



Financial Statements

Hospice Peterborough

March 31, 2023

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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, 2023, and the statement of operations, statement of changes in 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, 2023, 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and fund balances as at April 1, 2021, March 31, 2022 and 2023. Our audit opinion on the financial statements for the year ended March 31, 2022 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 25, 2023

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

Chartered Professional Accountants
Licensed Public Accountants

Hospice Peterborough

Statement of Financial Position

March 31	Operating Fund	Capital Asset Fund	2023 Total	2022 Total
Assets				
Current				
Cash and cash equivalents (Note 4)	\$ 748,226	\$ 40,722	\$ 788,948	\$ 1,937,044
Accounts receivable	263,882	-	263,882	23,540
Prepaid expenses	22,192	-	22,192	24,608
Current portion of investments (Note 6)	356,648	-	356,648	-
Interfund balances (Note 5)	(10,507)	10,507	-	-
	1,380,441	51,229	1,431,670	1,985,192
Investments (Note 6)	306,437	1,262,129	1,568,566	654,872
Capital assets (Note 7)	-	8,316,478	8,316,478	8,635,385
	<u>\$ 1,686,878</u>	<u>\$ 9,629,836</u>	<u>\$ 11,316,714</u>	<u>\$ 11,275,449</u>
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 8)	\$ 104,140	\$ -	\$ 104,140	\$ 71,159
Deferred revenue	3,601	-	3,601	9,136
	<u>107,741</u>	<u>-</u>	<u>107,741</u>	<u>80,295</u>
Fund balances				
Unrestricted	829,137	-	829,137	666,620
Invested in capital assets	-	8,316,478	8,316,478	8,635,385
Internally restricted (Note 10)	750,000	1,313,358	2,063,358	1,893,149
	<u>1,579,137</u>	<u>9,629,836</u>	<u>11,208,973</u>	<u>11,195,154</u>
	<u>\$ 1,686,878</u>	<u>\$ 9,629,836</u>	<u>\$ 11,316,714</u>	<u>\$ 11,275,449</u>

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	2023 Total	2022 Total
Fund balance, beginning of year	\$ 666,620	\$ 750,000	\$ 8,635,385	\$ 1,143,149	\$ 11,195,154	\$ 11,077,562
Excess (deficiency) of revenues over expenditures	362,517	-	(335,613)	(13,085)	13,819	117,592
Interfund transfers (Note 10)	<u>(200,000)</u>	<u>-</u>	<u>16,706</u>	<u>183,294</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 829,137</u>	<u>\$ 750,000</u>	<u>\$ 8,316,478</u>	<u>\$ 1,313,358</u>	<u>\$ 11,208,973</u>	<u>\$ 11,195,154</u>

See accompanying notes to the financial statements.

Hospice Peterborough

Statement of Operations

Year ended March 31	Operating Fund	Capital Asset Fund	2023 Total	2022 Total
Revenues				
Ministry of Health & Long-Term Care	\$ 2,246,760	\$ -	\$ 2,246,760	\$ 2,236,566
Donations and bequests	810,123	-	810,123	738,433
Fundraising	123,353	-	123,353	85,308
Grants	56,074	-	56,074	95,642
Investment income	19,797	32,996	52,793	19,794
Other income	1,072	-	1,072	2,327
	<u>3,257,179</u>	<u>32,996</u>	<u>3,290,175</u>	<u>3,178,070</u>
Expenditures				
Remuneration and contract fees	2,479,444	-	2,479,444	2,357,184
Amortization	-	332,143	332,143	308,694
Office	155,904	-	155,904	141,213
Professional fees	56,447	13,545	69,992	42,811
Building occupancy	64,570	-	64,570	69,610
Program supplies	49,922	-	49,922	55,817
Fundraising	37,744	-	37,744	28,152
Insurance	21,412	-	21,412	20,873
Community education and development	11,458	-	11,458	3,903
Travel	10,354	-	10,354	6,735
Training and association fees	7,407	-	7,407	32,406
Donations	-	-	-	10,000
	<u>2,894,662</u>	<u>345,688</u>	<u>3,240,350</u>	<u>3,077,398</u>
Excess (deficiency) of revenues over expenditures before other items	362,517	(312,692)	49,825	100,672
Other items				
Loss on disposal of capital assets	-	(3,470)	(3,470)	-
Unrealized loss on investments	-	(32,536)	(32,536)	(21,940)
Government assistance	-	-	-	38,860
	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,860</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 362,517</u>	<u>\$ (348,698)</u>	<u>\$ 13,819</u>	<u>\$ 117,592</u>

See accompanying notes to the financial statements.

Hospice Peterborough

Statement of Cash Flows

Year ended March 31	Operating Fund	Capital Asset Fund	2023 Total	2022 Total
Increase (decrease) in cash				
Operating				
Excess (deficiency) of revenues over expenditures for the year	\$ 362,517	\$ (348,698)	\$ 13,819	\$ 117,592
Add (deduct) items not requiring an outlay of cash:				
Amortization	-	332,143	332,143	308,694
Loss on disposal of capital assets	-	3,470	3,470	-
Unrealized loss on investments	-	32,536	32,536	21,940
Non-cash investment income accrual	(13,085)	-	(13,085)	-
	<u>349,432</u>	<u>19,451</u>	<u>368,883</u>	<u>448,226</u>
Changes in non-cash working capital items:				
Accounts receivable	(240,342)	-	(240,342)	37,188
Prepaid expenses	(3,474)	5,890	2,416	(12,303)
Accounts payable and accrued liabilities	32,981	-	32,981	(123,347)
Deferred revenue	(5,535)	-	(5,535)	(108,031)
	<u>133,062</u>	<u>25,341</u>	<u>158,403</u>	<u>241,733</u>
Financing				
Interfund transfer	(659,712)	659,712	-	-
Investing				
Purchase of investments	(650,000)	(647,462)	(1,297,462)	(20,809)
Proceeds on disposal of investments	7,669	-	7,669	-
Additions to capital assets	-	(16,706)	(16,706)	(25,377)
	<u>(642,331)</u>	<u>(664,168)</u>	<u>(1,306,499)</u>	<u>(46,186)</u>
Increase (decrease) in cash	(1,168,981)	20,885	(1,148,096)	195,547
Cash and cash equivalents, beginning of year	<u>1,917,207</u>	<u>19,837</u>	<u>1,937,044</u>	<u>1,741,497</u>
Cash and cash equivalents, end of year	<u>\$ 748,226</u>	<u>\$ 40,722</u>	<u>\$ 788,948</u>	<u>\$ 1,937,044</u>

See accompanying notes to the financial statements.

Hospice Peterborough

Notes to the Financial Statements

March 31, 2023

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.

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

Hospice Peterborough

Notes to the Financial Statements

March 31, 2023

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.

Investments

Investments which mature within twelve months of the fiscal year end are classified as current, with the remainder classified as long term. Income accrued on guaranteed investment certificates and bonds is included in market value.

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 8,500 (2022 - 5,000) 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.

Hospice Peterborough

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies, continued

Government assistance

Government assistance is recorded as revenue 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.

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. Financial assets and liabilities in related party transactions are initially measured at cost as the Organization does not have any financial assets and financial liabilities that must be 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.

Hospice Peterborough

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies, continued

Financial instruments, continued

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market which are subsequently measured at fair value. Changes in fair value are recognized in net income. Financial assets and financial liabilities recognized in related party transactions are subsequently measured at cost, less any impairment for financial assets.

The Organization removes financial liabilities, or a portion of, when the obligation is charged, 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.

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 9).

(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:

Hospice Peterborough

Notes to the Financial Statements

March 31, 2023

3. Financial instruments risks, continued

(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 guaranteed investment certificates and fixed income investments (Note 6), as well as borrowings on their credit facility (Note 9).

(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 (Note 6).

4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	<u>2023</u>	<u>2022</u>
Cash held with chartered banks	\$ 664,411	\$ 888,535
Cash held with investment companies	40,722	19,837
Mutual funds - investment savings accounts	<u>83,815</u>	<u>1,028,672</u>
	<u>\$ 788,948</u>	<u>\$ 1,937,044</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.

Hospice Peterborough

Notes to the Financial Statements

March 31, 2023

6. Investments

Investments consist of the following:

	2023	2023	2022	2022
	Cost	Market	Cost	Market
Guaranteed Investment Certificates	\$ 650,000	\$ 663,084	\$ -	\$ -
Fixed Income - Canadian	942,265	883,643	541,886	486,324
Equities - Canadian	246,977	249,910	57,320	67,241
Equities - foreign	120,460	128,577	89,364	101,307
	<u>1,959,702</u>	<u>1,925,214</u>	<u>688,570</u>	<u>654,872</u>
Less: Current portion	(350,000)	(356,648)	-	-
	<u>\$ 1,609,702</u>	<u>\$ 1,568,566</u>	<u>\$ 688,570</u>	<u>\$ 654,872</u>

The Guaranteed investment Certificates have maturity dates between October 26, 2023 and October 28, 2024 with effective yields ranging from 4.86% to 5.09% per annum.

7. Capital assets

Capital assets and related accumulated amortization are classified as follows:

	2023	2023	2022	2022
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 433,750	\$ -	\$ 433,750	\$ -
Building	8,301,963	885,051	8,301,963	642,764
Office furniture and equipment	843,879	381,132	832,956	300,682
Computer equipment	101,775	98,706	103,169	93,007
	<u>9,681,367</u>	<u>1,364,889</u>	<u>9,671,838</u>	<u>1,036,453</u>
Net book value	<u>\$ 8,316,478</u>		<u>\$ 8,635,385</u>	

Hospice Peterborough

Notes to the Financial Statements

March 31, 2023

8. Government remittances

Included in accounts payable and accrued liabilities are government remittances of \$9,633 (2022 - \$8,957).

9. 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 Lender's prime rate (2023 - 7.2%; 2022 - 3.2%) 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, 2023 there is no outstanding balance (2022 - \$Nil).

Hospice Peterborough

Notes to the Financial Statements

March 31, 2023

10. Internally restricted fund and interfund transfers

The internally restricted fund is comprised of the following:

	<u>2023</u>	<u>2022</u>
Capital Replacement Fund	\$ 1,313,358	\$ 1,143,149
Operational Emergency Fund	<u>750,000</u>	<u>750,000</u>
	<u>\$ 2,063,358</u>	<u>\$ 1,893,149</u>

During the year, the Board of Directors approved the following interfund 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 capital replacement fund	\$ (200,000)	\$ -	\$ -	\$ 200,000
To fund capital asset purchases	<u>-</u>	<u>-</u>	<u>16,706</u>	<u>(16,706)</u>
	<u>\$ (200,000)</u>	<u>\$ -</u>	<u>\$ 16,706</u>	<u>\$ 183,294</u>

11. 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 \$606 (2022 - \$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.

Hospice Peterborough

Notes to the Financial Statements

March 31, 2023

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.
