

Hospice Palliative Care Association of P.E.I. Inc.

Financial Statements
March 31, 2020



Member of The AC Group of Independent Accounting Firms

June 16, 2020

Independent Auditor's Report

To the Directors of Hospice Palliative Care Association of P.E.I. Inc.

Qualified Opinion

We have audited the financial statements of Hospice Palliative Care Association of P.E.I. Inc., which comprise the statement of financial position as at March 31, 2020, 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 Hospice Palliative Care Association of P.E.I. Inc. as at March 31, 2020, 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 of Qualified Opinion

In common with many not-for-profit organizations, Hospice Palliative Care Association of P.E.I. Inc. derives revenue from fundraising events, donations and memorials, 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 Hospice Palliative Care Association of P.E.I. Inc.. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising events, donations and memorials revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at April 1 and March 1 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 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 Hospice Palliative Care Association of P.E.I. Inc. 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 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 Hospice Palliative Care Association of P.E.I. Inc.'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 Hospice Palliative Care Association of P.E.I. Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospice Palliative Care Association of P.E.I. Inc.'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 Hospice Palliative Care Association of P.E.I. Inc.'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 Hospice Palliative Care Association of P.E.I. Inc.'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 Hospice Palliative Care Association of P.E.I. Inc. 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.

Arsenault Best Cameron Ellis

Chartered Professional Accountants

Hospice Palliative Care Association of P.E.I. Inc.

Statement of Financial Position

As at March 31, 2020

			2020	2019
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
Assets				
Current assets				
Cash	82,165	4,572	86,737	72,848
Short-term investments	71,551	169,753	241,304	70,278
HST receivable	1,737	-	1,737	1,680
Prepaid expenses	1,510	-	1,510	1,459
	156,963	174,325	331,288	146,265
Long-term investments				
Investments held by The Community Foundation of Prince Edward Island Inc. (note 3)	-	100,139	100,139	101,608
2.7% GIC investment	-	-	-	169,740
	156,963	274,464	431,427	417,613
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 4)	13,357	-	13,357	10,848
Deferred revenue	-	-	-	4,361
	13,357	-	13,357	15,209
Net Assets				
Internally restricted	-	274,464	274,464	271,348
Unrestricted	143,606	-	143,606	131,056
	143,606	274,464	418,070	402,404
	156,963	274,464	431,427	417,613

Approved by the Board of Directors

_____ Director

_____ Director

Hospice Palliative Care Association of P.E.I. Inc.

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2020

	Budget (Unaudited)	General Fund	Restricted Fund	Total 2020	Total 2019
	\$	\$	\$	\$	\$
Revenue					
Fundraising events	145,200	149,880	-	149,880	153,133
Bequests - Florence Simmons (note 2)	36,500	39,419	-	39,419	36,708
Estates and bequests	50,000	50,000	-	50,000	-
Donations	30,000	25,052	-	25,052	24,684
Memorials	32,000	24,722	-	24,722	29,399
Memberships	4,500	1,560	-	1,560	4,435
Private grants	1,000	3,734	-	3,734	4,000
Government grants	-	13,783	-	13,783	-
Investment income	8,000	1,507	4,438	5,945	7,322
	<u>307,200</u>	<u>309,657</u>	<u>4,438</u>	<u>314,095</u>	<u>259,681</u>
Expenses					
Advertising and promotion	2,500	1,981	-	1,981	2,068
Bank charges and credit card fees	2,700	4,082	-	4,082	2,671
Board, staff, and volunteer	27,050	25,063	-	25,063	25,259
Fundraising supplies and resources	5,750	11,644	-	11,644	6,250
Grief support expenses	4,000	3,208	-	3,208	2,581
Insurance	4,400	2,904	-	2,904	2,880
Management and investment fees (note 3)	-	-	1,322	1,322	1,260
Membership dues	2,500	1,270	-	1,270	2,406
Memorial service	800	877	-	877	818
Office expenses and printing	12,700	16,014	-	16,014	12,842
Professional fees	5,500	5,381	-	5,381	5,237
Telephone and internet	4,000	5,914	-	5,914	4,351
United Way grant expense	-	620	-	620	3,827
Wages and benefits	201,177	218,149	-	218,149	181,802
	<u>273,077</u>	<u>297,107</u>	<u>1,322</u>	<u>298,429</u>	<u>254,252</u>
Excess revenue for the year	<u>34,123</u>	12,550	3,116	15,666	5,429
Net Assets - Beginning of year		131,056	271,348	402,404	396,975
Net assets - End of year		<u>143,606</u>	<u>274,464</u>	<u>418,070</u>	<u>402,404</u>

Hospice Palliative Care Association of P.E.I. Inc.

Statement of Cash Flows

For the year ended March 31, 2020

			2020	2019
	General Fund \$	Restricted Fund \$	Total \$	Total \$
Cash provided by (used in)				
Operating activities				
Excess revenue for the year	12,550	3,116	15,666	5,429
Net change in non-cash working capital items				
Decrease (increase) in HST receivable	(57)	-	(57)	1,968
Decrease (increase) in prepaid expenses	(51)	-	(51)	32
Increase in accounts payable and accrued liabilities	2,509	-	2,509	127
Increase (decrease) in deferred revenue	(4,361)	-	(4,361)	4,361
	10,590	3,116	13,706	11,917
Investing activities				
Decrease (increase) in long-term investments	-	171,209	171,209	(155,218)
Change in net cash	10,590	174,325	184,915	(143,301)
Net cash - Beginning of year	143,126	-	143,126	286,427
Net cash - End of year	153,716	174,325	328,041	143,126
Net cash consists of				
Cash	82,165	4,572	86,737	72,848
Short-term investments	71,551	169,753	241,304	70,278
	153,716	174,325	328,041	143,126

Hospice Palliative Care Association of P.E.I. Inc.

Notes to Financial Statements

March 31, 2020

1 Purpose of the organization

Hospice Palliative Care Association of P.E.I. Inc. is a volunteer-driven organization assisting people in Prince Edward Island by preparing, supporting and caring for those affected by a life-limiting illness before and after death. The organization operates under the registered trade name Hospice PEI.

The Association was incorporated under the laws of the Province of Prince Edward Island in 1985. The Association is a Registered Charity and is not taxable under the provisions of the *Income Tax Act*.

2 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements include the following significant accounting policies:

Cash

Cash consists of bank account balances and petty cash.

Fund accounting

Hospice Palliative Care Association of P.E.I. Inc. follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Association's program delivery, fundraising and administrative activities.

The Restricted Fund reports resources that have been internally appropriated by the Board. The purpose of this fund is to accumulate funds to ensure the future viability of the organization. The Board may set aside additional amounts in this fund as finances allow. This internally restricted amount is not available for use without the approval of the Board of Directors.

Realized investment income is used for general operations of Hospice Palliative Care Association of P.E.I. Inc. During the year, \$39,419 (2019 - \$36,708) in memorials and bequests revenue carried an external restriction in that the funds cannot be used for wages or capital construction.

Capital assets

Capital assets are recorded as expenditures in the year of acquisition.

Hospice Palliative Care Association of P.E.I. Inc.

Notes to Financial Statements

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Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received.

Unrestricted investment income earned on Restricted Fund assets is recognized as revenue of the General Fund. Market value changes are recorded in the Restricted Fund.

Contributed services

Volunteers contribute many hours each year to assist Hospice Palliative Care Association of P.E.I. Inc. in carrying out its services. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Actual results could differ from those estimates.

Financial instruments

(a) Measurement of financial instruments

The organization's financial instruments consist of cash, short-term investments, long-term investments and accounts payable and accrued liabilities.

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost except for publicly traded securities which are measured at quoted market value.

(b) Impairment

For financial assets measured at cost or amortized cost, the association determines whether there are indications of possible impairment. When there is an indication of impairment, and the association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess revenue for the year. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 excess revenue for the year.

Hospice Palliative Care Association of P.E.I. Inc.

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(c) Risks

Transacting in financial instruments exposes the association certain financial risks and uncertainties. These risks include:

- i) Liquidity risk: The associations's exposure to liquidity risk is dependent on raising funds to meet commitments and sustain operations. The association controls liquidity risk by management of working capital and cash flows.
- ii) Market risk: The association's investment in publicly traded securities exposes the association to market risk since these equity investments are subject to price fluctuations in the open market.

3 Long-term investments

In 2002, the Association entered into an agreement to invest funds in a separate Agency Fund of The Community Foundation of Prince Edward Island Inc., an unrelated registered charity. The Community Foundation of Prince Edward Island Inc. administers and invests the Agency Fund on behalf of the Association, for which it receives a management fee. Income generated by the Fund is distributed to the Association or reinvested in the Fund, as determined by the Association.

At March 31, 2020, the market value of the investment was \$100,139 (2019 - \$101,608). Management and investment fees of \$1,322 (2019 - \$1,260) were paid to The Community Foundation of Prince Edward Island Inc.

4 Accounts payable and accrued liabilities

	2020	2019
	\$	\$
Accounts payable and accrued liabilities	10,073	7,343
Wage source deductions payable	3,284	3,505
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	13,357	10,848
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5 Fund transfer

The Board has approved the transfer of nil (2019 - \$21,311) from the Restricted Fund to the General Fund.