

FINANCIAL STATEMENTS
For
ROGER NEILSON HOUSE FOR PALLIATIVE CARE
For year ended
MARCH 31, 2023

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, 2023, 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, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, 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, total revenue (expense), and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 fiscal years. Our opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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

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 13, 2023.

ROGER NEILSON HOUSE FOR PALLIATIVE CARE

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 599,611	\$ 573,463
Accounts receivable	119,210	142,284
Contributions receivable	481,600	466,021
Prepaid expenses	<u>7,968</u>	<u>6,510</u>
	1,208,389	1,188,278
CAPITAL ASSETS (note 4)	<u>1,891,325</u>	<u>2,075,862</u>
	<u>\$ 3,099,714</u>	<u>\$ 3,264,140</u>
LIABILITIES		
Accounts payable and accrued liabilities (note 5)	\$ 364,219	\$ 285,705
Deferred revenue	<u>40,000</u>	<u>40,000</u>
	404,219	325,705
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 6)	<u>1,779,500</u>	<u>1,981,877</u>
	<u>2,183,719</u>	<u>2,307,582</u>
NET ASSETS	<u>915,995</u>	<u>956,558</u>
	<u>\$ 3,099,714</u>	<u>\$ 3,264,140</u>

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, 2023

	<u>2023</u>	<u>2022</u>
Revenue		
Contributions from the Ministry of Health	\$ 2,141,334	\$ 2,092,332
Contributions from the CHEO Foundation	822,255	232,938
Amortization of deferred contributions related to capital assets (note 6)	222,978	253,624
Other contributions	182,360	170,723
Contributions from the Ministry of Children, Community and Social Services	157,500	157,500
Donations	36,468	17,268
Investment and other income	11,287	8,870
Government assistance (note 7)	-	108,150
Contributions from the Ottawa-Gatineau Youth Foundation	-	466,021
	<u>3,574,182</u>	<u>3,507,426</u>
Expenses		
Salaries and benefits (note 8)	2,770,782	2,594,675
Facility expenses	283,345	288,453
Amortization of capital assets	243,125	275,145
Professional fees and other	121,969	125,243
Office and travel	65,358	49,918
Advertising and promotion	65,141	45,758
In-house services	39,597	41,031
Staff recruitment and training	19,318	11,873
Bank charges, interest and service fees	6,110	5,492
	<u>3,614,745</u>	<u>3,437,588</u>
Net revenue (expense) for the year	(40,563)	69,838
Net assets, beginning of year	<u>956,558</u>	<u>886,720</u>
Net assets, end of year	<u>\$ 915,995</u>	<u>\$ 956,558</u>

(See accompanying notes)

ROGER NEILSON HOUSE FOR PALLIATIVE CARE

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Net revenue (expense) for the year	\$ (40,563)	\$ 69,838
Adjustments for:		
Amortization of capital assets	243,125	275,145
Amortization of deferred contributions related to capital assets	<u>(222,978)</u>	<u>(253,624)</u>
	(20,416)	91,359
Changes in non-cash working capital components:		
Accounts receivable	23,074	40,215
Contributions receivable	(15,579)	(466,021)
Prepaid expenses	(1,458)	4,334
Accounts payable and accrued liabilities	<u>78,514</u>	<u>133,930</u>
	<u>64,135</u>	<u>(196,183)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(58,588)</u>	<u>(143,846)</u>
FINANCING ACTIVITIES		
Contributions related to capital assets (note 6)	<u>20,601</u>	<u>121,332</u>
INCREASE (DECREASE) IN CASH	26,148	(218,697)
CASH AT BEGINNING OF YEAR	<u>573,463</u>	<u>792,160</u>
CASH AT END OF YEAR	<u>\$ 599,611</u>	<u>\$ 573,463</u>

(See accompanying notes)

ROGER NEILSON HOUSE FOR PALLIATIVE CARE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

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, 2023

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Capital assets

Purchased capital assets are initially 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

Government assistance is recognized as 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.

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.

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, 2023

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 tangible assets consist of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Building	\$ 3,995,524	\$ 2,286,375	\$ 3,995,524	\$ 2,126,553
Furniture, equipment and other	1,071,766	904,386	1,023,911	830,037
Computer equipment	<u>162,593</u>	<u>147,797</u>	<u>151,860</u>	<u>138,843</u>
	5,229,883	<u>\$ 3,338,558</u>	5,171,295	<u>\$ 3,095,433</u>
Accumulated amortization		<u>3,338,558</u>		<u>3,095,433</u>
	<u>\$ 1,891,325</u>		<u>\$ 2,075,862</u>	

ROGER NEILSON HOUSE FOR PALLIATIVE CARE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

5. GOVERNMENT REMITTANCES

Workers' safety insurance premiums, employer health taxes and other payroll withholding taxes of \$1,313 (2022 - \$1,189) are included in account payable and accrued liabilities.

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Balance - beginning of year	\$ 1,981,877	\$ 2,114,169
Contributions received in the year	20,601	121,332
Revenue recognized during the year	<u>(222,978)</u>	<u>(253,624)</u>
Balance - end of year	<u>\$ 1,779,500</u>	<u>\$ 1,981,877</u>

7. GOVERNMENT ASSISTANCE

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 organizations during the COVID-19 pandemic. Contributions recognized under CEWS in 2023 amount to \$nil (2022 - \$108,150).

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 \$166,539 (2022 - \$142,955) 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, 2022 disclosed total assets available for benefits of \$103.7 billion with pension obligations of \$92.7 billion, resulting in a surplus of \$10.95 billion. At the end of 2022, the HOOPP was 117% 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% (2022 - 126%) of the employee amount.

9. ECONOMIC DEPENDENCE

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

10. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to adopt to changes in the current year.