

HOSPICE NIAGARA
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019

May 27, 2019

To the Directors of
Hospice Niagara

We have completed the audit of Hospice Niagara for the year ended March 31, 2019 and attached the following:

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We shall be pleased to provide any further information you may require.

Lawrence A. Iggulden, Hons. B.A., FCPA, FCA, for
PARTRIDGE IGGULDEN LLP
Chartered Professional Accountants
Licensed Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
Hospice Niagara

Qualified Opinion

We have audited the financial statements of Hospice Niagara (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and 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 effects of the matters 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, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

Note 1 describes the fixed assets and amortization accounting policies of Hospice Niagara. Fixed assets that qualify for subsidy are treated as operating expenses, while equipment additions that are funded by one-time Ministry subsidy are capitalized and amortized over their estimated useful lives against the deferred Ministry subsidy. All other additions and subsequent replacements are expensed to the Operating Fund or the Building and Replacement Reserve Fund. Under Canadian accounting standards for not-for-profit organizations, fixed assets should be capitalized and amortized over their estimated useful lives. Furthermore, the policy should be applied on a retroactive basis. The effects of not following Canadian accounting standards for not-for-profit organizations on the statement of financial position and statement of operations have not been determined.

The Organization derives revenue from donations and fundraising cash activities, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of the receipts from these sources was limited to a comparison of bank deposits with the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, net surplus.

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 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.

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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Lawrence A. Iggulden, Hons. B.A., FCPA, FCA.

St. Catharines, Ontario
May 27, 2019

PARTRIDGE IGGULDEN LLP
Chartered Professional Accountants
Licensed Public Accountants

HOSPICE NIAGARA**STATEMENT OF FINANCIAL POSITION****MARCH 31, 2019**

	General Fund	Building and Replacement Reserve Fund	Sustaining Fund	Capital Build Fund	2019 Total	2018 Total
<u>ASSETS</u>						
CURRENT ASSETS						
Cash	\$ 131,425	\$ 396,239	\$ 70,227	\$ 122,751	\$ 720,642	\$ 1,397,148
Investment certificates (Note 2)	529,830	1,546,694	1,126,245	-	3,202,769	2,081,177
Accounts receivable	27,668	-	-	-	27,668	3,565
Subsidy receivable	26,050	-	-	-	26,050	36,378
Sales tax recoverable	47,165	-	-	-	47,165	59,707
Prepaid expenses	35,118	-	-	-	35,118	39,928
	<u>797,256</u>	<u>1,942,933</u>	<u>1,196,472</u>	<u>122,751</u>	<u>4,059,412</u>	<u>3,617,903</u>
FIXED ASSETS						
(Note 3)	-	2,114,605	-	-	2,114,605	2,197,938
	<u>\$ 797,256</u>	<u>\$ 4,057,538</u>	<u>\$ 1,196,472</u>	<u>\$ 122,751</u>	<u>\$ 6,174,017</u>	<u>\$ 5,815,841</u>
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES						
Accounts payable and accrued charges (Note 4)	\$ 175,454	\$ -	\$ -	\$ -	\$ 175,454	\$ 222,007
Deferred revenue (Note 5)	529,830	-	-	-	529,830	369,389
Deferred subsidy	91,972	-	-	-	91,972	91,972
	<u>797,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>797,256</u>	<u>683,368</u>
NET ASSETS (DEFICIT)						
Invested in fixed assets	-	2,114,605	-	-	2,114,605	2,197,938
Unrestricted	-	1,942,933	1,196,472	122,751	3,262,156	2,934,535
	<u>-</u>	<u>4,057,538</u>	<u>1,196,472</u>	<u>122,751</u>	<u>5,376,761</u>	<u>5,132,473</u>
	<u>\$ 797,256</u>	<u>\$ 4,057,538</u>	<u>\$ 1,196,472</u>	<u>\$ 122,751</u>	<u>\$ 6,174,017</u>	<u>\$ 5,815,841</u>

Approved on behalf of the Board:

_____, Director

_____, Director

St. Catharines, Ontario
May 27, 2019

The accompanying notes are an integral part of the financial statements

HOSPICE NIAGARASTATEMENT OF OPERATIONS AND NET ASSETSYEAR ENDED MARCH 31, 2019

	<u>General Fund</u>	<u>Building and Replacement Reserve Fund</u>	<u>Sustaining Fund</u>	<u>Capital Build Fund</u>	<u>2019 Total</u>	<u>2018 Total</u>
REVENUE						
Ministry of Health and Long-Term Care						
Operating subsidy	\$ 1,049,201	\$ -	\$ -	\$ -	\$ 1,049,201	\$ 903,860
Nursing graduate guarantee	-	-	-	-	-	69,329
Resident funding - CCAC	<u>1,125,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,125,842</u>	<u>1,124,084</u>
	<u>2,175,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,175,043</u>	<u>2,097,273</u>
PROGRAM EXPENDITURES						
Client services						
(Schedule 1)	92,183	-	-	-	92,183	83,890
Facility (Schedule 1)	317,714	-	-	-	317,714	218,344
Office and administration						
(Schedule 1)	201,426	-	-	-	201,426	160,213
Wages and benefits	2,753,979	-	-	-	2,753,979	2,547,520
Interfund rent charge (recovery)	<u>109,384</u>	<u>(109,384)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,474,686</u>	<u>(109,384)</u>	<u>-</u>	<u>-</u>	<u>3,365,302</u>	<u>3,009,967</u>
AMORTIZATION	<u>-</u>	<u>109,384</u>	<u>-</u>	<u>-</u>	<u>109,384</u>	<u>121,686</u>
OPERATING SURPLUS (DEFICIT)	<u>(1,299,643)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,299,643)</u>	<u>(1,034,380)</u>
FUNDRAISING ACTIVITIES						
Donations and bequests	1,420,920	-	-	-	1,420,920	781,133
Grants	110,724	-	-	-	110,724	27,803
Gaming and events	<u>683,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>683,850</u>	<u>795,622</u>
	2,215,494	-	-	-	2,215,494	1,604,558
Expenditures (Schedule 2)	(717,514)	-	-	-	(717,514)	(608,586)
Capital Build feasibility costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,528)</u>	<u>(20,528)</u>	<u>-</u>
Fundraising surplus	<u>1,497,980</u>	<u>-</u>	<u>-</u>	<u>(20,528)</u>	<u>1,477,452</u>	<u>995,972</u>
INTEREST INCOME	<u>-</u>	<u>38,412</u>	<u>28,067</u>	<u>-</u>	<u>66,479</u>	<u>49,227</u>
NET SURPLUS (DEFICIT)	198,337	38,412	28,067	(20,528)	244,288	10,819
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(791,125)	4,019,126	1,904,472	-	5,132,473	5,121,654
TRANSFER FROM SUSTAINING FUND TO GENERAL FUND	592,788	-	(592,788)	-	-	-
TRANSFER FROM SUSTAINING FUND TO CAPITAL BUILD FUND	<u>-</u>	<u>-</u>	<u>(143,279)</u>	<u>143,279</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 4,057,538</u>	<u>\$ 1,196,472</u>	<u>\$ 122,751</u>	<u>\$ 5,376,761</u>	<u>\$ 5,132,473</u>

The accompanying notes are an integral part of the financial statements

HOSPICE NIAGARA
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net surplus	\$ 244,288	\$ 10,819
Add amortization not affecting cash	<u>109,384</u>	<u>121,686</u>
	353,672	132,505
Effects on cash from changes in operating assets and liabilities		
Accounts receivable	(24,103)	(1,852)
Subsidy receivable	10,328	6,950
Sales tax recoverable	12,542	10,664
Prepaid expenses	4,810	(2,425)
Accounts payable and accrued charges	(46,554)	53,913
Deferred revenue	160,441	14,148
Deferred subsidy	-	91,972
	<u>471,136</u>	<u>305,875</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of fixed assets		
Computer and network equipment	(26,050)	(16,412)
Furniture and fixtures	-	(6,922)
	<u>(26,050)</u>	<u>(23,334)</u>
INCREASE IN CASH FOR YEAR	445,086	282,541
CASH, BEGINNING OF YEAR	<u>3,478,325</u>	<u>3,195,784</u>
CASH, END OF YEAR	<u>\$ 3,923,411</u>	<u>\$ 3,478,325</u>
Cash is represented by the following:		
Cash	\$ 720,642	\$ 1,397,148
Investment certificates	<u>3,202,769</u>	<u>2,081,177</u>
	<u>\$ 3,923,411</u>	<u>\$ 3,478,325</u>

The accompanying notes are an integral part of the financial statements

HOSPICE NIAGARA**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2019****NATURE OF OPERATIONS**

Hospice Niagara is a registered Canadian charitable organization exempt from income tax under paragraph 149(1)(f) of the Income Tax Act. The Organization provides compassionate hospice palliative care for residents of Niagara, at home or in a community residence.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and significant accounting policies set out below to comply with the requirements of the Ministry of Health and Long-Term Care and reflect the following policies:

Fund Accounting

Hospice Niagara follows the restricted fund method of accounting for contributions.

The General Fund represents net revenue or expense from operations to date. There is no restriction on the use of these funds.

The Building and Replacement Reserve Fund represents net revenues related to the construction and maintenance of the Hospice Palliative Care Centre.

The Capital Build Fund was established by the Board of Directors to examine the feasibility of constructing a second hospice palliative care facility for residents of Niagara.

The Sustaining Fund represents donations received and related investment income. The funds are to be used for either additions or expansion to the Hospice Palliative Care Centre or other charitable purposes.

Revenue Recognition

The Ministry of Health and Long-Term Care and CCAC - Resident funding is recorded in the period the funding relates to on the accrual basis of accounting. Any unspent funding is not recognized and recorded as deferred revenue.

Donation and fundraising revenue is recognized when the donation is received. When restricted donations are received which relate to the General Fund's future expenditures, the donations are deferred and reported in income in the year the related expenditure is recorded.

Investment income is recorded on the accrual basis when it is earned.

Fixed Assets and Amortization

The original cost of constructing the hospice palliative care centre, along with the equipment, furniture and fixtures were capitalized and stated at cost.

Prior to April 1, 2018 all fixed asset additions purchased were capitalized and amortized over their useful life. All fixed asset additions acquired after April 1, 2018 are expensed to the Operating Fund or the Building and Replacement Reserve Fund.

Equipment additions that are funded by one-time Ministry subsidy are set up as a fixed asset and amortized over their useful life against the Ministry funding recognized each year.

HOSPICE NIAGARA**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2019****1. SIGNIFICANT ACCOUNTING POLICIES (continued)****Fixed Assets and Amortization** (continued)

Amortization is provided on the diminishing-balance method over the estimated useful lives of the assets as follows:

Building	4%
Computer hardware	30% and 55%
Furniture, fixtures and office equipment	20%
Medical equipment	20%
Other equipment	30%
Parking lot	4%

Donations in Kind

Donations in kind, including the receipt of marketable securities, are recorded in the financial statements if the fair market value of the donated item can be determined.

Financial Instruments

Financial instruments included in the statement of financial position consist of cash, investment certificates, accounts receivable, subsidy receivable, and accounts payable and accrued charges.

The investment certificates are classified as held for trading and recorded at cost plus accrued interest, which approximates fair market value. The carrying value of all other financial instruments approximate their fair values.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Major estimates include the fair value of assets acquired, liabilities assumed, collectibility of accounts receivable, and the useful lives of fixed assets. Actual results could differ from those estimates.

2. INVESTMENT CERTIFICATES

The investment balance consists of guaranteed investment certificates plus accrued interest which are held at the Meridian Credit Union. The amounts bear interest between 0.5% and 2.65% and are maturing on dates from July 19, 2019 to July 19, 2021.

3. FIXED ASSETS

	March 31, 2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 3,042,597	\$ 1,125,181	\$ 1,917,416	\$ 1,997,313
Computer hardware	81,601	69,308	12,293	15,384
Furniture, fixtures and office equipment	203,710	200,470	3,240	16,439
Telephone system upgrade	60,442	5,440	55,002	55,002
Medical equipment	162,457	139,333	23,124	28,904
Other equipment	39,240	16,791	22,449	436
Parking lot	90,592	9,511	81,081	84,460
	\$ 3,680,639	\$ 1,566,034	\$ 2,114,605	\$ 2,197,938

HOSPICE NIAGARA**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2019****3. FIXED ASSETS (continued)**

The land on which the Hospice Palliative Care Centre has been constructed upon at 403 Ontario Street is being leased from Linhaven Home for the Aged under a 20-year renewable lease commencing February 9, 2006 for an amount of \$1 per year.

4. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	<u>2019</u>	<u>2018</u>
Trade payables	\$ 13,260	\$ 51,790
EHT payable	2,055	1,950
Nurse Grad Program payable	-	14,826
Withholding taxes payable	33,233	30,225
WSIB payable	896	3,100
Accruals		
Audit	9,500	9,500
Utilities and maintenance	9,475	4,059
Wages and benefits	88,007	76,928
Vacation pay	13,860	24,681
Other	5,168	4,948
	<u>\$ 175,454</u>	<u>\$ 222,007</u>

5. DEFERRED REVENUE

The deferred revenue consists of the following amounts:

	<u>2019</u>	<u>2018</u>
Restricted donations	\$ 450,826	\$ 349,465
Fundraising revenue	56,861	19,615
Ministry subsidy	22,143	309
	<u>\$ 529,830</u>	<u>\$ 369,389</u>

The restricted donations are to be used for repairs and maintenance expenses and strategic plan initiatives which will be expended in the future. The Ministry subsidy was for the purchase of a fixed asset in the year. It is to be brought into income each year equivalent to the amortization recognized on the assets purchased.

6. LETTERS OF CREDIT

The Organization has outstanding letters of credit in the amount of \$217,551 to the Minister of Finance to support the 2019 5 Car Draw fundraising activity, and \$1,000 in the favour of the City of St. Catharines relating to the parking lot expansion.

HOSPICE NIAGARA**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2019****7. FINANCIAL RISKS**

The significant financial risks to which the Organization is exposed are credit and interest rate risks. There have been no changes to the exposure to the risks from the prior year.

Credit Risk Exposure

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 exposed to credit risk in the event of non-performance by its funders. The funding receipts are determined by annual service contracts and management does not anticipate any significant loss for non-performance. The Organization's cash and investment certificates are all held at the Meridian Credit Union.

Interest Rate Risk Exposure

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not expect any significant changes in market interest rates when the short-term investments come due.

HOSPICE NIAGARA
SCHEDULE 1 - PROGRAM EXPENDITURES
YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
CLIENT SERVICES		
Food	\$ 25,857	\$ 24,728
Purchased services and supplies	36,780	29,705
Staff and volunteer training	21,753	19,877
Workshops hosted	<u>7,793</u>	<u>9,580</u>
	<u>\$ 92,183</u>	<u>\$ 83,890</u>
FACILITY		
Cleaning services and supplies	\$ 76,044	\$ 69,873
Insurance	19,642	15,517
Rent	17,600	18,000
Equipment purchases, repairs and maintenance	152,641	77,747
Utilities	<u>51,787</u>	<u>37,207</u>
	<u>\$ 317,714</u>	<u>\$ 218,344</u>
OFFICE AND ADMINISTRATION		
Audit and legal	\$ 11,713	\$ 20,376
Bank charges	15,459	8,045
Equipment purchases and rental	59,974	37,373
Meeting costs	36,873	25,539
Member and volunteer expenses	542	7,942
Office expenses	27,860	26,307
Subscriptions and memberships	10,027	8,138
Telephone	<u>38,978</u>	<u>26,493</u>
	<u>\$ 201,426</u>	<u>\$ 160,213</u>

SCHEDULE 2 - FUNDRAISING EXPENDITURES
YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Advertising and promotion	\$ 36,330	\$ 25,118
Audit and legal	1,247	1,195
Bank charges	16,483	16,020
Consultants	46,502	51,970
Equipment purchases and rental	11,445	2,252
Insurance	246	307
Licenses	2,944	2,156
Meetings	1,761	2,321
Office expenses	29,787	22,520
Print and other fees	31,014	33,715
Prizes	179,160	162,048
Staff and volunteer training	9,598	5,560
Telephone	104	728
Supplies	14,656	10,041
Wages and benefits	<u>336,237</u>	<u>272,635</u>
	<u>\$ 717,514</u>	<u>\$ 608,586</u>

HOSPICE NIAGARA**SUPPLEMENTARY CORPORATE INFORMATION****MARCH 31, 2019**

Hospice Niagara is a registered Canadian charitable organization, exempt from income tax under paragraph 149(1)(f) of the Income Tax Act, incorporated without share capital on May 17, 1993 under the laws of the Province of Ontario.

SERVICE PROVIDED: Hospice Niagara provides compassionate hospice palliative care for residents of Niagara, at home or in a community residence.

HEAD OFFICE: 403 Ontario Street, Unit 2
St. Catharines, Ontario
L2N 1L5

DIRECTORS AND OFFICERS:

John Trivieri	- Chair
Bunny Alexander	- Vice-Chair
Fran Geikie	- Secretary
Richard Williamson	- Treasurer
Julie Dennis	- Past Chair
Deborah Eke	
Roger Heise	
Brenda Hookings	
Johanna McNulty	
Cathy McCullough	
Archie Reynolds	

EXECUTIVE DIRECTOR: Carol Nagy

AUDITORS: Partridge Iggulden LLP
Chartered Professional Accountants
Licensed Public Accountants
110 Hannover Drive, Suite B201
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BANKER: Meridian Credit Union
Lake Street Branch
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