

OAK RIDGES HOSPICE OF DURHAM LTD.

FINANCIAL STATEMENTS

MARCH 31, 2022

OAK RIDGES HOSPICE OF DURHAM LTD.

MARCH 31, 2022

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INDEPENDENT AUDITORS' REPORT

Qualified Opinion

We have audited the accompanying financial statements of **Oak Ridges Hospice of Durham Ltd.**, which comprise the statement of financial position as at March 31, 2022, and the statement of operations, statement of 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of **Oak Ridges Hospice of Durham Ltd.** as at March 31, 2022, 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 donations and receipts from fundraising events, 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 and we were not able to determine whether any adjustments might be necessary to revenue from donations or from other fundraising events, excess of revenues over expenses, cash flows from operations, current assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this scope limitation

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 **Oak Ridges Hospice of Durham Ltd.** 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 **Oak Ridges Hospice of Durham Ltd.**'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 **Oak Ridges Hospice of Durham Ltd.** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **Oak Ridges Hospice of Durham Ltd.**'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:

INDEPENDENT AUDITORS' REPORT (continued)

- 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 **Oak Ridges Hospice of Durham Ltd.'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 **Oak Ridges Hospice of Durham Ltd.'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 **Oak Ridges Hospice of Durham Ltd.** 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.

Yale PGC LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
July 28, 2022

OAK RIDGES HOSPICE OF DURHAM LTD.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,099,462	\$ 982,922
Marketable securities	4,972	-
Accounts receivable	27,732	1,731
Public Service Bodies Rebate receivable	14,405	273,577
Prepaid expenses	<u>31,324</u>	<u>212,302</u>
	1,177,895	1,470,532
PROPERTY AND EQUIPMENT (note 3)	<u>8,307,338</u>	<u>8,710,003</u>
	<u>\$ 9,485,233</u>	<u>\$ 10,180,535</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 101,930	\$ 71,946
Deferred revenue (note 4)	<u>70,363</u>	<u>420,000</u>
	172,293	491,946
DEFERRED CAPITAL CONTRIBUTIONS (note 5)	<u>6,050,456</u>	<u>8,030,631</u>
	<u>6,222,749</u>	<u>8,522,577</u>
NET ASSETS		
Per statement attached	<u>3,262,484</u>	<u>1,657,958</u>
	<u>\$ 9,485,233</u>	<u>\$ 10,180,535</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS



Director



Director

OAK RIDGES HOSPICE OF DURHAM LTD.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
NET ASSETS		
Balance, beginning of the year	\$ 1,657,958	\$ 1,497,450
Recognition of deferred building contributions on land purchase	1,637,300	-
Add: (Deficiency) excess of revenue over expenses	<u>(32,774)</u>	<u>160,508</u>
Balance, end of the year	<u>\$ 3,262,484</u>	<u>\$ 1,657,958</u>

OAK RIDGES HOSPICE OF DURHAM LTD.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
REVENUES		
Government funding	\$ 856,845	\$ 210,000
Donations	431,908	314,566
Grants	304,637	16,742
Deferred building fund donations recognized (note 5)	342,875	-
Fundraising	59,408	14,689
Other income	4,359	130
Interest and other investment income	<u>1,625</u>	<u>7,510</u>
	<u>2,001,657</u>	<u>563,637</u>
EXPENSES		
Salaries and benefits	1,350,607	86,515
Utilities and maintenance	96,547	49,784
Office expense	52,547	10,976
Supplies expense	33,090	15,650
Purchased services	32,075	5,200
Audit and accounting	21,326	6,845
Legal fees	17,627	1,181
Insurance	15,313	32,059
Project management consultant	10,945	150,122
Bank charges	10,430	6,168
Travel	6,251	-
Training and education	4,999	-
Advertising and promotion	4,784	13,331
Membership fee	2,241	6,752
Fund development consultant	-	15,653
Planning and development	-	2,622
Depreciation of property and equipment	<u>375,649</u>	<u>271</u>
TOTAL EXPENSES	<u>2,034,431</u>	<u>403,129</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (32,774)</u>	<u>\$ 160,508</u>

OAK RIDGES HOSPICE OF DURHAM LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (32,774)	\$ 160,508
Add back of non-cash components:		
- Amortization of property and equipment	375,649	271
- Amortization of deferred building contributions	<u>(342,875)</u>	<u>-</u>
		160,779
Changes in non-cash working capital components:		
- Accounts receivable	(26,001)	400,057
- Public Service Bodies Rebate receivable	259,172	(174,035)
- Prepaid expenses	180,978	(148,938)
- Accounts payable and accrued liabilities	29,984	(526,217)
- Deferred capital contributions	(57,229)	3,888,811
- Deferred revenue	<u>(349,637)</u>	<u>253,258</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>37,267</u>	<u>3,853,715</u>
INVESTMENT ACTIVITIES		
Additions to property and equipment	84,245	-
Building	-	(5,534,306)
Purchase of marketable securities	<u>(4,972)</u>	<u>-</u>
CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES	<u>79,273</u>	<u>(5,534,306)</u>
CASH INCREASE (DECREASE) DURING THE YEAR	116,540	(1,680,591)
Cash at beginning of the year	<u>982,922</u>	<u>2,663,513</u>
CASH AT END OF THE YEAR	<u><u>\$ 1,099,462</u></u>	<u><u>\$ 982,922</u></u>

OAK RIDGES HOSPICE OF DURHAM LTD.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

1. PURPOSE OF THE ORGANIZATION

The purpose of **Oak Ridges Hospice of Durham Ltd.** (the "Organization") is to bring hope and healing to the community through a tranquil, home-like setting where people with a terminal illness can live their final days with dignity and comfort, while receiving the highest quality compassionate care. The Organization was founded in 2015 and is a registered charity under the *Income Tax Act*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) 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 they are received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants are recognized when the requirements for receipt of funds have been met.

Investments income includes interest accrued on a daily basis, dividends recognized on the date declared, and changes in the fair market value of equities.

All other types of revenue are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Donated services

The work of the Organization is dependent on the voluntary services of the members of the Organization. Since these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, donated services have not been recognized in these statements.

(c) Financial instrument measurement

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable securities, which it chose to measure at fair value. Changes in fair value are recognized in the statement of operations. Financial assets measured at amortized cost include cash, accounts receivable and Public Service Bodies rebate receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

OAK RIDGES HOSPICE OF DURHAM LTD.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Use of estimates

The preparation of financial statements requires management to make estimates that affect the amounts recorded. The primary estimates in these statements are the useful lives of the property and equipment and their residual values. These estimates affect the net book value recorded and the amount of the amortization expense. Actual results may vary from these estimates.

(e) Property and equipment

Property and equipment are recorded at cost and amortized over their estimated lives using the declining balance method at the rates listed. When the Organization observes conditions that indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets are accounted for as expenses in the statement of operations.

Building	4%
Furniture and equipment	30%
Computer equipment	55%
Website	30%

3. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2022</u>	<u>2021</u>
Land	\$ 1,659,180	\$ -	\$ 1,659,180	\$ 1,669,086
Building	6,656,525	265,426	6,391,099	6,693,911
Furniture and equipment	353,997	103,374	250,623	335,162
Computer equipment	12,652	6,659	5,993	11,211
Website	3,102	2,659	443	633
	<u>\$ 8,685,456</u>	<u>\$ 378,118</u>	<u>\$ 8,307,338</u>	<u>\$ 8,710,003</u>

During the year ended March 31, 2022, upon the commencement of facility operations, the Organization claimed a retroactive adjustment for an increased Public Service Bodies Rebate relating to the costs of its acquired capital assets. As a result, the cost base of such assets were reduced to reflect the additional rebate received.

OAK RIDGES HOSPICE OF DURHAM LTD.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

4. DEFERRED REVENUE

Included in the balance are grants received from the Ministry of Health and the Saint Elizabeth Community Enterprise.

	2022	2021
Opening balance	\$ 420,000	\$ 166,742
Grants received	-	270,000
Funding disbursed and revenue recognized	(349,637)	(16,742)
Closing balance	<u>\$ 70,363</u>	<u>\$ 420,000</u>

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred contributions related to capital assets include the unamortized portions of contributed capital assets and restricted contributions that will be used for future capital improvements of the Oak Ridges Hospice facility at 1722 Scugog Street in Port Perry, Ontario.

	2022	2021
Opening balance	\$ 8,030,631	\$ 4,141,820
Funds invested in capital	(1,637,300)	3,888,811
Current year depreciation	(342,875)	-
Closing balance	<u>\$ 6,050,456</u>	<u>\$ 8,030,631</u>

During the year ended March 31, 2022 the facility commenced operations and the portion of the deferred capital contributions attributable to the cost of land were recognized as a direct increase to net assets.

6. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES

Financial risks

The Organization is exposed to various financial risks through its financial instruments, without being exposed to concentrations of risk. The following analysis describes the Organization's risk exposure as at March 31, 2022.

Credit risk

The Organization's main credit risks relate to its accounts receivable and grants receivable.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

7. COMPARATIVE FIGURES

Certain figures for 2021 have been reclassified to conform to the presentation adopted in 2022.