Financial Statements of

PHILIP AZIZ CENTRE FOR HOSPICE CARE

And Independent Auditor's Report thereon

Year ended March 31, 2025

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Directors of Philip Aziz Centre for Hospice Care

Qualified Opinion

We have audited the financial statements of Philip Aziz Centre for Hospice Care (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the ***"Basis for Qualified Opinion"*** section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, 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 charitable organizations, the Entity derives a part of its revenue 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 Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2025 and March 31, 2024
- the donations revenue and excess (deficiency) of revenue over expenses reported in the statements of operations for the years ended March 31, 2025 and March 31, 2024

- the fund balances, at the beginning and end of the year reported in the statements of changes in fund balances for the years ended March 31, 2025 and March 31, 2024
- the excess (deficiency) of revenue over expenses reported in the statements of cash flows for the years ended March 31, 2025 and March 31, 2024.

Our opinion on the financial statements for the year ended March 31, 2024 was qualified 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 auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 24, 2025

PHILIP AZIZ CENTRE FOR HOSPICE CARE

Statement of Financial Position

March 31, 2025, with comparative information for 2024

		2025		2024
Assets				
Current assets:				
Cash	$	316,774	$	72,630
Short-term investments (note 2)		2,664,912		2,986,100
Accounts receivable		30,722		18,668
Sales taxes refundable		28,750		28,634
Prepaid expenses, deposits and other		45,674		45,268
		3,086,832		3,151,300
Capital assets (note 3)		5,443,764		5,627,450
	$	8,530,596	$	8,778,750
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities	$	443,503	$	511,107
Bank indebtedness (note 4)		54,321		–
Government remittances payable		70,641		58,896
Deferred revenue (note 5)		113,500		162,546
		681,965		732,549
Deferred capital contributions (note 6)		4,912,305		5,043,125
		5,594,270		5,775,674
Fund balances:				
General fund		12,573		138,954
Emily's House operating fund		2,923,753		2,864,122
		2,936,326		3,003,076
Economic dependence (note 8)				
Commitments (note 9)				
	$	8,530,596	$	8,778,750

See accompanying notes to financial statements.

On behalf of the Board:

Peter Goulos, Finance Committee Chair

Louise Summerhill, Board Chair

PHILIP AZIZ CENTRE FOR HOSPICE CARE

Statement of Operations

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Donations and fundraising	$ 1,389,976	$ 1,246,800
Government funding	3,128,389	3,066,169
Amortization of deferred capital contributions (note 5)	186,352	189,975
Interest and sundry	145,862	128,086
	4,850,579	4,631,030
Expenses:		
Emily's House - client care and support	2,834,332	2,493,370
Children and family	324,872	386,842
Visiting hospice	753,282	674,344
Bereavement and spiritual care	141,438	108,280
Development and promotion	254,076	246,275
Administration	345,691	348,395
Amortization	263,638	267,342
	4,917,329	4,524,848
Excess (deficiency) of revenue over expenses	$ (66,750)	$ 106,182
Allocated as follows:		
Emily's House operating fund (note 10)	$ 59,631	$ 245,646
General fund (note 10)	(126,381)	(139,464)
	$ (66,750)	$ 106,182

See accompanying notes to financial statements.

PHILIP AZIZ CENTRE FOR HOSPICE CARE

Statement of Changes in Fund Balances

Year ended March 31, 2025, with comparative information for 2024

	General fund	Emily's House operating fund	2025 Total	2024 Total
Balance, beginning of year	$ 138,954	$ 2,864,122	$ 3,003,076	$ 2,896,894
Excess (deficiency) of revenue over expenses	(126,381)	59,631	(66,750)	106,182
Balance, end of year	$ 12,573	$ 2,923,753	$ 2,936,326	$ 3,003,076

See accompanying notes to financial statements.

PHILIP AZIZ CENTRE FOR HOSPICE CARE

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (66,750)	$ 106,182
Items not involving cash:		
Amortization	263,638	267,342
Amortization of deferred capital contributions	(186,352)	(189,975)
Deferred revenue recognized as donation revenue	(304,727)	(340,830)
	(294,191)	(157,281)
Change in non-cash operating working capital:		
Accounts receivable	(12,054)	391,456
Sales taxes refundable	(116)	4,463
Prepaid expenses, deposits and other	(406)	33,884
Accounts payable and accrued liabilities	(67,604)	49,396
Government remittances payable	11,745	(28,789)
	(362,626)	293,129
Financing activities:		
Receipt of deferred revenue	255,681	350,666
Bank indebtedness	54,321	–
Receipt of deferred capital contributions	55,532	103,566
	365,534	454,232
Investing activities:		
Purchase of capital assets	(79,952)	(220,555)
Purchase (redemption) of short-term investments, net	321,188	(549,208)
	241,236	(769,763)
Increase (decrease) in cash	244,144	(22,402)
Cash, beginning of year	72,630	95,032
Cash, end of year	$ 316,774	$ 72,630

See accompanying notes to financial statements.

Philip Aziz Centre for Hospice Care (the "Hospice") is a corporation without share capital incorporated under the laws of Canada on September 8, 1992 and is a registered charity within the meaning of the Income Tax Act (Canada) and has been granted tax-exempt status. On January 12, 2013, the Hospice received a certificate of continuance under the Canada Not-for-profit Corporations Act.

The mission of the Hospice is to provide respite, practical, emotional, spiritual and bereavement support through a team of volunteers and professionals to people in the Greater Toronto area living with life-limiting illnesses in the comfort of their own home, or where they are residing, including hospital or long-term care home. Emily's House children's hospice is a 10-bed in-patient facility, offering respite, symptom management and pediatric palliative care in a home-like setting through a clinical and psychosocial interdisciplinary team of professionals and volunteers.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook. The following is a summary of significant accounting policies of the Hospice.

(a) Fund accounting:

The general fund consists of government subsidy, donations and other revenue and related expenses pertaining to the operations of the Hospice.

The Emily's House operating fund was established to account for revenue and expenses related to the operation of Emily's House.

(b) Revenue recognition:

The Hospice follows the restricted fund method whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Restricted contributions for which there is no fund are recorded in accordance with the deferral method. Restricted contributions toward the purchase of capital assets that will be amortized and for which no restricted fund exists are deferred and recognized as revenue on a straight-line basis as the amortized expense related to the acquired capital assets. Unrestricted contributions are recognized as revenue in the general fund when received or receivable.

1. Significant accounting policies (continued):

(c) Government grants and operating subsidies:

The Hospice receives funding from the Government of Ontario. Government funding related to capital expenditures is recorded as deferred capital contributions within the Emily's House operating fund and is recognized as income over the useful life of the related asset. Government funding relating to current operations is recognized as revenue in the year received or receivable. Amounts received in relation to future expenses for which no fund has been established are recorded as deferred revenue in the general fund.

(d) Capital assets:

Contributed capital assets are recorded at fair market value at the date of contribution. Purchased capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and equipment	1, 2, 5 or 10 years
Software	3 years
Leasehold improvements	12 to 50 years

(e) Contributed services:

The Hospice is dependent upon hours contributed by volunteers. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

The Hospice receives contribution of materials, the fair value of which may or may not be reasonably determinable. Contributed materials are recognized as revenue when fair values can be reasonably estimated, the materials are used in the normal course of operations and would otherwise have been purchased.

1. Significant accounting policies (continued):

(f) Impairment of long-lived assets subject to amortization:

A long-lived asset subject to amortization is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset subject to amortization exceeds its fair value.

(g) Use of estimates:

The preparation of financial statements 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 date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates used.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Hospice has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Hospice determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Hospice expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

1. Significant accounting policies (continued):

(i) Allocation of expenses:

The Hospice reports expenses based on various operating functions as disclosed in the statement of operations. Certain costs are directly attributable to each operating function, while others are common to some or all functions. The functions to which costs are allocated include visiting hospice, children and family, bereavement and spiritual care, Emily's House - client care and support, development and promotion, and administration. Costs shared across functions, which consist of salaries and benefits, volunteer-related expenses and other operating expenses, are allocated on the following basis:

Salaries and benefits	Prorated to hours worked for each function
Volunteer-related expenses	Prorated to the estimated actual consumption of goods and services by each function
Other operating expenses, excluding amortization	Prorated to the floor area occupied by each function

2. Short-term investments:

Short-term investments consist of 5 (2024 - 5) guaranteed investment certificates recorded at cost plus accrued interest, earning interest rates ranging from 2.75% to 5.00% (2024 – 4.25% to 5.00%) with maturity dates ranging from July 2025 to January 2027 (2024 - July 2024 to January 2025). The investments are cashable on demand.

3. Capital assets:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Furniture and equipment	$ 1,406,235	$ 1,154,118	$ 252,117	$ 277,441
Software	79,640	62,801	16,839	21,992
Leasehold improvements	7,036,202	1,861,394	5,174,808	5,328,017
	$ 8,522,077	$ 3,078,313	$ 5,443,764	$ 5,627,450

4. Credit facility:

The Hospice has a credit facility with a limit of $300,000 (2024 - $300,000) available by way of business operating account overdraft. The facility is due on demand and bears interest at the prime rate plus 1.5% (2024 - 1.5%) per annum. As at March 31, 2025, $11,072 (2024 - nil) was outstanding under this facility. The account balance represents outstanding cheques of $43,249 (2024 - nil) in addition to the amounts outstanding on the facility of $11,072 (2024 - nil). The facility is secured by all present and future acquired personal property.

5. Deferred revenue:

Deferred revenue represents amounts received for future events, or restricted for future expenditures. Changes in deferred revenue balances are as follows:

	2025	2024
Balance, beginning of year	$ 162,546	$ 152,710
Additions	255,681	350,666
Recognized as revenue	(304,727)	(340,830)
Balance, end of year	$ 113,500	$ 162,546

6. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of funding and contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

			2025	2024
	Donations	Government assistance	Total	Total
Balance, beginning of year	$ 4,246,684	$ 796,441	$ 5,043,125	$ 5,129,534
Additions	55,532	–	55,532	103,566
Amortized as revenue	–	(186,352)	(186,352)	(189,975)
Balance, end of year	$ 4,302,216	$ 610,089	$ 4,912,305	$ 5,043,125

7. Financial instruments and risk management:

The Hospice is exposed to various risks through its financial instruments. The following analysis provides a measure of the Hospice's exposure to and concentrations of risk at March 31, 2025:

(a) Credit risk:

Credit risk is the risk one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Hospice's main credit risks relate to its accounts receivable. Given these items are due primarily from government agencies, management is of the opinion that the Hospice's exposure to credit risk is minimal. There has been no change in the assessment of credit risk from the prior year.

(b) Liquidity risk:

Liquidity risk is the risk the Hospice will encounter difficulty in meeting obligations associated with financial liabilities. The Hospice is exposed to this risk mainly with respect to its accounts payable and accrued liabilities and government remittances payable. The Hospice manages this risk by managing its working capital, including ensuring any investments are cashable. In order to meet obligations, the Hospice is dependent on the ongoing generosity of donors and contributors. Management is actively pursuing sources of contributions in order to meet future obligations. There has been no change in the assessment of liquidity risk from the prior year.

(c) Market risk:

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk. The Hospice's exposure to currency, interest rate and price risks is minimal. There has been no change in the assessment of market risk from the prior year.

8. Economic dependence:

During the year, the Hospice received 64% (2024 - 66%) of its contributions from the Ontario Ministry of Health and 9% (2024 - 10%) from The Balsam Foundation.

9. Commitments:

The Hospice has signed a long-term lease with the City of Toronto for the lease of property located in the City of Toronto to be used for operations. The lease has a term of 50 years starting November 2010. The lease is for a base rent of $1 for the term of the lease plus operating costs and taxes.

10. Statement of operations by fund:

2025	Emily's House operating fund	General fund	Total
Revenue:			
Donations and fundraising	$ 911,004	$ 478,972	$ 1,389,976
Government funding	2,436,000	692,389	3,128,389
Amortization of deferred capital contributions	173,002	13,350	186,352
Interest and sundry	–	145,862	145,862
	3,520,006	1,330,573	4,850,579
Expenses:			
Emily's House - client care and support	2,834,332	–	2,834,332
Children and family	–	324,872	324,872
Visiting hospice	–	753,282	753,282
Bereavement and spiritual care	–	141,438	141,438
Development and promotion	155,070	99,006	254,076
Administration	237,309	108,382	345,691
Amortization	233,664	29,974	263,638
	3,460,375	1,456,954	4,917,329
Deficiency of revenue over expenses	$ 59,631	$ (126,381)	$ (66,750)

10. Statement of operations by fund (continued):

2024	Emily's House operating fund	General fund	Total
Revenue:			
Donations and fundraising	$ 828,312	$ 418,488	$ 1,246,800
Government funding	2,436,000	630,169	3,066,169
Amortization of deferred capital contributions	175,585	14,390	189,975
Interest and sundry	–	128,086	128,086
	3,439,897	1,191,133	4,631,030
Expenses:			
Emily's House - client care and support	2,493,370	–	2,493,370
Children and family	–	386,842	386,842
Visiting hospice	–	674,344	674,344
Bereavement and spiritual care	–	108,280	108,280
Development and promotion	189,841	56,434	246,275
Administration	272,886	75,509	348,395
Amortization	238,154	29,188	267,342
	3,194,251	1,330,597	4,524,848
Excess (deficiency) of revenue over expenses	$ 245,646	$ (139,464)	$ 106,182

11. Allocation of expenses:

Salaries and benefits, volunteer-related expenses, and other operating expenses were allocated as follows:

2025	Salaries and benefits	Volunteer-related expenses	Other operating expenses	Total
Emily's House - client care and support	$ 2,356,836	$ 106	$ 477,390	$ 2,834,332
Children and family	282,501	–	42,371	324,872
Visiting hospice	675,408	33,493	44,381	753,282
Bereavement and spiritual care	116,871	–	24,567	141,438
Development and promotion	153,128	–	100,948	254,076
Administration	274,933	–	70,758	345,691
	$ 3,859,677	$ 33,599	$ 760,415	$ 4,653,691

11. Allocation of expenses (continued):

2024	Salaries and benefits	Volunteer-related expenses	Other operating expenses	Total
Emily's House - client care and support	$ 2,030,344	$ 790	$ 462,236	$ 2,493,370
Children and family	332,851	125	53,866	386,842
Visiting hospice	598,623	28,890	46,831	674,344
Bereavement and spiritual care	87,582	–	20,698	108,280
Development and promotion	138,080	–	108,195	246,275
Administration	257,900	–	90,495	348,395
	$ 3,445,380	$ 29,805	$ 782,321	$ 4,257,506