

**FINANCIAL STATEMENTS**  
**For**  
**ROGER NEILSON HOUSE FOR PALLIATIVE CARE**  
**For year ended**  
**MARCH 31, 2022**

**INDEPENDENT AUDITOR'S REPORT**

To the directors of

**ROGER NEILSON HOUSE FOR PALLIATIVE CARE***Qualified Opinion*

We have audited the financial statements of Roger Neilson House for Palliative Care (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and 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 the Organization as at March 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Organization derives revenue from 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, net revenue, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 fiscal years. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of 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 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 audit opinion.

*Emphasis of Matter*

We draw attention to Note 11 to the financial statements which describes the restatement of prior year figures. Our opinion is not qualified in respect of this matter.

*Other Matter*

The financial statements of the Organization for the year ended March 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements on July 13, 2021 for reasons described in the *Basis for Qualified Opinion* section.

*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.

## *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.



Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Ontario  
July 14, 2022.

**ROGER NEILSON HOUSE FOR PALLIATIVE CARE**

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2022**

	<u>2022</u>	<u>2021</u> (note 11)
<b>CURRENT ASSETS</b>		
Cash	\$ 573,463	\$ 792,160
Accounts receivable	142,284	182,499
Contributions receivable	466,021	-
Prepaid expenses	<u>6,510</u>	<u>10,844</u>
	1,188,278	985,503
 <b>CAPITAL ASSETS</b> (note 4)	 <u>2,075,862</u>	 <u>2,207,161</u>
	<b>\$ 3,264,140</b>	<b>\$ 3,192,664</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 5)	\$ 285,705	\$ 151,775
Deferred revenue	<u>40,000</u>	<u>40,000</u>
	325,705	191,775
 <b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS</b> (note 6)	 <u>1,981,877</u>	 <u>2,114,169</u>
	<u>2,307,582</u>	<u>2,305,944</u>
 <b>NET ASSETS</b> (note 11)	 <u>956,558</u>	 <u>886,720</u>
	<b>\$ 3,264,140</b>	<b>\$ 3,192,664</b>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

**ROGER NEILSON HOUSE FOR PALLIATIVE CARE**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2022**

	<u>2022</u>	<u>2021</u> (note 11)
<b>Revenue</b>		
Contributions from the Ministry of Health	\$ 2,092,332	\$ 1,604,664
Amortization of deferred contributions related to capital assets (note 6)	253,624	270,098
Donations	250,206	148,225
Other contributions	170,723	108,192
Contributions from the Ministry of Children, Community and Social Services	157,500	157,500
Government assistance (note 7)	108,150	707,421
Contributions from the Ottawa-Gatineau Youth Foundation (note 11)	466,021	550,000
Investment and other income	<u>8,870</u>	<u>20,396</u>
	<u>3,507,426</u>	<u>3,566,496</u>
<b>Expenses</b>		
Salaries and benefits (note 8)	2,594,675	2,229,654
Facility expenses	288,453	161,252
Amortization of capital assets	275,145	286,884
Professional fees and other	125,243	130,932
Office and travel	49,918	45,431
Advertising and promotion	45,758	28,167
In-house services	41,031	22,944
Staff recruitment and training	11,873	3,618
Bank charges, interest and service fees	<u>5,492</u>	<u>3,759</u>
	<u>3,437,588</u>	<u>2,912,641</u>
<b>Net revenue for the year</b> (note 11)	69,838	653,855
<b>Net assets, beginning of year</b> (note 11)	<u>886,720</u>	<u>232,865</u>
<b>Net assets, end of year</b>	<u>\$ 956,558</u>	<u>\$ 886,720</u>

(See accompanying notes)

**ROGER NEILSON HOUSE FOR PALLIATIVE CARE**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31, 2022**

	<u>2022</u>	<u>2021</u> (note 11)
<b>CASH FLOWS FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net revenue	\$ 69,838	\$ 653,855
Adjustments for:		
Amortization of capital assets	275,145	286,884
Amortization of deferred contributions related to capital assets	<u>(253,624)</u>	<u>(270,098)</u>
	91,359	670,641
Changes in non-cash working capital components:		
Accounts receivable	40,215	(70,958)
Prepaid expenses	4,334	(4,957)
Accounts payable and accrued liabilities	133,930	28,479
Deferred revenue	<u>-</u>	<u>24,375</u>
	<u>269,838</u>	<u>647,580</u>
<b>INVESTING ACTIVITIES</b>		
Contributions receivable from CHEO Foundation	(466,021)	-
Purchase of capital assets	<u>(143,846)</u>	<u>(408,658)</u>
	<u>(609,867)</u>	<u>(408,658)</u>
<b>FINANCING ACTIVITIES</b>		
Contributions related to capital assets	<u>121,332</u>	<u>369,412</u>
<b>INCREASE (DECREASE) IN CASH</b>	(218,697)	608,334
<b>CASH AT BEGINNING OF YEAR</b>	<u>792,160</u>	<u>183,826</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 573,463</u>	<u>\$ 792,160</u>

(See accompanying notes)

**ROGER NEILSON HOUSE FOR PALLIATIVE CARE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2022**

**1. NATURE OF OPERATIONS**

The objectives of Roger Neilson House for Palliative Care (the Organization) are to enhance the quality of life for children/youth and provide respite care for the families of children/youth with progressive life-limiting illness; to construct, maintain and operate a hospice for paediatric palliative care to foster research and education in all areas of paediatric palliative care; and to promote the dissemination of knowledge of the principles of paediatric palliative care.

The Organization was incorporated without share capital on March 4, 2005 and commenced operations on April 1, 2005

As a registered charity, the Organization is exempt from income taxes under Section 149 (1)(f) of the Income Tax Act (Canada).

**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*

The Organization follows the deferral method of accounting for contributions. Contributions that are restricted for specific expenses, or operations of specific periods, are recognized as revenue in the year in which the related expenses are incurred. Contributions that are restricted for the purchase or funding of capital assets are deferred and amortized to revenue on the same basis and over the same period as the related capital assets acquired or constructed. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

*Contributed services and materials*

Part of the activities of the Organization are carried out by volunteers. In addition, the Organization received donated services and materials to help carry out its activities. These financial statements do not account for the value of volunteer labour, services or materials for which a donation receipt was not issued. The donations in kind for which the fair value was known and a donation receipt was issued are recorded at fair value and recognized as income.

*Use of estimates*

The preparation of the 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, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

Management makes accounting estimates when determining the estimated useful life of the Organization's capital assets and the related amortization expense, the net realizable value of accounts receivable and in the determination of significant liabilities. Actual amounts could differ from those estimates.

Management makes judgments when interpreting regulations, agreements, and tax legislations that impact the Organization. Actual results could differ as a consequence of different interpretations being applied by the various regulators and these differences could be material.

**ROGER NEILSON HOUSE FOR PALLIATIVE CARE**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2022**

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

*Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are then amortized over their estimated useful service lives using the straight-line method at the following annual rates:

Building	25 years
Furniture, equipment and other	5 years
Automotive equipment	2 years

*Government assistance*

The Canada Emergency Wage Subsidy (CEWS), a form of temporary government assistance introduced in response to the COVID-19 pandemic, was a subsidy initiated by the federal government to enable employers to re-hire workers previously laid off and to retain those who were already on payroll.

The subsidy has been recorded as government assistance revenue in the period to which it relates as long as the amount of the subsidy could be reasonably estimated at that point in time. The amount of assistance received is further described in note 7.

**3. FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at March 31, 2022.

The Organization does not use derivative financial instruments to manage its risk.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Organization's maximum exposure to credit risk is represented by the sum of the carrying value of its cash, accounts receivable and contributions receivable.

The Organization's cash is on deposit with a Canadian chartered bank and therefore it is management's opinion that the Organization is not subject to significant credit risk.

The Organization's accounts and contributions receivable are primarily due from large and reputable service organizations or foundations and as such, management has determined that no allowance is required related to these amounts receivable at year end. The Organization also does not believe there are any significant concentrations of credit risk.

*Liquidity risk*

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. The Organization manages its liquidity risk through its budget process and by monitoring its cash flow requirements.



**ROGER NEILSON HOUSE FOR PALLIATIVE CARE**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2022**

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

*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 refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Organization's financial instruments are all denominated in Canadian dollars and the Organization transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Organization's assets and liabilities are non-interest bearing and as such are not subject to fluctuations in interest rates. As a result, management does not believe it is exposed to significant interest rate risk.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated 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.

The Organization does not hold investments and as such is not exposed to other price risk.

*Changes in risk*

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

4. **CAPITAL ASSETS**

The company's amortized intangible assets consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Building	\$ 3,995,524	\$ 2,126,553	\$ 3,959,527	\$ 1,967,452
Furniture, equipment and other	1,023,911	830,037	928,693	740,504
Computer equipment	<u>151,860</u>	<u>138,843</u>	<u>139,229</u>	<u>112,332</u>
	5,171,295	<u>\$ 3,095,433</u>	5,027,449	<u>\$ 2,820,288</u>
Accumulated amortization		<u>3,095,433</u>		<u>2,820,288</u>
	<u>\$ 2,075,862</u>		<u>\$ 2,207,161</u>	

**ROGER NEILSON HOUSE FOR PALLIATIVE CARE**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2022**

**5. GOVERNMENT REMITTANCES**

Workers' safety insurance premiums, employer health taxes and other payroll withholding taxes of \$1,189 (2021 - \$1,083) are included in account payable and accrued liabilities.

**6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	\$ 2,114,169	\$ 2,014,855
Contributions received	121,332	369,412
Revenue recognized during the year	<u>(253,624)</u>	<u>(270,098)</u>
Balance - end of year	<u>\$ 1,981,877</u>	<u>\$ 2,114,169</u>

**7. GOVERNMENT CONTRIBUTIONS**

During the year ended March 31, 2022, management applied for assistance under Canada Emergency Wage Subsidy (CEWS) set up by the Government of Canada to assist Canadian businesses during the COVID-19 pandemic. Contributions recognized under CEWS in 2022 amount to \$108,150 (\$707,421 in 2021) all of which was received by March 31, 2022.

**8. EMPLOYEE BENEFITS**

Substantially all of the full -time employees of the Organization are members of the Healthcare of Ontario Pension Plan (the "HOOPP"), which is a multi-employer, defined benefit, final average pay contributory pension plan. Contributions to the HOOPP during the year by the Organization on behalf of these employees amounted to \$146,293 (2021 - \$108,096) and are included in salaries and benefits in the statement of operations and changes in net assets. The Organization does not use defined benefit plan accounting as it does not have sufficient information to do so.

The most recent valuation for financial reporting purposes completed by the HOOPP as at December 31, 2021 disclosed total assets available for benefits of \$114.4 billion with pension obligations of \$85.9 billion, resulting in a surplus of \$28.5 billion. At the end of 2021, the HOOPP was 120% funded. This fully funded status means the HOOPP has sufficient assets to pay every promised member's pension benefit, with no shortfall.

During the year, the employer contribution rate to HOOPP was 126% (2021 - 126%) of the employee amount.

**9. ONGOING ECONOMIC UNCERTAINTY DUE TO COVID-19**

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. Governments and local public health authorities have implemented shutdowns and emergency measures to combat the global pandemic.

The long-term impact of the outbreak on the Organization remains uncertain. Management is closely monitoring the economic situation and any potential impacts there may be on the Organization's operations. The ultimate duration and magnitude of COVID-19's impact on the Organization's operations and financial position are not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities and increased borrowings to sustain operations. However, management believes the impact of COVID-19 will be temporary, therefore, while it could have a negative impact on the Organization during the pandemic, the long-term prospects for the Organization have not changed.

**ROGER NEILSON HOUSE FOR PALLIATIVE CARE**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2022**

**10. ECONOMIC DEPENDENCE**

The Roger Neilson House for Palliative Care depends primarily on funding from the Government of Ontario for financial support.

**11. COMPARATIVE FIGURES AND RESTATEMENT DUE TO PRIOR YEAR ERROR**

Comparative figures have been audited by another auditor and reclassified where necessary to adopt to changes in the current year.

During the year, the Organization became aware they had prematurely recorded as revenue amounts held on their behalf by the CHEO Foundation from 2017 to 2021. As such, these financial statements have been retrospectively restated to correct the revenue recognized in prior periods to align with the policy in place for contributions held with and received from the CHEO Foundation. The restated financial statements now comply with the revenue recognition policy in place for funds held by the CHEO Foundation which states that the Organization will recognize contributions from the CHEO Foundation in the year the amounts are received or become receivable by the Organization if the amounts can be reasonably estimated, the CHEO Foundation has approved the call for funds and has deemed the spending to be in line with donor wishes, and collection is reasonably assured.

This restatement has had the following impact on the prior year comparative figures:

- Statement of financial position as at March 31, 2021: Long-term accounts receivable and total assets have decreased by \$765,925. Ending net assets has decreased by \$765,925 as a result of an adjustment to revenue and opening retained earnings described below;
- Statement of operations and changes in net assets for the year ended March 31, 2021: Revenue and net revenue decreased by \$110,524 and net assets, beginning of year, decreased by \$655,401; and
- Statement of cash flows for the year ended March 31, 2021: Net revenue decreased by \$110,524 and cash used in investing activities increased by \$110,524.