

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)
Financial Statements
Year Ended March 31, 2024

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

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Year Ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Hospice Huntsville (A Corporation Without Share Capital)

Qualified Opinion

We have audited the financial statements of Hospice Huntsville (A Corporation Without Share Capital) (the organization), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in fund balances 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 cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2024, current assets and net assets as at March 31, 2024. 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 of 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 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 the financial statements in accordance with ASNPO, 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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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.

Pahapill and Associates

Huntsville, Ontario
September 12, 2024

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

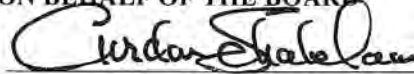
HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Statement of Financial Position

March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 499,664	\$ 159,679
Short term investments <i>(Note 3)</i>	2,639,355	2,219,100
Accounts receivable	-	175,300
Harmonized sales tax receivable	12,440	7,493
Prepaid expenses	25,106	17,124
	<u>3,176,565</u>	<u>2,578,696</u>
CAPITAL ASSETS <i>(Note 4)</i>	<u>869,080</u>	<u>866,795</u>
	<u>\$ 4,045,645</u>	<u>\$ 3,445,491</u>
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 71,047	\$ 50,408
Deferred contributions <i>(Note 7)</i>	108,414	10,865
	<u>179,461</u>	<u>61,273</u>
FUND BALANCES		
Operations	<u>3,866,184</u>	<u>3,384,218</u>
	<u>\$ 4,045,645</u>	<u>\$ 3,445,491</u>

ON BEHALF OF THE BOARD

 Director

 Director

The accompanying notes are an integral part of these financial statements

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)**Statement of Operations****Year Ended March 31, 2024**

	2024	2023
REVENUES		
NSM LHIN - residential	\$ 929,814	\$ 561,796
NSMPCN volunteer hospice funding	54,462	46,297
Fundraising	551,113	542,627
Donations	201,596	275,033
Unrealized gain (loss) on investments	194,996	(77,646)
Grant revenue	-	181,887
	<u>1,931,981</u>	<u>1,529,994</u>
EXPENSES		
Advertising	652	1,194
Bank charges and interest	1,634	1,704
Fundraising	26,137	12,405
General and office	21,227	20,512
Insurance	18,033	15,803
Professional fees	40,235	32,649
Repairs and maintenance	23,933	26,696
Supplies	71,404	58,049
Telephone	4,233	9,958
Travel	4,567	3,392
Utilities	16,998	19,470
Volunteer training and recognition	1,082	565
Wages and benefits	1,181,047	1,138,782
Amortization of capital assets	38,833	40,631
	<u>1,450,015</u>	<u>1,381,810</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 481,966</u>	<u>\$ 148,184</u>

The accompanying notes are an integral part of these financial statements

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Statement of Changes in Fund Balances

Year Ended March 31, 2024

	2024	2023
FUND BALANCES - BEGINNING OF YEAR	\$ 3,384,218	\$ 3,236,034
EXCESS OF REVENUES OVER EXPENSES	481,966	148,184
FUND BALANCES - END OF YEAR	\$ 3,866,184	\$ 3,384,218

The accompanying notes are an integral part of these financial statements

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)**Statement of Cash Flows
Year Ended March 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 481,966	\$ 148,184
Item not affecting cash:		
Amortization of capital assets	38,833	40,631
	<u>520,799</u>	<u>188,815</u>
Changes in non-cash working capital:		
Accounts receivable	175,300	(175,300)
Harmonized sales tax receivable	(4,947)	3,169
Accounts payable and accrued liabilities	20,639	1,977
Deferred contributions	97,549	(9,138)
Prepaid expenses	(7,982)	1,355
	<u>280,559</u>	<u>(177,937)</u>
Cash flow from operating activities	<u>801,358</u>	<u>10,878</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(41,118)	(6,599)
Increase in investments	(420,255)	(197,568)
Cash flow used by investing activities	<u>(461,373)</u>	<u>(204,167)</u>
INCREASE (DECREASE) IN CASH FLOW	339,985	(193,289)
Cash - beginning of year	<u>159,679</u>	<u>352,968</u>
CASH - END OF YEAR	<u>\$ 499,664</u>	<u>\$ 159,679</u>

The accompanying notes are an integral part of these financial statements

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

Year Ended March 31, 2024

1. NATURE AND PURPOSE OF ORGANIZATION

Hospice Huntsville has been organized under the Corporations Act by Letters Patent as a corporation without share capital and is dedicated to the provision of assistance to palliative care patients and their families accessing health care services in Huntsville and the surrounding area. Registration has been granted by the Department of National Revenue, Taxation for designation as a charitable organization and as such is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis of Accounting

- i) Sources of income and expenditures are reported on the accrual basis of accounting.
- ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Capital Assets

Purchased capital assets are stated at cost less accumulated amortization. Cost is net of related investment tax credits and government grants. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings - cost	4%	declining balance method
Equipment	20%	declining balance method

Assets under construction are not amortized until the asset is available for productive use.

The Company regularly reviews its property, plant and equipment to eliminate obsolete items.

Impairment of Long Lived Assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

Year Ended March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all guaranteed investment certificates (if any) 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, and 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 when incurred.

It is of management's opinion that the organization is not exposed to significant currency risk, credit risk, liquidity risk, interest rate risk, market risk or other price risk arising from these financial instruments.

Revenue Recognition

The organization follows the restricted fund method of accounting for contributions.

The Operations Fund reports the revenue and expenses related to the operations and administration of the Residential Hospice.

Grants, donations and fundraising income are recognized as revenue in the year received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured. Interest and other income is recognized when earned. Contributions received in advance of meeting the revenue recognition criteria is recorded as deferred contributions.

Deferred Contributions

Donations and fundraising revenues received for future events are classified as deferred contributions and are recognized into revenue when the event takes place.

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 principal estimates used in the preparation of these financial statements are the determination of the estimated useful life of capital assets and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

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.

3. INVESTMENTS

Investments are held by a fund manager and include cash, publicly traded common shares and mutual funds.

The original cost of investments is \$2,388,496 (2023 - \$2,107,000).

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

Year Ended March 31, 2024

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Work in progress	\$ 41,117	\$ -	\$ 41,117	\$ -
Buildings	1,335,120	532,581	802,539	836,025
Equipment	122,788	97,364	25,424	30,770
	<u>\$ 1,499,025</u>	<u>\$ 629,945</u>	<u>\$ 869,080</u>	<u>\$ 866,795</u>

5. BANK OPERATING LINE OF CREDIT

The bank operating line of credit is a revolving credit facility with a limit of \$100,000. The line of credit is due on demand and bears interest at prime plus 1.50% per annum and is secured by a general security agreement covering all assets with a specific charge on accounts receivable and capital assets. At March 31, 2024, the line of credit was not in use.

6. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) included in accounts payable and accrued liabilities are as follows (2023 - \$2,195):

Workers' safety insurance	<u>\$ 2,251</u>
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7. DEFERRED CONTRIBUTIONS

	2024	2023
Balance, beginning of year	\$ 10,865	\$ 20,003
Less amounts recognized as revenue in the current year	(10,865)	(20,003)
Add amounts received related to the next year	12,414	10,865
Add amounts received related to capital projects	96,000	-
Balance, end of year	<u>\$ 108,414</u>	<u>\$ 10,865</u>

8. COMMITMENTS

The Organization has entered into a lease agreement with Muskoka Algonquin Healthcare for the land where a building resides. The agreement has a twenty year term calling for rent of \$12 per annum.

During the year, the organization entered into a capital expansion project to add onto the existing building. The project is budgeted to cost approximately \$1,700,000 of which \$41,117 is included in work in progress as of March 31, 2024. The expansion is estimated to be completed in 2025.

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

Year Ended March 31, 2024

9. ECONOMIC DEPENDENCE

Approximately 50% (2023 - 40%) of the organization's revenue is received from the North Simcoe Muskoka Local Health Integration Network. The continuation of this Organization is dependent on this funding.