
HOSPICE SOCIETY OF GREATER HALIFAX

FINANCIAL STATEMENTS
MARCH 31, 2018

INDEX

	<u>Page</u>
Independent Auditor's Report	1
Balance Sheet	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOSPICE SOCIETY OF GREATER HALIFAX:

We have audited the accompanying financial statements, which comprise the statement of financial position of Hospice Society of Greater Halifax as at March 31, 2018 and the statement of operations and changes in net assets and cash flows for the period then ended, and 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of the 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 of 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 Society'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 Society'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 qualified audit opinion.

**INDEPENDENT AUDITOR'S REPORT
(CONTINUED)**

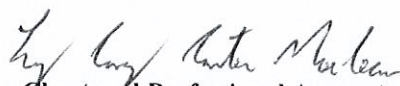
Basis for Qualified Opinion

As is common with many charitable organizations, the organization derives revenue from donations and fundraising 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 organization and therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenues over expenses, for the periods ended March 31, 2018, December 31, 2017 and net assets as at March 31, 2018, December 31, 2017 and January 1, 2017. Our audit opinion on the financial statements for the period ended March 31, 2018 was modified accordingly.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Hospice Society of Greater Halifax as at March 31, 2018, and the results of its operations and cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Halifax, Nova Scotia
September 27, 2018


**Chartered Professional Accountants
Licensed Public Accountants**

HOSPICE SOCIETY OF GREATER HALIFAX

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

ASSETS

	Mar. 31 2018	Dec. 31 2017
Current		
Cash and cash equivalents	\$ 445,079	\$ 414,663
Cash and cash equivalents - restricted	174,574	146,359
Receivables	29,600	-
HST recoverable	55,452	58,910
Investments (note 3)	154,955	129,491
Investments - restricted (note 3)	450,915	450,915
Prepaid expenses	<u>1,297</u>	<u>15,318</u>
	1,311,872	1,215,656
Deposit	175,000	175,000
Capital assets (note 4)	<u>1,610,472</u>	<u>804,853</u>
	<u>\$ 3,097,344</u>	<u>\$ 2,195,509</u>

LIABILITIES

Current		
Payables and accruals, trade	\$ 31,848	\$ 56,225
Deferred rent liability	50,000	33,750
Deferred contributions - current (note 5)	<u>121,850</u>	<u>95,600</u>
	203,698	185,575
Deferred contributions (note 5)	1,259,744	1,229,029
Long term debt (note 6)	<u>1,284,050</u>	<u>500,869</u>
	<u>2,747,492</u>	<u>1,915,473</u>
Commitments (note 7)		

NET ASSETS

Investment in capital assets	326,084	303,984
Net assets	<u>23,768</u>	<u>(23,948)</u>
	<u>349,852</u>	<u>280,036</u>
	<u>\$ 3,097,344</u>	<u>\$ 2,195,509</u>

On Behalf of the Board

Director

Director

HOSPICE SOCIETY OF GREATER HALIFAX

STATEMENT OF OPERATIONS THREE MONTHS ENDED MARCH 31, 2018 (WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2017)

	Mar. 31 2018	Dec. 31 2017
Revenues		
Donations and bequests	\$ 12,097	\$ 115,639
Grants	7,500	80,000
Fundraising events	227,557	184,707
Other	25,463	19,457
External fundraising	<u>10,462</u>	<u>19,723</u>
	<u>283,079</u>	<u>419,526</u>
Expenses		
Advertising and promotion	1,318	22,438
Dues and fees	69	100
Fundraising events and expenses	104,874	71,857
Insurance	696	2,658
Interest and bank charges	2,862	4,829
Office and administrative	9,348	40,773
Professional fees	10,292	8,868
Property taxes	-	348
Rent	205	20,551
Repairs and maintenance	376	2,629
Salaries and benefits	80,241	274,438
Telephone and internet	508	3,728
Travel and meetings	2,474	2,092
Utilities	<u>-</u>	<u>3,165</u>
	<u>213,263</u>	<u>458,474</u>
Excess (deficiency) of revenue over expenses	\$ <u>69,816</u>	\$ <u>(38,948)</u>

HOSPICE SOCIETY OF GREATER HALIFAX

STATEMENT OF CHANGES IN NET ASSETS THREE MONTHS ENDED MARCH 31, 2018 (WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2017)

	Unrestricted <u>Net Assets</u>	Investment in <u>Capital Assets</u>	Total Mar. 31 <u>2018</u>	Total Dec. 31 <u>2017</u>
Balance, beginning of period	\$ (23,948)	\$ 303,984	\$ 280,036	\$ 318,984
Excess (deficiency) of revenue over expenses	69,816	-	69,816	(38,948)
Capital asset additions	(805,280)	805,280	-	-
Proceeds of capital financing	<u>783,180</u>	<u>(783,180)</u>	<u>-</u>	<u>-</u>
Balance, end of period	\$ <u><u>23,768</u></u>	\$ <u><u>326,084</u></u>	\$ <u><u>349,852</u></u>	\$ <u><u>280,036</u></u>

HOSPICE SOCIETY OF GREATER HALIFAX

STATEMENT OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2018 (WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2017)

	Mar. 31 2018	Dec. 31 2017
Operating Activities		
Excess (deficiency) of revenue over expenses	\$ 69,816	\$ (38,948)
Net change in non-cash working capital balances related to operations (note 8)	<u>36,717</u>	<u>1,036,317</u>
	<u>106,533</u>	<u>997,369</u>
Financing Activities		
Proceeds from long term debt	<u>783,180</u>	<u>500,869</u>
Investing Activities		
Purchase of leasehold improvements	(805,280)	(692,548)
Net change in investments	(25,463)	(448,635)
Purchase of furniture	<u>(339)</u>	<u>-</u>
	<u>(831,082)</u>	<u>(1,141,183)</u>
Increase in cash and cash equivalents, during period	58,631	357,055
Cash and cash equivalents, beginning of period	<u>561,022</u>	<u>203,967</u>
Cash and cash equivalents, end of period	\$ <u>619,653</u>	\$ <u>561,022</u>
Represented by:		
Cash	\$ 445,079	\$ 414,663
Cash - restricted	<u>174,574</u>	<u>146,359</u>
	<u>\$ 619,653</u>	<u>\$ 561,022</u>

HOSPICE SOCIETY OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2017)

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 non-profit entity and is exempt from taxation under the income tax act.

2. Significant accounting policies

The Society has applied the following significant accounting policies:

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) 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 expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks.

(d) 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 statement of operations in the period in which they arise.

(e) Restricted cash and cash equivalents and investments

Upon acceptance of capital financing (Note 6), any proceeds raised from the Organization's capital campaign are restricted to be spent on repayments of the loan.

(f) Revenue recognition

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

HOSPICE SOCIETY OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2017)

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. Depreciation is provided on a declining balance basis over their estimated useful lives of the assets once they are ready for use. 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.

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 expense in the statement of revenue and expenses. Any write-downs recognized are not reversed.

(h) Donated materials and services

Donated materials and services are recognized at their fair value in the consolidated 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. 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) Market 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. For purposes of this disclosure, the Society segregates market risk into two categories: interest rate risk and other price risk.

Interest rate risk

The Society held \$619,654 in cash at the end of March 2018 (December 2017 - \$561,022), and had 1,284,050 (2017 - \$500,869) of interest-bearing debt. The Society's cash and debt are at fixed interest rates. Sensitivity to a plus or minus 1% change in rates would not have a significant effect on the Society's operations.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk. Securities held for trading are valued at market and, as such, changes in market value affect revenues as they occur. The Society periodically assesses the quality of its investments and is satisfied with the current investments in place. The Society is primarily exposed to other price risk as a result of the investment portfolio held with Assante Wealth Management. The fair value of this investment is based on quoted market prices of the underlying investments within the investment portfolio.

HOSPICE SOCIETY OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2017)

3. Investments

	<u>Mar. 31</u> <u>2018</u>	<u>Dec. 31</u> <u>2017</u>
Portfolio investments	\$ 154,955	\$ 129,491
Portfolio investments - restricted	<u>450,915</u>	<u>450,915</u>
	<u>\$ 605,870</u>	<u>\$ 580,407</u>

4. Capital assets

	<u>Mar. 31</u> <u>2018</u>		<u>Dec. 31</u> <u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Building under construction	\$ 1,610,133	\$ -	\$ 1,610,133
Furniture	<u>339</u>	<u>-</u>	<u>339</u>
	<u>\$ 1,610,472</u>	<u>\$ -</u>	<u>\$ 1,610,472</u>

5. Deferred contributions

Deferred contributions include various donations received throughout the period designated explicitly or implicitly to be used towards a new Hospice Facility.

6. Long term debt

	<u>Mar. 31</u> <u>2018</u>	<u>Dec. 31</u> <u>2017</u>
CMHC loan, non-interest bearing, repayable in full June 2019.	\$ 10,000	\$ 10,000
Capital financing, bearing interest at 2.29% to August 31, 2018, and 2.89% thereafter, repayable in quarterly installments commencing January 1, 2020 and maturing August 1, 2023, secured by priority mortgage on related assets and all of the Society's other property.	<u>1,274,050</u>	<u>490,869</u>
	<u>\$ 1,284,050</u>	<u>\$ 500,869</u>

HOSPICE SOCIETY OF GREATER HALIFAX

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2017)

7. Commitments

The Society leases its premises under a long term operating lease which expires on March 31, 2036. 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:

2019	\$	57,300
2020	\$	57,300
2021	\$	57,300
2022	\$	57,300
2023	\$	57,300

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

	Mar. 31 <u>2018</u>	Dec. 31 <u>2017</u>
Increase (decrease) in cash from changes in:		
Receivables	\$ (29,600)	\$ -
HST recoverable	3,458	(38,011)
Deposit	-	(175,000)
Prepaid expenses	14,021	(7,626)
Payables and accruals, trade	(24,377)	41,570
Deferred rent liability	16,250	15,000
Deferred contributions	<u>56,965</u>	<u>1,200,384</u>
	<u>\$ 36,717</u>	<u>\$ 1,036,317</u>
