

**HOPE HOUSE COMMUNITY HOSPICE**

**Financial Statements**

**March 31, 2023**

**HOPE HOUSE COMMUNITY HOSPICE**

**Index to Financial Statements**

**Year Ended March 31, 2023**

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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, 2023, and the statements of operations and changes in net assets, 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, 2023, 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.

### *Basis for Qualified Opinion*

In common with many not-for-profit 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2023, current assets and net assets as at March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2022 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 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 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 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 this financial information.

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.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
September 13, 2023

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

HOPE HOUSE COMMUNITY HOSPICE

Statement of Financial Position

As at March 31, 2023

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 3)	\$ 201,031	\$ 192,076
Short-term investments (Note 3)	474,804	469,466
Accounts receivable (Note 11)	26,404	29,004
Prepaid expenses	16,373	15,248
	<u>718,612</u>	<u>705,794</u>
<b>PROPERTY AND EQUIPMENT (Notes 4 and 5)</b>	<u>20,333</u>	<u>30,710</u>
	<u>\$ 738,945</u>	<u>\$ 736,504</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 13,759	\$ 7,292
Current portion of capital lease obligation (Note 5)	2,209	1,965
Deferred contributions (Notes 3 and 6)	88,965	18,926
	<u>104,933</u>	<u>28,183</u>
<b>CAPITAL LEASE OBLIGATION (Note 5)</b>	<u>10,132</u>	<u>12,342</u>
	<u>115,065</u>	<u>40,525</u>
<b>NET ASSETS</b>		
<b>CONTINGENCY RESERVE (Note 3)</b>	250,000	250,000
<b>UNRESTRICTED</b>	<u>373,880</u>	<u>445,979</u>
	<u>623,880</u>	<u>695,979</u>
	<u>\$ 738,945</u>	<u>\$ 736,504</u>

COMMITMENTS (Note 7)

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, 2023**

	2023	2022
<b>REVENUES</b>		
Government funding <i>(Note 8)</i>	\$ 245,127	\$ 294,700
Donations and other fundraising <i>(Note 9)</i>	133,229	151,372
Charity gaming <i>(Note 10)</i>	86,351	35,639
Investment and other income	11,946	16,622
Government assistance <i>(Note 11)</i>	2,850	86,304
	<u>479,503</u>	<u>584,637</u>
<b>EXPENSES</b>		
Personnel	376,847	384,816
Rental	57,494	65,650
Administration	42,447	30,905
Program related	32,916	32,274
Professional fees	21,547	4,914
Amortization of property and equipment	11,348	16,432
Promotion and outreach	8,611	3,221
Special events and other fundraising	392	7,207
Consulting fees	-	4,500
	<u>551,602</u>	<u>549,919</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (72,099)</u>	<u>\$ 34,718</u>

*See the accompanying notes to these financial statements*

**HOPE HOUSE COMMUNITY HOSPICE**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2023**

	Unrestricted	Contingency	2023	2022
		Reserve		
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 445,979	\$ 250,000	\$ <b>695,979</b>	\$ 661,261
Excess (deficiency) of revenues over expenses	(72,099)	-	<b>(72,099)</b>	34,718
<b>NET ASSETS - END OF YEAR</b>	\$ 373,880	\$ 250,000	\$ <b>623,880</b>	\$ 695,979

*See the accompanying notes to these financial statements*

**HOPE HOUSE COMMUNITY HOSPICE****Statement of Cash Flows  
Year Ended March 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (72,099)	\$ 34,718
Item not affecting cash:		
Amortization of property and equipment	11,348	16,432
	<u>(60,751)</u>	<u>51,150</u>
Changes in non-cash working capital:		
Accounts receivable	2,600	(481)
Accounts payable and accrued liabilities	6,465	(666)
Deferred contributions	70,039	5,942
Prepaid expenses	(1,125)	1,376
	<u>77,979</u>	<u>6,171</u>
Cash flow from operating activities	<u>17,228</u>	<u>57,321</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(970)	(23,192)
Purchase of intangible assets	(5,338)	(4,974)
Cash flow used by investing activities	<u>(6,308)</u>	<u>(28,166)</u>
<b>FINANCING ACTIVITIES</b>		
Obligations under capital lease	12,341	14,306
Repayment of obligations under capital lease	(14,306)	(6,072)
Cash flow from (used by) financing activities	<u>(1,965)</u>	<u>8,234</u>
<b>INCREASE IN CASH FLOW</b>	<b>8,955</b>	<b>37,389</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>192,076</b>	<b>154,687</b>
<b>CASH - END OF YEAR</b>	<b>\$ 201,031</b>	<b>\$ 192,076</b>

See the accompanying notes to these financial statements



# HOPE HOUSE COMMUNITY HOSPICE

## Notes to Financial Statements

Year Ended March 31, 2023

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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 diagnosed with a life threatening illness, their family, caregivers, and those who are bereaved. The Organization serves the communities of south Aurora, King Township, and Richmond Hill, Ontario.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

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, which includes government funding and other contributions, plus charity gaming, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions including donations and other fundraising plus special events are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance, in response to COVID-19, is recognized on an accrual basis in the year in which the related eligible expenses have been incurred.

Investment and other income is recognized as revenue when earned.

#### 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, accounts payable and obligations under capital lease.

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.

#### Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

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# HOPE HOUSE COMMUNITY HOSPICE

## Notes to Financial Statements

Year Ended March 31, 2023

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

#### 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

#### Impairment of long-lived assets

Long-lived assets, comprising property and equipment subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to excess of revenues over expenses during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

#### 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 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>2023</u>	<u>2022</u>
Deferred contributions	\$ 88,965	\$ 18,926
Contingency reserve	250,000	250,000
Unrestricted cash and short-term investments	336,870	392,616
	<u>\$ 675,835</u>	<u>\$ 661,542</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.

Short-term investments consist of two Guaranteed Investment Certificates held at a major Canadian chartered bank that earn interest of 3.25% and 3.35% per annum (2022 - 0.35% and 0.45%), and mature within one year.

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**HOPE HOUSE COMMUNITY HOSPICE**

**Notes to Financial Statements**

**Year Ended March 31, 2023**

**4. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment and furniture	\$ 32,321	\$ 23,693	\$ 8,628	\$ 12,039
Equipment under capital lease	14,306	2,601	11,705	14,306
Leasehold improvements	46,480	46,480	-	4,365
	<u>\$ 93,107</u>	<u>\$ 72,774</u>	<u>\$ 20,333</u>	<u>\$ 30,710</u>

**5. CAPITAL LEASE OBLIGATION**

The Organization has a photocopier lease with quarterly payments of \$895. The following is a schedule of future minimum lease payments expiring in fiscal 2028:

2024	\$ 3,582
2025	3,582
2026	3,582
2027	3,581
2028	1,790
Thereafter	-
	<u>16,117</u>
Less: interest expense (calculated at 11.9% per annum)	<u>(3,776)</u>
	<u>\$ 12,341</u>

The lease obligation is secured by specific copier equipment.

**6. DEFERRED CONTRIBUTIONS**

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

	2023	2022
Deferred revenue - '40 Years of Hope' event	\$ 76,934	\$ -
Unspent proceeds from charity gaming	12,031	16,268
Deferred grants	-	2,658
	<u>\$ 88,965</u>	<u>\$ 18,926</u>

The Organization held '40 Years of Hope' event in May 2023. Related sponsorship, donation and ticket sales revenue were deferred during the year.

The continuity of deferred contributions is as follows:

Balance, beginning of the fiscal year	\$ 18,926	\$ 12,984
Add: amounts received during the fiscal year	175,315	110,424
Less: amounts recognized in revenue during the fiscal year	<u>(105,276)</u>	<u>(104,482)</u>
Balance, end of the fiscal year	<u>\$ 88,965</u>	<u>\$ 18,926</u>

# HOPE HOUSE COMMUNITY HOSPICE

## Notes to Financial Statements

Year Ended March 31, 2023

### 7. COMMITMENTS

The Organization leases commercial office space in Richmond Hill and Aurora, Ontario. The lease agreement expires for Richmond Hill in June 2025 and for Aurora in August 2025, with rent set annually by the landlord based on estimated operating costs.

Minimum lease payments for the premises are as follows:

2024	\$	35,709
2025		35,709
2026		8,926

### 8. GOVERNMENT FUNDING

Government funding recognized in the fiscal year is as follows:

	2023	2022
Ministry of Health - Better Living Health and Community Services	\$ 223,536	\$ 217,728
Government of Canada - Employment and Social Development Canada	4,533	5,130
Ontario Trillium	10,558	68,842
Other	6,500	3,000
	<u>\$ 245,127</u>	<u>\$ 294,700</u>

### 9. DONATIONS AND OTHER FUNDRAISING

Donations and other fundraising revenue is from the following sources:

	2023	2022
Donations		
Foundations	\$ 35,000	\$ 25,000
Individuals	25,676	28,097
Other	7,626	6,770
Corporations	-	40,000
Joint fundraising events	35,632	-
Third-party fundraising events	29,235	11,350
Baskets of hope	60	40,155
	<u>\$ 133,229</u>	<u>\$ 151,372</u>

**HOPE HOUSE COMMUNITY HOSPICE**

**Notes to Financial Statements**

**Year Ended March 31, 2023**

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**10. CHARITY GAMING**

	<u>2023</u>	<u>2022</u>
Revenue	<u>\$ 86,351</u>	<u>\$ 35,639</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, Therapies, Compassion, Library resources, and Community Education and Volunteer Education. These funds are regulated by the Ontario Lottery and Gaming Commission and subject to regular review and approval.

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**11. GOVERNMENT ASSISTANCE**

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. 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 2023.

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. The Organization was eligible for CEWS funding of \$Nil (2022 - \$69,171), TWS funding of \$Nil (2022 - \$1,993), CERS funding of \$Nil (2022 - \$15,140) and CRHP funding of \$2,850 (2022- \$Nil). Accounts receivable includes CEWS receivable of \$Nil (2022 - \$Nil), TWS receivable of \$Nil (2022 - \$1,993), CERS receivable of \$Nil (2022 - \$Nil) and CRHP receivable of \$Nil (2022 - \$Nil).

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**HOPE HOUSE COMMUNITY HOSPICE**

**Notes to Financial Statements**

**Year Ended March 31, 2023**

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**12. 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, 2023.

*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. Management 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. As at March 31, 2023, the Organization had met its objective of having sufficient liquid resources to meet its current obligations.

*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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