Grant Thornton

Financial Statements

Neshama Hospice

March 31, 2024

Contents

Independent Auditor's Report

Grant Thornton LLP
11th Floor, 200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949
www.GrantThornton.ca

To the Directors of
Neshama Hospice

Opinion
We have audited the financial statements of Neshama Hospice (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, 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 ("ASNPO").

Basis for Opinion
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 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 ASNPO, 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.

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.

Grant Thornton LLP

Toronto, Canada
September 17, 2024

Chartered Professional Accountants
Licensed Public Accountants

Neshama Hospice
Statement of Financial Position

As at March 31	2024	2023
Assets		
Current		
Cash and cash equivalents	**$ 4,600,651**	$ 2,494,205
Accounts receivable	**83,011**	-
HST rebate recoverable	**23,709**	15,642
Prepaid expenses	**89,343**	89,343
	4,796,714	2,599,190
Capital assets (Note 3)	**6,885,572**	6,723,303
	$ 11,682,286	$ 9,322,493
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 58,750**	$ 14,019
Deferred capital contributions (Note 4)	**6,452,375**	4,101,433
	6,511,125	4,115,452
Net assets		
Unrestricted	**952,717**	988,597
Internally restricted	**4,218,444**	4,218,444
	5,171,161	5,207,041
	$ 11,682,286	$ 9,322,493

On behalf of the Board of Directors

____________________ Director   ____________________ Director

See accompanying notes to the financial statements

Neshama Hospice
Statement of Operations

Year ended March 31		2024		2023
Revenue				
Contributions	$	**161,976**	$	812,891
Interest income		**118,204**		36,171
		280,180		849,062
Expenses				
Project management		**116,957**		129,804
Professional and communication fees		**105,860**		27,364
Fundraising consulting fees		**68,432**		71,988
Office and administration		**23,798**		60,459
Property maintenance		**1,013**		12,024
		316,060		301,639
(Deficiency) excess of revenue over expenses	**$**	**(35,880)**	$	547,423

See accompanying notes to the financial statements

Neshama Hospice
Statement of Changes in Net Assets
Year ended March 31

	Unrestricted	Internally restricted	**2024 Total**	2023 Total
Net assets, beginning of year	$ 988,597	$ 4,218,444	**$ 5,207,041**	$ 4,659,618
(Deficiency) excess of revenue over expenses	(35,880)	-	**(35,880)**	547,423
Net assets, end of year	$ 952,717	$ 4,218,444	**$ 5,171,161**	$ 5,207,041

See accompanying notes to the financial statements

Neshama Hospice
Statement of Cash Flows

Year ended March 31	2024	2023
Increase (decrease) in cash and cash equivalents		
Operating		
(Deficiency) excess of revenue over expenses	$ (35,880)	$ 547,423
Change in non-cash working capital items		
Accounts receivable	(83,011)	-
HST rebate recoverable	(8,067)	13,942
Prepaid expenses	-	(86,709)
Accounts payable and accrued liabilities	44,731	(12,260)
	(82,227)	462,396
Investing		
Purchase of capital assets	(162,269)	(333,254)
Financing		
Deferred capital contributions received	2,350,942	1,264,733
Increase in cash and cash equivalents	2,106,446	1,393,875
Cash and cash equivalents		
Beginning of year	2,494,205	1,100,330
End of year	$ 4,600,651	$ 2,494,205

Cash and cash equivalents consists of:		
Cash	$ 911,909	$ 422,688
Investment savings account	3,688,742	2,071,517
	$ 4,600,651	$ 2,494,205

See accompanying notes to the financial statements

1. Nature of organization

Neshama Hospice (the “Organization”) is incorporated under the Canada Not-for-profit Corporations Act without share capital. The Organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The Organization's purpose is to provide hospice facility services to terminally ill patients and emotional support for these patients and their families.

2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by the Organization and applied in these financial statements are summarized below.

Basis of presentation

The accounts are maintained whereby fund balances of the Organization are classified for accounting and reporting purposes into funds to be used as determined by the Organization.

Unrestricted net assets

Unrestricted net assets reflect all general programs and activities, other than those activities listed below.

Internally restricted

Internally restricted net assets reflect the assets, liabilities, revenue and expenses set aside for future strategic purposes by the Board of Directors. Internally restricted net assets include those assets that are invested in capital assets. The amounts invested in capital assets include $3,040,000 (2023 - $3,040,000) of contributions received restricted for the purchase of land that were subsequently used to purchase land.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are deferred when received and recognized as revenue when the related expenses are incurred. Externally restricted contributions for the purchase of capital assets are deferred as deferred capital contributions and recognized as revenue on the same basis as the amortization of the related capital assets. Externally restricted contributions for the purchase of land are recognized as direct increases in net assets.

Donated materials and services which are normally purchased by the Organization are not recorded in the accounts due to the difficulty in determining its fair value.

Interest income is recognized as earned.

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost. The capital assets of the Organization include land, which is not amortized, and construction-in-progress assets, for which amortization is not required until the related assets are complete and available for use. Construction-in-progress relate substantially to the development of land for the construction of the hospice facility, including interest capitalized relating to the demand loan that was obtained to assist in the development of the facility.

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Organization's financial instruments are comprised of cash and cash equivalents, accounts receivable, HST rebate recoverable, and accounts payable.

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

3. Capital assets

			2024	2023
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Land				
25 Brightwood St.	$ 3,175,957	$ -	**$ 3,175,957**	$ 3,175,957
3 Cadillac Ave.	982,487	-	**982,487**	982,487
5 Cadillac Ave.	1,170,262	-	**1,170,262**	1,170,262
	5,328,706	-	**5,328,706**	5,328,706
Construction-in-progress	1,556,866	-	**1,556,866**	1,394,597
	$ 6,885,572	$ -	**$ 6,885,572**	$ 6,723,303

Construction-in-progress includes capitalized interest of $195,151 (2023 - $195,151) and pre-development costs funded by the Ontario Ministry of Health and other funders of $1,249,467 (2023 - $1,064,914). As the assets related to construction-in-progress have not been completed, amortization has not been taken on those assets.

4. Deferred capital contributions

	2024	2023
Deferred capital contributions, beginning of year	**$ 4,101,433**	$ 2,836,700
Contributions received restricted for purchase of capital assets	**2,350,942**	1,264,733
Deferred capital contributions, end of year	**$ 6,452,375**	$ 4,101,433

Deferred capital contributions have been used to purchase the capital assets included in construction-in-progress, with the remaining to be spent in future years. The deferred capital contributions will not begin amortization until the asset is put into use.

5. Credit facilities

The Organization has a credit agreement with the Organization's banker for an unused pre-development demand loan with a limit of $1,000,000 (2023 - $1,000,000) that bears interest at the bank prime rate plus 1% per annum.

The credit facility is secured by the properties at 25 Brightwood St., 3 Cadillac Ave. and 5 Cadillac Ave. and guaranteed by a board member of the Organization for 50% of the outstanding amount at the time of demand.

6. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

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 this risk mainly in respect of its accounts payable. The Organization expects to meet these obligations as they come due by generating sufficient cash flows from operations as well as from ongoing and continued support of its donors.

Included in accounts payable and accrued liabilities is $Nil (2023 - $Nil) of government remittances payable.