

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Financial Statements

Year Ended March 31, 2026

Draft for discussion purposes only

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)
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Year Ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Hospice Huntsville (A Corporation Without Share Capital)

Qualified Opinion

We have audited the financial statements of Hospice Huntsville (A Corporation Without Share Capital) (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 (the "financial statements").

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 Organization as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2026; current assets and net assets as at March 31, 2026. Our audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation of 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 Organization in accordance with 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 the 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:

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Independent Auditor's Report to the Board of Directors of Hospice Huntsville (A Corporation Without Share Capital) (continued)

- 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.

Huntsville, Ontario

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Statement of Financial Position

March 31, 2026

	2026	2025
ASSETS		
CURRENT		
Cash	\$ 371,378	\$ 665,676
Short term investments (Note 3)	2,170,827	1,750,871
Accounts receivable (no allowance)	5,718	12,969
Harmonized sales tax receivable	13,623	104,002
Prepaid expenses	37,550	22,808
	<u>2,599,096</u>	<u>2,556,326</u>
CAPITAL ASSETS (Note 4)	<u>2,752,613</u>	<u>2,550,744</u>
	<u>\$ 5,351,709</u>	<u>\$ 5,107,070</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 37,808	\$ 318,505
Deferred contributions (Note 5)	269,553	211,295
	<u>307,361</u>	<u>529,800</u>
NET ASSETS	<u>5,044,348</u>	<u>4,577,270</u>
	<u>\$ 5,351,709</u>	<u>\$ 5,107,070</u>

COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD

 Director

 Director

SIGN HERE

The accompanying notes are an integral part of these financial statements

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Statement of Operations
Year Ended March 31, 2026

	Actual 2026	Actual 2025
REVENUES		
NSM LHIN - residential		
Donations	\$ 922,516	\$ 883,957
Fundraising	553,231	544,626
Investment income	535,918	482,258
NSMPCN volunteer hospice funding	138,433	247,276
	<u>115,880</u>	<u>140,275</u>
	<u>2,265,978</u>	<u>2,298,392</u>
EXPENDITURES		
Wages and benefits	1,373,554	1,283,007
Amortization of capital assets	79,274	36,957
Repairs and maintenance	63,482	21,001
Supplies	61,308	82,831
Professional fees	59,871	45,476
General and office	41,999	35,922
Insurance	36,166	23,115
Utilities	28,053	28,782
Fundraising	25,069	22,776
Contracted services	18,918	-
Travel	4,658	4,373
Volunteer training and recognition	2,917	1,211
Bank charges and interest	2,093	1,683
Advertising	<u>1,538</u>	<u>172</u>
	<u>1,798,900</u>	<u>1,587,306</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 467,078</u>	<u>\$ 711,086</u>

The accompanying notes are an integral part of these financial statements

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Statement of Changes in Net Assets

Year Ended March 31, 2026

	2026	2025
NET ASSETS - BEGINNING OF YEAR	\$ 4,577,270	\$ 3,866,184
EXCESS OF REVENUES OVER EXPENDITURES	467,078	711,086
NET ASSETS - END OF YEAR	\$ 5,044,348	\$ 4,577,270

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HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Statement of Cash Flows
Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 467,078	\$ 711,086
Item not affecting cash:		
Amortization of capital assets	79,274	36,957
	<u>546,352</u>	<u>748,043</u>
Changes in non-cash working capital:		
Accounts receivable (no allowance)	7,251	(12,969)
Harmonized sales tax receivable	90,379	(91,562)
Accounts payable and accrued liabilities	(280,697)	247,458
Deferred contributions	58,258	102,881
Prepaid expenses	(14,742)	2,298
	<u>(139,551)</u>	<u>248,106</u>
	<u>406,801</u>	<u>996,149</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(281,143)	(1,718,621)
Net change in short term investment	(419,956)	888,484
	<u>(701,099)</u>	<u>(830,137)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(294,298)</u>	<u>166,012</u>
Cash - beginning of year	665,676	499,664
CASH - END OF YEAR	<u>\$ 371,378</u>	<u>\$ 665,676</u>

The accompanying notes are an integral part of these financial statements

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

Year Ended March 31, 2026

1. NATURE AND PURPOSE OF THE ORGANIZATION

Hospice Huntsville (A Corporation Without Share Capital) (the "Organization") has been organized under the Corporations Act by Letters Patent as a corporation without share capital and is dedicated to the provision of assistance to palliative care patients and their families accessing health care services in Huntsville and the surrounding area.

Registration has been granted by the Department of National Revenue, Taxation for designation as a charitable organization and as such is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Measurement uncertainty

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 reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable, provided the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are deferred and recognized as revenue in the period in which the related expenditures are incurred or the restrictions are fulfilled.

Government grants subject to specified terms and conditions are recognized as revenue when the related eligible expenditures are incurred or the applicable funding criteria are met. Amounts received in advance of meeting these conditions are recorded as deferred contributions. Fundraising revenue is recognized in the period in which the related fundraising event or activity occurs. Interest income is recognized as earned.

Contributed materials and services

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Buildings	4% declining balance method
Equipment	20% declining balance method

The Organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of the cost of capital assets.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

Year Ended March 31, 2026

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions, which are measured at cost in accordance with the applicable accounting standards.

The Organization subsequently measures cash and accounts receivable at cost or amortized cost and accounts payable and accrued liabilities at cost or amortized cost.

Investments are measured at fair value at each reporting date, with changes in fair value recognized in the statement of operations. Transaction costs related to investments measured at fair value are recognized in the statement of operations in the period incurred.

3. SHORT TERM INVESTMENTS

	2026	2025
Shares	\$ 952,245	\$ 316,941
Fixed income securities	698,698	431,751
Mutual fund	482,490	978,763
Cash	37,394	22,474
Other	-	942
	\$ 2,170,827	\$ 1,750,871

The aggregate cost of investments was \$2,044,085 (2025 - \$1,680,672).

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Buildings	\$ 3,329,463	\$ 635,469	\$ 2,693,994	\$ 770,394
Equipment	169,326	110,707	58,619	20,612
Work-in-progress	-	-	-	1,759,738
	\$ 3,498,789	\$ 746,176	\$ 2,752,613	\$ 2,550,744

The work-in-progress balance relates to costs incurred for the building expansion project. The project was completed during the year and the expanded facility was placed into service and is currently being used in the delivery of the Organization's services. Accordingly, the accumulated costs were transferred from Work-in-Progress to Buildings upon completion. Amortization has been recorded commencing when the asset was placed into service and is being recognized over its estimated useful life.

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

Year Ended March 31, 2026

5. DEFERRED CONTRIBUTIONS

Deferred contributions consist of externally restricted contributions received for the building expansion project, donations and government grants.

	2026	2025
Balance, beginning of year	\$ 211,295	\$ 108,414
Less: amounts recognized as revenue in the current year	(147,529)	(22,020)
Add: amounts received related to the subsequent year's operations	-	41,901
Add: deferred government grants related to subsequent year	74,740	-
Add: amounts received related to capital projects	131,047	83,000
Balance, end of year	\$ 269,553	\$ 211,295

The deferred government grant of \$74,740 relates to funding received in advance from the North Simcoe Muskoka Hospice Palliative Care Network ("NSMHPCN").

6. BANK OPERATING LINE OF CREDIT

The bank operating line of credit is a revolving credit facility with a limit of \$100,000. The line of credit is due on demand and bears interest at prime plus 1.50% per annum and is secured by a general security agreement covering all assets with a specific charge on accounts receivable and capital assets. At March 31, 2026, the line of credit was not in use (2025 - \$nil).

7. ECONOMIC DEPENDENCE

Approximately 46% (2025 - 45%) of the Organization's revenue is received from the North Simcoe Muskoka Local Health Integration Network. The continuation of this Organization is dependent on this funding.

8. BEQUEST OF LAND

During the year, the Organization was advised that it is a beneficiary of a portion of a 98-acre parcel of land pursuant to the terms of a donor's will. As at March 31, 2026, legal title to the property remained with the estate trustee. The Organization has participated in discussions regarding the disposition of the property and expects to receive a portion of the net proceeds upon the eventual sale of the property in accordance with the terms of the estate. As at year end, the Organization had not obtained control of the property or an enforceable right to the proceeds. Accordingly, no asset or contribution revenue has been recognized in these financial statements.

9. COMMITMENTS

The Organization has entered into a lease agreement with Muskoka Algonquin Healthcare for the land where a building resides. The agreement has a twenty year term calling for rent of \$12 per annum.

HOSPICE HUNTSVILLE (A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

Year Ended March 31, 2026

10. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and the following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2026.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Organization is exposed to credit risk primarily through its accounts receivable. The Organization manages this risk by monitoring outstanding receivable balances. Management has assessed that credit risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is exposed to liquidity risk primarily in respect of its accounts payable and accrued liabilities. The Organization manages this risk by monitoring its cash flows and maintaining adequate cash and short-term investments to meet its obligations as they become due.

Currency risk

Currency risk is the risk to the Organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. As at March 31, 2026, the Organization held cash and short-term investments denominated in U.S. dollars with a Canadian-dollar equivalent carrying value of \$459,920 (2025 - \$169,131). A 5% strengthening or weakening of the Canadian dollar relative to the U.S. dollar, with all other variables held constant, would result in a corresponding decrease or increase of approximately \$22,996 (2025 - \$8,457) in the Organization's cash and short-term investments, and a corresponding impact on the excess of revenues over expenditures for the year.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), 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. The Organization is exposed to other price risk through its investments in marketable securities.
