Financial Statements of

ST. JOSEPH'S HOSPICE OF LONDON

And Independent Auditor's Report thereon

Year ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of St. Joseph's Hospice of London

Qualified Opinion

We have audited the financial statements of St. Joseph's Hospice of London (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the ***"Basis for Qualified Opinion"*** section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023 and its results of operations, its changes in fund balances 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 charitable organizations, the Entity 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 the Entity and we were not able to determine whether, as at and for the years ended March 31, 2023 and March 31, 2022, any adjustments might be necessary to contributions, deficiency of revenues over expenses, current assets and net assets.

Our opinion on the financial statements for the year ended March 31, 2022 was qualified 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 auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 16, 2023

ST. JOSEPH'S HOSPICE OF LONDON

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 515,159	$ 443,499
Accounts receivable	32,334	45,746
Prepaid expenses and deposits	27,420	36,421
Due from related party (note 10)	-	30,325
	574,913	555,991
Endowed investments (note 3)	203,330	215,598
Investments (note 3)	1,989,813	2,087,251
Capital assets (note 4)	2,391,135	2,485,321
	$ 5,159,191	$ 5,344,161
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	$ 177,835	$ 174,525
Deferred revenue	-	24,524
	177,835	199,049
Deferred capital contributions (note 6)	2,388,034	2,425,969
Fund balances:		
Unrestricted	2,324,623	2,394,193
Internally restricted	50,000	50,000
Investment in capital assets (note 9)	3,101	59,352
Endowment	215,598	215,598
	2,593,322	2,719,143
	$ 5,159,191	$ 5,344,161

See accompanying notes to financial statements.

On behalf of the Board:

_____________________ Director _____________________ Director

ST. JOSEPH'S HOSPICE OF LONDON

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Home and Community Care	$ 1,342,010	$ 1,435,326
Donations	760,315	775,970
Fundraising	527,627	766,016
Ministry of Health	380,386	372,927
Amortization of deferred capital contributions (note 6)	169,194	173,426
Foundation	111,225	17,550
United Way	4,638	100,000
Government funding (note 7)	-	85,579
United Way designated	-	2,449
Investment income (expense)	(79,691)	219,371
	3,215,704	3,948,614
Expenses:		
Salaries and benefits	2,479,063	2,364,315
Fundraising	186,119	335,842
Rent	185,390	183,754
Amortization (note 4)	177,536	178,147
Office and administration	131,684	168,232
Professional fees	68,707	62,093
Programs	68,369	51,620
Insurance	20,781	16,048
Facilities	19,036	94,220
Bank charges and interest	4,840	4,425
	3,341,525	3,458,696
Excess (deficit) of revenue over expenses	$ (125,821)	$ 489,918

See accompanying notes to financial statements.

ST. JOSEPH'S HOSPICE OF LONDON

Statement of Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	Unrestricted	Investment in capital assets	Endowment	Internally restricted	2023 Total	2022 Total
Fund balances, beginning of year	$ 2,394,193	$ 59,352	$ 215,598	$ 50,000	$ 2,719,143	$ 2,229,225
Excess (deficit) of revenue over expenses	(117,479)	(8,342)	-	-	(125,821)	489,918
Interfund transfer	47,909	(47,909)	-	-	-	-
Fund balances, end of year	$ 2,324,623	$ 3,101	$ 215,598	$ 50,000	$ 2,593,322	$ 2,719,143

See accompanying notes to financial statements.

ST. JOSEPH'S HOSPICE OF LONDON

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ (125,821)	$ 489,918
Items not involving cash:		
Amortization of capital assets	177,536	178,147
Amortization of deferred capital contributions	(169,194)	(173,426)
Unrealized loss (gain) on investments	69,169	(227,091)
Accounts receivable	13,412	325,336
Prepaid expenses and deposits	9,001	58,047
Accounts payable and accrued liabilities	3,310	26,258
Deferred revenue	(24,524)	1,417
Related party	30,325	21,273
	(16,786)	699,879
Financing activities:		
Receipt of deferred capital contributions	131,259	100,521
Note payable	-	(77,000)
	131,259	23,521
Investing activities:		
Net change in investments	40,537	(922,387)
Net purchase of capital assets	(83,350)	(125,810)
	(42,813)	(1,048,197)
Increase (decrease) in cash	71,660	(324,797)
Cash, beginning of year	443,499	768,296
Cash, end of year	$ 515,159	$ 443,499
Cash consists of:		
Cash	$ 324,023	$ 282,379
Cash equivalents	191,136	161,120
	$ 515,159	$ 443,499

See accompanying notes to financial statements.

1. Nature of operations:

St. Joseph's Hospice of London (the "Organization") was incorporated in December, 2011 under the laws of Canada as a corporation without share capital. The Organization provides palliative, caregiver, and bereavement support to individuals and families focusing on physical, emotional, social, and spiritual needs. The Organization provides a variety of support programs offered in a client's home or at the facility. In keeping with the Hospice philosophy of care, all programs and services are offered to clients at no cost.

On April 1, 2012, all assets and liabilities of Hospice London Inc., an organization incorporated in October, 1985, were transferred to St. Joseph's-Hospice of London.

2. Significant accounting policies:

The financial statements of the Organization have been prepared by management in accordance with Canadian Accounting Standards for not-for-profit organizations in Part III of the CPA Handbook - Accounting. The significant accounting policies adopted by the Organization are summarized below:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year. Unspent grants due back to the funding organization are recorded as a liability due back to the funding organization.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Endowed contributions are recognized as a direct increase in net assets in the year the contribution is received.

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Gifts of capital assets, where an income tax receipt has been issued, are recorded at their fair market value on the date of receipt and related contributions are amortized into revenue at a rate corresponding with the amortization rate of the related capital assets.

(b) Contributed services:

Volunteers contribute a significant amount of time each year to assist the Organization in carrying out its fundraising activities. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

(c) Investments:

Investments consist of short term deposits, pooled investment funds, and equities, all of which are recorded at market value. Pooled investment funds are valued based on reported unit values for each fund.

Investment income, which consists of interest, income distributions from pooled funds and unrealized gains and losses on investments, is recorded as revenue in the statement of operations. Realized gains and losses are recorded as revenue in the statement of operations in the year that investments are sold.

(d) Capital assets:

Capital assets are recorded at cost. Amortization is provided on a straight-line and declining balance basis over the estimated useful lives as follows:

Asset	Basis	Rate
Leasehold improvements	Term of lease	30 years
Telephone system	Straight-line	10 years
Furniture and fixtures	Straight-line	5-10 years
Computer equipment	Declining balance	30%

(e) 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 expenses during the year. Actual results could differ from those estimates.

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Short-term deposits and endowed investments are carried at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Impairment of long-lived assets:

Long-lived assets are tested for recoverability when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(h) Government funding:

Government funding is recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the funding occur, performance criteria are met, and a reasonable estimate of the amount can be made. Government funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenditures are incurred or services performed.

3. Investments:

	2023 Cost	2023 Market	2022 Cost	2022 Market
Long-term investments:				
Guaranteed investment certificates	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Pooled funds	276,495	274,179	301,328	285,256
Canadian equity	997,851	1,067,455	1,033,546	1,174,135
Foreign Equity	309,803	348,179	265,072	327,860
	$ 1,884,149	$ 1,989,813	$ 1,899,946	$ 2,087,251
Endowed investments:				
Guaranteed investment certificates	$ 40,000	$ 40,000	$ 40,000	$ 40,000
Pooled funds	22,639	23,026	28,919	31,934
Canadian equity	72,439	101,507	81,753	107,478
Foreign equity	31,941	38,797	25,138	36,186
	$ 167,019	$ 203,330	$ 175,810	$ 215,598

The guaranteed investment certificates have an effective interest rate of 1.23% to 4.7% (2022 - 1.14% to 2.47%) and mature between July 2023 and December 2024.

The pooled funds hold money market instruments, bonds, and Canadian and foreign equities.

4. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Leasehold improvements	$ 2,943,207	$ 879,016	$ 2,064,191	$ 2,141,891
Telephone system	47,412	26,785	20,627	25,368
Furniture and fixtures	899,979	647,710	252,269	242,782
Computer equipment	189,419	135,371	54,048	75,280
	$ 4,080,017	$ 1,688,882	$ 2,391,135	$ 2,485,321

During the year amortization of $177,536 (2022 - $178,147) was recorded.

5. Line of credit:

The Organization has a credit agreement with Toronto-Dominion Bank, which includes an operating line of credit of $250,000. The interest rate for the facility is the Canadian bank prime rate. As of March 31, 2023, no funds were drawn on the operating line of credit (2022 - $nil).

6. Deferred capital contributions:

Deferred capital contributions represent the unamortized amounts of grants spent on the purchase of capital assets.

The change in deferred capital contributions consists of the following:

	2023	2022
Balance, beginning year	$ 2,425,969	$ 2,498,874
Receipt of deferred capital contributions	131,259	100,521
Amortization of deferred capital contributions	(169,194)	(173,426)
Balance, end of year	$ 2,388,034	$ 2,425,969

7. Government funding:

During the year, the Organization received $nil (2022 - $143,685) of Canadian Emergency Wage Subsidy ("CEWS") funding, and $nil (2022 - $13,824) of Canada Emergency Rent Subsidy ("CERS") funding. At March 31, 2023, $nil (2022 - $nil) was included in accounts receivable.

8. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budgets and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

9. Investment in capital assets:

Investment in capital assets consists of the following:

	2023	2022
Capital assets	$ 2,391,135	$ 2,485,321
Deferred capital contributions	(2,388,034)	(2,425,969)
Investment in capital assets	$ 3,101	$ 59,352

10. Related party transactions:

Balance due from related party represents amounts receivable from St. Joseph's Health Care Society.