
HOSPICE SOCIETY OF GREATER HALIFAX

FINANCIAL STATEMENTS

MARCH 31, 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF HOSPICE SOCIETY OF GREATER HALIFAX:

Qualified Opinion

We have audited the financial statements of Hospice Society of Greater Halifax (the "Society"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Society'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 Society'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 Society 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.

Halifax, Nova Scotia
June 18, 2021


Chartered Professional Accountants

HOSPICE SOCIETY OF GREATER HALIFAX**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021**

	ASSETS			
	General Fund	Capital Fund	2021	2020
Current				
Cash and cash equivalents	\$ 355,549	\$ 24,415	\$ 379,964	\$ 929,815
Receivables	91,459	-	91,459	46,495
HST recoverable	17,718	-	17,718	94,920
Investments (note 3)	-	510,065	510,065	2,015
Interfund balance	639,316	(639,316)	-	-
Prepaid expenses	<u>2,288</u>	<u>-</u>	<u>2,288</u>	<u>2,077</u>
	1,106,330	(104,836)	1,001,494	1,075,322
Capital assets (note 4)	<u>-</u>	<u>7,297,510</u>	<u>7,297,510</u>	<u>7,589,599</u>
	<u>\$ 1,106,330</u>	<u>\$ 7,192,674</u>	<u>\$ 8,299,004</u>	<u>\$ 8,664,921</u>

	LIABILITIES			
Current				
Payables and accruals, trade	\$ 92,269	\$ -	\$ 92,269	\$ 69,215
Deferred lease liability	97,399	-	97,399	92,615
Current portion of long term debt	<u>-</u>	<u>31,699</u>	<u>31,699</u>	<u>162,900</u>
	189,668	31,699	221,367	324,730
Deferred contributions (note 5)	95,000	7,215,271	7,310,271	6,699,814
Long term debt (note 6)	-	365,239	365,239	1,687,063
Canada emergency business account loan (note 10)	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
	<u>314,668</u>	<u>7,612,209</u>	<u>7,926,877</u>	<u>8,711,607</u>

	NET ASSETS (DEBT)			
Net assets (debt)	<u>791,662</u>	<u>(419,535)</u>	<u>372,127</u>	<u>(46,686)</u>
	<u>\$ 1,106,330</u>	<u>\$ 7,192,674</u>	<u>\$ 8,299,004</u>	<u>\$ 8,664,921</u>

On Behalf of the Board

Director_____
Director

HOSPICE SOCIETY OF GREATER HALIFAX

STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2021

	General Fund	Capital Fund	<u>2021</u>	<u>2020</u>
Revenues				
Donations and bequests	\$ 427,456	\$ -	\$ 427,456	\$ 413,277
Fundraising events	189,544	-	189,544	398,846
Government funding	1,441,464	-	1,441,464	1,406,304
Grants	89,745	-	89,745	29,375
Other	11,400	7,971	19,371	60,154
Amortization of deferred capital contributions	<u>-</u>	<u>206,170</u>	<u>206,170</u>	<u>145,733</u>
	<u>2,159,609</u>	<u>214,141</u>	<u>2,373,750</u>	<u>2,453,689</u>
Expenditures				
Advertising and promotion	29,479	-	29,479	26,598
Amortization	-	309,659	309,659	263,746
Bad debts	23,400	-	23,400	1,500
Clinical expenses	66,109	-	66,109	74,226
Dues and fees	2,574	-	2,574	548
Food services	34,045	-	34,045	35,271
Fundraising events and expenses	28,504	-	28,504	199,087
Insurance	22,894	-	22,894	19,608
Interest and bank charges	16,065	-	16,065	15,335
Interest on long term debt	-	76,323	76,323	162,157
Minor equipment	13,078	-	13,078	58,898
Office and administrative	24,223	-	24,223	40,172
Professional fees	36,242	-	36,242	26,531
Rent	65,000	-	65,000	64,125
Repairs and maintenance	44,186	-	44,186	28,119
Salaries and benefits	1,946,537	-	1,946,537	1,755,134
Telephone and internet	26,826	-	26,826	17,446
Travel and meetings	2,942	-	2,942	8,906
Utilities	<u>31,502</u>	<u>-</u>	<u>31,502</u>	<u>33,543</u>
	<u>2,413,606</u>	<u>385,982</u>	<u>2,799,588</u>	<u>2,830,950</u>
Loss from operations	(253,997)	(171,841)	(425,838)	(377,261)
Other income				
Canada emergency wage subsidy	897,987	-	897,987	-
Canada emergency rent subsidy	49,796	-	49,796	-
Canada emergency business account grant	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures before social enterprise	703,786	(171,841)	531,945	(377,261)
Social enterprise (page 12)	<u>(113,132)</u>	<u>-</u>	<u>(113,132)</u>	<u>(99,453)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 590,654</u>	<u>\$ (171,841)</u>	<u>\$ 418,813</u>	<u>\$ (476,714)</u>

HOSPICE SOCIETY OF GREATER HALIFAX
STATEMENT OF CHANGES IN NET ASSETS (DEBT)
YEAR ENDED MARCH 31, 2021

	General <u>Fund</u>	Capital <u>Fund</u>	Total <u>2021</u>	Total <u>2020</u>
Net assets (debt), beginning of year	\$ 201,008	\$ (247,694)	\$ (46,686)	\$ 430,028
Excess (deficiency) of revenue over expenditures	<u>590,654</u>	<u>(171,841)</u>	<u>418,813</u>	<u>(476,714)</u>
Net assets (debt), end of year	\$ <u>791,662</u>	\$ <u>(419,535)</u>	\$ <u>372,127</u>	\$ <u>(46,686)</u>

HOSPICE SOCIETY OF GREATER HALIFAX

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ 418,813	\$ (476,714)
Amortization	309,659	263,746
Amortization of deferred capital contributions	(206,170)	(145,733)
Canada emergency business account grant	(10,000)	-
Net change in non-cash working capital balances related to operations (note 8)	<u>59,866</u>	<u>(364,785)</u>
	<u>572,168</u>	<u>(723,486)</u>
Financing activities		
Proceeds from long term debt	-	1,432,838
Repayment of long term debt	(1,453,025)	(4,247,766)
Deferred capital contributions received	816,627	2,433,848
Proceeds from Canada emergency business account loan	<u>40,000</u>	<u>-</u>
	<u>(596,398)</u>	<u>(381,080)</u>
Investing activities		
Net change in investments	(508,050)	2,869,814
Building construction and improvements	(5,266)	(703,315)
Leasehold improvements	(6,378)	(416,395)
Furniture and equipment	<u>(5,927)</u>	<u>(209,270)</u>
	<u>(525,621)</u>	<u>1,540,834</u>
Increase (decrease) in cash and cash equivalents, during year	(549,851)	436,268
Cash and cash equivalents, beginning of year	<u>929,815</u>	<u>493,547</u>
Cash and cash equivalents, end of year	\$ <u>379,964</u>	\$ <u>929,815</u>
Represented by:		
Cash - General Fund	\$ 355,549	\$ 619,585
Cash - Capital Fund	<u>24,415</u>	<u>310,230</u>
	<u>\$ 379,964</u>	<u>\$ 929,815</u>

HOSPICE SOCIETY OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021

1. Nature of operations

The Hospice Society of Greater Halifax is a registered charity under the Income Tax Act of Canada and is incorporated under the Societies Act of Nova Scotia as a non-profit organization. The mission of the Society is to support people affected by a life-limiting illness, death or bereavement. The Society's purpose is to establish residential hospices in the region. The Society is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting

Revenues and expenditures for general activities are reported in the General Fund.

Revenues and expenditures relating to the capital assets and capital campaign are restricted to the Capital Fund.

(b) Revenue recognition

The Society follows the deferral method of accounting for contributions. Under this method, restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(d) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with financial institutions.

(e) Investments

The investments of the Society consist of equities and fixed income securities. They are measured at fair value with changes in fair value recognized in the period in which they arise.

(f) Restricted cash and cash equivalents and investments

Proceeds raised from the Society's capital campaign are restricted to be used on repayments of the long term debt.

HOSPICE SOCIETY OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021

2. Significant accounting policies (continued)

(g) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Carrying costs such as rent, interest on long-term debt and insurance incurred during and attributable to the construction of a capital asset are added to the capital cost.

Capital assets are amortized on a straight line basis as disclosed in note 4.

When a capital asset no longer has any long term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expenditure in the statement of operations. Any write-downs recognized are not reversed.

(h) Donated materials and services

Donated materials and services are recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

(i) Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value, adjusted by the amount of transaction costs directly attributable to the instrument. Except for investments, the Society subsequently measures all of its financial assets and financial liabilities at amortized cost. Transaction costs are amortized on the straight line basis over the term of the instrument.

(j) Government assistance

Subsidies from the government as part of COVID-19 pandemic programs have been recognized in income based on the claim period. Forgivable government loans are recognized as government grant revenue when the organization becomes entitled to receive the loan.

3. Investments

	<u>2021</u>	<u>2020</u>
<u>Capital Fund</u>		
Cash	\$ 2,015	\$ 2,015
1.60% CUA GIC, maturing April 21, 2021	152,262	-
1.85% CUA GIC, maturing April 21, 2021	152,615	-
1.85% CUA GIC, maturing May 22, 2021	<u>203,173</u>	<u>-</u>
	<u>\$ 510,065</u>	<u>\$ 2,015</u>

HOSPICE SOCIETY OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021

4. Capital assets

		<u>2021</u>			<u>2020</u>
		<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	37 years	\$ 7,074,368	\$ 382,538	\$ 6,691,830	\$ 6,888,335
Leasehold improvements	10 years	422,773	57,993	364,780	402,115
Furniture and equipment	5 years	<u>373,775</u>	<u>132,875</u>	<u>240,900</u>	<u>299,149</u>
		<u>\$ 7,870,916</u>	<u>\$ 573,406</u>	<u>\$ 7,297,510</u>	<u>\$ 7,589,599</u>

5. Deferred contributions

Deferred contributions include various donations received throughout the period designed explicitly or implicitly to be used towards a new Hospice Facility and for general operations. Changes in the deferred contributions balance are as follows:

(a) General Fund

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 95,000	\$ 117,500
Less: amount recognized as revenue in the year	(95,000)	(117,500)
Add: amount received related to the subsequent year	<u>95,000</u>	<u>95,000</u>
Balance, end of year	<u>\$ 95,000</u>	<u>\$ 95,000</u>

(b) Capital Fund

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 6,604,814	\$ 4,316,699
Less: amount recognized as revenue in the year	(206,170)	(145,733)
Add: amount received related to the subsequent year	<u>816,627</u>	<u>2,433,848</u>
Balance, end of year	<u>\$ 7,215,271</u>	<u>\$ 6,604,814</u>

HOSPICE SOCIETY OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021

6. Long term debt

	<u>2021</u>	<u>2020</u>
Kenting Properties loan, bearing interest at 9.00%, repayable in monthly installments of principal and interest of \$5,511, maturing in October 2029.	\$ 396,938	\$ 425,907
Mortgage repaid during the year	<u>-</u>	<u>1,424,056</u>
	396,938	1,849,963
Principal portion repayable within one year	<u>31,699</u>	<u>162,900</u>
	<u>\$ 365,239</u>	<u>\$ 1,687,063</u>

Minimum principal repayments required within the next five years, assuming consistency in terms and interest rates are as follows:

2022	\$ 31,699
2023	34,672
2024	37,925
2025	41,482
2026	45,374
And thereafter	<u>205,786</u>
Total	<u>\$ 396,938</u>

7. Commitments

The Society leases its two premises under long term operating leases which expire on July 31, 2029 and March 31, 2036 respectively. The annual rent consists of a minimum amount plus a proportionate share of certain operating costs determined on an annual basis. Minimum lease payments for the premises in each of the next five years (excluding taxes) are as follows:

2021	\$ 173,937
2022	\$ 173,937
2023	\$ 173,937
2024	\$ 173,937
2025	\$ 173,937

HOSPICE SOCIETY OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021

8. Net change in non-cash working capital balances related to operations

	<u>2021</u>	<u>2020</u>
Increase (decrease) in cash from changes in:		
Receivables	\$ (44,964)	\$ (28,535)
HST recoverable	77,202	(27,029)
Deposit	-	175,000
Prepaid expenses	(211)	(780)
Payables and accruals, trade	23,055	(495,858)
Deferred lease liability	4,784	34,917
Deferred contributions	-	(22,500)
	<u>\$ 59,866</u>	<u>\$ (364,785)</u>

9. Financial instruments

The following are the significant risks that the Society is exposed to through its financial instruments:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society had \$396,938 (2020 - \$1,849,963) of interest-bearing debt. The Society's debt are at fixed interest rates. Sensitivity to a plus or minus 1% change would not have a significant impact on the Society's operations.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The Society is exposed to liquidity risks arising primarily from the Kenting Properties loans. The Society's ability to meet its obligations depends on the receipt of funds whether in the form of revenues or advances.

10. COVID-19

During the year, the Society applied for and received additional funding made available through various government programs in response to the COVID-19 global pandemic. The Society recorded \$897,987 from the Canada emergency wage subsidy program and \$49,796 from the Canada emergency rent subsidy program. The Canada emergency business account (CEBA) provided a loan of \$40,000 to the Society to assist with the financial impact of COVID-19. If the loan is repaid on or before December 31, 2022, the loan is interest-free and 25% (\$10,000) of the loan will be forgiven. The balance of the non-forgivable CEBA loan as at March 31, 2021 was \$30,000, net of the \$10,000 forgivable portion. It is not possible to reliably estimate the duration and severity of the pandemic, as well as its impact on the financial position and results of operations of the Society for future periods.

HOSPICE SOCIETY OF GREATER HALIFAX
SOCIAL ENTERPRISE
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue		
Sales	\$ 165,307	\$ 50,867
Other	<u>19,205</u>	<u>1,252</u>
	<u>184,512</u>	<u>52,119</u>
Expenses		
Advertising and promotion	22,230	10,437
Insurance	3,712	1,188
Interest and bank charges	3,200	993
Office and administrative	15,491	15,753
Professional fees	-	1,118
Rent	111,123	37,907
Repairs and maintenance	416	121
Salaries and benefits	132,309	75,818
Travel and meetings	170	539
Utilities	<u>8,993</u>	<u>7,698</u>
	<u>297,644</u>	<u>151,572</u>
Deficiency of revenue over expenditures	<u>\$ (113,132)</u>	<u>\$ (99,453)</u>