

**JESSICA'S HOUSE HOSPICE
FINANCIAL STATEMENTS
March 31, 2023**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Jessica's House Hospice

Opinion

We have audited the accompanying financial statements of Jessica's House Hospice, which are comprised of the statement of financial position as at March 31, 2023 and 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 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 Jessica's House Hospice as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis for Qualified Opinion

In common with many charitable organizations, Jessica's House Hospice derives revenue from donations, 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 Jessica's House Hospice. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenses, assets and fund balances. Our opinion on the financial statements for the year ended March 31, 2023, as well as the opinion on the prior year financial statements for the year ended March 31, 2022, was modified accordingly because of the possible effects of this scope limitation.

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 Jessica's House Hospice 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 ASNFPO, 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 Jessica's House Hospice'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 Jessica's House Hospice or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Jessica's House Hospice'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 scepticism 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 Jessica's House Hospice'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 Jessica's House Hospice'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 Jessica's House Hospice 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
June 15, 2023

JESSICA'S HOUSE HOSPICE**STATEMENT OF FINANCIAL POSITION**

See Accompanying Notes to Financial Statements

As at March 31	2023	2022
ASSETS		
Current assets		
Cash	\$ 158,724	\$ 282,426
HST receivable	8,702	4,608
Investments (note 3)	1,651,946	1,293,854
Prepaid expenses	1,115	961
Due from South Huron Hospital Foundation	625	-
	<u>1,821,112</u>	<u>1,581,849</u>
Capital assets (note 4)	1,492,188	1,591,748
	<u>1,492,188</u>	<u>1,591,748</u>
	<u>\$ 3,313,300</u>	<u>\$ 3,173,597</u>
LIABILITIES AND SURPLUS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 87,887	\$ 67,822
Deferred revenues	2,448	2,448
	<u>90,335</u>	<u>70,270</u>
Deferred contributions related to tangible capital assets	1,453,231	1,585,359
	<u>1,453,231</u>	<u>1,585,359</u>
Net assets		
Operating Fund	1,385,847	1,500,070
Invested in capital assets	15,692	17,898
Bequest Fund	368,195	-
	<u>1,769,734</u>	<u>1,517,968</u>
	<u>\$ 3,313,300</u>	<u>\$ 3,173,597</u>

JESSICA'S HOUSE HOSPICE**STATEMENT OF OPERATIONS AND FUND BALANCES**

See Accompanying Notes to Financial Statements

For the year ended March 31	Operating Fund	Capital Asset Fund	Bequest Fund	2023 Total	2022
Receipts					
Ontario Ministry of Health	\$ 420,200			\$ 420,200	\$ 457,500
Donations and fundraising	434,482		368,195	802,677	521,735
Grants	5,000			5,000	25,000
Investment income - interest, dividends and realized gains (losses)	(1,016)			(1,016)	7,044
Investment income - unrealized holding gains (losses)	(26,263)			(26,263)	13,753
Amortization of deferred grants and donations		132,128		132,128	131,738
	<u>\$ 832,403</u>	<u>\$ 132,128</u>	<u>\$ 368,195</u>	<u>\$ 1,332,726</u>	<u>\$ 1,156,770</u>
Expenditure					
Fundraising expenses	\$ 36,135			\$ 36,135	\$ 75,811
Salaries and benefits	193,474			193,474	178,050
Contracted services	593,229			593,229	559,769
Facilities expenses	65,714			65,714	40,912
Amortization of tangible capital assets		134,334		134,334	133,111
Program delivery expenses	13,878			13,878	15,320
Administrative expenses	44,196			44,196	39,363
	<u>\$ 946,626</u>	<u>\$ 134,334</u>	<u>\$ 0</u>	<u>\$ 1,080,960</u>	<u>\$ 1,042,336</u>
Excess (deficiency) of revenues over expenditures	(\$ 114,223)	(\$ 2,206)	\$ 368,195	\$ 251,766	\$ 114,434
Interfund transfer	-	-	-	-	-
Fund balance, beginning of period	<u>1,500,070</u>	<u>17,898</u>	<u>-</u>	<u>1,517,968</u>	<u>1,403,534</u>
Fund balance, end of period	<u>\$ 1,385,847</u>	<u>\$ 15,692</u>	<u>\$ 368,195</u>	<u>\$ 1,769,734</u>	<u>\$ 1,517,968</u>

JESSICA'S HOUSE HOSPICE
STATEMENT OF CASH FLOWS

See Accompanying Notes to Financial Statements

For the year ended March 31	2023	2022
Operating activities		
Excess of revenue over expenses for the period	\$ 251,766	\$ 114,434
Items not requiring (not providing) cash		
Depreciation of capital assets	134,334	133,111
Amortization of deferred capital grants and donations	(132,128)	(131,738)
Working capital provided from operations	\$ 253,972	\$ 115,807
Cash provided from (used for) changes in operational balances		
Accounts receivable	(\$ 4,094)	\$ 90
Prepaid expenses	(154)	2,824
Accounts payable and accrued liabilities	20,065	2,421
Deferred revenue	-	(749)
Cash provided from (used for) operating activities	\$ 269,789	\$ 120,393
Financing and investing activities		
Net investment sales (purchases)	(\$ 358,092)	(\$ 259,382)
Net capital asset disposals (purchases)	(34,774)	(2,490)
Contributions received	-	7,000
Due to/from South Huron Hospital Foundation	(625)	2,455
	(\$ 393,491)	(\$ 252,417)
Increase (decrease) in cash	(\$ 123,702)	(\$ 132,024)
Cash, beginning of period	282,426	414,450
Cash, end of period	\$ 158,724	\$ 282,426

JESSICA'S HOUSE HOSPICE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2023

1. Incorporation

Jessica's House Hospice ('Hospice') is a non-profit organization incorporated under the Registered Charities Act of Ontario, operating a residential hospice for end of life care for those suffering a life limiting illness.

The financial statements of the Hospice are the representation of management prepared in accordance with Canadian accounting principles for not-for-profit organizations.

2. Significant accounting policies

Revenue recognition

The financial statements have been prepared using the deferral method of accounting for contributions, which includes amounts received from governments and community-based health providers, donations and revenue from other fundraising activities.

Unrestricted contributions, including revenue from fundraising, are recognized as revenue when received or receivable, provided the amounts to be received can be reasonably estimated and collection is reasonable assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Income from investments is recognized on an accrual basis.

Capital assets

Capital assets are recorded at cost. Assets are amortized over their estimated useful lives using the following rates on a straight-line basis:

Building	20 years
Building service equipment	10 years
Equipment	10 years
Land improvements	20 years

Construction in progress is not amortized until construction is complete and the facilities are placed into use.

Financial instruments

The Hospice's financial instruments consist of cash and cash equivalents, short term investments, accounts and HST receivable, accounts payable and accrued liabilities. Cash and cash equivalents and short term investments that are quoted in an active market are measured at fair value. Accounts receivable, accounts payable and accrued liabilities are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument or shorter, dependent upon the expected period of cash flow.

Where there is an indication of impairment and such an impairment is determined to have occurred, the carrying amounts of financial assets, measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. Such impairments can be subsequently reversed if the value subsequently improves, but cannot exceed the amount that would have been reported at the date of reversal, had the impairment not been recognized previously.

It is management's opinion that the Hospice is not exposed to significant interest and credit risks arising from these financial instruments. The fair value of the financial instruments approximates their carrying amount.

JESSICA'S HOUSE HOSPICE
NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2023

2. Significant accounting policies (continued)

Investments

The Hospice has classified all stocks and bonds as available-for-sale which are carried at fair market value. Bank guaranteed investment certificates are classified as held-to-maturity and are carried at cost. A write down of the carrying amount of held-to-maturity investments is charged against income when evidence indicates a permanent decline in the underlying value and earning power of an investment. Gains and losses on disposal of held-to-maturity investments are determined on a completed transaction basis.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Investments

Investments consist of negotiable federal and provincial government securities and corporate bonds and equities as follows:

	<u>March 2023</u>		<u>March 2022</u>	
	cost	market value	cost	market value
Cash	\$ 64,110	\$ 64,110	\$ 45,342	\$ 45,342
Fixed income	515,656	516,974	462,673	446,161
Equities	<u>1,050,513</u>	<u>1,070,862</u>	<u>737,908</u>	<u>802,351</u>
	<u>\$ 1,630,279</u>	<u>\$ 1,651,946</u>	<u>\$ 1,245,923</u>	<u>\$ 1,293,854</u>

The investment portfolio is managed by an arm's length professional manager. These monies are being accumulated for further capital expansion purposes.

4. Capital assets

	Cost	Accumulated Depreciation	Net Book Value March 2023	Net Book Value March 2022
Building	\$ 1,004,705	\$ 211,805	\$ 792,900	\$ 814,416
Building service equipment	519,248	225,008	294,240	346,165
Equipment	118,464	48,456	70,008	74,741
Land improvements	<u>427,710</u>	<u>92,670</u>	<u>335,040</u>	<u>356,426</u>
	<u>\$ 2,070,127</u>	<u>\$ 577,939</u>	<u>\$ 1,492,188</u>	<u>\$ 1,591,748</u>

JESSICA'S HOUSE HOSPICE
NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2023

5. Deferred capital contributions related to capital assets

Deferred capital contributions related to capital assets represent the unamortized amount received for the purchase of capital assets and consists of the following:

	2023	2022
Balance, beginning of year	\$ 1,585,359	\$ 1,710,097
Additional contributions	-	7,000
Less: Amounts amortized to revenue	(132,128)	(131,738)
Less: Net value of disposals	-	-
Balance, end of year	<u>\$ 1,453,231</u>	<u>\$ 1,585,359</u>