

**The Dr. Bob Kemp Hospice Foundation Inc.**

**Financial Statements**

**March 31, 2022**



June 9, 2022

## Independent Auditor's Report

To the Board of Directors of The Dr. Bob Kemp Hospice Foundation Inc.

### **Qualified Opinion**

We have audited the financial statements of The Dr. Bob Kemp Hospice Foundation Inc. (the "Foundation"), 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 and other explanatory information.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2022, and its results of 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 Foundation derives revenue from donations and fundraising activities, 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations and fundraising revenues, excess of revenues over expenses, 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 of April 1 and March 31 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 scope limitation.

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 Foundation 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 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.



## Independent Auditor's Report, continued

### ***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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Foundation 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.

*Pottinelli Mastrolucchi LLP*

# The Dr. Bob Kemp Hospice Foundation Inc.

## Statement of Financial Position

**March 31, 2022, with comparative information for 2021**

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	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets		
Cash	\$ 1,961,575	\$ 1,571,218
Accounts receivable (Note 2)	82,551	116,718
Prepaid expenses	85,301	94,199
Investments - Internal contingency reserve (Note 3)	<u>1,423,616</u>	<u>1,155,444</u>
	3,553,043	2,937,579
Property and equipment (Note 4)	<u>3,853,707</u>	<u>3,984,474</u>
	<u>\$ 7,406,750</u>	<u>\$ 6,922,053</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 279,316	\$ 206,551
Deferred revenue (Note 6)	<u>180,864</u>	<u>303,510</u>
	460,180	510,061
Deferred revenue - Camp Keaton and children bereavement (Note 7)	140,815	117,845
Deferred contributions - Pediatric hospice (Note 8)	6,908	-
Deferred capital contributions (Note 9)	<u>880,831</u>	<u>970,095</u>
	<u>1,488,734</u>	<u>1,598,001</u>
<b>Net Assets</b>		
Unrestricted	1,028,432	902,229
Internally restricted - contingency reserve (Note 10)	1,423,616	1,155,444
Internally restricted - COVID-19 impact reserve (Note 10)	500,000	252,000
Invested in property and equipment (Note 11)	<u>2,965,968</u>	<u>3,014,379</u>
	5,918,016	5,324,052
	<u>\$ 7,406,750</u>	<u>\$ 6,922,053</u>

Commitments (Note 12)

See accompanying notes to the financial statements.

**APPROVED BY THE BOARD:**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# The Dr. Bob Kemp Hospice Foundation Inc.

## Statement of Operations and Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenues		
Grants	\$ 2,433,594	\$ 1,829,746
Donations	1,211,097	777,070
Special events	288,791	274,400
	<u>3,933,482</u>	<u>2,881,216</u>
Expenses		
Wages and benefits	2,655,437	2,444,604
Consulting and professional fees	321,757	35,342
Programs and services	155,542	122,039
Advertising and promotion	131,738	74,737
Repairs and maintenance	86,705	93,581
Special events	55,637	57,401
Utilities	51,440	49,148
Office and general	46,935	43,754
Interest and bank charges	24,344	22,452
Insurance	22,171	18,029
Professional development	8,664	7,630
Travel	5,707	6,394
	<u>3,566,077</u>	<u>2,975,111</u>
Excess (deficiency) of revenues over expenses before the undernoted items	<u>367,405</u>	<u>(93,895)</u>
Other income (expenses)		
Government assistance (Note 13)	228,295	723,998
Amortization of deferred capital contributions	93,093	94,482
Interest and dividends	48,029	32,363
Unrealized gain on investments	18,408	105,957
Realized gain on investments	2,902	18,441
Donation to the Hamilton Community Foundation	(10,000)	(50,000)
Amortization of property and equipment	(154,168)	(160,290)
	<u>226,559</u>	<u>764,951</u>
Excess of revenues over expenses for the year	593,964	671,056
Net assets, beginning of year	<u>5,324,052</u>	<u>4,652,996</u>
Net assets, end of year	<u>\$ 5,918,016</u>	<u>\$ 5,324,052</u>

See accompanying notes to the financial statements.

# The Dr. Bob Kemp Hospice Foundation Inc.

## Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash flows from (used in) operating activities		
Excess of revenues over expenses for the year	\$ 593,964	\$ 671,056
Items not involving cash		
Amortization of property and equipment	154,168	160,290
Unrealized gain on investments	(18,408)	(105,957)
Amortization of deferred capital contributions	(93,093)	(94,482)
	<u>636,631</u>	<u>630,907</u>
Net change in non-cash working capital balances relating to operations		
Decrease (increase) in accounts receivable	34,167	(78,135)
Decrease (increase) in prepaid expenses	8,898	(39,656)
Increase in accounts payable and accrued liabilities	72,765	65,603
(Decrease) increase in deferred revenue	(99,676)	66,760
	<u>16,154</u>	<u>14,572</u>
	<u>652,785</u>	<u>645,479</u>
Cash flows from (used in) investing activities		
Purchase of property and equipment	(23,401)	(29,027)
Purchases of investments, net	(208,190)	(48,618)
	<u>(231,591)</u>	<u>(77,645)</u>
Cash flows from (used in) financing activity		
Contributions received for property and equipment	<u>10,737</u>	<u>11,680</u>
Net increase in cash during the year	431,931	579,514
Cash, beginning of the year	<u>1,590,668</u>	<u>1,011,154</u>
Cash, end of the year	<u>\$ 2,022,599</u>	<u>\$ 1,590,668</u>
Cash consists of:		
Cash	\$ 1,961,575	\$ 1,571,218
Investments - Internal contingency reserve (Note 3)	<u>61,024</u>	<u>19,450</u>
	<u>\$ 2,022,599</u>	<u>\$ 1,590,668</u>

See accompanying notes to the financial statements.

# The Dr. Bob Kemp Hospice Foundation Inc.

## Notes to Financial Statements

March 31, 2022

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### Nature of operations

The Dr. Bob Kemp Hospice Foundation Inc. (The "Foundation") is a not-for-profit organization operating as a registered charity within the meaning assigned in Section 149 of the Income Tax Act, and as a result, is exempt from income tax. The Foundation's purpose is to provide palliative care in a free standing hospice located in the Hamilton region.

### 1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations as found in Part III of the CPA Handbook. The Foundation's significant accounting policies are as follows:

#### Cash

Cash includes cash on hand and held with financial institutions, net of outstanding cheques and deposits. Cash also includes cash equivalent investments with original maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk of change in their fair value.

#### Investments

Investments are recorded at fair market value.

#### Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Property and equipment are amortized over the estimated useful lives of the related assets. Amortization is provided using the declining balance method at the following annual rates:

Buildings	4%
Furniture and fixtures	20%
Computer equipment	30%

Property and equipment are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

Property and equipment under development are not subject to amortization. Upon substantial completion of property and equipment under development, the assets will be amortized at a method and rate designed to amortize the cost of the assets over their estimated useful life.

Expenditures for repairs and maintenance are charged to the excess of revenues over expenses in the period incurred.

The Foundation accounts for expenditures related to research and development on internally developed intangible assets in the excess of revenues over expenses in the period incurred.

# The Dr. Bob Kemp Hospice Foundation Inc.

## Notes to Financial Statements

March 31, 2022

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### 1. Significant accounting policies, continued

#### Revenue recognition

The Foundation follows the deferral method of accounting for contributions which includes donations, grants and special events.

Contributions from donations and special events that are unrestricted are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Grants approved but not received at the end of an accounting period are accrued.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue at a rate consistent with the amortization rate of the related property and equipment. Restricted contributions for the purchase of land or donations of land and other non-depreciable capital property are reported as direct increases to the Foundation's net assets.

Net investment income is recognized as earned.

#### Contributed goods and services

The Foundation records the fair value of donated materials and services, determined based on arm's length market values, which they would normally have incurred as operating expenses with the exception of volunteer time.

#### Government assistance

Government assistance received or receivable for non-capital expenditures of the current period have been accounted for in the determination of excess of revenues over expenses. Government assistance provided for expenses of future periods is initially deferred and subsequently recognized in the excess of revenues over expenses as eligible expenditures are incurred.

#### Use of estimates

The preparation of 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 and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.



# The Dr. Bob Kemp Hospice Foundation Inc.

## Notes to Financial Statements

March 31, 2022

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### 1. Significant accounting policies, continued

#### Financial Instruments

(i) Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Changes in fair value are recognized in the excess of revenues over expenses in the period incurred. The Foundation has not elected to carry any such financial instrument at fair value.

(ii) Impairment

For financial assets measured at cost or amortized cost, the Foundation determines whether there are indications of possible impairment. When there is an indication of impairment, and the Foundation 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 the excess of revenues over expenses. 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 the excess of revenues over expenses.

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the excess of revenues over expenses in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the excess of revenues over expense over the life of the instrument using the straight-line method.

### 2. Accounts receivable

	2022	2021
HST rebate receivable	\$ 54,408	\$ 29,505
Other receivables	17,674	1,450
Grants	9,403	10,480
Government support subsidies receivable	1,066	75,283
	<u>\$ 82,551</u>	<u>\$ 116,718</u>

# The Dr. Bob Kemp Hospice Foundation Inc.

## Notes to Financial Statements

March 31, 2022

### 3. Investments - Internal contingency reserve

	2022		2021	
	Book Value	Market Value	Book Value	Market Value
Cash and cash equivalents	\$ 61,024	\$ 61,024	\$ 19,450	\$ 19,450
Fixed income	449,826	448,478	144,535	145,666
Mutual funds	356,859	346,473	534,387	536,783
Equities	489,025	567,641	410,277	453,545
	<u>\$ 1,356,734</u>	<u>\$ 1,423,616</u>	<u>\$ 1,108,649</u>	<u>\$ 1,155,444</u>

### 4. Property and equipment

	Cost	Accumulated Amortization	2022	2021
			Net Book Value	Net Book Value
Land	\$ 775,000	\$ -	\$ 775,000	\$ 775,000
Buildings	5,153,955	2,205,150	2,948,805	3,071,672
Furniture and fixtures	895,663	787,689	107,974	121,822
Computer equipment	99,608	82,902	16,706	15,980
Pediatric hospice under development	5,222	-	5,222	-
	<u>\$ 6,929,448</u>	<u>\$ 3,075,741</u>	<u>\$ 3,853,707</u>	<u>\$ 3,984,474</u>

Included in computer equipment is \$1,873 related to the pediatric hospice. Accumulated amortization amounted to \$187 related to these computers.

During the year, the Foundation began development of a free standing pediatric hospice in partnership with the Hamilton Health Sciences Foundation. Expenditures capitalized during the year relate to architectural design fees. Amortization will not be taken on the pediatric hospice until it is substantially complete.

### 5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$25,969 (2021 - \$57,408), which includes amounts payable for payroll related taxes.

# The Dr. Bob Kemp Hospice Foundation Inc.

## Notes to Financial Statements

March 31, 2022

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### 6. Deferred revenue

Deferred revenue relates to expenses of future periods and is comprised of unspent externally restricted grants and donations for specific programs. The change in the deferred revenue balance is as follows:

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 303,510	\$ 246,540
Add: Grants and donations raised	415,185	344,396
Less: Funds used for operations	(498,108)	(283,132)
Less: Amounts transferred to deferred revenue - Pediatric hospice (Note 8)	(36,081)	-
Less: Amounts transferred to deferred capital contributions (Note 9)	<u>(3,642)</u>	<u>(4,294)</u>
Balance, end of year	<u>\$ 180,864</u>	<u>\$ 303,510</u>

### 7. Deferred revenue - Camp Keaton and children bereavement

Deferred revenue relates to expenses of future periods for Camp Keaton and children bereavement and is comprised of unspent externally restricted donations. The change in the deferred revenue balance related to Camp Keaton and children bereavement is as follows:

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 117,845	\$ 108,055
Add: Donations raised	<u>22,970</u>	<u>9,790</u>
Balance, end of year	<u>\$ 140,815</u>	<u>\$ 117,845</u>

# The Dr. Bob Kemp Hospice Foundation Inc.

## Notes to Financial Statements

March 31, 2022

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### 8. Deferred contributions - Pediatric hospice

Deferred contributions - Pediatric hospice includes deferred revenue and deferred capital contributions of the pediatric hospice.

Deferred revenue - Pediatric hospice relates to expenses of future periods and is comprised of unspent externally restricted donations. The change in the balance of deferred revenue - Pediatric hospice is as follows:

	2022	2021
Balance, beginning of year	\$ -	\$ -
Add: Donations raised	280,680	-
Add: Amounts transferred from deferred revenue (Note 6)	36,081	-
Less: Funds used for operations	(309,666)	-
Less: Amounts transferred to deferred capital contributions - Pediatric hospice	(7,095)	-
	<u>                    </u>	<u>                    </u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Deferred capital contributions - Pediatric hospice represent the unamortized amount of donations received for capital expenditures. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The change in the balance of deferred capital contributions - Pediatric hospice is as follows:

	2022	2021
Balance, beginning of year	\$ -	\$ -
Add: Amounts transferred from deferred revenue - Pediatric hospice	7,095	-
Less: Amortization of deferred capital contributions	(187)	-
	<u>                    </u>	<u>                    </u>
Balance, end of year	<u>\$ 6,908</u>	<u>\$ -</u>

# The Dr. Bob Kemp Hospice Foundation Inc.

## Notes to Financial Statements

March 31, 2022

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### 9. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of grants and donations received for capital expenditures. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The change in the balance of deferred capital contributions is as follows:

	2022	2021
Balance, beginning of year	\$ 970,095	\$ 1,052,897
Add: Capital contributions received in the year	-	7,386
Add: Amounts transferred from deferred revenue (Note 6)	3,642	4,294
Less: Amortization of deferred capital contributions	<u>(92,906)</u>	<u>(94,482)</u>
Balance, end of year	<u>\$ 880,831</u>	<u>\$ 970,095</u>

During the 2007 fiscal year the Foundation received a \$1.5 million interest free loan from the City of Hamilton. The proceeds of this loan were used on the construction of the Foundation's facility. In March 2011 the City of Hamilton forgave the loan. The capital contribution will be amortized over a 20 year period which is the term outlined by the City of Hamilton. The amortization of this contribution in the year amounted to \$75,000 (2021 - \$75,000).

In accordance with the forgiven loan agreement with the City of Hamilton, if the operation of the Foundation ceases due to bankruptcy, wind up or dissolution, a writ of execution becomes binding against the building, the building is disposed of without the City of Hamilton's approval or the building is used for other than hospice services, the entire amount of the initial grant will become repayable.

The capital contribution is secured by a lien on the land and building.

### 10. Internally restricted net assets

In 2015 the Foundation established an internally restricted contingency reserve to be used towards specific capital initiatives and other provisions as established in the policies of the Board of Directors. During the year the Foundation transferred \$200,000 (2021 - \$Nil) to the contingency reserve. The reserve is not available for other purposes without the approval of the Board of Directors.

In 2021, the Foundation established an internally restricted COVID-19 impact reserve to be used towards expenses approved by the Board of Directors, including those specifically related to COVID-19, wages and repairs and maintenance. During the year, the Board of Directors approved a net transfer of \$248,000 (2021 - \$252,000) to this reserve. The reserve is not available for other purposes without the approval of the Board of Directors.

# The Dr. Bob Kemp Hospice Foundation Inc.

## Notes to Financial Statements

March 31, 2022

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### 11. Invested in property and equipment

Net assets invested in property and equipment is calculated as follows:

	<b>2022</b>	<b>2021</b>
Property and equipment (Note 4)	\$ 3,853,707	\$ 3,984,474
Amounts financed by deferred capital contributions (Notes 8 and 9)	<u>(887,739)</u>	<u>(970,095)</u>
	<u>\$ 2,965,968</u>	<u>\$ 3,014,379</u>

### 12. Commitments

The Foundation leases various equipment pursuant to operating lease agreements. Annual lease commitments for the related equipment are as follows:

2023	\$ 3,152
2024	2,495
2025	<u>262</u>
	<u>\$ 5,909</u>

# The Dr. Bob Kemp Hospice Foundation Inc.

## Notes to Financial Statements

March 31, 2022

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### 13. Government assistance

As part of the Government of Canada's Economic Response Plan to the COVID-19 pandemic, it was declared that companies and organizations would be eligible for the Canada Emergency Wage Subsidy ("CEWS"). This program provides a wage subsidy to eligible employers. Management determined that the Foundation was eligible for the CEWS based upon the established criteria and applied to receive the subsidy. The CEWS claim periods were predefined by the Government of Canada and management determined that the Foundation was eligible for the subsidy in the amount of \$227,229 (2021 - \$698,998) as it related to the current fiscal year. On October 21, 2021 the Government of Canada announced the program was ending with the last claim period covering September 26 to October 23, 2021.

In addition to the CEWS, the Government of Canada offered the Canada Recovery Hiring Program ("CRHP") subsidy. This program provides a hiring and wage subsidy to eligible employers. Management determined that the Foundation was eligible for the CRHP based upon the established criteria and applied to receive the subsidy. The CRHP claim periods were predefined by the Government of Canada and management determined that the Foundation was eligible for the subsidy in the amount of \$1,066 as it related to the current fiscal year.

The CEWS and CRHP are subject to review by the Government of Canada and its related authorities. Any resulting adjustments or required repayments that may result from such a review will be reflected in the year of settlement.

The Foundation has in-place funding agreements with government bodies related to annual funding requirements. As part of these agreements, the Foundation is required to make scheduled submissions to the funder to ensure compliance. It is uncertain as to how the receipt of the CEWS and CRHP will impact these funding agreements or future funding agreements.

### 14. Donations in-kind

These financial statements include donations in-kind of \$6,922 (2021 - \$8,060) recorded as expenses in programs and services, consulting and professional fees and advertising and promotion at their fair value. The offsetting contributions have been recorded in donations and special events revenue.

### 15. Credit facility

The Foundation has a non-revolving loan facility available with the Hamilton Community Foundation to a maximum of \$450,000, bearing interest at 2.95% per annum. The term of the loan is 36 months from the date of the first advance and the Foundation has until December 31, 2022 to draw the final advance. Interest only payments will be due on the first of each and every month commencing the first day of the month following the date of the first advance until maturity. The loan is secured by a general security agreement covering all assets of the Foundation and assignment of insurance with losses payable to the lender. As at March 31, 2022 no amounts had been drawn against the facility.

# The Dr. Bob Kemp Hospice Foundation Inc.

## Notes to Financial Statements

March 31, 2022

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### 16. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held. The Foundation is exposed to price risk through its investments quoted in active markets. There has been no change to the risk exposures from 2021.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk primarily through its investment portfolio. There has been no change to the risk exposure from 2021.

(c) Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2021.

### 17. Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19"), a pandemic resulting in economic uncertainties potentially affecting the Foundation's cash flows, financial position and results of operations. At this time, it is unknown the extent of the impact that the COVID-19 outbreak may have on the Foundation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus and duration of the outbreak, forced closures or disruptions and quarantine/isolation measures that are currently, or may be put in place by government authorities to fight the virus. The Foundation continues to assess the impact COVID-19 will have on its business activities in the future, however, the extent of the effect of the COVID-19 pandemic remains uncertain.