

The Hospice Georgian Triangle Foundation
Financial Statements
For the year ended March 31, 2022

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Independent Auditor's Report

To the Board of Directors of The Hospice Georgian Triangle Foundation

Qualified Opinion

We have audited the accompanying financial statements of The Hospice Georgian Triangle Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in fund balances, and 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 Foundation 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

In common with many charitable organizations, the Foundation derives revenues from donations and 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, 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. Our 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.

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 Foundation 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 audit opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

We 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
September 12, 2022

The Hospice Georgian Triangle Foundation Statement of Financial Position

March 31	2022	2021
Assets		
Current		
Cash (note 2)	\$ 142,338	\$ 137,660
HST receivable	27,631	13,607
Prepaid expenses	29,660	8,315
Due from Hospice Georgian Triangle (note 5)	41,638	81,264
	<u>241,267</u>	<u>240,846</u>
Investments (note 3)	4,621,116	4,062,183
Life Insurance Policies (note 4)	95,128	95,128
	<u>\$ 4,957,511</u>	<u>\$ 4,398,157</u>
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	\$ 25,430	\$ 19,557
Fund Balances		
General fund		
Unrestricted	1,101,727	548,246
Internally restricted reserve funds (note 6)	3,830,354	3,830,354
Capital fund	-	-
	<u>4,932,081</u>	<u>4,378,600</u>
	<u>\$ 4,957,511</u>	<u>\$ 4,398,157</u>

On behalf of the Board:

_____ Director

_____ Director

The Hospice Georgian Triangle Foundation

Statement of Operations and Changes in Fund Balances

For the year ended March 31	2022			2021	
	General Fund	Capital Fund	Total	Total	
Revenues					
Donations	\$ 1,166,722	\$ -	\$ 1,166,722	\$ 1,160,157	
Fundraising events	313,659	-	313,659	279,161	
Gain (loss) on disposal of investments	117,814	-	117,814	(13,425)	
Grants	67,546	-	67,546	84,734	
Investment income	123,032	-	123,032	110,463	
Unrealized gain on investments (note 3)	24,999	-	24,999	464,620	
	1,813,772	-	1,813,772	2,085,710	
Expenses					
Bank administration fees	17,042	-	17,042	23,144	
Event and fundraising expenses	153,470	-	153,470	155,437	
Payroll expenses	271,305	-	271,305	241,399	
Insurance	3,255	-	3,255	3,054	
Investment fees	28,332	-	28,332	20,790	
Office expenses	31,462	-	31,462	9,833	
Professional development	4,009	-	4,009	3,660	
Professional fees	14,666	-	14,666	16,907	
Memberships and licences	1,353	-	1,353	-	
	524,894	-	524,894	474,224	
Distribution to Hospice Georgian Triangle (note 5)	688,104	47,293	735,397	922,642	
	1,212,998	47,293	1,260,291	1,396,866	
Excess of revenues over expenses (expenses over revenues) for the year	600,774	(47,293)	553,481	688,844	
Fund balances, beginning of the year	4,378,600	-	4,378,600	3,689,756	
Interfund transfers	(47,293)	47,293	-	-	
Fund balances, end of the year	\$ 4,932,081	\$ -	\$ 4,932,081	\$ 4,378,600	

The accompanying notes are an integral part of these financial statements.

The Hospice Georgian Triangle Foundation Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 553,481	\$ 688,844
Changes (credits) to operations not involving cash		
Unrealized gain on portfolio investments	(24,999)	(464,620)
	528,482	224,224
Changes in non-cash working capital balances related to operations		
HST receivable	(14,024)	(4,718)
Prepaid expenses	(21,345)	-
Accounts payable and accrued liabilities	5,873	6,126
Due to/from Hospice Georgian Triangle	39,626	(42,482)
Deferred revenue	-	(4,695)
	538,612	178,455
Cash flows from investing activities		
Change in investments	(533,934)	(398,297)
Net increase (decrease) in cash during the year	4,678	(219,842)
Cash, beginning of the year	137,660	357,502
Cash, end of the year	\$ 142,338	\$ 137,660

The accompanying notes are an integral part of these financial statements.

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2022

1 . Significant Accounting Policies

Nature and Purpose of Organization The Hospice Georgian Triangle Foundation (the "Foundation") is incorporated without share capital under the Corporations Act (Ontario) as a charitable organization and is a registered charity under the Income Tax Act (Canada).

The objective of the Foundation is to use the gifts, and benefits, including income derived, therefrom, for the benefit of, or as requested by Hospice Georgian Triangle. These financial statements have not been consolidated with those of Hospice Georgian Triangle.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The significant estimate made in the preparation of the financial statements include the fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

Fund Accounting The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's fundraising and administrative activities. This fund reports unrestricted contributions and other unrestricted revenues and expenses. In addition, this fund reports funds internally restricted by the Board of Directors for specific purposes (note 6).

The Capital Fund reports restricted resources to be used for capital expenses as specified by the respective donors.

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Foreign Currency Translation	Foreign currency accounts are translated into Canadian dollars as follows:
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At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities in foreign currency are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in the statement of operations in the current period. Investments denominated in foreign currency are recorded at the foreign exchange rate in effect at the time the investment was purchased.

Revenue Recognition	Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the General Fund in the year in which the related expenses are incurred.
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Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Net investment income earned on externally restricted Capital Fund resources are recognized as revenue of the Capital Fund. All other investment income is recognized as revenue of the General Fund when earned.

Donations of life insurance policies are recorded as revenue when the funds are received by the Foundation. The cash surrender value of the life insurance policies and changes in the cash surrender value are recorded for those policies in which the Foundation is the beneficiary. The annual change in the aggregate cash value is recorded in the statement of operations.

In-Kind Contributions	Contributions of materials are recognized in the period they are donated at their fair market value when a fair value can be reasonably estimated and when the materials are used in the normal course of the Foundation's operations and would otherwise have been purchased.
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Contributed services are not recognized in the financial statements due to the inherent difficulty in valuing the time of volunteers.

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Financial Instruments Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Income Taxes The Foundation is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.

Pledges Pledges, which represent promises to donate cash, are not recorded as revenue until collected.

The Hospice Georgian Triangle Foundation Notes to Financial Statements

March 31, 2022

2. Cash

The Foundation's bank account is held at a chartered bank. The bank account earns interest at a variable rate dependent on the monthly minimum balances.

3. Investments

	2022		2021	
	Market	Cost	Market	Cost
Cash held with investment company	\$ 10,108	\$ 10,108	\$ 7,260	\$ 7,260
Guaranteed investment certificates	673,025	668,320	567,583	562,820
Common shares of various public companies	3,054,142	2,741,523	2,736,613	2,486,216
Mutual funds	787,698	808,799	578,303	577,914
Foreign investments	96,143	52,991	172,424	115,070
	<u>\$ 4,621,116</u>	<u>\$ 4,281,741</u>	<u>\$ 4,062,183</u>	<u>\$ 3,749,280</u>

Guaranteed investment certificates have fixed interest rates ranging from 1.05% to 2.79% (2021 - 0.90% to 3.46%), and maturity dates ranging from April 2022 through January 2025 (2021 - November 2021 through November 2023).

Investments in securities with an active market have been recorded at market value based on quoted market prices at March 31, 2022. Guaranteed investment certificates are recorded at carrying value plus accrued interest, which approximates market value at March 31, 2022. The Foundation has recognized an unrealized gain in the amount of \$24,999 (2021 - \$464,620) related to the change in the fair value of the investments during the year. This gain has been recorded in the statement of operations and changes in fund balances.

4. Life Insurance Policies

The Foundation has been designated as the irrevocable beneficiary of two life insurance policies with death benefits totaling \$159,347. The cash surrender value of these policies as at March 31, 2022 total \$95,128 (2021 - \$95,128).

The Hospice Georgian Triangle Foundation Notes to Financial Statements

March 31, 2022

5. Related Party Balances and Transactions

The objective of the Foundation is to use the gifts, benefits, including income derived, therefrom, for the benefit of, or as requested by Hospice Georgian Triangle. The financial statements of Hospice Georgian Triangle have not been consolidated in these financial statements.

During the year, the Foundation transferred \$47,293 (2021 - \$188,793) to Hospice Georgian Triangle for the purchase of capital assets. These funds have been included in the Capital Fund as a distribution to Hospice Georgian Triangle in the statement of operations and changes in fund balances.

During the year, the Foundation transferred \$688,104 (2021 - \$733,849) to Hospice Georgian Triangle to be used to cover operating costs for the year. These funds have been included in the General Fund as a distribution to Hospice Georgian Triangle in the statement of operations and changes in fund balances. In addition, the Foundation transferred \$271,305 (2021 - \$241,399) to the organization to cover fundraising expenses incurred by Hospice Georgian Triangle on the Foundation's behalf.

As at March 31, 2022, there is a net balance due from Hospice Georgian Triangle of \$41,638 (2021 - \$81,264) which has been recorded in the statement of financial position. The amounts due from Hospice Georgian Triangle are non-interest bearing, unsecured and have no specific terms of repayment.

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2022

6. Internally Restricted Reserve Funds

Operating Reserve Fund

The board of directors have established an operating reserve fund for the purpose of having sufficient cash to enable it to fund Hospice Georgian Triangle and the Foundation's costs in the event that insufficient funding is raised by the Foundation in any given year. The amount of the reserve fund will be determined annually based on both the Foundation's and Hospice Georgian Triangle's approved annual budgets. The operating reserve fund must be approved annually by the Foundation's board of directors.

	2022	2021
Balance, beginning of the year	\$ 2,057,822	\$ 1,362,686
Transfer from the general fund - unrestricted	-	695,136
Balance, end of the year	<u>\$ 2,057,822</u>	<u>\$ 2,057,822</u>

Capital Reserve Fund

The board of directors have established a capital reserve fund for the purpose of funding the repair and/or replacement of Hospice Georgian Triangle's capital assets. The amount of the capital reserve fund has been initially set at \$1,000,000. This fund shall be increased by the annual rate of inflation as at March 31st, providing funds are available subsequent to funding the Foundation's annual costs and funding the operating reserve fund. All payments from this fund must be approved by the board of directors.

	2022	2021
Balance, beginning of the year and end of the year	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

General Reserve Fund

The board of directors have established a general reserve fund for the purpose of funding Hospice Georgian Triangle's future growth, expansion or new programs. All payments from this fund must be approved by the board of directors.

	2022	2021
Balance, beginning of the year and end of the year	<u>\$ 772,532</u>	<u>\$ 772,532</u>
Total Internally Restricted Reserve Funds	<u>\$ 3,830,354</u>	<u>\$ 3,830,354</u>

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2022

7. Financial Instrument Risk

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 Foundation is exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation carries investments in Canadian and United States ("U.S.") dollars. Fluctuations in the value of the currency will impact the return on investments. As at March 31, 2022, the Foundation held portfolio investments in U.S. Dollars for \$127,864 (2021 - \$108,888). These assets have been translated to Canadian dollars for financial statement purposes at the year end exchange rate.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation invests in a diversified portfolio including several fixed income guaranteed investment certificates and therefore their exposure to interest rate risk is considered to be minimal. The Foundation mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the Foundation's financial instrument exposure from the prior year.
