

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

Financial Statements  
**March 31, 2022**



Member of The AC Group of Independent Accounting Firms

June 15, 2022

## **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, 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 Hospice Palliative Care Association of P.E.I. Inc. 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 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, 2022 and March 31, 2021, current assets as at March 31, 2022 and March 31, 2021, and net assets as at April 1 and March 1 for both the 2022 and 2021 years. Our audit 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 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, 2022

			2022	2021
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
<b>Assets</b>				
<b>Current assets</b>				
Cash	134,629	163,493	298,122	363,252
HST receivable	3,029	-	3,029	1,056
Prepaid expenses	4,977	-	4,977	1,849
Amounts due between funds	(10,830)	10,830	-	-
	131,805	174,323	306,128	366,157
<b>Long-term investments</b>				
Investments held by The Community Foundation of Prince Edward Island Inc. (note 3)	-	122,400	122,400	121,141
	131,805	296,723	428,528	487,298
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	3,710	-	3,710	11,058
<b>Long-term debt</b> (note 4)	30,000	-	30,000	30,000
	33,710	-	33,710	41,058
<b>Net Assets</b>				
<b>Internally restricted</b>	-	296,723	296,723	295,464
<b>Unrestricted</b>	98,095	-	98,095	150,776
	98,095	296,723	394,818	446,240
	131,805	296,723	428,528	487,298

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, 2022

	Budget (Unaudited)	General Fund	Restricted Fund	Total 2022	Total 2021
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Fundraising events	195,000	127,150	-	127,150	53,116
Bequests - Florence Simmons (note 2)	39,000	45,213	-	45,213	40,940
Donations	35,000	97,742	-	97,742	73,067
Memorials	25,000	28,329	-	28,329	25,675
Memberships	1,500	1,240	-	1,240	1,820
United Way project	-	-	-	-	87,500
Private grants	3,000	7,500	-	7,500	1,000
Government assistance	15,000	25,069	-	25,069	34,961
Investment income	5,000	640	3,395	4,035	25,071
	318,500	332,883	3,395	336,278	343,150
<b>Expenses</b>					
Advertising and promotion	2,500	2,533	-	2,533	1,514
Bank charges and credit card fees	5,000	7,883	-	7,883	3,000
Board, staff, and volunteer	25,000	19,069	-	19,069	9,022
Fundraising supplies and resources	10,000	16,475	-	16,475	7,862
Gardens of Life	-	1,397	-	1,397	-
Grief support	4,000	6,306	-	6,306	3,854
Insurance	3,000	3,563	-	3,563	2,641
Management and investment fees (note 3)	-	-	2,136	2,136	1,381
Membership dues	1,000	431	-	431	726
Memorial service	1,000	-	-	-	100
Office and printing	18,000	25,775	-	25,775	16,016
Professional fees	5,500	5,866	-	5,866	5,788
Rent	-	9,810	-	9,810	-
Telephone and internet	6,500	7,101	-	7,101	8,069
Utilities	-	986	-	986	-
Wages and benefits	220,000	275,069	-	275,069	255,005
Grant reimbursement	-	3,300	-	3,300	-
	301,500	385,564	2,136	387,700	314,978
<b>Excess revenue (expenses) for the year</b>	<b>17,000</b>	<b>(52,681)</b>	<b>1,259</b>	<b>(51,422)</b>	<b>28,172</b>
<b>Net assets - Beginning of year</b>		<b>150,776</b>	<b>295,464</b>	<b>446,240</b>	<b>418,068</b>
<b>Net assets - End of year</b>		<b>98,095</b>	<b>296,723</b>	<b>394,818</b>	<b>446,240</b>

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

## Statement of Cash Flows

For the year ended March 31, 2022

			2022	2021
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Excess revenue (expenses) for the year	(52,681)	1,259	(51,422)	28,172
Net change in non-cash working capital items				
Decrease (increase) in HST receivable	(1,973)	-	(1,973)	681
Increase in prepaid expenses	(3,128)	-	(3,128)	(339)
Decrease in accounts payable and accrued liabilities	(7,347)	-	(7,347)	(2,301)
Amounts due between funds	13,160	(13,160)	-	-
	(51,969)	(11,901)	(63,870)	26,213
<b>Financing activity</b>				
Increase in long-term debt	-	-	-	30,000
<b>Investing activity</b>				
Increase in long-term investments	-	(1,260)	(1,260)	(21,002)
<b>Change in net cash</b>	(51,969)	(13,161)	(65,130)	35,211
<b>Net cash - Beginning of year</b>	186,598	176,654	363,252	328,041
<b>Net cash - End of year</b>	134,629	163,493	298,122	363,252

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

Notes to Financial Statements

March 31, 2022

---

## 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, \$45,213 (2021 - \$40,940) 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. During the year, equipment purchases of \$7,069 (2021 - \$2,138) are included in office and printing expenses.

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

Notes to Financial Statements

March 31, 2022

---

## 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.

## Government assistance

Government assistance related to operating expenses is recorded as revenue as the related expenses are incurred.

## 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. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

## Financial instruments

### (a) Measurement of financial instruments

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

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.



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

Notes to Financial Statements

March 31, 2022

---

(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 (expenses) 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 (expenses) for the year.

(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, 2022, the market value of the investment was \$122,400 (2021 - \$121,141). Management and investment fees of \$2,136 (2021 - \$1,381) were paid to The Community Foundation of Prince Edward Island Inc.

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

Notes to Financial Statements

March 31, 2022

---

## 4 Long-term debt

	2022	2021
	\$	\$
0% term loan, due December 2023, after such time the loan will automatically be converted to a 5% term loan, due December 31, 2025, with interest payments due monthly, unsecured	40,000	40,000
Less: Government assistance portion	10,000	10,000
	<u>30,000</u>	<u>30,000</u>

The aggregate amount of principal payments estimated to be required in the next two years to meet retirement provisions is as follows:

	\$
Year ending March 31, 2023	-
2024	30,000

## 5 Commitments

The minimum annual lease payments over the next five years under an operating lease expiring December 31, 2026 are \$36,000 plus HST.