

HOSPICE OF WATERLOO REGION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

HOSPICE OF WATERLOO REGION
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Changes in Fund Balances	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 14

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 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.



Kitchener, Ontario
June 12, 2024

Chartered Professional Accountants
Licensed Public Accountants

HOSPICE OF WATERLOO REGION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	Operating Fund	Capital Fund	2024	2023
ASSETS				
CURRENT				
Cash	\$ 589,357	\$ 95,872	\$ 685,229	\$ 371,376
Cash - Cambridge OHT (note 6)	343,842	0	343,842	328,720
Accounts receivable (note 4)	182,876	7,089	189,965	375,321
Prepaid expenses	102,692	0	102,692	80,032
Due to/from funds (note 8)	<u>(32,688)</u>	<u>32,688</u>	<u>0</u>	<u>0</u>
	1,186,079	135,649	1,321,728	1,155,449
TANGIBLE CAPITAL ASSETS (note 7)	<u>0</u>	<u>16,190,386</u>	<u>16,190,386</u>	<u>16,755,702</u>
	<u>\$ 1,186,079</u>	<u>\$ 16,326,035</u>	<u>\$ 17,512,114</u>	<u>\$ 17,911,151</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities (note 5)	\$ 364,478	\$ 0	\$ 364,478	\$ 339,070
Accounts payable - Cambridge OHT (note 6)	343,842	0	343,842	328,720
Deferred operating contributions (note 9)	476,899	0	476,899	318,034
Current portion of long term debt (note 11)	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,000</u>
	<u>1,185,219</u>	<u>0</u>	<u>1,185,219</u>	<u>1,025,824</u>
FUND BALANCES				
RESTRICTED FOR TANGIBLE CAPITAL ASSETS	0	16,190,386	16,190,386	16,750,377
EXTERNALLY RESTRICTED	0	135,649	135,649	120,223
UNRESTRICTED	<u>860</u>	<u>0</u>	<u>860</u>	<u>14,727</u>
	<u>860</u>	<u>16,326,035</u>	<u>16,326,895</u>	<u>16,885,327</u>
	<u>\$ 1,186,079</u>	<u>\$ 16,326,035</u>	<u>\$ 17,512,114</u>	<u>\$ 17,911,151</u>

APPROVED ON BEHALF OF THE BOARD:

Linde Brooks Director
Paul Reit Director

HOSPICE OF WATERLOO REGION
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED MARCH 31, 2024

	Operating	Capital	2024	2023
FUND BALANCES, beginning of year	\$ 14,727	\$ 16,870,600	\$ 16,885,327	\$ 16,835,291
(Deficiency) excess of revenue over expenses for the year	<u>(13,867)</u>	<u>(544,565)</u>	<u>(558,432)</u>	<u>50,036</u>
FUND BALANCES, end of year	<u>\$ 860</u>	<u>\$ 16,326,035</u>	<u>\$ 16,326,895</u>	<u>\$ 16,885,327</u>

HOSPICE OF WATERLOO REGION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2024

	Operating Fund	Capital Fund	2024	2023
REVENUE				
Home & Community Care	\$ 1,711,332	\$ 0	\$ 1,711,332	\$ 1,461,560
Donations and fundraising (note 12)	1,105,725	112,400	1,218,125	1,815,200
Ontario Health	1,061,814	0	1,061,814	992,148
Grants	112,748	36,215	148,963	43,309
Ministry of Health Education funding	91,395	0	91,395	88,733
Interest and other (note 12)	76,442	43	76,485	164,982
	<u>4,159,456</u>	<u>148,658</u>	<u>4,308,114</u>	<u>4,565,932</u>
EXPENSES				
Salaries and benefits	2,933,586	0	2,933,586	2,963,336
Program costs	286,165	0	286,165	231,347
Occupancy costs	266,061	0	266,061	283,067
Computer and other equipment leases and costs	158,826	0	158,826	113,185
Fundraising	127,369	0	127,369	108,683
Insurance and professional fees	101,455	0	101,455	104,628
Ministry of Health Education	91,395	0	91,395	88,733
Staff education	56,238	0	56,238	39,212
Office	46,891	0	46,891	36,656
Postage and telephone	26,177	0	26,177	28,525
Flowthrough (note 13)	25,000	0	25,000	0
Advertising, promotion and printing	19,250	0	19,250	36,163
Bank charges and loan interest	13,925	1,226	15,151	44,830
Travel reimbursements	11,083	0	11,083	13,342
Memberships	9,902	0	9,902	13,471
	<u>4,173,323</u>	<u>1,226</u>	<u>4,174,549</u>	<u>4,105,178</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	<u>(13,867)</u>	<u>147,432</u>	<u>133,565</u>	<u>460,754</u>
OTHER REVENUE (EXPENSE)				
HST rebate	0	0	0	318,640
Amortization of tangible capital assets	0	(691,997)	(691,997)	(729,358)
	<u>0</u>	<u>(691,997)</u>	<u>(691,997)</u>	<u>(410,718)</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES for the year	<u>\$ (13,867)</u>	<u>\$ (544,565)</u>	<u>\$ (558,432)</u>	<u>\$ 50,036</u>

HOSPICE OF WATERLOO REGION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses for the year	\$ (558,432)	\$ 50,036
Items not requiring an outlay of cash		
Amortization of tangible capital assets	<u>691,997</u>	<u>729,358</u>
	133,565	779,394
Changes in non-cash working capital		
Accounts receivable	185,356	432,901
Prepaid expenses	(22,660)	(16,481)
Accounts payable and accrued liabilities	25,408	(8,573)
Accounts payable - Cambridge OHT	15,122	18,920
Deferred operating contributions	<u>158,865</u>	<u>(160,542)</u>
	495,656	1,045,619
CASH USED IN FINANCING ACTIVITIES		
Long term debt repayments	(40,000)	(1,916,222)
CASH USED IN INVESTING ACTIVITIES		
Additions to tangible capital assets	<u>(126,681)</u>	<u>(207,772)</u>
NET INCREASE (DECREASE) IN CASH	328,975	(1,078,375)
NET CASH, BEGINNING OF YEAR	<u>700,096</u>	<u>1,778,471</u>
NET CASH, END OF YEAR	<u>\$ 1,029,071</u>	<u>\$ 700,096</u>
CASH CONSISTS OF:		
Cash	\$ 685,229	\$ 371,376
Cash - Cambridge OHT	<u>343,842</u>	<u>328,720</u>
	<u>\$ 1,029,071</u>	<u>\$ 700,096</u>

HOSPICE OF WATERLOO REGION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

1. NATURE OF OPERATIONS

Hospice Of Waterloo Region is a registered charity incorporated without share capital under the laws of Ontario and is exempt from income tax. It is dedicated to providing comfort, care and support to people affected by a life-threatening illness. The organization has a Palliative Care Centre that includes spaces for a medical clinic, client programming, volunteer services, education classrooms, administrative offices and residence hospice beds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions. Contributions received related to the capital fund are recognized as revenue in the fund when received.

Contributions of the operating fund that are restricted for activities or fundraising events taking place in the following year are deferred until the activity or event is completed and the related expenses are incurred.

Unrestricted contributions of the operating fund are recognized as revenue when received or receivable and grants are recognized when collection is reasonably assured and conditions of the grant are met.

The majority of funding is received from Ontario Health and Home & Community Care Support Services Waterloo Wellington. Annual Reconciliation Reports are submitted to Ontario Health by the organization for final approval. Assessments of prior funding may occur based on Ontario Health decisions. The effect of these adjustments, which cannot be quantified at the time of preparing the financial statements, will be recorded in the year of assessment. Home & Community Care Support Services Waterloo Wellington reconciles the funding annually for the organization.

Capital campaign pledges will be recorded as revenue when received.

All other revenue is recognized when received or receivable.

(b) FUND ACCOUNTING

Operating fund

The operating fund reports the assets, liabilities, revenues and expenses related to the services provided to people and families affected by a life-threatening illness.

Capital fund

The capital fund reports the assets, liabilities, revenues and expenses related to the purchase and use of tangible capital assets. Amounts related to existing tangible capital assets are reported in the internally restricted for tangible capital assets fund. Externally restricted funds represent the amounts raised towards future tangible capital asset purchases that have been restricted by the funder.

HOSPICE OF WATERLOO REGION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Building and roads	- 4 % declining balance basis
Office equipment	- 25 % declining balance basis
Furniture and fixtures	- 20 % declining balance basis
Signage	- 20 % declining balance basis
Computer equipment	- 55 % declining balance basis
Leasehold improvements	- 5 years straight line basis

One half of the amortization is provided in the year of acquisition and no amortization is provided in the year of disposal.

When a tangible capital asset no longer has any long term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

(d) 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include the useful life of tangible capital assets and valuation of accrued liabilities. Actual results could differ from those estimates.

(e) FINANCIAL INSTRUMENTS

Financial instruments are recorded at fair value at initial recognition. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. 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 the statement of operations. 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 the statement of operations.

HOSPICE OF WATERLOO REGION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) CONTRIBUTED MATERIALS AND SERVICES

Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the organization and their fair market value can be ascertained.

3. FINANCIAL INSTRUMENTS

Unless otherwise disclosed, management is of the opinion there are no significant financial instrument risks, except as follows.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the organization to concentrations of credit risk consist of cash and accounts receivable. The organization has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, debt and its commitments.

The organization's exposure to financial instrument risks remains unchanged from the prior year.

4. ACCOUNTS RECEIVABLE

	2024	2023
HST receivable	\$ 104,252	\$ 56,425
Other	19,500	20,758
Government	<u>66,213</u>	<u>298,138</u>
	<u>\$ 189,965</u>	<u>\$ 375,321</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accounts payable	\$ 183,847	\$ 181,584
Accrued liabilities	144,891	98,323
Government remittances	<u>35,740</u>	<u>59,163</u>
	<u>\$ 364,478</u>	<u>\$ 339,070</u>

HOSPICE OF WATERLOO REGION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

6. CASH - CAMBRIDGE OHT

At year end, the organization held cash of \$343,842 (2023 - \$328,720) on behalf of the Cambridge North Dumfries Ontario Health Team (CNDOHT). The Hospice of Waterloo Region has agreed to collect contributions from members and disburse funds on behalf of CNDOHT. This amount is also in accounts payable as owing to CNDOHT. The collection and distribution of funds has no impact on the results of operations of the Hospice of Waterloo Region.

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2024	Net 2023
Land	\$ 2,266,691	\$ 0	\$ 2,266,691	\$ 2,266,691
Building and roads	15,562,322	2,118,426	13,443,896	13,911,709
Office equipment	50,502	46,988	3,514	4,685
Furniture and fixtures	1,004,332	604,539	399,793	495,963
Signage	81,030	42,805	38,225	47,781
Computer equipment	237,010	202,064	34,946	24,722
Leasehold improvements	<u>12,974</u>	<u>9,653</u>	<u>3,321</u>	<u>4,151</u>
	<u>\$ 19,214,861</u>	<u>\$ 3,024,475</u>	<u>\$ 16,190,386</u>	<u>\$ 16,755,702</u>

8. DUE TO/FROM FUNDS

The balances due from (to) funds are unsecured, interest free, with no fixed terms of repayment.

9. DEFERRED OPERATING CONTRIBUTIONS

Deferred operating contributions consist of funds received for specific use and the related expenditures have not yet occurred. The change in these amounts during the year are as follows:

	2024	2023
Balance, beginning of the year	\$ 318,034	\$ 478,576
Funding received during the year	1,596,070	771,808
Amounts recognized as revenue during the year	<u>(1,437,205)</u>	<u>(932,350)</u>
Balance, end of year	<u>\$ 476,899</u>	<u>\$ 318,034</u>

10. ECONOMIC DEPENDENCE

The organization is economically dependent upon grants from the Government of Ontario. This source represents 69% (2023 - 64%) of operating fund revenue for the year ended March 31, 2024.

HOSPICE OF WATERLOO REGION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

11. LONG TERM DEBT

	2024	2023
Canada Emergency Business Account	\$ <u>0</u>	\$ <u>40,000</u>
Less current portion:		
Cash repayments required within 12 months	<u>0</u>	<u>40,000</u>
	<u>\$ 0</u>	<u>\$ 0</u>

The organization has the following facilities:

- An unused revolving demand facility in the amount of \$350,000, with interest at prime rate +0.55% and increments of \$5,000. At year end, the Royal Bank prime rate was 7.20%
- An unused revolving term facility in the amount of \$150,000 available by way of a series of term loans
- An unused revolving lease line of credit in the amount of \$150,000
- A credit card facility to a maximum amount of \$25,000, with a balance included in accounts payable and accrued liabilities at year end of \$14,464 (2023 - \$16,425)

The credit facilities are secured by a general security agreement, a collateral term loan constituting a first fixed charge on the land and improvements, located at 100 Solstice Way, Waterloo, ON, and an assignment of rents arising from the lands and improvements at 100 Solstice Way, Waterloo, ON, which has a carrying value of \$15,710,587.

12. NON-MONETARY TRANSACTIONS

During the year, the organization received donations of \$88,271 (2023 - \$77,570) in marketable securities measured at the fair value of the securities received on the date of exchange. The organization later sold these and a realized gain of \$357 (2023 - loss of \$61).

13. FLOWTHROUGH

Bereavement funding from Ontario Health West was paid to Lisaard and Innisfree Hospice.

**HOSPICE OF WATERLOO REGION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

14. WATERLOO REGION COMMUNITY FOUNDATION

Certain endowment funds owned by Waterloo Region Community Foundation (WRCF) are held in perpetuity for the benefit of Hospice of Waterloo Region and are excluded from these financial statements. The statement of operations is comprised of interest and dividends earned on the capital investment and is available for distribution in the form of grants.

The organization has access to any income and growth on the investments but the original capital contribution is restricted and held at WRCF.

Should WRCF cease to exist, the organization would be entitled to receive the appropriate proportionate share of the market value of the investments of WRCF represented by the fund.

The value of the endowment funds at December 31 is as follows:

	2023	2022
Restricted endowment fund	\$ <u>29,644</u>	\$ <u>28,588</u>
Net income (loss) earned during the year	\$ <u>1,056</u>	\$ <u>(3,752)</u>