



Adding to your success

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Hospice Toronto

Qualified Opinion

We have audited the accompanying financial statements of Hospice Toronto (the "Organization") which comprise the statement of financial position as at March 31, 2019 and the statement of operations, statement of changes in net assets 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives a portion of its revenue from the general public in the form of fundraising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded by the Organization and we were not able to determine whether any adjustments might be necessary to donations revenue and excess of revenue over expenses for the years ended March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years.

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 on 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.

Other matter

The financial statements of Hospice Toronto for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on June 18, 2018.

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

HOSPICE TORONTO
FINANCIAL STATEMENTS
MARCH 31, 2019

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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 ASNFPO, 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Segal LLP's website at www.Segalllp.com. This description forms part of our Auditor's Report.

A handwritten signature in black ink that reads "Segal LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Licensed Public Accountants

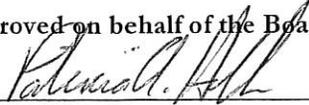
Toronto, Ontario
June 26, 2019

HOSPICE TORONTO

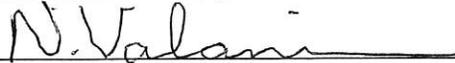
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	2019	2018
ASSETS		
Current		
Cash	\$ -	\$ 103,975
Short-term investments, note 3	338,034	903,835
Accounts receivable, trade and other	59,334	46,190
Harmonized sales tax recoverable	39,825	18,743
Prepaid expenses	<u>42,473</u>	<u>20,887</u>
	<u>479,666</u>	<u>1,093,630</u>
Long term		
Investments, note 4	<u>627,306</u>	<u>-</u>
Capital		
Leasehold improvements, note 5	<u>8,201</u>	<u>16,401</u>
	<u>\$ 1,115,173</u>	<u>\$ 1,110,031</u>
LIABILITIES		
Bank indebtedness	\$ 86,582	\$ -
Accounts payable and accrued expenses	63,033	30,525
Deferred revenue - partnership and community contributions, note 6	<u>500,250</u>	<u>750,250</u>
	<u>649,865</u>	<u>780,775</u>
Commitments, note 10		
NET ASSETS		
Invested in capital assets	8,201	16,401
Unrestricted net assets	<u>457,107</u>	<u>312,855</u>
	<u>465,308</u>	<u>329,256</u>
	<u>\$ 1,115,173</u>	<u>\$ 1,110,031</u>

Approved on behalf of the Board:



Director



Director

See accompanying notes to the financial statements

HOSPICE TORONTO

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	Invested in Capital Assets	Invested in Unrestricted Net Assets	2019	2018
Net assets, beginning of year	\$ 16,401	\$ 312,855	\$ 329,256	\$ 261,143
Invested in capital assets	(8,200)	8,200	-	-
Excess of revenue over expenditures	<u>-</u>	<u>136,052</u>	<u>136,052</u>	<u>68,113</u>
Net assets, end of year	<u>\$ 8,201</u>	<u>\$ 457,107</u>	<u>\$ 465,308</u>	<u>\$ 329,256</u>

See accompanying notes to the financial statements

HOSPICE TORONTO

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
Revenue		
Ontario Ministry of Health, note 7	\$ 1,402,594	\$ 626,969
Partnership and community contributions, note 6	290,315	264,814
Donations and fundraising	201,104	112,555
Investment income, note 4	<u>39,924</u>	<u>7,129</u>
	<u>1,933,937</u>	<u>1,011,467</u>
Expenses		
Program delivery, note 8	1,432,446	622,871
Overhead and communications, note 9	161,573	150,669
Administration	104,197	94,694
Fundraising	74,508	40,256
Professional fees	<u>25,161</u>	<u>34,864</u>
	<u>1,797,885</u>	<u>943,354</u>
Excess of revenue over expenses	<u>\$ 136,052</u>	<u>\$ 68,113</u>

See accompanying notes to the financial statements

HOSPICE TORONTO

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
Cash flows from operating activities		
Net income for the year	\$ 136,052	\$ 68,113
Adjustments for:		
Realized loss on sale of investments	2,215	-
Unrealized gain on investments	(17,253)	-
Foreign exchange gain on investments	(4,549)	-
Amortization of leasehold improvements	<u>8,200</u>	<u>8,200</u>
	124,665	76,313
Changes in non-cash working capital balances		
Increase in accounts receivable, trade and other	(13,144)	(26,136)
Increase in Harmonized sales tax recoverable	(21,082)	(7,972)
Increase in prepaid expenses	(21,586)	(9,389)
Increase in accounts payable and accrued expenses	32,509	15,683
Decrease in deferred revenue	<u>(250,000)</u>	<u>(249,750)</u>
Cash flows used in operating activities	<u>(148,638)</u>	<u>(201,251)</u>
Cash flows from investing activities		
Net purchase of investments	<u>(41,919)</u>	<u>(903,835)</u>
Net decrease in cash and cash equivalents	(190,557)	(1,105,086)
Cash and cash equivalents, beginning of year	<u>103,975</u>	<u>1,209,061</u>
Cash and cash equivalents (bank indebtedness), end of year	<u>\$ (86,582)</u>	<u>\$ 103,975</u>

See accompanying notes to the financial statements

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019

1. NATURE OF ORGANIZATION

Hospice Toronto is a non-profit organization incorporated under the Registered Charities Act of Ontario and enhances the quality of life for persons with a terminal illness, their families and friends.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

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.

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 fundraising 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 accrual basis.

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 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 Harmonized sales tax receivable, and accounts payable and accrued liabilities are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs 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.

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 the amount that would have been reported at the date of reversal, had the impairment not been recognized previously.

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.

Leasehold improvements

Leasehold improvements are amortized on a straight-line basis over a five year period commencing April 1, 2015.

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.

Allocation of salaries

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

Translation of foreign currencies

The monetary assets and liabilities of the Organization denominated in foreign currencies 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.

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.

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019

3. SHORT-TERM INVESTMENTS

As of March 31, 2019, the short-term investment balance was comprised of a money market mutual fund and has been presented at fair value.

4. INVESTMENTS

As of March 31, 2019, the Organization held investments in both Canadian and US accounts managed by an investment manager and measured at fair value. Investments consist of:

	2019	2018
Equities	\$ 318,149	\$ -
Fixed income instruments	301,259	-
Cash	<u>7,898</u>	<u>-</u>
	<u>\$ 627,306</u>	<u>\$ -</u>

An unrealized gain of \$17,253 (2017 - \$0) is included in investment income.

5. LEASEHOLD IMPROVEMENTS

	Assets	Accumulated Amortization	Net Book Value 2019	Net Book Value 2018
Leasehold improvements	<u>\$ 41,001</u>	<u>\$ 32,800</u>	<u>\$ 8,201</u>	<u>\$ 16,401</u>

6. PARTNERSHIP AND COMMUNITY CONTRIBUTIONS

The organization is in partnership with community based health service providers, federal and municipal governments. Contributions for these projects have been received from the City of Toronto. The organization uses and distributes these funds as required, to carry out the projects' mandates. All contributions received from the City of Toronto were used in the year, leaving none recorded as deferred revenue. 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 \$1,000,000 donation has been recognized as revenue in 2019.

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019

6. PARTNERSHIP AND COMMUNITY CONTRIBUTIONS (continued...)

	Deferred Revenue 2018	Amount Received 2019	Revenue 2019	Deferred Revenue 2019
City of Toronto	\$ -	\$ 30,315	\$ 30,315	\$ -
Community contributions	<u>750,250</u>	<u>10,000</u>	<u>260,000</u>	<u>500,250</u>
	<u>\$ 750,250</u>	<u>\$ 40,315</u>	<u>\$ 290,315</u>	<u>\$ 500,250</u>

7. 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.

In 2019, the organization received \$100,000 of one-time funding from the LHIN, included in the total of \$811,600 below under the Homeless Initiative Project, for the Innovative Models of Community Palliative Care for Homeless Populations program, which was completed during the year.

	2019	2018
LHIN (MOHLTC)	\$ 538,552	\$ 473,552
One-time LHIN	-	1,775
Aids Bureau	52,442	51,642
LHIN project funding - Homeless Initiative Project	<u>811,600</u>	<u>100,000</u>
	<u>\$ 1,402,594</u>	<u>\$ 626,969</u>

8. PROGRAM DELIVERY

	2019	2018
Other client services	\$ 1,278,447	\$ 473,739
Volunteer training & recruitment	126,408	132,367
Partnership and community project costs	<u>27,591</u>	<u>16,765</u>
	<u>\$ 1,432,446</u>	<u>\$ 622,871</u>

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019

9. OVERHEAD AND COMMUNICATIONS EXPENSE

	2019	2018
Occupancy	\$ 90,130	\$ 83,390
Office and communications	54,803	48,150
Amortization - leasehold improvements	8,200	8,200
Computer purchases and consulting	4,231	6,544
Insurance	<u>4,209</u>	<u>4,385</u>
	<u>\$ 161,573</u>	<u>\$ 150,669</u>

10. LEASE COMMITMENTS

Hospice Toronto have commitments for their office premises under an operating lease with an end date of December 31, 2019 and an option to renew. Under the present lease, the Organization is committed to total lease payments of \$61,263 for the remainder of 2019.

11. FINANCIAL INSTRUMENTS

Hospice Toronto 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, liquidity risk, currency risk, and interest rate risk. The following analysis provides a measure of Hospice Toronto'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. Hospice Toronto 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 accounts is recorded.

Fair value risk

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

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019

11. FINANCIAL INSTRUMENTS (continued...)

Liquidity risk

Liquidity risk is the risk that Hospice Toronto 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. Hospice Toronto 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 Hospice Toronto'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.

Foreign currency risk

The Organization has assets that are denominated in foreign currencies and thus is exposed to the financial risk of earnings fluctuation 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 \$103,727 carrying value, and market value of \$109,302; (2017 - \$0 carrying value; \$0 market value).

