

# The Hospice of Windsor and Essex County Inc.

## Financial Statements

For the year ended March 31, 2022

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### Contents

|                                    |        |
|------------------------------------|--------|
| Independent Auditor's Report       | 2 - 3  |
| Financial Statements               |        |
| Statement of Financial Position    | 4      |
| Statement of Operations            | 5      |
| Statement of Changes in Net Assets | 6      |
| Statement of Cash Flows            | 7      |
| Notes to Financial Statements      | 8 - 13 |



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## Independent Auditor's Report

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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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 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 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.

Chartered Professional Accountants, Licensed Public Accountants  
Windsor, Ontario  
June 21, 2022

# The Hospice of Windsor and Essex County Inc.

## Statement of Financial Position

| March 31,                                   | 2022         |              |              | 2021         |
|---|--------------|--------------|--------------|--------------|
|   | General      | Capital      | Total        | Total        |
| <b>Assets</b>                               |              |              |              |              |
| <b>Current</b>                              |              |              |              |              |
| Cash and bank                               | \$ 1,621,785 | \$ 2,560     | \$ 1,624,345 | \$ 1,670,851 |
| Cash and bank - restricted (Note 2)         | 117,279      | -            | 117,279      | 111,698      |
| Accounts receivable                         | 124,845      | 11,168       | 136,013      | 165,651      |
| Due from the Foundation (Note 8)            | 10,568       | -            | 10,568       | 2,427        |
| Prepaid expenses and supplies on hand       | 53,675       | -            | 53,675       | 32,667       |
| Interfund receivable (Note 7)               | -            | 45,901       | 45,901       | -            |
|   | 1,928,152    | 59,629       | 1,987,781    | 1,983,294    |
| Investments (Note 3)                        | -            | 83,865       | 83,865       | 83,062       |
| Capital assets (Note 4)                     | -            | 4,399,135    | 4,399,135    | 5,002,170    |
|   | \$ 1,928,152 | \$ 4,542,629 | \$ 6,470,781 | \$ 7,068,526 |
| <b>Liabilities and Net Assets</b>           |              |              |              |              |
| <b>Current</b>                              |              |              |              |              |
| Accounts payable and accrued liabilities \$ | 618,960      | \$ 65,852    | \$ 684,812   | \$ 623,872   |
| Interfund payable (Note 7)                  | 45,901       | -            | 45,901       | -            |
|   | 664,861      | 65,852       | 730,713      | 623,872      |
| Deferred contributions (Note 6)             | 470,764      | 4,272,848    | 4,743,612    | 5,712,579    |
|   | 1,135,625    | 4,338,700    | 5,474,325    | 6,336,451    |
| <b>Commitments (Note )</b>                  |              |              |              |              |
| <b>Net assets</b>                           |              |              |              |              |
| General fund                                | 792,527      | -            | 792,527      | 392,405      |
| Capital fund                                | -            | 203,929      | 203,929      | 339,670      |
|   | 792,527      | 203,929      | 996,456      | 732,075      |
|   | \$ 1,928,152 | \$ 4,542,629 | \$ 6,470,781 | \$ 7,068,526 |

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# The Hospice of Windsor and Essex County Inc.

## Statement of Operations

For the year ended March 31, 2022                      2021

|  | General<br>Fund | Capital<br>Fund | Total       | Total       |
|--|-----------------|-----------------|-------------|-------------|
| Revenue  |                 |                 |             |             |
| Grants and other public funding                            | \$4,974,452     | \$ 29,654       | \$5,004,106 | \$4,276,700 |
| Donations  | 1,496,285       | 12,264          | 1,508,549   | 1,332,699   |
| Amortization of deferrals (Note 6)                         | -               | 617,801         | 617,801     | 625,286     |
| Fundraising, net (Note 5)                                  | 560,696         | -               | 560,696     | 136,097     |
| Government wage subsidy (Note 10)                          | 147,720         | -               | 147,720     | 525,604     |
| Donation from the Foundation                               | -               | -               | -           | 290,000     |
| Interest and miscellaneous                                 | 1,860           | 1,644           | 3,504       | 138,972     |
|  | 7,181,013       | 661,363         | 7,842,376   | 7,325,358   |
| Expenses   |                 |                 |             |             |
| Salaries and benefits (Note 10)                            | 5,474,969       | -               | 5,474,969   | 5,075,420   |
| Amortization (Note 4)                                      | -               | 659,791         | 659,791     | 690,600     |
| Occupancy  | 447,959         | -               | 447,959     | 376,508     |
| Outside services   | 247,642         | -               | 247,642     | 245,504     |
| Small equipment and fixtures                               | -               | 135,775         | 135,775     | 160,312     |
| Medical, linen and program supplies                        | 106,698         | -               | 106,698     | 71,090      |
| Systems maintenance  | 89,726          | -               | 89,726      | 82,475      |
| Insurance  | 70,113          | 1,538           | 71,651      | 59,456      |
| Photocopier supply and maintenance                         | 54,098          | -               | 54,098      | 49,367      |
| Promotion and publicity                                    | 53,945          | -               | 53,945      | 24,588      |
| Prepared food supplies                                     | 37,662          | -               | 37,662      | 34,680      |
| Telephone  | 37,158          | -               | 37,158      | 30,155      |
| Licences, dues, and fees                                   | 35,730          | -               | 35,730      | 32,809      |
| Professional services                                      | 32,844          | -               | 32,844      | 129,824     |
| Office and sundry  | 29,999          | -               | 29,999      | 30,686      |
| Education and conference                                   | 25,043          | -               | 25,043      | 12,908      |
| Transportation   | 23,464          | -               | 23,464      | 18,191      |
| Courier and postage  | 8,012           | -               | 8,012       | 8,234       |
| Resource library   | 5,829           | -               | 5,829       | 5,241       |
|  | 6,780,891       | 797,104         | 7,577,995   | 7,138,048   |
| Excess of revenue over expenses<br>(expenses over revenue) | \$ 400,122      | \$ (135,741)    | \$ 264,381  | \$ 187,310  |

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The Hospice of Windsor and Essex County Inc.

Statement of Changes in Net Assets

For the year ended March 31,

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|   | General Fund | Capital Fund | 2022<br>Total | 2021<br>Total |
|---|--------------|--------------|---------------|---------------|
| Balance, beginning of year                                    | \$ 392,405   | \$ 339,670   | \$ 732,075    | \$ 544,765    |
| Excess of (expenses over<br>revenue) revenue over<br>expenses | 400,122      | (135,741)    | 264,381       | 187,310       |
| Balance, end of year  | \$ 792,527   | \$ 203,929   | \$ 996,456    | \$ 732,075    |

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# The Hospice of Windsor and Essex County Inc.

## Statement of Cash Flows

| For the year ended March 31,                  | 2022                | 2021                |
|---|---------------------|---------------------|
| Cash from operations                          |                     |                     |
| Excess revenue over expenses                  | \$ 264,381          | \$ 187,310          |
| Items not requiring an outlay of cash         |                     |                     |
| Amortization - capital assets                 | 659,791             | 690,600             |
| Amortization - deferred capital contributions | <u>(617,801)</u>    | <u>(625,286)</u>    |
|   | 306,371             | 252,624             |
| Changes in non-cash working capital           |                     |                     |
| Accounts receivable                           | 29,638              | 46,783              |
| Prepaid expenses                              | (21,008)            | 42,570              |
| Accounts payable and accrued liabilities      | <u>60,940</u>       | <u>101,208</u>      |
|   | <u>375,941</u>      | <u>443,185</u>      |
| Cash from investing                           |                     |                     |
| Net change from investments                   | <u>(803)</u>        | <u>33,713</u>       |
| Cash from financing                           |                     |                     |
| Purchase of capital assets                    | (56,755)            | (86,514)            |
| Deferred contributions (used) received        | (351,167)           | 328,361             |
| Advances (to) from The Foundation             | <u>(8,141)</u>      | <u>40,692</u>       |
|   | <u>(416,063)</u>    | <u>282,539</u>      |
| (Decrease) increase in cash during the year   | (40,925)            | 759,437             |
| Cash and cash equivalents, beginning of year  | <u>1,782,549</u>    | <u>1,023,112</u>    |
| Cash and cash equivalents, end of year        | \$ 1,741,624        | \$ 1,782,549        |
| Represented by:                               |                     |                     |
| Cash and bank                                 | \$ 1,624,345        | \$ 1,670,851        |
| Cash and bank - restricted                    | <u>117,279</u>      | <u>111,698</u>      |
|   | <u>\$ 1,741,624</u> | <u>\$ 1,782,549</u> |

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# The Hospice of Windsor and Essex County Inc.

## Notes to Financial Statements

March 31, 2022

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### 1. Significant accounting policies

**Nature of organization**      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



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# The Hospice of Windsor and Essex County Inc.

## Notes to Financial Statements

March 31, 2022

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### 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 707 (2021 - 959) individuals provided over 47,833 (2021 - 31,634) volunteer hours; because of the difficulty of determining their fair value, contributed volunteer services are not recognized in the financial statements.   |
| Government assistance | The Hospice of Windsor and Essex County Inc. makes periodic applications for financial assistance under government incentive programs including investment tax credits. Government assistance received during the year for current expenses is included in the determination of net income for the year. Government assistance related to capital expenditures is shown as a reduction of the cost of such assets.  |

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# The Hospice of Windsor and Essex County Inc.

## Notes to Financial Statements

March 31, 2022

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### 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.

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### 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 \$117,279 (2021 - \$111,698).

At year end, the organization had available \$150,000 (2021 - \$150,000) operating line of credit that is unused.

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### 3. Investments

|  | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|
| Capital                                |             |             |
| Cash surrender value of life insurance | \$ 83,865   | \$ 83,062   |

Investments are recorded at original cost plus accrued interest.

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# The Hospice of Windsor and Essex County Inc.

## Notes to Financial Statements

March 31, 2022

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### 4. Capital assets

|                         | Cost                | Accumulated<br>Amortization | 2022               | 2021                |
|-------------------------|---------------------|-----------------------------|--------------------|---------------------|
| Land                    | \$ 250,000          | \$ -                        | \$ 250,000         | \$ 250,000          |
| Land improvements       | 308,507             | 266,660                     | 41,847             | 52,341              |
| Buildings               | 10,536,600          | 6,618,063                   | 3,918,537          | 4,409,693           |
| Contributed buildings   | 342,507             | 307,967                     | 34,540             | 48,480              |
| Parking lot             | 10,904              | 9,635                       | 1,269              | 2,200               |
| Furniture and equipment | 863,649             | 710,707                     | 152,942            | 200,294             |
| Automobiles             | 24,178              | 24,178                      | -                  | -                   |
| Contributed automobiles | 63,706              | 63,706                      | -                  | -                   |
| Computers and software  | 397,369             | 397,369                     | -                  | 39,162              |
|                         | <u>\$12,797,420</u> | <u>\$8,398,285</u>          | <u>\$4,399,135</u> | <u>\$ 5,002,170</u> |

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 \$34,540 (2021 - \$48,480). The contribution will be taken into income over time and the amount taken into income will equal the amortization of the contributed buildings. The amortization recognized for the current year is \$13,940 (2021 - \$35,175).

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### 5. Fundraising

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

|          | 2022              | 2021              |
|----------|-------------------|-------------------|
| Revenue  | \$ 701,426        | \$ 150,221        |
| Expenses | <u>140,730</u>    | <u>14,124</u>     |
|          | <u>\$ 560,696</u> | <u>\$ 136,097</u> |

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# The Hospice of Windsor and Essex County Inc.

## Notes to Financial Statements

March 31, 2022

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### 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:

|  | 2022             | 2021              |
|--|------------------|-------------------|
| Balance, beginning of year                         | \$ 232,816       | \$ 96,546         |
| Add: amount received related to the following year | 53,723           | 232,816           |
| Less: amount recognized as revenue in the year     | (232,816)        | (96,546)          |
| Balance, end of year                               | <u>\$ 53,723</u> | <u>\$ 232,816</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:

|                                 | 2022               | 2021                |
|---------------------------------|--------------------|---------------------|
| Balance, beginning of year      | \$4,841,280        | \$ 5,386,149        |
| Add: capital contributions      | 49,369             | 80,417              |
| Less: amortization for the year | (617,801)          | (625,286)           |
| Balance, end of year            | <u>\$4,272,848</u> | <u>\$ 4,841,280</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:

|   | 2022              | 2021              |
|---|-------------------|-------------------|
| Balance, beginning of year                      | \$ 638,483        | \$ 526,805        |
| Add: amounts related to the following year      | 16,117            | 307,447           |
| Less: amounts recognized as revenue in the year | (188,190)         | (108,023)         |
| Less: transfers to capital fund during the year | (49,369)          | (87,746)          |
| Balance, end of year                            | <u>\$ 417,041</u> | <u>\$ 638,483</u> |

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# The Hospice of Windsor and Essex County Inc.

## Notes to Financial Statements

March 31, 2022

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7. Interfund receivables/payables

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

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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 Nil (2021 - \$190,000) to be used on programming, capital purchases and day to day operations. Of the total donation, Nil (2021- \$150,000) is for general operations, Nil (2021 - \$40,000) is for capital purchases.

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9. 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 the Minister of Health to a financial instrument defaults on their financial obligations. For the March 31, 2022 year end 46% (2021 - 48%) of the Agency's funding came from the Ministry of Health.

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10. Impact of COVID-19

The on going pandemic of COVID-19 was in its second year and had limited impact on the organization. Management was able to actively monitor it's impact from the prior year information on it's financial condition, liquidity, operations, suppliers, industry and workforce, with positive results. To mitigate the uncertainty of the pandemic, the organization monitors the provincial mandates or guidelines and adjusts operations accordingly.

During the year, the organization received \$147,720 (2021 - \$525,604) in emergency funding from the Canada Emergency Wage Subsidy.

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