

**HOPE HOUSE COMMUNITY HOSPICE**

**Financial Statements**

**March 31, 2021**

**HOPE HOUSE COMMUNITY HOSPICE**

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**Year Ended March 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Hope House Community Hospice

### *Qualified Opinion*

We have audited the financial statements of Hope House Community Hospice (the "Organization"), which comprise the statement of financial position as at March 31, 2021, 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, 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 revenue from donations and other 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 the Organization's revenues, excess (deficiency) of revenues over expenses, and cash flows for the years ended March 31, 2021 and 2020, or assets and net assets as at March 31, 2021 and 2020 and April 1, 2020 and 2019.

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 those 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 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 relating 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 entity'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 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 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 audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
August 12, 2021

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

HOPE HOUSE COMMUNITY HOSPICE

Statement of Financial Position

As at March 31, 2021

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 3)	\$ 154,687	\$ 106,788
Short-term investments (Notes 3 and 4)	464,492	462,172
Accounts receivable (Note 1)	28,523	25,852
Prepaid expenses	16,624	15,210
	<u>664,326</u>	<u>610,022</u>
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	<u>23,969</u>	<u>38,527</u>
	<u>\$ 688,295</u>	<u>\$ 648,549</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 7,978	\$ 15,568
Current portion of capital lease obligation (Note 6)	3,109	2,459
Deferred contributions (Notes 3 and 7)	12,984	4,420
	<u>24,071</u>	<u>22,447</u>
<b>CAPITAL LEASE OBLIGATION (Note 6)</b>	<u>2,963</u>	<u>6,378</u>
	<u>27,034</u>	<u>28,825</u>
<b>NET ASSETS</b>		
<b>CONTINGENCY RESERVE (Note 3)</b>	250,000	250,000
<b>UNRESTRICTED</b>	<u>411,261</u>	<u>369,724</u>
	<u>661,261</u>	<u>619,724</u>
	<u>\$ 688,295</u>	<u>\$ 648,549</u>

COMMITMENTS (Note 8)

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

See the accompanying notes to these financial statements

**HOPE HOUSE COMMUNITY HOSPICE**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended March 31, 2021**

	2021	2020
<b>REVENUES</b>		
Government funding <i>(Note 9)</i>	\$ 225,908	\$ 219,728
Government assistance <i>(Note 1)</i>	134,957	8,547
Donations and other fundraising <i>(Note 10)</i>	73,785	40,327
Special events <i>(Note 11)</i>	42,996	-
Charity Gaming <i>(Note 12)</i>	12,110	49,549
Investment and other income	7,635	9,867
	<u>497,391</u>	<u>328,018</u>
<b>EXPENSES</b>		
Personnel	303,880	287,037
Rental	66,677	69,300
Administration	31,183	39,269
Program related	29,463	38,803
Amortization of property and equipment	15,307	17,047
Special events and other fundraising	6,847	7,487
Promotion and outreach	2,497	5,254
	<u>455,854</u>	<u>464,197</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>41,537</b>	<b>(136,179)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>619,724</b>	<b>755,903</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 661,261</b>	<b>\$ 619,724</b>

*See the accompanying notes to these financial statements*

**HOPE HOUSE COMMUNITY HOSPICE****Statement of Cash Flows****Year Ended March 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 41,537	\$ (136,179)
Item not affecting cash:		
Amortization of property and equipment	15,307	17,047
	<u>56,844</u>	<u>(119,132)</u>
Changes in non-cash working capital:		
Accounts receivable	(2,671)	(5,275)
Prepaid expenses	(1,414)	2,479
Accounts payable and accrued liabilities	(7,590)	(2,207)
Deferred contributions	8,564	220
	<u>(3,111)</u>	<u>(4,783)</u>
Cash flows from (used by) operating activities	<u>53,733</u>	<u>(123,915)</u>
<b>INVESTING ACTIVITIES</b>		
Change in short-term investments (net)	(2,320)	93,653
Purchase of property and equipment	(749)	(5,746)
Cash flows from (used by) investing activities	<u>(3,069)</u>	<u>87,907</u>
<b>FINANCING ACTIVITY</b>		
Repayment of capital lease obligation	(2,765)	(2,459)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>47,899</b>	<b>(38,467)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>106,788</b>	<b>145,255</b>
<b>CASH - END OF YEAR</b>	<b>\$ 154,687</b>	<b>\$ 106,788</b>

*See the accompanying notes to these financial statements*

# HOPE HOUSE COMMUNITY HOSPICE

## Notes to Financial Statements

Year Ended March 31, 2021

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### 1. NATURE AND PURPOSE OF THE ORGANIZATION

In June 2017, the Board of Directors approved changing the name of the Organization to Hope House Community Hospice (the "Organization") and changed the letters of patent accordingly (formerly known as Hospice King-Aurora). The Organization was incorporated on May 20, 1983 without share capital under the laws of Ontario. The Organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The Organization is a volunteer-based organization that provides specialized support to those living with life threatening illnesses, the people who care for them, and those who are bereaved. The Organization serves the communities of south Aurora, King Township, and Richmond Hill.

#### Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put into place to combat the spread of the virus. As a result, the Organization adapted its programming and services to meet the requirements and measures in place.

As part of the response to COVID-19, the federal government introduced the Canada Emergency Wage Subsidy ("CEWS"), 10% Temporary Wage Subsidy ("TWS"), and the Canada Emergency Rental Subsidy ("CERS") to assist employers whose activities have been affected by COVID-19. For the fiscal year ended March 31, 2021, the Organization was eligible for CEWS funding of \$122,807, of which \$112,482 was received during the year with the remaining \$10,325 included in accounts receivable. In addition, the Organization was eligible and received funding for TWS of \$5,142. Also, the Organization was eligible for CERS funding of \$7,008, of which \$3,045 was received during the year with the remaining \$3,963 included in accounts receivable. The Organization intends to apply for government assistance for all subsequent periods for which it is eligible.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Organization in future periods. The Organization continues to closely monitor and assess the impact on operations. It is the opinion of the Board that the Organization will have sufficient reserves to mitigate any potential negative impact expected in fiscal 2022.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook.

#### Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions, including government funding and other 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.

Investment and other income is recognized as revenue when earned.

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HOPE HOUSE COMMUNITY HOSPICE

Notes to Financial Statements

Year Ended March 31, 2021

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

Being a volunteer-based organization, volunteers assist in the delivery of its programs and administrative functions. Because of the difficulty in determining the fair value of these services, they are not recognized in the financial statements.

Financial instruments

The Organization's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable.

All financial instruments are initially measured at fair value, and subsequently, at amortized cost, with the exception of short-term investments, which are measured at cost plus accrued interest.

Property and equipment

Property and equipment is recorded at cost less accumulated amortization. They are amortized on a straight line basis over their estimated useful lives as follows:

Equipment and furniture	3 years
Equipment under capital lease	Over the lease term
Leasehold improvements	Over the lease term

The Organization regularly reviews its property and equipment to eliminate obsolete items. Amortization commences when the assets are put into use.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 year. Such estimates are periodically reviewed and any adjustments necessary are reported in the year in which they become known. Estimates include the useful life of property and equipment. Actual results could differ from these estimates.

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3. CASH AND SHORT-TERM INVESTMENTS

A portion of cash and short-term investments is subject to external restrictions imposed by funding agencies and reserve funds set aside by the Board of Directors for future contingencies.

	<u>2021</u>	<u>2020</u>
Deferred contributions	\$ 12,984	\$ 4,420
Contingency reserve	250,000	250,000
Unrestricted cash and short-term investments	<u>356,195</u>	<u>314,540</u>
	<u>\$ 619,179</u>	<u>\$ 568,960</u>

Deferred contributions - Restrictions require cash to be used for the purposes specified by the contributor that are unspent at the end of the fiscal year.

Contingency reserve - The Board of Directors established a contingency reserve in the amount of \$250,000 to be used in the event of unforeseen expenses and/or reductions of funding.

**HOPE HOUSE COMMUNITY HOSPICE**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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**4. SHORT-TERM INVESTMENTS**

Short-term investments consist of two Guaranteed Investment Certificates held at a major Canadian chartered bank that earn interest of 0.30% and 2.20% per annum (2020 - 1.55% and 2.20%), and mature within one year.

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**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2021 Net book value</b>	2020 Net book value
Equipment and furniture	\$ 19,520	\$ 16,268	\$ 3,252	\$ 6,339
Equipment under capital lease	15,071	10,275	4,796	7,536
Leasehold improvements	46,480	30,559	15,921	24,652
	<u>\$ 81,071</u>	<u>\$ 57,102</u>	<u>\$ 23,969</u>	<u>\$ 38,527</u>

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**6. CAPITAL LEASE OBLIGATION**

The Organization entered in an agreement to lease a photocopier, that requires quarterly payments of \$910. The following is a schedule of future minimum lease payments under the capital lease expiring in fiscal 2023:

2022	\$ 3,641
2023	<u>2,731</u>
	6,372
Less: Interest expense (calculated at 11.9% per annum)	<u>(300)</u>
	<u>\$ 6,072</u>

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**7. DEFERRED CONTRIBUTIONS**

Deferred contributions are for special events or programmes in the future period. The balance as at March 31 is comprised of the following:

	<u>2021</u>	<u>2020</u>
Deferred bingo revenues	\$ 12,984	\$ -
Deferred donations	-	4,420
	<u>\$ 12,984</u>	<u>\$ 4,420</u>

The continuity of deferred contributions is as follows:

Balance, beginning of the fiscal year	\$ 4,420	\$ 4,200
Add: Amounts received during the fiscal year	25,094	11,320
Less: Amounts recognized in revenue during the fiscal year	<u>(16,530)</u>	<u>(11,100)</u>
Balance, end of the fiscal year	<u>\$ 12,984</u>	<u>\$ 4,420</u>

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**HOPE HOUSE COMMUNITY HOSPICE**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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**8. COMMITMENTS**

The Organization leases commercial office space in Aurora, Ontario. The lease agreement expires in June 2022 with an option to renew for a further term of five years. Rent is set annually by the landlord based on estimated operating costs.

Minimum lease payments for the premises are as follows:

2022	\$	35,709
2023		8,926

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**9. GOVERNMENT FUNDING**

Government funding recognized in the fiscal year is as follows:

	<u>2021</u>	<u>2020</u>
Ministry of Health - Better Living Health and Community Services	\$ 219,628	\$ 217,728
Government of Canada - Employment and Social Development Canada	3,780	-
Other	<u>2,500</u>	<u>2,000</u>
	<u>\$ 225,908</u>	<u>\$ 219,728</u>

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**10. DONATIONS AND OTHER FUNDRAISING**

Donations and other fundraising revenue is from the following sources:

	<u>2021</u>	<u>2020</u>
Donations		
Individuals	\$ 16,858	\$ 20,341
Foundations	15,000	5,000
Other	3,431	3,412
Third-party fundraising events	<u>38,496</u>	<u>11,574</u>
	<u>\$ 73,785</u>	<u>\$ 40,327</u>

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# HOPE HOUSE COMMUNITY HOSPICE

## Notes to Financial Statements

Year Ended March 31, 2021

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### 11. SPECIAL EVENTS

The Organization raises operating capital from major fundraising sources. Funds raised in honour of the Jitterbug Ball are unrestricted and internally designated for general operations.

	2021	2020
<b>In honour of the Jitterbug Ball</b>		
Revenue	\$ 42,996	\$ -

In fiscal 2021, donors generously supported the Organization in honour of the Jitterbug Ball that could not be held due to the pandemic. The Jitterbug Ball is typically held every other year, and as a result there was no activity in the prior year.

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### 12. CHARITY GAMING

	2021	2020
Revenue	\$ 12,110	\$ 49,549
Expenses - fundraising	-	(1,456)
	<u>\$ 12,110</u>	<u>\$ 48,093</u>

Charity Gaming restrictions require cash to be used for direct programming and educational expenses. The restriction has been recently amended to include a portion of the wage expense of the programming staff. These programs include Adult Bereavement, Caregiver Support, Child and Youth Bereavement, Complementary Therapies, Compassion, Library resources, and Community Education and Volunteer Education. These funds are regulated by the Ontario Lottery and Gaming Commission and are subject to regular review and approval.

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### 13. FINANCIAL RISKS

The Organization is exposed to various risks arising from its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2021.

#### Credit risk

The Organization is exposed to credit risk on its accounts receivable, which is the risk that arises from the potential that a counter-party will fail to perform its obligations. The Organization regularly monitors its accounts receivable to minimize its exposure to credit risk.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's objective with respect to its capital is to preserve net assets and deliver services to the community at no less than a break-even basis over two years. This reflects the biennial nature of the Organization's major fundraiser "Jitterbug Ball", which is intended to carry the Organization through the non-Jitterbug Ball year. As at March 31, 2021, the Organization had met its objective of having sufficient liquid resources to meet its current obligations.

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**HOPE HOUSE COMMUNITY HOSPICE**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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**13. FINANCIAL RISKS *(continued)***

*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 is subject to interest rate risk on its Guaranteed Investment Certificates. Fluctuations in market interest rates are not expected to significantly affect the Organization's cash flows.

It is management's opinion that the Organization is not exposed to significant currency or other price risks arising from its financial instruments.

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**14. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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