

REGIONAL HOSPICE OF QUINTE INC.
(Operating as Hospice Quinte)

FINANCIAL STATEMENTS

March 31, 2024

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the members of
REGIONAL HOSPICE OF QUINTE INC.

Qualified Opinion

We have audited the financial statements of **REGIONAL HOSPICE OF QUINTE INC.** (Operating as Hospice Quinte), which comprise the statement of financial position as at March 31, 2024, and the statements of operations 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 effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REGIONAL HOSPICE OF QUINTE INC.
(Operating as Hospice Quinte)
(Incorporated without share capital under laws of Ontario)
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash	\$ 873,241	\$ 984,217
Accounts receivable	144,784	314,117
Prepaid expenses	25,893	30,225
	<u>1,043,918</u>	<u>1,328,559</u>
INVESTMENTS - note 4	1,418,878	767,375
CAPITAL ASSETS - note 5	<u>6,353,390</u>	<u>6,621,510</u>
	<u><u>\$ 8,816,186</u></u>	<u><u>\$ 8,717,444</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 164,012	\$ 80,933
Deferred revenue - note 6	984,376	722,333
Government remittances payable	12,660	28,360
	<u>1,161,048</u>	<u>831,626</u>
LONG TERM DEBT - note 7	-	37,883
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 8	<u>6,061,805</u>	<u>6,329,925</u>
	<u>7,222,853</u>	<u>7,199,434</u>
NET ASSETS		
Invested in capital assets	456,515	456,515
Internally restricted	1,001,600	900,200
Unrestricted	135,218	161,295
	<u>1,593,333</u>	<u>1,518,010</u>
	<u><u>\$ 8,816,186</u></u>	<u><u>\$ 8,717,444</u></u>

Approved by the Board

_____ Director

_____ Director

(See accompanying notes)

REGIONAL HOSPICE OF QUINTE INC.*(Operating as Hospice Quinte)***STATEMENT OF OPERATIONS****YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
REVENUE		
Membership fees	\$ 161	\$ 320
Donations	495,717	575,789
Subsidies - Ministry of Health and Long-Term Care/OH East	1,450,150	1,068,465
Grants	38,907	182,811
Fundraising	151,399	82,106
Interest	61,409	22,862
Amortization of deferred contributions related to capital assets	348,587	340,598
	<u>2,546,330</u>	<u>2,272,951</u>
EXPENSES		
Advertising	44,901	50,865
Amortization of capital assets	348,587	340,598
CPOC program expenses	181,679	-
Equipment rental	954	975
Fundraising	50,635	25,339
Insurance	20,710	20,463
Maintenance - equipment	17,047	17,364
- building	131,122	91,300
Memberships	5,962	4,923
Office	58,506	37,564
Professional fees	59,845	33,168
Program costs	77,827	64,615
Rent	-	390
Telephone	19,534	18,329
Training	12,454	76,578
Travel	6,281	5,649
Utilities	41,939	42,098
Volunteer	2,571	4,010
Wages and benefits	1,462,483	1,398,764
	<u>2,543,037</u>	<u>2,232,992</u>
Excess of revenue over expenses before other items	<u>3,293</u>	<u>39,959</u>
OTHER INCOME (EXPENSE)		
Gain on foreign exchange	215	10,181
Gain on sale of investments	2,581	9,304
Unrealized gain (loss) on fair value adjustment of investments	69,234	(54,262)
	<u>72,030</u>	<u>(34,777)</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 75,323</u>	<u>\$ 5,182</u>

(See accompanying notes)

REGIONAL HOSPICE OF QUINTE INC.*(Operating as Hospice Quinte)***STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 75,323	\$ 5,182
Adjustments for:		
Amortization of capital assets	348,587	340,598
Amortization of deferred contributions related to capital assets	(348,587)	(340,598)
Gain on sale of investments	(2,581)	(9,304)
Writedown (writeup) of investments	(69,234)	54,262
Foreign exchange gain	(215)	(10,181)
Stock donations received - non-cash	(20,386)	(27,456)
Fair value adjustment to interest free loan	2,117	-
	<u>(14,976)</u>	<u>12,503</u>
Change in non-cash working capital components:		
Accounts receivable	169,333	(179,732)
Prepaid expenses	4,332	4,267
Accounts payable and accrued liabilities	83,079	8,361
Deferred revenue	262,043	429,511
Government remittances payable	(15,700)	4,555
	<u>488,111</u>	<u>279,465</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(971,770)	(406,088)
Proceeds on sale of investments	412,683	434,675
Purchase of capital assets	(80,467)	(36,992)
	<u>(639,554)</u>	<u>(8,405)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(40,000)	-
Contributions received related to capital assets	80,467	36,992
	<u>40,467</u>	<u>36,992</u>
INCREASE (DECREASE) IN CASH	(110,976)	308,052
CASH, beginning of year	<u>984,217</u>	<u>676,165</u>
CASH, end of year	<u>\$ 873,241</u>	<u>\$ 984,217</u>

(See accompanying notes)

REGIONAL HOSPICE OF QUINTE INC.
(Operating as Hospice Quinte)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

1. PURPOSE OF ORGANIZATION

The Regional Hospice of Quinte Inc. assists terminally ill patients and their caregivers by giving them support and companionship, during the patients' final stages of life, in an effort to improve their quality of life.

The Corporation is a registered charity (#11911 4452 RR0001) and as such is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Investments

The purchase and sale of investments are accounted for using settlement date accounting.

Capital assets and amortization

Capital assets are stated at cost. Amortization is provided on a straight line basis, at a half-year rate in the year of acquisition, using the following annual rates:

Furniture and equipment	10 years
Medical equipment	4 years
Buildings	25 years
Computer equipment	3 years

Revenue recognition

The Corporation follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Management makes accounting estimates when determining the estimated useful life of the Corporation's capital assets, accrued liabilities, deferred revenues and subsidy repayable. Actual results could differ from those estimates.

REGIONAL HOSPICE OF QUINTE INC.
(Operating as Hospice Quinte)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated material and services

Donated materials are recorded at fair value at the date of contribution. Donated services are not recorded by the Corporation due to the difficulty of determining their fair value.

Financial instruments

The Corporation measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost.

The Corporation measures all its financial assets and its financial liabilities at amortized cost except for investments quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations in the period incurred.

Financial assets measured at amortized cost include cash accounts receivable.

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

The fair value of the equity instruments is the closing price obtained from the applicable exchange at the date of the Statement of Financial Position.

3. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's maximum exposure to credit risk is represented by the carrying value of its cash and accounts receivable. The Corporation's cash is on deposit with Canadian chartered banks and therefore it is management's opinion that the Corporation is not subject to significant credit risk. The Corporation's accounts receivable comprise HST rebates and fundraising proceeds collected by third parties prior to the year end but not yet remitted; it is management's opinion that the Corporation is not subject to significant credit risk with respect to accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its commitments when they become due. Liquidity risk also includes the risk of the Corporation not being able to liquidate assets in a timely manner. The Corporation's management manages this risk by reviewing expected cash flow requirements, anticipating investing and financing activities and holding assets that can be readily converted to cash.

REGIONAL HOSPICE OF QUINTE INC.
(Operating as Hospice Quinte)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

3. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's transactions are primarily denominated in Canadian dollars. The Corporation is exposed to currency risk with fluctuations in the US dollar, as investments with a fair value of \$87,553 (2023 - \$68,922) are held in US investments.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments and future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Corporation's exposure to interest rate risk arises from its interest bearing assets.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Corporation manages other price risk by investing in low risk investments and is exposed to price risk on its equity investments.

Change in risk

There were no changes to the Corporation's risk exposure during the year.

REGIONAL HOSPICE OF QUINTE INC.
(Operating as Hospice Quinte)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

4. INVESTMENTS

	2024		2023	
	Market Value	Cost	Market Value	Cost
Fixed Income	\$ 87,808	\$ 87,024	\$ 72,184	\$ 72,676
Preferred shares	72,884	66,838	55,793	59,173
Common shares	531,533	478,877	317,445	323,701
Guaranteed Investment Certificantes				
- redeemable, 1.21% due August 11, 2023	-	-	99,191	99,191
- redeemable, 1.28% due August 11, 2023	-	-	100,000	100,000
- non-cashable, 5.74% due September 5, 2025	100,000	100,000	-	-
- non-cashable, 5.77% due September 5, 2025	100,000	100,000	-	-
- cashable, 3.00% due October 28, 2023	-	-	25,831	25,693
- cashable, 3.50% due December 18, 2023	-	-	96,931	96,792
- cashable, 4.75% due October 28, 2024	26,464	26,464	-	-
- cashable, 4.75% due December 18, 2024	100,189	100,189	-	-
- non-cashable, 5.20% due February 22, 2025	400,000	400,000	-	-
	<u>\$ 1,418,878</u>	<u>\$ 1,359,392</u>	<u>\$ 767,375</u>	<u>\$ 777,226</u>

During the year, the Corporation received donations of investments with a fair value of \$20,386.

REGIONAL HOSPICE OF QUINTE INC.
(Operating as Hospice Quinte)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

5. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 291,584	\$ -	\$ 291,584	\$ 291,584
Building	6,351,153	634,808	5,716,345	5,970,391
Medical equipment	181,299	102,920	78,379	105,339
Furniture and equipment	318,915	63,286	255,629	219,836
Computer equipment	68,720	57,267	11,453	34,360
	<u>\$ 7,211,671</u>	<u>\$ 858,281</u>	<u>\$ 6,353,390</u>	<u>\$ 6,621,510</u>

6. DEFERRED REVENUE

Deferred revenue consists of the following:

	<u>2024</u>	<u>2023</u>
Capital campaign donations	\$ 955,491	\$ 705,302
Unearned fundraising revenue	28,885	10,137
Ontario Trillium Foundation grant	-	6,894
	<u>\$ 984,376</u>	<u>\$ 722,333</u>

7. LONG TERM DEBT

Canada Emergency Business Account (CEBA) from Scotiabank, interest at 0% during initial term, initial term ending January 18, 2024, interest owing at 5% during extended term ending on December 31, 2026, first payment date is January 31, 2024, \$20,000 is forgivable if 75% repaid before initial term date. The loan was repaid in December 2023.

	<u>2024</u>	<u>2023</u>
	<u>\$ -</u>	<u>\$ 37,883</u>

REGIONAL HOSPICE OF QUINTE INC.
(Operating as Hospice Quinte)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets consist of:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 6,329,925	\$ 6,617,777
Contributions received	80,467	52,746
Amortization	<u>(348,587)</u>	<u>(340,598)</u>
Balance, end of year	<u>\$ 6,061,805</u>	<u>\$ 6,329,925</u>

9. RESTRICTION ON NET ASSETS

The balance of the internally restricted net assets at the end of March 31, 2024 is \$1,001,600 (2023 - \$900,200), representing six month operating contingency reserve.

10. GOVERNMENT SUBSIDIES

Government subsidies are provided by the Ministry of Health and Long-Term Care (MOHLTC)/Ontario Health East (OHE). The Corporation is required to report to funder as specified in the relevant agreements. Future operation of the Corporation depends on the continuance of government funding.

The Corporation entered into a Memorandum of Understanding ("MOU) with Providence Care Centre ("Providence Care"), effective from December 22, 2018 to March 31, 2024. The palliative service funding from MOHLTC/OHE was transferred to Providence Care, effective January 1, 2019. Under the MOU, Providence Care is responsible for reporting to MOHLTC/OHE for the palliative service. However, the Corporation is responsible for administering budget, bookkeeping and preparing payroll for the palliative service and remits financial and statistical information required by the MIS Guideline for the palliative service to Providence Care on a monthly basis. Providence Care is required to transfer MOHLTC/OHE funding to the Corporation on a monthly basis. As of the date the financial statements are issued, the MOU has not been renewed.

REGIONAL HOSPICE OF QUINTE INC.
(Operating as Hospice Quinte)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024

11. COMMITMENTS

The Corporation has a commitment under contracts for building maintenance and internet services. The minimum payments under the contract are as follows:

2025	\$	23,930
2026		7,500
2027		7,500
2028		5,625

12. CAPITAL FUNDING

The City of Belleville has committed to providing the Corporation \$1,000,000 over a period of five years commencing in 2019. As of March 31, 2024, the Corporation has received \$1,000,000 of the committed funds.