

The Hospice of Windsor and Essex County Inc.

Financial Statements

For the year ended March 31, 2020

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Independent Auditor's Report

To the Board of Directors of The Hospice of Windsor and Essex County Inc.

Qualified Opinion

We have audited the financial statements of The Hospice of Windsor and Essex County Inc., which comprise the statement of financial position as at March 31, 2020, 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 Hospice of Windsor and Essex County Inc. as at March 31, 2020, and its financial performance 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 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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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 Hospice of Windsor and Essex County Inc. 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 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 Hospice of Windsor and Essex County Inc.'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 Hospice of Windsor and Essex County Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Hospice of Windsor and Essex County Inc.'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 Hospice of Windsor and Essex County Inc.'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 Hospice of Windsor and Essex County Inc.'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 Hospice of Windsor and Essex County Inc. 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Ontario
June 16, 2020

The Hospice of Windsor and Essex County Inc.

Statement of Financial Position

March 31,	2020			2019
	General	Capital	Total	Total
Assets				
Current				
Cash and bank	\$ 773,276	\$ 84,299	\$ 857,575	\$ 1,563,432
Cash and bank - restricted (Note 2)	165,537	-	165,537	210,159
Accounts receivable	201,365	11,069	212,434	526,555
Due from the Foundation (Note 8)	43,119	-	43,119	30,283
Prepaid expenses and supplies on hand	75,237	-	75,237	68,957
	1,258,534	95,368	1,353,902	2,399,386
Investments (Note 3)	-	116,775	116,775	118,894
Capital assets (Note 4)	-	5,606,256	5,606,256	5,774,361
	\$ 1,258,534	\$ 5,818,399	\$ 7,076,933	\$ 8,292,641
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities \$	389,921	\$ 132,746	\$ 522,667	\$ 1,077,957
Interfund payable/receivable (Note 7)	115,652	(115,652)	-	
	505,573	17,094	522,667	1,077,957
Deferred contributions (Note 6)	609,425	5,400,076	6,009,501	6,650,163
	1,114,998	5,417,170	6,532,168	7,728,120
Commitments (Note 9)				
Net assets				
General fund	143,536	-	143,536	82,991
Capital fund	-	401,229	401,229	481,530
	143,536	401,229	544,765	564,521
	\$ 1,258,534	\$ 5,818,399	\$ 7,076,933	\$ 8,292,641

On behalf of the Board:

_____ Director

_____ Director

The Hospice of Windsor and Essex County Inc.

Statement of Operations

For the year ended March 31,			2020	2019
	General Fund	Capital Fund	Total	Total
Revenue				
Grants and other public funding	\$3,466,170	\$ 61,477	\$3,527,647	\$3,245,962
Donations	967,257	1,774	969,031	1,206,680
Fundraising, net (Note 5)	919,290	-	919,290	1,014,824
Amortization of deferrals (Note 6)	-	648,733	648,733	498,046
Donation from the Foundation	350,000	-	350,000	310,000
Interest and miscellaneous	47,457	311	47,768	64,345
	5,750,174	712,295	6,462,469	6,339,857
Expenses				
Salaries and benefits	4,277,471	-	4,277,471	3,983,423
Amortization (Note 4)	-	726,866	726,866	573,102
Occupancy	448,286	-	448,286	431,794
Outside services	287,075	-	287,075	500,564
Medical, linen and program supplies	103,387	-	103,387	105,588
Transportation	86,257	-	86,257	95,535
Photocopier supply and maintenance	72,393	-	72,393	66,907
Small equipment and fixtures	-	64,192	64,192	111,436
Insurance	57,785	1,538	59,323	56,310
Prepared food supplies	58,716	-	58,716	72,346
Systems maintenance	50,772	-	50,772	42,978
Promotion and publicity	49,077	-	49,077	73,111
Office and sundry	48,275	-	48,275	52,305
Licences, dues, and fees	32,730	-	32,730	26,179
Telephone	32,696	-	32,696	49,123
Education and conference	31,504	-	31,504	50,273
Professional services	24,726	-	24,726	19,669
Courier and postage	20,902	-	20,902	28,461
Resource library	7,577	-	7,577	7,044
	5,689,629	792,596	6,482,225	6,346,148
Excess of (expenses over revenue)				
revenue over expenses	\$ 60,545	\$ (80,301)	\$ (19,756)	\$ (6,291)

The Hospice of Windsor and Essex County Inc.

Statement of Changes in Net Assets

For the year ended March 31,

	General Fund	Capital Fund	2020 Total	2019 Total
Balance, beginning of year	\$ 82,991	\$ 481,530	\$ 564,521	\$ 570,812
Excess of (expenses over revenue) revenue over expenses	60,545	(80,301)	(19,756)	(6,291)
Balance, end of year	\$ 143,536	\$ 401,229	\$ 544,765	\$ 564,521

The Hospice of Windsor and Essex County Inc.

Statement of Cash Flows

For the year ended March 31,	2020	2019
Cash from operations		
Excess (expenses over revenue) revenue over expenses	\$ (19,756)	\$ (6,291)
Items not requiring an outlay of cash		
Amortization - capital assets	726,866	573,102
Amortization - deferred capital contributions	<u>(648,733)</u>	<u>(498,046)</u>
	58,377	68,765
Changes in non-cash working capital		
Accounts receivable	314,121	(175,740)
Prepaid expenses	(6,280)	(13,821)
Accounts payable and accrued liabilities	<u>(555,286)</u>	<u>509,441</u>
	<u>(189,068)</u>	<u>388,645</u>
Cash from investing		
Net change from investments	<u>2,119</u>	<u>(4,276)</u>
Cash from financing		
Purchase of capital assets	(558,763)	(3,451,249)
Deferred contributions received	8,069	1,410,632
Advances (to) from The Foundation	<u>(12,836)</u>	<u>(17,029)</u>
	<u>(563,530)</u>	<u>(2,057,646)</u>
Decrease in cash during the year	(750,479)	(1,673,277)
Cash and cash equivalents, beginning of year	<u>1,773,591</u>	<u>3,446,868</u>
Cash and cash equivalents, end of year	\$ 1,023,112	\$ 1,773,591
Represented by:		
Cash and bank	\$ 857,575	\$ 1,563,432
Cash and bank - restricted	<u>165,537</u>	<u>210,159</u>
	\$ 1,023,112	\$ 1,773,591

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2020

1. Significant accounting policies

Nature of association The Hospice of Windsor and Essex County Inc. is a charitable organization (as defined in The Income Tax Act) to receive and administer gifts, bequests and grants for charitable purposes. It provides services to individuals who are affected by or are caring for a person with a life-altering diagnosis in order to achieve their desired quality of life.

Basis of accounting The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting The agency follows the restricted fund method of accounting for contributions.

The General Fund accounts for the agency's program delivery and administrative activities. The General fund has both restricted and unrestricted contributions.

The Capital fund reports the assets, liabilities, revenues and expenses related to the agency's capital assets.

Capital assets Purchased capital assets are recorded at cost. Amortization expense is reported in the Capital Asset Fund provided as follows:

Building	20 years straight-line basis
Land improvements	10 years straight-line basis
Furniture and equipment	5 years straight-line basis
Computers and software	3 years straight-line basis
Automobiles	3 years straight-line basis
Contributed automobiles	3 years straight-line basis
Parking lots	10 years straight-line basis

Contributed property and equipment are recorded at fair value at the date of contribution.

Contributed building	20 years straight-line basis
Automobiles	3 years straight-line basis

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2020

1. Significant accounting policies (continued)

Financial instruments	Financial instruments are recorded at fair value when acquired or issued. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
Use of estimates	The preparation of financial statements in accordance with Canadian 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. Actual results could differ from management's best estimates as additional information becomes available in the future.
Revenue recognition	<p>The agency follows the deferral method of accounting for contributions, which include donations and Ministry of Health funding.</p> <p>Unrestricted contributions are recognized as revenue as received.</p> <p>Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets that are amortized.</p>
Contributed services	Over 970 (2019 - 974) individuals provided over 98,247 (2019 - 100,098) volunteer hours; because of the difficulty of determining their fair value, contributed volunteer services are not recognized in the financial statements.

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2020

1. Significant accounting policies (continued)

Allocation of expenses

The agency engages in services to individuals who are affected by or are caring for a person with a life-altering diagnosis through funding provided by the Ministry of Health and Long-Term Care. The costs of these programs and services include the costs of personnel, premises, supplies and other expenses that are directly related to the provision of these programs and services. The agency also incurs a number of the general support expenses that are common to the administration of the organization and its programs and services.

Personnel costs (salaries and benefits) are allocated across the programs and services based on a percentage of the total salary for each staff position. The percentage is determined based on the estimated time spent on the various programs and services.

The General Fund includes an allocation of salaries and benefits related to administration and to programs and services funded by the Ministry of Health and Long-Term Care.

2. Cash and bank

The use of funds in the bingo, nevada and lottery bank accounts are externally restricted by the regulatory bodies. The cash balances for these funds are \$165,537 (2019 - \$210,159).

At year end, the organization had available \$150,000 (2019 - \$150,000) operating line of credit that is unused.

3. Investments

	<u>2020</u>	<u>2019</u>
Capital		
Cash surrender value of life insurance	\$ 116,775	\$ 118,894

Investments are recorded at original cost plus accrued interest.

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2020

4. Capital assets

		Accumulated Amortization	2020	2019
Land	\$ 250,000	\$ -	\$ 250,000	\$ 250,000
Land improvements	266,649	243,823	22,826	49,493
Assets under construction	-	-	-	1,713,087
Buildings	10,587,312	5,623,647	4,963,665	3,441,519
Contributed buildings	278,801	216,381	62,420	76,360
Parking lot	10,904	7,611	3,293	4,383
Furniture and equipment	775,231	583,949	191,282	162,628
Automobiles	24,178	24,178	-	-
Contributed automobiles	63,706	42,471	21,235	42,471
Computers and software	397,369	305,834	91,535	34,420
	\$12,654,150	\$7,047,894	\$5,606,256	\$ 5,774,361

The value of the contributed buildings and vehicles have been recorded in the financial statements and a deferred contribution has been set up as a liability. The balance at the year end for buildings is \$62,420 (2019 - \$76,360) and for vehicles is \$21,235 (2019 - \$42,471). The contribution will be taken into income over time and the amount taken into income will equal the amortization of the contributed buildings and vehicles. The amortization recognized for the current year is \$35,175 (2019 - \$35,175).

5. Fundraising

The net amounts for fundraising activities in the general fund are comprised of the following:

	2020	2019
Revenue	\$1,216,181	\$ 1,349,425
Expenses	296,891	334,601
	\$ 919,290	\$ 1,014,824

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2020

6. Deferred contributions

General deferred revenue

Deferred contributions reported in the general fund relate to operating funding received in the current period relating to the subsequent period. Changes in the deferred contributions balance reported in the operating fund are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 286,214	\$ 354,799
Add: amount received related to the following year	96,546	286,214
Less: amount recognized as revenue in the year	<u>(286,214)</u>	<u>(354,799)</u>
Balance, end of year	<u>\$ 96,546</u>	<u>\$ 286,214</u>

Capital contributions

Deferred capital contributions represent externally restricted contributions received for the purchase and betterment of the capital assets. The amortization of deferred capital contributions is recorded as revenue in the combined statement of operations. Changes in the deferred contributions balance reported in the Capital fund are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$5,780,370	\$ 4,431,857
Add: capital contributions	268,439	1,846,559
Less: amortization for the year	<u>(648,733)</u>	<u>(498,046)</u>
Balance, end of year	<u>\$5,400,076</u>	<u>\$ 5,780,370</u>

Restricted contributions

Deferred contributions reported in the restricted fund relate to unspent restricted contributions and interest earned thereon. Changes in the deferred contributions balance reported in the restricted fund are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 583,579	\$ 922,952
Add: amounts related to the following year	738,343	1,353,404
Less: amounts recognized as revenue in the year	(12,979)	(16,198)
Less: transfers to capital fund during the year	<u>(796,064)</u>	<u>(1,676,579)</u>
Balance, end of year	<u>\$ 512,879</u>	<u>\$ 583,579</u>

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2020

7. Interfund receivables/payables

Interfund balances are non-interest bearing and have no specific terms of repayment.

8. Hospice for Life Foundation

The Foundation is a separate organization that is overseen by an independent Board of Directors. The Foundation raises money to assist Hospice upon Board approval. During the year, the Foundation donated \$450,000 (2019 - \$310,000) to be used on programming, capital purchases and day to day operations. Of the total donation, \$350,000 (2019 - \$225,000) is for general operations, nil (2019 - \$85,000) is for capital purchases, \$100,000 (2019 - nil) is for use in fiscal 2020-21.

9. Residential home funding

The Hospice of Windsor and Essex County provides twenty-four hour nursing and support services at the residential homes, the expense of which was partially funded by LHIN Delivered Home Care Services. Nursing and support services are being fully funded through LHIN.

	<u>2020</u>	<u>2019</u>
Total LHIN Delivered Home Care services	\$ 2,100,000	\$ 2,100,000
Services contracted-Bayshore Home Health- Windsor	(712,002)	(693,910)
Services contracted-Bayshore Home Health - Erie Shores	(712,002)	(693,135)
Hospice Delivered Home Care Services portion	<u>\$ 675,996</u>	<u>\$ 712,955</u>

Effective July 1, 2020 the agency began providing nursing services directly through a new accountability agreement with the LHIN.

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2020

10. Financial instrument risk

Operational risk

An operational risk occurs when one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Agency is exposed to an operational risk resulting from the possibility that funding from LHIN or LHIN Delivered Home Care Services to a financial instrument defaults on their financial obligations. For the March 31, 2020 year end 32% (2019 - 39%) of the Agency's funding came from the LHIN and LHIN funded the nursing program for residential homes of \$2,100,000 (2019 - \$2,100,000).

11. Subsequent events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. As a result, management anticipates a temporary decline in donation revenue and has postponed a number of its fundraising events. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time
