

**FINANCIAL STATEMENTS**  
**For**  
**HOSPICE PALLIATIVE CARE ONTARIO**  
**For year ended**  
**MARCH 31, 2022**

**HOSPICE PALLIATIVE CARE ONTARIO**  
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**MARCH 31, 2022**

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**INDEPENDENT AUDITOR'S REPORT**

To the board of directors of

**HOSPICE PALLIATIVE CARE ONTARIO***Qualified Opinion*

We have audited the financial statements of Hospice Palliative Care Ontario (HPCO), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of HPCO as at March 31, 2022 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, HPCO derives revenue from fundraising and 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 HPCO. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 2021 and 2020 and March 31 for both the 2022 and 2021 years. Our auditor opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 of our report. We are independent of HPCO in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

*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 HPCO'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 HPCO or to cease operations, or has no realistic alternative but to do so.

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

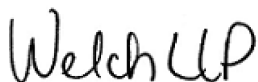
## *Auditor's Responsibilities for the Audit of the Financial Statements*

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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. 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.
- 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 HPCO'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 HPCO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause HPCO 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.

We 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.




Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 23, 2022.

**HOSPICE PALLIATIVE CARE ONTARIO**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 533,036	\$ 668,904
Accounts receivable	65,144	53,531
Prepaid expenses and deposits (note 3)	<u>163,186</u>	<u>149,171</u>
	761,366	871,606
<b>TANGIBLE CAPITAL ASSETS (note 4)</b>	<u>9,947</u>	<u>8,891</u>
	<u>\$ 771,313</u>	<u>\$ 880,497</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 83,421	\$ 180,767
HST payable	945	3,674
Due to Government of Ontario (note 5)	120,214	142,746
Deferred revenue (note 6)	285,368	162,413
Deferred contributions (note 7)	<u>11,823</u>	<u>44,444</u>
	<u>501,771</u>	<u>534,044</u>
<b>NET ASSETS</b>		
Invested in tangible capital assets	9,947	8,891
Unrestricted	<u>259,595</u>	<u>337,562</u>
	<u>269,542</u>	<u>346,453</u>
	<u>\$ 771,313</u>	<u>\$ 880,497</u>

Approved on behalf of the Board:

  
 ..... Director

  
 ..... Director

(See accompanying notes)

**HOSPICE PALLIATIVE CARE ONTARIO**

**STATEMENT OF OPERATIONS**

**YEAR ENDED MARCH 31, 2022**

	<u>HPCO Member Services</u>	<u>Palliative Education and Information Services (note 5)</u>	<u>Total 2022</u>	<u>Total 2021</u>
<b>Revenue</b>				
Government of Ontario (note 5)	\$ -	\$ 274,227	\$ 274,227	\$ 1,221,829
Government of Canada	142,024	-	142,024	279,161
Membership	269,655	-	269,655	244,149
Donations and fundraising	467,908	-	467,908	181,862
Conference and education	153,236	-	153,236	157,396
Interest and sundry income	165,334	-	165,334	56,591
Merchandise and publication sales	61,629	-	61,629	16,342
	<u>1,259,786</u>	<u>274,227</u>	<u>1,534,013</u>	<u>2,157,330</u>
<b>Expenses</b>				
Salaries and benefits	678,971	244,648	923,619	975,720
Professional fees and consultants	297,059	4,116	301,175	306,771
One time project costs	-	-	-	249,058
Office and general	179,054	6,081	185,135	242,361
Meetings	91,149	-	91,149	181,959
Rent	65,055	19,000	84,055	86,813
Nevada ticket sales	10,343	-	10,343	20,285
Amortization	8,731	-	8,731	6,453
Insurance	6,717	-	6,717	5,622
	<u>1,337,079</u>	<u>273,845</u>	<u>1,610,924</u>	<u>2,075,042</u>
<b>Excess (deficiency) of revenue over expenses before item below</b>	(77,293)	382	(76,911)	82,288
<b>Allocated to operations (note 5)</b>	<u>382</u>	<u>(382)</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ (76,911)</u>	<u>\$ -</u>	<u>\$ (76,911)</u>	<u>\$ 82,288</u>

(See accompanying notes)

**HOSPICE PALLIATIVE CARE ONTARIO**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2022**

	Invested in Tangible Capital Assets	Unrestricted	Total <u>2022</u>	Total <u>2021</u>
Balance, beginning of year	\$ 8,891	\$ 337,562	\$ 346,453	\$ 264,165
Excess (deficiency) of revenue over expenses	(8,731)	(68,180)	(76,911)	82,288
Purchase of tangible capital assets	<u>9,787</u>	<u>(9,787)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 9,947</u>	<u>\$ 259,595</u>	<u>\$ 269,542</u>	<u>\$ 346,453</u>

(See accompanying notes)

HOSPICE PALLIATIVE CARE ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (76,911)	\$ 82,288
Add items not requiring a current cash flow:		
Amortization of tangible capital assets	<u>8,731</u>	<u>6,453</u>
	(68,180)	88,741
Net changes in non-cash working capital components:		
Accounts receivable	(11,613)	6,988
HST receivable	-	8,575
Prepaid expenses and deposits	(14,015)	(27,779)
Accounts payable and accrued liabilities	(97,346)	(15,121)
HST payable	(2,729)	3,674
Due to Government of Ontario	(22,532)	(9,522)
Deferred revenue	122,955	2,174
Deferred contributions	<u>(32,621)</u>	<u>31,424</u>
	<u>(126,081)</u>	<u>89,154</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(9,787)</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH</b>	(135,868)	89,154
<b>CASH, BEGINNING OF YEAR</b>	<u>668,904</u>	<u>579,750</u>
<b>CASH, END OF YEAR</b>	<u>\$ 533,036</u>	<u>\$ 668,904</u>

(See accompanying notes)



**HOSPICE PALLIATIVE CARE ONTARIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

**1. NATURE OF OPERATIONS**

The objectives of the Hospice Palliative Care Ontario ("HPCO") are to provide a network of expertise, information and communications to support and assist members in their efforts to provide the maximum possible hospice palliative care support in the communities they serve.

HPCO is incorporated under the Canada Corporations Act as a not-for-profit corporation and was issued a certificate of continuance effective June 26, 2014. HPCO is exempt of income tax, is a registered charity under the Income Tax Act and is able to issue charitable donation receipts for income tax purposes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

*Revenue recognition*

HPCO follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Conference and education revenues are recognized in the period the event occurs.

Membership revenues are recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues, which are comprised of interest and sundry income, Nevada ticket sales, and merchandise and publication sales, are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

*Tangible capital assets*

Tangible capital assets are recorded at cost in the year of acquisition and are amortized on a straight-line basis over their estimated useful lives, as follows:

Computer equipment	- 3 years
Furniture and fixtures	- 5 years
Leasehold improvements	- 5 years

No amortization is charged in the year of acquisition.

**HOSPICE PALLIATIVE CARE ONTARIO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Net assets*

HPCO's financial statements separately disclose the activities of its unrestricted and restricted funds and segregate their net asset balances as follows:

- i) Invested in tangible capital assets represent HPCO's net investment in property which is comprised of the amount of its tangible capital assets purchased with either restricted or unrestricted funds.
- ii) Unrestricted net assets comprise the remaining excess (deficiency) of revenues over expenses from operations.

*Financial instruments*

HPCO measures its financial instruments at the financial statement date as follows:

<u>Assets/liabilities</u>	<u>Measurement</u>
Cash	fair value
Accounts receivables	amortized cost
Accounts payable and accrued liabilities	amortized cost

*Allocation of management and administrative expenses*

Management and administrative expenditures are incurred to operate HPCO in a cost-effective manner while maximizing all opportunities to further HPCO's mission. HPCO allocates certain of its management and administrative costs by identifying the appropriate basis of allocation. The allocation basis may be amended annually to reflect HPCO's priorities and implemented programs and may affect the comparability of financial information.

*Contributed services and materials*

Due to the difficulty in determining the fair value of contributed services and materials, these financial statements do not reflect the value received from volunteer services or materials donated.

*Use of estimates*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures during the reporting period. Estimates are primarily used in determining the useful lives of tangible capital assets, and certain accruals. Actual results could differ from those estimates.

**HOSPICE PALLIATIVE CARE ONTARIO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2022**

**3. PREPAID EXPENSES AND DEPOSITS**

Prepaid expenses and deposits are comprised as follows:

	<u>2022</u>	<u>2021</u>
Prepaid expenses and deposits	\$ 54,901	\$ 53,930
Conference and facility costs paid in advance	<u>108,285</u>	<u>95,241</u>
	<u>\$ 163,186</u>	<u>\$ 149,171</u>

HPCO's annual conference is scheduled to commence subsequent to each year-end. Accordingly, conference and facility costs incurred in advance will be expensed in the following fiscal year.

**4. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 9,787	\$ 2,277	\$ -	\$ -
Furniture and fixtures	12,186	9,749	12,186	7,311
Leasehold improvements	<u>20,081</u>	<u>20,081</u>	<u>20,081</u>	<u>16,065</u>
	42,054	<u>\$ 32,107</u>	32,267	<u>\$ 23,376</u>
Less: accumulated amortization	<u>(32,107)</u>		<u>(23,376)</u>	
	<u>\$ 9,947</u>		<u>\$ 8,891</u>	

**5. DUE TO GOVERNMENT OF ONTARIO**

In aggregate, the Government of Ontario provided total funding of \$274,227 (2021 - \$282,975) to service the End of Life Information Services ("EOL") and Palliative Care Education ("PCE") programs. Expenditures for the fiscal year subceeded provincial grant funding in the amount of \$382 (2021 - exceeded provincial grant funding in the amount of \$5,231). The difference is allocated to HPCO's unrestricted net assets.

Contractual arrangements with the Ministry relative to each service program stipulate that contract year funding grant surplus are recoverable by the Ministry through direct payment or reduction in future annual funding grant contracts and transfer payments.

Due to Government of Ontario is comprised as follows:

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 142,746	\$ 152,268
Plus:		
Received or receivable in year for EOL program (i)	115,175	112,550
Received or receivable in year for PCE program (ii)	159,052	170,425
Received or receivable in year for PCDM (iii)	<u>-</u>	<u>994,200</u>
	<u>274,227</u>	<u>1,277,175</u>
Less:		
Repayments and reductions in transfer payments (iv)	(22,532)	(64,868)
Recognized as revenue	<u>(274,227)</u>	<u>(1,221,829)</u>
	<u>(296,759)</u>	<u>(1,286,697)</u>
Ending balance	<u>\$ 120,214</u>	<u>\$ 142,746</u>

**HOSPICE PALLIATIVE CARE ONTARIO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2022**

5. **DUE TO GOVERNMENT OF ONTARIO - Cont'd.**

The year-end balances are made up as follows:

	<u>2022</u>	<u>2021</u>
PCDM repayable (iii)	\$ 120,214	\$ 55,346
ACP repayable (iv)	<u>-</u>	<u>87,400</u>
	<u>\$ 120,214</u>	<u>\$ 142,746</u>

(i) End of Life Information Services ("EOL")

HPCO is funded by the Government of Ontario, Ministry of Health and Long Term Care ("MOHLTC"), to provide information about and referral to a wide range of hospice palliative care services and resources. These services and resources include hospices, palliative care programs and units, community-based services, pain and symptom management, bereavement support services and palliative care education. The scope of the program is Ontario wide.

During fiscal 2022, MOHLTC provided aggregate funding to the End of Life Information Services ("EOL") in the amount of \$115,175 (2021 - \$112,550).

(ii) Palliative Care Education ("PCE")

This Local Health Integration Network ("LHIN") funded service includes introductory, advanced and enhanced palliative care education to front line health care staff working in the community support sector. The scope of the program is the City of Toronto.

During fiscal 2022, MOHLTC provided aggregate funding towards PCE in the amount of \$159,052 (2021 - \$170,425).

(iii) Person Centred Decision Making ("PCDM")

The Government of Ontario provided funding to support initiatives related to person-centred decision making. The funds were used to complete and publish an online learning system for patient-centred decision making, to develop and deliver skills-building education for clinicians, workshops on PCDM, a public awareness campaign, and new tools to support PCDM.

During fiscal 2022, the Government of Ontario provided aggregate funding to the PCDM in the amount of \$nil (2021 - \$994,200). Of this funding, HPCO recognized \$nil in 2022 (2021 - \$938,854) and \$120,214 unspent as at year-end is repayable (2021 - \$55,346).

(iv) Advanced Care Planning ("ACP")

The objective of funds employed towards advanced care planning pertain to the research and development of best care practices, the creation of ACP standards, support services and the development of educational resources for health service providers. The agreement expired on March 31, 2018.

Under a funding agreement dated November 1, 2016, the MOHLTC agreed to provide funding in the aggregate of \$700,000. HPCO received \$230,000 in government funding in fiscal 2017, with the remainder of \$470,000 received in fiscal 2018. HPCO recognized the sum of \$129,051 in fiscal 2017 and \$382,600 in fiscal 2018 as government funding revenue.

(iv) Advanced Care Planning ("ACP") - Cont'd.

Contractual arrangements with the Ministry stipulate the repayment of unspent grant funding. Of the total ACP funding received, \$nil unspent as at year-end is repayable (2021 - \$87,400). During fiscal 2022, HPCO's balance owing was reduced by \$87,400 (2021 - \$nil) through repayments and transfer payment reductions.

**HOSPICE PALLIATIVE CARE ONTARIO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2022**

**6. DEFERRED REVENUE**

Deferred revenue is partly made up of conference revenue and accreditation fees received prior to the fiscal year end but applicable subsequent to year-end. Accordingly these revenues received in advance are recognized as revenue in the following fiscal year.

	<u>2022</u>	<u>2021</u>
Conference and education	\$ 271,601	\$ 141,763
Accreditation fees	<u>13,767</u>	<u>20,650</u>
	<u>\$ 285,368</u>	<u>\$ 162,413</u>

**7. DEFERRED CONTRIBUTIONS**

Deferred contributions are comprised as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 44,444	\$ 13,020
Plus: Received or receivable in year	128,630	34,964
Less: Recognized as revenue	<u>(161,251)</u>	<u>(3,540)</u>
Ending balance	<u>\$ 11,823</u>	<u>\$ 44,444</u>

The year-end balances are made up as follows:

	<u>2022</u>	<u>2021</u>
Librach Award funding (i)	\$ 7,300	\$ 9,800
Website Development funding (ii)	4,382	3,220
Miscellaneous funding (iii)	<u>141</u>	<u>31,424</u>
	<u>\$ 11,823</u>	<u>\$ 44,444</u>

(i) Librach Award funding

The Librach Award funding represents restricted contributions used to fund the Dr. S. Lawrence Librach Award for Palliative Medicine in the community. The funds may be used by HPCO to grant a cash award to a physician selected by the HPCO Awards Committee. In 2022, HPCO granted \$2,500 of cash awards (2021 - \$nil).

(ii) Website Development funding

The Website Development funding represents restricted contributions designated for use in developing a web based hospice palliative care services database. The funds may be used for contract staff services, development costs, hosting, design and other similar expenses related to the development of the website.

(iii) Miscellaneous funding

The Miscellaneous funding represents various restricted contributions designated for specific uses. As the restrictions were not fully met in 2022, these funds are intended to be used in the 2023 fiscal year.

**HOSPICE PALLIATIVE CARE ONTARIO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2022**

**8. CREDIT FACILITIES**

HPCO has an unsecured line of credit for \$40,000 which bears interest at the Royal Bank of Canada's prime rate plus 2.4% per annum, repayable on demand. No advances on the credit facility were outstanding as at March 31, 2022 (2021 - \$nil).

HPCO also has a credit card line with a limit of \$14,000.

**9. COMMITMENTS**

HPCO is obligated under an office premise lease expiring October 31, 2022. No further option to renew or extend the term has been granted by the landlord beyond the expiry date. Minimum annual lease payments, excluding applicable taxes, are determined as follows:

2023	\$ <u>19,924</u>
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In the normal course of operations, HPCO enters into contractual and purchase commitments with consulting service providers and suppliers. These amounts are of varying terms and can provide for fixed or variable prices and amounts.

**10. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19**

During mid-March 2020, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of COVID-19.

On March 13, 2020, HPCO's office closed to the public in response to the quarantine measures implemented by the provincial government to stop the spread of the virus. Since then, HPCO has returned to normal operations with no restrictions on in person events as of April 2022.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the disease makes it difficult to determine the length of time that HPCO's operations will be impacted or the severity of the impact. Consequently, the effects of any subsequent outbreaks or abrupt declines in economic activity will have on HPCO's operations, assets, liabilities, revenues and expenses are unknown at this time.

**11. FINANCIAL INSTRUMENTS**

HPCO is exposed to and manages various financial risks resulting from operations. Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. HPCO's main financial risk exposures and its financial risk management policies are as follows:

*Credit risk*

Credit risk is the risk of loss resulting from the possibility that parties may default on their financial obligations. HPCO's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable and HST receivable. HPCO cash is held with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. HPCO manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts. As a result, management believes HPCO's credit risk with respect to accounts receivable is limited.

**HOSPICE PALLIATIVE CARE ONTARIO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2022**

11. **FINANCIAL INSTRUMENTS - Cont'd.**

*Liquidity risk*

Liquidity risk is the risk that HPCO cannot meet a demand for cash or fund its obligations as they become due. HPCO's financial liabilities are comprised of accounts payable and accrued liabilities, HST payable, and amounts due to Government of Ontario. HPCO manages its liquidity risk by monitoring cash flows and holding assets readily converted into cash. HPCO also has credit facilities available to draw upon should it be required to meet temporary fluctuations in cash requirements. HPCO believes its overall liquidity risk to be minimal as HPCO's financial assets are considered to be highly liquid.

*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 is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. HPCO's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows associated with financial instruments will fluctuate because of changes in the market interest rates. HPCO's cash is earning interest at prevailing market rates. As a result, management believes that the interest rate exposure related to these financial instruments is negligible.

iii) *Other price risk*

Other price risk is the risk that the fair value or future cash flows associated with financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management does not believe HPCO is exposed to significant other price risk as it does not hold portfolio investments.

*Changes in risk*

There have been no significant changes in HPCO's risk exposures from the prior year.