

Roger Neilson House for Palliative Care

Financial Statements
March 31, 2020



Independent auditor's report

To the Directors of Roger Neilson House for Palliative Care

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Roger Neilson House for Palliative Care (the Organization) as at March 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2020;
- the statement of operations and change in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenues from cash donations 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, net revenue and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019 and net assets as at the beginning and the end of the years ended March 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 25, 2020

Roger Neilson House for Palliative Care

Statement of Financial Position

As at March 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash	183,826	254,659
Accounts receivable	111,541	42,776
Prepaid expenses	5,887	9,052
	<hr/>	<hr/>
	301,254	306,487
Long-term accounts receivable (note 3)	655,402	655,402
Capital assets (note 4)	<hr/>	<hr/>
	2,085,386	2,091,271
	<hr/>	<hr/>
	3,042,042	3,053,160
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	123,296	128,396
Deferred revenue	15,625	15,625
	<hr/>	<hr/>
	138,921	144,021
Deferred contributions related to capital assets (note 6)	<hr/>	<hr/>
	2,014,855	1,998,028
	<hr/>	<hr/>
	2,153,776	2,142,049
Net Assets	<hr/>	<hr/>
	888,266	911,111
	<hr/>	<hr/>
	3,042,042	3,053,160

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

Roger Neilson House for Palliative Care

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2020

	2020 \$	2019 \$
Revenue		
Contributions from the Ottawa Senators Foundation	311,044	314,166
Contributions from the Ministry of Health and Long-Term Care	1,572,919	1,766,928
Contributions from the Ministry of Children, Community and Social Services	157,500	157,500
Amortization of deferred contributions related to capital assets	238,801	214,795
Investment and other income	50,880	37,171
Other contributions	87,525	147,536
Donations	557,008	116,617
	<hr/> 2,975,677	<hr/> 2,754,713
Expense		
Salaries and benefits	2,296,824	2,057,575
Advertising and promotion	28,560	30,989
Amortization of capital assets	258,901	237,820
Bank charges, interest and service fees	4,338	4,662
Facility expenses	171,627	183,582
In-house services	56,149	35,188
Office and travel	61,291	72,664
Professional fees and other	110,459	42,167
Staff recruitment and training	10,373	34,980
	<hr/> 2,998,522	<hr/> 2,699,627
Net (loss) income for the year	(22,845)	55,086
Net assets – Beginning of year	<hr/> 911,111	<hr/> 856,025
Net assets – End of year	<hr/> 888,266	<hr/> 911,111

The accompanying notes are an integral part of these financial statements.

Roger Neilson House for Palliative Care

Statement of Cash Flows

For the year ended March 31, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Net (loss) income for the year	(22,845)	55,086
Items not affecting cash		
Amortization of capital assets	258,901	237,820
Amortization of deferred contributions related to capital assets	(238,801)	(214,795)
Changes in non-cash working capital items		
Accounts receivable	(68,765)	(29,561)
Prepaid expenses	3,165	7,764
Long-term accounts receivable	-	212,804
Accounts payable and accrued liabilities	(5,100)	(29,428)
Deferred revenue	-	(1,320)
	<hr/>	<hr/>
	(73,445)	238,370
Investing activity		
Purchase of capital assets	<hr/>	<hr/>
	(253,016)	(69,978)
Financing activity		
Contributions related to capital assets	<hr/>	<hr/>
	255,628	62,949
Change in cash during the year	<hr/>	<hr/>
	(70,833)	231,341
Cash – Beginning of year	<hr/>	<hr/>
	254,659	23,318
Cash – End of year	<hr/>	<hr/>
	183,826	254,659

The accompanying notes are an integral part of these financial statements.

Roger Neilson House for Palliative Care

Notes to Financial Statements

March 31, 2020

1 Primary purpose

The objectives of Roger Neilson House for Palliative Care (the Organization) are to enhance the quality of life for children/youth and provide respite care for the families of children/youth with progressive life-limiting illness; to construct, maintain and operate a hospice for paediatric palliative care to foster research and education in all areas of paediatric palliative care; and to promote the dissemination of knowledge of the principles of paediatric palliative care.

The Organization was incorporated without share capital on March 4, 2005 and commenced operations on April 1, 2005.

As a registered charity, the Organization is exempt from income taxes under Section 149(1)(f) of the Income Tax Act Canada.

2 Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian account standards for not-for-profit organizations and include the following significant accounting policies.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are then amortized over their estimated useful service lives using the straight-line method at the following annual rates:

Building	25 years
Furniture, equipment and other	5 years
Computer equipment	2 years

Donated materials and services

Part of the activities of the Organization are carried out by volunteers. In addition, the Organization receives donated services and materials to help carry out its activities. These financial statements do not account for the value of volunteer labour, services or materials for which a donation receipt was not issued. The donations in kind for which the fair value was known and a donation receipt was issued are recorded at fair value and recognized as income.

Roger Neilson House for Palliative Care

Notes to Financial Statements

March 31, 2020

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Contributions that are restricted for specific expenses, or operations of specific periods, are recognized as revenue in the year in which the related expenses are incurred. Contributions that are restricted for the purchase or funding of capital assets are deferred and amortized to revenue on the same basis and over the same period as the related capital assets acquired or constructed. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

3 Long-term accounts receivable

The Ottawa Senators Foundation transferred funds to the Children's Hospital of Eastern Ontario Foundation (the CHEO Foundation) to be included in the CHEO Foundation's pooled investment funds as a portion of a separate, restricted fund. These funds can be requested by the Organization on an as-needed basis.

4 Capital assets

	2020		
	Cost \$	Accumulated amortization \$	Net \$
Building	3,643,874	1,815,384	1,828,490
Furniture, equipment and other	849,865	643,662	206,203
Computer equipment	125,052	74,359	50,693
	<u>4,618,791</u>	<u>2,533,405</u>	<u>2,085,386</u>
	2019		
	Cost \$	Accumulated amortization \$	Net \$
Building	3,503,301	1,672,440	1,830,861
Furniture, equipment and other	802,477	548,546	253,931
Computer equipment	59,997	53,518	6,479
	<u>4,365,775</u>	<u>2,274,504</u>	<u>2,091,271</u>

5 Government remittances

Workers' safety insurance premiums, employer health taxes and other payroll withholding taxes of \$8,891 (2019 – \$9,228) are included in accounts payable and accrued liabilities.

Roger Neilson House for Palliative Care

Notes to Financial Statements

March 31, 2020

6 Deferred contributions related to capital assets

	2020	2019
	\$	\$
Balance – Beginning of year	1,998,028	2,149,874
Contributions received	255,628	62,949
Revenue recognized in the year	(238,801)	(214,795)
	<hr/>	<hr/>
Balance – End of year	2,014,855	1,998,028

7 Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations. The Organization does not use derivative financial instruments to manage its risks.

Investment risk

Investment in financial instruments renders the Organization subject to investment risks. Interest risk is the risk arising from fluctuations in interest rates and their degree of volatility. There is also the risk arising from the failure of a party to a financial instrument to discharge an obligation when it is due.

8 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

9 Subsequent events

The Organization is assessing the impact of the COVID-19 pandemic on its operations. Given the unprecedented nature of this event, it is difficult to predict the length or breadth of this disruption on its operations. The Organization is anticipating potential decreases in donations in the upcoming fiscal year.