MARIPOSA HOUSE HOSPICE

FINANCIAL STATEMENTS

March 31, 2022

SAWATSKY
CHARTERED PROFESSIONAL ACCOUNTANTS

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of:
Mariposa House Hospice

Qualified Opinion

I have audited the financial statements of Mariposa House Hospice, which comprise the statement of financial position as at March 31, 2022, the statements of operations, changes in unrestricted net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Mariposa House Hospice 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 Qualified Opinion

In common with many not-for-profit organizations, Mariposa House Hospice derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to amounts recorded in the records of the Organization. Therefore, I was not able to determine whether any adjustments might be necessary to donation and fundraising revenue, statement of operations and cash flows from operations for the years then ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years.

My review engagement report on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Mariposa House Hospice in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Other Matter

The prior year's financial statements were completed as a review engagement as I was not engaged to audit the prior year's financial statements under Canadian accounting standards for not-for-profit organizations. As a result, the comparative information is referred to as unaudited in the financial statements.

CHARTERED PROFESSIONAL ACCOUNTANTS
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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 Mariposa House Hospice'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 Mariposa House Hospice or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Mariposa House Hospice financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mariposa House Hospice'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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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Mariposa House Hospice's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Mariposa House Hospice to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

Orillia, Ontario
November 10, 2022

Sawatsky Professional Corporation
Authorized to practise public accounting by
Chartered Professional Accountants of Ontario

MARIPOSA HOUSE HOSPICE

STATEMENT OF FINANCIAL POSITION

AS AT March 31, 2022

	2022	(Unaudited) 2021
ASSETS		
CURRENT		
Cash	$ **955,251**	$ 583,514
Receivables (Note 3)	**200,398**	183,056
Prepaids	**11,850**	14,188
	1,167,499	780,758
TANGIBLE CAPITAL ASSETS (Note 4)	**3,986,227**	4,017,394
	$ 5,153,726	$ 4,798,152
LIABILITIES		
CURRENT		
Accounts payable and accruals (Note 6)	$ **161,339**	$ 137,395
Deferred contributions	**10,000**	-
Current portion of long-term debt (Note 7)	**229,167**	12,504
	400,506	149,899
LONG-TERM DEBT (Note 7)	**-**	229,163
DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS (Note 8)	**3,764,002**	3,816,430
TOTAL LIABILITIES	**4,164,508**	4,195,492
NET ASSETS		
Unrestricted	**989,218**	602,660
	$ 5,153,726	$ 4,798,152

Approved on behalf of the board:

Gordon Robertson Director

Director

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MARIPOSA HOUSE HOSPICE

STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED March 31, 2022

	2022	(Unaudited) 2021
REVENUE		
Ontario Ministry of Health and Long-Term Care (MOH) grant	$ 802,094	$ 264,061
Canada-Ontario Job grant	-	29,430
Donations	646,966	396,404
Grant income	1,500	-
Fundraising	116,807	26,517
Contribution revenue related to tangible capital assets (Note 8)	129,934	20,800
	1,697,301	737,212
EXPENSES		
Advertising and promotion	834	5,228
Bank charges and interest	5,806	8,945
Depreciation	129,934	20,800
Fundraising	18,870	132
Insurance	14,865	21,481
Interest on long-term debt	8,647	9,028
Office and general	22,282	38,058
Professional fees	47,378	13,382
Property taxes	1,461	1,690
Repairs and maintenance	34,425	13,777
Supplies	21,974	18,621
Training	2,225	36,733
Utilities	61,254	2,980
Wages and benefits	995,312	299,988
	1,365,267	490,843
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	332,034	246,369
OTHER INCOME		
Investment income	895	4,423
EXCESS OF REVENUE OVER EXPENSES	$ 332,929	$ 250,792

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MARIPOSA HOUSE HOSPICE

STATEMENTS OF CHANGES IN UNRESTRICTED NET ASSETS

FOR THE YEAR ENDED March 31, 2022

	2022	(Unaudited) 2021
NET ASSETS, beginning of year		
As previously reported	$ **602,660**	$ 3,445,977
Adjustments in deferred contributions - tangible capital assets (Note 2)	-	(3,129,782)
As restated	**602,660**	316,195
EXCESS OF REVENUE OVER EXPENSES	**332,929**	250,792
INCREASE: CONTRIBUTIONS FOR LAND (Note 8)	**53,629**	35,673
NET ASSETS, end of year	$ **989,218**	$ 602,660

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED March 31, 2022

	2022	(Unaudited) 2021
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 332,929	$ 250,792
Items not requiring an outlay of cash:		
Depreciation	129,934	20,800
Contribution revenue related to tangible capital assets	(129,934)	(20,800)
	332,929	250,792
CHANGES IN NON-CASH WORKING CAPITAL		
Receivables	(17,342)	(23,362)
Prepaids	2,338	(14,188)
Accounts payable and accruals	23,945	(167,472)
Deferred contributions	10,000	-
	351,870	45,770
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Additions to tangible capital assets	(98,767)	(1,648,925)
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
New long-term debt	-	250,000
Repayments of long-term debt	(12,500)	(248,387)
Contributions received related to tangible capital assets	131,135	743,121
	118,635	744,734
INCREASE (DECREASE) IN CASH	371,738	(858,421)
CASH, beginning of year	583,514	1,441,935
CASH, end of year	$ 955,251	$ 583,514

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PURPOSE OF THE ORGANIZATION

Mariposa House Hospice (Organization) was incorporated on November 4, 2016. It is a non-profit organization incorporated without share capital under the laws of the province of Ontario. The Organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

The Organization is primarily engaged in:

(a) To promote health by:

(i) providing those affected by debilitating diseases, illnesses and conditions with timely access to integrated services that facilitate the delivery of medical and nursing palliative care in their own homes, in hospital, or in a residential hospice;

(ii) providing support and social services for those affected by debilitating diseases, illnesses and conditions by offering education and counselling and by establishing mutual support groups;

(iii) providing respite and support for the family and caregivers those affected by debilitating diseases, illnesses and conditions by providing access to health counselling, information, group support programs, or referral to respite beds; and

(iv) coordinating health care and social services for people with debilitating diseases, illnesses and conditions.

(b) To inform the public and health professionals of the services and objectives of the Organization.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Framework

The Organization, being a not-for-profit organization, chooses to establish their financial statements in accordance with Canadian accounting standards for not-for-profit organizations, issued by the Chartered Professional Accountants of Canada.

(b) Cash

Cash consist of cash on hand and bank deposits.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost. Depreciation is provided annually at rates calculated to allocate the cost of the assets over their estimated useful lives as follows:

Building	- straight line over 40 years
Equipment	- straight line over 5 years

(d) Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and receivables.

Financial liabilities measured at amortized cost include accounts payable and accruals and long-term debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Donated Products and Services**

A number of volunteers provide significant amounts of time to the activities of the Organization. Due to the difficulty in assigning values for such services, the value of donated time is not reflected in the financial statements.

The Organization has decided not to recognize contributed goods in the financial statements.

(f) **Revenue Recognition**

The Organization has adopted the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Pledges and bequests are recognized when collected if the Organization cannot make a reasonable estimate of the amount that will be collected and collection is not reasonably assured. If the estimate is reasonably assured, the full amount of the pledges and bequests will be recorded at the time it becomes known.

Grant revenue is deferred and recognized as revenue throughout the time frame for which the funding is provided on a month-by-month basis.

Deferred contributions for tangible capital assets are amortized on a straight line basis over the useful life of the asset to which the contributions relate.

Fundraising revenue and expenses from fundraising activities are recorded in the year in which the event occurs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Use of Estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of these financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from estimates made in these financial statements.

Judgment is used mainly in determining whether a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The Organization has applied judgment in its assessment of the appropriateness of the classification of financial instruments. Estimates are used when estimating the useful lives of tangible capital assets for the purposes of depreciation, when accounting for and measuring items such as deferred contributions, and for certain fair value measures including those related to the valuation of tangible capital assets for impairment.

(h) Impairment of long-lived assets

The Organization reviews, when circumstances indicate it is necessary, the carrying values of its long-lived assets by comparing the carrying amount of the asset or group of assets to the expected future undiscounted cash flows to be generated by the asset or group of assets. An impairment loss is recognized when the carrying amount of an asset or group of assets held for use exceeds the sum of the undiscounted cash flows expected from its use and eventual disposition. The impairment loss is measured as the amount by which the asset's carrying amount exceeds its fair value, based on quoted market prices, when available, or on the estimated current value of future cash flows.

2. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

The Organization adopted Canadian accounting standards for not-for-profit organizations on April 1, 2020. Adopting Canadian accounting standards for not-for-profit organizations required retroactive restatement of the opening balances at April 1, 2019 and the financial statements for the period ended March 31, 2020 and providing additional financial statement disclosures relating to the transition.

The financial statement for the year ended March 31, 2021 were prepared in accordance with the accounting principles and provisions set out in First-time Adoption by Not-for-Profit Organization, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards was accounted for in net assets at the date of transition, i.e April 1, 2019 (beginning of the year for which comparative information is presented).

Adoption of these standards resulted in recording deferred contributions for amounts received related to the development of the facility. As a result:

- As of March 31, 2020, Deferred Contributions - Tangible Capital Assets has a balance of $3,129,782 from funds raised to that date to be used for the development of the facility.

3. RECEIVABLES

		2022		(Unaudited) 2021
HST rebate	$	**186,841**	$	161,421
Mortgage receivable		**-**		8,526
Grant receivable		**-**		8,829
Other receivables		**13,557**		4,280
	$	**200,398**	$	183,056

4. TANGIBLE CAPITAL ASSETS

		Cost		Accumulated Depreciation		Net 2022		(Unaudited) Net 2021
Land	$	454,864	$	-	$	**454,864**	$	401,235
Building		3,456,201		100,393		**3,355,808**		3,429,028
Equipment		225,896		50,341		**175,555**		187,131
	$	4,136,961	$	150,734	$	**3,986,227**	$	4,017,394

Depreciation expense for the year is $129,934 (2021 - $20,800). Depreciation has been pro-rated for the year based on when the capital asset was available for use (i.e. February, 2021).

The building was previously under construction and was available for use in February, 2021.

The maximum carrying amount of land and building which is pledged as security for long-term debt is $1,250,000 (2021 - $1,250,000) (Note 7) at March 31, 2022.

5. CREDIT FACILITY

The Organization has available an unused line of credit of $1,000,000 with TD Commercial Banking bearing interest at prime plus 1.2%. Line of credit is secured by a general security agreement covering all Organization's assets.

6. GOVERNMENT REMITTANCES

Accounts payable and accruals have the following government remittances included in the ending balance:

- Payroll deductions of $21,903 (2021 - $19,958 unaudited)
- Workers' safety insurance board premiums (WSIB) of $2,479 (2021 - $2,106 unaudited)

7. LONG TERM DEBT

	2022	(Unaudited) 2021
TD Commercial Banking, prime rate plus 1.2%	**$ 229,167**	$ 241,667
Less: current portion	**(229,167)**	(12,504)
	$ -	$ 229,163

TD Commercial Banking, prime rate plus 1.2% (3.65%), due July 2025, repayable in monthly principal payments of $1,042 plus interest. As security, the Organization has pledged specific land and building to a maximum value of $1,250,000.

In August 2022, the board approved to fully repay this loan. On October 11, 2022, the loan was fully repaid.

8. DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS

Deferred contributions - tangible capital assets represents restricted grants and donations received for the purchase of land, development of facility and purchase of equipment.

	2022	(Unaudited) 2021
Balance, beginning of year	**$ 3,816,430**	$ 3,129,782
plus: amount received for the year:		
Donations	**131,135**	293,121
Ontario Ministry of Health grant	**-**	450,000
less: amount recognized as direct increase in net assets in the year	**(53,629)**	(35,673)
less: amount recognized as revenue in the year	**(129,934)**	(20,800)
	$ 3,764,002	$ 3,816,430

A portion of the deferred contributions received relates to the land purchase. As land is not depreciable, the portion of the contributions that relate to land is recorded as a direct increase in net assets.

In September 2019, the Organization signed the Hospice Capital Program Funding Agreements with the Ontario Ministry of Health. Under this grant, $1 million of funds was received. In the event of the property being sold before reaching the end of its useful life, the Ontario Ministry of Health shall receive an amount of the proceeds that is equivalent to the proportional share of the acquisition costs incurred.

9. FINANCIAL INSTRUMENTS

(a) Risks and concentrations

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Organization's risk exposure at the balance sheet date, i.e. March 31, 2022.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and long-term debt and in providing continued, uninterrupted services to its large client base. The Organization is largely dependent on the Ministry of Health and Long Term Care in co-operation with the Local Health Integration Network, for annual funds. The Organization prepares budgets to ensure that it has sufficient funds to fulfil its obligations.

During the year, the Organization's liquidity risk remained similar.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of 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 financial instruments. Fixed-interest instruments subject the Organization to a fair value risk.

(d) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices of food, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

10. CHANGES TO FINANCIAL STATEMENTS VALUES AND CLASSIFICATION

The financial statements and notes for the prior year have values changed or reclassified. This is not a result of the change in accounting standards, but a change in order to better provide information to the users of the financial statements.

11. SUBSEQUENT EVENTS

On October 11, 2022, the TD Commercial Banking loan was fully repaid.