



Financial Statements

Neshama Hospice

March 31, 2026

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Independent Auditor's Report

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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, 2026, 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, 2026, 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.

Toronto, Canada
September 16, 2026

Chartered Professional Accountants
Licensed Public Accountants

Neshama Hospice

Statement of Financial Position

As at March 31

2026

2025

Assets

Current

Cash and cash equivalents	\$ 4,322,431	\$ 6,688,140
Short-term investments	-	39,818
Accounts receivable	797	197
HST rebate recoverable	350,223	198,083
Prepaid expenses	<u>126,094</u>	<u>129,209</u>

4,799,545 7,055,447

Capital assets (Note 3) 17,842,020 9,519,063

\$ 22,641,565 \$ 16,574,510

Liabilities

Current

Accounts payable and accrued liabilities	\$ 1,583,087	\$ 584,044
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Deferred capital contributions (Note 4) 15,530,746 10,722,652

17,113,833 11,306,696

Net assets

Unrestricted	1,309,288	1,049,370
Internally restricted	<u>4,218,444</u>	<u>4,218,444</u>

5,527,732 5,267,814

\$ 22,641,565 \$ 16,574,510

On behalf of the Board of Directors

Mindy Herman

Director

[Signature]

Director

See accompanying notes to the financial statements

Neshama Hospice

Statement of Operations

Year ended March 31

2026

2025

Revenue

Contributions	\$ 675,328	\$ 175,274
Interest income	<u>73,032</u>	<u>136,626</u>
	<u>748,360</u>	<u>311,900</u>

Expenses

Professional and communication fees	195,258	72,260
Office and administration	96,528	69,358
Property maintenance	12,844	6,708
Fundraising consulting fees	<u>183,812</u>	<u>66,921</u>
	<u>488,442</u>	<u>215,247</u>

Excess (deficiency) of revenue over expenses	<u>\$ 259,918</u>	<u>\$ 96,653</u>
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See accompanying notes to the financial statements

Neshama Hospice

Statement of Changes in Net Assets

Year ended March 31

	Unrestricted	Internally restricted	2026 Total	2025 Total
Net assets, beginning of year	\$ 1,049,370	\$ 4,218,444	\$ 5,267,814	\$ 5,171,161
Excess of revenue over expenses	<u>259,918</u>	<u>-</u>	<u>259,918</u>	<u>96,653</u>
Net assets, end of year	<u>\$ 1,309,288</u>	<u>\$ 4,218,444</u>	<u>\$ 5,527,732</u>	<u>\$ 5,267,814</u>

See accompanying notes to the financial statements

Neshama Hospice

Statement of Cash Flows

Year ended March 31

2026

2025

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses \$ 259,918 \$ 96,653

Change in non-cash working capital items

Accounts receivable (600) 82,814

HST rebate recoverable (152,140) (174,374)

Prepaid expenses 3,115 (39,866)

Accounts payable and accrued liabilities 999,043 525,294

1,109,336 490,521

Investing

Purchase of capital assets (8,322,957) (2,633,491)

Decrease (increase) in short-term investments 39,818 (39,818)

(8,283,139) (2,673,309)

Financing

Deferred capital contributions received 4,808,094 4,270,277

(Decrease) increase in cash and cash equivalents (2,365,709) 2,087,489

Cash and cash equivalents

Beginning of year 6,688,140 4,600,651

End of year \$ 4,322,431 \$ 6,688,140

Cash and cash equivalents consists of:

Cash \$ 1,969,175 \$ 2,703,262

Investment savings account 2,353,256 3,984,878

\$ 4,322,431 \$ 6,688,140

See accompanying notes to the financial statements

Neshama Hospice

Notes to the Financial Statements

March 31, 2026

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 (2025 - \$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.

Neshama Hospice

Notes to the Financial Statements

March 31, 2026

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 and the construction of the hospice facility, including interest capitalized relating to loans obtained to assist in the development of the facility over the time of development and construction.

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, short-term investments, 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.

Short-term investments consisted of a guaranteed investment certificate with an annual interest rate of 2.90%, maturing December 2025.

3. Capital assets

			2026	2025
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
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.	<u>1,170,262</u>	<u>-</u>	<u>1,170,262</u>	<u>1,170,262</u>
	5,328,706	-	5,328,706	5,328,706
Construction-in-progress	<u>12,513,314</u>	<u>-</u>	<u>12,513,314</u>	<u>4,190,357</u>
	<u>\$ 17,842,020</u>	<u>\$ -</u>	<u>\$ 17,842,020</u>	<u>\$ 9,519,063</u>

Construction-in-progress includes capitalized interest of \$195,151 (2025 - \$195,151) and pre-development costs funded by the Ontario Ministry of Health and other funders of \$3,499,091 (2025 - \$3,499,091). As the assets related to construction-in-progress have not been completed, amortization has not been taken on those assets.

Neshama Hospice

Notes to the Financial Statements

March 31, 2026

4. Deferred capital contributions

	<u>2026</u>	<u>2025</u>
Deferred capital contributions, beginning of year	\$ 10,722,652	\$ 6,452,375
Contributions received restricted for purchase of capital assets	<u>4,808,094</u>	<u>4,270,277</u>
Deferred capital contributions, end of year	<u>\$ 15,530,746</u>	<u>\$ 10,722,652</u>

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 related assets are 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 that bears interest at the bank prime rate plus 1% per annum. This 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. No amounts were drawn on this credit agreement.

The Organization also has two standby letters of credit totalling \$475,754 issued to the departments of Planning and Engineering of the City of Toronto as security for potential property damage related to the construction of the building. No amounts were drawn on these letters of credit.

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 and the availability of credit facilities from its bank, if needed.

Included in accounts payable and accrued liabilities is \$Nil (2025 - \$Nil) of government remittances payable.