

**EVERGREEN HOSPICE**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2019**



## Independent Auditor's Report

To the Directors of  
Evergreen Hospice

### *Qualified Opinion*

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Evergreen Hospice as at March 31, 2019 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*

Evergreen Hospice derives a material amount of revenue from donations and fundraising activities. I was not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, I was unable to determine whether any adjustments to these amounts were necessary.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

## Independent Auditor's Report

### *Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



# Evergreen Hospice

## Statement of Financial Position

As at March 31, 2019

	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (note 3)	\$ 51,034	\$ 81,087
Short-term investments (note 4)	321,469	311,762
Accounts receivable	4,065	6,680
Prepaid expenses	4,840	4,840
Government taxes receivable	8,007	6,909
Current portion of mortgage receivable (note 5)	9,744	9,087
<b>Total current</b>	<b>399,159</b>	420,365
<b>Long term portion of mortgage receivable (note 5)</b>	<b>213,588</b>	223,332
<b>Total assets</b>	<b>\$ 612,747</b>	\$ 643,697
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 38,956	\$ 17,145
Unearned revenue	27,100	25,100
<b>Total liabilities</b>	<b>66,056</b>	42,245
<b>Commitment (note 6)</b>		
<b>Net Assets</b>		
<b>Net assets</b>	<b>546,691</b>	601,452
<b>Total liabilities and net assets</b>	<b>\$ 612,747</b>	\$ 643,697

Approved on behalf of the Board

\_\_\_\_\_  
Member

See accompanying notes

## Evergreen Hospice

### Statement of Operations and Changes in Net Assets

For the year ended March 31, 2019

	2019	%	2018	%
<b>Revenue</b>				
Grants	\$ 237,413	44.8	\$ 188,918	24.2
Fundraising	196,985	37.2	157,681	20.2
Donations	77,762	14.7	140,032	18.0
Bequest	17,653	3.3	292,593	37.5
<b>Total revenue</b>	<b>529,813</b>	<b>100.0</b>	<b>779,224</b>	<b>100.0</b>
<b>Expenditures</b>				
Office and general	43,820	8.3	48,005	6.2
Administration	145,630	27.5	128,059	16.4
Fundraising and community awareness	135,593	25.6	151,058	19.4
HST expense	6,445	1.2	6,235	0.8
Occupancy	52,409	9.9	48,681	6.2
Delivery and postage	3,792	0.7	3,297	0.4
Client services	237,005	44.7	216,305	27.8
<b>Total expenditures</b>	<b>624,694</b>	<b>117.9</b>	<b>601,640</b>	<b>77.2</b>
<b>(Deficiency) excess of revenue over expenditures before undernoted items</b>	<b>(94,881)</b>	<b>(17.9)</b>	<b>177,584</b>	<b>22.8</b>
<b>Other income (expenses)</b>				
Gain (loss) on sale of investments	5,466	1.0	(1,798)	(0.2)
Unrealized (loss) gain on sale of investments	21,161	4.0	(14,014)	(1.8)
Investment and other income	13,493	2.5	13,541	1.7
	<b>40,120</b>	<b>7.6</b>	<b>(2,271)</b>	<b>(0.3)</b>
<b>(Deficiency) excess of revenue over expenditures</b>	<b>(54,761)</b>	<b>(10.3)</b>	<b>175,313</b>	<b>22.5</b>
<b>Net assets, beginning of year</b>	<b>601,452</b>		<b>426,139</b>	
<b>Net assets, end of year</b>	<b>\$ 546,691</b>		<b>\$ 601,452</b>	

See accompanying notes

## Evergreen Hospice

### Statement of Cash Flows

For the year ended March 31, 2019

	2019	2018
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenditures	\$ (54,761)	\$ 175,313
Adjustment for		
(Gain) loss on sale of investments	(5,466)	1,798
	(60,227)	177,111
Change in non-cash working capital items		
Accounts receivable	2,615	15,295
Government taxes receivable	(1,098)	(553)
Accounts payable and accrued liabilities	21,811	(18,033)
Unearned revenue	2,000	16,600
	(34,899)	190,420
<b>Investing activities</b>		
Short-term investments	(4,241)	37,089
Long term portion of mortgage receivable	9,087	(232,419)
	4,846	(195,330)
<b>Decrease in cash</b>	(30,053)	(4,910)
<b>Cash, beginning of year</b>	81,087	85,997
<b>Cash, end of year</b>	\$ 51,034	\$ 81,087

See accompanying notes

# Evergreen Hospice

Notes to the Financial Statements

March 31, 2019

---

## 1. Organization

Evergreen Hospice of Markham-Stouffville ("the Organization") was incorporated under The Laws of Ontario in February, 1989 as a corporation without Share Capital and merged with Hospice of Thornhill on April 1, 2014, forming Evergreen Hospice.

The Organization's purpose is to provide supportive and bereavement care to people in Markham, Thornhill and Whitchurch-Stouffville who are experiencing the impact of life-threatening illness and death.

The Organization is classified as a registered charity under the Income Tax Act and as such is not subject to income tax provided certain disbursement requirements are met.

## 2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

### (a) Revenue recognition

The organization 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 are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of property, plant and equipment that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired property, plant and equipment. Externally restricted contributions for the purchase of property, plant and equipment that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

Revenue from fundraising events are recognized when the related event occurs. Ticket sales and sponsorship revenue received in advance of the event is deferred and recorded as unearned revenue.

### (b) Cash and cash equivalents

Cash and cash equivalents consists of money held in banks

### (c) Investments

The organization has elected to classify all of its investments as held-for-trading, and accordingly they are recorded at fair value. Changes in fair values during the year are included in revenue or expenditures on the statement of operations.

Quoted market prices were used to determine the fair value of the investments as at the year end date.

# Evergreen Hospice

Notes to the Financial Statements

March 31, 2019

---

## 2. Significant accounting policies, continued

### (d) Financial instruments

#### (i) Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in (deficiency) excess of revenue over expenditures in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the accounts payable and accrued liabilities.

Financial assets measured at fair value include quoted shares.

#### (ii) Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in (deficiency) excess of revenue over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 (deficiency) excess of revenue over expenditures.

#### (iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

### (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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts receivable, mortgage receivable, accounts payable and accrued liabilities, and unearned revenue.



## Evergreen Hospice

Notes to the Financial Statements

March 31, 2019

### 3. Financial Instruments

a) Credit Risk - Credit risk is the risk that a counterparty will fail to perform its obligations when they come due. The organization is exposed to credit risk on its investments and accounts receivable. The organization does not have significant accounts receivable exposure to any individual and investments are held with well known, reputable companies. There has been no change to this risk exposure from 2018.

b) Interest rate risk - Interest rate risk is the risk that the value of the organization's financial instruments will vary due to fluctuations in interest rates and the degree of volatility of these rates. The organization is exposed to interest rate risk on a portion of its investments. There has been no change to this risk exposure from 2018.

c) 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's objective is to have sufficient liquidity to meet its liabilities when they come due. The organization monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2019, the most significant financial liabilities are accounts payable and accrued liabilities. There has been no change to this risk exposure from 2018.

### 4. Short-term investments

	2019 Market	2019 Cost	2018 Market	2018 Cost
Algonquin Power & Utilities Corp	\$ 37,575	\$ 27,988	\$ 31,925	\$ 27,988
BCE Inc New	29,670	20,069	27,720	20,069
Bank of Montreal	27,997	19,781	27,249	19,781
Canadian National Railway Co	26,917	17,217	21,186	17,217
Edgepoint Cdn Growth & Income Portfolio	25,496	26,447	25,057	25,224
First Capital Realty Inc	-	-	22,039	19,227
Fortis Inc	29,140	18,897	25,659	18,897
Intact Financial Corp	20,920	16,474	28,075	25,824
Inter Pipeline Ltd Com	19,346	22,522	19,565	22,522
National Bank of Canada	21,109	15,721	21,224	15,721
North West Company Inc	17,862	15,338	27,030	24,739
Northland Power Inc	12,980	11,435	12,655	11,435
Transcanada Corporation	25,208	15,832	22,378	15,832
United RE Investment Corp	27,249	25,302	-	-
	<b>\$ 321,469</b>	<b>\$ 253,023</b>	<b>\$ 311,762</b>	<b>\$ 264,476</b>

## Evergreen Hospice

Notes to the Financial Statements

March 31, 2019

---

### 5. Mortgage receivable

The mortgage receivable is non-interest bearing, repayable in annual instalments of \$ 25,000, and has been discounted to fair market value at the annualized rate of 7%.

	2019	2018
Mortgage receivable	\$ 223,332	\$ 232,419
Less current portion	9,744	9,087
Due beyond one year	\$ 213,588	\$ 223,332

### 6. Commitment

The organization's total commitment, under a property lease agreement, exclusive of occupancy costs, is as follows:

2020	\$ 22,668
2021	7,817
	\$ 30,485

### 7. Gain (loss) on investments

	2019	2018
Capital Gains/Losses - realized	\$ 5,466	\$ (1,798)
Capital Gains/Losses - unrealized	21,161	(14,014)
	-	-
	\$ 26,627	\$ (15,812)