Financial Statements of

MAISON DE SOINS PALLIATIFS DE SUDBURY HOSPICE

(OPERATING AS MAISON MCCULLOCH HOSPICE)

And Independent Auditors' Report thereon

Year ended March 31, 2022

KPMG

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INDEPENDENT AUDITORS' REPORT

To the Members of Maison de soins palliatifs de Sudbury Hospice (operating as Maison McCulloch Hospice)

Opinion

We have audited the financial statements of Maison de soins palliatifs de Sudbury Hospice (operating as Maison McCulloch Hospice) (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 net assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, 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 and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility 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 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 opinion.

Other Matter – Comparative Information

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements dated June 28, 2021.

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Responsibility 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.

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 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 risk 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, internal 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 purposes 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.

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- 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 the 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's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 20, 2022

MAISON DE SOINS PALLIATIFS DE SUDBURY HOSPICE
(OPERATING AS MAISON MCCULLOCH HOSPICE)
Statement of Financial Position

March 31, 2022, with comparative information for 2021

		2022		2021
Assets				
Current assets:				
Cash	$	1,014,035	$	1,066,228
Accounts receivable (note 2)		244,273		1,119,426
Prepaid expenses		78,583		31,426
		1,336,891		2,217,080
Maison de soins palliatifs de Sudbury Hospice Foundation receivable (note 3)		39,652		66,390
Capital assets (note 4)		11,523,372		11,885,093
	$	12,899,915	$	14,168,563
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 5)	$	170,909	$	962,049
Deferred revenue (note 6)		1,187		38,061
		172,096		1,000,110
Deferred capital contributions (note 7)		11,126,884		11,422,349
		11,298,980		12,422,459
Net assets:				
Unrestricted		1,204,447		1,283,360
Invested in capital assets		396,488		462,744
		1,600,935		1,746,104
	$	12,899,915	$	14,168,563

See accompanying notes to financial statements.

On behalf of the Board:

Director

Mary Lou Trowell, Director

MAISON DE SOINS PALLIATIFS DE SUDBURY HOSPICE
(OPERATING AS MAISON MCCULLOCH HOSPICE)
Statement of Operations

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

		2022		2021
Revenue:				
Grants:				
Ontario Health North - Operating Funding	$	2,814,970	$	2,038,927
Ontario Health North - Pandemic Funding		802,812		-
United Way		32,500		36,565
Other grants		76,627		32,696
Donations and fundraising		91,436		132,813
Contribution from Maison de soins palliatifs de Sudbury Hospice Foundation		367,709		584,301
Miscellaneous		1,191		1,228
		4,187,245		2,826,530
Expenses:				
Salaries and benefits		3,412,557		2,470,623
Operations		410,616		270,116
Fundraising - contributed (in-kind) services		5,639		-
General and administrative		367,968		192,138
		4,196,780		2,932,877
Deficiency of revenue over expenses from operations		(9,535)		(106,347)
Amortization of deferred capital contribution		319,587		219,791
Amortization of capital assets		(455,221)		(263,266)
Deficiency of revenue over expenses before undernoted		(145,169)		(149,822)
Canada Emergency Wage Subsidy		-		947,610
Excess (deficiency) of revenue over expenses	$	(145,169)	$	797,788

See accompanying notes to financial statements.

MAISON DE SOINS PALLIATIFS DE SUDBURY HOSPICE
(OPERATING AS MAISON MCCULLOCH HOSPICE)

Statement of Changes in Net Assets

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

	Unrestricted	Invested in Capital Assets	Total 2022	Total 2021
Balance, beginning of year	$ 1,283,360	$ 462,744	$ 1,746,104	$ 948,316
Excess (deficiency) of revenue over expenses	(9,535)	(135,634)	(145,169)	797,788
Transfer for capital assets funded by operations	(69,378)	69,378	-	-
Balance, end of year	$ 1,204,447	$ 396,488	$ 1,600,935	$ 1,746,104

See accompanying notes to financial statements.

MAISON DE SOINS PALLIATIFS DE SUDBURY HOSPICE

(OPERATING AS MAISON MCCULLOCH HOSPICE)

Statement of Cash Flows

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

		2022		2021
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenue over expenses	$	(145,169)	$	797,788
Items not involving cash:				
Amortization of capital assets		455,221		263,266
Amortization of deferred capital contributions		(319,587)		(219,791)
		(9,535)		841,263
Change in non-cash working capital balances:				
Decrease (increase) in accounts receivable		875,153		(477,176)
Decrease (increase) in receivable from foundation		26,738		(36,058)
Increase in prepaid expenses		(47,157)		(12,370)
Decrease in accounts payable and accrued liabilities		(791,140)		(68,450)
Decrease in deferred revenue		(36,874)		(291,713)
		17,185		(44,504)
Cash flows from investing activities:				
Purchase of capital assets		(93,500)		(1,993,737)
Cash flows from financing activities:				
Deferred capital contributions received		24,122		1,882,133
Repayment of line of credit		-		(204,336)
		24,122		1,677,797
Net change in cash		(52,193)		(360,444)
Cash, beginning of year		1,066,228		1,426,672
Cash, end of year	$	1,014,035	$	1,066,228

See accompanying notes to financial statements.

Maison de soins palliatifs de Sudbury Hospice (operating as Maison McCulloch Hospice (the "Organization") is incorporated under the Ontario Corporations Act as a not-for-profit organization without share capital and is a registered charity under the Income Tax Act.

The Organization offers hospice palliative care programs in the Sudbury-Manitoulin region for people in their terminal phase.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with 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 in the year in which the related expenses are incurred. Grants related to subsequent activities are deferred and recognized as revenue in the period the related expenditures are incurred. Grants approved but not received are included in accounts receivable.

Deferred contributions related to capital assets are recorded and amortized based on the useful life of the capital assets to which it pertains. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

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.

Donations and fundraising are recognized as revenue when they are received.

(b) Pledges:

Pledges for donations are not accounted for as revenue.

(c) Capital assets:

Capital assets are recoded at their acquisition cost. Amortization is provided on a straight-line basis at rates that are expected to charge operations with the cost of the assets over their estimated useful lives as follows:

Asset	Useful Life
Building	50 years
Boardwalk	20 years
Furniture and equipment	10 years
Computers	4 years

Assets under construction are not amortized until the asset is available for productive use. In the year of acquisition, capital assets are amortized at 50% of the applicable rate.

1. Significant accounting policies (continued):

(d) Contributed services:

The Organization relies on contributions of goods and services from its volunteers and partners. Contributions are recorded in the financial statements when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

(e) Financial instruments:

The Organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized costs consist of cash and accounts receivable.

Financial liabilities measured at amortized cost consist of accounts payable and accrued charges and line of credit.

(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 amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future. Significant estimates include those used when accounting for accrued charges, useful life of capital assets and related amortization and amortization of deferred contributions related to capital assets. Actual results may differ from these estimates. Estimates are revised on a periodic basis and adjustments are made, if necessary, to the statement of operations in the period in which the changes are known.

(g) Funding adjustments:

The Organization receives grants from Ontario Health North ("OHN") for specific services. Pursuant to the related agreements, OHN may be entitled to seek recoveries if the Organization does not achieve certain outcomes associated with the funding. Should any amounts become recoverable, the recoveries would be charged to operations in the period in which the recovery is determined to be payable. Should programs and activities incur a deficit for which additional funding is sought, the Organization records any recoveries thereon when additional funding is received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

2. Accounts receivable:

	2022	2021
Trade receivables	$ 158,135	$ 986,552
HST	86,138	132,424
Other	–	450
	$ 244,273	$ 1,119,426

3. Related party transactions:

Included in accounts receivable are balances with Maison de soins palliatifs de Sudbury Hospice Foundation ("Foundation"), which are non-interest bearing without fixed terms of repayment.

These receivables from the Foundation are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

4. Capital assets:

			2022
	Cost	Accumulated Amortization	Net book Value
Building	$ 11,570,762	$ 1,115,666	$ 10,455,096
Furniture and equipment	952,032	486,783	465,249
Computers	296,953	289,497	7,456
Boardwalk	1,172,642	577,071	595,571
	$ 13,992,389	$ 2,469,017	$ 11,523,372

			2021
	Cost	Accumulated Amortization	Net book Value
Building	$ 11,540,443	$ 884,553	$ 10,655,890
Furniture and equipment	903,806	483,963	419,843
Computers	281,997	217,128	64,869
Boardwalk	1,172,642	428,151	744,491
	$ 13,898,888	$ 2,013,795	$ 11,885,093

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $13,955 (2021 - $24,581), which includes amounts payable for sales taxes and payroll related taxes.

6. Deferred revenue:

	2022	2021
Deferred revenue, beginning of year	$ 38,061	$ 329,774
Contributions received during the year	1,187	38,061
Amounts recognized as revenue during the year	(38,061)	(329,774)
Balance, end of year	$ 1,187	$ 38,061

Deferred revenue consists of the following:

	2022	2021
Ontario Health North	$ –	$ 33,527
Bingo	1,187	4,534
Balance, end of year	$ 1,187	$ 38,061

7. Deferred tangible capital contributions:

The deferred contributions related to tangible capital assets represent the revenue related to the purchase of capital assets. The changes in the balance of deferred contributions related to capital assets for the year are a result of the following:

	2022	2021
Balance, beginning of year	$ 11,422,349	$ 9,760,007
Add: Revenue received in the year	24,122	1,882,133
Less: Contributions recorded as revenue during the year	(319,587)	(219,791)
Balance, end of year	$ 11,126,884	$ 11,422,349

8. Line of credit:

The Organization has access to a line of credit in the amount of $200,000 bearing interest at an interest rate based on the caisse populaire's prime rate plus 1.00% and is secured by a general security agreement. The balance as at March 31, 2022 is $Nil (2021 - $Nil).

9. Benefits:

The Organization provides retirement benefits for substantially all of its permanent full-time and part-time employees under a defined contribution plan. Contributions for the year are $45,121 (2021 - $34,820).

10. Financial instruments:

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2022.

(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 budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2021.

(b) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the 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.

(c) Other risk:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus.

The impact of COVID-19 is expected to have some negative effects on operations. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time. It is management's opinion that the Organization is not exposed to significant interest, concentration, currency or credit risks arising from their financial instruments. The fair values of the financial instruments approximate their carrying values due to their short-term nature.

11. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.