

**The Dorothy Ley Hospice**  
**Audited Financial Statements**  
**March 31, 2023**



## **Independent Auditors' Report**

To the Board of Directors of  
**The Dorothy Ley Hospice**

### **Qualified Opinion**

We have audited the financial statements of **The Dorothy Ley Hospice** (the Organization), which comprise the statement of financial position as at **March 31, 2023**, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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 the Organization as at **March 31, 2023**, and its financial performance 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 revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023, current assets as at March 31, 2023, and net assets as at April 1 and March 31 for the 2023 fiscal year. Our audit opinion on the financial statements for the year ended March 31, 2023 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 the Organization 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 the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

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

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## 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 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 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 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.

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.

Mississauga, Ontario  
June 26, 2023

  
Clarkson Rouble LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**The Dorothy Ley Hospice**  
(Incorporated as a corporation without share capital under the laws of Ontario)

**Statement of Financial Position**  
*As at March 31*

	2023	2022
<b>Assets</b>		
<b>Current assets</b>		
Cash (Note 3)	\$ 2,711,757	\$ 2,355,389
Short term investments	-	110,091
Accounts receivable	279,879	1,096
HST recoverable	116,250	45,007
Prepaid expenses	99,415	67,692
	<b>3,207,301</b>	<b>2,579,275</b>
Capital assets (Note 4)	4,210,087	4,343,993
	<b>\$ 7,417,388</b>	<b>\$ 6,923,268</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accruals	\$ 217,895	\$ 176,932
Deferred grant revenue (Note 5)	1,867,819	1,763,409
Deferred contributions (Note 6)	154,802	123,910
Current portion of long-term debt	-	39,588
	<b>2,240,516</b>	<b>2,103,839</b>
Long-term debt	-	485,395
	<b>2,240,516</b>	<b>2,589,234</b>
<b>Net Assets</b>		
Unrestricted	5,176,872	4,334,034
	<b>\$ 7,417,388</b>	<b>\$ 6,923,268</b>

*The accompanying notes are an integral part of the financial statements.*

Approved by The Dorothy Ley Hospice:

  
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**The Dorothy Ley Hospice**  
(Incorporated as a corporation without share capital under the laws of Ontario)

**Statement of Operations**  
*for the year ended March 31*

	2023	2022
<b>Revenue</b>		
Provincial government funding	\$ 2,484,370	\$ 2,435,816
Contributions	2,405,917	1,280,180
Investment income	39,103	3,388
Other grants	26,987	20,455
Miscellaneous revenue	65,799	31,049
Wage subsidies	-	57,818
	<b>5,022,176</b>	<b>3,828,706</b>
<b>Expenses</b>		
Program Costs		
Bereavement	176,072	144,027
Direct care co-ordination	338,995	325,382
Education	179,004	184,830
Other grants	21,987	24,878
Residential	1,513,560	1,459,457
Spiritual care	76,130	63,880
Visiting hospice	98,085	85,513
Support services & training	43,694	55,059
Day program	31,080	23,559
Other Costs		
Administration	470,577	377,712
Communication	38,553	10,495
Facilities	332,640	282,381
Office	181,400	153,601
Resource development	415,832	316,880
	<b>3,917,609</b>	<b>3,507,654</b>
<b>Excess of revenue over expenditures before amortization</b>	<b>1,104,567</b>	<b>321,052</b>
<b>Amortization</b>	<b>261,729</b>	<b>263,181</b>
<b>Excess of revenue over expenses for the year</b>	<b>842,838</b>	<b>57,871</b>
<b>Net assets, beginning of year</b>	<b>4,334,034</b>	<b>4,276,163</b>
<b>Net assets, end of year</b>	<b>\$ 5,176,872</b>	<b>\$ 4,334,034</b>

**The Dorothy Ley Hospice**  
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**Statement of Changes in Cash Flows**  
*for the year ended March 31*

	2023	2022
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 842,838	\$ 57,871
Items not requiring an outlay of cash		
Amortization	261,729	263,181
	<u>1,104,567</u>	<u>321,052</u>
<b>Net change in working capital items</b>		
Operating working capital		
Account receivable	(278,783)	2,060
HST recoverable	(71,243)	(6,549)
Prepaid expenses	(31,723)	(7,120)
Accounts payable and accruals	40,963	73,655
Deferred grant revenue	104,410	963,109
Deferred contributions	30,892	836
	<u>899,083</u>	<u>1,347,043</u>
<b>Investing activities</b>		
Purchase of capital assets	(127,823)	(36,726)
	<u>(127,823)</u>	<u>(36,726)</u>
<b>Decrease from investing activities</b>		
	<u>(127,823)</u>	<u>(36,726)</u>
<b>Financing activities</b>		
Repayment of long term debt	(524,983)	(258,289)
	<u>(524,983)</u>	<u>(258,289)</u>
<b>Decrease from financing activities</b>		
	<u>(524,983)</u>	<u>(258,289)</u>
<b>Increase in cash</b>	<b>246,277</b>	<b>1,052,028</b>
<b>Cash and short-term investments, beginning of year</b>	<b>2,465,480</b>	<b>1,413,452</b>
<b>Cash and short-term investments, end of year</b>	<b>\$ 2,711,757</b>	<b>\$ 2,465,480</b>

**The Dorothy Ley Hospice**  
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Notes to Audited Financial Statements  
March 31, 2023

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## **Incorporation and Mission**

The Dorothy Ley Hospice ("the Hospice") was incorporated on March 17, 1987 as a corporation without share capital under the laws of Ontario and is a registered charity under the Income Tax Act (Canada). The Hospice is committed to fostering hope and dignity through exemplary care, advocacy, education and research for individuals living with the challenges of life-limiting illness or loss.

### **1. Significant Accounting Policies**

#### **Basis of presentation**

The accounting policies of the Hospice are in accordance with Canadian accounting standards for not-for-profit organizations. Policies which are considered particularly significant are outlined below.

#### **Cash and cash equivalents**

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days.

#### **Contributed services**

Volunteers contributed 12,062 hours in this fiscal year (7,786 in 2022) to assist the Hospice in carrying out its service activities. The Organization tried to be as compliant as possible with all Covid-19 restrictions in place, resulting in a significant decrease in contributed volunteer hours in this fiscal year.

Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### **Revenue recognition**

The Hospice follows the deferral method of accounting for contributions. Unrestricted contributions and other grants are recognized as revenue when received. Restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Investment income is recognized as revenue when earned.

Government funding is recognized on a monthly basis over the term of the funding agreement.

Miscellaneous revenue is recognized when it becomes receivable.

Wage subsidies are recognized as revenue in the period for which they relate to.

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**1. Significant Accounting Policies - continued**

**Capital assets**

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, as follows:

Landscaping	20 years	Straight line
Parking Lot	15 years	Straight line
Building	35 years	Straight line
Roof	20 years	Straight line
Elevator and mechanical systems	20 years	Straight line
Residential suites equipment	20 years	Straight line
Small appliances and dishes	3 years	Straight line
Major appliances	10 years	Straight line
Computer hardware	3 years	Straight line
Furniture and fixtures	10 years	Straight line
Telephone system	10 years	Straight line
Security system	15 years	Straight line
Website	3 years	Straight line

**Financial Instruments**

Financial assets and liabilities are recognized when the Hospice becomes party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights or obligations to receive or repay cash flows from the assets and liabilities have expired or have transferred and the Hospice has transferred substantially all risks and rewards of ownership.

Financial instruments of the Hospice consist of cash, short-term deposits, accounts receivable, other receivables, investments, accounts payable and accrued charges and long-term debt. Cash, accounts receivable, other receivables, accounts payable and accrued charges and long-term debt are recorded at amortized cost. Amortization is recorded on a straight-line basis. Short-term deposits and investments are recognized at fair value determined on the basis of market value. Gains or losses are recognized in the statement of operations and changes in fund balances in the period in which they occur.

**Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the excess of revenues over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess of revenue over expenses.



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**1. Significant Accounting Policies - continued**

**Management uncertainty**

The preparation of financial statements in conformity 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 at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates and assumptions are used when accounting for items such as impairment of capital assets and the determination of their useful lives, revenue recognition, contingent liabilities and allowances for amounts receivable.

**2. Covid-19 and government assistance**

On March 11, 2020, the World Health Organization (WHO) declared Covid-19 a global pandemic. On March 17, 2020, the Province of Ontario invoked the Emergency Management and Civil Protection Act. The pandemic had a significant impact on the operations of the Organization. The Organization was able to continue to deliver services to meet the needs of the community. The pandemic and associated impacts have resulted in higher ongoing costs for staffing and supplies. The Provincial Ministry of Health one-time funding of \$260,200 and the generous support of donors allowed the Organization to continue high quality and safe operations. The Organization is deeply grateful to its funders and generous donors for their support over the past year.

While the WHO has declared the emergency phase of the pandemic over, there are continued impacts and uncertainty, as such it is difficult to estimate the financial effect on the Organization. Therefore, no adjustments have been made on these financial statements.

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**3. Cash**

Cash consists of the following:

	2023	2022
Bank balances	\$ 1,112,570	\$ 1,166,992
Outstanding cheques	(21,641)	(42,015)
High-interest savings account	1,620,828	1,230,412
	<u>\$ 2,711,757</u>	<u>\$ 2,355,389</u>

**Cash - restricted**

The Hospice received donations that are designated for specific capital and operating programs, which have not been completed as of March 31, 2022 and for which funds received are restricted as follows:

	2023	2022
Dream Fund		
Hospice bed expansion	\$ 1,129,569	\$ 835,458
Programs, other capital projects	421,712	421,712
Specific programs (to support future programs and operating needs)	224,961	416,982
	<u>\$ 1,776,242</u>	<u>\$ 1,674,152</u>

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**4. Capital assets**

			2023	2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Landscaping	\$ 414,467	\$ 284,946	\$ 129,521	150,244
Parking Lot	73,714	67,571	6,143	11,057
Building	5,739,213	2,237,616	3,501,597	3,665,575
Roof	79,358	54,559	24,799	28,767
Elevator mechanical systems	540,966	333,343	207,623	234,672
Residential suites equipment	271,645	139,252	132,393	97,929
Renovations - in progress	81,281	-	81,281	20,906
Small appliances and dishes	26,752	26,752	-	-
Major appliances	58,456	56,350	2,106	3,035
Computer hardware	173,685	172,817	868	2,602
Computer software	-	-	-	-
Furniture and fixtures	573,695	479,021	94,674	93,549
Telephone system	53,371	47,291	6,080	6,891
Security system	130,467	109,196	21,271	23,571
Website	37,231	35,500	1,731	5,195
	<b>\$ 8,254,301</b>	<b>\$ 4,044,214</b>	<b>\$ 4,210,087</b>	<b>\$ 4,343,993</b>

**5. Deferred grant revenue**

The Hospice has received restricted grants and restricted donations that are to be used for specific capital projects or specific operations of the Hospice. Deferred grant revenue is recognized as revenue as related expenses are incurred. As of March 31, 2023, deferred grant revenue included the following:

	2023	2022
Dream Fund		
Hospice bed expansion	\$ 1,129,569	\$ 835,458
Programs, other capital projects	421,712	421,712
Specific programs (to support future programs and operating needs)	224,960	416,982
Operating grants	87,500	87,500
PSW top-up funding	4,078	1,757
	<b>\$ 1,867,819</b>	<b>\$ 1,763,409</b>

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**6. Deferred contributions**

Deferred contributions include restricted donations and restricted grant revenues that have been used for the purchase of capital assets. These contributions are recognized as revenue over the useful lives of the related capital assets, with revenue matching to their amortization.

**7. Income Tax Status**

The Hospice is registered as a charitable organization under Section 149 (1)(f) of the Income Tax Act (Canada) and, as such, is exempt from income taxes, and may issue receipts that are eligible for a non-refundable tax credit by an individual donor and a tax deduction by a corporate donor.

**8. Contingent liability**

Upon the expiration of its lease with Trillium Health Partners, The Dorothy Ley Hospice may, at its own cost, be required to dismantle and remove the free standing hospice, repair any damage to the leased premises, remove any hazardous material, restore leased premises to level grade and landscape and pave the premises in a manner agreeable to Trillium Health Partners. The requirement to have The Dorothy Ley Hospice do the above is at the sole option of Trillium Health Partners. As the lease does not expire until October 2042, it is not known at this time whether these costs will be incurred and therefore, no liability for these contingent costs has been reflected in these financial statements.

**9. Commitments**

The Dorothy Ley Hospice entered into a lease with Trillium Health Partners to use land until 2042 as the site of the free-standing palliative care hospice at a cost of \$1 per year.

**The Dorothy Ley Hospice**  
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**10. Financial instruments**

The Organization's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Organization's risk management approach is to minimize the potential adverse effects from these risks on its financial performance.

**Interest rate risk**

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Hospice's debt bears interest at a variable rate for one year and therefore, the Hospice does not currently have a significant exposure to interest rate risk.

**Credit risk**

Credit risk arises from the financial assets of the Hospice, which are exposed to potential counterparty default, with a maximum exposure equal to the carrying amount of the asset.

In the normal course of business, the Hospice incurs credit risk from accounts receivable from third parties. The Hospice performs ongoing credit evaluations of new and existing customers' financial conditions and reviews the collectibility of amounts receivable. No single party accounts for a significant balance of accounts receivable. In the last three years, the allowance for doubtful accounts has been \$NIL (2021 - \$NIL, 2020 - \$NIL) and bad debt expense has been \$NIL (2021 - \$NIL, 2020 - \$NIL).

The Hospice's credit risk with respect to cash and cash equivalents is minimized substantially by seeking to ensure that these financial instruments are secured with a well capitalized financial institution.

**Liquidity Risk**

Liquidity risk is the risk that the Hospice will not be able to meet its obligations associated with financial liabilities. The Hospice manages liquidity risk by maintaining cash balances, adequate borrowing facilities and monitoring forecasts and actual cash flows. Cash flow from operations provides a substantial portion of the Hospice's cash requirements.

The Hospice expects future cash flows from operations, cash and cash equivalents on hand and fundraising to be sufficient to satisfy obligations as they come due.

