

Roger Neilson House for Palliative Care

Financial Statements
March 31, 2021



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, 2021 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, 2021;
- the statement of operations and changes 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 significant accounting policies and other explanatory information.

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 donations revenue, net income (loss) and cash flows from operating activities for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020 and net assets as at the beginning and the end of the years ended March 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 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.

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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.

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
July 13, 2021

Roger Neilson House for Palliative Care

Statement of Financial Position

As at March 31, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash	792,160	183,826
Accounts receivable	182,499	111,541
Prepaid expenses	10,844	5,887
	<u>985,503</u>	<u>301,254</u>
Long-term accounts receivable (note 3)	765,925	655,402
Capital assets (note 4)	<u>2,207,161</u>	<u>2,085,386</u>
	<u>3,958,589</u>	<u>3,042,042</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	151,775	123,296
Deferred revenue	40,000	15,625
	<u>191,775</u>	<u>138,921</u>
Deferred contributions related to capital assets (note 6)	<u>2,114,169</u>	<u>2,014,855</u>
	2,305,944	2,153,776
Net Assets	<u>1,652,645</u>	<u>888,266</u>
	<u>3,958,589</u>	<u>3,042,042</u>

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, 2021

	2021 \$	2020 \$
Revenue		
Contributions from the Ottawa-Gatineau Youth Foundation	660,524	311,044
Contributions from the Ministry of Health and Long-Term Care	1,604,664	1,572,919
Contributions from the Ministry of Children, Community and Social Services	157,500	157,500
Government assistance (note 9)	707,421	-
Amortization of deferred contributions related to capital assets	270,098	238,801
Investment and other income	20,396	50,880
Other contributions	108,192	87,525
Donations	148,225	557,008
	<hr/> 3,677,020	<hr/> 2,975,677
Expense		
Salaries and benefits	2,229,654	2,296,824
Advertising and promotion	28,167	28,560
Amortization of capital assets	286,884	258,901
Bank charges, interest and service fees	3,759	4,338
Facility expenses	161,252	171,627
In-house services	22,944	56,149
Office and travel	45,431	61,291
Professional fees and other	130,932	110,459
Staff recruitment and training	3,618	10,373
	<hr/> 2,912,641	<hr/> 2,998,522
Net income (loss) for the year	764,379	(22,845)
Net assets – Beginning of year	<hr/> 888,266	<hr/> 911,111
Net assets – End of year	<hr/> <hr/> 1,652,645	<hr/> <hr/> 888,266

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, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	764,379	(22,845)
Items not affecting cash		
Amortization of capital assets	286,884	258,901
Amortization of deferred contributions related to capital assets	(270,098)	(238,801)
Changes in non-cash working capital items		
Accounts receivable	(70,958)	(68,765)
Prepaid expenses	(4,957)	3,165
Accounts payable and accrued liabilities	28,479	(5,100)
Deferred revenue	24,375	-
	<hr/> 758,104	<hr/> (73,445)
Investing activity		
Funds received from CHEO Foundation	250,000	-
Contributions from Ottawa-Gatineau Youth Foundation	(360,523)	-
Purchase of capital assets	(408,659)	(253,016)
	<hr/> (519,182)	<hr/> (253,016)
Financing activity		
Contributions related to capital assets	<hr/> 369,412	<hr/> 255,628
Change in cash during the year	608,334	(70,833)
Cash – Beginning of year	<hr/> 183,826	<hr/> 254,659
Cash – End of year	<hr/> 792,160	<hr/> 183,826

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

Roger Neilson House for Palliative Care

Notes to Financial Statements

March 31, 2021

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

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Notes to Financial Statements

March 31, 2021

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.

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-Gatineau Youth 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

	2021		
	Cost \$	Accumulated amortization \$	Net \$
Building	3,959,527	1,967,452	1,992,075
Furniture, equipment and other	928,693	740,504	188,189
Computer equipment	139,229	112,332	26,897
	5,027,449	2,820,288	2,207,161

Roger Neilson House for Palliative Care

Notes to Financial Statements

March 31, 2021

	2020		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
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>

5 Government remittances

Workers' safety insurance premiums, employer health taxes and other payroll withholding taxes of \$1,083 (2020 – \$8,891) are included in accounts payable and accrued liabilities.

6 Deferred contributions related to capital assets

	2021	2020
	\$	\$
Balance – Beginning of year	2,014,855	1,998,028
Contributions received	369,412	255,628
Revenue recognized during the year	<u>(270,098)</u>	<u>(238,801)</u>
Balance – End of year	<u>2,114,169</u>	<u>2,014,855</u>

7 Employee benefits

Substantially all of the full-time employees of the Organization are members of the Healthcare of Ontario Pension Plan (the "HOOPP"), which is a multi-employer, defined benefit, final average pay contributory pension plan. Contributions to the HOOPP during the year by the Organization on behalf of these employees amounted to \$108,096 (2020 – \$103,238) and are included in salaries and benefits in the statement of operations and changes in net assets. The Organization does not use defined benefit plan accounting as it does not have sufficient information to do so.

The most recent valuation for financial reporting purposes completed by the HOOPP as at December 31, 2020 disclosed total assets available for benefits of \$104.0 billion with pension obligations of \$79.9 billion, resulting in a surplus of \$24.1 billion. At the end of 2020, the HOOPP was 130% funded. This fully funded status means the HOOPP has sufficient assets to pay every promised member's pension benefit, with no shortfall.

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During the year, the employer contribution rate to the HOOPP was 126% (2020 – 126%) of the employee amount.

8 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.

9 Implications of COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. Governments and local public health authorities have implemented shutdowns and emergency measures to combat the global pandemic.

The long-term impact of the outbreak on the Organization remains uncertain. Management is closely monitoring the economic situation and any potential impacts there may be on the Organization's operations. The ultimate duration and magnitude of COVID-19's impact on the Organization's operations and financial position are not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities and increased borrowings to sustain operations. However, management believes the impact of COVID-19 will be temporary and, therefore, while it could have a negative impact on the Organization during the pandemic, the long-term prospects for the Organization have not changed.

Government assistance

During the year ended March 31, 2021, management applied for assistance under Canada Emergency Wage Subsidy (CEWS) set up by the Government of Canada to assist Canadian businesses during the COVID-19 pandemic. Contributions recognized under CEWS amount to \$707,421, out of which \$78,882 remains outstanding as at year-end.

