
Financial statements of Casey House Foundation

March 31, 2021

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Independent Auditor's Report

To the Board of Directors of
Casey House Foundation

Opinion

We have audited the financial statements of Casey House Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2021, and the results of its operations, changes in fund balances, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 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.

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 GAAS 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 GAAS, 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 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 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.

Deloitte LLP

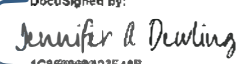
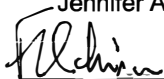
Chartered Professional Accountants
Licensed Public Accountants
June 15, 2021

Casey House Foundation
Statement of financial position
As at March 31, 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash		1,822,754	1,143,432
Accounts receivable		31,329	174,576
Prepaid expenses		32,170	57,888
		1,886,253	1,375,896
Art collection		70,679	70,679
Investments		6,685,555	5,743,808
		8,642,487	7,190,383
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		138,323	128,701
Deferred revenue		50,000	5,000
Due to Casey House	3	120,807	403,987
		309,130	537,688
Post-employment benefits	7	63,400	55,600
		372,530	593,288
Fund balances			
Endowment	4	6,540,326	5,703,662
Restricted	5	843,894	843,894
Unrestricted		885,737	49,539
		8,269,957	6,597,095
		8,642,487	7,190,383

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

Approved by the Board of Directors

DocuSigned by:

1C86888823E40B _____, Director
Jennifer A Dewling

_____ , Director

Casey House Foundation
Statement of operations
Year ended March 31, 2021

	Notes	Endowment Funds \$	Restricted Funds \$	Unrestricted Funds \$	2021 Total \$	2020 Total \$
Revenue						
Donations		16,500	—	1,582,551	1,599,051	1,760,289
Bequests		—	—	1,180,458	1,180,458	345,961
Special events		—	—	29,476	29,476	464,600
Donations in kind	9	—	—	50,770	50,770	356,083
Other	10	—	—	128,489	128,489	—
Investment income		413,393	—	—	413,393	26,676
		429,893	—	2,971,744	3,401,637	2,953,609
Expenses						
Fundraising and special events		—	—	666,581	666,581	888,028
Administrative	6	31,409	—	405,539	436,948	640,768
Donations in kind	9	—	—	50,770	50,770	356,083
		31,409	—	1,122,890	1,154,299	1,884,879
Excess of revenue over expenses before undernoted		398,484	—	1,848,854	2,247,338	1,068,730
Change in fair value of investments		562,500	—	—	562,500	(24,187)
Grants to Casey House	3	(124,320)	—	(842,380)	(966,700)	(985,000)
Grants to Third Party		—	—	(166,576)	(166,576)	(13,394)
Excess of revenue over expenses for the year		836,664	—	839,898	1,676,562	46,149

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

Casey House Foundation
Statement of changes in fund balances
Year ended March 31, 2021

	Endowment Funds	Restricted Funds	Unrestricted Funds	2021 Total	2020 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	5,703,662	843,894	49,539	6,597,095	6,542,146
Excess of revenue over expenses for the year	836,664	—	839,898	1,676,562	46,149
Net actuarial (loss) gain on post-employment benefits	—	—	(3,700)	(3,700)	8,800
Balance, end of year	6,540,326	843,894	885,737	8,269,957	6,597,095

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

Casey House Foundation**Statement of cash flows**

Year ended March 31, 2021

	2021	2020
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	1,676,562	46,149
Items not affecting cash		
Change in fair value of investments	(562,500)	(24,187)
Net post-employment benefits cost	4,100	9,500
	1,118,162	31,462
Net change in non-cash working capital items		
Accounts receivable	143,247	(152,052)
Prepaid expenses	25,718	(19,408)
Accounts payable and accrued liabilities	9,622	72,975
Deferred revenue	45,000	5,000
Due to Casey House	(283,180)	(1,504,754)
	1,058,569	(1,566,777)
Investing activity		
Purchase of investments (net of disposals)	(379,247)	62,900
Increase (decrease) in cash during the year	679,322	(1,503,877)
Cash, beginning of year	1,143,432	2,647,309
Cash, end of year	1,822,754	1,143,432

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

1. Organization

Casey House Foundation (the "Foundation") was incorporated without share capital, effective December 6, 1988, under the Ontario Corporations Act to provide financial support to Casey House, a not-for-profit hospital providing comprehensive care to people living with HIV/AIDS. The activities of the Foundation began in April 1989 and it is registered as a charitable foundation within the meaning of the Income Tax Act (Canada) and is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Foundation are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

Fund accounting and revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. The financial statements separately disclose the activities of the following funds maintained by the Foundation:

- The Unrestricted Fund reflects the general fundraising, investing, granting and administrative activities and reports on unrestricted resources available for immediate use. The Unrestricted Fund is used to support the operations of the Foundation and to make grants to Casey House.
- The Restricted Funds reflects funds that have been externally restricted by the donors or internally restricted in accordance with directives issued by the Board of Directors to support capital related objectives. Investment income earned on the Restricted Funds that are not externally restricted is included as revenue of the Unrestricted Fund.
- The Endowment Funds represents a group of funds that have been contributed to the Foundation with the instruction to invest the principle in perpetuity and to use the income earned for specific purposes as outlined in the governing documents. Investment income generated on the Endowment Funds is recorded as revenue of the appropriate funds as specified in the governing documents.

Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship of assets, certain inter-fund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are recorded in the statement of changes in fund balances.

All donations, contributions and other income are recognized as revenue of the appropriate fund in the year received or receivable. Pledges, due to their inherent nature, are not recorded in the financial statements until received. Donations in kind are recorded at their appraised or fair value only if the donor provides an appraisal or invoice to support the value. When recorded as a donation an equivalent amount is recorded as an expense. Proceeds from fundraising and special events are recognized in the year in which the event occurred, based on reasonable assurance of collection. All other revenue and expenditures are recorded on an accrual basis.

Investments

Investments in pooled funds are recorded at the quoted fair values of the securities held by the funds provided by the administrator of the pooled funds.

2. Summary of significant accounting policies (continued)

Contributed materials and services

Contributed materials and services which are used in the normal course of the Foundation's operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution if fair value can be reasonably estimated.

Volunteers contribute significant hours per year to assist the Foundation in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Post-employment benefits

Post-employment benefits relate to life insurance, health and dental benefits paid to employees post-employment with the Foundation. The plan is unfunded. The accrued benefit obligation and the current service cost were actuarially determined using the projected benefit method pro-rated on service and based on management's best estimates. Current market interest rates, for the periods over which payments are estimated to be required, are used to estimate the present value of future benefit obligations. Actuarial gains or losses are recorded in net assets.

Financial instruments

The Foundation initially recognizes financial instruments at fair value. The Foundation subsequently measures cash and investments at fair value, all other financial instruments are subsequently measured at amortized cost. Changes in fair value are recognized in the statement of operations. Financial assets are tested for impairment at the end of each reporting period where there are indicators the assets may be impaired.

Financial instruments measured at amortized cost include accounts receivable, accounts payable and accrued liabilities and due to Casey House.

Collections

Collections are works of art, historical treasures or similar assets that are: held for public exhibition, education or research; protected, cared for and preserved; and subject to an organizational policy that requires any proceeds from their sale to be used to acquire other items to be added to the collection or for the direct care of the existing collection. The Foundation has elected to record Collections on the statement of financial position at cost. The Foundation will not amortize the Collection as the Foundation is required to preserve these assets in perpetuity.

Government assistance

Government assistance is recorded in the financial statements when there is reasonable assurance that the Foundation has complied with, and will continue to comply with, all conditions necessary to obtain the assistance.

Government assistance related to wage subsidies are recorded as revenue on the statement of operations.

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are post employment benefits and accrued liabilities. Actual results could differ from management's best estimates, as additional information becomes available in the future.

3. Transactions with Casey House

Funding provided and fees paid by the Foundation to Casey House during the year are as follows:

	2021	2020
	\$	\$
Operating grant	1,231,687	985,000
Unspent grants returnable	(264,987)	—
Total grants	966,700	985,000

As required by the Foundation, Casey House will return all unspent operating grants to the Foundation annually.

The amount payable to Casey House of \$120,807 (\$403,987 in 2020) relates to the grants awarded but unpaid as at the year-end date.

4. Endowment Funds

Endowment Funds has 4 pillars which will support the strategic direction of Casey House. These pillars are:

- June Callwood Endowment For Compassionate Care at Casey House
- Research and Evaluation Endowment at Casey House
- Social Justice Endowment at Casey House
- Purpose Driven Strategic Initiatives Endowment at Casey House

The Foundation will uphold all terms and conditions of externally restricted Endowment Funds as directed by the donors.

5. Restricted Capital Fund

	2021	2020
	\$	\$
Capital Fund	843,894	843,894

6. Pension plan

Substantially all of the employees of the Foundation are members of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer, final average pay contributory pension plan, and therefore is accounted for as a defined contribution plan. Contributions made to HOOPP during the year are included in administrative expenditures in the statement of operations and amounted to \$62,030 (\$56,565 in 2020).

7. Post-employment benefits

Casey House, a related party, has a defined benefit post-employment benefit plan covering certain employees of the Foundation. A summary of the Foundation's obligations is as follows, based on the latest full actuarial valuation as at April 1, 2018:

	2021	2020
	\$	\$
Accrued benefit liability as at April 1	55,600	54,900
Pension expense for the year		
Current service cost	7,100	7,500
Interest cost	2,200	2,000
Contributions	(5,200)	—
	4,100	9,500
Remeasurement due to actuarial losses (gains)	3,700	(8,800)
Accrued benefit liability as at March 31	63,400	55,600
Weighted average assumptions		
Discount rate	3.0%	3.7%
Average remaining service period to retirement	12 years	12 years

The assumed dental care cost trend used in determining the benefit expense is 3.0% for 2021 to 2023 (3.0% in 2020) and increasing to an annual rate of 4.75% in 2029 and 2030, and decreasing annually to an ultimate rate of 3.57% in 2040. The assumed extended health-care cost trend used in determining the benefit expense is 5.25% for 2021 to 2023 (5.17% in 2020) and decreasing annually to an ultimate rate of 3.57% in 2040.

8. Risk management

Risks arising from financial instruments

Credit risk

The Foundation has cash in a major financial institution in excess of the amount insured by agencies of the federal government.

Interest rate risk

The Foundation manages its investments based on its cash flow needs and with a view to optimizing its interest income.

The Foundation is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and current liabilities.

8. Risk management (continued)

Risks arising from financial instruments (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Foundation has investments in US equities, the value of which fluctuates in part as a result of changes in foreign exchange rates.

Market risk

Market risk arises from the possibility that changes in equity prices will affect the value of investments held by the Foundation. The Foundation endeavors to mitigate this risk by adopting an investment policy which provides appropriate portfolio diversification.

9. Donations in kind

For the year ended March 31, 2021, the Foundation reported \$50,770 (\$356,083 in 2020) in Donation in kind revenue and Donation in kind expense. Included in this total is \$27,765 (\$245,315 in 2020) Donation in kind revenue and expense from the Art with Heart fund raising event.

10. Government assistance

Canadian Emergency Wage Subsidy (CEWS)

The wage subsidy relates to CEWS that is available to corporations that experienced a reduction in revenue. This amount does not have to be repaid and has been taken into revenue in the appropriate for the periods covering March 15, 2020 and March 31, 2021, receiving a total amount of \$128,445 from the program.

11. Significant event

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Foundation in future periods.