

HOSPICE OF GREATER SAINT JOHN INC.

Financial Statements

March 31, 2023

Hospice of Greater Saint John Inc.

Contents

March 31, 2023 (With comparative figures for 2022)

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INDEPENDENT AUDITOR'S 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., which comprise the statement of financial position as at March 31, 2023, and the statements of operations, 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 its results of 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 not-for-profit organizations, the Organization derives revenue from 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 years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. 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 in 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 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.

INDEPENDENT AUDITOR'S REPORT, continued

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.
- ◆ 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.

Jamieson Mullin Chartered Professional Accountants Inc.

Jamieson Mullin Chartered Professional Accountants Inc.

Quispamsis, NB
June 28, 2023

Hospice of Greater Saint John Inc.

Statement of Operations

For the year ended March 31, 2023 (With comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
Revenues		
Fundraising and sponsorships	\$ 1,197,960	\$ 949,896
Provincial government funding	800,000	800,000
Donations and memorials	772,017	578,683
Donation from Hospice Legacy Foundation Inc. (Note 8)	80,000	76,000
Interest and other	9,799	1,281
	<u>2,859,776</u>	<u>2,405,860</u>
Expenditures		
Salaries and related benefits	1,583,060	1,347,115
Donation to Hospice Legacy Foundation Inc. (Note 8)	455,000	450,000
Fundraising and sponsorships	415,026	318,405
Operating supplies and expenses	222,996	96,298
Occupancy	106,542	92,220
Governance and administration	56,737	62,148
Staff and volunteer expense	48,898	39,048
Community relations	2,113	2,592
	<u>2,890,372</u>	<u>2,407,826</u>
Deficiency of revenues over expenditures before other items	(30,596)	(1,966)
Other expenses (income)		
Amortization	79,113	77,817
Amortization of deferred contributions related to capital assets	(61,108)	(58,024)
Deficiency of revenues over expenditures	<u>\$ (48,601)</u>	<u>\$ (21,759)</u>

The notes are an integral part of these financial statements

Hospice of Greater Saint John Inc.

Statement of Changes in Net Assets

For the year ended March 31, 2023 (With comparative figures for 2022)

	<u>Invested in capital assets</u>	<u>Unrestricted</u>	<u>Total 2023</u>	<u>Total 2022</u>
Balance - beginning of year	\$ 737,675	\$ 445,736	\$ 1,183,411	\$ 1,205,170
Deficiency of revenues over expenditures	<u>(18,005)</u>	<u>(30,596)</u>	<u>(48,601)</u>	<u>(21,759)</u>
Balance - end of year	<u>\$ 719,670</u>	<u>\$ 415,140</u>	<u>\$ 1,134,810</u>	<u>\$ 1,183,411</u>

The notes are an integral part of these financial statements

Hospice of Greater Saint John Inc.

Statement of Financial Position

As at March 31, 2023 (With comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Current		
Cash	\$ 427,849	\$ 484,152
Accounts receivable	151,105	42,824
Prepaid expenses	<u>33,107</u>	<u>38,065</u>
	612,061	565,041
Capital assets (Note 3)	<u>2,235,666</u>	<u>2,217,030</u>
Total Assets	<u>\$ 2,847,727</u>	<u>\$ 2,782,071</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 105,858	\$ 97,539
Deferred contributions (Note 5)	<u>91,063</u>	<u>21,766</u>
	196,921	119,305
Deferred contributions related to capital assets (Note 6)	<u>1,515,996</u>	<u>1,479,355</u>
Total Liabilities	<u>1,712,917</u>	<u>1,598,660</u>
Net Assets		
Invested in capital assets	719,670	737,675
Unrestricted	<u>415,140</u>	<u>445,736</u>
Total Net Assets	<u>1,134,810</u>	<u>1,183,411</u>
Total Liabilities and Net Assets	<u>\$ 2,847,727</u>	<u>\$ 2,782,071</u>

APPROVED BY:

Director

Director

Hospice of Greater Saint John Inc.

Statement of Cash Flows

For the year ended March 31, 2023 (With comparative figures for 2022)

	<u>2023</u>	<u>2022</u>
Operating activities		
Deficiency of revenues over expenditures	\$ (48,601)	\$ (21,759)
Adjustments for		
Amortization	79,113	77,817
Amortization of deferred contributions related to capital assets	<u>(61,108)</u>	<u>(58,024)</u>
	(30,596)	(1,966)
Change in non-cash working capital items		
Accounts receivable	(108,281)	65,925
Prepaid expenses	4,958	2,487
Accounts payable and accrued liabilities	8,319	47,067
Deferred contributions	<u>69,297</u>	<u>(18,234)</u>
	(56,303)	95,279
Financing activity		
Deferred contributions related to capital assets	97,749	-
Investing activity		
Purchase of capital assets	<u>(97,749)</u>	<u>-</u>
(Decrease) increase in cash	(56,303)	95,279
Cash - beginning of year	<u>484,152</u>	<u>388,873</u>
Cash - end of year	<u><u>\$ 427,849</u></u>	<u><u>\$ 484,152</u></u>

The notes are an integral part of these financial statements

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As at March 31, 2023 (With comparative figures for 2022)

1. **Nature of The Business Activities**

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. **Summary Of Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(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, 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.

(b) **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 a reasonable assurance that the Organization has complied and will continue to comply with all conditions of the government assistance.

(c) **Contributed goods and services**

Directors, committee members and owners volunteer their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

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.

(d) **Cash**

Cash consists of cash on hand and balances with financial institutions.

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As at March 31, 2023 (With comparative figures for 2022)

2. Summary Of Significant Accounting Policies, continued

(e) Capital assets

Capital assets are recorded at cost. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	2%
Furnishings and equipment	20%
Vehicles	30%
Parking areas	8%

Amortization of leasehold improvements is recorded on a straight line basis of 10% per year.

Capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

(f) Controlled foundation

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

(g) 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.

(h) Financial instruments

(i) Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in deficiency of revenues over expenditures in the period incurred.

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

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

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As at March 31, 2023 (With comparative figures for 2022)

2. Summary Of Significant Accounting Policies, continued

(h) Financial instruments, continued

(ii) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in deficiency of revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 deficiency of revenues over expenditures.

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in deficiency of revenues over expenditures in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in deficiency of revenues over expenditure over the life of the instrument using the straight-line method.

(i) 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 reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

3. Capital Assets

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Land and improvements	\$ 112,440	\$ -	\$ 112,440	\$ -
Buildings	2,460,825	550,425	2,460,825	511,437
Parking areas	23,963	15,576	23,963	14,846
Furnishings and equipment	687,055	485,441	589,305	447,256
Leasehold improvements	14,877	14,877	14,877	14,877
Vehicles	28,249	25,424	28,249	24,213
	<u>3,327,409</u>	<u>1,091,743</u>	<u>3,229,659</u>	<u>1,012,629</u>
Net book value		<u>\$ 2,235,666</u>		<u>\$ 2,217,030</u>

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As at March 31, 2023 (With comparative figures for 2022)

3. Capital Assets, continued

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furnishings and equipment consists of:				
Hospice Shoppe	\$ 6,182	\$ 5,833	\$ 6,182	\$ 5,746
Residential hospice	635,864	439,973	538,114	403,218
Office and other	45,009	39,635	45,009	38,292
	<u>687,055</u>	<u>485,441</u>	<u>589,305</u>	<u>447,256</u>
Net book value	<u>\$ 201,614</u>		<u>\$ 142,049</u>	

4. 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>2023</u>	<u>2022</u>
Assets		
Current		
Cash	\$ 133,230	\$ 62,503
Accounts receivable	1,109	29,794
HST receivable	2,656	8,380
	<u>136,995</u>	100,677
Investments	<u>3,324,238</u>	<u>3,037,088</u>
	<u>\$ 3,461,233</u>	<u>\$ 3,137,765</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 3,171	\$ 2,422
Net Assets		
Unrestricted net assets	<u>3,458,062</u>	<u>3,135,343</u>
	<u>\$ 3,461,233</u>	<u>\$ 3,137,765</u>
Operations:		
Revenue	\$ 434,222	\$ 698,830
Expenses	111,503	103,043
Excess of revenues over expenditures	<u>\$ 322,719</u>	<u>\$ 595,787</u>

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As at March 31, 2023 (With comparative figures for 2022)

4. Controlled Foundation, continued

	<u>2023</u>	<u>2022</u>
Cash flows from:		
Operating activities	\$ 484,353	\$ 326,601
Investing activities	<u>(413,626)</u>	<u>(343,934)</u>

5. Deferred Contributions

	<u>2023</u>	<u>2022</u>
Balance - beginning of year	\$ 21,766	\$ 40,000
Amounts received related to subsequent periods	91,063	28,294
Amounts recognized as revenue	<u>(21,766)</u>	<u>(46,528)</u>
Balance - end of year	<u>\$ 91,063</u>	<u>\$ 21,766</u>

The balance at the end of the year relates to the Win with Hospice Campaign for the fundraising activity 52 week split and private donations received for outdoor capital improvements to be completed subsequent to year end.

6. Deferred Contributions Related to Capital Assets

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,479,355	\$ 1,537,379
Recognized as revenue	(61,108)	(58,024)
Contributions received	<u>97,749</u>	<u>-</u>
Balance, end of year	<u>\$ 1,515,996</u>	<u>\$ 1,479,355</u>

7. Commitments

The Organization is committed to lease payments of \$53,488 plus HST per year ending August 31, 2024 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 year is as follows:

2024	<u>\$ 833</u>
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8. 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 Organization receives donations from the Foundation. The Organization also donates bequests and other donations to the Foundation:

Hospice of Greater Saint John Inc.

Notes to Financial Statements

As at March 31, 2023 (With comparative figures for 2022)

8. Related Party Transactions, continued

	<u>2023</u>	<u>2022</u>
Donations received	<u>\$ 80,000</u>	<u>\$ 76,000</u>
Donations paid	<u>\$ 455,000</u>	<u>\$ 450,000</u>

9. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) **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.

(b) **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 collectibility of its accounts receivable on a continuous basis.