HOSPICE TORONTO

FINANCIAL STATEMENTS

MARCH 31, 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Hospice Toronto

Qualified Opinion

I have audited the financial statements of Hospice Toronto, which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in fund balances and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Hospice Toronto 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 the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded by Hospice Toronto, and I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and net assets. The qualification noted existed in both fiscal years ended March 31, 2021 and March 31, 2020. The effects of this qualification on the audited financial statements have not been determined.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these regulrements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 these financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Board of Directors of Hospice Toronto

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Brampton, Ontario

Professional Corporation, Licensed Professional Accountant

HOSPICE TORONTO STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

ASSETS CURRENT Cash (Note 2) Short-term investments (Note 3) Accounts receivable, trade and other Harmonized sales tax recoverable ("HST") Prepaid expenses LONG-TERM Investments (Note 4) CAPITAL ASSETS (Note 5)	\$ 	159,098 40,626 149,287 94,453 4,218	\$ - -	319,028 103,650 54,863 20,933
Cash (Note 2) Short-term investments (Note 3) Accounts receivable, trade and other Harmonized sales tax recoverable ("HST") Prepaid expenses LONG-TERM Investments (Note 4)	\$ 	40,626 149,287 94,453 4,218	\$ - —	103,650 54,863
Short-term investments (Note 3) Accounts receivable, trade and other Harmonized sales tax recoverable ("HST") Prepaid expenses LONG-TERM Investments (Note 4)	\$ 	40,626 149,287 94,453 4,218	\$	103,650 54,863
Accounts receivable, trade and other Harmonized sales tax recoverable ("HST") Prepaid expenses LONG-TERM Investments (Note 4)	<u></u>	40,626 149,287 94,453 4,218	_	103,650 54,863
Harmonized sales tax recoverable ("HST") Prepaid expenses ONG-TERM Investments (Note 4)	<u></u>	94,453 4,218		54,863
Prepaid expenses ONG-TERM Investments (Note 4)	<u> </u>	4,218	_	
LONG-TERM Investments (Note 4)			-	20,933
Investments (Note 4)		447,682		
Investments (Note 4)		177,002		498,474
				750,777
CAPITAL ASSETS (Note 5)		652,974		588,001
O CONTRACTOR (NO. 10 A)		04.000		
	_	24,363		-
	\$	1,125,019	\$	1,086,475
IADA ITIMA				
LIABILITIES				
Accounts payable and accrued liabilities	•	445.005		
Deferred revenue - partnership and community contributions (Note 6)	\$	145,225	\$	239,292
A Parameter parameters and continuinty contributions (Note 6)		24,363	_	270,800
		169,588		510,092
ONG-TERM \		•		- , - <u> </u>
Canada Emergency Business Account (Note 7)		40,000	_	**
				···
		209,588	_	510,092
IET ASSETS				
Unrestricted net assets .		915,431		576,383
	-			070,000
		915,431		576,383
	\$	<u>1,125,019</u>	\$	1,086,475

APPROVED ON BEHALF OF THE BOARD:

		DIRECTOR
		DIRECTOR
August 09, 2021	DATE	

HOSPICE TORONTO STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2021

		2021		2020
NET ASSETS, beginning of year	\$	576,383	\$	420,318
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR		339,048		156,064
NET ASSETS, end of year	<u> </u>	915,431	<u>\$</u>	576,382

HOSPICE TORONTO STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2021

		2021	2020
REVENUE			
Ontario Ministry of Health (Note 8)	\$	1,198,480	\$ 1,261,594
Donations and fundraising		231,193	498 044
Federal subsidies and grants (Note 9)		146,815	•
Investment income (Note 10)		112,104	(3,913)
Ontario Community Support Association	G/A	380,305	
Other Income	<i>[[]</i>]	2,850	-
Partnership and community contributions (Note 6)	(41)	260,774	323,071
United Way -	√	166,667	
	<i>-</i>	2,499,188	2,078,796
EXPENSES			
Program delivery (Note 11)		1,728,560	1,378,829
Overhead and communications (Note 12)	(<i>\(\)</i>	158,573	181,075
Administration		93,066	110,564
Fundralsing		76,980	193,253
Professional fees	_	102,961	59,011
	9	2,160,140	1,922,732
EXCESS OF REVENUE OVER EXPENSES FOR THE Y			<u></u>
MADE OF WEATURE CARL EVERAGES LOK THE 1	<u>\$</u>	339,048	\$ 156,064



HOSPICE TORONTO STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

		2021		2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES Excess of revenues over expenses	\$	220.040	•	450.004
Items not resulting in an outlay or receipt of cash	Þ	339,048	\$	156,064
Realized (gain) loss on sale of investments Unrealized (gain) loss on investments		596		(8,316)
Foreign exchange (gain) loss on investments		(105,679)		36,572
Amortization of capital assets	/ <u> </u>	18,470		(7,801) 8,201
Changes in non-cash working capital	,	262,435		184,720
Accounts receivable, trade and other		(45,637)		(44,316)
HST recoverable		(39,590)		(14,588)
Prepald expenses and deposits		16,715		21,540
Accounts payable and accrued liabilities Deferred revenue		(94,068)		(2,637)
Dotaliad (avelida		(246,437)		(229,450)
CASH GENERATED FROM OPERATING ACTIVITIES	_	(156,582)	^	(84,731)
CASH FLOWS (USED IN) INVESTING ACTIVITIES				
Net sale (purchase) of investments		(18,985)		10,952
Addition of capital assets		(24,363)		-
CASH GENERATED (USED IN) INVESTING ACTIVITIES		(43,348)		10,952
CASH EL ONS EDOM CINANONO A COMPANY	-	1.010.07		10,002
CASH FLOWS FROM FINANCING ACTIVITIES				
Canada Emergency Business Account advanced Canada Emergency Business Account forgiven		60,000		-
The series of sections Account to Gladin		(20,000)	_	
CASH GENERATED FROM FINANCING ACTIVITIES		40,000		-
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR		(159,930)		(73,779)
Cash and cash equivalents, beginning of the year		319,028		392,807
CASH AND CASH EQUIVALENTS, end of year (Note 2)	<u>\$</u>	159,098	<u>\$</u>	319,028

PURPOSE OF THE ORGANIZATION

Hospice Toronto (the "organization") is a non-profit organization incorporated without share capital under the Registered Charities Act of Ontario. Hospice Toronto is a registered charity under the Income Tax Act and is therefore exempt from income taxes and may issue official donation receipts for income tax purposes. Its principal activities enhance the quality of life for persons with a terminal illness, their families and friends.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) in Part III of the CPA Canada Handbook and include the following significant accounting policies:

(a) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates were used in the determination of the recoverability of accounts receivable, amortization of leasehold improvements and recognition of accrued liabilities and in the allocation of salaries to program activities.

(b) Revenue recognition

Hospice Toronto follows the deferral method of accounting for contributions, which includes amounts received from governments and community-based health providers, donations, and revenue from other fundralsing activities.

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

(c) Financial instruments

Hospice Toronto's financial instruments consist of cash and cash equivalents, short-term investments, fixed income instruments, equities, accounts and Harmonized Sales Tax ("HST") receivable, bank indebtedness and accounts payable and accrued liabilities. Cash and cash equivalents, short-term investments, equities and fixed income instruments that are quoted in an active market and bank indebtedness are measured at fair value. Accounts and HST receivable, and accounts payable and accrued liabilities are initially recognized at fair value and subsequently measured at amortized cost. Transaction cost and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument or shorter, dependent upon the expected period of cash flow.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - continued

(c) Financial Instruments (continued)

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

(d) Cash and cash equivalents

Any investment normally qualifies as a cash equivalent when it has a short maturity of approximately three months or less from the date of acquisition, with the exception of cash held in the organization's investment account.

(e) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Asset repairs and maintenance are charged to expense. Betterments which extend the useful life of an asset are capitalized. When a capital asset no longer contributes to the organization's ability to provide services, its carrying value is written down to its residual value.

Amortization is provided on a straight-line basis over the asset's estimated useful life:

Computer equipment

3 years

Amortization commences in the year the asset is available for use.

(f) Donated goods and services

Much of the work of Hospice Toronto is dependent on voluntary services. Since these services are not typically purchased by the organization, and as a result of the difficulty of determining their value, such donated services are not recognized in the financial statements. Donations of goods, primarily for fundraising events, are not recognized in the financial statements for similar reasons.

(g) Allocation of salaries

Hospice Toronto allocates salary to program activities by identifying the appropriate basis of allocation and applying this basis consistently each year

(h) Translation of foreign currencies

The monetary assets and liabilities of the organization denominated in foreign currencles are translated at the rates of exchange at the balance sheet date. Non-monetary items are translated at the exchange rates in effect on the dates of the transactions. Revenues and expenses are translated at the average exchange rate prevailing during the year. Exchange gains or losses are included in the results of operations.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - continued

(I) Government assistance

Amounts received or receivable from government assistance programs are reflected as revenues or restricted contributions when the organization becomes eligible to accrue them, provided there is reasonable assurance the benefits will be realized.

NOTE 2: CASH

The cash balance consists of the following amounts:

•
Cash in bank (overdraft)
Cash in investment accounts
Investment savings account

2021	2020
\$ 54,914	\$ 28,436
6,968	8,604
 97,216	 281,988
\$ 159,098	\$ 319,028

NOTE 3: SHORT-TERM INVESTMENTS

As of March 31, 2021, the short-term investment balance consist of the following:

	⟨ 2021	1	2020			
	Market Value	Cost	Market Value	Cost		
Fixed income investments	\$ 40,626	39,611	\$ - \$	•		

The fixed Income instruments are a variety of corporate bonds with maturity dates ranging from December 22, 2021 to March 2, 2022 with interest rates varying from 1.968% to 2,621%.

NOTE 4: INVESTMENTS

As of March 31, 2021, the organization held Investments In both Canadian and US accounts managed by an Investments manager and measured at fair value. Investments consist of:

		202	1 0	2020			
Canadian investments	Ma	rket Value	Cost	Market Value	Cost		
Equities	\$		\$ 327,793	\$ 105,668	\$ 109,126		
Fixed income instruments		108,720	104/823	333,973	344,434		
		488,357	432,616	439,641	453,560		
US investments							
Equities		130,804	109,644	105,034	110,370		
Foreign exchange		<u>33,813 //</u>	36,335	43,326	36,290		
		164,617	145,979	148,360	146,660		
Total investments	\$	652,974	578,595	\$ 588,001	\$ 600,220		

The fixed income instruments are a variety of corporate and government bonds with maturity dates ranging from September 8, 2023 to March 16, 2027 (2020 - December 22, 2021 to March 16, 2027) with interest rates varying from 2.500% to 8.000% (2020 - 1.968% to 8.000%).

NOTE 5: CAPITAL ASSETS

		Cost	Accumulated Amortization	I	Net Book Value 2021	Net Book Value 2020
Computer equipment	<u>\$</u>	24,363	\$ -	\$	24,363	\$ -

Λ

Funding for the purchase of the computer equipment has been provided by the Local Health Integration Network ("LHIN") (Note 6).

NOTE 6: PARTNERSHIP AND COMMUNITY CONTRIBUTIONS

	Balance, ginning of year	100	dditional ntributions received	(ognition of deferred atributions	Net change in the year	Ba	alance, end of year
LHIN - capital asset purchases	\$ u.	\$	24,363	\$		\$ 24,363	\$	24,363
Community contributions Employment and Social Development	250,250		•	4	250,250	(250,250)		•
Canada	 20,550			6	20,550	(20,550)		=
	\$ 270,800	\$	24,363	\$	270,800	\$ (246,437)	\$	24,363

The organization received from the LHIN one-time funding of \$24,363 to support the purchase of computer equipment. The grant is being amortized in the same manner as the underlying capital assets recorded.

The organization also receives donations from the local community. A donation of \$1,000,000 was received in 2017 and was deferred pursuant to the donor's written directive that these funds be expended at an amount of \$250,000 annually through fiscal 2018 - 2021 to support programs and services in the delivery of hospice palliative care. \$250,000 of the donation has been recognized as revenue in 2020.

The organization received \$21,150 in funding from Employment and Social Development Canada ("Government of Canada") for the New Horizons for Seniors Program. The program took place from March 2, 2020 to March 1, 2021. The funding was used by the year end.

NOTE 7: CANADA EMERGENCY BUSINESS ACCOUNT

During the year, the organization was approved for the Canada Emergency Business Account ("CEBA") administered by the Government of Canada. Under the terms of the loan, the balance of the loan is interest free until December 31, 2022. One third of the loan balance will be forgiven if the balance of the loan is repaid by the due date. The forgivable portion of the loan is recognized as income when the funds are advanced.

			2021	2020
CEBA loan advanced CEBA loan forgiven		\$ 	60,000 (20,000)	\$ -
			40,000	-
Long-term portion	<u>U</u>		40,000	
Current portion		\$		\$

NOTE 8: ONTARIO MINISTRY OF HEALTH

The organization receives funding from the Local Health Integration Network ("LHIN") under an agreement signed with the Ministry of Health and Long-term Care ("MOHLTC"). It also receives funding from the Aids Bureau, MOHLTC.

	2021		2020
LHIN (MOHLTC) LHIN project funding - Homeless Initiative Project Aids Bureau One-time LHIN funding - COVID-19	\$ 583,552 551,849 52,442 10,637	\$	583,552 625,600 52,442
	\$ 1,198,480	<u>\$</u>	1,261,594

NOTE 9: FEDERAL SUBSIDIES

The Government of Canada has given Canadian organizations access to various grant funding in the year to assist with costs related to the COVID-19 pandemic. The organization has received funding under the CEBA, Canada Emergency Rent Subsidy and Canada Emergency Wage Subsidy during the year. The organization also received grant funding for the New Horizons for Seniors Program

	Program.			
			2021	2020
	CEBA loan forgiveness Canada Emergency Rent Subsidy Canada Emergency Wage Subsidy New Horizons for Seniors Program grant	\$	20,000 13,327 92,338 21,150	\$ -
		<u>\$</u>	146,815	\$ _
NOTE 10:	INVESTMENT INCOME			
	9		2021	2020
	Foreign exchange gains (losses) Investment income Realized gains (losses) on sale of investments Unrealized gains (losses) on investments	\$	(18,470) 25,491 (596) 105,679	\$ 7,801 16,542 8,316 (36,572)
		<u>\$</u>	112,104	\$ (3,913)
NOTE 11:	PROGRAM DELIVERY			
			2021	2020
	Other client services - direct Other client services - indirect Partnership and community project costs Volunteer training and recruitment Food hamper program	. \$	450,224 551,849 10,224 196,412 519,861	\$ 542,273 601,528 86,744 148,284
		\$	1,728,560	\$ 1,378,829

NOTE 12: OVERHEAD AND COMMUNICATIONS EXPENSE

		2021	2020
Amortization - teasehold improvements Computer purchases and consulting Insurance Occupancy Office and communications	\$ 	10,073 6,384 91,106 51,010	\$ 8,201 6,401 5,905 80,522 80,046
	<u>\$</u>	158,573	\$ 181,075

NOTE 13: FINANCIAL INSTRUMENTS

The organization regularly evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting in financial instruments include credit risk, fair value risk, ilquidity risk, currency risk, and interest rate risk. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date. There are no significant changes in the risk exposures from the prior period.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from its accounts receivable from other organizations. Collectibility of accounts receivable is reviewed on a regular basis and where required an allowance for doubtful account is recorded.

Fair value risk

The carrying values of the financial instruments cash, accounts receivable, short-term investments, and accounts payable and accrued liabilities approximates their fair values due to the immediate or short-term maturity of these instruments.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to fair value. The organization manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the organization's reputation.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The short-term investments include money market funds, equity stocks and fixed income securities. All securities are susceptible to interest rate changes.

NOTE 13: FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The organization has assets that are denominated in foreign currencies and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates.

At year end, the organization had investments in cash and marketable securities denominated in United States dollars equivalent to \$145,979 carrying value (2020 - \$146,660), and market value of \$164,617 (2020 - \$148,360).

NOTE 14: ECONOMIC DEPENDENCE

In the 2021 fiscal year, approximately 47.95% (2020 - 60.69%) of the organizations's revenues were from grants by the LHIN and 9.25% (2020 - 23.96%) were from donations and fundralsing. Should the funding cease, management is of the opinion that it would be questionable that the organization could continue operating in its present/form.

