

The Dr. Bob Kemp Hospice Foundation Inc.

Financial Statements

March 31, 2023



June 6, 2023

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, 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 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 Foundation as at March 31, 2023, 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, (deficiency) excess of revenues over expenses, 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 of April 1 and March 31 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 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.

PETTINELLI MASTROLUISI LLP

CHARTERED PROFESSIONAL ACCOUNTANTS



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.

Pettinelli Martuskucci LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Hamilton, Ontario

The Dr. Bob Kemp Hospice Foundation Inc.

Statement of Financial Position

	March 31	
	2023	2022
Assets		
Current assets		
Cash	\$ 1,439,765	\$ 1,961,575
Accounts receivable (Note 2)	326,109	82,551
Prepaid expenses	87,222	85,301
Investments - Unrestricted (Note 3)	1,366,373	-
Investments - Internal contingency reserve (Note 4)	1,455,866	1,423,616
	<u>4,675,335</u>	<u>3,553,043</u>
Property and equipment (Note 5)	<u>3,728,604</u>	<u>3,853,707</u>
	<u>\$ 8,403,939</u>	<u>\$ 7,406,750</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 209,877	\$ 279,316
Deferred revenue (Note 7)	141,921	180,864
	<u>351,798</u>	<u>460,180</u>
Loan payable (Note 8)	450,000	-
Deferred revenue - Camp Keaton and children bereavement (Note 9)	149,015	140,815
Deferred contributions - Pediatric hospice (Note 10)	965,561	6,908
Deferred capital contributions (Note 11)	810,496	880,831
	<u>2,726,870</u>	<u>1,488,734</u>
Net Assets		
Unrestricted	809,431	1,028,432
Internally restricted - contingency reserve (Note 12)	1,455,866	1,423,616
Internally restricted - COVID-19 impact reserve (Note 12)	500,000	500,000
Invested in property and equipment (Note 13)	2,911,772	2,965,968
	<u>5,677,069</u>	<u>5,918,016</u>
	<u>\$ 8,403,939</u>	<u>\$ 7,406,750</u>

Commitments (Note 14)
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	
	2023	2022
Revenues		
Grants	\$ 2,123,474	\$ 2,524,478
Donations	1,071,710	1,113,316
Special events	340,312	295,688
	<u>3,535,496</u>	<u>3,933,482</u>
Expenses		
Wages and benefits	2,831,929	2,655,437
Consulting and professional fees	425,432	321,757
Special events	94,091	62,872
Programs and services	90,831	148,306
Repairs and maintenance	69,391	86,705
Advertising and promotion	57,090	131,738
Utilities	53,778	51,440
Office and general	52,787	46,935
Insurance	28,320	22,171
Professional development	23,179	8,664
Interest and bank charges	21,529	24,344
Travel	16,181	5,708
	<u>3,764,538</u>	<u>3,566,077</u>
(Deficiency) excess of revenues over expenses before the undernoted items	<u>(229,042)</u>	<u>367,405</u>
Other income (expenses)		
Amortization of deferred capital contributions	93,912	93,093
Interest and dividends	67,851	48,029
Realized gain on investments	3,033	2,902
Government assistance (Note 15)	212	228,295
Donation to the Hamilton Community Foundation	-	(10,000)
Loss on disposal of property and equipment	(3,094)	-
Interest on loan payable	(5,014)	-
Unrealized (loss) gain on investments	(21,507)	18,408
Amortization of property and equipment	(147,298)	(154,168)
	<u>(11,905)</u>	<u>226,559</u>
(Deficiency) excess of revenues over expenses for the year	(240,947)	593,964
Net assets at beginning of the year	<u>5,918,016</u>	<u>5,324,052</u>
Net assets at end of the year	<u>\$ 5,677,069</u>	<u>\$ 5,918,016</u>

See accompanying notes to the financial statements.

The Dr. Bob Kemp Hospice Foundation Inc.

Statement of Cash Flows

	Year ended March 31	
	2023	2022
Cash flows from (used in) operating activities		
(Deficiency) excess of revenues over expenses for the year	\$ (240,947)	\$ 593,964
Items not involving cash		
Amortization of property and equipment	147,298	154,168
Loss on disposal of property and equipment	3,094	-
Loss (gain) on investments	21,507	(18,408)
Amortization of deferred capital contributions	(93,912)	(93,093)
	<u>(162,960)</u>	<u>636,631</u>
Net change in non-cash working capital balances relating to operations		
(Increase) decrease in accounts receivable	(243,558)	34,167
(Increase) decrease in prepaid expenses	(1,921)	8,898
(Decrease) increase in accounts payable and accrued liabilities	(69,439)	72,765
Decrease in deferred revenue	(30,743)	(99,676)
	<u>(345,661)</u>	<u>16,154</u>
	<u>(508,621)</u>	<u>652,785</u>
Cash flows from (used in) investing activities		
Purchase of investments - unrestricted, net	(1,366,373)	-
Purchase of property and equipment	(25,289)	(23,401)
Purchase of internally restricted investments, net	(94,300)	(208,190)
	<u>(1,485,962)</u>	<u>(231,591)</u>
Cash flows from (used in) financing activities		
Proceeds from loan payable	450,000	-
Deferred contributions - Pediatric hospice, net	959,225	-
Contributions received for property and equipment	23,005	10,737
	<u>1,432,230</u>	<u>10,737</u>
Net (decrease) increase in cash during the year	(562,353)	431,931
Cash at beginning of the year	<u>2,022,599</u>	<u>1,590,668</u>
Cash at end of the year	<u>\$ 1,460,246</u>	<u>\$ 2,022,599</u>
Cash consists of:		
Cash	\$ 1,439,765	\$ 1,961,575
Investments - Internal contingency reserve (Note 4)	<u>20,481</u>	<u>61,024</u>
	<u>\$ 1,460,246</u>	<u>\$ 2,022,599</u>

See accompanying notes to the financial statements.

The Dr. Bob Kemp Hospice Foundation Inc.

Notes to Financial Statements

March 31, 2023

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 Canada 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.

The Dr. Bob Kemp Hospice Foundation Inc.

Notes to Financial Statements

March 31, 2023

1. Significant accounting policies, continued

Property and equipment, continued

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 (deficiency) 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 (deficiency) excess of revenues over expenses in the period incurred.

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 (deficiency) excess of revenues over expenses. Government assistance provided for expenses of future periods is initially deferred and subsequently recognized in the (deficiency) excess of revenues over expenses as eligible expenditures are incurred.

The Dr. Bob Kemp Hospice Foundation Inc.

Notes to Financial Statements

March 31, 2023

1. Significant accounting policies, continued

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. In the current year significant estimates exist related to the useful lives of property and equipment.

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 (deficiency) 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 (deficiency) 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 (deficiency) 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 (deficiency) 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 (deficiency) excess of revenues over expenses over the life of the instrument using the straight-line method.

The Dr. Bob Kemp Hospice Foundation Inc.

Notes to Financial Statements

March 31, 2023

2. Accounts receivable

	2023	2022
Grants	\$ 263,921	\$ 9,403
HST rebate receivable	47,438	54,408
Accrued interest on investments	14,250	-
Other receivables	500	17,674
Government support subsidies receivable	-	1,066
	<u>\$ 326,109</u>	<u>\$ 82,551</u>

3. Investments - Unrestricted

	2023	2022
Guaranteed investment certificate ("GIC")	\$ 1,366,373	\$ -

The interest rate on the GIC held at March 31, 2023 was 4.10% and accrued interest totaled \$14,250. The GIC matures on January 4, 2024.

4. Investments - Internal contingency reserve

	2023		2022	
	Book Value	Market Value	Book Value	Market Value
Cash and cash equivalents	\$ 20,481	\$ 20,481	\$ 61,024	\$ 61,024
Fixed income	674,283	679,205	449,826	448,478
Mutual funds	216,184	200,248	356,859	346,473
Equities	520,890	555,932	489,025	567,641
	<u>\$ 1,431,838</u>	<u>\$ 1,455,866</u>	<u>\$ 1,356,734</u>	<u>\$ 1,423,616</u>

The Dr. Bob Kemp Hospice Foundation Inc.

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March 31, 2023

5. Property and equipment

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land	\$ 775,000	\$ -	\$ 775,000	\$ 775,000
Buildings	5,153,955	2,323,102	2,830,853	2,948,805
Furniture and fixtures	905,009	802,737	102,272	107,974
Computer equipment	103,801	88,544	15,257	16,706
Pediatric hospice under development	5,222	-	5,222	5,222
	<u>\$ 6,942,987</u>	<u>\$ 3,214,383</u>	<u>\$ 3,728,604</u>	<u>\$ 3,853,707</u>

Included in computer equipment is \$1,873 (2022 - \$1,873) related to the Pediatric hospice. Accumulated amortization amounted to \$759 (2022 - \$281) related to these computers.

In 2022, the Foundation began development of a free standing Pediatric hospice in partnership with the Hamilton Health Sciences Foundation. Expenditures capitalized during the prior year relate to architectural design fees. Amortization will not be taken on the pediatric hospice until it is substantially complete.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$26,859 (2022 - \$27,626), which includes amounts payable for payroll related taxes and workers' safety insurance premiums.

7. 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:

	2023	2022
Balance, beginning of year	\$ 180,864	\$ 303,510
Add: Grants and donations raised	238,613	415,185
Less: Funds used for operations	(254,551)	(498,108)
Less: Amounts transferred to deferred revenue - Pediatric hospice (Note 10)	-	(36,081)
Less: Amounts transferred to deferred capital contributions (Note 11)	<u>(23,005)</u>	<u>(3,642)</u>
Balance, end of year	<u>\$ 141,921</u>	<u>\$ 180,864</u>

The Dr. Bob Kemp Hospice Foundation Inc.

Notes to Financial Statements

March 31, 2023

8. Loan payable

	2023	2022
Hamilton Community Foundation loan, non-revolving, interest at 2.95% per annum, payable in monthly instalments of interest only, matures September 29, 2025	\$ 450,000	\$ -

The above facility is secured by a general security agreement in first position covering all assets of the Foundation and assignment of insurance with losses payable to the lender. These funds are intended to be used for capital fundraising and preconstruction consulting costs related to the Pediatric hospice.

9. 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:

	2023	2022
Balance, beginning of year	\$ 140,815	\$ 117,845
Add: Donations raised	8,200	22,970
Balance, end of year	\$ 149,015	\$ 140,815

The Dr. Bob Kemp Hospice Foundation Inc.

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10. 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:

	2023	2022
Balance, beginning of year	\$ -	\$ -
Add: Donations raised	1,385,994	280,680
Add: Amounts transferred from deferred revenue (Note 7)	-	36,081
Less: Funds used for operations	(426,769)	(309,666)
Less: Amounts transferred to deferred capital contributions - Pediatric hospice	-	(7,095)
	<u>-</u>	<u>(7,095)</u>
Balance, end of year	<u>\$ 959,225</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:

	2023	2022
Balance, beginning of year	\$ 6,908	\$ -
Add: Amounts transferred from deferred revenue - Pediatric hospice	-	7,095
Less: Amortization of deferred capital contributions	(572)	(187)
	<u>-</u>	<u>(187)</u>
Balance, end of year	<u>\$ 6,336</u>	<u>\$ 6,908</u>

The Dr. Bob Kemp Hospice Foundation Inc.

Notes to Financial Statements

March 31, 2023

11. 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:

	2023	2022
Balance, beginning of year	\$ 880,831	\$ 970,095
Add: Amounts transferred from deferred revenue (Note 7)	23,005	3,642
Less: Amortization of deferred capital contributions	<u>(93,340)</u>	<u>(92,906)</u>
	<u>\$ 810,496</u>	<u>\$ 880,831</u>

In 2007, 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 (2022 - \$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.

12. 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 \$Nil (2022 - \$200,000) 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 \$Nil (2022 - \$248,000) 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

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13. Invested in property and equipment

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

	2023	2022
Property and equipment (Note 5)	\$ 3,728,604	\$ 3,853,707
Amounts financed by deferred capital contributions (Notes 10 and 11)	<u>(816,832)</u>	<u>(887,739)</u>
	<u>\$ 2,911,772</u>	<u>\$ 2,965,968</u>

14. Commitments

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

2024	\$ 2,495
2025	<u>262</u>
	<u>\$ 2,757</u>

15. 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 certain assistance programs including the Canada Emergency Wage Subsidy ("CEWS"). This program provided a wage subsidy to eligible employers. During the year, the Foundation recognized \$Nil (2022 - \$227,229) associated with the CEWS program. 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 provided a hiring and wage subsidy to eligible employers. During the year, the Foundation recognized \$212 (2022 - \$1,066) associated with the CRHP subsidy. The final claim period for the CRHP covered October 24 to November 20, 2021.

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 Dr. Bob Kemp Hospice Foundation Inc.

Notes to Financial Statements

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16. Donations in-kind

These financial statements include donations in-kind of \$3,955 (2022 - \$6,922) recorded as expenses in programs and services, special events, consulting and professional fees and advertising and promotion at their fair value. The offsetting contributions have been recorded in donations and special events revenue.

17. 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) 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 budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2022.

(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 and loan payable. Fixed interest instruments subject the Foundation to fair value risk, while floating rate instruments subject it to cash flow risk. In the current year a new fixed rate loan was entered into, however, management believes there has been no significant change to the risk exposure from 2022.

(c) 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 2022.

The Dr. Bob Kemp Hospice Foundation Inc.

Notes to Financial Statements

March 31, 2023

18. 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. In the current year, the hospice reached 100% capacity and was able to operate the day program as well as various special events throughout the year as restrictions related to COVID-19 continued to ease. In addition, the offering of economic support programs by the Government of Canada was discontinued prior to the current fiscal year. The Foundation continues to assess the impact COVID-19 will have on its business activities in the future.

19. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year's excess of revenues over expenses or net assets.