

P.A.L.S.

(A company limited by guarantee)

Financial Statements

31 August 2023

(Expressed in Bermuda dollars)



Independent auditor's report

To the Board of Directors and Members of P.A.L.S.

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of P.A.L.S. (the Charity) as at 31 August 2023, and the results of its operations and its cash flows for the year then ended in accordance with Accounting Standards for Not-For-Profit Organizations in Bermuda and Canada.

What we have audited

The Charity's financial statements comprise:

- the statement of financial position as at 31 August 2023;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Charity derives revenue from donations and fund-raising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Charity. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fund-raising activities, net deficit of revenues over expenses and cash flows from operating activities for the years ended 31 August 2023 and 31 August 2022, current assets and net assets as at 31 August 2023 and 31 August 2022. In addition to the modification to our audit opinion for the current year, our audit opinion for the prior year was also modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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



Independence

We are independent of the Charity in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

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 Accounting Standards for Not-For-Profit Organizations in Bermuda and Canada, 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity'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 auditing standards generally accepted in Bermuda and Canada 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 auditing standards generally accepted in Bermuda and Canada, 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 Charity'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 Charity'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 Charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Hamilton, Bermuda

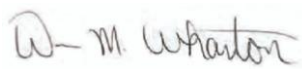
January 16, 2024

P.A.L.S.

Statement of Financial Position As at 31 August 2023

| | 2023 \$ | 2022 \$ |
|--|------------------|------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 123,958 | 368,480 |
| Accrued interest receivable | 24,298 | 24,603 |
| Accounts receivable | 66,433 | 73,805 |
| Prepaid expenses | 31,378 | 19,363 |
| Total current assets | 246,067 | 486,251 |
| Long-term assets | | |
| Investments - bonds (note 3) | 3,593,470 | 3,657,228 |
| Investments - equities (note 3) | 114,824 | 117,120 |
| Property and equipment, net (note 4) | 953,026 | 1,036,326 |
| Total assets | 4,907,387 | 5,296,925 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 98,516 | 91,944 |
| Deferred contributions (note 5) | 955,143 | 1,163,789 |
| Accumulated funds | | |
| Unrestricted net assets | 3,853,728 | 4,041,192 |
| Total liabilities and accumulated funds | 4,907,387 | 5,296,925 |

Approved by the Board of Directors on January 16, 2024



Director



Director



Treasurer

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

P.A.L.S.

Statement of Operations

For the year ended 31 August 2023

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | \$ | \$ |
| Revenues | | |
| Donations (note 6) | 1,214,355 | 787,375 |
| Fees for home medical services | 505,913 | 429,786 |
| Fund-raising activities (note 7) | 504,617 | 462,992 |
| Amortisation of deferred contributions (note 5) | 333,646 | 361,731 |
| Interest income | 74,686 | 64,039 |
| Dividend income | 5,928 | 5,714 |
| Profit on disposal of vehicle | 5,122 | 750 |
| Membership dues | 540 | 320 |
| | <hr/> 2,644,807 | <hr/> 2,112,707 |
| Expenses | | |
| Payroll and related costs (note 8) | 1,579,563 | 1,506,114 |
| Patient expenses (note 9) | 670,375 | 500,208 |
| Fund raising expenses (note 7) | 119,534 | 111,724 |
| Office expenses | 89,468 | 72,973 |
| Depreciation | 86,394 | 90,767 |
| Property maintenance | 70,967 | 16,226 |
| Donated audit fee | 48,000 | 46,000 |
| Insurance | 44,664 | 40,221 |
| Public relations | 24,660 | 17,022 |
| Vehicle expenses | 24,523 | 34,142 |
| Communications | 20,793 | 20,130 |
| Education | 20,050 | 4,296 |
| Bank fees | 17,273 | 20,698 |
| Electricity | 10,782 | 8,426 |
| | <hr/> 2,827,046 | <hr/> 2,488,947 |
| Net deficit of revenues over expenses before undernoted item | (182,239) | (376,240) |
| Net realised and unrealised loss on investments | (5,225) | (288,281) |
| Net deficit of revenues over expenses | <hr/> (187,464) | <hr/> (664,521) |

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

P.A.L.S.

Statement of Changes in Net Assets For the year ended 31 August 2023

| | Unrestricted net assets 2023 \$ | Unrestricted net assets 2022 \$ |
|---------------------------------------|--|--|
| Balance - beginning of year | 4,041,192 | 4,705,713 |
| Net deficit of revenues over expenses | (187,464) | (664,521) |
| Balance - end of year | <u>3,853,728</u> | <u>4,041,192</u> |

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

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Statement of Cash Flows

For the year ended 31 August 2023

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| Cash flows from operating activities | | |
| Net deficit of revenues over expenses | (187,464) | (664,521) |
| Adjustments to reconcile to net cash used in operating activities: | | |
| Depreciation | 86,394 | 90,767 |
| Net realised and unrealised loss on investments | 5,225 | 288,281 |
| Amortisation of bond premium | 30,822 | 42,785 |
| Deferred contributions received | 125,000 | 297,795 |
| Amortisation of deferred contributions | (333,646) | (361,731) |
| Profit on disposal of property and equipment | (5,122) | - |
| Changes in assets and liabilities: | | |
| Accrued interest receivable | 305 | 6,344 |
| Accounts receivable | 7,372 | 7,115 |
| Prepaid expenses | (12,015) | (6,889) |
| Revenues received in advance | - | (11,710) |
| Accounts payable and accrued liabilities | 6,572 | 35,808 |
| Net cash used in operating activities | (276,557) | (275,956) |
| Cash flows from investing activities | | |
| Maturity of bonds | 600,000 | 400,000 |
| Redemption of bonds | - | 461,008 |
| Sale of bonds | - | 249,590 |
| Purchase of bonds | (569,992) | (519,213) |
| Proceeds on disposal of property and equipment | 7,500 | - |
| Purchase of property and equipment | (5,473) | (132,855) |
| Net cash provided by investing activities | 32,035 | 458,530 |
| Net (decrease) increase in cash and cash equivalents | (244,522) | 182,574 |
| Cash and cash equivalents, beginning of year | 368,480 | 185,906 |
| Cash and cash equivalents, end of year | 123,958 | 368,480 |

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

P.A.L.S.

Notes to Financial Statements

For the year ended 31 August 2023

1. *General*

P.A.L.S. (the "Organisation") is registered as a charitable Organisation and Health Services Provider, whose primary purpose is to aid in the care of cancer patients in Bermuda. The Organisation is incorporated as a local company limited by guarantee.

2. *Summary of significant accounting policies*

These financial statements have been prepared in accordance with Accounting Standards for Not-For-Profit Organisations in Bermuda and Canada ("ASNPO"). The preparation of financial statements in accordance with ASNPO requires management to make certain estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at date of the financial statements. Estimates also affect the reported amounts of income and expenses for the reporting period. Actual results could differ from these estimates. The following are the significant accounting policies adopted by the Organisation:

(a) *Revenue recognition*

The Organisation follows the deferral method of accounting for contributions. Restricted contributions are recognised as revenue in the statement of operations in the year in which the related expenses are incurred. Unrestricted contributions are recognised as revenue when received.

Revenue in relation to reimbursements from insurance companies for the provision of home medical services is recognised on the completed contract basis of accounting. As such, revenue for such services is accrued only when the rendering of such services is complete.

Interest income is recognised on the accrual basis. Dividend income is recognised at the date of declaration and when the right to receive payment is established.

(b) *Cash and cash equivalents*

The Organisation considers all cash on hand, current and savings accounts with financial institutions as cash. Cash and cash equivalents include cash on account and term deposits which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

(c) *Property and equipment and depreciation*

Property and equipment, except for land which is stated at cost less any impairment in value, are carried at cost less accumulated depreciation and impairment loss, if any. Building cost includes actual purchases of goods and services relating to construction of the building. Donated capital assets relating to construction of the building are included at nil cost due to the difficulty of fairly valuing the extent of the donations.

Depreciation is charged for a full year on assets bought during the financial year. No depreciation is charged on land. For all other capital assets depreciation is charged on a straight-line basis using the following periods:

| | |
|--------------------------|----------|
| Building | 30 years |
| All other capital assets | 5 years |

(d) *Impairment*

Property and equipment are reviewed for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

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Notes to Financial Statements

For the year ended 31 August 2023

2. Summary of significant accounting policies (continued)

(e) Investments

Investments are initially and subsequently recorded at fair value, with the unrealised gain (loss) recorded in the statement of operations. The fair value of investments is determined by reference to their quoted market price.

Investments are tested for impairment at the end of each reporting period when there are indications that the investments may be impaired.

Any premiums or discounts arising from the purchase of bonds are amortised or accreted over the expected life of the bond.

Donated investments are recorded at fair value at date of transfer.

(f) Donations and fund raising

Revenues derived from donations and fund-raising activities are recorded in these financial statements at the point the cash is received by the Organisation. The success of the Organisation depends in large part on continued donation of time and services by volunteers and other individuals or donations in kind. Non-cash donations without readily ascertainable fair values and volunteer services are not reflected in the financial statements. Donated professional audit services are included at fair value in the statement of operations.

(g) Patient expenses

Expenses paid on behalf of patients and reimbursements of patient expenses are recorded on an accrual basis.

(h) Deferred contributions

Deferred contributions represent externally restricted resources. The donation revenue is being amortised to income on the same basis as the related expenditures.

(i) Allowance for doubtful accounts

An allowance for doubtful accounts is established against accounts receivable when uncertainty arises in relation to the collectability of accounts receivable. Expenses are charged when such provisions are established and credited in the period of collection if the provision proves to be excessive

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Notes to Financial Statements

For the year ended 31 August 2023

3. Investments

The amortised cost and market value of bonds are as follows:

| Maturity | 2023 | | 2022 | |
|---------------------|----------------------|--------------------|----------------------|--------------------|
| | Amortised cost \$ | Market value \$ | Amortised cost \$ | Market value \$ |
| Years to 31 August: | | | | |
| 2023 | - | - | 608,278 | 598,877 |
| 2024 | 1,509,540 | 1,485,606 | 1,282,242 | 1,246,755 |
| 2025 | 652,702 | 613,383 | 653,946 | 616,780 |
| 2026 | 758,923 | 702,759 | 763,060 | 713,071 |
| 2027 | 836,054 | 791,722 | 510,524 | 481,745 |
| Bonds | 3,757,219 | 3,593,470 | 3,818,050 | 3,657,228 |

Certain issuers have the right to call their debt issues without penalty. As a result, the actual maturity dates for these issues may differ from the contractual maturity dates.

The cost and market value of equities are as follows:

| Equities | 2023 | | 2022 | |
|----------|------------|--------------------|------------|--------------------|
| | Cost \$ | Market value \$ | Cost \$ | Market value \$ |
| Equities | 358,710 | 114,824 | 358,710 | 117,120 |

4. Property and equipment

Property and equipment comprise the following:

| | 2023 | | 2022 | |
|--------------------------|------------|--------------------------------|----------------------|----------------------|
| | Cost \$ | Accumulated depreciation \$ | Net book value \$ | Net book value \$ |
| Land | 514,301 | - | 514,301 | 514,301 |
| Building | 1,130,332 | 797,512 | 332,820 | 370,498 |
| Vehicles | 145,695 | 72,678 | 73,017 | 102,904 |
| Furniture | 27,383 | 26,777 | 606 | 808 |
| Office equipment | 79,877 | 67,429 | 12,448 | 18,864 |
| Thrift shop improvements | 62,707 | 57,386 | 5,321 | 7,181 |
| Roof top solar panels | 36,283 | 21,770 | 14,513 | 21,770 |
| | 1,996,578 | 1,043,552 | 953,026 | 1,036,326 |

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Notes to Financial Statements

For the year ended 31 August 2023

5. Deferred contributions

Deferred contributions represent externally restricted resources. The donation revenue is being amortised to income on the same basis as the related expenditures. Changes in the deferred contributions balance are as follows:

| | | | | 2023 | 2022 |
|--|-----------------------------------|----------------|--------------------------------------|-------------|-------------|
| | Building and maintenance \$ | Vehicles \$ | Grants, awards and other \$ | Total \$ | Total \$ |
| Beginning balance | 874,545 | 97,356 | 191,888 | 1,163,789 | 1,227,725 |
| Contributions received during the year | - | - | 125,000 | 125,000 | 297,795 |
| Amounts recognised as revenue during the year | (141,127) | (24,339) | (168,180) | (333,646) | (361,731) |
| Ending balance | 733,418 | 73,017 | 148,708 | 955,143 | 1,163,789 |

6. Donations

| | 2023 | 2022 |
|-----------------------|-----------|---------|
| | \$ | \$ |
| General | 637,209 | 346,256 |
| Annual appeal | 385,180 | 300,513 |
| Memorials | 171,435 | 123,944 |
| In lieu of union dues | 20,531 | 16,662 |
| | 1,214,355 | 787,375 |

7. Fund raising activities

Net income earned from fund raising activities has been reconciled as follows:

| | | | 2023 | 2022 |
|----------------------|---------------|----------------|------------------|------------------|
| | Revenue \$ | Expenses \$ | Net income \$ | Net income \$ |
| Thrift shop | 250,082 | 79,494 | 170,588 | 146,918 |
| Sponsored walk | 102,151 | 19,153 | 82,998 | 59,986 |
| Fair – raffle | 65,820 | 7,669 | 58,151 | 48,893 |
| Golf tournament | 54,220 | 6,557 | 47,663 | 46,789 |
| Tag day | 8,167 | 31 | 8,136 | 18,523 |
| Mad hair day | 11,265 | 4,364 | 6,901 | 2,766 |
| Coins for Cancer | 5,030 | 69 | 4,961 | 3,413 |
| Fair – stalls, etc. | 5,633 | 1,112 | 4,521 | 3,299 |
| Charleston Wrap | 1,875 | 1,085 | 790 | 1,713 |
| Cards by Mary Powell | 244 | - | 244 | 536 |
| Cook book | 130 | - | 130 | 360 |
| Online auction | - | - | - | 18,072 |
| | 504,617 | 119,534 | 385,083 | 351,268 |

P.A.L.S.

Notes to Financial Statements

For the year ended 31 August 2023

8. Pension plan

The Organisation participates in a defined contribution pension plan (the Plan) in accordance with the National Pension Scheme (Occupational Pensions) Act 1998, with the Organisation contributing an amount equal to 5% of salary for participating employees. The Plan is administered by an independent insurance company. Total pension expense for the year was \$62,945 (2022- \$55,834) which is included within the payroll and related costs line item in the statement of operations.

9. Patient expenses

| | 2023 \$ | 2022 \$ |
|---|------------------|-----------------|
| Assistance | 709,609 | 475,108 |
| Medical supplies | 45,231 | 71,480 |
| Food supplements | 22,797 | 22,699 |
| | <u>777,637</u> | <u>569,287</u> |
| Amounts reimbursed by insurance companies and patients and their families | <u>(107,262)</u> | <u>(69,079)</u> |
| | <u>670,375</u> | <u>500,208</u> |

10. Financial assets and liabilities

The estimated fair values of cash and term deposits, accrued interest receivable, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these financial instruments.

11. Registered charity

The Organisation is registered under the Charities Act 2014 as Bermuda charity number 171.

P.A.L.S.

Notes to Financial Statements

For the year ended 31 August 2023

12. Financial instruments

The Organisation is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations as at 31 August 2023.

Liquidity risk

Liquidity risk is the risk that the Organisation will encounter difficulty in meeting obligations associated with financial liabilities. The Organisation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, but management considers the risk as minimal. The Organisation controls liquidity risk by maintaining sufficient levels of cash and liquid investments to meet short-term obligations.

Credit risk

Credit risk is the risk that one party to an instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organisation's main credit risk relates to its investments, other receivables and cash balances with banks. The Organisation mitigates credit risk by dealing with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The Organisation's largest concentrations of bonds are as follows:

| | 2023 | | | | 2022 | | | |
|---------------------------------|----------------|----|--------------|----|----------------|----|--------------|----|
| | Amortised cost | | Market value | | Amortised cost | | Market value | |
| | \$ | % | \$ | % | \$ | % | \$ | % |
| Banks & financial institutions | 1,412,112 | 38 | 1,321,377 | 37 | 2,032,477 | 53 | 1,933,870 | 53 |
| Healthcare | 666,050 | 18 | 641,330 | 18 | 678,667 | 18 | 650,585 | 18 |
| Canadian Provincial Governments | 596,355 | 16 | 577,654 | 16 | 594,572 | 16 | 584,113 | 16 |
| Information technology/software | 582,193 | 15 | 568,922 | 16 | 260,818 | 7 | 247,021 | 7 |

The Organisation manages its exposure to credit risk through an emphasis on the quality of its investments and limiting its exposure to less well-rated securities and sectors.

Market risk and interest rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organisation is mainly exposed to changes in market prices, including changes in the market value of bonds resulting from changes in market interest rates.