

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 requirements. 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.



CALVIN G VICKERY CPA

PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Hospice Toronto

Qualified Opinion

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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.

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INDEPENDENT AUDITOR'S REPORT (continued)

To the Board of Directors of Hospice Toronto

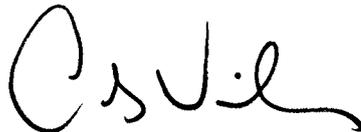
Auditor's Responsibilities for the Audit of the Financial Statements

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 9, 2021

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

| | 2021 | 2020 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash (Note 2) | \$ 159,098 | \$ 319,028 |
| Short-term investments (Note 3) | 40,626 | - |
| Accounts receivable, trade and other | 149,287 | 103,650 |
| Harmonized sales tax recoverable ("HST") | 94,453 | 54,863 |
| Prepaid expenses | 4,218 | 20,933 |
| | <u>447,682</u> | <u>498,474</u> |
| LONG-TERM | | |
| Investments (Note 4) | 652,974 | 588,001 |
| CAPITAL ASSETS (Note 5) | | |
| | <u>24,363</u> | <u>-</u> |
| | <u>\$ 1,125,019</u> | <u>\$ 1,086,475</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 145,225 | \$ 239,292 |
| Deferred revenue - partnership and community contributions (Note 6) | 24,363 | 270,800 |
| | <u>169,588</u> | <u>510,092</u> |
| LONG-TERM | | |
| Canada Emergency Business Account (Note 7) | 40,000 | - |
| | <u>209,588</u> | <u>510,092</u> |
| NET ASSETS | | |
| Unrestricted net assets | <u>915,431</u> | <u>576,383</u> |
| | <u>915,431</u> | <u>576,383</u> |
| | <u>\$ 1,125,019</u> | <u>\$ 1,086,475</u> |

APPROVED ON BEHALF OF THE BOARD:

Nazir Valani DIRECTOR

Daniel Chou 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 | <u>339,048</u> | <u>156,064</u> |
| NET ASSETS, end of year | <u>\$ 915,431</u> | <u>\$ 576,382</u> |

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 | 380,305 | - |
| Other income | 2,850 | - |
| Partnership and community contributions (Note 6) | 260,774 | 323,071 |
| United Way - Allan Slaight Seniors Fund | 166,667 | - |
| | <u>2,499,188</u> | <u>2,078,796</u> |
| EXPENSES | | |
| Program delivery (Note 11) | 1,728,560 | 1,378,829 |
| Overhead and communications (Note 12) | 158,573 | 181,075 |
| Administration | 93,066 | 110,564 |
| Fundraising | 76,980 | 193,253 |
| Professional fees | 102,961 | 59,011 |
| | <u>2,160,140</u> | <u>1,922,732</u> |
| EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR | <u><u>\$ 339,048</u></u> | <u><u>\$ 156,064</u></u> |

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 | \$ 339,048 | \$ 156,064 |
| Items not resulting in an outlay or receipt of cash | | |
| Realized (gain) loss on sale of investments | 596 | (8,316) |
| Unrealized (gain) loss on investments | (105,679) | 36,572 |
| Foreign exchange (gain) loss on investments | 18,470 | (7,801) |
| Amortization of capital assets | - | 8,201 |
| | <u>252,435</u> | <u>184,720</u> |
| Changes in non-cash working capital | | |
| Accounts receivable, trade and other | (45,637) | (44,316) |
| HST recoverable | (39,590) | (14,588) |
| Prepaid expenses and deposits | 16,715 | 21,540 |
| Accounts payable and accrued liabilities | (94,068) | (2,637) |
| Deferred revenue | (246,437) | (229,450) |
| | <u>(156,582)</u> | <u>(84,731)</u> |
| CASH GENERATED FROM OPERATING ACTIVITIES | | |
| CASH FLOWS (USED IN) INVESTING ACTIVITIES | | |
| Net sale (purchase) of investments | (18,985) | 10,952 |
| Addition of capital assets | (24,363) | - |
| | <u>(43,348)</u> | <u>10,952</u> |
| CASH GENERATED (USED IN) INVESTING ACTIVITIES | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Canada Emergency Business Account advanced | 60,000 | - |
| Canada Emergency Business Account forgiven | (20,000) | - |
| | <u>40,000</u> | <u>-</u> |
| CASH GENERATED FROM FINANCING ACTIVITIES | | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR | (159,930) | (73,779) |
| Cash and cash equivalents, beginning of the year | <u>319,028</u> | <u>392,807</u> |
| CASH AND CASH EQUIVALENTS, end of year (Note 2) | <u>\$ 159,098</u> | <u>\$ 319,028</u> |

HOSPICE TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

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, 2021

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 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.

HOSPICE TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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:

| | 2021 | 2020 |
|-----------------------------|-------------------|-------------------|
| Cash in bank (overdraft) | \$ 54,914 | \$ 28,436 |
| Cash in investment accounts | 6,968 | 8,604 |
| Investment savings account | <u>97,216</u> | <u>281,988</u> |
| | <u>\$ 159,098</u> | <u>\$ 319,028</u> |

NOTE 3: SHORT-TERM INVESTMENTS

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

| | 2021 | | 2020 | |
|--------------------------|------------------|------------------|--------------|-------------|
| | Market Value | Cost | Market Value | Cost |
| Fixed income investments | <u>\$ 40,626</u> | <u>\$ 39,611</u> | <u>\$ -</u> | <u>\$ -</u> |

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%.

HOSPICE TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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:

| | 2021 | | 2020 | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| | Market Value | Cost | Market Value | Cost |
| Canadian investments | | | | |
| Equities | \$ 379,637 | \$ 327,793 | \$ 105,668 | \$ 109,126 |
| Fixed income instruments | 108,720 | 104,823 | 333,973 | 344,434 |
| | <u>488,357</u> | <u>432,616</u> | <u>439,641</u> | <u>453,560</u> |
| US investments | | | | |
| Equities | 130,804 | 109,644 | 105,034 | 110,370 |
| Foreign exchange | 33,813 | 36,335 | 43,326 | 36,290 |
| | <u>164,617</u> | <u>145,979</u> | <u>148,360</u> | <u>146,660</u> |
| Total investments | <u>\$ 652,974</u> | <u>\$ 578,595</u> | <u>\$ 588,001</u> | <u>\$ 600,220</u> |

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 | Net Book Value 2021 | Net Book Value 2020 |
|--------------------|------------------|--------------------------|---------------------|---------------------|
| Computer equipment | <u>\$ 24,363</u> | <u>\$ -</u> | <u>\$ 24,363</u> | <u>\$ -</u> |

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

HOSPICE TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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 |
|---|----------------------------------|---|---|---------------------------|-------------------------|
| LHIN - capital asset purchases | \$ - | \$ 24,363 | \$ - | \$ 24,363 | \$ 24,363 |
| Community contributions | 250,250 | - | 250,250 | (250,250) | - |
| Employment and Social Development Canada | 20,550 | - | 20,550 | (20,550) | - |
| | <u>\$ 270,800</u> | <u>\$ 24,363</u> | <u>\$ 270,800</u> | <u>\$ (246,437)</u> | <u>\$ 24,363</u> |

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.

HOSPICE TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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

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

HOSPICE TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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.

| | 2021 | 2020 |
|--|-------------------|-------------|
| CEBA loan forgiveness | \$ 20,000 | \$ - |
| Canada Emergency Rent Subsidy | 13,327 | - |
| Canada Emergency Wage Subsidy | 92,338 | - |
| New Horizons for Seniors Program grant | 21,150 | - |
| | <u>\$ 146,815</u> | <u>\$ -</u> |

NOTE 10: INVESTMENT INCOME

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Foreign exchange gains (losses) | \$ (18,470) | \$ 7,801 |
| Investment income | 25,491 | 16,542 |
| Realized gains (losses) on sale of investments | (596) | 8,316 |
| Unrealized gains (losses) on investments | 105,679 | (36,572) |
| | <u>\$ 112,104</u> | <u>\$ (3,913)</u> |

NOTE 11: PROGRAM DELIVERY

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Other client services - direct | \$ 450,224 | \$ 542,273 |
| Other client services - indirect | 551,849 | 601,528 |
| Partnership and community project costs | 10,224 | 86,744 |
| Volunteer training and recruitment | 196,412 | 148,284 |
| Food hamper program | 519,851 | - |
| | <u>\$ 1,728,560</u> | <u>\$ 1,378,829</u> |

HOSPICE TORONTO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

NOTE 12: OVERHEAD AND COMMUNICATIONS EXPENSE

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

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, 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 investments 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, 2021

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 fundraising. Should the funding cease, management is of the opinion that it would be questionable that the organization could continue operating in its present form.