



Financial Statements

Hospice Peterborough

March 31, 2024

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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, 2024, 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, 2024, 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 revenue from 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 unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and March 31, 2023, current assets and net assets as at March 31, 2024 and March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2023 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.

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

Peterborough, Canada  
May 23, 2024

Chartered Professional Accountants  
Licensed Public Accountants

# Hospice Peterborough

## Statement of Financial Position

March 31

2024

2023

### Assets

#### Current

Cash and cash equivalents (Note 4)	\$ 1,804,063	\$ 788,948
Accounts receivable	30,055	263,882
Prepaid expenses	45,432	22,192
Current portion of investments (Note 5)	<u>825,572</u>	<u>356,648</u>

2,705,122      1,431,670

Investments (Note 5)	1,555,651	1,568,566
Capital assets (Note 6)	<u>8,022,366</u>	<u>8,316,478</u>

\$ 12,283,139      \$ 11,316,714

### Liabilities

#### Current

Accounts payable and accrued liabilities (Note 7)	\$ 209,106	\$ 104,140
Deferred revenue	<u>219,285</u>	<u>3,601</u>

428,391      107,741

### Fund balances

Unrestricted	708,375	829,137
Internally restricted (Note 9)	<u>11,146,373</u>	<u>10,379,836</u>

11,854,748      11,208,973

\$ 12,283,139      \$ 11,316,714

Contingent liability (Note 13)

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## Hospice Peterborough Statement of Fund Balances

Year ended March 31	Operating Fund	Internally Restricted Fund	<b>2024 Total</b>	2023 Total
Fund balance, beginning of year	\$ 829,137	\$ 10,379,836	<b>\$ 11,208,973</b>	\$ 11,195,154
Excess of revenues over expenditures	645,775	-	<b>645,775</b>	13,819
Interfund transfers (Note 9)	<u>(766,537)</u>	<u>766,537</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 708,375</u>	<u>\$ 11,146,373</u>	<u><b>\$ 11,854,748</b></u>	<u>\$ 11,208,973</u>

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# Hospice Peterborough

## Statement of Operations

Year ended March 31

2024

2023

### Revenues

Ministry of Health	\$ 2,482,434	\$ 2,246,760
Donations and bequests	1,344,286	810,123
Fundraising	129,813	123,353
Investment income	104,996	52,793
Grants	32,906	56,074
Other income	600	1,072
	<u>4,095,035</u>	<u>3,290,175</u>

### Expenditures

Remuneration and contract fees (Note 10)	2,641,108	2,479,444
Amortization	295,946	332,143
Office	188,901	155,904
Building occupancy	82,944	64,570
Professional fees (Note 11)	81,862	69,992
Program supplies	53,799	49,922
Fundraising	40,225	37,744
Training and association fees	29,637	7,407
Insurance	25,017	21,412
Travel	13,129	10,354
Community education and development	12,738	11,458
	<u>3,465,306</u>	<u>3,240,350</u>

Excess of revenues over expenditures before other items **629,729** 49,825

### Other items

Loss on disposal of capital assets	-	(3,470)
Unrealized gain (loss) on investments	<u>16,046</u>	<u>(32,536)</u>

**Excess of revenues over expenditures** \$ 645,775 \$ 13,819

# Hospice Peterborough

## Statement of Cash Flows

Year ended March 31

2024

2023

### Increase (decrease) in cash

#### Operating

Excess (deficiency) of revenues over expenditures for the year	\$ 645,775	\$ 13,819
Add (deduct) items not requiring an outlay of cash:		
Amortization	295,946	332,143
Loss on disposal of capital assets	-	3,470
Unrealized (gain) loss on investments	(16,046)	32,536
Non-cash investment income accrual	(18,673)	(13,085)
	<u>907,002</u>	<u>368,883</u>
Changes in non-cash working capital items:		
Accounts receivable	233,827	(240,342)
Prepaid expenses	(23,240)	2,416
Accounts payable and accrued liabilities	104,966	32,981
Deferred revenue	215,684	(5,535)
	<u>1,438,239</u>	<u>158,403</u>

#### Investing

Purchase of investments	(421,290)	(1,297,462)
Proceeds on disposal of investments	-	7,669
Capital asset purchases	(1,834)	(16,706)
	<u>(423,124)</u>	<u>(1,306,499)</u>

Increase (decrease) in cash	1,015,115	(1,148,096)
Cash and cash equivalents, beginning of year	<u>788,948</u>	<u>1,937,044</u>
Cash and cash equivalents, end of year	<u>\$ 1,804,063</u>	<u>\$ 788,948</u>



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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2024

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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.

The Organization 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. The Organization 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

The organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

#### Fund accounting

The operating fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants, for which there is no separate restricted fund.

The Organization has the following internally restricted funds:

- (a) The invested in capital assets fund reports the investment the Organization has made in its capital assets.
- (b) The operational emergency fund reports internally restricted assets to support future unforeseen operational expenditures.
- (c) The capital asset replacement fund reports internally restricted assets to fund future capital asset replacements.
- (d) The legacy fund reports internally restricted assets to support the long-term financial stability of the Organization.

The externally restricted fund reports the assets, liabilities, revenues and expenditures of the Every Moment Matters Campaign; it was in use until 2021 when the campaign was completed. The Organization does not currently have externally restricted funds.

#### 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 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.

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2024

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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.

#### 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 when a fair value can be reasonably estimated.

Volunteers contributed over 11,000 (2023 - 8,500) 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.

#### 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.

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2024

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### 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 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.

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.

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 excess of revenues over expenditures.

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### 3. Financial instruments risks

The organization is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Organization's exposure to these risks.

#### (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 5) or the available credit facility (Note 8).

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2024

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### 3. Financial instruments risks, continued

#### (b) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk. These risks are mitigated by the Organization's investment policies which prescribe the asset mix of investments, including the amount of foreign investment content and the credit ratings of bond issuers.

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Organization has currency risk with respect to its foreign equity investments (Note 5).

##### (ii) 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 5), as well as borrowings on their credit facility (Note 8).

##### (iii) 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 5).

#### (c) Credit risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge the obligation. The Organization has credit risk with respect to its fixed income investments (Note 5).

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### 4. Cash and cash equivalents

	<u>2024</u>	<u>2023</u>
Cash held with chartered banks	\$ 1,272,924	\$ 748,226
Cash held with investment companies	<u>531,139</u>	<u>40,722</u>
	<u>\$ 1,804,063</u>	<u>\$ 788,948</u>

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2024

### 5. Investments

Investments consist of the following:

	<u>2024</u> <u>Cost</u>	<u>2024</u> <u>Market</u>	<u>2023</u> <u>Cost</u>	<u>2023</u> <u>Market</u>
Guaranteed Investment Certificates	\$ 1,050,000	\$ 1,068,674	\$ 650,000	\$ 663,084
Fixed Income - Canadian	1,086,149	1,035,548	942,265	883,643
Equities - Canadian	116,744	130,271	246,977	249,910
Equities - foreign	127,993	146,730	120,460	128,577
	<u>2,380,886</u>	<u>2,381,223</u>	1,959,702	1,925,214
Less: Current portion	<u>(817,513)</u>	<u>(825,572)</u>	<u>(350,000)</u>	<u>(356,648)</u>
	<u>\$ 1,563,373</u>	<u>\$ 1,555,651</u>	<u>\$ 1,609,702</u>	<u>\$ 1,568,566</u>

The Guaranteed investment Certificates have maturity dates between October 28, 2024 and June 13, 2025 (2023 - October 26, 2023 and October 28, 2024) with effective yields ranging from 4.75% to 5.12% (2023 - 4.65% to 5.09%) per annum.

### 6. Capital assets

Capital assets and related accumulated amortization are classified as follows:

	<u>2024</u> <u>Cost</u>	<u>2024</u> <u>Accumulated</u> <u>Amortization</u>	<u>2023</u> <u>Cost</u>	<u>2023</u> <u>Accumulated</u> <u>Amortization</u>
Land	\$ 433,750	\$ -	\$ 433,750	\$ -
Building	8,301,963	1,092,600	8,301,963	885,051
Office furniture and equipment	843,879	466,154	843,879	381,132
Computer equipment	103,609	102,081	101,775	98,706
	<u>9,683,201</u>	<u>1,660,835</u>	<u>9,681,367</u>	<u>1,364,889</u>
Net book value	<u>\$ 8,022,366</u>		<u>\$ 8,316,478</u>	

### 7. Government remittances

Included in accounts payable and accrued liabilities are government remittances of \$3,786 (2023 - \$9,633).

### 8. Credit facility

The Organization had 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 (2024 - 7.7%; 2023 - 7.2%) 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, 2024 there is no outstanding balance (2023 - \$Nil).

# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2024

### 8. Credit facility, continued

Subsequent to year-end, the line of credit was closed and the associated general security was discharged.

### 9. Internally restricted fund and interfund transfers

The internally restricted fund is comprised of the following:

	2024 <u>Opening</u>	2024 <u>Transfers</u>	2024 <u>Closing</u>
Invested in Capital Assets Fund	\$ 8,316,478	\$ (294,112)	\$ 8,022,366
Operational Emergency Fund	750,000	-	750,000
Capital Asset Replacement Fund	1,313,358	40,787	1,354,145
Legacy Fund	<u>-</u>	<u>1,019,862</u>	<u>1,019,862</u>
	<u>\$ 10,379,836</u>	<u>\$ 766,537</u>	<u>\$ 11,146,373</u>

During the year, the Board of Directors approved the following interfund transfers:

	<u>Operating</u>	<u>Invested in Capital Assets Fund</u>	<u>Operational Emergency Fund</u>	<u>Capital Asset Replacement Fund</u>	<u>Legacy Fund</u>
Capital asset purchases	\$ -	\$ 1,834	\$ -	\$ (1,834)	-
Amortization expense	295,946	(295,946)	-	-	-
Establish Legacy Fund	(1,000,000)	-	-	-	1,000,000
Investment income	<u>(62,483)</u>	<u>-</u>	<u>-</u>	<u>42,621</u>	<u>19,862</u>
	<u>\$ (766,537)</u>	<u>\$ (294,112)</u>	<u>\$ -</u>	<u>\$ 40,787</u>	<u>\$ 1,019,862</u>

### 10. Pension plan

During the year, the Organization became a member organization of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer final average pay contributory pension plan. Employer contributions made to the plan by the Organization during the year amounted to \$66,403 (2023 - \$Nil). These amounts are included in remuneration and contract fees expense in the statement of operations.

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# Hospice Peterborough

## Notes to the Financial Statements

March 31, 2024

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### 10. Pension plan, continued

The most recent valuation for financial reporting purposes completed by HOOPP was as of December 31, 2023 and disclosed the following (in \$millions) for 2023 and 2022 respectively:

	<u>2023</u>	<u>2022</u>
Net assets available for benefits	\$ 112,635	\$ 103,674
Accrued pension benefit obligation	<u>(102,454)</u>	<u>(92,721)</u>
Pension surplus	<u>\$ 10,181</u>	<u>\$ 10,953</u>

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### 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 \$7,457 (2023 - \$606) 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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### 12. Economic dependence

Under the Health Insurance Act (Ontario) and the regulations thereunder, the Organization is funded primarily by the Ministry of Health ("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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### 13. Contingent liability

The Organization's sick time policy allows full time employees to bank any unused sick time allotment up to a maximum amount to use in a future period. There is no cash settlement for unused sick time and if an employee loses their full time status or leaves the Organization, the unused balance will be eliminated. At March 31, 2024, the maximum liability to be paid out if all employees used their full entitlement is \$122,205 (2023 - \$80,289). As the actual amount of the liability cannot be reasonably estimated, the amount has not been accrued.

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### 14. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

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