

The Hospice of Windsor and Essex County Inc.

Financial Statements

For the year ended March 31, 2023

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



Tel: 519-944-6993

Fax: 519-944-6116

www.bdo.ca

BDO Canada LLP

3630 Rhodes Drive, Building 100

Windsor, Ontario

N8W 5A4

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, 2023, 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, 2023, 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, 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, 2023 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 20, 2023

The Hospice of Windsor and Essex County Inc.

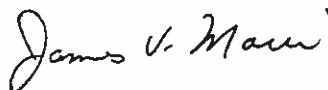
Statement of Financial Position

March 31,	2023			2022
	General	Capital	Total	Total
Assets				
Current				
Cash and bank	\$ 1,169,596	\$ 2,724	\$ 1,172,320	\$ 1,624,345
Cash and bank - restricted (Note 2)	253,275	-	253,275	117,279
Accounts receivable	161,613	11,459	173,072	136,013
Due from the Foundation (Note 8)	10,200	-	10,200	10,568
Prepaid expenses and supplies on hand	94,560	-	94,560	53,675
Short-term investments (Note 3)	200,000	-	200,000	-
Interfund receivable (Note 7)	-	(154,332)	(154,332)	45,901
	1,889,244	(140,149)	1,749,095	1,987,781
Investments (Note 3)	-	80,662	80,662	83,865
Capital assets (Note 4)	-	4,083,465	4,083,465	4,399,135
	\$ 1,889,244	\$ 4,023,978	\$ 5,913,222	\$ 6,470,781
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities \$	568,276	\$ 132	\$ 568,408	\$ 684,812
Interfund payable (Note 7)	(154,332)	-	(154,332)	45,901
	413,944	132	414,076	730,713
Deferred contributions (Note 6)	797,965	3,824,364	4,622,329	4,743,612
	1,211,909	3,824,496	5,036,405	5,474,325
Commitments				
Net assets				
General fund	677,335	-	677,335	792,527
Capital fund	-	199,482	199,482	203,929
	677,335	199,482	876,817	996,456
	\$ 1,889,244	\$ 4,023,978	\$ 5,913,222	\$ 6,470,781

On behalf of the Board:



Director



Director

The Hospice of Windsor and Essex County Inc.

Statement of Operations

For the year ended March 31,			2023	2022
	General Fund	Capital Fund	Total	Total
Revenue				
Grants and other public funding	\$5,359,882	\$ 19,604	\$5,379,486	\$5,004,106
Donations (Note 8)	1,907,341	67,342	1,974,683	1,508,549
Fundraising, net (Note 5)	758,582	4,256	762,838	560,696
Amortization of deferrals (Note 6)	-	483,600	483,600	617,801
Interest and miscellaneous	42,866	(3,118)	39,748	3,504
Government wage subsidy	-	-	-	147,720
	<u>8,068,671</u>	<u>571,684</u>	<u>8,640,355</u>	<u>7,842,376</u>
Expenses				
Salaries and benefits	5,969,452	-	5,969,452	5,474,969
Occupancy	674,955	-	674,955	447,959
Amortization (Note 4)	-	434,890	434,890	659,791
Small equipment and fixtures	-	139,703	139,703	135,775
Outside services	137,690	-	137,690	247,579
Medical, linen and program supplies	128,595	-	128,595	106,698
Promotion and publicity	61,552	-	61,552	53,945
Systems maintenance	95,921	-	95,921	89,726
Insurance	79,670	1,538	81,208	71,651
Transportation	56,328	-	56,328	23,464
Photocopier supply and maintenance	51,992	-	51,992	54,098
Prepared food supplies	48,739	-	48,739	37,662
Office and sundry	31,927	-	31,927	29,999
Licences, dues, and fees	37,829	-	37,829	35,793
Telephone	34,798	-	34,798	37,158
Professional services	27,391	-	27,391	32,844
Education and conference	41,314	-	41,314	25,043
Courier and postage	6,665	-	6,665	8,012
Resource library	1,586	-	1,586	5,829
	<u>7,486,404</u>	<u>576,131</u>	<u>8,062,535</u>	<u>7,577,995</u>
Excess of revenue over expenses (expenses over revenue) before other expenses	582,267	(4,447)	577,820	264,381
Other expenses				
Donation to the Foundation	697,459	-	697,459	-
Excess of revenue over expenses (expenses over revenue)	\$ (115,192)	\$ (4,447)	\$ (119,639)	\$ 264,381

The Hospice of Windsor and Essex County Inc.

Statement of Changes in Net Assets

For the year ended March 31,

	General Fund	Capital Fund	2023 Total	2022 Total
Balance, beginning of year	\$ 792,527	\$ 203,929	\$ 996,456	\$ 732,075
Excess of (expenses over revenue) revenue over expenses	(115,192)	(4,447)	(119,639)	264,381
Balance, end of year	\$ 677,335	\$ 199,482	\$ 876,817	\$ 996,456

The Hospice of Windsor and Essex County Inc.

Statement of Cash Flows

For the year ended March 31,	2023	2022
Cash from operations		
Excess (expenses over revenue) revenue over expenses	\$ (119,639)	\$ 264,381
Items not requiring an outlay of cash		
Amortization - capital assets	434,890	659,791
Amortization - deferred capital contributions	<u>(483,600)</u>	<u>(617,801)</u>
	(168,349)	306,371
Changes in non-cash working capital		
Accounts receivable	(37,059)	29,638
Prepaid expenses	(40,885)	(21,008)
Accounts payable and accrued liabilities	<u>(116,403)</u>	<u>60,940</u>
	<u>(362,696)</u>	<u>375,941</u>
Cash from investing		
Net change from investments	<u>(196,797)</u>	<u>(803)</u>
Cash from financing		
Purchase of capital assets	(119,220)	(56,755)
Deferred contributions received (used)	362,316	(351,167)
Advances from (to) The Foundation	<u>368</u>	<u>(8,141)</u>
	<u>243,464</u>	<u>(416,063)</u>
Decrease in cash during the year	(316,029)	(40,925)
Cash and cash equivalents, beginning of year	<u>1,741,624</u>	<u>1,782,549</u>
Cash and cash equivalents, end of year	<u>\$ 1,425,595</u>	<u>\$ 1,741,624</u>
Represented by:		
Cash and bank	\$ 1,172,320	\$ 1,624,345
Cash and bank - restricted	<u>253,275</u>	<u>117,279</u>
	<u>\$ 1,425,595</u>	<u>\$ 1,741,624</u>

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2023

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

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2023

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. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.
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 534 (2022 - 707) individuals provided over 70,411 (2022 - 47,833) 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.

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2023

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 \$253,275 (2022 - \$117,279).

At year end, the organization had available \$150,000 (2022 - \$150,000) operating line of credit that is unused.

3. Investments

	<u>2023</u>	<u>2022</u>
WFCU GIC matured May 22, 2024 at 4.65%	\$ 150,000	\$ -
WFCU GIC matured September 22, 2023 at 3.8%	50,000	-
Total Short-term investments	<u>\$ 200,000</u>	<u>\$ -</u>
Capital		
Cash surrender value of life insurance	<u>\$ 80,662</u>	<u>\$ 83,865</u>

Investments are recorded at original cost plus accrued interest.

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2023

4. Capital assets

	Cost	Accumulated Amortization	2023	2022
Land	\$ 250,000	\$ -	\$ 250,000	\$ 250,000
Land improvements	308,507	276,647	31,860	41,847
Buildings	10,655,820	6,965,538	3,690,282	3,918,537
Contributed buildings	342,507	321,907	20,600	34,540
Parking lot	10,904	10,371	533	1,269
Furniture and equipment	863,649	773,459	90,190	152,942
Automobiles	24,178	24,178	-	-
Contributed automobiles	63,706	63,706	-	-
Computers and software	397,369	397,369	-	-
	<u>\$12,916,640</u>	<u>\$8,833,175</u>	<u>\$4,083,465</u>	<u>\$ 4,399,135</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 \$20,600 (2022 - \$34,540). 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 (2022 - \$13,940).

5. Fundraising

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

	2023	2022
Revenue	\$1,060,171	\$ 701,426
Expenses	<u>297,333</u>	<u>140,730</u>
	<u>\$ 762,838</u>	<u>\$ 560,696</u>

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2023

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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 53,723	\$ 232,816
Add: amount received related to the following year	200,141	53,723
Less: amount recognized as revenue in the year	<u>(53,723)</u>	<u>(232,816)</u>
Balance, end of year	<u>\$ 200,141</u>	<u>\$ 53,723</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>2023</u>	<u>2022</u>
Balance, beginning of year	\$4,272,848	\$ 4,841,280
Add: capital contributions	35,116	49,369
Less: amortization for the year	<u>(483,600)</u>	<u>(617,801)</u>
Balance, end of year	<u>\$3,824,364</u>	<u>\$ 4,272,848</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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 417,041	\$ 638,483
Add: amounts related to the following year	433,630	16,117
Less: amounts recognized as revenue in the year	<u>(217,731)</u>	<u>(188,190)</u>
Less: transfers to capital fund during the year	<u>(35,116)</u>	<u>(49,369)</u>
Balance, end of year	<u>\$ 597,824</u>	<u>\$ 417,041</u>

The Hospice of Windsor and Essex County Inc.

Notes to Financial Statements

March 31, 2023

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.

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, 2023 year end 45% (2022 - 46%) of the Agency's funding came from the Ministry of Health.
