



Financial Statements

Hospice Peterborough

March 31, 2022

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# Independent Auditor's Report

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**Grant Thornton LLP**  
362 Queen Street  
Peterborough, ON  
K9H 3J6

T +1 705 743 5020  
F +1 705 743 5081  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2022, 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, 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 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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and fund balances as at April 1, 2020, March 31, 2021 and 2022. Our audit opinion on the financial statements for the year ended March 31, 2021 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 26, 2022

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	<b>2022 Total</b>	2021 Total
<b>Assets</b>				
Current				
Cash and cash equivalents (Note 4)	\$ 1,917,207	\$ 19,837	\$ 1,937,044	\$ 1,741,497
Accounts receivable	23,540	-	23,540	60,728
Prepaid expenses	18,718	5,890	24,608	12,305
Interfund balances (Note 5)	<u>(470,219)</u>	<u>470,219</u>	<u>-</u>	<u>-</u>
	1,489,246	495,946	1,985,192	1,814,530
Investments (Note 6)	7,669	647,203	654,872	656,003
Capital assets (Note 7)	<u>-</u>	<u>8,635,385</u>	<u>8,635,385</u>	<u>8,918,702</u>
	<u>\$ 1,496,915</u>	<u>\$ 9,778,534</u>	<u>\$ 11,275,449</u>	<u>\$ 11,389,235</u>
<b>Liabilities</b>				
Current				
Accounts payable and accrued liabilities (Note 8)	\$ 71,159	\$ -	\$ 71,159	\$ 194,506
Deferred revenue (Note 9)	<u>9,136</u>	<u>-</u>	<u>9,136</u>	<u>117,167</u>
	<u>80,295</u>	<u>-</u>	<u>80,295</u>	<u>311,673</u>
<b>Fund balances</b>				
Unrestricted	666,620	-	666,620	527,459
Invested in capital assets	-	8,635,385	8,635,385	8,918,702
Internally restricted (Note 11)	<u>750,000</u>	<u>1,143,149</u>	<u>1,893,149</u>	<u>1,631,401</u>
	<u>1,416,620</u>	<u>9,778,534</u>	<u>11,195,154</u>	<u>11,077,562</u>
	<u>\$ 1,496,915</u>	<u>\$ 9,778,534</u>	<u>\$ 11,275,449</u>	<u>\$ 11,389,235</u>

See accompanying notes to the financial statements.

## Hospice Peterborough Statement of Fund Balances

Year ended March 31	Operating Fund Unrestricted	Operating Fund Internally Restricted	Capital Asset Fund Invested in Capital Assets	Capital Asset Fund Internally Restricted	<b>2022 Total</b>	2021 Total
Fund balance, beginning of year	\$ 527,459	\$ 600,000	\$ 8,918,702	\$ 1,031,401	<b>\$ 11,077,562</b>	\$ 10,798,542
Excess (deficiency) of revenues over expenditures	439,161	-	(308,694)	(12,875)	<b>117,592</b>	279,020
Interfund transfers (Note 11)	<u>(300,000)</u>	<u>150,000</u>	<u>25,377</u>	<u>124,623</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 666,620</u>	<u>\$ 750,000</u>	<u>\$ 8,635,385</u>	<u>\$ 1,143,149</u>	<b><u>\$ 11,195,154</u></b>	<u>\$ 11,077,562</u>

See accompanying notes to the financial statements.

# Hospice Peterborough

## Statement of Operations

Year ended March 31	Operating Fund	Capital Asset Fund	<b>2022 Total</b>	2021 Total
<b>Revenues</b>				
Ministry of Health & Long-Term Care	\$ 2,236,566	\$ -	\$ 2,236,566	\$ 2,367,118
Donations and bequests	738,433	-	738,433	603,082
Grants	95,642	-	95,642	45,150
Fundraising	85,308	-	85,308	93,193
Investment income	1,378	18,416	19,794	11,374
Other income	2,327	-	2,327	25,435
	<u>3,159,654</u>	<u>18,416</u>	<u>3,178,070</u>	<u>3,145,352</u>
<b>Expenditures</b>				
Remuneration and contract fees	2,357,184	-	2,357,184	2,222,288
Amortization	-	308,694	308,694	303,249
Office	141,213	-	141,213	142,869
Building occupancy	69,610	-	69,610	58,000
Program supplies	55,817	-	55,817	86,631
Professional fees	33,460	9,351	42,811	84,250
Training and association fees	32,406	-	32,406	22,164
Fundraising	28,152	-	28,152	17,391
Insurance	20,873	-	20,873	14,404
Donations	10,000	-	10,000	-
Travel	6,735	-	6,735	6,375
Community education and development	3,903	-	3,903	-
	<u>2,759,353</u>	<u>318,045</u>	<u>3,077,398</u>	<u>2,957,621</u>
Excess (deficiency) of revenues over expenditures before other items	400,301	(299,629)	100,672	187,731
<b>Other items</b>				
Unrealized loss on investments	-	(21,940)	(21,940)	(20,767)
Government assistance (Note 14)	38,860	-	38,860	112,056
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 439,161</u>	<u>\$ (321,569)</u>	<u>\$ 117,592</u>	<u>\$ 279,020</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	<b>2022 Total</b>	2021 Total
<b>Increase (decrease) in cash</b>					
<b>Operating</b>					
Excess (deficiency) of revenues over expenditures for the year	\$ 439,161	\$ (321,569)	\$ -	\$ 117,592	\$ 279,020
Add (deduct) items not requiring an outlay of cash:					
Amortization	-	308,694	-	308,694	303,249
Unrealized loss on investments	-	21,940	-	21,940	20,767
	<u>439,161</u>	<u>9,065</u>	<u>-</u>	<u>448,226</u>	<u>603,036</u>
Changes in non-cash working capital items:					
Accounts receivable	37,188	-	-	37,188	1,804
Prepaid expenses	(6,413)	(5,890)	-	(12,303)	45,420
Accounts payable and accrued liabilities	(123,347)	-	-	(123,347)	(35,428)
Deferred revenue	(108,031)	-	-	(108,031)	79,986
	<u>238,558</u>	<u>3,175</u>	<u>-</u>	<u>241,733</u>	<u>694,818</u>
<b>Financing</b>					
Interfund transfer	<u>302,671</u>	<u>31,033</u>	<u>(333,704)</u>	<u>-</u>	<u>-</u>
<b>Investing</b>					
Additions to capital assets	-	(25,377)	-	(25,377)	(35,291)
Purchase of investments	(7,669)	(13,140)	-	(20,809)	(676,770)
HST recovered on capital assets	-	-	-	-	130,643
	<u>(7,669)</u>	<u>(38,517)</u>	<u>-</u>	<u>(46,186)</u>	<u>(581,418)</u>
Increase (decrease) in cash	533,560	(4,309)	(333,704)	195,547	113,400
Cash, beginning of year	<u>1,383,647</u>	<u>24,146</u>	<u>333,704</u>	<u>1,741,497</u>	<u>1,628,097</u>
Cash, end of year	<u>\$ 1,917,207</u>	<u>\$ 19,837</u>	<u>\$ -</u>	<u>\$ 1,937,044</u>	<u>\$ 1,741,497</u>

See accompanying notes to the financial statements.



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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2022

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### 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 in Ontario 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.

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### 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.

#### Revenue and expenditure recognition

Revenues and expenditures are recorded on an accrual basis. The Organization follows the restricted method of accounting for contributions. Contributions include donations and bequests, grants and fundraising. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. 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.

The Ministry of Health & Long-Term Care 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.

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

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2022

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### 2. Summary of significant accounting policies, continued

#### 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

Capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

#### Contributed materials and services

Contributed materials 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 a fair value can be reasonably estimated.

Volunteers contributed over 5,000 (2021 - 3,000) 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 is recorded as revenue when related expenditures are incurred.

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2022

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### 2. Summary of significant accounting policies, continued

#### 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.

#### 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 cash equivalents
- 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 investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Organization does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2022

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### 2. Summary of significant accounting policies, continued

#### Financial instruments, continued

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Organization initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Organization has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

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.

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### 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).

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2022

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### 3. Financial instruments risks, continued

#### (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.

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### 4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	<u>2022</u>	<u>2021</u>
Cash held with chartered banks	\$ 888,535	\$ 1,303,469
Cash held with investment companies	19,837	24,154
Mutual funds - investment savings accounts	<u>1,028,672</u>	<u>413,874</u>
	<u>\$ 1,937,044</u>	<u>\$ 1,741,497</u>

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### 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.

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2022

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### 6. Investments

Investments consist of the following:

	<u>2022 Cost</u>	<u>2022 Market</u>	<u>2021 Cost</u>	<u>2021 Market</u>
Fixed Income - Canadian	\$ 541,886	\$ 486,324	\$ 537,836	\$ 514,553
Equities - Canadian	57,320	67,241	49,599	52,514
Equities - foreign	89,364	101,307	86,477	88,936
	<u>\$ 688,570</u>	<u>\$ 654,872</u>	<u>\$ 673,912</u>	<u>\$ 656,003</u>

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### 7. Capital assets

Capital assets and related accumulated amortization are classified as follows:

	<u>2022 Cost</u>	<u>2022 Accumulated Amortization</u>	<u>2021 Cost</u>	<u>2021 Accumulated Amortization</u>
Land	\$ 433,750	\$ -	\$ 433,750	\$ -
Building	8,301,963	642,764	8,301,963	435,215
Office furniture and equipment	832,956	300,682	816,788	218,087
Computer equipment	103,169	93,007	93,960	74,457
	<u>9,671,838</u>	<u>1,036,453</u>	<u>9,646,461</u>	<u>727,759</u>
Net book value		<u>\$ 8,635,385</u>		<u>\$ 8,918,702</u>

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### 8. Government remittances

Included in accounts payable and accrued liabilities are government remittances of \$8,957 (2021 - \$48,065).

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2022

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### 9. Deferred revenue

	<u>2022</u>	<u>2021</u>
Ministry of Health	\$ -	\$ 87,500
Ontario Trillium Foundation	-	25,135
Other	<u>9,136</u>	<u>4,532</u>
	<u>\$ 9,136</u>	<u>\$ 117,167</u>

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### 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, 2022 there is no outstanding balance (2021 - \$Nil).

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2022

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### 11. Internally restricted fund

The internally restricted fund is comprised of the following:

	<u>2022</u>	<u>2021</u>
Capital Replacement Fund	\$ 1,143,149	\$ 1,031,401
Operational Emergency Fund	<u>750,000</u>	<u>600,000</u>
	<u>\$ 1,893,149</u>	<u>\$ 1,631,401</u>

During the year, the Organization approved the following transfers:

	<u>Operating - unrestricted</u>	<u>Operating - internally restricted</u>	<u>Capital asset - invested in capital assets</u>	<u>Capital asset - internally restricted</u>
To increase operational emergency fund	\$ (150,000)	\$ 150,000	\$ -	\$ -
To increase capital replacement fund	(150,000)	-	-	150,000
To fund capital asset purchases	<u>-</u>	<u>-</u>	<u>25,377</u>	<u>(25,377)</u>
	<u>\$ (300,000)</u>	<u>\$ 150,000</u>	<u>\$ 25,377</u>	<u>\$ 124,623</u>

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### 12. Related party transactions

The Organization paid for services to an organization in which a board member is a partner.

During the year, the Organization paid \$1,328 to LLF Lawyers LLP for legal consultations.

These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2022

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### **13. 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.

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### **14. Government assistance**

The Organization received assistance during the year from the Government of Canada under the Canada Emergency Wage Subsidy program in the amount of \$23,720 (2021 - \$43,649). The Organization also received government assistance under the Pandemic Pay program in the amount of \$15,140 (2021 - \$68,407). These amounts have been recognized as revenue in the statement of operations.

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