

The Hospice Georgian Triangle Foundation
Financial Statements
For the year ended March 31, 2020

Contents

| | |
|--|--------------|
| Independent Auditor's Report | 1 - 2 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Operations and Changes in Fund Balances | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6 - 13 |

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, 2020, 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, 2020, 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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 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
July 30, 2020

The Hospice Georgian Triangle Foundation Statement of Financial Position

| March 31 | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Current | | |
| Cash (note 2) | \$ 357,502 | \$ 408,348 |
| HST receivable | 8,889 | 2,057 |
| Prepaid expenses | 8,316 | - |
| Due from Hospice Georgian Triangle (note 5) | 38,782 | - |
| | <u>413,489</u> | <u>410,405</u> |
| Investments (note 3) | 3,199,265 | 3,311,205 |
| Life Insurance Policies (note 4) | 95,128 | 95,128 |
| | <u>\$ 3,707,882</u> | <u>\$ 3,816,738</u> |
| Liabilities and Fund Balances | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 13,431 | \$ 11,019 |
| Due to Hospice Georgian Triangle (note 5) | - | 71,973 |
| Deferred revenue | 4,695 | - |
| | <u>18,126</u> | <u>82,992</u> |
| Fund Balances | | |
| General fund | | |
| Unrestricted | 554,538 | 598,528 |
| Internally restricted reserve funds (note 6) | 3,135,218 | 3,135,218 |
| Capital fund | - | - |
| | <u>3,689,756</u> | <u>3,733,746</u> |
| | <u>\$ 3,707,882</u> | <u>\$ 3,816,738</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 | 2020 | | | 2019 | |
|---|---------------------|-----------------|---------------------|---------------------|--|
| | General Fund | Capital Fund | Total | Total | |
| Revenues | | | | | |
| Donations | \$ 1,009,282 | \$ - | \$ 1,009,282 | \$ 1,086,391 | |
| Fundraising events | 365,229 | - | 365,229 | 325,433 | |
| Loss on disposal of investments | (165,558) | - | (165,558) | (1,149) | |
| Grants | 4,000 | 123,248 | 127,248 | 12,000 | |
| Investment income | 119,033 | - | 119,033 | 105,834 | |
| Unrealized gain (loss) on investments | (234,363) | - | (234,363) | 80,957 | |
| | <u>1,097,623</u> | <u>123,248</u> | <u>1,220,871</u> | <u>1,609,466</u> | |
| Expenses | | | | | |
| Bank administration fees | 20,018 | - | 20,018 | 18,384 | |
| Event expenses | 110,034 | - | 110,034 | 83,718 | |
| Payroll expenses paid to Hospice Georgian Triangle (note 5) | 229,869 | - | 229,869 | 162,368 | |
| Insurance | 2,811 | - | 2,811 | 2,671 | |
| Investment fees | 20,266 | - | 20,266 | 16,504 | |
| Office expenses | 7,703 | - | 7,703 | 3,322 | |
| Fundraising expenses | 18,758 | - | 18,758 | 17,100 | |
| Professional development | 4,752 | - | 4,752 | 3,018 | |
| Professional fees | 10,070 | - | 10,070 | 9,388 | |
| | <u>424,281</u> | <u>-</u> | <u>424,281</u> | <u>316,473</u> | |
| Distribution to Hospice Georgian Triangle (note 5) | 678,636 | 161,944 | 840,580 | 694,465 | |
| | <u>1,102,917</u> | <u>161,944</u> | <u>1,264,861</u> | <u>1,010,938</u> | |
| Excess of revenues over expenses (expenses over revenues) for the year | (5,294) | (38,696) | (43,990) | 598,528 | |
| Fund balances, beginning of the year | 3,733,746 | - | 3,733,746 | 3,135,218 | |
| Interfund transfers | (38,696) | 38,696 | - | - | |
| Fund balances, end of the year | \$ 3,689,756 | \$ - | \$ 3,689,756 | \$ 3,733,746 | |

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 | 2020 | 2019 |
|--|-------------------|-------------------|
| Cash flows from operating activities | | |
| Excess of revenues over expenses (expenses over revenues) for the year | \$ (43,990) | \$ 598,528 |
| Changes (credits) to operations not involving cash | | |
| Unrealized loss (gain) on portfolio investments | 234,363 | (80,957) |
| Cash surrender value of life insurance policy | - | (50,000) |
| | <u>190,373</u> | 467,571 |
| Changes in non-cash working capital balances related to operations | | |
| Contribution receivable | - | 19,165 |
| HST receivable | (6,832) | 4,350 |
| Prepaid expenses | (8,315) | - |
| Accounts payable and accrued liabilities | 2,410 | (17,701) |
| Due to/from Hospice Georgian Triangle | (110,755) | (9,571) |
| Deferred revenue | 4,695 | - |
| | <u>71,576</u> | 463,814 |
| Cash flows from investing activities | | |
| Change in investments | <u>(122,422)</u> | (130,491) |
| Net increase (decrease) in cash during the year | (50,846) | 333,323 |
| Cash, beginning of the year | <u>408,348</u> | 75,025 |
| Cash, end of the year | <u>\$ 357,502</u> | <u>\$ 408,348</u> |

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

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2020

1 . Significant Accounting Policies

| | |
|---|---|
| Nature and Purpose of Organization | <p>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).</p> <p>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.</p> |
| Basis of Accounting | <p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p> |
| Use of Estimates | <p>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.</p> |
| Fund Accounting | <p>The Foundation follows the restricted fund method of accounting for contributions.</p> <p>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).</p> <p>The Capital Fund reports restricted resources to be used for capital expenses as specified by the respective donors.</p> |

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued)

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

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.

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.

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, 2020

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, 2020

2. Cash

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

3. Investments

| | 2020 | | 2019 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Market | Cost | Market | Cost |
| Cash held with investment company | \$ 8,530 | \$ 8,530 | \$ 7,539 | \$ 7,539 |
| Guaranteed investment certificates | 343,734 | 338,820 | 338,394 | 334,500 |
| Common shares of various public companies | 2,246,107 | 2,405,374 | 2,207,002 | 2,124,076 |
| Mutual funds | 473,909 | 488,427 | 603,949 | 615,916 |
| Other | 126,985 | 117,949 | 154,321 | 144,444 |
| | <u>\$ 3,199,265</u> | <u>\$ 3,359,100</u> | <u>\$ 3,311,205</u> | <u>\$ 3,226,475</u> |

Guaranteed investment certificates have fixed interest rates ranging from 2.79% to 3.46% (2019 - 1.66% to 3.46%), and maturity dates ranging from November 2020 through April 2022 (2019 - April 2019 through January 2022).

Investments in securities with an active market have been recorded at market value based on quoted market prices at March 31, 2020. Guaranteed investment certificates are recorded at carrying value plus accrued interest, which approximates market value at March 31, 2020. The Foundation has recognized an unrealized loss in the amount of \$234,363 (2019 - gain in the amount of \$80,957) related to the change in the fair value of the investments during the year. This gain/loss has been recorded in the statement of operations and changes in fund balances.

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2020

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, 2020 total \$95,128 (2019 - \$95,128).

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 affairs of the Foundation are managed by nine members, which includes one board member of Hospice Georgian Triangle. The financial statements of Hospice Georgian Triangle have not been consolidated in these financial statements.

During the year, the Foundation transferred \$161,944 (2019 - \$78,854) to Hospice Georgian Triangle to be used for the expansion of its palliative care centre of which \$12,250 has been recorded as due from Hospice Georgian Triangle (2019 - \$17,683 due to Hospice Georgian Triangle) in the statement of financial position at March 31, 2020. 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 \$678,636 (2019 - \$615,611) to Hospice Georgian Triangle to be used to cover operating costs for the year of which \$26,532 has been recorded as due from Hospice Georgian Triangle (2019 - \$54,290 due to Hospice Georgian Triangle) in the statement of financial position at March 31, 2020. 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 \$229,869 (2019 - \$162,368) to Hospice Georgian Triangle to cover payroll expenses incurred by the organization on their behalf.

The amounts due to/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, 2020

6. Internally Restricted Reserve Funds

Operating Reserve Fund

During the prior year, the board of directors 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. During the prior year the board approved the transfer of \$1,362,686 into this reserve fund.

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Balance, beginning of the year | \$ 1,362,686 | \$ - |
| Transfer from the general fund - unrestricted | - | 1,362,686 |
| Balance, end of the year | <u>\$ 1,362,686</u> | <u>\$ 1,362,686</u> |

Capital Reserve Fund

During the prior year, the board of directors 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. During the prior year the board approved the transfer of \$1,000,000 into this reserve fund.

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Balance, beginning of the year | \$ 1,000,000 | \$ - |
| Transfer from the general fund - unrestricted | - | 1,000,000 |
| Balance, end of the year | <u>\$ 1,000,000</u> | <u>\$ 1,000,000</u> |

The Hospice Georgian Triangle Foundation Notes to Financial Statements

March 31, 2020

6. Internally Restricted Reserve Funds (continued)

General Reserve Fund

During the prior year, the board of directors 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. During the prior year the board approved the transfer of \$772,532 into this reserve fund.

| | 2020 | 2019 |
|---|------------------|------------------|
| Balance, beginning of the year | \$ 772,532 | \$ - |
| Transfer from the general fund - unrestricted | - | 772,532 |
| Balance, end of the year | \$ 772,532 | \$ 772,532 |
| Total Internally Restricted Reserve Funds | \$ 3,135,218 | \$ 3,135,218 |

7. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. Due to both Federal and Provincial government restrictions put in place to mitigate the impact of this virus, the organization has re-focused activities and resources to support alternative fundraising methods.

The organization has been creating virtual fundraisers, such as its Hike and Bike event, which have been bringing in the same amount of donations as the live events. The Foundation has continued to fund Hospice Georgian Triangle with no expected reductions in the near future.

As the impacts of COVID-19 continue, there could be further impact on the Foundation, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry and workforce. At this time, the full potential impact of COVID-19 on the organization is not known.

The Hospice Georgian Triangle Foundation

Notes to Financial Statements

March 31, 2020

8. 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, 2020, the Foundation held portfolio investments in U.S. Dollars for \$63,828 (2019 - \$109,853). 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.