

PILGRIMS HOSPICE SOCIETY
Financial Statements
Year Ended December 31, 2022

PILGRIMS HOSPICE SOCIETY
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Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Pilgrims Hospice Society

Qualified Opinion

We have audited the financial statements of Pilgrims Hospice Society (the Society), which comprise the statement of financial position as at December 31, 2022, 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 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 Society as at December 31, 2022, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from special events and donations 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to operations, assets or net 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 Society 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 those 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 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 Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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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 Society'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 Society'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 Society 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.

Edmonton, Alberta
May 24, 2023



CHARTERED PROFESSIONAL ACCOUNTANTS

PILGRIMS HOSPICE SOCIETY
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash (Note 3)	\$ 2,834,216	\$ 2,087,696
Short-term investments	105	41,139
Accounts receivable (Note 4)	103,198	223,709
Prepaid expenses	10,882	20,500
	<u>2,948,401</u>	2,373,044
LONG-TERM PLEDGES	20,000	115,475
PROPERTY AND EQUIPMENT (Note 5)	10,797,573	11,229,605
	<u>\$ 13,765,974</u>	<u>\$ 13,718,124</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 119,154	\$ 75,934
Deferred contributions (Note 7)	2,433,438	1,938,633
	<u>2,552,592</u>	2,014,567
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 8)	10,559,508	11,040,250
	<u>13,112,100</u>	13,054,817
NET ASSETS		
Invested in property and equipment	238,065	189,355
Internally restricted (Note 9)	792,363	792,363
Unrestricted	(376,554)	(318,411)
	<u>653,874</u>	663,307
	<u>\$ 13,765,974</u>	<u>\$ 13,718,124</u>
COMMITMENT (Note 11)		

APPROVED BY THE BOARD

_____ Director

_____ Director

PILGRIMS HOSPICE SOCIETY
Statement of Operations
Year Ended December 31, 2022

	2022	2021
OPERATING REVENUE		
Roozen Family Hospice Centre donations (<i>Note 10</i>)	\$ 1,458,108	\$ 129,340
Donations (<i>Note 12</i>)	949,243	1,268,003
Bequests and memorial donations	946,590	267,493
Government grants	638,868	175,000
Amortization of deferred contributions related to property and equipment	480,742	522,568
Special events	309,815	116,631
Alberta Health Services	148,064	111,225
Mail campaign donations	142,845	108,469
Fee for service and rental	89,356	27,173
Investment income	10,623	8,680
Canada Emergency Wage Subsidy	-	927,998
Gaming	-	84,550
	5,174,254	3,747,130
OPERATING EXPENSES		
Salaries and related benefits	3,727,446	2,889,338
Amortization	490,175	523,751
Contracted services	206,107	-
Office and computer	152,883	125,293
Residential program costs	121,866	107,963
Repairs and maintenance	112,859	81,837
Other program costs	107,063	80,838
Utilities	94,496	61,988
Telephone and internet	46,673	38,784
Special events	45,523	1,854
Insurance and licenses	24,914	21,799
Service fees, bank charges and interest	20,562	10,579
Mail campaign	12,287	7,313
Professional fees	10,725	12,348
Advertising and marketing	10,108	17,783
Capital campaign costs (<i>Note 10</i>)	-	129,340
	5,183,687	4,110,808
REVENUE UNDER EXPENSES	\$ (9,433)	\$ (363,678)

PILGRIMS HOSPICE SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2022

	Invested in Property and Equipment	Internally Restricted	Unrestricted	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 189,355	\$ 792,363	\$ (318,411)	\$ 663,307	\$ 1,026,985
Purchase of property and equipment	58,143	-	(58,143)	-	-
Revenue under expenses	(9,433)	-	-	(9,433)	(363,678)
NET ASSETS - END OF YEAR	\$ 238,065	\$ 792,363	\$ (376,554)	\$ 653,874	\$ 663,307

PILGRIMS HOSPICE SOCIETY
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Revenue under expenses	\$ (9,433)	\$ (363,678)
Items not affecting cash:		
Amortization	490,175	523,751
Amortization of deferred contributions related to property and equipment	(480,742)	(522,568)
Unrealized gain on investments	-	(99)
	<u>-</u>	<u>(362,594)</u>
Changes in non-cash working capital items:		
Accounts receivable	120,511	378,025
Prepaid expenses	9,618	201,864
Accounts payable and accrued liabilities	43,220	(1,759,197)
Deferred contributions	494,805	(1,177,406)
	<u>668,154</u>	<u>(2,356,714)</u>
	<u>668,154</u>	<u>(2,719,308)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(58,143)	(1,048,717)
Proceeds from sale of investments	41,034	107,942
Long-term pledges collected	95,475	82,225
	<u>78,366</u>	<u>(858,550)</u>
FINANCING ACTIVITY		
Deferred contributions received for property and equipment	-	1,048,717
INCREASE (DECREASE) IN CASH	746,520	(2,529,141)
Cash - beginning of year	<u>2,087,696</u>	<u>4,616,837</u>
CASH - END OF YEAR	\$ 2,834,216	\$ 2,087,696

PILGRIMS HOSPICE SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

1. NATURE OF OPERATIONS

Pilgrims Hospice Society ("the Society") is a charitable organization incorporated under the Societies Act (Alberta). The Society was formed to own and operate a free-standing hospice in the Edmonton region that offers supportive care to enhance the quality and dignity of life for the terminally ill and their loved ones until natural death occurs. The Society is a registered charity under the Income Tax Act and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Short-term investments

Short-term investments consist of marketable securities recorded at fair market value. Any gains and losses on marketable securities are recorded in the statement of operations.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is recorded at the following rates and methods over the estimated useful lives of the assets as follows:

Building	40 years	straight-line method
Mechanical system	20 years	straight-line method
Roof	20 years	straight-line method
Facility equipment	20%	declining balance method
Office equipment	20%	declining balance method
Furniture	20%	declining balance method
Computer equipment	30%	declining balance method

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PILGRIMS HOSPICE SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

The Society follows the deferral method of accounting for contributions. Contributions, including operating grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's expenses are included in revenue in that later period. Contributions received for the acquisition of property and equipment are deferred and amortized to revenue on the same basis as the related property and equipment.

Pledges are recorded if the amount is determinable and collection is reasonably assured.

Special events and fee for service and rental revenue are recognized in the period to which it applies and collection is reasonably assured.

Investment income is recognized as it is earned.

Contributed goods and services

Contributed goods are recognized as revenue when their fair market value can be reasonably estimated. Volunteers contribute a significant amount of time each year to assist the Society in carrying out its programs and services. Contributed services of volunteers are not recognized as revenue in these financial statements because fair value cannot be reasonably determined.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

Use of estimates

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 amounts reported in the financial statements. Significant estimates include useful life of property and equipment, accrued liabilities, deferred contributions, and deferred contributions related to property and equipment. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

3. RESTRICTED CASH

Cash includes \$78,595 (2021--\$683) in gaming proceeds which can only be used in accordance with the licensing agreement with Alberta Gaming, Liquor and Cannabis Commission.

PILGRIMS HOSPICE SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2022</u>	<u>2021</u>
Pledges	\$ 92,635	\$ 161,698
Goods and Services Tax rebate	9,843	61,141
Other	720	870
	<u>\$ 103,198</u>	<u>\$ 223,709</u>

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	<u>2022 Net book value</u>	<u>2021 Net book value</u>
Land	\$ 185,000	\$ -	\$ 185,000	\$ 185,000
Building	8,489,619	423,899	8,065,720	8,254,684
Mechanical system	1,965,076	196,508	1,768,568	1,866,822
Roof	96,614	9,661	86,953	91,783
Facility equipment	549,705	195,560	354,145	428,096
Office equipment	14,889	14,097	792	990
Furniture	534,054	208,954	325,100	395,626
Computer equipment	54,884	43,589	11,295	6,604
	<u>\$ 11,889,841</u>	<u>\$ 1,092,268</u>	<u>\$ 10,797,573</u>	<u>\$ 11,229,605</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities:

	<u>2022</u>	<u>2021</u>
Vacation payable	\$ 65,295	\$ 49,336
Trade payables	53,859	26,598
	<u>\$ 119,154</u>	<u>\$ 75,934</u>

PILGRIMS HOSPICE SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

7. DEFERRED CONTRIBUTIONS

A portion of receipts received in the year are deferred to be recognized as revenue in future years as the related expenses are incurred.

Deferred contributions consist of the following:

	<u>2022</u>	<u>2021</u>
Government of Alberta	\$ 1,875,001	\$ -
Roozen Family Hospice Centre donations	479,842	1,937,950
Casino	78,595	683
	<u>\$ 2,433,438</u>	<u>\$ 1,938,633</u>

8. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

Deferred contributions related to property and equipment represent contributions received to fund the cost of property and equipment additions. The changes in deferred contributions related to the property and equipment balance for the year are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 11,040,250	\$ 10,514,101
Contributions	-	1,048,717
Less amounts amortized	<u>(480,742)</u>	<u>(522,568)</u>
Balance at end of year	<u>\$ 10,559,508</u>	<u>\$ 11,040,250</u>

9. INTERNALLY RESTRICTED

The Society has established an internally restricted fund to be used for future projects in the event of an unanticipated funding loss. The Board controls the funds and all transfers require Board approval.

10. ROOZEN FAMILY HOSPICE CENTRE

The Society has received significant donations towards the construction of a new building-the Roozen Family Hospice Centre-to house all of the existing programs of Pilgrims Hospice Society and to expand to include 12 residential hospice suites, providing 24/7 end-of-life care. Construction on the Centre began in 2019 and was completed in 2021. Donations were used for the development and construction of this Centre. Current year revenue was used to fund operations and program delivery. Prior year revenue and expenses were related to the capital campaign costs and marketing.

PILGRIMS HOSPICE SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

11. COMMITMENT

The Society has two leases for photocopiers expiring December 31, 2023 and May 31, 2024 respectively. Annual lease payments for the photocopiers are as follows

2023	\$ 8,748
2024	<u>645</u>
	<u>\$ 9,393</u>

12. DONATIONS

Donations include:

	<u>2022</u>	<u>2021</u>
Individuals	\$ 638,613	\$ 860,937
Foundations	207,667	310,080
Corporations	90,932	87,901
Churches	6,971	3,806
Service clubs	5,060	4,880
Donations-in-kind	<u>-</u>	<u>399</u>
	<u>\$ 949,243</u>	<u>\$ 1,268,003</u>

PILGRIMS HOSPICE SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

13. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, short-term investments, accounts receivable, long-term pledges and accounts payable and accrued liabilities.

The Society is exposed to the following risks through its financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation or there is a concentration of transactions carried out with the same party. The Society's main credit risk relates to accounts receivable. Accounts receivable are generally amounts due from government agencies and individual donations with collection assured. It is management's opinion that there is no significant credit risk as of December 31, 2022.

Liquidity risk

Liquidity risk arises from the possibility that the Society might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that there is no significant liquidity risk as of December 31, 2022.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its short-term investments. These investments are held with a major institution and have a varied portfolio.
