

Matthews House Hospice

Financial Statements
Year Ended March 31, 2023

- audited -

Matthews House Hospice

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Clarity. Direction. Results.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Matthews House Hospice:

Qualified Opinion

We have audited the financial statements of Matthews House Hospice (the "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in net assets and statement of cash flows as at March 31, 2023 for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 Matthews House Hospice as at March 31, 2023, and its results of its operations and its cash flows for the year then ended March 31, 2023 in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, Matthews House Hospice derives revenue from donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Matthews House Hospice and we were not able to determine whether any adjustments might have been found necessary with respect to donations and fundraising, the excess of revenues over expenditures, cash flows from operating activities for the years ended March 31, 2023 and March 31, 2022, current assets as at March 31, 2023 and March 31, 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 year ends. Our conclusion on the financial statements as at and for the year ended March 31, 2023 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 Organization 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.

Other Matters

The financial statements for the year ended March 31, 2022 were audited by another accounting firm who expressed a qualified opinion on those statements on September 27, 2022 and are presented for comparative purposes only.

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 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.

Independent Auditor's Report continued on next page...

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

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 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 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 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.

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.

Ward & Uptigrove

Listowel, Ontario

September 21, 2023

Ward & Uptigrove
Chartered Professional Accountants
Licensed Public Accountants



Matthews House Hospice
Statement of Financial Position
as at March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

2023

2022

ASSETS

Current Assets

Cash	243,939	643,158
Restricted cash	-	300,000
Term deposits - Note 4	1,500,000	1,000,000
Accounts receivable - Note 5	300,728	20,250
Public Service Bodies' rebate receivable	95,730	31,725
Prepaid expenses	24,684	20,954
Due from Matthews House Hospice Foundation - Note 6	380,908	2,936

2,545,989

2,019,023

Tangible capital assets - Note 7

Cost	898,100	7,353,712
Less accumulated amortization	418,856	1,471,437

479,244

5,882,275

TOTAL ASSETS

3,025,233

7,901,298

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities

Accounts payable and accruals	314,010	170,695
Deferred capital contributions - Note 8	58,846	221,849

372,856

392,544

Long Term Liabilities

Deferred capital contributions - Note 8	333,645	4,305,256
Less current portion	(58,846)	(221,849)

274,799

4,083,407

TOTAL LIABILITIES

647,655

4,475,951

NET ASSETS

Internally restricted	145,599	300,000
Unrestricted	2,231,979	3,125,347

TOTAL NET ASSETS


2,377,578

3,425,347

TOTAL LIABILITIES AND NET ASSETS

3,025,233

7,901,298

L. G. McLeod


Matthews House Hospice
Statement of Operations and Changes in Net Assets
year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

2023

2022

REVENUE

Donations	1,245,782	1,000,678
Trillium Foundation and other grants	160,953	154,109
Central Local Health Integration Network (LHIN) funding - Note 11	1,211,808	82,164
Central Local Health Integration Network (LHIN) funding - residence - Note 11	1,441,235	1,516,722
Fundraising	588,193	595,489
Government assistance	-	215,426
Other income	42,309	49,155
Amortization of deferred capital contributions - Note 6	4,333,564	227,461

9,023,844

3,841,204

Expenditures

Advertising	16,252	12,512
Amortization	78,080	320,258
Bank charges and interest	13,553	28,293
Building occupancy	310,145	247,350
Fundraising expenditures	109,208	136,221
Insurance	17,234	23,610
Office	159,274	184,032
Professional fees	124,020	39,513
Program expenditures	33,470	8,515
Residence - operating expenditures	67,552	74,232
Staff training and recruitment	23,522	11,012
Travel	1,113	2,325
Volunteer training and recognition	103	9,330
Wages and benefits	3,459,287	3,033,959

4,412,813

4,131,162

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES

4,611,031

(289,958)

Net assets, beginning of year

3,425,347

3,715,305

Less: adjustment for disposal of tangible capital assets - Note 6

(5,658,800)

-

NET ASSETS, END OF YEAR

2,377,578

3,425,347

Matthews House Hospice

Statement of Cash Flows

year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

2023

2022

CASH PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess (deficiency) of revenue over expenditures for the year	4,611,031	(289,958)
Items not affecting cash		
Amortization of tangible capital assets	78,080	320,258
Amortization of deferred capital contributions	(4,333,564)	(227,461)
	355,547	(197,161)
Changes in non-cash working capital related to operations - Note 10	(204,898)	(143,953)
	150,649	(341,114)

FINANCING ACTIVITIES

Deferred capital contributions received	361,953	-
Advances to Matthews House Hospice Foundation	(377,972)	(2,936)
	(16,019)	(2,936)

INVESTING ACTIVITIES

Purchase of tangible capital assets	(333,849)	(25,976)
Maturity of term deposits	1,000,000	-
Acquisition of term deposits	(1,500,000)	(1,000,000)
	(833,849)	(1,025,976)

CHANGE IN CASH AND CASH EQUIVALENTS

	(699,219)	(1,370,026)
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Cash and cash equivalents, beginning of year	943,158	2,313,184
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Cash and cash equivalents, end of year	243,939	943,158
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Represented by:

Cash	243,939	643,158
Restricted cash	-	300,000
	243,939	943,158

Matthews House Hospice
Notes to the Financial Statements
year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

1 PURPOSE OF ORGANIZATION

Matthews House Hospice was incorporated without share capital under the laws of Canada. The purpose of the Organization is to provide caring and compassionate community, in-home and residential support for people affected by life threatening illnesses and end of life.

The Organization is a registered charitable organization. As a registered charity it must comply with certain requirements to maintain its status under the Income Tax Act and, while registered, is exempt from income taxes and may issue income tax receipts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

2.1 Tangible capital assets

Tangible capital assets are stated at cost and are amortized on a diminishing-balance basis utilizing annual rates, as indicated below, which will fully amortize the assets over their estimated useful lives. Leasehold improvements are being amortized on a straight line basis over a five year term.

Furniture and equipment	20%
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In the year of acquisition, only one half of the above rates are applied. When a tangible asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expenditure in the statement of operations.

2.2 Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted donations and fundraising are recognized as revenue when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted donations and fundraising are recognized as revenue in the year in which the related expenses are incurred.

Funding and other grant revenue are recorded when the funding agency has approved the funding and the related expenditures have been incurred. Government assistance revenue is recorded when received, or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue at a rate corresponding with the amortization of related tangible capital assets.

Donated goods and services are not recorded in the financial statements, except when they are used in the normal course of business and when a value for such goods and services can be readily determined.

2.3 Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Matthews House Hospice

Notes to the Financial Statements

year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

2.4 Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for any 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 (deficiency) of revenue over expenditures. Financial assets measured at amortized cost include cash and accounts receivable.

2.5 Contributed services

The Organization is dependent upon the many hours contributed by volunteers during the year. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3 FINANCIAL INSTRUMENTS

The Organization is exposed to various financial risks through transactions in financial instruments.

(a) 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 Organization's main credit risk relates to its trade accounts receivable.

(b) 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 Organization is not exposed to currency risk.

(c) 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 Organization is exposed to interest rate risk on its fixed interest rate term deposits.

(d) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to liquidity risk in respect of its accounts payable and accruals.

(e) Other price risk

Other 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. The Organization is not exposed to other price risk.

Matthews House Hospice
Notes to the Financial Statements
year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

4 TERM DEPOSITS

	2023	2022
Guaranteed investment certificate - matured during the year	-	1,000,000
Guaranteed investment certificate - bearing interest at 4.36%, matures April 2023	500,000	-
Guaranteed investment certificate - bearing interest at 5.00%, matures December 2023	500,000	-
Guaranteed investment certificate - bearing interest at 5.00%, matures December 2023	500,000	-
	1,500,000	1,000,000

5 ACCOUNTS RECEIVABLE

	2023	2022
Central Local Health Integration Network (LHIN)	270,928	14,900
Ontario Trillium Foundation	29,800	5,026
Other	-	324
	300,728	20,250

Matthews House Hospice

Notes to the Financial Statements

year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

6 RELATED PARTIES

During the year, the Organization leased three additional properties (see details to the lease commitments in Note 12) for all or part of the year from a company controlled by a member of the board of directors. Two of the lease agreements were terminated during the year. The total rent payments were \$89,270 (2022 - \$44,070). These transactions are in the normal course of operations and are measured at the exchange amount.

During the year, land and capitalized residential costs with a carrying amount of \$5,658,800 were sold to Matthews House Hospice Foundation for \$nil proceeds and was not in the normal course of operations. This transaction was measured at the carrying amount, resulting in an adjustment to net assets in the amount of \$5,658,800 and recognition of deferred capital contributions of \$4,298,323.

Balances owing from related parties at year end are as follows:

	2023	2022
Due from Matthews House Hospice Foundation	380,908	2,936

There are no terms of repayment for the above related party loan.

7 TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net book value	2022 Net book value
Land	-	-	-	635,404
Capitalized residential costs	-	-	-	5,023,396
Leasehold improvements	333,849	33,385	300,464	-
Furniture and equipment	564,251	385,471	178,780	223,475
	898,100	418,856	479,244	5,882,275

Matthews House Hospice
Notes to the Financial Statements
year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

8 DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consists of the following:

	2023	2022
Capital campaign	-	2,000
Capitalized residential costs	-	4,298,323
Residence equipment	3,345	4,181
Office equipment	601	752
Simcoe County funding - building improvements	200,192	-
Trillium Foundation funding - security system	129,507	-
	333,645	4,305,256
Represented by:		
Current portion of deferred capital contributions	58,846	221,849
Long term portion of deferred capital contributions	274,799	4,083,407
	333,645	4,305,256

Matthews House Hospice

Notes to the Financial Statements

year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

9 CONTROLLED FOUNDATION

Matthews House Hospice (the "Organization") controls Matthews House Hospice Foundation (the "Foundation"). The Foundation is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. During the year, the Organization shared the same Board of Directors with the Foundation. The purpose of the Foundation is to promote health by providing individuals who are experiencing life limiting illness, facing end of life or grieving a loss with access to related counselling, information and/or group support programs. The Foundation has not been consolidated in the Organization's financial statements. The summary of the financial statements of the Foundation as at March 31, 2023 and for the year then ended are as follows:

	2023	2022
Statement of financial position		
Assets	5,892,193	-
Liabilities	380,908	-
Unrestricted net assets	(21,930)	-
Internally restricted net assets	5,533,215	-
Statement of operations		
Expenditures	147,515	-
Deficiency of revenue over expenditures	(147,515)	-
Statement of cash flows		
Cash flows from operating activities	(22,195)	-
Cash flows from financing activities	380,908	-
Cash flows from investing activities	(250,000)	-

10 STATEMENT OF CASH FLOWS

The net change in non-cash working capital consists of:

	2023	2022
Accounts receivable	(280,478)	(13,788)
Public Service Bodies' rebate receivable	(64,005)	-
Prepaid expenses	(3,730)	(6,382)
Accounts payable and accruals	143,315	(65,025)
Deferred revenue	-	(58,758)
	(204,898)	(143,953)

Matthews House Hospice

Notes to the Financial Statements

year ended March 31, 2023

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

11 ECONOMIC DEPENDENCE

The Organization is dependent on the funding provided by the Central Local Health Integration Network (LHIN), which consisted of approximately 29% (2022 - 42%) of revenue.

12 COMMITMENTS

The Organization has entered into various commitments, as follows:

The Organization has entered into a funding agreement with Ontario Health Central and Stevenson Memorial Hospital to receive \$1,128,000 per fiscal year for the next three years for use in the community support services program. Funding to be provided over the next two years are as follows:

2024	1,128,000
2025	1,128,000
	<hr/>
	2,256,000

Beginning on January 1, 2021 the Organization entered into a three year licensing and support contract for their donation software program, ending December 31, 2023, requiring quarterly payments of \$8,136.

The Organization has also entered into a lease agreement to lease additional space for expansion from a company controlled by a member of the Organizations' board (see Note 6). The lease period is three years starting on April 1, 2021. The lease is at a monthly rate of \$3,390.

Licensing and lease payments required in the next year is as follows:

2024	65,088
	<hr/>
	65,088

13 SUBSEQUENT EVENTS

Subsequent to the year end, the Organization entered into a funding agreement with Central Local Health Integration Network (LHIN) to receive total funding of \$1,558,657 in quarterly installments over the 2023-2024 fiscal year for the delivery of hospice services.

14 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.