

Financial Statements of

**HOSPICE CARE OTTAWA / LA
MAISON DE SOINS PALLIATIFS
D'OTTAWA**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Members of Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa

Qualified Opinion

We have audited the financial statements of the Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa, which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible 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 Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa as at March 31, 2022, and its results of 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, Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2022, any adjustments might be necessary to donation revenues and excess (deficiency) of revenue over expenditures reported in the statements of operations, excess (deficiency) of revenue over expenditures reported in the statements of cash flows and current assets and unrestricted net assets reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.



We are independent of Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa'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 Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa's financial reporting process.

Auditors' 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 auditors' 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 the financial statements.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- 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 Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa'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 Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kanata, Canada

June 29, 2022

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Statement of Financial Position

March 31, 2022, with comparative information for 2021

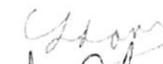

| | 2022 | 2021 |
|----------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 3,374,551 | \$ 2,289,935 |
| Amounts receivable | 223,772 | 992,232 |
| Inventory | 562 | 987 |
| Prepaid expenses | 44,898 | 41,836 |
| | <u>3,643,783</u> | <u>3,324,990</u> |
| Tangible capital assets (note 2) | 8,766,076 | 9,137,428 |
| | <u>\$ 12,409,859</u> | <u>\$ 12,462,418</u> |

Liabilities and Net Assets

| | | |
|--|----------------------|----------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 3) | \$ 450,328 | \$ 561,047 |
| Deferred contributions | 108,028 | 134,727 |
| Current portion mortgage payable (note 5) | 74,933 | 72,100 |
| | <u>633,289</u> | <u>767,874</u> |
| Deferred contributions related to tangible capital assets (note 4) | 272,946 | 346,846 |
| Mortgage payable (note 5) | 2,260,005 | 2,333,053 |
| Deferred Hospice Ottawa West contributions (note 6) | 3,729,994 | 4,151,507 |
| | <u>6,896,234</u> | <u>7,599,280</u> |
| Net assets: | | |
| Internally restricted (note 8) | 290,000 | 290,000 |
| Unrestricted | 2,795,426 | 2,339,216 |
| Invested in tangible capital assets | 2,428,199 | 2,233,922 |
| | <u>5,513,625</u> | <u>4,863,138</u> |
| Commitments and guarantees (note 9) | | |
| Subsequent events (note 11) | | |
| | <u>\$ 12,409,859</u> | <u>\$ 12,462,418</u> |

See accompanying notes to financial statements.

On behalf of the Board:

 Catherine Lane Director
 STEPHANIE ELIE Director

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

| | 2022 | 2021 |
|--|-------------------|---------------------|
| Revenue: | | |
| Provincial Bed Funding | \$ 3,098,749 | \$ 2,407,933 |
| Donations | 2,210,916 | 1,867,375 |
| Provincial Community Program Funding | 831,659 | 987,090 |
| Events | 427,768 | 327,621 |
| Other (note 7) | 12,921 | 1,421,707 |
| | 6,582,013 | 7,011,726 |
| Expenditures: | | |
| Salaries and benefits | 4,587,120 | 4,472,637 |
| Amortization of tangible capital assets | 450,336 | 462,228 |
| General administration | 312,991 | 264,765 |
| Facility | 299,701 | 287,911 |
| Program administration | 175,783 | 164,466 |
| Interest | 93,267 | 95,968 |
| Education | 11,133 | 22,920 |
| Fund development - general | 1,195 | 8,932 |
| | 5,931,526 | 5,779,827 |
| Excess of revenue over expenditures | \$ 650,487 | \$ 1,231,899 |

See accompanying notes to financial statements.

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Statement of Changes in Net Assets

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Year ended March 31, 2022, with comparative information for 2021

| | Invested in tangible capital assets | Unrestricted | Internally restricted | 2022 | 2021 |
|---|---|---------------------|--------------------------|---------------------|---------------------|
| Net assets, beginning of year | \$ 2,233,922 | \$ 2,339,216 | \$ 290,000 | \$ 4,863,138 | \$ 3,631,239 |
| Excess of revenue over expenditures | - | 650,487 | - | 650,487 | 1,231,899 |
| Tangible capital asset additions | 78,984 | (78,984) | - | - | - |
| Amortization of tangible capital assets | (450,336) | 450,336 | - | - | - |
| Amortization of deferred contributions related to tangible capital assets (note 4) | 73,900 | (73,900) | - | - | - |
| Amortization of Hospice Ottawa West contributions (note 6) | 421,514 | (421,514) | - | - | - |
| Repayment of Hospice Ottawa West mortgage payable | 70,215 | (70,215) | - | - | - |
| Net assets, end of year | \$ 2,428,199 | \$ 2,795,426 | \$ 290,000 | \$ 5,513,625 | \$ 4,863,138 |

See accompanying notes to financial statements.

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenditures | \$ 650,487 | \$ 1,231,899 |
| Item not involving cash: | | |
| Amortization of tangible capital assets | 450,336 | 462,228 |
| Amortization of deferred contributions related to tangible capital assets | (73,900) | (77,356) |
| Amortization of deferred Hospice Ottawa West contributions | (421,513) | (407,375) |
| Change in non-cash operating working capital: | | |
| Decrease (increase) in amounts receivable | 768,460 | (836,299) |
| Decrease (increase) in inventory | 425 | (508) |
| Increase in prepaid expenses | (3,062) | (1,385) |
| Increase (decrease) in accounts payable and accrued liabilities | (110,719) | 249,415 |
| Increase (decrease) in deferred contributions | (26,699) | 81,786 |
| | <u>1,233,815</u> | <u>702,405</u> |
| Financing activities: | | |
| Repayment of mortgage payable | (70,215) | (67,513) |
| | <u>(70,215)</u> | <u>(67,513)</u> |
| Investing activities: | | |
| Purchase of tangible capital assets | (78,984) | (83,014) |
| Other capital contributions | - | 16,750 |
| | <u>(78,984)</u> | <u>(66,264)</u> |
| Increase in cash | 1,084,616 | 568,628 |
| Cash, beginning of year | 2,289,935 | 1,721,307 |
| Cash, end of year | <u>\$ 3,374,551</u> | <u>\$ 2,289,935</u> |

See accompanying notes to financial statements.

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Notes to Financial Statements

Year ended March 31, 2022

Hospice Care Ottawa / La Maison de soins palliatifs d'Ottawa (the "Organization") is a not-for-profit organization incorporated without share capital under the Ontario Business Corporations Act. The Organization provides care and support for all persons diagnosed with a life threatening illness, and for their families. The Organization is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes and may issue income tax receipts to donors.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting and include the following significant accounting policies.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions for not-for-profit organizations.

Unrestricted contributions are recognized as revenue in the year of receipt if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Events revenue is recognized as revenue in the year in which the related event occurs.

Unrestricted investment income is recognized as revenue when earned. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred.

Contributions received for tangible capital assets are deferred and amortized into revenue over the same term and on the same basis as the related tangible capital asset. Contributions for land are recognized as direct increases in invested in tangible capital assets in the period incurred.

(b) Inventory:

Inventory is valued at the lower of cost and net realizable value. The cost is determined on a first-in, first-out basis.

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(c) Tangible capital assets:

Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the following methods and annual rates:

| Asset | Basis | Rate |
|-------------------------|---------------|------|
| Building | Straight-line | 4% |
| Furniture and equipment | Straight-line | 20% |
| Computer equipment | Straight-line | 30% |
| Leasehold improvements | Straight-line | 10% |

Donated capital assets are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

The carrying amount of an item of tangible capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(d) Expense allocations:

In the statement of operations, the Organization presents its expenses by function. Expenses are recognized in the year incurred and are recorded in the function to which they directly relate.

The Organization does not allocate expenses between function after initial recognition.

(e) Government assistance:

Government assistance related to current expenses and revenue is included in the determination of net income for the period. Government assistance related to capital expenditures is recorded as reduction of the cost of the related item of tangible capital assets (or, is deferred and amortized to income on the same basis as the related item of tangible capital asset is depreciated).

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(f) Contributed material and services:

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Volunteers contributed 24,718 hours in the current period to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining fair value, volunteer hours are not recognized in the financial statements.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(h) Use of estimates:

The preparation of the financial statements 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 date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and, as adjustments become necessary, they are recognized in the financial statements in the period they become known.

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Tangible capital assets:

| | | | 2022 | 2021 |
|-------------------------|----------------------|--------------------------|---------------------|---------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Land | \$ 1,683,937 | \$ - | \$ 1,683,937 | \$ 1,683,937 |
| Buildings | 8,207,624 | 1,559,489 | 6,648,135 | 6,973,498 |
| Furniture and equipment | 754,718 | 658,307 | 96,411 | 108,784 |
| Computer equipment | 193,700 | 139,007 | 54,693 | 26,471 |
| Leasehold improvements | 969,370 | 686,470 | 282,900 | 344,738 |
| | \$ 11,809,349 | \$ 3,043,273 | \$ 8,766,076 | \$ 9,137,428 |

Cost and accumulated amortization at March 31, 2021 amounted to \$11,730,365 and \$2,592,937, respectively.

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$35,058 (2021 - \$40,951), which includes amounts payable for payroll-related taxes.

4. Deferred contributions related to tangible capital assets:

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Balance, beginning of year | \$ 346,846 | \$ 424,202 |
| Amortization of deferred tangible capital asset contributions | (73,900) | (77,356) |
| Balance, end of year | \$ 272,946 | \$ 346,846 |

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Mortgage payable:

| | 2022 | 2021 |
|---|--------------|--------------|
| 3.93% mortgage, payable \$13,623 monthly including principal and interest due March 2028 | \$ 2,334,938 | \$ 2,405,153 |

The credit facility agreement is secured by a general security agreement and a 1st ranking mortgage of land registered against a property owned by the Organization in the amount of \$6,915,000. The carrying value of the building is \$6,648,135 (2021 - \$6,973,498).

The principal repayments due in the next five years and thereafter are as follows:

| | |
|---------------------|--------------|
| 2023 | \$ 74,933 |
| 2024 | 77,878 |
| 2025 | 78,129 |
| 2026 | 81,460 |
| 2027 and thereafter | 2,022,538 |
| | \$ 2,334,938 |

6. Deferred Hospice Ottawa West contributions:

In 2013, the Organization launched a building campaign, known as Hospice Ottawa West, to raise funds for the purchase and construction of the Ruddy-Shenkman Hospice, a permanent hospice home. The campaign was facilitated by the Bruyère Foundation. The purchase of the land occurred in 2014 and the construction of the Hospice commenced in 2014. Total contributions received to March 31, 2022 amount to \$5,592,764 (2021 - \$6,014,278). The contributions received for the Ruddy-Shenkman Hospice are being recorded in a separate account.

The changes to the deferred Hospice Ottawa West contributions balance are as follows:

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Deferred Hospice Ottawa West contributions (continued):

| | 2022 | 2021 |
|---|--------------|--------------|
| Balance, beginning of year | \$ 4,151,507 | \$ 4,542,132 |
| Capital contributions received: | | |
| Industry and individual contributions: | | |
| Other capital contributions | - | 16,750 |
| Less: Amortization of Hospice Ottawa West contributions | (421,513) | (407,375) |
| Balance, end of year | \$ 3,729,994 | \$ 4,151,507 |

7. Government assistance:

Included in other income are recoveries from the Canadian Emergency Wage Subsidy income program of \$nil (2021 - \$1,410,669).

8. Internally restricted net assets:

| | Balance, beginning of year | Restricted in year | Used in year | Balance, end of year |
|---------------|----------------------------------|-----------------------|-----------------|----------------------------|
| Other reserve | \$ 290,000 | \$ - | \$ - | \$ 290,000 |

Internally restricted net assets are funds committed for specific purposes, which reflect the application of the Organization's reserve policy as follows:

- (i) The other reserve was established as a source of funds to cover the cost of future capital projects.

The internally restricted amounts are not available for other purposes without Board approval.

9. Commitments and guarantees:

The Organization is committed to annual payments under an operating lease for one of its locations until June 30, 2022 in the amount of \$45,000 per annum.

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Organization at March 31, 2022 is the carrying value of those assets.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Interest rate risk:

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's credit facility has a variable interest rate based on bank prime rate plus a margin. As a result, the Organization is exposed to interest rate risk due to fluctuations in the bank prime rate.

(ii) Currency rate risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is not exposed to currency rate risk as it does not deal in foreign currency.

HOSPICE CARE OTTAWA / LA MAISON DE SOINS PALLIATIFS D'OTTAWA

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Financial instruments (continued):

(c) Market risk (continued):

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is not exposed to other price risk.

There have been no significant changes in the Organization's exposure to financial risks and concentration of risks from March 31, 2021.

11. Subsequent events:

On May 21, 2022 a storm caused damages to the facility. The total cost of the damage is not determinable at this time and all costs are expected to be covered by insurance.

A legal letter of claim has been made by an employee. No provision has been made in the financial statements as the likelihood that the Company will incur a loss is undeterminable at this time.