

HOSPICE TORONTO
FINANCIAL STATEMENTS

MARCH 31, 2020



CALVIN G VICKERY CPA

PROFESSIONAL CORPORATION

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, 2020, 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, 2020, 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, 2020 and March 31, 2019. 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 requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other Matter

The financial statements of Hospice Toronto for the year ended March 31, 2019 were audited by another auditor who expressed a qualified opinion on June 26, 2019.

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

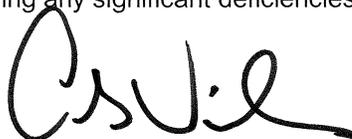
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Calvin G Vickery CPA
Professional Corporation,
Licensed Professional Accountant

Brampton, Ontario
August 31, 2020

HOSPICE TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash (Note 2)	\$ 319,028	\$ 392,807
Accounts receivable, trade and other	103,650	59,334
Harmonized sales tax recoverable ("HST") (Note 5)	54,863	40,275
Prepaid expenses	20,933	42,473
	<u>498,474</u>	<u>534,889</u>
LONG-TERM		
Investments (Note 3)	<u>588,001</u>	<u>619,408</u>
CAPITAL ASSETS		
Leasehold improvements (Note 4)	<u>-</u>	<u>8,201</u>
	<u>\$ 1,086,475</u>	<u>\$ 1,162,498</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 239,293	\$ 241,929
Deferred revenue - partnership and community contributions (Note 6)	270,800	500,250
	<u>510,093</u>	<u>742,179</u>
COMMITMENTS (Note 7)		
NET ASSETS		
Invested in capital assets	-	8,201
Unrestricted net assets (Note 5)	576,382	412,117
	<u>576,382</u>	<u>420,318</u>
	<u>\$ 1,086,475</u>	<u>\$ 1,162,497</u>


Patty Holk, Treasurer


Dena Maule, CEO

HOSPICE TORONTO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020

	Invested in Capital Assets	Invested in Unrestricted Net Assets	2020	2019
NET ASSETS, beginning of year (Note 5)	\$ 8,201	\$ 412,117	\$ 420,318	\$ 329,255
TRANSFERS BETWEEN FUNDS				
Invested in capital assets	(8,201)	8,201	-	-
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR (Note 5)	-	156,064	156,064	91,063
NET ASSETS, end of year (Note 5)	\$ -	\$ 576,382	\$ 576,382	\$ 420,318

HOSPICE TORONTO
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
REVENUE		
Ontario Ministry of Health (Note 8)	\$ 1,261,594	\$ 1,402,594
Partnership and community contributions (Note 6)	323,071	290,315
Donations and fundraising	498,044	201,104
Investment income (Note 3)	<u>(3,913)</u>	<u>39,924</u>
	<u>2,078,796</u>	<u>1,933,937</u>
EXPENSES		
Program delivery (Note 5) and (Note 9)	1,378,829	1,409,604
Overhead and communications (Note 10)	181,075	169,533
Administration	110,564	104,197
Fundraising	193,253	110,754
Professional fees (Note 5)	<u>59,011</u>	<u>48,786</u>
	<u>1,922,732</u>	<u>1,842,874</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR (Note 5)	<u><u>\$ 156,064</u></u>	<u><u>\$ 91,063</u></u>

HOSPICE TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 156,064	\$ 91,063
Items not resulting in an outlay or receipt of cash		
Realized loss on sale of investments	8,316	2,215
Unrealized gain on investments	(36,571)	(17,253)
Foreign exchange gain on investments	7,801	(4,549)
Amortization of capital assets	<u>8,201</u>	<u>8,200</u>
	143,811	79,676
Changes in non-cash working capital		
Accounts receivable, trade and other	(44,316)	(13,144)
HST recoverable	(14,588)	(21,532)
Prepaid expenses and deposits	21,540	(21,586)
Accounts payable and accrued liabilities	(2,637)	211,404
Deferred revenue	<u>(229,450)</u>	<u>(250,000)</u>
CASH GENERATED FROM OPERATING ACTIVITIES	<u>(125,640)</u>	<u>(15,182)</u>
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Net purchase of investments	<u>51,861</u>	<u>304,014</u>
CASH GENERATED (USED IN) INVESTING ACTIVITIES	<u>51,861</u>	<u>304,014</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(73,779)	288,832
Cash and cash equivalents, beginning of the year	<u>392,807</u>	<u>103,975</u>
CASH AND CASH EQUIVALENTS, end of year (Note 2)	<u><u>\$ 319,028</u></u>	<u><u>\$ 392,807</u></u>

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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 (ASNFP) 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 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.

(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.

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1: 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 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 month or less from the date of acquisition, with the exception of cash held in the organization's investment account.

(e) Leasehold improvements

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

(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 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.

(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.

HOSPICE TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 2: CASH

The cash balance consists of the following amounts:

	2020	2019
Cash in bank (overdraft)	\$ 28,436	\$ 46,875
Cash in investment accounts	8,604	7,898
Investment savings account	<u>281,988</u>	<u>338,034</u>
	<u>\$ 319,028</u>	<u>\$ 392,807</u>

NOTE 3: INVESTMENTS

As of March 31, 2020, the organization held investments in both Canadian and US accounts managed by an investments manager and measured at fair value. Investments consist of:

	2020		2019	
	Market Value	Cost	Market Value	Cost
Canadian investments				
Equities	\$ 105,668	\$ 109,126	\$ 178,505	\$ 171,248
Fixed income instruments	<u>333,973</u>	<u>344,434</u>	<u>301,259</u>	<u>298,576</u>
	<u>439,641</u>	<u>453,560</u>	<u>479,764</u>	<u>469,824</u>
US investments				
Equities	<u>105,034</u>	<u>110,370</u>	<u>104,563</u>	<u>98,989</u>
	105,034	110,370	104,563	98,989
Foreign exchange	<u>43,326</u>	<u>36,290</u>	<u>35,081</u>	<u>33,210</u>
	<u>148,360</u>	<u>146,660</u>	<u>139,644</u>	<u>132,199</u>
Total investments	<u>\$ 588,001</u>	<u>\$ 600,220</u>	<u>\$ 619,408</u>	<u>\$ 602,023</u>

The fixed income instruments are a variety of corporate and government bonds with maturity dates ranging from December 22, 2021 to March 16, 2027 (2019 - June 16, 2020 to September 1, 2026) with interest rates varying from 1.968% to 8.000% (2019 - 1.968% to 8.000%).

An unrealized gain (loss) of \$(36,571) (2019 - \$17,253) is included in investment income.

NOTE 4: LEASEHOLD IMPROVEMENTS

	Cost	Accumulated Amortization	Net Book Value 2020	Net Book Value 2019
Leasehold improvements	\$ 41,001	\$ 41,001	\$ -	\$ 8,201

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

NOTE 5: PRIOR PERIOD ADJUSTMENT

The organization discovered that invoices for services during the year ended March 31, 2019 were excluded from the expenses of that year. As a result, the following items appearing in the March 31, 2019 financial statements have been increased (decreased) by the following amounts:

Statement of Financial Position as at March 31, 2019

HST recoverable	450
Accounts payable and accrued liabilities	45,440
Unrestricted net assets	(44,990)

Statement of Changes in Net Assets at April 1, 2019

Net Assets, beginning of year (unrestricted)	(44,990)
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Statement of Changes in Net Assets at March 31, 2019

Net Assets, end of year (unrestricted)	(44,990)
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Statement of Operations for the year ended March 31, 2019

Program delivery	36,956
Professional fees	8,034
Excess of Revenue Over Expenses For The Year	(44,990)

NOTE 6: PARTNERSHIP AND COMMUNITY CONTRIBUTIONS

	Balance, beginning of year	Additional contributions received	Recognition of deferred contributions	Net change in the year	Balance, end of year
City of Toronto	\$ -	\$ 52,442	\$ 52,442	\$ -	\$ -
Community contributions	500,250	-	250,000	(250,000)	250,250
Employment and Social Development Canada	-	21,150	600	20,550	20,550
	<u>\$ 500,250</u>	<u>\$ 73,592</u>	<u>\$ 303,042</u>	<u>\$ (229,450)</u>	<u>\$ 270,800</u>

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.

HOSPICE TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 6: PARTNERSHIP AND COMMUNITY CONTRIBUTIONS (continued)

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 is scheduled to take place from March 2, 2020 to March 1, 2021. The funding not used by year end has been deferred to be utilized next year.

NOTE 7: LEASE COMMITMENTS

The organization has commitments for their office premises under an operating lease with an end date of February 28, 2021. Under the present lease, the organization is committed to total lease payments of \$87,654 for the remainder of 2021.

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.

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.

	2020	2019
LHIN (MOHLTC)	\$ 583,552	\$ 538,552
LHIN project funding - Homeless Initiative Project	625,600	811,600
Aids Bureau	<u>52,442</u>	<u>52,442</u>
	<u>\$ 1,261,594</u>	<u>\$ 1,402,594</u>

NOTE 9: PROGRAM DELIVERY

	2020	2019
Other client services - direct	\$ 542,273	\$ 460,207
Other client services - indirect	601,528	795,398
Volunteer training and recruitment	148,284	126,408
Partnership and community project costs	<u>86,744</u>	<u>27,591</u>
	<u>\$ 1,378,829</u>	<u>\$ 1,409,604</u>

HOSPICE TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 10: OVERHEAD AND COMMUNICATIONS EXPENSE

	2020	2019
Occupancy	\$ 80,522	\$ 90,130
Office and communications	80,046	62,763
Amortization - leasehold improvements	8,201	8,200
Computer purchases and consulting	6,401	4,231
Insurance	5,905	4,209
	<u>\$ 181,075</u>	<u>\$ 169,533</u>

NOTE 11: 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, liquidity 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 investment include money market funds, equity stocks and fixed income securities. All securities are susceptible to interest rate changes.

HOSPICE TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 11: 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 \$146,660 carrying value (2019 - \$132,199), and market value of \$148,360 (2019 - \$139,644).

NOTE 12: COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's financial statement presentation.

NOTE 13: SUBSEQUENT EVENT

Subsequent to the date of the financial statements, but prior to the release of these financial statements, there have been significant financial events related to the response to the COVID-19 pandemic. As a result of these events, the organization has been forced to curtail its operations and postpone some events due to the Public Health restrictions. The financial effect of these events cannot be estimated at this time.