

The Dorothy Ley Hospice
Audited Financial Statements
March 31, 2024



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, 2024**, 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, 2024**, 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, 2024, current assets as at March 31, 2024, and net assets as at April 1 and March 31 for the 2024 fiscal year. Our audit opinion on the financial statements for the year ended March 31, 2024 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 24, 2024


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

	2024	2023
Assets		
Current assets		
Cash (Note 2)	\$ 3,077,945	\$ 2,711,757
Short-term investments (Note 2)	734,959	-
Accounts receivable	1,258	279,879
HST recoverable	120,476	116,250
Prepaid expenses	59,642	99,415
	3,994,280	3,207,301
Capital assets (Note 3)	4,950,721	4,210,087
	\$ 8,945,001	\$ 7,417,388
Liabilities		
Current liabilities		
Accounts payable and accruals	\$ 518,664	\$ 217,895
Deferred contributions - operating (Note 4)	380,433	316,538
Deferred contributions - capital (Note 5)	2,011,358	1,284,371
Deferred contributions - Dream fund	-	421,712
	2,910,455	2,240,516
Net Assets		
Internally restricted capital reserve (Note 6)	90,000	-
Internally restricted reserve - Dream fund (Note 6)	421,712	-
Unrestricted	5,522,834	5,176,872
	6,034,546	5,176,872
	\$ 8,945,001	\$ 7,417,388

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

	2024	2023
Revenue		
Provincial government funding	\$ 2,908,777	\$ 2,484,370
Contributions	2,348,942	2,405,917
Investment income	95,807	39,103
Other grants	-	26,987
Miscellaneous revenue	29,195	65,799
Wage subsidies	3,402	-
	5,386,123	5,022,176
Expenses		
Program Costs		
Bereavement	218,411	176,072
Direct care co-ordination	416,254	338,995
Education	161,512	179,004
Other grants	-	21,987
Residential	1,758,934	1,513,560
Spiritual care	33,497	76,130
Visiting hospice	106,199	98,085
Support services & training	46,802	43,694
Day program	73,389	31,080
Other Costs		
Administration	452,882	470,577
Communication	79,623	38,553
Facilities	355,471	332,640
Office	172,406	181,400
Resource development	391,288	415,832
	4,266,668	3,917,609
Excess of revenue over expenditures before amortization	1,119,455	1,104,567
Amortization	261,781	261,729
Excess of revenue over expenses for the year	857,674	842,838
Net assets, beginning of year	5,176,872	4,334,034
Net assets, end of year	\$ 6,034,546	\$ 5,176,872
Represented by:		
Internally restricted capital reserve	90,000	-
Internally restricted reserve - Dream fund	421,712	-
Unrestricted net assets	5,522,834	5,176,872
	\$ 6,034,546	\$ 5,176,872

The Dorothy Ley Hospice

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Statement of Changes in Cash Flows

for the year ended March 31

	2024	2023
Operating activities		
Excess of revenue over expenses	\$ 857,674	\$ 842,838
Items not requiring an outlay of cash		
Amortization	261,781	261,729
	1,119,455	1,104,567
 Net change in working capital items		
Operating working capital		
Account receivable	278,621	(278,783)
HST recoverable	(4,226)	(71,243)
Prepaid expenses	39,773	(31,723)
Accounts payable and accruals	300,769	40,963
Deferred contributions - operating	63,895	104,410
Deferred contributions - capital	726,987	30,892
Deferred contributions - Dream fund	(421,712)	-
Increase from operating	2,103,562	899,083
 Investing activities		
Purchase of capital assets	(1,002,415)	(127,823)
Purchase of short-term investments	(734,959)	-
Decrease from investing activities	(1,737,374)	(127,823)
 Financing activities		
Repayment of long-term debt	-	(524,983)
Decrease from financing activities	-	(524,983)
 Increase in cash	366,188	246,277
Cash, beginning of year	2,711,757	2,465,480
Cash, end of year	\$ 3,077,945	\$ 2,711,757

The Dorothy Ley Hospice

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

Notes to Audited Financial Statements
March 31, 2024

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 12,504 hours in this fiscal year (12,062 in 2023) 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, 2024

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, 2024

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 short-term investments

Cash consists of the following:

	2024	2023
Bank balances	\$ 1,607,718	\$ 1,112,570
Outstanding cheques	(53,466)	(21,641)
High-interest savings account	1,523,693	1,620,828
	<u>\$ 3,077,945</u>	<u>\$ 2,711,757</u>

Short-term investments consist of numerous Government of Canada fixed income investments which bear interest ranging from 0.25% per annum to 4.5% per annum and have various maturity dates from February 1, 2025 until September 1, 2026.

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, 2024, and for which funds received are restricted as follows:

	2024	2023
Operating	\$ 380,433	\$ 316,539
Capital	793,781	1,129,569
	<u>\$ 1,174,214</u>	<u>\$ 1,446,108</u>

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Notes to Audited Financial Statements

March 31, 2024

3. Capital assets

			2024	2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Landscaping	\$ 414,467	\$ 305,670	\$ 108,797	129,521
Parking Lot	73,714	72,485	1,229	6,143
Building	5,739,213	2,401,594	3,337,619	3,501,597
Roof	79,358	58,527	20,831	24,799
Elevator mechanical systems	540,966	360,390	180,576	207,623
Residential suites equipment	271,645	152,835	118,810	132,393
Renovations - in progress	1,072,612	-	1,072,612	81,281
Small appliances and dishes	26,752	26,752	-	-
Major appliances	64,265	57,570	6,695	2,106
Computer hardware	173,685	173,685	-	868
Computer software	-	-	-	-
Furniture and fixtures	578,971	493,262	85,709	94,674
Telephone system	53,371	48,101	5,270	6,080
Security system	130,467	117,894	12,573	21,271
Website	37,231	37,231	-	1,731
	\$ 9,256,717	\$ 4,305,996	\$ 4,950,721	\$ 4,210,087

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, 2024, deferred contributions - operating include the following:

	Specific Programs	Operating Grants	Total
Balance as of March 31, 2022	\$ 416,983	\$ 89,257	\$ 506,240
Received and deferred	87,255	2,321	89,576
Recognized as revenue	(279,277)	-	(279,277)
Balance as of March 31, 2023	224,961	91,578	316,539
Received and deferred	257,526	61,352	318,878
Recognized as revenue	(254,984)	-	(254,984)
Balance as of March 31, 2024	\$ 227,503	\$ 152,930	\$ 380,433

The Dorothy Ley Hospice

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

Notes to Audited Financial Statements

March 31, 2024

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, 2024, deferred contributions - capital include the following:

	Funds Disbursed	Funds Not Yet Disbursed	Total
Balance as of March 31, 2022	\$ 123,910	\$ 835,458	\$ 959,368
Received and deferred	-	355,003	355,003
Funds disbursed	51,425	(60,892)	(9,467)
Recognized as revenue	(20,533)	-	(20,533)
Balance as of March 31, 2023	154,802	1,129,569	1,284,371
Received and deferred	-	743,100	743,100
Funds disbursed	1,078,888	(1,078,888)	-
Recognized as revenue	(16,113)	-	(16,113)
Balance as of March 31, 2024	\$ 1,217,577	\$ 793,781	\$ 2,011,358

6. Internally restricted reserves

In June 2023, the Board has approved an allocation of \$90,000 into capital reserve for the 2023-24 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.

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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 (2023 - \$NIL, 2022 - \$NIL) and bad debt expense has been \$NIL (2023 - \$NIL, 2022 - \$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.

The Dorothy Ley Hospice

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Notes to Audited Financial Statements

March 31, 2024

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.

