HOSPICE MIRAMICHI INC.

FINANCIAL STATEMENTS

MARCH 31, 2024

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To the Members of Hospice Miramichi Inc.:

Qualified Opinion

We have audited the financial statements of Hospice Miramichi Inc. (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, except for the [possible] effects of the matter(s) 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, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

As it is the case with many non-profit organizations, the organization derives proceeds from donations that cannot be satisfactorily audited. As a result, our audit of these revenues was limited to the amounts recorded in the organization's books and we could not determine whether any adjustments should have been made to the amounts, net results, net assets and assets

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 qualified opinion.

[Emphasis of Matter - Describe e.g., Comparative Information]

Since a review was done on 2024 numbers, the opening numbers have not been audited, therefore impact on current numbers cannot be assessed.

[Other Matter]

The financial statement for the year ended March 31, 2023 were reviewed by another practitioner who expressed an unmodified opinion on those statements on February 5, 2024.

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 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 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.

Bathurst, New Brunswick

February 6, 2025

MNP LLP

Chartered Professional Accountants

	2024	2023
INCOME		
Income		
Donations	$ 228,347	$ 17,570
Fundraising	52,903	45,603
Grant revenue	405,031	6,043
Interest income	32	55
	686,313	69,271
Hospice shop (Schedule I)	15,718	33,598
Palliative care support work services (Schedule II)	(15,120)	(16,435)
	686,911	86,434
EXPENDITURES		
Advertising and promotion	3,241	1,399
Amortization of property, plant and equipment	35,438	16,611
Donations	6	-
Doubtful accounts and bad debts	4,181	150
Fundraising	27,819	53,353
Insurance	4,559	3,967
Interest and bank charges	254	527
Maintenance and repairs	14,352	3,794
Office	7,464	6,269
Professional fees	45,421	18,525
Property taxes	620	1,126
Rent	149,950	44,685
Salaries and fringe benefits	394,438	48,105
Supplies	11,464	2,596
Taxes and permits	2,559	1,728
Telecommunications	5,208	3,766
Training	282	415
Travel	-	3
	707,256	207,019
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(20,345)	(120,585)
OTHER REVENUES (EXPENSES)		
Loss on sale of property and equipment	-	(404)
DEFICIENCY OF REVENUES OVER EXPENSES	$ (20,345)	$ (120,989)

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

	2024	2023
BALANCE, BEGINNING OF YEAR	$ 121,135	$ 242,124
Deficiency of revenues over expenses	(20,345)	(120,989)
BALANCE, END OF YEAR	$ 100,790	$ 121,135

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

HOSPICE MIRAMICHI INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 76,393	$ 65,200
Accounts receivable (Note 3)	1,000	24,806
Government remittances receivable	26,512	7,425
	103,905	97,431
PROPERTY AND EQUIPMENT (Note 4)	269,368	198,394
	$ 373,273	$ 295,825
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 100,107	$ 44,170
Deferred revenue (Note 5)	152,709	90,520
Current portion of long-term debt (Note 6)	3,966	-
	256,782	134,690
LONG-TERM DEBT (Note 6)	15,701	40,000
	272,483	174,690
NET ASSETS		
SURPLUS	100,790	121,135
	$ 373,273	$ 295,825

Contingency (Note 7)

Commitments (Note 8)

SIGNED FOR THE BOARD,

_____, Director

_____, Director

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

	2024	2023
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	$ (20,345)	$ (120,989)
Non-cash items:		
Amortization of property and equipment	35,438	16,611
Loss on disposal of property of equipment	-	404
	15,093	(103,974)
Net change in non-cash items related to operating activities:		
Accounts receivable	23,806	(21,730)
Government remittances receivable	(19,087)	(3,561)
Accounts payable and accrued liabilities	55,937	(736)
Deferred revenue	62,188	(6,130)
	137,937	(136,131)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(106,411)	(61,889)
Proceeds from disposal of property, plant and equipment	-	1,210
	(106,411)	(60,679)
FINANCING ACTIVITIES		
Long-term borrowings	20,000	-
Repayment of long-term debt	(40,333)	(30,000)
	(20,333)	(30,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,193	(226,810)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	65,200	292,010
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 76,393	$ 65,200

Cash and cash equivalents consist of cash.

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

1. STATUS AND NATURE OF ACTIVITIES

Hospice Miramichi Inc. was incorporated under the laws of the province of New Brunswick on July 13th 2011. The organization is tax exempt as a charity. The focus of the organization is to provide palliative care to clients living with life threatening illness where cure is not an option and medications are no longer controlling the condition.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies the Canadian accounting standards for not-for-profit organizations.

Revenue recognition

Revenue recognition

Revenues are recognized when there is persuasive evidence that an arrangement exists, the price is fixed or determinable and collection is reasonably assured. Revenues from the sale of services are recognized when the goods have been received by the clients, i.e. the ownership is transferred to the clients.

Accounting for contributions

Contributions are recognized using the deferral method. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount can be reasonably estimated and receipt is reasonably assured. Contributions received as endowments or for the acquisition of non-depreciable long-term assets are credited directly to net assets.

Contributions for the acquisition of depreciable long-term assets are recorded as deferred contributions and are amortized in the same manner as the related assets.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The critical estimates relate to the provision for doubtful accounts and the useful lives of property, plant and equipment and intangible assets subject to amortization.

Cash and cash equivalents

The Organization's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less from the date of acquisition. In addition, term deposits that the Organization cannot use for current transactions because they are pledged as collateral are excluded from cash and cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are accounted for at cost. Amortization is calculated using the declining balance method at the following rates:

	Rates
Office furniture and equipment	20%
Hospice furniture and equipment	20%
Computer equipment	30%
Leasehold improvements	20%

Acquisitions made during the current year are subject to the half-year rule.

Leasehold Improvements are accounted for at cost. Amortization is based on their useful life using the straight-line method according to the remaining duration of the lease plus a renewal.

Deferred grants

Capital grants are accounted for as deferred grants and amortized on the same basis as the related capital assets. Operating grants are accounted for in reduction of operating expenses.

Financial instruments

Initial measurement

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

Subsequent measurement

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash, term deposits and other receivables.

Financial assets measured at fair value include quoted shares.

A financial liability issued by the Organization in an arm's length transaction indexed to a measure of the Organization's financial performance or to changes in the value of the Organization's equity is remeasured at the higher of the amortized cost of the debt or the amount that would be due at the balance sheet date if the formula determining the additional amount was applied at that date. The amount of the adjustment relating to the additional amount is recognized in income and presented as a separate component of interest expense.

3. ACCOUNTS RECEIVABLE

	2024	2023
Trade receivables	$ 1,000	$ 8,558
Canada Summer Jobs Contribution receivable	-	16,248
	$ 1,000	$ 24,806

4. PROPERTY AND EQUIPMENT

	2024			2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 75,000	$ -	$ 75,000	$ 75,000
Office furniture and equipment	82,282	19,793	62,489	2,984
Hospice furniture and equipment	118,936	59,056	59,880	72,310
Computer equipment	5,705	4,881	824	1,177
Leasehold improvements	208,072	136,897	71,175	46,923
	$ 489,995	$ 220,627	$ 269,368	$ 198,394

5. DEFERRED REVENUE

Revenue that is restricted for use is deferred and recognized as revenue in the future period in which the related expenses are incurred. The below amounts are being amortized into income based on rates similar to those of the underlying capital assets to which each grant relates. The below provides a breakdown of the remaining deferred amounts by project.

	2024	2023
Accessibility grant (washroom)	$ 8,675	$ 10,844
Accessibility grant (elevator)	10,663	13,328
Grant for beds	56,215	-
Grant Residential Hospice	48,967	-
Rotary donation - beds	12,800	16,000
Other donations	15,389	50,348
	$ 152,709	$ 90,520

6. LONG-TERM DEBT

	2024	2023
Riverfront Recreation Inc, loan repayable in monthly instalments of $333 without interest, maturing in February 2029.	$ 19,667	$ -
Repaid during the year	-	40,000
	19,667	40,000
Current portion of long-term debt	3,966	-
	$ 15,701	$ 40,000

Long-term debt principal repayments over the next five years are the following:

2025	$ 3,996
2026	3,996
2027	3,996
2028	3,996
2029	3,683
	$ 19,667

7. CONTINGENTY

The reader should note that in December 2023, the organization received a claim for more than $4.5M against them, which they intent to defend vigorously. The eventual outcome of this claim is not determinable at the year end.

8. COMMITMENTS

The organization leases their Hospice Shop location under a lease expiring in February 2029. The lease payments are $3,750 per month plus HST ($45,000 plus HST annually). They are also responsible for the utilities and other related expenses.

9. SUBSEQUENT EVENT

Subsequent to year end, the organization purchased a building for the operation of the Residential Hospice, and obtained a loan relating to this purchase.

10. 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.

10. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Organization by failing to discharge an obligation. The Organization's credit risk is mainly related to accounts receivable.

The Organization provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Organization does not normally require a guarantee.

SCHEDULE I - HOSPICE SHOP

	2024	2023
Income		
Grant	$ 12,344	$ 16,248
Sales	103,685	81,703
	116,029	97,951
Expenses		
Fees	1,012	1,140
Rent	33,488	29,457
Supplies	24,632	2,058
Telephone and utilities	8,166	7,365
Wages and benefits	33,013	24,333
	100,311	64,353
	$ 15,718	$ 33,598

SCHEDULE II - PALLIATIVE CARE SUPPORT WORK SERVICES

Income		
Revenue	$ 7,875	$ 42,140
Expenses		
Interest and bank charges	20	-
Travel	1,417	4,572
Wages and benefits	21,558	54,003
	22,995	58,575
	$ (15,120)	$ (16,435)