

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

Financial Statements
March 31, 2023



Member of The AC Group of Independent Accounting Firms

June 14, 2023

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, 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 Hospice Palliative Care Association of P.E.I. Inc. 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 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, 2023 and March 31, 2022, current assets as at March 31, 2023 and March 31, 2022, and net assets as at April 1 and March 1 for both the 2023 and 2022 years. Our audit 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 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, 2023

			2023	2022
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
Assets				
Current assets				
Cash	150,196	95,030	245,226	298,122
Short-term investment	-	30,000	30,000	-
Accounts receivable (note 3)	32,830	-	32,830	3,029
Prepaid expenses	5,082	-	5,082	4,977
Amounts due between funds	(9,858)	9,858	-	-
	178,250	134,888	313,138	306,128
Long-term investments				
Investments held by The Community Foundation of Prince Edward Island Inc. (note 4)	-	119,230	119,230	122,400
	178,250	254,118	432,368	428,528
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	7,295	-	7,295	3,710
Current portion of long-term debt	30,000	-	30,000	-
Long-term debt (note 5)	-	-	-	30,000
	37,295	-	37,295	33,710
Net Assets				
Internally restricted	-	254,118	254,118	296,723
Unrestricted	140,955	-	140,955	98,095
	140,955	254,118	395,073	394,818
	178,250	254,118	432,368	428,528

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, 2023

	Budget (Unaudited)	General Fund	Restricted Fund	Total 2023	Total 2022
	\$	\$	\$	\$	\$
Revenue					
Fundraising events	180,000	176,444	-	176,444	120,650
Bequests - Florence Simmons (note 2)	45,000	38,802	-	38,802	45,153
Estates and bequests	-	35,066	-	35,066	6,500
Donations	85,000	97,347	-	97,347	97,742
Memorials	26,000	24,014	-	24,014	28,329
Memberships	1,500	1,380	-	1,380	1,240
Private grants	25,000	25,000	-	25,000	7,500
United Way - Hurricane Relief	-	36,000	-	36,000	-
Government assistance	10,000	9,700	-	9,700	25,069
Investment income (loss)	5,000	2,948	(971)	1,977	4,035
Volunteer training fee	-	820	-	820	60
	<u>377,500</u>	<u>447,521</u>	<u>(971)</u>	<u>446,550</u>	<u>336,278</u>
Expenses					
Advertising and promotion	1,500	1,400	-	1,400	2,533
Bank charges and credit card fees	7,500	7,882	-	7,882	7,883
Board, staff, and volunteer	23,000	26,375	-	26,375	19,069
Gardens of Life	1,500	561	-	561	1,397
Grief support	5,000	334	-	334	6,306
Insurance	3,500	3,338	-	3,338	3,563
Management and investment fees (note 4)	-	-	2,198	2,198	2,136
Membership dues	500	1,588	-	1,588	431
Memorial service	300	318	-	318	-
Mental Health Alliance	-	6,167	-	6,167	-
Office and printing (note 2)	20,000	18,134	-	18,134	25,775
Professional fees	5,900	6,784	-	6,784	5,866
Rent (note 7)	41,400	39,436	-	39,436	9,810
Supplies and resources	16,000	20,078	-	20,078	16,368
Telephone and internet	7,000	7,481	-	7,481	7,101
United Way - Hurricane Relief	-	31,811	-	31,811	108
Utilities	4,000	2,718	-	2,718	986
Wages and benefits	280,000	269,692	-	269,692	275,069
Grant reimbursement	-	-	-	-	3,300
	<u>417,100</u>	<u>444,097</u>	<u>2,198</u>	<u>446,295</u>	<u>387,701</u>
Excess revenue (expenses) for the year	<u>(39,600)</u>	<u>3,424</u>	<u>(3,169)</u>	<u>255</u>	<u>(51,423)</u>
Net assets - Beginning of year		98,095	296,723	394,817	446,240
Transfer from restricted fund (note 7)		39,436	(39,436)	-	-
Net assets - End of year		<u>140,955</u>	<u>254,118</u>	<u>395,072</u>	<u>394,817</u>

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

Statement of Cash Flows

For the year ended March 31, 2023

			2023	2022
	General Fund \$	Restricted Fund \$	Total \$	Total \$
Cash provided by (used in)				
Operating activities				
Excess revenue (expenses) for the year	3,424	(3,169)	255	(51,423)
Net change in non-cash working capital items				
Increase in accounts receivable	(29,801)	-	(29,801)	(1,973)
Increase in prepaid expenses	(105)	-	(105)	(3,128)
Increase (decrease) in accounts payable and accrued liabilities	3,585	-	3,585	(7,347)
Change in amounts due between funds	(972)	972	-	-
	(23,869)	(2,197)	(26,066)	(63,871)
Financing activity				
Interfund transfer	39,436	(39,436)	-	-
Investing activities				
Purchase of short-term investment	-	(30,000)	(30,000)	-
Decrease (increase) in long-term investments	-	3,170	3,170	(1,260)
	-	(26,830)	(26,830)	(1,260)
Change in cash	15,567	(68,463)	(52,896)	(65,131)
Cash - Beginning of year	134,629	163,493	298,122	363,253
Cash - End of year	150,196	95,030	245,226	298,122

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

Notes to Financial Statements

March 31, 2023

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, \$38,802 (2022 - \$45,213) 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 \$1,487 (2022 - \$7,069) are included in office and printing expenses.

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.

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. Significant items subject to such estimates and assumptions include the valuation of accounts receivable. 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, short-term investment, accounts receivable, 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.

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(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 association'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) Credit risk: The association's exposed to credit risk in connection with the collection of its accounts receivable. The association mitigates this risk by performing continuous evaluation of its accounts receivable.
- iii) 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 Accounts receivable

	2023	2022
	\$	\$
Trade	18,700	-
Payroll withholding taxes receivable	10,537	-
HST receivable	3,593	3,029
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	32,830	3,029
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Hospice Palliative Care Association of P.E.I. Inc.

Notes to Financial Statements

March 31, 2023

4 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, 2023, the market value of the investment was \$119,230 (2022 - \$122,400). Management and investment fees of \$2,198 (2022 - \$2,136) were paid to The Community Foundation of Prince Edward Island Inc.

5 Long-term debt

	2023	2022
	\$	\$
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)
Less: Current portion	(30,000)	-
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	-	30,000
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6 Commitments

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

7 Transfer

During the year, the Board of Directors approved the transfer of rent expense from the Restricted Fund to the General Fund for a three year period beginning in fiscal 2023. The rent expense transferred was \$39,436 (2022 - nil).