

JESSICA'S HOUSE FOUNDATION
FINANCIAL STATEMENTS
NOVEMBER 30, 2019

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Jessica's House Foundation

Opinion

We have audited the accompanying financial statements of Jessica's House Foundation, which are comprised of the statement of financial position as at November 30, 2019 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 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 Jessica's House Foundation as at November 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis for Qualified Opinion

In common with many charitable organizations, Jessica's House Foundation derives revenue from 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 Jessica's House Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenses, assets and fund balances. Our opinion on the financial statements for the year ended November 30, 2019 was modified accordingly because of the possible effects of this scope limitation.

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 Jessica's House Foundation 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 the financial statements in accordance with ASNFPO, 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 Jessica's House Foundation'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 Jessica's House Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Jessica's House Foundation's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Jessica's House Foundation'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 Jessica's House Foundation'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 Jessica's House Foundation 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
September 15, 2020

JESSICA'S HOUSE FOUNDATION**STATEMENT OF FINANCIAL POSITION**

See Accompanying Notes to Financial Statements

As at November 30	2019	2018 unaudited
ASSETS		
Current assets		
Cash	337,664	81,783
Accounts receivable	222,212	-
HST receivable	10,540	-
Investments (note 3)	600,000	-
Prepaid expenses	3,298	22,124
	<u>1,173,714</u>	<u>103,907</u>
Capital assets (note 4)	<u>1,898,845</u>	-
	<u>1,898,845</u>	-
	<u>\$ 3,072,559</u>	<u>\$ 103,907</u>
LIABILITIES AND SURPLUS		
Current liabilities		
Accounts payable and accrued liabilities	9,165	104,475
Deferred revenues	3,946	-
	<u>13,111</u>	<u>104,475</u>
Deferred contributions related to tangible capital assets	<u>1,885,748</u>	-
Net assets		
Invested in capital assets	13,097	-
Unrestricted net assets	1,160,603	(\$ 568)
	<u>1,173,700</u>	<u>(568)</u>
	<u>\$ 3,072,559</u>	<u>\$ 103,907</u>

JESSICA'S HOUSE FOUNDATION**STATEMENT OF OPERATIONS**

See Accompanying Notes to Financial Statements

For the Year Ended November 30	2019	2018 unaudited
Receipts		
Ontario Ministry of Health	210,000	-
Donations and fundraising	635,920	133,277
Amortization of deferred grants and donations	131,738	-
	<u>977,658</u>	<u>133,277</u>
Expenditure		
Fundraising expenses	110,463	101,696
Salaries and benefits	95,381	20,819
Contracted services	367,961	
Facilities expenses	37,495	5,811
Amortization of tangible capital assets	133,011	-
Program delivery expenses	13,651	777
Administrative expenses	16,741	4,742
	<u>774,703</u>	<u>133,845</u>
Excess (deficiency) of revenues over expenditures	\$ 202,955	(\$ 568)
Allocation from South Huron Hospital Foundation	2,983,244	-
Accumulated surplus, beginning of year	<u>(\$ 568)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 3,185,631</u>	<u>(\$ 568)</u>

JESSICA'S HOUSE FOUNDATION

STATEMENT OF CHANGE IN NET ASSETS

See Accompanying Notes to Financial Statements

For the Year Ended November 30			2019	2018
				unaudited
	Invested in Capital Assets	Invested in Unrestricted Net Assets	Total	Total
Balance, beginning of year	-	(568)	(568)	-
Tangible capital asset additions	2,031,856	(2,031,856)	-	-
Amortization of tangible capital assets	(133,011)	133,011	-	-
Contributed capital assets	(2,017,486)	2,017,486	-	-
Amortization of deferred contributions	131,738	(131,738)	-	-
Contributions received from SHHF	-	971,313	971,313	-
Excess (deficiency) of revenues over expenses	-	202,955	202,955	(568)
Balance, end of year	<u>\$ 13,097</u>	<u>\$ 1,160,603</u>	<u>\$ 1,173,700</u>	<u>(\$ 568)</u>

JESSICA'S HOUSE FOUNDATION**STATEMENT OF CASH FLOWS**

See Accompanying Notes to Financial Statements

For the Year Ended November 30	2019	2018
		unaudited
Operating activities		
Excess of revenue over expenses for the year	\$ 202,955	(\$ 568)
Items not requiring (not providing) cash		
Depreciation of capital assets	133,011	-
Amortization of deferred contributions	(131,738)	-
Working capital provided from operations	204,228	(568)
Cash provided from (used for) changes in operational balances		
Accounts receivable	(232,752)	-
Prepaid expenses	18,826	(22,124)
Accounts payable and accrued liabilities	(95,310)	104,475
Deferred revenue	3,946	-
Cash provided from (used for) operating activities	(101,062)	81,783
Financing and investing activities		
Net investment sales (purchases)	(600,000)	-
Net capital asset disposals (purchases)	(2,031,856)	-
Less: value of contributed capital assets	2,017,486	-
Contributions received	971,313	-
	356,943	-
Increase (decrease) in cash	255,881	81,783
Cash, beginning of year	81,783	-
Cash, end of year	\$ 337,664	\$ 81,783

JESSICA'S HOUSE FOUNDATION NOTES TO FINANCIAL STATEMENTS

For the Year Ended November 30, 2019

1. Incorporation

Jessica's House Foundation ('Foundation') is a non-profit organization incorporated under the Registered Charities Act of Ontario, operating a residential hospice for end of life care for those suffering a life limiting illness.

The financial statements of the Foundation are the representation of management prepared in accordance with Canadian accounting principles for not-for-profit organizations.

2. Significant accounting policies

Revenue recognition

The financial statements have been prepared using the deferral method of accounting for contributions, which includes amounts received from governments and community-based health providers, donations and revenue from other fundraising activities.

Unrestricted contributions, including revenue from fundraising, are recognized as revenue when received or receivable, provided the amounts to be received can be reasonably estimated and collection is reasonable assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Income from investments is recognized on an accrual basis.

Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, short term investments, accounts and HST receivable, accounts payable and accrued liabilities. Cash and cash equivalents and short term investments that are quoted in an active market are measured at fair value. Accounts receivable, accounts payable and accrued liabilities are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument or shorter, dependent upon the expected period of cash flow.

Where there is an indication of impairment and such an impairment is determined to have occurred, the carrying amounts of financial assets, measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. Such impairments can be subsequently reversed if the value subsequently improves, but cannot exceed the amount that would have been reported at the date of reversal, had the impairment not been recognized previously.

It is management's opinion that the Foundation is not exposed to significant interest and credit risks arising from these financial instruments. The fair value of the financial instruments approximates their carrying amount.

Use of estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

**JESSICA'S HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended November 30, 2019

3. Investments

As of November 30, 2019, the short term investment balance was comprised of a money market cash fund, and has been presented at fair value.

4. Capital assets

	Cost	Accumulated Depreciation	Net Book Value November 2019	Net Book Value November 2018
Building	\$ 975,769	\$ 48,788	\$ 926,981	\$ -
Building service equipment	519,248	51,925	467,323	-
Equipment	109,130	10,913	98,217	-
Land improvements	<u>427,709</u>	<u>21,385</u>	<u>406,324</u>	-
	<u>\$ 2,031,856</u>	<u>\$ 133,011</u>	<u>\$ 1,898,845</u>	<u>\$ -</u>