

HOSPICE OF GREATER SAINT JOHN, INC.

(Incorporated under the laws of New Brunswick)

FINANCIAL STATEMENTS

MARCH 31, 2019

HOSPICE OF GREATER SAINT JOHN, INC.

MARCH 31, 2019

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

INDEPENDENT AUDITORS' REPORT

To the Directors of Hospice of Greater Saint John, Inc.

Qualified Opinion

We have audited the financial statements of Hospice of Greater Saint John, Inc. ("the Organization"), which comprise the statement of financial position as at March 31, 2019, and the statement of operations, statement of changes in net assets and statement of 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 Organization as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations ("ASNPO").

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, the verification of these revenues was limited to the amounts recorded in records of the Organization. Therefore, we are not able to determine whether any adjustments might be necessary to fundraising revenue, excess revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years.

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 ASNPO, 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.

Auditors' 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 qualified 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 qualified 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 qualified 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 qualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.
- Communicate with the Organizations 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

Saint John, NB
May 29, 2019

HOSPICE OF GREATER SAINT JOHN, INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019


	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 242,070	\$ 229,619
Internally restricted cash (Note 2)	-	72,000
Accounts receivable	54,422	22,395
Prepaid expenses	<u>67,305</u>	<u>45,736</u>
	363,797	369,750
CAPITAL ASSETS (Note 3)	<u>2,392,336</u>	<u>2,336,268</u>
	<u>\$ 2,756,133</u>	<u>\$ 2,706,018</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 119,495	\$ 98,348
Deferred revenue	<u>2,500</u>	<u>170</u>
	121,995	98,518
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 4)	<u>1,625,740</u>	<u>1,600,979</u>
	<u>1,747,735</u>	<u>1,699,497</u>
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS	768,928	737,621
UNRESTRICTED NET ASSETS	<u>239,470</u>	<u>268,900</u>
	<u>1,008,398</u>	<u>1,006,521</u>
	<u>\$ 2,756,133</u>	<u>\$ 2,706,018</u>

See accompanying notes to financial statements.

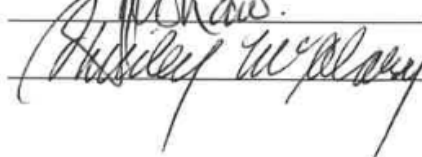
COMMITMENTS (Note 7)

SUBSEQUENT EVENT (Note 9)

APPROVED ON BEHALF OF THE BOARD:



Director



Director

HOSPICE OF GREATER SAINT JOHN, INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
Provincial government funding	\$ 766,500	\$ 730,000
Fundraising and sponsorships	1,140,517	969,368
Donations and memorials	396,869	402,102
Grants	45,094	-
Donation from Hospice Legacy Foundation Inc. (Note 5)	50,000	45,000
Interest and other	<u>582</u>	<u>20,704</u>
	<u>2,399,562</u>	<u>2,167,174</u>
EXPENDITURE		
Salaries and benefits	1,377,629	1,240,811
Fundraising and sponsorship	359,378	304,953
Operating supplies and expenses	110,657	82,246
Property and building	86,492	86,023
Staff and volunteer expense	82,035	66,398
Governance and administration	55,889	53,196
Community relations	5,183	6,554
Donation to Hospice Legacy Foundation Inc. (Note 5)	<u>300,000</u>	<u>210,000</u>
	<u>2,377,263</u>	<u>2,050,181</u>
EXCESS OF REVENUE OVER EXPENDITURE BEFORE AMORTIZATION	22,299	116,993
AMORTIZATION OF DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS	63,455	62,081
AMORTIZATION	<u>(83,877)</u>	<u>(83,546)</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$ 1,877</u>	<u>\$ 95,528</u>

See accompanying notes to financial statements.

HOSPICE OF GREATER SAINT JOHN, INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2019

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total 2019</u>	<u>Total 2018</u>
BALANCE AT BEGINNING OF YEAR	\$ 737,621	\$ 268,900	\$ 1,006,521	\$ 910,993
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(22,123)	24,000	1,877	95,528
PURCHASE OF CAPITAL ASSETS	141,646	(141,646)	-	-
CONTRIBUTIONS RELATED TO CAPITAL ASSETS	<u>(88,216)</u>	<u>88,216</u>	<u>-</u>	<u>-</u>
BALANCE AT END OF YEAR	\$ <u>768,928</u>	\$ <u>239,470</u>	\$ <u>1,008,398</u>	\$ <u>1,006,521</u>

See accompanying notes to financial statements.

HOSPICE OF GREATER SAINT JOHN, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenditure	\$ 1,877	\$ 95,528
Items not involving cash		
Amortization	85,578	85,034
Amortization of deferred contributions related to capital assets	<u>(63,455)</u>	<u>(62,081)</u>
	24,000	118,481
Changes in non-cash working capital balances		
Accounts receivable	(32,027)	10,128
Prepaid expenses	(21,569)	(9,040)
Accounts payable and accrued liabilities	21,147	3,290
Deferred revenue	<u>2,330</u>	<u>(1,830)</u>
	<u>(6,119)</u>	<u>121,029</u>
Investing activities		
Purchase of capital assets	<u>(141,646)</u>	<u>(19,075)</u>
Financing activities		
Contributions related to capital assets	<u>88,216</u>	<u>12,000</u>
(DECREASE) INCREASE IN CASH	(59,549)	113,954
CASH AT BEGINNING OF YEAR	<u>301,619</u>	<u>187,665</u>
CASH AT END OF YEAR	<u>\$ 242,070</u>	<u>\$ 301,619</u>
See accompanying notes to financial statements.		
REPRESENTED BY:		
Cash	\$ 242,070	\$ 229,619
Internally restricted cash	<u>-</u>	<u>72,000</u>
	<u>\$ 242,070</u>	<u>\$ 301,619</u>

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

1. PURPOSE OF THE ORGANIZATION

Hospice of Greater Saint John, Inc., incorporated under the laws of New Brunswick, is a registered charity under the Income Tax Act and is exempt from income taxes. Its purpose is to provide quality end-of-life care to people living with terminal illness and coping with loss. It is administered entirely by professional staff and governed by a duly elected volunteer Board of Directors comprised of business professionals.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Internally Restricted Cash

The Board of Directors agreed that funds earned from various fundraising activities in the 2018 fiscal years would be held aside for the Patient Flooring Project which was completed in the 2019 fiscal year.

Revenue Recognition

Hospice of Greater Saint John, Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including donations and grants, are recognized as revenue when the related pledges or commitments are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other revenue, including special event revenue and Hospice Shoppe sales, are recorded when earned.

Donated Goods and Services

The organization receives the donated services of many volunteers in various functions, including administration, fund raising and palliative support. These donated services are not reflected in the financial statements because of the difficulty of determining their fair value.

Items donated for the Valentine's Gala charity auction are recorded at the value realized during the auction. Donations of services require that payments be exchanged between the donor and the organization, in accordance with Canada Revenue Agency guidelines.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank balances and investments in guaranteed investment certificates having maturities of one year or less from date of purchase.

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Related to Capital Assets

Grants and donations received for the purpose of renovating and maintaining the Dufferin Row property and for the purpose of purchasing furnishings and equipment are being deferred and amortized to revenue on the same basis the related capital assets are being amortized to expense.

Controlled Foundation

The Hospice Legacy Foundation Inc., which is controlled by Hospice of Greater Saint John, Inc., is not consolidated in the organization's financial statements.

Financial Instruments

Measurement of Financial Instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditure.

Financial assets measured at amortized cost include cash and accounts receivable.

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

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenditure. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditure.

Transaction Costs

The organization recognizes its transaction costs in excess of revenue over expenditure in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Capital Assets

Equipment purchases in excess of \$5,000 are capitalized. Capital assets are recorded at their acquisition cost less accumulated amortization. Contributed capital assets are recorded at their fair value at the date of contribution where the fair value can be reasonably determined.

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets are amortized on the basis of their useful life using the following methods and rates:

Buildings	2% diminishing balance
Parking areas	8% diminishing balance
Furnishings and equipment	20% diminishing balance
Hospice Shoppe leaseholds	10% straight line
Vehicle	30% diminishing balance

3. CAPITAL ASSETS

	<u>2019</u>			<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land and improvements	\$ 112,440	\$ -	\$ 112,440	\$ 112,440
Building	2,460,825	389,635	2,071,190	2,048,831
Parking areas	23,963	12,255	11,708	12,726
Furnishings and equipment				
Residential hospice	467,792	287,117	180,675	138,465
Office and other	36,431	33,468	2,963	3,703
Hospice Shoppe	6,182	5,331	851	1,064
Hospice Shoppe leaseholds	14,877	14,134	743	2,231
Vehicle	<u>28,249</u>	<u>16,483</u>	<u>11,766</u>	<u>16,808</u>
	<u>\$ 3,150,759</u>	<u>\$ 758,423</u>	<u>\$ 2,392,336</u>	<u>\$ 2,336,268</u>

4. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 1,600,979	\$ 1,651,060
Donations received or receivable	88,216	12,000
Recognized as revenue	<u>(63,455)</u>	<u>(62,081)</u>
Balance at end of year	<u>\$ 1,625,740</u>	<u>\$ 1,600,979</u>

5. RELATED PARTY TRANSACTIONS

Hospice of Greater Saint John, Inc. and Hospice Legacy Foundation Inc. (Foundation) are related parties under common control since they have the same board of directors. All transactions are made in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The accounts payable balance at year end was \$Nil (2018 - \$Nil).

Hospice of Greater Saint John, Inc. receives donations from the Foundation. The organization also donates bequests and other donations to the Foundation:

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Donations received	\$ <u>50,000</u>	\$ <u>45,000</u>
Donations paid	\$ <u>300,000</u>	\$ <u>210,000</u>

6. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date March 31, 2019:

Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its obligations under operating lease agreements and accounts payable and accrued liabilities.

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 organization's main credit risks relate to its accounts and pledges receivable. The organization assesses the collectability of its accounts receivable on a continuous basis.

7. COMMITMENTS

The organization is committed to lease payments of \$53,227 plus HST per year ending August 31, 2021 under the terms of a lease for the premises for the Hospice Shoppe Boutique.

The company leases office equipment that has been accounted for as operating leases. The future minimum lease payments over the next four years are as follows:

2020	\$	1,516
2021		1,428
2022		1,428
2023		833

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

8. CONTROLLED FOUNDATION

HOSPICE LEGACY FOUNDATION INC.

Hospice Legacy Foundation Inc. is controlled by Hospice of Greater Saint John, Inc. as the organization appoints the majority of the Foundation's board of directors.

The Foundation was incorporated under the laws of New Brunswick on June 13, 2012 and is a public foundation under the Income Tax Act. Its purpose is to receive and maintain a fund or funds for the benefit of Hospice of Greater Saint John, Inc.

	<u>2019</u>	<u>2018</u>
The summary financial statements of the Foundation are as follows:		
Statement of financial position		
Assets	\$ 1,855,574	\$ 1,428,806
Liabilities	<u>2,272</u>	<u>2,272</u>
Unrestricted net assets	<u>\$ 1,853,302</u>	<u>\$ 1,426,534</u>
Statement of operations		
Revenue	\$ 431,557	\$ 394,572
Expenditure	<u>69,918</u>	<u>53,182</u>
Excess of revenue over expenditure	<u>\$ 361,639</u>	<u>\$ 341,390</u>
Statement of cash flows		
Operating activities	\$ 360,452	\$ 376,983
Investing activities	<u>(434,059)</u>	<u>(311,000)</u>
Increase (decrease) in cash	<u>\$ (73,607)</u>	<u>\$ 65,983</u>

9. SUBSEQUENT EVENT

The agreement pursuant to which the Province of New Brunswick provides annual funding in the amount of \$766,500 (2018 - \$730,000) for the operation of the residential hospice has been renewed for the next two fiscal year ending March 31, 2020.

10. SIGNIFICANT POLICIES

Hospice of Greater Saint John, Inc. is committed to excellence, transparency and best practices in all areas of charitable governance and operations. Using standards of excellence established by the Donner Canadian Foundation, Imagine Canada and others, Hospice follows these best practices:

- A strategic plan which is used to develop operational plans and goals with regular monitoring of results at monthly Board meetings.
- Annual budget and staff salaries approved by the Board of Directors.
- Monthly financial statements reviewed by the Board of Directors.

HOSPICE OF GREATER SAINT JOHN, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

10. SIGNIFICANT POLICIES (continued)

- Annual independent audit by a Chartered Professional Accountant approved by the Board of Directors and made public on the Hospice Website and reported in the Annual Report.
- Quarterly financial and accountability reports are submitted to the Department of Health and the Board of Directors.
- A Quality Care Committee to oversee all patient and family related clinical practices, ethics and continuous quality improvement (CQI) at Bobby's Hospice for the purpose of maintaining the highest standards for clinical care.
- An annual Quality Care Plan and Operational Plan with key performance indicators that are evaluated regularly and formally reported on annually.
- A succession plan for the CEO, senior staff and Board Chair.
- Comprehensive insurance coverage.
- Regular review of organizational By-Laws and Governance Policies.
- Comprehensive operational and human resource policies and procedures that are updated regularly.
- Formal staff and volunteer job descriptions, training, orientation and performance reviews.
- Conflict of interest policies and a Code of Conduct for Board, staff and volunteers.
- Annual filing of Canada Revenue Agency (CRA) Charity Return within six months of year-end.
- Annual filing of New Brunswick Non-Profit Return
- Privacy protection policies and practices.
- Monthly Donor Reports posted on the Hospice Website and available for pick up at Bobby's Hospice and The Hospice Shoppe.
- Annual Report and Audited Statements posted on the Hospice Website and available for pick up at Bobby's Hospice and The Hospice Shoppe.
- Annual General Meeting is a report to the community.