

FINANCIAL STATEMENTS

For

HOSPICE PALLIATIVE CARE ONTARIO

For year ended

MARCH 31, 2023

HOSPICE PALLIATIVE CARE ONTARIO
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MARCH 31, 2023

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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, 2023, 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, 2023 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 2022 and 2021 and March 31 for both the 2023 and 2022 years. Our auditor opinion on the financial statements for the year ended March 31, 2022 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.

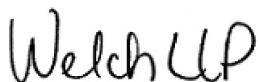
Auditor's Responsibilities for the Audit of the Financial Statements

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 21, 2023.

HOSPICE PALLIATIVE CARE ONTARIO
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 184,504	\$ 533,036
Accounts receivable	281,643	65,144
Prepaid expenses and deposits (note 3)	<u>38,352</u>	<u>163,186</u>
	504,499	761,366
TANGIBLE CAPITAL ASSETS (note 4)	<u>4,248</u>	<u>9,947</u>
	<u>\$ 508,747</u>	<u>\$ 771,313</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 105,973	\$ 83,421
HST payable	40,821	945
Due to Government of Ontario (note 5)	55,346	120,214
Deferred revenue (note 6)	204,334	285,368
Deferred contributions (note 7)	<u>7,441</u>	<u>11,823</u>
	<u>413,915</u>	<u>501,771</u>
NET ASSETS		
Invested in tangible capital assets	4,248	9,947
Unrestricted	<u>90,584</u>	<u>259,595</u>
	<u>94,832</u>	<u>269,542</u>
	<u>\$ 508,747</u>	<u>\$ 771,313</u>

Approved on behalf of the Board:

Rod Malcolm
Rod Malcolm (Jul 5, 2023 12:08 EDT) Director July 5th, 2023

Paul R. Mazza
Paul R. Mazza (Jul 5, 2023 13:59 EDT) Director July 5th, 2023

(See accompanying notes)

HOSPICE PALLIATIVE CARE ONTARIO

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2023

	HPCO Member Services	Palliative Education and Information Services (note 5)	Total 2023	Total 2022
Revenue				
Government of Ontario (note 5)	\$ -	\$ 273,335	\$ 273,335	\$ 274,227
Government of Canada	-	-	-	142,024
Membership	270,622	-	270,622	269,655
Donations and fundraising	401,368	-	401,368	467,908
Conference and education	339,840	-	339,840	153,236
Interest and sundry income	47,021	-	47,021	165,334
Merchandise and publication sales	95,752	-	95,752	61,629
	<u>1,154,603</u>	<u>273,335</u>	<u>1,427,938</u>	<u>1,534,013</u>
Expenses				
Salaries and benefits	508,500	239,666	748,166	923,619
Professional fees and consultants	249,995	5,443	255,438	301,175
Office and general	193,908	9,900	203,808	185,135
Meetings	294,479	-	294,479	91,149
Rent	42,483	19,000	61,483	84,055
Nevada ticket sales	25,822	-	25,822	10,343
Amortization	5,699	-	5,699	8,731
Insurance	7,753	-	7,753	6,717
	<u>1,328,639</u>	<u>274,009</u>	<u>1,602,648</u>	<u>1,610,924</u>
Excess (deficiency) of revenue over expenses before item below	(174,036)	(674)	(174,710)	(76,911)
Allocated to operations (note 5)	<u>(674)</u>	<u>674</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenses	<u>\$ (174,710)</u>	<u>\$ -</u>	<u>\$ (174,710)</u>	<u>\$ (76,911)</u>

(See accompanying notes)

HOSPICE PALLIATIVE CARE ONTARIO
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2023

	Invested in Tangible Capital Assets	Unrestricted	Total 2023	Total 2022
Balance, beginning of year	\$ 9,947	\$ 259,595	\$ 269,542	\$ 346,453
Excess (deficiency) of revenue over expenses	<u>(5,699)</u>	<u>(169,011)</u>	<u>(174,710)</u>	<u>(76,911)</u>
Balance, end of year	<u>\$ 4,248</u>	<u>\$ 90,584</u>	<u>\$ 94,832</u>	<u>\$ 269,542</u>

(See accompanying notes)

HOSPICE PALLIATIVE CARE ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (174,710)	\$ (76,911)
Add items not requiring a current cash flow:		
Amortization of tangible capital assets	<u>5,699</u>	<u>8,731</u>
	(169,011)	(68,180)
Net changes in non-cash working capital components:		
Accounts receivable	(216,499)	(11,613)
Prepaid expenses and deposits	124,834	(14,015)
Accounts payable and accrued liabilities	22,552	(97,346)
HST payable	39,876	(2,729)
Due to Government of Ontario	(64,868)	(22,532)
Deferred revenue	(81,034)	122,955
Deferred contributions	<u>(4,382)</u>	<u>(32,621)</u>
	<u>(348,532)</u>	<u>(126,081)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>-</u>	<u>(9,787)</u>
DECREASE IN CASH	(348,532)	(135,868)
CASH, BEGINNING OF YEAR	<u>533,036</u>	<u>668,904</u>
CASH, END OF YEAR	<u>\$ 184,504</u>	<u>\$ 533,036</u>

(See accompanying notes)

HOSPICE PALLIATIVE CARE ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

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, 2023

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, 2023

3. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits are comprised as follows:

	<u>2023</u>	<u>2022</u>
Prepaid expenses and deposits	\$ 35,787	\$ 54,901
Conference and facility costs paid in advance	<u>2,565</u>	<u>108,285</u>
	<u>\$ 38,352</u>	<u>\$ 163,186</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:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Computer equipment	\$ 9,787	\$ 5,539	\$ 9,787	\$ 2,277
Furniture and fixtures	12,186	12,186	12,186	9,749
Leasehold improvements	<u>20,081</u>	<u>20,081</u>	<u>20,081</u>	<u>20,081</u>
	42,054	\$ 37,806	42,054	\$ 32,107
Less: accumulated amortization	<u>(37,806)</u>		<u>(32,107)</u>	
	<u>\$ 4,248</u>		<u>\$ 9,947</u>	

5. DUE TO GOVERNMENT OF ONTARIO

In aggregate, the Government of Ontario provided total funding of \$273,335 (2022 - \$274,227) to service the End of Life Information Services ("EOL") and Palliative Care Education ("PCE") programs. Expenditures for the fiscal year exceeded provincial grant funding in the amount of \$674 (2022 - subceeded provincial grant funding in the amount of \$382).

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>2023</u>	<u>2022</u>
Opening balance	\$ 120,214	\$ 142,746
Plus:		
Received or receivable in year for EOL program (i)	114,801	115,175
Received or receivable in year for PCE program (ii)	<u>158,534</u>	<u>159,052</u>
	<u>273,335</u>	<u>274,227</u>
Less:		
Repayments and reductions in transfer payments (iv)	(64,868)	(22,532)
Recognized as revenue	<u>(273,335)</u>	<u>(274,227)</u>
	<u>(338,203)</u>	<u>(296,759)</u>
Ending balance	<u>\$ 55,346</u>	<u>\$ 120,214</u>

HOSPICE PALLIATIVE CARE ONTARIO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

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

The year-end balances are made up as follows:

	<u>2023</u>	<u>2022</u>
PCDM repayable (iii)	\$ <u>55,346</u>	\$ <u>120,214</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 2023, MOHLTC provided aggregate funding to the End of Life Information Services ("EOL") in the amount of \$114,801 (2022 - \$115,175).

(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 2023, MOHLTC provided aggregate funding towards PCE in the amount of \$158,534 (2022 - \$159,052).

(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 2023, the Government of Ontario provided aggregate funding to the PCDM in the amount of \$nil (2022 - \$nil). Of this funding, HPCO recognized \$nil in 2023 (2022 - \$nil) and \$55,346 unspent as at year-end is repayable (2022 - \$120,214).

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>2023</u>	<u>2022</u>
Conference and education	\$ 183,885	\$ 271,601
Accreditation fees	<u>20,449</u>	<u>13,767</u>
	<u>\$ 204,334</u>	<u>\$ 285,368</u>

HOSPICE PALLIATIVE CARE ONTARIO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

7. DEFERRED CONTRIBUTIONS

Deferred contributions are comprised as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 11,823	\$ 44,444
Plus: Received or receivable in year	-	128,630
Less: Recognized as revenue	<u>(4,382)</u>	<u>(161,251)</u>
Ending balance	<u>\$ 7,441</u>	<u>\$ 11,823</u>

The year-end balances are made up as follows:

	<u>2023</u>	<u>2022</u>
Librach Award funding (i)	\$ 7,300	\$ 7,300
Website Development funding (ii)	-	4,382
Miscellaneous funding (iii)	<u>141</u>	<u>141</u>
	<u>\$ 7,441</u>	<u>\$ 11,823</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 2023, HPCO granted \$nil of cash awards (2022 - \$2,500).

(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 2023, these funds are intended to be used in the 2024 fiscal year.

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, 2023 (2022 - \$nil).

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

HOSPICE PALLIATIVE CARE ONTARIO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

9. COMMITMENTS

HPCO is obligated under an office premise lease expiring October 31, 2027. 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:

2024	\$ 13,228
2025	14,806
2026	15,164
2027	15,521
2028	<u>9,176</u>
	<u>\$ 67,895</u>

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. 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.

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.

HOSPICE PALLIATIVE CARE ONTARIO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

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

Market risk - Cont'd.

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.