



Financial Statements

Hospice Peterborough

March 31, 2021

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Independent Auditor's Report

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To the Members of
Hospice Peterborough

Qualified Opinion

We have audited the financial statements of Hospice Peterborough (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statement of operations, statement of fund balances and statement of 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 the Organization as at March 31, 2021, 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 not-for-profit organizations, the Organization derives part of its revenue from donations and 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 donations revenue, fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and fund balances as at April 1, 2019, March 31, 2020 and 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in 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 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.

Independent Auditor's Report (continued)

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.

Peterborough, Canada
May 27, 2021

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants
Licensed Public Accountants

Hospice Peterborough Statement of Financial Position

March 31	Operating Fund	Capital Asset Fund	Restricted Fund	2021 Total	2020 Total
Assets					
Current					
Cash and cash equivalents (Note 4)	\$ 1,383,647	\$ 24,146	\$ 333,704	\$ 1,741,497	\$ 1,628,097
Accounts receivable	60,728	-	-	60,728	62,532
Prepaid expenses and deposit	12,305	-	-	12,305	57,725
Interfund balances (Note 5)	(17,548)	351,252	(333,704)	-	-
	1,439,132	375,398	-	1,814,530	1,748,354
Investments (Note 6)	-	656,003	-	656,003	-
Capital assets (Note 7)	-	8,918,702	-	8,918,702	9,317,303
	<u>\$ 1,439,132</u>	<u>\$ 9,950,103</u>	<u>\$ -</u>	<u>\$ 11,389,235</u>	<u>\$ 11,065,657</u>
Liabilities					
Current					
Accounts payable and accrued liabilities (Note 8)	\$ 194,506	\$ -	\$ -	\$ 194,506	\$ 229,934
Deferred revenue (Note 9)	117,167	-	-	117,167	37,181
	<u>311,673</u>	<u>-</u>	<u>-</u>	<u>311,673</u>	<u>267,115</u>
Fund balances					
Unrestricted	527,459	-	-	527,459	469,306
Invested in capital assets	-	8,918,702	-	8,918,702	9,317,303
Internally restricted (Note 11)	600,000	1,031,401	-	1,631,401	1,050,000
Externally restricted	-	-	-	-	(38,067)
	<u>1,127,459</u>	<u>9,950,103</u>	<u>-</u>	<u>11,077,562</u>	<u>10,798,542</u>
	<u>\$ 1,439,132</u>	<u>\$ 9,950,103</u>	<u>\$ -</u>	<u>\$ 11,389,235</u>	<u>\$ 11,065,657</u>

See accompanying notes to the financial statements.

Hospice Peterborough Statement of Fund Balances

Year ended March 31	Operating Fund	Capital Asset Fund	Restricted Fund	2021 Total	2020 Total
Fund balance, beginning of year	\$ 819,306	\$ 10,017,303	\$ (38,067)	\$ 10,798,542	\$ 10,067,164
Excess (deficiency) of revenues over expenditures	579,450	(317,200)	16,770	279,020	731,378
Interfund transfers (Note 11)	<u>(271,297)</u>	<u>250,000</u>	<u>21,297</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,127,459</u>	<u>\$ 9,950,103</u>	<u>\$ -</u>	<u>\$ 11,077,562</u>	<u>\$ 10,798,542</u>

See accompanying notes to the financial statements.

Hospice Peterborough

Statement of Operations

Year ended March 31	Operating Fund	Capital Asset Fund	Restricted Fund	2021 Total	2020 Total
Revenues					
Ministry of Health & Long-Term Care (CE-LHIN)	\$ 2,367,118	\$ -	\$ -	\$ 2,367,118	\$ 2,345,848
Donations and bequests	594,742	-	8,340	603,082	1,120,519
Fundraising	93,193	-	-	93,193	144,081
Grants	39,250	5,900	-	45,150	12,422
Other income	25,435	-	-	25,435	-
Investment income	181	2,763	8,430	11,374	21,182
	<u>3,119,919</u>	<u>8,663</u>	<u>16,770</u>	<u>3,145,352</u>	<u>3,644,052</u>
Expenditures					
Remuneration and contract fees	2,222,288	-	-	2,222,288	2,160,067
Office	142,869	-	-	142,869	115,087
Professional fees	82,403	1,847	-	84,250	36,930
Program supplies	86,631	-	-	86,631	111,278
Building occupancy	58,000	-	-	58,000	67,663
Training and association fees	22,164	-	-	22,164	30,588
Fundraising	17,391	-	-	17,391	26,956
Insurance	14,404	-	-	14,404	19,020
Travel	6,375	-	-	6,375	18,337
Interest	-	-	-	-	20,936
Community education and development	-	-	-	-	5,865
Amortization	-	303,249	-	303,249	299,947
	<u>2,652,525</u>	<u>305,096</u>	<u>-</u>	<u>2,957,621</u>	<u>2,912,674</u>
Excess (deficiency) of revenues over expenditures before other items	467,394	(296,433)	16,770	187,731	731,378
Other items					
Unrealized loss on investments	-	(20,767)	-	(20,767)	-
Government assistance (Note 13)	112,056	-	-	112,056	-
	<u>579,450</u>	<u>(317,200)</u>	<u>16,770</u>	<u>279,020</u>	<u>731,378</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 579,450</u>	<u>\$ (317,200)</u>	<u>\$ 16,770</u>	<u>\$ 279,020</u>	<u>\$ 731,378</u>

See accompanying notes to the financial statements.

Hospice Peterborough

Statement of Cash Flows

Year ended March 31	Operating Fund	Capital Asset Fund	Restricted Fund	2021 Total	2020 Total
Increase (decrease) in cash					
Operating					
Excess (deficiency) of revenues over expenditures for the year	\$ 579,450	\$ (317,200)	\$ 16,770	\$ 279,020	\$ 731,378
Add (deduct) items not requiring an outlay of cash:					
Amortization	-	303,249	-	303,249	299,947
Unrealized loss on investments	-	20,767	-	20,767	-
Interfund transfers	(21,297)	-	21,297	-	-
	558,153	6,816	38,067	603,036	1,031,325
Changes in non-cash working capital items:					
Accounts receivable	1,804	-	-	1,804	574,129
Prepaid expenses and deposit	(4,580)	50,000	-	45,420	7,773
Accounts payable and accrued liabilities	(8,488)	(26,940)	-	(35,428)	(855,457)
Deferred revenue	79,986	-	-	79,986	23,398
	626,875	29,876	38,067	694,818	781,168
Financing					
Repayment of demand loan	-	-	-	-	(666,157)
Interfund transfer	192,654	575,688	(768,342)	-	-
	192,654	575,688	(768,342)	-	(666,157)
Investing					
Additions to capital assets	-	(35,291)	-	(35,291)	(405,084)
Purchase of investments	-	(676,770)	-	(676,770)	-
HST recovered on capital assets	-	130,643	-	130,643	-
	-	(581,418)	-	(581,418)	(405,084)
Increase (decrease) in cash	819,529	24,146	(730,275)	113,400	(290,073)
Cash, beginning of year	564,118	-	1,063,979	1,628,097	1,918,170
Cash, end of year	\$ 1,383,647	\$ 24,146	\$ 333,704	\$ 1,741,497	\$ 1,628,097

See accompanying notes to the financial statements.

Hospice Peterborough

Notes to the Financial Statements

March 31, 2021

1. Nature of the entity

Hospice Peterborough (the "Organization") is a not-for-profit organization supporting individuals and families who live with life-threatening illness or grief.

Hospice Peterborough was incorporated without share capital on January 31, 1989 and as such is prohibited from distributing any of its funds to, or for personal benefit of its members. Hospice Peterborough qualifies as a charitable organization as defined in the Federal and Ontario Income Tax Acts and, accordingly, is not subject to income taxes.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Fund accounting

The operating fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources, restricted operating grants and resources internally restricted for operations.

The capital asset fund reports the assets, liabilities, revenues and expenditures related to the Organization's capital assets and internally restricted resources for capital purchases.

The restricted fund reports the assets, liabilities, revenues and expenditures of the Every Moment Matters Campaign.

Hospice Peterborough

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies, continued

Revenue and expenditure recognition

Revenues and expenditures are recorded on an accrual basis. The Organization follows the restricted method of accounting for contributions.

The Ministry of Health & Long-Term Care (CE-LHIN) provides operating funds which are recorded as revenue in the period to which they relate. Funds approved but not received at the end of the accounting period are accrued. Any unused funds which must be repaid are recorded as a liability.

Restricted contributions for which there is no separate restricted fund, are recognized as revenue in the operating fund in the period which the related expenses are incurred. Unrestricted contributions for which there is a separate restricted fund, are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

Cash and cash equivalents

Cash and cash equivalents are defined as cash held with chartered banks as well as cash and money market mutual funds held in investment accounts.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building	40 years
Office furniture and equipment	5-10 years
Computer equipment	3 years

Hospice Peterborough

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies, continued

Contributed materials and services

Contributed materials and services that are used in the normal course of operations and would otherwise have been purchased are recorded in the financial statements at the time of the contribution and when a fair value can be reasonably estimated.

Volunteers contributed over 3,000 (2020 - 16,000) hours of their time to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Government assistance

Government assistance received is accounted for and recorded as revenue in the statement of operations when related expenditures are incurred.

Use of estimates

Management reviews the carrying value of items in the financial statements at each reporting date to assess the need for revisions or any possibility of impairment. Management determines estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Estimates are reviewed periodically and adjustments are made to revenue and expenditures as appropriate in the year they become known. The most significant items that involve the use of estimates are the useful life of capital assets.

Hospice Peterborough

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies, continued

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- cash and short-term investments
- accounts receivable
- investments
- accounts payable

A financial asset or liability is recognized when the Organization becomes a party to a contractual provision of the instrument.

The Organization initially measures its financial assets and financial liabilities at fair value.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash and investments, which are subsequently measured at fair value.

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Hospice Peterborough

Notes to the Financial Statements

March 31, 2021

3. Financial instruments risks

The Organization is exposed to various risks associated with its financial instruments as described below. Unless otherwise noted, there has been no change in risk exposure from the prior year.

(a) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Organization's cash requirements. Additional cash requirements are met with the use of investments (notes 4 and 6) or the available credit facility (note 10).

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Market risk is comprised of the following:

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Organization is subject to limited interest rate risk on its interest-bearing financial instruments, consisting of short-term and fixed income investments, as well as borrowings on their credit facility (note 10).

(ii) Other price risk

The Organization is exposed to other price risk through changes in market prices in connection with its investments in equity securities.

Hospice Peterborough

Notes to the Financial Statements

March 31, 2021

4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	<u>2021</u>	<u>2020</u>
Cash held with chartered banks	\$ 1,303,469	\$ 543,376
Cash held with investment companies	24,154	7
Mutual funds - investment savings accounts	<u>413,874</u>	<u>1,084,714</u>
	<u>\$ 1,741,497</u>	<u>\$ 1,628,097</u>

5. Interfund balances

The interfund balances consist of amounts owing/owed between funds. These interfund advances are non-interest bearing with no fixed terms of repayment.

6. Investments

Investments consist of the following:

	<u>Cost</u>	<u>Market</u>
Fixed Income - Canadian	\$ 537,836	\$ 514,553
Equities - Canadian	49,599	52,514
Equities - foreign	<u>86,477</u>	<u>88,936</u>
	<u>\$ 673,912</u>	<u>\$ 656,003</u>

Hospice Peterborough

Notes to the Financial Statements

March 31, 2021

7. Capital assets

Capital assets and related accumulated amortization are classified as follows:

	2021 Cost	2021 Accumulated Amortization	2020 Cost	2020 Accumulated Amortization
Land	\$ 433,750	\$ -	\$ 433,750	\$ -
Building	8,301,963	435,215	8,432,606	227,666
Office furniture and equipment	816,788	218,087	796,210	137,868
Computer equipment	93,960	74,457	79,247	58,976
	<u>9,646,461</u>	<u>727,759</u>	<u>9,741,813</u>	<u>424,510</u>
Net book value	<u>\$ 8,918,702</u>		<u>\$ 9,317,303</u>	

8. Government remittances

Included in accounts payable and accrued liabilities are government remittances of \$48,065 (2020 - \$68,093).

9. Deferred revenue

	2021	2020
Ministry of Health (CE-LHIN)	\$ 87,500	\$ -
Ontario Trillium Foundation	25,135	-
Other	4,532	2,000
Hike for Hospice	-	3,670
Hospice gala tickets and sponsorships	-	30,000
Handbags for Hospice sponsorship	-	1,511
	<u>\$ 117,167</u>	<u>\$ 37,181</u>

Hospice Peterborough

Notes to the Financial Statements

March 31, 2021

10. Credit facility

The Organization has available to it a line of credit in the amount of \$500,000 to assist with financing the general operating needs of the Organization. It bears interest at the Bank of Canada's prime rate calculated and payable monthly, advances are repayable in the subsequent month, and is due on demand. The loan is secured by a general security agreement creating a security interest in all property of the Organization and a mortgage on the property in the amount of \$3,850,000. As at March 31, 2021 there is no outstanding balance (2020 - \$Nil).

11. Internally restricted fund

The internally restricted fund is comprised of the following:

	<u>2021</u>	<u>2020</u>
Capital Replacement Fund	\$ 1,031,401	\$ 700,000
Operational Emergency Fund	<u>600,000</u>	<u>350,000</u>
	<u>\$ 1,631,401</u>	<u>\$ 1,050,000</u>

During the year, the Organization approved the following transfers:

	<u>Operating - unrestricted</u>	<u>Operating - internally restricted</u>	<u>Capital asset - internally restricted</u>	<u>Restricted</u>
To increase operational emergency fund	\$ (250,000)	\$ 250,000	\$ -	\$ -
To increase capital replacement fund	(250,000)	-	250,000	-
To cover deficit in restricted fund	<u>(21,297)</u>	<u>-</u>	<u>-</u>	<u>21,297</u>
	<u>\$ (521,297)</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 21,297</u>

Hospice Peterborough

Notes to the Financial Statements

March 31, 2021

12. Economic dependence

Under the Health Insurance Act (Ontario) and the regulations thereunder, the Organization is funded primarily by the Ministry of Health and Long-Term Care ("the Ministry") of the Province of Ontario in accordance with funding arrangements established by the Central East Local Health Integration Network ("CE-LHIN"). The Board of Directors recognizes the Organization's ongoing dependency on the Ministry as the primary funding for the Organization's operating activities.

13. Government assistance

The Organization received assistance during the year from the Government of Canada under the Canada Emergency Wage Subsidy and Temporary Wage Subsidy programs in the amount of \$43,649. The Organization also received government assistance under the Pandemic Pay program in the amount of \$68,407. These amounts have been recognized as revenue in the statement of operations.

14. Impacts of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

As a result of the COVID-19 pandemic, the Organization has seen a decrease in donations and fundraising revenues and have had to alter fundraising events to a virtual format. During the year, the Organization received government assistance as described in note 13.

At this time, the duration and magnitude of the future impact of the COVID-19 pandemic and its potential adverse effects on the Organization's operations are uncertain and will depend on future developments.
