. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred contributions balance for the period are as follows:

	2023	2022
Balance, beginning of year	**$ 3,503,431**	$ 3,652,281
Contributions deferred for purchase of tangible capital assets	**23,270**	-
Contributed tangible capital assets	**-**	4,976
Amortization of deferred contributions	**(156,271)**	(153,826)
Balance, end of year	**$ 3,370,430**	$ 3,503,431

8. Long-term Debt

The Canada Emergency Business Account (CEBA) loan was provided by the Government of Canada to provide capital to organizations to see them through the current challenges and better position them to return to providing services and creating employment. The loan is unsecured.

The loan is interest free to December 31, 2023. If the loan is paid back by December 31, 2023, $20,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2023, the full $60,000 loan will be converted to a loan repayable over three years with a 5% interest rate.

Since the organization expects to repay the loan by December 31, 2023, it has recognized the forgivable portion as revenue in the current year leaving $40,000 as repayable.

9. Uncertainty due to COVID-19

The impact of COVID-19 in Canada and on the global economy continues subsequent to March 31, 2021. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on the services they provide to the their residents and applies all current best practices to the workplace environment for its residents, employees, volunteers and visitors. As well the organization continues to monitor its financial condition, liquidity, operations, suppliers, industry, and workforce, and continues to operate in compliance with government COVID-19 regulations.

Management also uses best practices for infection control when planning fundraising events. In response to the restrictions imposed due to Covid-19, Hospice Muskoka implements a variety of alternative fundraising projects which are largely conducted on-line

Given the daily evolution of the COVID-19 out-break and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operating, financial condition, or liquidity.