

The Dorothy Ley Hospice
Audited Financial Statements
March 31, 2026



Clarkson Rouble LLP
Chartered Professional Accountants

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, 2026**, 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, 2026**, 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, 2026, current assets as at March 31, 2026, and net assets as at April 1 and March 31 for the 2026 fiscal year. Our audit opinion on the financial statements for the year ended March 31, 2026 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.

The Dorothy Ley Hospice

Independent Auditors' Report

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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 24, 2026

Clarkson Rouble LLP

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

	2026	2025
Assets		
Current assets		
Cash and cash equivalents (Note 2)	\$ 1,334,364	\$ 3,019,737
Short-term investments (Note 2)	866,753	422,465
Accounts receivable	13,625	13,471
HST recoverable	71,019	145,285
Prepaid expenses	75,521	70,313
	2,361,282	3,671,271
Capital assets (Note 3)	5,549,549	5,750,586
Long-term investments (Note 2)	3,123,066	187,573
	\$ 11,033,897	\$ 9,609,430
Liabilities		
Current liabilities		
Accounts payable and accruals	\$ 201,611	\$ 319,106
Deferred contributions - operating (Note 4)	746,089	501,304
Deferred contributions - capital (Note 5)	2,533,869	2,148,034
	3,481,569	2,968,444
Net Assets		
Internally restricted capital reserve (Note 6)	277,059	187,059
Internally restricted reserve - Dream fund (Note 6)	421,712	421,712
Unrestricted	6,853,557	6,032,215
	7,552,328	6,640,986
	\$ 11,033,897	\$ 9,609,430

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

Approved by **The Dorothy Ley Hospice:**



The Dorothy Ley Hospice
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Statement of Operations
for the year ended March 31

	2026	2025
Revenue		
Provincial government funding	\$ 3,885,445	\$ 3,172,533
Contributions	2,867,695	2,164,680
Investment income	27,303	111,593
Other grants	5,600	30,000
Miscellaneous revenue	89,669	55,224
	6,875,712	5,534,030
Expenses		
Program Costs		
Bereavement	415,273	287,363
Direct care co-ordination	532,013	495,201
Clinical Coaches	510,544	-
Education	188,711	206,785
Residential	1,973,224	1,815,149
Spiritual care	64,533	25,160
Visiting hospice	104,911	79,383
Support services & training	44,265	39,257
Day program	68,282	84,409
Hospice@home	77,456	50,034
Other Costs		
Administration	460,806	512,346
Communication	72,375	67,837
Facilities	468,966	376,256
Office	184,518	181,390
Resource development	465,718	412,383
	5,631,595	4,632,953
Excess of revenue over expenditures before amortization	1,244,117	901,077
Amortization	332,775	294,637
Excess of revenue over expenses for the year	911,342	606,440
Net assets, beginning of year	6,640,986	6,034,546
Net assets, end of year	\$ 7,552,328	\$ 6,640,986
Represented by:		
Internally restricted capital reserve	277,059	187,059
Internally restricted reserve - Dream fund	421,712	421,712
Unrestricted net assets	6,853,557	6,032,215
	\$ 7,552,328	\$ 6,640,986

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

	2026	2025
Operating activities		
Excess of revenue over expenses	\$ 911,342	\$ 606,440
Items not requiring an outlay of cash		
Amortization	332,775	294,637
	1,244,117	901,077
Net change in working capital items		
Operating working capital		
Account receivable	(154)	(12,213)
HST recoverable	74,266	(24,809)
Prepaid expenses	(5,208)	(10,671)
Accounts payable and accruals	(117,494)	(199,559)
Deferred contributions - operating	244,785	120,871
Deferred contributions - capital	385,835	136,676
Increase from operating	1,826,147	911,372
Investing activities		
Purchase of capital assets	(131,739)	(1,094,502)
Sale (purchase) of short-term investments	(444,288)	221,423
Purchase of long-term investments	(2,935,493)	(96,501)
Decrease from investing activities	(3,511,520)	(969,580)
Increase (decrease) in cash	(1,685,373)	(58,208)
Cash and cash equivalents, beginning of year	3,019,737	3,077,945
Cash and cash equivalents, end of year	\$ 1,334,364	\$ 3,019,737

The Dorothy Ley Hospice

(Incorporated as a corporation without share capital under the laws of Ontario)

Notes to Audited Financial Statements

March 31, 2026

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.

Investments

All short-term investments are classified as available-for-sale because the Hospice does not intend to trade the investments for short-term profit making and accordingly has not elected to classify the investments as held-for-trading.

The quoted market price was used to estimate the fair value of the financial instruments held as short-term investments.

Contributed services

Volunteers contributed 17,680 hours in this fiscal year (16,617 in 2025) to assist the Hospice in carrying out its service activities.

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.

The Dorothy Ley Hospice

(Incorporated as a corporation without share capital under the laws of Ontario)

Notes to Audited Financial Statements

March 31, 2026

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.

The Dorothy Ley Hospice
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Notes to Audited Financial Statements
March 31, 2026

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. Cash and investments

Cash consists of the following:

	2026	2025
Bank balances	\$ 624,975	\$ 912,616
Uncleared cheques and deposits	(38,611)	(28,155)
High-interest savings account	108,452	1,973,353
Short-term deposits with maturity less than 90 days	639,548	161,923
	<u>\$ 1,334,364</u>	<u>\$ 3,019,737</u>

Short-term investments consist of a Government of Canada treasury bill and two Government of Canada fixed income investments which bear interest of 1.00% and 1.25% per annum respectively. The investments have various maturity dates from September 1, 2026 until March 1, 2027.

Long-term investments consist of numerous Government of Canada fixed income investments which bear interest ranging from 1.00% per annum to 3.25% per annum and have various maturity dates from June 1, 2027 until September 1, 2028.

Cash - restricted

The Hospice has received donations that are designated for specific capital and operating programs which have not been completed as of March 31, 2026, and for which funds received are restricted as follows:

	2026	2025
Operating	\$ 746,089	\$ 501,304
Capital	423,616	71,273
	<u>\$ 1,169,705</u>	<u>\$ 572,577</u>

The Dorothy Ley Hospice
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Notes to Audited Financial Statements
March 31, 2026

3. Capital assets

			2026	2025
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Landscaping	\$ 451,111	\$ 349,648	\$ 101,463	119,576
Parking Lot	72,128	2,404	69,724	-
Building	7,426,729	2,801,871	4,624,858	4,837,050
Roof	79,358	66,462	12,896	16,863
Elevator and mechanical sys.	870,355	439,191	431,164	474,682
Residential suites equipment	313,388	181,960	131,428	123,117
Major appliances	67,511	60,753	6,758	5,185
Furniture and fixtures	236,341	110,085	126,256	155,047
Telephone system	44,712	7,419	37,293	15,191
Security system	10,868	3,159	7,709	3,875
	\$ 9,572,501	\$ 4,022,952	\$ 5,549,549	\$ 5,750,586

4. Deferred contributions - Operating

The Hospice has received restricted contributions that are to be used for the operations of the Hospice. Deferred contributions are recognized as revenue as the related expenses are incurred. As of March 31, 2026, deferred contributions - operating include the following:

	Specific Programs	Operating Grants	Total
Balance as of March 31, 2024	\$ 227,503	\$ 152,930	\$ 380,433
Received and deferred	258,851	317,875	576,726
Recognized as revenue	(205,175)	(250,680)	(455,855)
Balance as of March 31, 2025	281,179	220,125	501,304
Received and deferred	295,000	756,539	1,051,539
Recognized as revenue	(166,572)	(640,182)	(806,754)
Balance as of March 31, 2026	\$ 409,607	\$ 336,482	\$ 746,089

The Dorothy Ley Hospice
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Notes to Audited Financial Statements
March 31, 2026

5. Deferred contributions - Capital

The Hospice has received restricted contributions that are to be used for capital expenditures of the Hospice. Deferred contributions are recognized as revenue over the useful lives of the related capital assets, with revenue matching to their amortization. As of March 31, 2026, deferred contributions - capital include the following:

	Funds Disbursed	Funds Not Yet Disbursed	Total
Balance as of March 31, 2024	\$ 1,217,577	\$ 793,781	\$ 2,011,358
Received and deferred	-	223,583	223,583
Funds disbursed	908,733	(908,733)	-
Recognized as revenue	(49,549)	(37,358)	(86,907)
Balance as of March 31, 2025	2,076,761	71,273	2,148,034
Received and deferred	21,100	450,432	471,532
Funds disbursed	98,089	(98,089)	-
Recognized as revenue	(85,697)	-	(85,697)
Balance as of March 31, 2026	\$ 2,110,253	\$ 423,616	\$ 2,533,869

6. Internally restricted reserves

In September 2025, the Board has approved an allocation of \$90,000 into capital reserve for the 2025-26 fiscal year, and a total of \$90,000 was transferred into capital reserve during the current fiscal year.

In May 2024, the Board has approved to treat the funds in the Dream Fund as internally restricted for the 2023-24 fiscal year, and a total of \$421,712 was transferred into the internally restricted reserve.

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.

The Dorothy Ley Hospice
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Notes to Audited Financial Statements
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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.

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 does not have any debt and therefore it 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 (2025 - \$NIL, 2024 - \$NIL) and bad debt expense has been \$120 (2025 - \$NIL, 2024 - \$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.

10. Financial instruments (continued)

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.