Financial Statements of

ST. JOSEPH'S-HOSPICE OF LONDON

And Independent Auditors' Report thereon

Year ended March 31, 2022

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INDEPENDENT AUDITORS' 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, 2022
- 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 auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022 and its results of operations, 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, 2022 and March 31, 2021, 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, 2021 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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' 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.

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 auditors' 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 auditors' 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 auditors' 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 30, 2022

ST. JOSEPH'S-HOSPICE OF LONDON

Statement of Financial Position

March 31, 2022, with comparative information for 2021

		2022		2021
Assets				
Current assets:				
Cash	$	443,499	$	768,296
Accounts receivable (note 7)		45,746		371,082
Prepaid expenses and deposits		36,421		94,468
Due from related party (note 10)		30,325		51,598
		555,991		1,285,444
Endowed investments (note 3)		215,598		232,733
Investments (note 3)		2,087,251		920,637
Capital assets (note 4)		2,485,321		2,537,658
	$	5,344,161	$	4,976,472
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities	$	174,528	$	148,269
Note payable to related party (note 10)		-		77,000
Deferred revenue		24,524		23,107
		199,052		248,376
Deferred capital contributions (note 6)		2,425,969		2,498,874
Fund balances:				
Unrestricted		2,394,190		1,907,705
Investment in capital assets (note 9)		59,352		38,784
Endowment		215,598		232,733
Internally restricted		50,000		50,000
		2,719,140		2,229,222
	$	5,344,161	$	4,976,472

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, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Home and Community Care	$ 1,435,326	$ 1,065,652
Government funding (note 7)	85,579	623,737
Donations	775,970	549,355
Fundraising	766,016	518,632
Ministry of Health	372,927	468,262
Investment income	219,371	234,672
Amortization of deferred capital contributions (note 6)	173,426	149,492
Foundation	17,550	111,948
United Way	100,000	108,294
United Way designated	2,449	11,385
	3,948,614	3,841,429
Expenses:		
Salaries and benefits	2,364,315	2,308,210
Office and administration	168,232	243,509
Amortization (note 4)	178,147	172,383
Rent	183,754	171,405
Fundraising	335,842	44,147
Professional fees	62,093	40,293
Programs	51,620	34,874
Facilities	94,220	27,308
Insurance	16,048	14,706
Bank charges and interest	4,425	2,466
	3,458,696	3,059,301
Excess of revenue over expenses	$ 489,918	$ 782,128

See accompanying notes to financial statements.

ST. JOSEPH'S-HOSPICE OF LONDON

Statement of Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

	Unrestricted	Investment in capital assets	Endowment	Internally restricted	2022	2021
Fund balances, beginning of year	$ 1,907,705	$ 38,784	$ 232,733	$ 50,000	$ 2,229,222	$ 1,447,094
Excess of revenue over expenses (expenses over revenue)	490,050	(4,721)	4,589	-	489,918	782,128
Interfund transfer	(3,565)	25,289	(21,724)	-	-	-
Fund balances, end of year	$ 2,394,190	$ 59,352	$ 215,598	$ 50,000	$ 2,719,140	$ 2,229,222

See accompanying notes to financial statements.

ST. JOSEPH'S-HOSPICE OF LONDON

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 489,918	$ 782,128
Items not involving cash:		
Amortization of capital assets	178,147	172,383
Amortization of deferred capital contributions	(173,426)	(149,492)
Unrealized gain on investments	(227,091)	(255,051)
Accounts receivable	325,336	(283,023)
Prepaid expenses and deposits	58,047	(72,912)
Accounts payable and accrued liabilities	26,258	55,729
Deferred revenue	1,417	8,527
Related party	21,273	(50,118)
	699,879	208,171
Financing activities:		
Receipt of deferred capital contributions	100,521	79,164
Note payable	(77,000)	77,000
	23,521	156,164
Investing activities:		
Net change in investments	(922,387)	(32,870)
Net purchase of capital assets	(125,810)	(79,342)
	(1,048,197)	(112,212)
Increase (decrease) in cash	(324,797)	252,123
Cash, beginning of year	768,296	516,173
Cash, end of year	$ 443,499	$ 768,296
Cash consists of:		
Cash	$ 282,379	$ 581,818
Cash equivalents	161,120	186,478
	$ 443,499	$ 768,296

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:

	2022		2021	
	Cost	Market	Cost	Market
Long-term investments:				
Guaranteed investment certificates	$ 300,000	$ 300,000	$ -	$ -
Pooled funds	301,328	285,256	341,112	387,514
Canadian equity	1,033,546	1,174,135	273,965	332,859
Foreign equity	265,072	327,860	160,739	200,264
	$ 1,899,946	$ 2,087,251	$ 775,816	$ 920,637
Endowed investments:				
Guaranteed investment certificates	$ 40,000	$ 40,000	$ 60,000	$ 60,000
Pooled funds	28,919	31,934	143,909	72,335
Canadian equity	81,753	107,478	50,801	61,025
Foreign equity	25,138	36,186	32,152	39,373
	$ 175,810	$ 215,598	$ 286,862	$ 232,733

The guaranteed investment certificates have an effective interest rate of 1.14% to 2.47% (2021 - 1.12% to 3.23%) and mature between August 2022 and December 2024.

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

4. Capital assets:

		Cost		Accumulated amortization		2022 Net book value		2021 Net book value
Leasehold improvements	$	2,923,691	$	781,800	$	2,141,891	$	2,196,715
Telephone system		47,412		22,044		25,368		9,821
Furniture and fixtures		837,736		594,954		242,782		272,056
Computer equipment		187,828		112,548		75,280		59,066
	$	3,996,667	$	1,511,346	$	2,485,321	$	2,537,658

During the year amortization of $178,147 (2021 - $172,383) 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, 2022, no funds were drawn on the operating line of credit (2021 - $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:

		2022		2021
Balance, beginning year	$	2,498,874	$	2,569,202
Receipt of deferred capital contributions		100,521		79,164
Amortization of deferred capital contributions		(173,426)		(149,492)
Balance, end of year	$	2,425,969	$	2,498,874

7. Government funding:

During the year, the Organization applied for and received $nil (2021 - $25,000) of Temporary Wage Subsidy ("TWS") funding, $143,685 (2021 - $577,589) of Canadian Emergency Wage Subsidy ("CEWS") funding, and $13,824 (2021 - $21,148) of Canada Emergency Rent Subsidy ("CERS") funding. Amounts claimed in accordance with TWS, CEWS and CERS were recorded in the Statement of Operations as revenue.

As a result of a reassessment, the Organization paid back $8,410 of TWS funding, $62,731 of CEWS funding, and $789 of CERS funding relating to the year ended March 31, 2021. Amounts paid back were recorded in the Statement of Operations as a reduction to government funding.

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:

	2022	2021
Capital assets	$ 2,485,321	$ 2,537,658
Deferred capital contributions	(2,425,969)	(2,498,874)
Investment in capital assets	$ 59,352	$ 38,784

10. Related party transactions:

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

The note payable to St. Joseph's Health Care Society, a related party, is non-interest bearing, due on demand, and secured by a promissory note. This was fully repaid during the year.