

The Dr. Bob Kemp Hospice Foundation Inc.

(operating as Kemp Care Network)

Financial Statements

March 31, 2024



June 4, 2024

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. (operating as Kemp Care Network) (the "Foundation"), which comprise the statement of financial position as at March 31, 2024, 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, 2024, 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 (deficiency) of revenues over expenses, cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023 and net assets as of April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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 Mastrolucchi LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Hamilton, Ontario


The Dr. Bob Kemp Hospice Foundation Inc.
(operating as Kemp Care Network)

Statement of Financial Position


	March 31	
	2024	2023
Assets		
Current assets		
Cash	\$ 1,165,761	\$ 1,439,765
Accounts receivable (Note 2)	125,124	326,109
Prepaid expenses	83,663	87,222
Investments (Note 3)	<u>6,130,867</u>	<u>2,822,239</u>
	7,505,415	4,675,335
Property and equipment (Note 4)	<u>3,687,089</u>	<u>3,728,604</u>
	<u>\$ 11,192,504</u>	<u>\$ 8,403,939</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 298,331	\$ 209,877
Deferred revenue (Note 6)	<u>140,808</u>	<u>141,921</u>
	439,139	351,798
Loan payable (Note 7)	450,000	450,000
Deferred revenue - Camp Keaton and children bereavement (Note 8)	1,140,565	149,015
Deferred contributions - Pediatric hospice (Note 9)	2,626,301	965,561
Deferred capital contributions (Note 10)	<u>729,504</u>	<u>810,496</u>
	<u>5,385,509</u>	<u>2,726,870</u>
Net Assets		
Unrestricted	1,211,106	809,431
Internally restricted - contingency reserve (Note 11)	1,720,620	1,455,866
Internally restricted - COVID-19 impact reserve (Note 11)	-	500,000
Invested in property and equipment (Note 12)	<u>2,875,269</u>	<u>2,911,772</u>
	<u>5,806,995</u>	<u>5,677,069</u>
	<u>\$ 11,192,504</u>	<u>\$ 8,403,939</u>
Commitments (Note 13)		
Subsequent events (Note 16)		

See accompanying notes to the financial statements.

APPROVED BY THE BOARD:



Director



Director

The Dr. Bob Kemp Hospice Foundation Inc.
 (operating as Kemp Care Network)

Statement of Operations and Changes in Net Assets

	Year ended March 31	
	2024	2023
Revenues		
Grants	\$ 2,290,399	\$ 2,123,474
Donations	1,191,604	1,071,710
Special events	361,705	340,312
	<u>3,843,708</u>	<u>3,535,496</u>
Expenses		
Wages and benefits	3,145,886	2,831,929
Consulting and professional fees	339,301	425,432
Programs and services	141,300	91,430
Special events	114,821	94,091
Office and general	73,563	68,369
Advertising and promotion	68,583	57,090
Repairs and maintenance	67,973	69,391
Utilities	55,136	53,778
Insurance	29,156	28,320
Interest and bank charges	25,602	21,529
Professional development	16,431	23,179
	<u>4,077,752</u>	<u>3,764,538</u>
Deficiency of revenues over expenses from operations	<u>(234,044)</u>	<u>(229,042)</u>
Other income (expenses)		
Unrealized gain (loss) on investments	334,417	(21,507)
Amortization of deferred capital contributions	95,009	93,912
Interest and dividends	77,965	67,851
Realized gain on investments	10,514	3,033
Government assistance	-	212
Loss on disposal of property and equipment	-	(3,094)
Interest on loan payable	(13,311)	(5,014)
Amortization of property and equipment	(140,624)	(147,298)
	<u>363,970</u>	<u>(11,905)</u>
Excess (deficiency) of revenues over expenses for the year	129,926	(240,947)
Net assets at beginning of the year	<u>5,677,069</u>	<u>5,918,016</u>
Net assets at end of the year	<u>\$ 5,806,995</u>	<u>\$ 5,677,069</u>

See accompanying notes to the financial statements.

The Dr. Bob Kemp Hospice Foundation Inc.
(operating as Kemp Care Network)

Statement of Cash Flows

	Year ended March 31	
	2024	2023
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 129,926	\$ (240,947)
Items not involving cash		
Amortization of property and equipment	140,624	147,298
Loss on disposal of property and equipment	-	3,094
Unrealized loss (gain) on investments	(334,417)	21,507
Amortization of deferred capital contributions	(95,009)	(93,912)
	<u>(158,876)</u>	<u>(162,960)</u>
 Net change in non-cash working capital balances relating to operations		
Decrease (increase) in accounts receivable	200,985	(243,558)
Decrease (increase) in prepaid expenses	3,559	(1,921)
Increase (decrease) in accounts payable and accrued liabilities	88,454	(69,439)
Increase (decrease) in deferred revenue	990,437	(30,743)
	<u>1,283,435</u>	<u>(345,661)</u>
	<u>1,124,559</u>	<u>(508,621)</u>
 Cash flows from (used in) investing activities		
Purchase of property and equipment	(99,109)	(25,289)
Purchase of investments, net	(2,975,545)	(1,460,673)
	<u>(3,074,654)</u>	<u>(1,485,962)</u>
 Cash flows from (used in) financing activities		
Proceeds from loan payable	-	450,000
Deferred contributions - Pediatric hospice, net (Note 9)	1,661,074	959,225
Contributions received for property and equipment (Note 10)	13,683	23,005
	<u>1,674,757</u>	<u>1,432,230</u>
 Net decrease in cash during the year	(275,338)	(562,353)
 Cash at beginning of the year	<u>1,460,246</u>	<u>2,022,599</u>
 Cash at end of the year	<u>\$ 1,184,908</u>	<u>\$ 1,460,246</u>
 Cash consists of:		
Cash	\$ 1,165,761	\$ 1,439,765
Investments (Note 3)	19,147	20,481
	<u>\$ 1,184,908</u>	<u>\$ 1,460,246</u>

See accompanying notes to the financial statements.

The Dr. Bob Kemp Hospice Foundation Inc.

(operating as Kemp Care Network)

Notes to Financial Statements

March 31, 2024

Nature of operations

The Dr. Bob Kemp Hospice Foundation Inc. (the "Foundation"), operating as Kemp Care Network, 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.

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Notes to Financial Statements

March 31, 2024

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

The Dr. Bob Kemp Hospice Foundation Inc.

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Notes to Financial Statements

March 31, 2024

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. Significant estimates exist related to the useful lives of property and equipment. Actual results could differ from those estimates.

Financial instruments

(i) Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Foundation in the transaction.

The Foundation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenses in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and loan payable.

(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 excess (deficiency) 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 excess (deficiency) of revenues over expenses.

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Notes to Financial Statements

March 31, 2024

1. Significant accounting policies, continued

Financial instruments, continued

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in excess (deficiency) 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 excess (deficiency) of revenues over expenses over the life of the instrument using the straight-line method.

2. Accounts receivable

	2024	2023
HST rebate receivable	\$ 65,477	\$ 47,438
Grants	37,107	263,921
Other receivables	22,540	14,750
	<u>\$ 125,124</u>	<u>\$ 326,109</u>

3. Investments

	2024		2023	
	Book Value	Market Value	Book Value	Market Value
Cash and cash equivalents	\$ 19,147	\$ 19,147	\$ 20,481	\$ 20,481
Guaranteed investment certificate	-	-	1,366,373	1,366,373
Fixed income	3,500,737	3,558,820	674,283	679,205
Mutual funds	720,292	745,125	216,184	200,248
Equities	1,518,469	1,807,775	520,890	555,932
	<u>\$ 5,758,645</u>	<u>\$ 6,130,867</u>	<u>\$ 2,798,211</u>	<u>\$ 2,822,239</u>

Included in the balances above are investments associated with the internally restricted contingency reserve. As at the year end date, the market value of the investments related to the internally restricted contingency reserve was \$1,720,620 (2023 - \$1,455,866).

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Notes to Financial Statements

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4. Property and equipment

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Land	\$ 775,000	\$ -	\$ 775,000	\$ 775,000
Buildings	5,153,955	2,436,336	2,717,619	2,830,853
Furniture and fixtures	926,247	825,316	100,931	102,272
Computer equipment	105,358	93,355	12,003	15,257
Pediatric hospice under development	81,536	-	81,536	5,222
	<u>\$ 7,042,096</u>	<u>\$ 3,355,007</u>	<u>\$ 3,687,089</u>	<u>\$ 3,728,604</u>

Included in computer equipment is \$1,873 (2023 - \$1,873) related to the Pediatric hospice. Accumulated amortization amounted to \$1,093 (2023 - \$759) 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 year relate to feasibility studies and 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 \$36,753 (2023 - \$26,859), which includes amounts payable for payroll related taxes and workers' safety insurance premiums.

The Dr. Bob Kemp Hospice Foundation Inc.
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Notes to Financial Statements

March 31, 2024

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:

	2024	2023
Balance, beginning of year	\$ 141,921	\$ 180,864
Add: Grants and donations raised	341,660	238,613
Less: Funds used for operations	(319,090)	(254,551)
Less: Amounts transferred to deferred contributions - Pediatric hospice (Note 9)	(10,000)	-
Less: Amounts transferred to deferred capital contributions (Note 10)	<u>(13,683)</u>	<u>(23,005)</u>
Balance, end of year	<u>\$ 140,808</u>	<u>\$ 141,921</u>

7. Loan payable

	2024	2023
Hamilton Community Foundation loan, non-revolving, interest at 2.95% per annum, payable in monthly instalments of interest only, matures September 29, 2025	<u>\$ 450,000</u>	<u>\$ 450,000</u>

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.

8. 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:

	2024	2023
Balance, beginning of year	\$ 149,015	\$ 140,815
Add: Donations raised	1,020,036	8,200
Less: Funds used for operations	<u>(28,486)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,140,565</u>	<u>\$ 149,015</u>

The Dr. Bob Kemp Hospice Foundation Inc.

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Notes to Financial Statements

March 31, 2024

9. 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:

	2024	2023
Balance, beginning of year	\$ 959,225	\$ -
Add: Donations raised	2,105,822	1,385,994
Add: Amounts transferred from deferred revenue (Note 6)	10,000	-
Less: Funds used for operations	(454,748)	(426,769)
Less: Amounts transferred to deferred capital contributions - Pediatric hospice	<u>(76,314)</u>	<u>-</u>
	<u>\$ 2,543,985</u>	<u>\$ 959,225</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:

	2024	2023
Balance, beginning of year	\$ 6,336	\$ 6,908
Add: Amounts transferred from deferred revenue - Pediatric hospice	76,314	-
Less: Amortization of deferred capital contributions	<u>(334)</u>	<u>(572)</u>
Balance, end of year	<u>\$ 82,316</u>	<u>\$ 6,336</u>

The Dr. Bob Kemp Hospice Foundation Inc.

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10. 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 (other income) in the statement of operations. The change in the balance of deferred capital contributions is as follows:

	2024	2023
Balance, beginning of year	\$ 810,496	\$ 880,831
Add: Amounts transferred from deferred revenue (Note 6)	13,683	23,005
Less: Amortization of deferred capital contributions	<u>(94,675)</u>	<u>(93,340)</u>
	<u>\$ 729,504</u>	<u>\$ 810,496</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 (2023 - \$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.

11. 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 (2023 - \$Nil) to the contingency reserve. The reserve is not available for other purposes without the approval of the Board of Directors. Changes in the balance of the internally restricted contingency reserve related to investment income and changes in fair value associated with the underlying investments.

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 motion to dissolve this reserve and transfer the \$500,000 balance to unrestricted net assets.

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March 31, 2024

12. Invested in property and equipment

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

	2024	2023
Property and equipment (Note 4)	\$ 3,687,089	\$ 3,728,604
Amounts financed by deferred capital contributions (Notes 9 and 10)	<u>(811,820)</u>	<u>(816,832)</u>
	<u>\$ 2,875,269</u>	<u>\$ 2,911,772</u>

13. Commitments

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

2025	\$ 2,478
2026	<u>2,216</u>
	<u>\$ 4,694</u>

14. Donations in-kind

These financial statements include donations in-kind of \$10,259 (2023 - \$3,955) recorded as expenses in programs and services, special events, and advertising and promotion at their fair value. The offsetting contributions have been recorded in donations and special events revenue.

15. 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

The Foundation has liquidity risk in respect to its current financial liabilities. 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 2023.

The Dr. Bob Kemp Hospice Foundation Inc.

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Notes to Financial Statements

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15. Financial instruments, continued

(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 the Foundation invested in new fixed interest instruments, however, management believes there has been no significant change to the risk exposure from 2023.

(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 2023.

16. Subsequent events

Subsequent to year end, the Foundation entered into a letter of intent with the City of Hamilton (the "City") related to forming a lease agreement with respect to property owned by the City on which the Foundation will construct the proposed pediatric hospice. The related lease agreement has not yet been drafted or executed and will not commence until expected occupancy in 2026.

The Foundation is entering the next phase of development with respects to Keaton's House (the given name to the pediatric hospice) and held the groundbreaking ceremony in May 2024.

17. 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 deficiency of revenues over expenses or net assets.