Financial statements of
Casey House
(A not-for-profit charitable corporation)

March 31, 2023

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Independent Auditor's Report

To the Board of Directors of
Casey House

Opinion

We have audited the financial statements of Casey House (the "Hospital"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in unrestricted net assets, remeasurement losses, 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 Hospital as at March 31, 2023, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Hospital 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 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.

In preparing the financial statements, management is responsible for assessing the Hospital'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 Hospital or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospital'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 Hospital'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 Hospital'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 Hospital 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Casey House to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 6, 2023

Casey House

Statement of financial position

As at March 31, 2023

	Notes	2023 $	2022 $
Assets			
Current assets			
Cash		**1,780,743**	4,358,786
Cash held in Trust	11	**—**	51,596
Accounts and other receivables		**237,227**	354,796
Due from Casey House Foundation	4	**602,303**	118,188
		2,620,273	4,883,366
Investments	3	**2,451,077**	1,383,181
Property and equipment	5	**38,794,208**	39,872,544
		43,865,558	46,139,091
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9 and 11	**1,305,291**	3,230,784
Post-retirement benefit obligations	9	**169,000**	147,400
Deferred contributions and grants	6	**36,487,599**	37,596,888
		37,961,890	40,975,072
Contingencies and commitments	11		
Net assets			
Unrestricted		**6,045,912**	5,213,860
Accumulated remeasurement losses		**(142,244)**	(49,841)
		5,903,668	5,164,019
		43,865,558	46,139,091

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

Approved by the Board of Directors

[redacted] Director

Director

Casey House

Statement of operations and changes in unrestricted net assets

Year ended March 31, 2023

	Notes	2023 $	2022 $
Revenue			
Provincial grants	8 and 10	**11,114,719**	8,879,250
Grants from Casey House Foundation	4 and 6	**999,132**	502,072
Investment income		**229,472**	142,705
Other		**151,567**	176,726
Amortization of deferred capital contributions		**1,118,077**	1,304,534
		13,612,967	11,005,287
Expenses			
Salaries and benefits	7	**8,632,610**	8,104,413
General and administrative		**1,456,282**	1,135,212
Interest		**14,830**	14,852
Pharmaceuticals		**474,898**	473,618
Resident/client care		**368,179**	314,580
Building and maintenance		**606,423**	550,088
Amortization of property and equipment		**1,227,693**	1,347,941
		12,780,915	11,940,704
Excess (deficiency) of revenue over expenses for the year		**832,052**	(935,417)
Unrestricted net assets, beginning of year		**5,213,860**	6,149,277
Unrestricted net assets, end of year		**6,045,912**	5,213,860

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

Casey House

Statement of remeasurement losses

Year ended March 31, 2023

	2023 $	2022 $
Accumulated remeasurement (losses) gains, beginning of year	**(49,841)**	49,636
Unrealized losses attributable to investments for the year	**(92,403)**	(99,477)
Accumulated remeasurement losses, end of year	**(142,244)**	(49,841)

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

Casey House
Statement of cash flows
Year ended March 31, 2023

	2023	2022
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**832,052**	(935,417)
Items not affecting cash		
Amortization of property and equipment	**1,227,693**	1,347,941
Amortization of deferred capital contributions	**(1,118,077)**	(1,304,534)
Deferred grants recognized	**(999,132)**	(502,072)
Net post-employment benefits cost	**21,600**	18,700
	(35,864)	(1,375,382)
Changes in non-working capital		
Accounts and other receivables	**117,569**	999,832
Accounts payable and accrued liabilities	**(1,925,493)**	751,355
Due from Casey House Foundation	**(484,115)**	2,619
	(2,327,903)	378,424
Capital activities		
Purchase of property and equipment	**(224,751)**	(336,050)
Insurance proceeds from write off of property and equipment	**75,394**	—
	(149,357)	(336,050)
Investing activities		
Cash held in trust	**51,596**	1,427,360
Acquisition of investments (net of disposals)	**(1,160,299)**	(108,887)
	(1,108,703)	1,318,473
Financing activities		
Advances for projects remitted	**—**	(1,427,468)
Deferred contributions and grants returned	**—**	(220,575)
Deferred contributions and grants received	**1,007,920**	502,072
	1,007,920	(1,145,971)
(Decrease) increase in cash during the year	**(2,578,043)**	214,876
Cash, beginning of year	**4,358,786**	4,143,910
Cash, end of year	**1,780,743**	4,358,786

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

1. Organization

Casey House was incorporated as Casey House Hospice Inc. 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. On April 29, 2016, an application for supplementary letters patent was approved, changing the name of the organization to Casey House and redefining the object of the corporation as the establishment, maintenance and provision of a comprehensive program for the care, comfort, support and counselling of persons 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.

2. Summary of significant accounting policies

Basis of presentation

Management has prepared these financial statements on a non-consolidated basis in accordance with Canadian public sector accounting standards including the 4200 series of standards as issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

These financial statements include the assets, liabilities and activities of Casey House. Details of the non-consolidated organization, Casey House Foundation, are provided in Note 4.

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 (the "Ministry" or MOH). Ontario Health ("OH"), a Crown agency of the Government of Ontario, was established on June 6, 2019. Ministry and OH operating grants are recorded as revenue in the period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. Ministry and OH grants that are approved but not received at the end of a period are accrued. These financial statements reflect agreed funding arrangements by the Ministry and the OH with respect to the year ended March 31, 2023.

Casey House follows the deferral method of accounting for restricted contributions, whereby restricted contributions are recognized as revenue in the same period in which the related expenses are incurred.

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. Contributions restricted for the purchase of property and equipment are amortized into income on the same basis as the associated property and equipment.

Financial instruments

All financial instruments are included on the statement of financial position and are measured either at fair value, cost or amortized cost based on the characteristics of the instrument and Casey House's accounting policy choices.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

All financial instruments reported on the statement of financial position of Casey House are measured as follows:

Cash	Fair value
Investments	Fair value
Accounts and other receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due from Casey House Foundation	Amortized cost

Financial instruments measured at fair value are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations and changes in unrestricted net assets. Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses, and recognized into the statement of operations and changes in unrestricted net assets. On sale or disposal, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations and changes in unrestricted net assets.

Financial instruments measured at amortized cost are initially recognized at cost, and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write down being recognized in the statement of operations and changes in unrestricted net assets.

Property and equipment

Property and equipment are recorded at acquisition cost, less accumulated amortization. Contributed property and equipment are recorded at fair value at the date of acquisition. Expenditures for new facilities or expenditures that substantially increase the useful lives of existing capital assets are capitalized. Renovation costs to maintain normal operating efficiency are expensed as incurred. Maintenance, repairs and minor replacements are also expensed as incurred. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

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

Casey House reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and exceeds its fair value. The impairment loss, if any, is the excess of the carrying value over its fair value. Write-downs are not reversed.

2. Summary of significant accounting policies (continued)

Construction-in-progress

Construction-in-progress represents expenditures incurred for projects currently underway. Upon completion, the related construction-in-progress will be transferred to the appropriate property and equipment category and amortization will commence.

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.

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.

Adjustments arising from plan amendments are recognized in the year when the plan amendments occur.

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

Use of estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards 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 amount of revenues and expenses during the reporting period. Estimates are used when accounting for a number of items including, but not limited to collectability of accounts and other receivables, property and equipment, accounts payable and accrued liabilities and post-retirement benefits. Actual results could differ from those estimates.

3. Investments

	2023 $	2022 $
Redeemable investment certificate	**45,000**	45,000
Money Market Fund	**120,548**	119,198
Balanced Pool Fund	**2,285,529**	1,218,983
	2,451,077	1,383,181

The Money Market Fund has an average term to maturity of 230 days and a yield of 5.25%. The Balanced Pool Fund has an average term to maturity of 10.37 years and a yield to maturity of 3.0%.

4. Casey House Foundation

All members of the Board of Directors of Casey House Foundation (the "Foundation") are members of the Board of Directors of Casey House and the Foundation and Casey House share the same executive officers. As such, Casey House exercises control over the Foundation. Summary information on the Foundation is disclosed below.

(a) 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).

The financial statements of the Foundation have not been consolidated with the financial statements of Casey House. Financial summaries of the Foundation as at March 31, 2023 are as follows:

	2023 $	2022 $
Financial position		
Total assets	**10,221,413**	9,255,753
Total liabilities	**761,733**	449,438
Total fund balances	**9,459,680**	8,806,315
	10,221,413	9,255,753

	2023 $	2022 $
Results of operations		
Total revenue	**3,776,765**	2,698,464
Total expenses	**2,186,780**	1,625,552
Total grants	**1,007,920**	533,254
Excess of revenue over expenses	**582,065**	539,658

	2023 $	2022 $
Cash flows		
Cash provided by operating activities	**1,378,282**	1,033,458
Cash used by investing activities	**(386,898)**	(473,847)
Increase in cash	**991,384**	559,611

4. Casey House Foundation (continued)

Total fund balances include $6,066,007 in endowment funds ($6,396,157 in 2022), $1,238,826 in restricted funds ($1,002,413 in 2022), and $2,154,847 in unrestricted funds ($1,407,745 in 2022). Net actuarial gain on employee future benefits of $71,300 was included in the unrestricted fund ($3,300 loss in 2022). The excess of revenue over expenses includes $675,802 ($525,308 excess in 2022) in unrestricted funds, $330,150 deficiency ($144,169 deficiency in 2022) in endowment funds, and $236,413 (158,519 excess in 2022) in restricted funds.

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

	2023	2022
	$	$
Operating grant	**999,132**	502,072
Capital grant	**8,788**	—
Total grants	**1,007,920**	502,072

The amount due from the Foundation of $602,303 ($118,188 in 2022) represents grants awarded but not received as at the year-end date.

5. Property and equipment

	Land	Buildings	Building improvements	Furniture, fixtures and equipment	IT software & Equipment	Total
	$	$	$	$	$	$
Cost of purchases						
As at March 31, 2022	1,724,231	43,377,956	524,815	2,232,366	113,362	47,972,730
Additions	—	—	27,073	37,796	159,882	224,751
Write off	—	—	—	(79,362)	—	(79,362)
As at March 31, 2023	**1,724,231**	**43,377,956**	**551,888**	**2,190,800**	**273,244**	**48,118,119**
Accumulated amortization						
As at March 31, 2022	—	5,962,463	92,886	2,007,797	37,040	8,100,186
Amortization	—	1,084,440	42,153	28,754	72,346	1,227,693
Write off	—	—	—	(3,968)	—	(3,968)
As at March 31, 2023	**—**	**7,046,903**	**135,039**	**2,032,583**	**109,386**	**9,323,911**
Net book value						
As at March 31, 2023	**1,724,231**	**36,331,053**	**416,849**	**158,217**	**163,858**	**38,794,208**

5. Property and equipment (continued)

	Land	Buildings	Building improvements	Furniture, fixtures and equipment	IT software & Equipment	Total
	$	$	$	$	$	$
Cost of purchases						
As at March 31, 2021	1,724,231	43,377,956	413,338	2,055,977	65,178	47,636,680
Additions	—	—	111,477	176,389	48,184	336,050
As at March 31, 2022	1,724,231	43,377,956	524,815	2,232,366	113,362	47,972,730
Accumulated amortization						
As at March 31, 2021	—	4,878,023	54,004	1,801,419	18,799	6,752,245
Amortization	—	1,084,440	38,882	206,378	18,241	1,347,941
As at March 31, 2022	—	5,962,463	92,886	2,007,797	37,040	8,100,186
Net book value						
As at March 31, 2022	1,724,231	37,415,493	431,929	224,569	76,322	39,872,544

Casey House, operating as a hospital at 119 Isabella Street, has 14 beds in-patient, and a day health program.

6. Deferred contributions and grants

	Deferred Capital Contributions $	Deferred Grants $	2023 Total $	2022 Total $
Balance, beginning of year	**37,481,216**	**115,672**	**37,596,888**	39,121,997
Contributions received and grants approved during the year				
Foundation operating grant	**–**	**999,132**	**999,132**	502,072
Foundation capital grant	**–**	**8,788**	**8,788**	–
Foundation grants spent on approved projects	**–**	**(999,132)**	**(999,132)**	(502,072)
Capital funding reversal	**–**	**–**	**–**	(220,575)
Amortization of deferred capital contributions	**(1,118,077)**	**–**	**(1,118,077)**	(1,304,534)
Balance, end of year	**36,363,139**	**124,460**	**36,487,599**	37,596,888

7. Pension plan

Employees of Casey House are eligible to be members of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer final average pay contributory pension plan. Defined contribution plan accounting is applied to the multi-employer defined benefit plan whereby contributions are expensed when due. 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 $480,707 ($479,514 in 2022).

8. AIDS Bureau grant for community education program

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

	2023 $	2022 $
Funds received	**97,312**	97,312
Salaries and benefit	**89,554**	89,554
Supplies and other expenses	**7,758**	7,758
Total distribution	**97,312**	97,312
Funds received in excess of distributions	**–**	–

9. Post-retirement benefit obligations

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 obligations are calculated based on the latest actuarial valuation performed on March 31, 2023.

As at March 31, 2023, the accrued sick leave obligation amounted to $65,411 ($72,611 in 2022) is included in accounts payable and accrued liabilities on the statement of financial position.

9. Post-retirement benefit obligations (continued)

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

	2023 $	2022 $
Accrued benefit obligations	**17,500**	116,900
Unamortized actuarial gains	**151,500**	30,500
Post-retirement benefit obligations	**169,000**	147,400

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

	2023 $	2022 $
Post-retirement obligations, April 1	**147,400**	128,700
Pension expense for the year		
Remeasurement Adjustment	**10,500**	—
Current service cost	**17,900**	24,500
Amortization of actuarial gains	**(1,400)**	(3,000)
Interest cost	**5,500**	3,400
	32,500	24,900
Benefits paid	**(10,900)**	(6,200)
Post-retirement benefit obligations, as at March 31	**169,000**	147,400

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

	2023	2022
Discount rate, beginning of year	**3.7%**	2.5%
Discount rate, end of year	**4.5%**	2.5%
Take-up rates	**10.0%**	85.0%
Attribution period	**16 years**	15 years

The take up rate declined to 10% based on actual experience since 2018. The assumed dental care cost trend used in determining the benefit expense is 5% for 2023 to 2027 (3% in 2022) and increasing to an annual rate of 4.95% in 2028 and decreasing to an ultimate rate of 3.92% in 2040. The assumed extended health-care cost trend used in determining the benefit expense is 5.6% for 2023 to 2027 (5.43% in 2028) and decreasing annually to an ultimate rate of 3.92% in 2040.

10. Economic dependence

Casey House is dependent on OH for the majority of its operating funds. Provincial grants recognized in the year were $11,114,719 ($8,879,250 in 2022) or 82% (81% in 2022) of Casey House's total revenue. However, $837,435 reflects the reversal of the 2022 PCOP Recoupment (Post Construction Operating Agreement).

11. Contingencies and commitments

Letters of credit

Casey House has one short-term investment certificate to serve as securitization for a letter of credit in favor of the City of Toronto for costs related to the redevelopment project. The letter of credit is for $45,000 and secures the cost of restoration work on the heritage building and site landscaping.

Development contract

In May 2019, Casey House and the architect of the redevelopment project received a Notice of Action from a contractor for additional amounts owing in the amount of $5,973,978 in connection with the redevelopment project. The claim was settled in October 2022 for $125,000. The remaining funding received from the Ministry related to the redevelopment project in the amount of $52,343 ($51,596 in 2022) was released from trust.

12. Financial instruments and risk management

Establishing fair value

The carrying value of cash, accounts and other receivables, accounts payable and accrued liabilities approximates their fair value because of the relatively short period to maturity of the instruments.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include two types of risk: interest rate risk and equity risk.

12. Financial instruments and risk management (continued)

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.

Equity risk

Equity risk is the risk that the fair value of equity investments will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Casey House is exposed to equity risk through its portfolio investments.

Credit risk

Credit risk arises from cash and investments held with financial institutions and credit exposures to patients on outstanding accounts receivable balances. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. Cash is held at a major financial institution that has a high credit rating assigned to it by international credit rating agencies minimizing any potential exposure to 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, 2023, all accounts receivable are current. None of the receivables are past due or impaired.

Liquidity risk

Liquidity risk results from Casey House's potential inability to meet its obligations associated with the financial liabilities as they become due. Casey House monitors its operations and cash flows to ensure current and future obligations will be met. Casey House believes its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

13. Government assistance

As a result of the COVID-19 pandemic, Casey House experienced a change in the demand for its services and incurred unbudgeted pandemic expenditures. During the year ended March 31, 2023 Casey House incurred and reported incremental pandemic expenditures to the OH on a monthly basis, totaling $ 100,335 ($61,461 in 2022) and received one-time funding related to these expenditures in the amount of $116,400 ($31,600 in 2022). Additionally, Casey House received $94,834 ($8,616 in 2022) one-time funding related to pandemic pay for frontline staff and contract workers. During the year, $205,914 ($90,416 in 2022) related to these one-time funding agreements were recognized as revenue and included in Provincial grants on the Statement of Operations.