

HOSPICE OF GREATER SAINT JOHN INC.

(Incorporated under the laws of New Brunswick)

Financial Statements

March 31, 2021

Hospice of Greater Saint John Inc.

Financial Statement Contents

As At March 31, 2021 (With Comparative Figures for 2020)

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INDEPENDENT AUDITORS' REPORT

To the Directors of Hospice of Greater Saint John, Inc.:

Qualified Opinion

We have audited the financial statements of Hospice of Greater Saint John, Inc. ("the Organization"), which comprise the statement of financial position as at March 31, 2021, and the statement of operations, statement of changes in net assets and statement of 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 its results of operations and its 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 and donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, the verification of these revenues was limited to the amounts recorded in records of the Organization. Therefore, we are not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets as at March 31, 2021, and net assets as at March 31, 2021.

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 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.

Auditors' 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 qualified 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 qualified 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 qualified 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 qualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 the Organization 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.

Jamieson Mullin Chartered Professional Accountants Inc.

Jamieson Mullin Chartered Professional Accountants Inc.

Quispamsis, NB
June 23, 2021

Hospice of Greater Saint John Inc.

Statement of Operations

For the Year Ended March 31, 2021 (With Comparative Figures for 2020)

	<u>2021</u>	<u>2020</u>
Revenue		
Fundraising and Sponsorships	\$ 867,790	\$ 1,207,584
Provincial Government Funding	799,680	766,500
Donations and Memorials	388,972	508,819
Donation from Hospice Legacy Foundation Inc. (Note 6)	63,000	60,000
Grants	10,000	34,793
Interest and Other	<u>3,188</u>	<u>3,967</u>
	<u>2,132,630</u>	<u>2,581,663</u>
Expenditures		
Salaries and Benefits (Note 9)	1,089,233	1,521,870
Donation to Hospice Legacy Foundation Inc. (Note 6)	500,000	51,250
Fundraising and Sponsorship	245,721	381,428
Operating Supplies and Expenses	85,130	105,196
Property and Building	78,035	84,036
Governance and Administration	73,714	85,087
Staff and Volunteer Expense	56,586	107,307
Community Relations	<u>3,307</u>	<u>8,854</u>
	<u>2,131,726</u>	<u>2,345,028</u>
Excess Of Revenue Over Expenditures Before Amortization	904	236,635
Amortization Of Deferred		
Contributions Related To Capital Assets (Note 4)	66,325	69,299
Amortization	<u>(86,457)</u>	<u>(89,932)</u>
(Deficiency) Excess Of Revenue Over Expenditures	<u>\$ (19,228)</u>	<u>\$ 216,002</u>

Hospice of Greater Saint John Inc.

Statement of Changes in Net Assets

For the Year Ended March 31, 2021 (With Comparative Figures for 2020)

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total 2021</u>	<u>Total 2020</u>
Balance - Beginning Of Year	\$ 733,732	\$ 490,668	\$ 1,224,400	\$ 1,008,398
(Deficiency) Excess Of Revenue Over Expenditures	(20,132)	904	(19,228)	216,002
Purchase of Capital Assets	<u>(14,892)</u>	<u>14,892</u>	<u>0</u>	<u>-</u>
Balance - End Of Year	<u>\$ 698,708</u>	<u>\$ 506,464</u>	<u>\$ 1,205,172</u>	<u>\$ 1,224,400</u>

Hospice of Greater Saint John Inc.


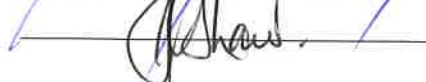
Statement of Financial Position

As At March 31, 2021 (With Comparative Figures for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current		
Cash	\$ 388,873	\$ 504,234
Accounts Receivable (Note 6)	108,749	31,690
Prepaid Expenses	<u>40,552</u>	<u>47,977</u>
	<u>538,174</u>	<u>583,901</u>
Capital Assets (Note 3)	<u>2,294,848</u>	<u>2,366,413</u>
Total Assets	<u>\$ 2,833,022</u>	<u>\$ 2,950,314</u>
Liabilities		
Current		
Accounts Payable and Accrued Liabilities	\$ 50,470	\$ 117,711
Deferred Contributions (Note 5)	<u>40,000</u>	<u>4,498</u>
	<u>90,470</u>	<u>122,209</u>
Long Term		
Deferred Contributions Related to Capital Assets (Note 4)	<u>1,537,380</u>	<u>1,603,705</u>
Total Liabilities	<u>1,627,850</u>	<u>1,725,914</u>
Net Assets		
Net Assets Invested In Capital Assets	698,708	733,732
Unrestricted Net Assets	<u>506,464</u>	<u>490,668</u>
	<u>1,205,172</u>	<u>1,224,400</u>
Total Liabilities and Net Assets	<u>\$ 2,833,022</u>	<u>\$ 2,950,314</u>

COMMITMENTS (Note 8)

APPROVED ON BEHALF OF THE BOARD:

 Director
 Director

Hospice of Greater Saint John Inc.

Statement of Cash Flows

For the Year Ended March 31, 2021 (With Comparative Figures for 2020)

	<u>2021</u>	<u>2020</u>
Cash Provided By (Used In)		
Operating Activities		
Excess (Deficiency) of Revenue over Expenditures	\$ (19,228)	\$ 216,002
Items Not Involving cash:		
Amortization	86,457	89,932
Amortization of Deferred Contributions Related to Capital Assets	<u>(66,325)</u>	<u>(69,299)</u>
	904	236,635
Changes in Non-Cash Working Capital Balances:		
Accounts Receivable	(77,059)	26,857
Prepaid Expenses	7,425	15,203
Accounts Payable and Accrued Liabilities	(67,241)	(1,785)
Deferred Contributions	<u>35,502</u>	<u>1,998</u>
	<u>(100,469)</u>	<u>278,908</u>
Investing Activities		
Purchase of Capital Assets	<u>(14,892)</u>	<u>(64,008)</u>
Financing Activities		
Contributions Related to Capital Assets	<u>0</u>	<u>47,264</u>
(Decrease) Increase In Cash	(115,361)	262,164
Cash - Beginning Of Year	<u>504,234</u>	<u>242,070</u>
Cash - End Of Year	<u>\$ 388,873</u>	<u>\$ 504,234</u>

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As At March 31, 2021 (With Comparative Figures for 2020)

1. Purpose of the Organization

Hospice of Greater Saint John, Inc. ("the Organization"), incorporated under the laws of New Brunswick, is a registered charity under the Income Tax Act and is exempt from income taxes. Its purpose is to provide quality end-of-life care to people living with terminal illness and coping with loss. It is administered entirely by professional staff and governed by a duly elected volunteer Board of Directors comprised of business professionals.

2. Significant Accounting Policies

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

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, including donations and grants, are recognized as revenue when the related pledges or commitments are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other revenue, including special event revenue and Hospice Shoppe sales, are recorded when earned.

Donated Goods and Services

The Organization receives the donated services of many volunteers in various functions, including administration, fund raising and palliative support. These donated services are not reflected in the financial statements because of the difficulty of determining their fair value.

Items donated for the Valentine's Gala charity auction and Win with Hospice are recorded at the value realized during the auction. Donations of services require that payments be exchanged between the donor and the Organization, in accordance with Canada Revenue Agency guidelines.

Cash

Cash consists of cash on hand, and balances with bank.

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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As At March 31, 2021 (With Comparative Figures for 2020)

2. Significant Accounting Policies (continued)

Contributions Related to Capital Assets

Grants and donations received for the purpose of renovating and maintaining the Dufferin Row property and for the purpose of purchasing furnishings and equipment are being deferred and amortized to revenue on the same basis the related capital assets are being amortized to expense.

Controlled Foundation

The Hospice Legacy Foundation Inc. ("the Foundation"), which is controlled by the Organization, is not consolidated in the Organization's financial statements.

Government Assistance

Government assistance toward current expenses, including salaries, is recognized as a reduction of the corresponding expenses at the time they are incurred, provided there is reasonable assurance that the Organization has complied and will continue to comply with all the conditions of the government assistance.

Financial Instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in excess of revenue over expenditures.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenditure. The previously recognized impairment loss may be reversed to the extent of the improvement, 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 not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditure.

Transaction Costs

The Organization recognizes its transaction costs in excess of revenue over expenditure in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As At March 31, 2021 (With Comparative Figures for 2020)

2. Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at their acquisition cost less accumulated amortization. Contributed capital assets are recorded at their fair value at the date of contribution where the fair value can be reasonably determined.

Capital assets are amortized on the basis of their useful life using the following methods and rates:

Buildings	2%	diminishing balance
Parking areas	8%	diminishing balance
Furnishings and equipment	20%	diminishing balance
Hospice Shoppe leaseholds	10%	straight line
Vehicle	30%	diminishing balance

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

3. Capital Assets

	<u>2021</u>			<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land and improvements	\$ 112,440	\$ 0	\$ 112,440	\$ 112,440
Building	2,460,825	471,654	1,989,171	2,029,766
Parking areas	23,963	14,053	9,910	10,772
Furnishings and equipment				
Residential hospice	538,114	369,494	168,620	196,051
Office and other	45,009	36,612	8,397	8,467
Hospice Shoppe	6,182	5,637	545	681
Hospice Shoppe leaseholds	14,877	14,877	0	0
Vehicle	28,249	22,484	5,765	8,236
	<u>\$ 3,229,659</u>	<u>\$ 934,811</u>	<u>\$ 2,294,848</u>	<u>\$ 2,366,413</u>

4. Deferred Contributions Related to Capital Assets

	<u>2021</u>	<u>2020</u>
Balance - Beginning of year	\$ 1,603,705	\$ 1,625,740
Donations received or receivable	0	47,264
Recognized as revenue	<u>(66,325)</u>	<u>(69,299)</u>
Balance - End of year	<u>\$ 1,537,380</u>	<u>\$ 1,603,705</u>

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As At March 31, 2021 (With Comparative Figures for 2020)

5. Deferred Contributions

	<u>2021</u>	<u>2020</u>
Balance - Beginning of year	\$ 4,498	\$ 2,500
Add: amounts received related to subsequent periods	52,000	4,498
Less: amounts recognized as revenue	<u>(16,498)</u>	<u>(2,500)</u>
Balance - End of year	<u>\$ 40,000</u>	<u>\$ 4,498</u>

The balance at the end of the year relates to the Win with Hospice Campaign for the fundraising activity 52 week split.

6. Related Party Transactions

The Organization and the Foundation are related parties under common control since they have the same board of directors. All transactions are made in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The accounts receivable balance at year end was \$63,000 (2020 - \$0).

The Organization receives donations from the Foundation. The Organization also donates bequests and other donations to the Foundation:

	<u>2021</u>	<u>2020</u>
Donations received	<u>\$ 63,000</u>	<u>\$ 60,000</u>
Donations paid	<u>\$ 500,000</u>	<u>\$ 51,250</u>

During the current fiscal year, the Organization paid a law firm of which a member of the board of directors is a partner \$1,740 (2020 - \$8,718) for legal services. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Financial Instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at the balance sheet date March 31, 2021:

Liquidity risk

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

Credit risk

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's main credit risks relate to its accounts receivable. The Organization assesses the collectability of its accounts receivable on a continuous basis.

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As At March 31, 2021 (With Comparative Figures for 2020)

8. Commitments

The Organization is committed to lease payments of \$22,178 plus HST from year end to August 31, 2021 under the terms of a lease for the premises for the Hospice Shoppe Boutique.

The Organization leases office equipment that has been accounted for as operating leases. The future minimum lease payments over the next three years are as follows:

2022	\$	1,428
2023		1,428
2024		833

9. Government Assistance

Canada Emergency Wage Subsidy

As part of the Government of Canada's economic response plan to the COVID-19 pandemic, it was declared that companies and organizations would be eligible for the Canada Emergency Wage Subsidy ("CEWS"). This program provides a wage subsidy to eligible employers retroactive to March 15, 2020. The CEWS claim periods were predefined by the Government of Canada and management determined that the Company was eligible for subsidies in the total amount of \$397,396 for the year ended March 31, 2021. The entire subsidy relates to this fiscal year and has been recorded as a reduction to salaries and benefits on the statement of operations.

The CEWS is subject to review by the Government of Canada and its related authorities. Any resulting adjustments or required repayments that may result from the Government of Canada's review will be reflected in the year of settlement.

Other Government Assistance

During the year, the Company was eligible for the 10% Temporary Wage Subsidy in the amount of \$25,000. This subsidy relates to this fiscal year and have been recorded as a reduction to salaries and benefits on the statement of operations.

10. Controlled Foundation

The Foundation is controlled by the Organization as the Organization shares the Foundation's board of directors.

The Foundation was incorporated under the laws of New Brunswick on June 13, 2012 and is a public foundation under the Income Tax Act. Its purpose is to receive and maintain a fund or funds for the benefit of the Organization.

	<u>2021</u>	<u>2020</u>
The summary financial statements of the Foundation are as follows:		
Statement of financial position		
Assets	\$ 2,604,824	\$ 1,730,483
Liabilities	<u>65,272</u>	<u>2,272</u>
Unrestricted net assets	<u>\$ 2,539,552</u>	<u>\$ 1,728,211</u>

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As At March 31, 2021 (With Comparative Figures for 2020)

10. Controlled Foundation (continued)

	<u>2021</u>	<u>2020</u>
Statement of operations		
Revenue	\$ 562,017	\$ 109,025
Expenditure	83,620	81,573
Net realized/unrealized gain (loss) on sale of investments	<u>332,943</u>	<u>(152,543)</u>
Excess (Deficiency) of revenue over expenditure	<u>\$ 811,340</u>	<u>\$ (125,091)</u>
Statement of cash flows		
Operating activities	\$ 538,881	\$ 26,114
Investing activities	<u>(510,970)</u>	<u>(33,614)</u>
Increase (Decrease) in cash	<u>\$ 27,911</u>	<u>\$ (7,500)</u>

11. Significant Event

Since mid-March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial assets and condition of the Organization.