

EVERGREEN HOSPICE
FINANCIAL STATEMENTS
MARCH 31, 2022



Independent Auditor's Report

To the Directors of
Evergreen Hospice

Qualified Opinion

I have audited the financial statements of Evergreen Hospice, which comprise the statement of financial position as at March 31, 2022, and the statements of operations and 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 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, 2022 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.

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, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. My audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 my 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 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 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.

AUTHORIZED TO PRACTICE PUBLIC ACCOUNTING BY CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

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Independent Auditor's Report, continued

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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.



Markham, Ontario
September 12, 2022

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Evergreen Hospice

Statement of Financial Position

As at March 31, 2022

	2022	2021
Assets		
Current		
Cash and cash equivalents (note 3)	\$ 255,280	\$ 235,812
Short-term investments (note 4)	514,703	427,773
Accounts receivable	1,568	-
Prepaid expenses	17,113	7,466
Government taxes receivable	7,602	6,597
Government assistance receivable (note 2 (d))	-	2,255
Current portion of mortgage receivable (note 5)	12,014	11,204
Total current	808,280	691,107
Long term portion of mortgage receivable (note 5)	179,922	191,936
Total assets	\$ 988,202	\$ 883,043
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 20,288	\$ 22,382
Unearned revenue	12,720	60,661
Total current	33,008	83,043
Loan payable	30,000	30,000
Total liabilities	63,008	113,043
Commitment (note 6)		
Net Assets		
Net assets	925,194	770,000
Total liabilities and net assets	\$ 988,202	\$ 883,043

Approved on behalf of the Board

_____ Member

_____ Member

See accompanying notes

Evergreen Hospice

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2022

	2022	%	2021	%
Revenue				
Grants	\$ 349,071	52.6	\$ 274,665	38.3
Fundraising	77,014	11.6	106,984	14.9
Donations	190,456	28.7	154,934	21.6
Bequests	13,796	2.1	14,552	2.0
Government assistance (note 2 (d))	32,994	5.0	165,776	23.1
Total revenue	663,331	100.0	716,911	100.0
Expenditures				
Office and general	46,278	7.0	40,484	5.6
Administration	128,283	19.3	122,939	17.1
Fundraising and community awareness	92,171	13.9	89,367	12.5
HST expense	5,585	0.8	3,467	0.5
Occupancy	54,341	8.2	55,874	7.8
Delivery and postage	1,892	0.3	3,198	0.4
Client services	239,200	36.1	230,960	32.2
Supplies	17,863	2.7	-	-
Total expenditures	585,613	88.3	546,289	76.2
Excess of revenue over expenditures before undernoted items	77,718	11.7	170,622	23.8
Other income (expense)				
Gain (loss) on sale of investments	14,859	2.2	(11,842)	(1.7)
Unrealized gain on investments	43,345	6.5	98,279	13.7
Investment and other income	19,272	2.9	14,127	2.0
	77,476	11.7	100,564	14.0
Excess of revenue over expenditures	155,194	23.4	271,186	37.8
Net assets, beginning of year	770,000		498,814	
Net assets, end of year	\$ 925,194		\$ 770,000	

See accompanying notes

Evergreen Hospice

Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
Operating activities		
Excess of revenue over expenditures	\$ 155,194	\$ 271,186
Adjustment for (Gain) loss on sale of investments	(14,859)	11,842
	140,335	283,028
Change in non-cash working capital items		
Accounts receivable	(1,568)	-
Prepaid expenses	(9,647)	6,521
Government taxes receivable	(1,005)	1,335
Government assistance receivable (note 2 (d))	2,255	10,074
Accounts payable and accrued liabilities	(2,094)	(16,232)
Unearned revenue	(47,941)	(5,509)
	80,335	279,217
Investing activities		
Short-term investments	(72,071)	(125,601)
Long term portion of mortgage receivable	11,204	10,448
	(60,867)	(115,153)
Financing activity		
Increase in loan payable	-	30,000
Increase in cash	19,468	194,064
Cash, beginning of year	235,812	41,748
Cash, end of year	\$ 255,280	\$ 235,812

See accompanying notes

Evergreen Hospice

Notes to the Financial Statements

March 31, 2022

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 are 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.

(d) Government assistance

Government assistance receivable as a result of the Government of Canada COVID 19 response programs is recorded as revenue. This government assistance directly relates to payroll and rent expenses incurred on or before the year end.

Evergreen Hospice

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies, continued

(e) 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 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 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 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 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.

(f) 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, 2022

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 2021.

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 2021.

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, 2022, the most significant financial liabilities are accounts payable and accrued liabilities. There has been no change to this risk exposure from 2021.

d) Market price risk - Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to market price risk on its investments in equities quoted in an active market since changes in market prices would result in changes in the fair value of these financial instruments.

4. Short-term investments

	2022 Cost	2022 Market	2021 Cost	2021 Market
Algonquin Power & Utilities Corp	\$ 48,475	\$ 27,988	\$ 49,775	\$ 27,988
BCE Inc New	46,778	31,983	28,365	21,159
Bank of Montreal	41,191	19,781	31,366	19,781
Brookfield Infrastructure Partners LP Units	49,668	33,176	40,254	33,451
Canadian National Railway Co	37,732	17,217	32,814	17,217
Edgepoint Cdn Growth & Income Portfolio	67,905	57,725	57,448	54,007
Enbridge Inc	23,020	19,904	-	-
Fortis Inc	36,480	18,897	32,173	18,897
Intact Financial Corp	-	-	28,490	16,474
National Bank of Canada	33,540	15,721	29,879	15,721
Northland Power Inc	22,858	11,435	25,053	11,435
Royal Bank of Canada	22,022	13,717	18,539	13,717
TC Energy Corp Com	29,614	15,832	24,196	15,832
Toronto Dominion Bank	1,587	971	1,311	971
United US Equity Value Corp	29,882	26,394	28,110	25,595
US Equity Value CC	23,951	25,090	-	-
	\$ 514,703	\$ 335,831	\$ 427,773	\$ 292,245

Evergreen Hospice

Notes to the Financial Statements

March 31, 2022

5. Mortgage receivable

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

	2022	2021
Mortgage receivable	\$ 191,936	\$ 203,140
Less current portion	12,014	11,204
Due beyond one year	\$ 179,922	\$ 191,936

6. Commitment

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

2023	\$ 35,138
2024	12,346
	\$ 47,484

7. Gain (loss) on investments

	2022	2021
Capital Gains/Losses - realized	\$ 14,859	\$ (11,842)
Capital Gains/Losses - unrealized	43,345	98,279
	-	-
	\$ 58,204	\$ 86,437

8. COVID-19

On March 11, 2020, there was a global outbreak of a novel coronavirus known as COVID-19, which has had a significant impact on organizations and companies through the restrictions put in place by federal, provincial, territorial and municipal governments regarding travel, business operations and isolation or quarantine orders.

While the organization is unable to quantify the overall financial effect of these events, it continues to take measures to mitigate the effects of the current crisis.

The organization was eligible for a subsidy under the Canada Emergency Wage Subsidy Program. It has applied for \$28,385 subsidy for the period from April 1, 2021 to March 31, 2022. \$28,385 of which has been recognized in the financial statements.

The organization received funding of \$117,726 from the Ontario Trillium Foundation to assist with funding additional costs due to the impact of Covid-19 on operations.

The organization was eligible for a subsidy under the Canada Emergency Rent Subsidy Program. It has applied for \$4,609 in subsidy for the period from April 1, 2021 to March 31, 2022, \$4,609 of which has been recognized in the financial statements.