

**Casey House Hospice Inc.**  
(a not-for-profit charitable corporation)

**Financial Statements**  
**March 31, 2016**



May 31, 2016

## **Independent Auditor's Report**

**To the Directors of  
Casey House Hospice Inc.**

We have audited the accompanying financial statements of Casey House Hospice Inc., which comprise the statement of financial position as at March 31, 2016 and the statements of operations and changes in unrestricted net assets, remeasurement gains and losses and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Casey House Hospice Inc. as at March 31, 2016 and the results of its operations and its remeasurement gains and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

# Casey House Hospice Inc.

## Statement of Financial Position

As at March 31, 2016

	2016 \$	2015 \$	
<b>Assets</b>			
<b>Current assets</b>			
Cash	1,104,157	548,053	
Accounts and other receivables (note 14)	9,445,609	1,381,722	
Due from Casey House Foundation (notes 4 and 14)	1,496,795	230,694	
	<u>12,046,561</u>	<u>2,160,469</u>	
<b>Investments (note 3)</b>	1,093,879	1,084,508	
<b>Property and equipment (notes 5 and 14)</b>	21,778,491	9,614,949	
	<u>34,918,931</u>	<u>12,859,926</u>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities (note 14)	10,987,126	1,800,326	
Mortgage payable (note 7)	32,791	31,539	
	<u>11,019,917</u>	<u>1,831,865</u>	
<b>Post-retirement benefit obligations (note 12)</b>	173,500	185,700	
<b>Mortgage payable (note 7)</b>	542,887	575,678	
<b>Deferred contributions and grants (notes 8 and 14)</b>	19,114,015	6,076,601	
	<u>30,850,319</u>	<u>8,669,844</u>	
<b>Net Assets</b>			
<b>Unrestricted</b>	4,012,073	4,110,677	
<b>Accumulated remeasurement gains</b>	56,539	79,405	
	<u>4,068,612</u>	<u>4,190,082</u>	
	<u>34,918,931</u>	<u>12,859,926</u>	
<b>Contingencies and commitments (note 14)</b>			
<b>Approved by the Board of Directors</b>			
	Director		Director

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

## Casey House Hospice Inc.

### Statement of Operations and Changes in Unrestricted Net Assets

For the year ended March 31, 2016

	2016	2015
	\$	\$
<b>Revenue</b>		
Provincial grants (notes 11 and 13)	4,976,254	4,936,917
Grants from Casey House Foundation (note 4)	1,079,490	951,492
Community Care Access Centre billings (note 10)	93,525	127,327
Investment income	49,408	38,594
Other	165,707	231,111
Amortization of deferred contributions and grants	135,542	134,675
Realized investment gain (loss)	394	(5,117)
	<u>6,500,320</u>	<u>6,414,999</u>
<b>Expenditures</b>		
Salaries and benefits (note 9)	5,027,386	4,936,974
General and administrative	485,626	436,957
Interest	38,558	46,104
Pharmaceuticals	389,925	371,954
Resident/client care	224,857	243,980
Building and maintenance	159,708	209,653
Amortization of property and equipment	272,864	270,420
	<u>6,598,924</u>	<u>6,516,042</u>
<b>Deficiency of revenue over expenditures for the year</b>	(98,604)	(101,043)
<b>Unrestricted net assets - Beginning of year</b>	<u>4,110,677</u>	<u>4,211,720</u>
<b>Unrestricted net assets - End of year</b>	<u>4,012,073</u>	<u>4,110,677</u>

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

**Casey House Hospice Inc.**  
**Statement of Remeasurement Gains and Losses**  
**For the year ended March 31, 2016**

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	2016 \$	2015 \$
<b>Accumulated opening remeasurement gains</b>	<u>79,405</u>	<u>21,669</u>
Unrealized (losses) gains attributable to investments for the year	(22,472)	52,619
Realized losses (gains) reclassified to statement of operations and changes in unrestricted net assets	<u>(394)</u>	<u>5,117</u>
<b>Net remeasurement (losses) gains for the year</b>	<u>(22,866)</u>	<u>57,736</u>
<b>Accumulated closing remeasurement gains</b>	<u>56,539</u>	<u>79,405</u>

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

# Casey House Hospice Inc.

## Statement of Cash Flows

For the year ended March 31, 2016

	2016	2015
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenditures for the year	(98,604)	(101,043)
Adjustments		
Amortization of property and equipment	272,864	270,420
Amortization of deferred contributions and grants	(135,542)	(134,675)
Realized investment (gain) loss	(394)	5,117
Net post-employment benefits cost	(12,200)	16,700
	<u>26,124</u>	<u>56,519</u>
Changes in net working capital		
Accounts and other receivables	1,284,675	(1,260,455)
Accounts payable and accrued liabilities	(1,263,188)	1,367,295
Due from Casey House Foundation	(227,372)	(26,766)
	<u>(179,761)</u>	<u>136,593</u>
<b>Capital activities</b>		
Purchase of property and equipment - net of accounts payable and accrued liabilities related to purchase of property and equipment	(1,986,418)	(1,221,248)
<b>Investing activities</b>		
Proceeds on sale of investments	4,342	700,081
Purchase of investments	(36,185)	(726,823)
	<u>(31,843)</u>	<u>(26,742)</u>
<b>Financing activities</b>		
Net repayment of mortgage principal	(31,539)	(29,862)
Deferred contributions and grants received	2,785,665	874,951
	<u>2,754,126</u>	<u>845,089</u>
<b>Increase (decrease) in cash during the year</b>	<b>556,104</b>	<b>(266,308)</b>
<b>Cash - Beginning of year</b>	<b>548,053</b>	<b>814,361</b>
<b>Cash - End of year</b>	<b>1,104,157</b>	<b>548,053</b>
<b>Supplemental disclosure</b>		
Interest paid	38,558	46,104

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

# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

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### 1 Organization

Casey House Hospice Inc. (Casey House) was incorporated without share capital on October 28, 1986 under the Ontario Corporations Act to operate a not-for-profit hospice providing palliative and supportive care to people living with HIV/AIDS. Casey House is registered as a charity 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. Casey House is affiliated with St. Michael's Hospital under an original agreement dated January 15, 1988 and most recently renewed on May 30, 2011.

### 2 Summary of significant accounting policies

#### Basis of presentation

The financial statements of Casey House are prepared in accordance with Canadian public sector accounting standards (PSAS), including accounting standards that apply to government not-for-profit organizations.

These financial statements include the assets, liabilities and activities of Casey House. The financial statements do not include the activities of Casey House Foundation, which is a non-controlled not-for-profit entity.

#### Revenue recognition

Under the Health Insurance Act (Ontario) and the regulations thereto, Casey House is funded primarily by the Province of Ontario in accordance with funding arrangements established by the Ministry of Health and Long-Term Care (the Ministry) and the Local Health Integration Network (LHIN). These financial statements reflect agreed funding arrangements by the Ministry and the LHIN with respect to the year ended March 31, 2016.

Casey House follows the deferral method of accounting for contributions, which includes donations, grants from Casey House Foundation, and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Amounts received for property and equipment are amortized into income on the same basis as the associated property and equipment.

Contributions received in the form of donations and grants for specific capital expenditures are initially deferred and recorded as deferred capital contributions. These deferred capital contributions are realized into income on the same basis as the amortization of the cost of the related property and equipment.



# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

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### Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Commencing in the year of acquisition, amortization is provided for on a straight-line basis over the estimated useful lives of the various classes of assets as follows:

Buildings	40 years
Building improvements	10 to 40 years
Furniture, fixtures and equipment	3 to 5 years

Artwork includes various prints and paintings donated to Casey House. The artwork is recorded at its appraised value at the time of donation and is not amortized.

Casey House reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate the asset no longer has any long-term service potential to Casey House. The impairment loss, if any, is the excess of the carrying value over any residual value. Writedowns are not reversed.

### Construction-in-progress

Construction-in-progress comprises direct construction and development costs. No amortization is recorded until construction is substantially complete and the assets are ready for use.

### Contributed materials and services

A number of volunteers contribute their services to Casey House each year. Since these services are not normally purchased by Casey House and because of the difficulty in determining the fair value, these contributed services are not recognized or disclosed in the notes to the financial statements. Contributed materials are recorded, when received, at fair value.

### Leases

Operating lease costs are recognized as an expense on a straight-line basis over the life of the lease.

### Investments

Casey House invests in pooled funds, money market funds and short-term investment certificates. The investments are recorded at the quoted fair values of securities held by the funds. Transaction costs related to investments are expensed as incurred.

Changes in the fair value of investments are recorded in the statement of remeasurement gains and losses until the financial instrument is settled. Transaction costs are expensed as incurred. Interest and dividends attributable to the investments are reported in the statement of operations and changes in unrestricted net assets.

On settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations and changes in unrestricted net assets.

# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

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All investment transactions are recorded on a trade date basis.

### Employee future benefits

Employee future benefits relate to life insurance, health and dental benefits paid to employees post-employment with Casey House. 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 of salary escalation, retirement ages of employees, and health-care costs. The discount rate used to determine the accrued benefit obligation was determined by reference to Casey House's cost of borrowing consistent with the specific rates of interest and periods committed to by Casey House on amounts borrowed. Actuarial gains and losses are amortized over the remaining service lives of the employees. Past service costs are expensed when incurred.

Sick days that accumulate, but do not vest, are accrued for as an employee benefit.

### Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent 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. Accounts requiring significant estimates include collectibility of accounts and other receivables, accounts payable and accrued liabilities and employee future benefits.

## 3 Investments

	2016 \$	2015 \$
Short-term investment certificate		
Money Market Fund	494,853	495,163
Canadian Bond Fund	116,033	115,848
	482,993	473,497
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	1,093,879	1,084,508
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# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

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### 4 Economic interest - Casey House Foundation

Casey House has an economic interest in Casey House Foundation (the Foundation). The Foundation was established to provide financial support for the capital and operating expenditures of Casey House that are not otherwise funded. The Foundation is registered as a charitable foundation within the meaning of the Income Tax Act (Canada). Fees and funding provided by the Foundation to Casey House during the year are as follows:

	2016	2015
	\$	\$
Operating grant	945,968	881,731
One-time project grant for the Day Health Program Start-up, Research, Child Care Project and Community Education	133,522	69,761
	<u>1,079,490</u>	<u>951,492</u>
Administrative service fees	<u>30,000</u>	<u>30,000</u>
Redevelopment grants	<u>1,388,729</u>	<u>850,000</u>
Capital grants	<u>31,539</u>	<u>42,153</u>

The amount due from the Foundation of \$1,496,795 (2015 - \$230,694) represents grants awarded but not received as at the year-end date.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties.

**Casey House Hospice Inc.**

Notes to Financial Statements

March 31, 2016

**5 Property and equipment**

	Land	Buildings	Building Improvements	Furniture, fixtures and equipment	Artwork	Construction-in-progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost of purchases							
As at March 31, 2015	2,141,466	2,766,636	3,199,173	1,014,888	42,167	4,644,562	13,808,892
Additions	-	-	16,083	23,079	-	12,397,244	12,436,406
As at March 31, 2016	2,141,466	2,766,636	3,215,256	1,037,967	42,167	17,041,806	26,245,298
Accumulated amortization							
As at March 31, 2015	-	1,424,882	1,837,995	931,066	-	-	4,193,943
Amortization	-	69,166	166,017	37,681	-	-	272,864
As at March 31, 2016	-	1,494,048	2,004,012	968,747	-	-	4,466,807
Net book value							
As at March 31, 2016	2,141,466	1,272,588	1,211,244	69,220	42,167	17,041,806	21,778,491

Construction-in-progress consists primarily of the amounts incurred in relation to the expansion of the building.

**Casey House Hospice Inc.**  
Notes to Financial Statements  
March 31, 2016

	Land	Buildings	Building improvements	Furniture, fixtures and equipment	Artwork	Construction-in-progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost of purchases							
As at March 31, 2014	2,141,466	2,766,636	3,197,355	1,010,970	42,167	3,497,457	12,656,051
Additions	-	-	1,818	3,918	-	1,147,105	1,152,841
As at March 31, 2015	2,141,466	2,766,636	3,199,173	1,014,888	42,167	4,644,562	13,808,892
Accumulated amortization							
As at March 31, 2014	-	1,355,716	1,672,292	895,515	-	-	3,923,523
Amortization	-	69,166	165,703	35,551	-	-	270,420
As at March 31, 2015	-	1,424,882	1,837,995	931,066	-	-	4,193,943
Net book value							
As at March 31, 2015	2,141,466	1,341,754	1,361,178	83,822	42,167	4,644,562	9,614,949

# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

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### 6 Redevelopment project

Casey House is undertaking a project to redevelop the site at 119 Isabella Street to provide a 58,000 square foot health centre that will include the current in-patient and home care programs and a new day health program. The redevelopment project is being funded by the Ministry and the Foundation. The amounts received and receivable to date are included in deferred contributions and grants.

### 7 Mortgage payable

The mortgage with a major financial institution is secured by the property at 571 Jarvis Street and has been guaranteed by the Foundation. The mortgage bears interest at a rate of 3.9% with blended monthly payments of \$4,555. The mortgage matures on October 31, 2019 and is open for repayment of up to 10% of the original principal on each anniversary date.

Principal repayments on the mortgage are as follows:

	\$
2017	32,791
2018	34,093
2019	35,448
2020	440,555
	<u>542,887</u>

### 8 Deferred contributions and grants

	2016 \$	2015 \$
Balance - Beginning of year	6,076,601	5,336,325
Contributions received and grants approved during the year		
Casey House Foundation redevelopment grant	1,388,729	850,000
Ministry of Health redevelopment grant	11,360,476	-
Others	472,941	24,951
Grant revenue earned in the year	(49,190)	-
Amortized to revenue during the year	<u>(135,542)</u>	<u>(134,675)</u>
Balance - End of year	<u>19,114,015</u>	<u>6,076,601</u>

Included in the deferred grants above is \$3,417 (2015 - \$78,095) of unspent grants from Casey House Infrastructure Renewal Fund (HIRF) for minor capital projects that extend the useful life of the facility or improve the facility's quality or functionality.

# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

	2016	2015
	\$	\$
Unspent HIRF grant - Beginning of year	78,095	76,799
Grants received during the year	19,500	40,000
Unspent grants returned	(78,095)	(38,704)
Grants spent on approved projects	(16,083)	-
	<hr/>	<hr/>
Unspent HIRF grant - End of year	3,417	78,095

### 9 Pension plan

Substantially all of the employees of Casey House are members of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer final average pay contributory pension plan. HOOPP is accounted for as a defined contribution plan. Contributions made to HOOPP during the year are included in salaries and benefits in the statement of operations and changes in unrestricted net assets and amounted to \$334,075 (2015 - \$317,537).

### 10 Community program

Operating results for the community program, which are included in the statement of operations and changes in unrestricted net assets, are as follows:

	2016	2015
	\$	\$
Revenue		
Grants from Casey House Foundation	728,125	681,287
Community Care Access Centre billings	93,525	127,327
	<hr/>	<hr/>
	821,650	808,614
Expenditures		
Salaries and benefits	682,809	658,258
Administrative	119,863	126,389
Enhanced services (i)	18,978	23,967
	<hr/>	<hr/>
	821,650	808,614
Excess of revenue over expenditures	<hr/>	<hr/>
	-	-

i) Enhanced services include primarily personal support workers and complementary therapies.

### 11 AIDS Bureau grant for community education program

Provincial grants include funding from the AIDS Bureau to support Casey House's Community Education program.

# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

	2016 \$	2015 \$
Funds received	94,512	94,512
Salaries and benefits	84,222	79,116
Supplies and other expenses	10,290	15,396
Total distribution	94,512	94,512
Funds received in excess of distributions	-	-

### 12 Post-retirement benefit

Casey House's non-pension post-retirement benefit plans comprise medical, dental and life insurance coverage for certain groups of employees who have retired from Casey House and are between the ages of 55 and 65. The post-retirement benefit obligation is calculated based on the latest actuarial valuation performed on April 1, 2015.

As at March 31, 2016, the accrued sick leave obligation amounted to \$33,331 (2015 - \$31,882).

The post-retirement benefits as at March 31 include the following components:

	2016 \$	2015 \$
Accrued benefit obligations	108,000	188,300
Unamortized actuarial gains	65,500	(2,600)
Post-retirement benefit obligations recorded in the statement of financial position	173,500	185,700

The movement in the post-retirement benefit obligation during the year is as follows:

	2016 \$	2015 \$
Post-retirement obligations - April 1	185,700	169,000
Pension expense for the year		
Current service cost	7,600	23,500
Actuarial gains	(7,600)	(3,400)
Interest cost	2,900	6,200
	2,900	26,300
Benefits paid	(15,100)	(9,600)
Post-retirement benefit obligations - as at March 31	173,500	185,700



# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

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The significant actuarial assumptions adopted in measuring Casey House's accrued post-retirement benefit obligations are as follows:

	2016 %	2015 %
Discount rate - Beginning of year	2.50	3.50
Discount rate - End of year	2.75	2.50
Take-up rates	100	100
Attribution period	12 years	6 years
Health-care benefit cost trend - decreasing by 0.25% per annum to an ultimate rate of 4.50%	6.50	7.25
Dental benefit cost trend	3.00	4.00

### 13 Economic dependence

Casey House is dependent on the LHIN for the majority of its operating funds. LHIN funding to Casey House for the year was \$4,881,742 (2015 - \$4,842,405) or 75% (2015 - 75%) of Casey House's total revenue.

### 14 Contingencies and commitments

#### Letters of credit

Casey House has invested in two short-term investment certificates to serve as securitization for two letters of credit in favour of the City of Toronto for costs related to the redevelopment project. The letters of credit are for \$400,000 and \$93,864 and secure the cost of restoration work on the heritage building and site landscaping, respectively.

#### Development contract

In the prior year, Casey House awarded the project contract for the redevelopment project. The estimated commitments under the redevelopment project as at March 31, 2016 total approximately \$33,010,959, all of which is to be funded by the Ministry and the Foundation. Commitments for the redevelopment project include \$32,729,294 with a general contractor. The construction costs related to the redevelopment project are to be funded 90% by the Ministry and 10% by the Foundation. Work completed as at March 31, 2016 is valued at \$10,387,291 and has been recognized as construction-in-progress within property and equipment and a corresponding payable has been recorded that is included in accounts payable and accrued liabilities. In addition, receivables owing from the Ministry in the amount of \$9,348,562 and the Foundation in the amount of \$1,038,729 have been recognized and included in accounts and other receivables and due from the Foundation, respectively, as at March 31, 2016.

# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

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### 15 Financial instruments and risk management

#### Financial instruments

Casey House's financial instruments consist of cash, investments, due from the Foundation, accounts and other receivable, accounts payable and accrued liabilities and mortgage payable.

Casey House's financial instruments are measured as follows:

	Measurement category
Cash	amortized cost
Investments	fair value
Accounts and other receivables	amortized cost
Accounts payable and accrued liabilities	amortized cost
Mortgage payable	amortized cost
Due from the Foundation	amortized cost

#### Fair value measurement

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available that are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Investments consisting of pooled funds were measured as Level 2 financial instruments.

#### Risk management

Casey House is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. Casey House's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on Casey House's financial performance. Casey House is exposed to market risk with regard to its pooled fund investments, which are regularly monitored.

# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

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### Market risk

Casey House is exposed to market risk through the fluctuation of financial instrument fair values due to changes in market prices. The significant market risks to which Casey House is exposed are interest rate and price risks.

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Casey House has a fixed interest rate on its mortgage payable balance, and therefore, changes in market interest rates would not have an impact on Casey House's cash flow and operations.

- Price risk

Price risk is the risk the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate because of changes in market prices. Casey House is exposed to price risk through its portfolio investments.

As at March 31, 2016, Casey House's estimate of the effect on net assets as at March 31, 2016 due to a 5% increase or decrease in the market value of investments, with all other variables held constant, would approximately amount to an increase or decrease of \$55,000. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

- Sensitivity analysis

The sensitivity analysis included in this note should be used with caution as the changes are hypothetical and are not predictive of future performance. The above sensitivities are calculated with reference to year-end balances and will change due to fluctuations in the balances in the future. In addition, for the purpose of the sensitivity analysis, the effect of a variation in a particular assumption on the fair value of the financial instruments was calculated independently of any change in another assumption. Actual changes in one factor may contribute to changes in another factor, which may magnify or counteract the effect on the fair value of the financial instrument.

### Credit risk

Casey House is exposed to credit risk in the event of non-payment by patients for non-insured services and services provided to non-resident patients. This risk is common to hospitals as they are required to provide care for patients regardless of their ability to pay for services.

As at March 31, 2016, all accounts receivable are current. None of the receivables are past due or impaired.

# Casey House Hospice Inc.

## Notes to Financial Statements

March 31, 2016

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### Liquidity risk

Liquidity risk is the risk Casey House will not be able to meet its financial obligations when they come due. Casey House manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

The table below is a maturity analysis of Casey House's financial liabilities:

	Up to 6 months \$	More than 6 months up to 1 year \$	More than 1 year up to 5 years \$	More than 5 years \$	Total \$
Accounts payable and accrued liabilities	599,835	10,387,291	-	-	10,987,126
Mortgage payable	16,236	16,555	542,887	-	575,678
	<u>616,071</u>	<u>10,403,846</u>	<u>542,887</u>	<u>-</u>	<u>11,562,804</u>