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**HOSPICE SOCIETY OF GREATER HALIFAX**

FINANCIAL STATEMENTS  
MARCH 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

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**Levy  
Casey  
Carter  
MacLean**  
Chartered Professional  
Accountants

### TO THE MEMBERS 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, 2019, 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 possible 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 Hospice Society of Greater Halifax as at March 31, 2019, 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

As is common with many charitable organizations, the Society 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 Society and therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2019 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 audits 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 these financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to a 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)

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### Auditor's Responsibilities for the Audit of the Financial Statements

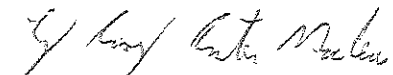
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 independent 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 independent 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  
July 10, 2019

  
Chartered Professional Accountants  
Licensed Public Accountants

# HOSPICE SOCIETY OF GREATER HALIFAX

## STATEMENT OF FINANCIAL POSITION MARCH 31, 2019

<b>ASSETS</b>				
	General Fund	Capital Fund	2019	2018
<b>Current</b>				
Cash and cash equivalents	\$ 54,175	\$ 439,372	\$ 493,547	\$ 619,654
Receivables	17,960	-	17,960	29,600
HST recoverable	67,891	-	67,891	55,452
Investments (note 3)	-	2,871,829	2,871,829	605,870
Interfund balance	514,777	(514,777)	-	-
Prepaid expenses	1,297	-	1,297	1,297
Deposit	-	175,000	175,000	-
	<u>656,100</u>	<u>2,971,424</u>	<u>3,627,524</u>	<u>1,311,873</u>
<b>Deposit</b>	-	-	-	175,000
<b>Capital assets (note 4)</b>	<u>-</u>	<u>6,524,363</u>	<u>6,524,363</u>	<u>1,610,472</u>
	<u>\$ 656,100</u>	<u>\$ 9,495,787</u>	<u>\$ 10,151,887</u>	<u>\$ 3,097,345</u>

<b>LIABILITIES</b>				
<b>Current</b>				
Payables and accruals, trade	\$ 50,872	\$ 514,196	\$ 565,068	\$ 31,849
Deferred lease liability	57,700	-	57,700	50,000
Current portion of long term debt	-	416,496	416,496	-
	<u>108,572</u>	<u>930,692</u>	<u>1,039,264</u>	<u>81,849</u>
<b>Deferred contributions (note 5)</b>	117,500	4,316,699	4,434,199	1,381,594
<b>Long term debt (note 6)</b>	<u>-</u>	<u>4,248,396</u>	<u>4,248,396</u>	<u>1,284,050</u>
	<u>226,072</u>	<u>9,495,787</u>	<u>9,721,859</u>	<u>2,747,493</u>
<b>Commitments (note 7)</b>				

<b>NET ASSETS</b>				
<b>Net assets</b>	<u>430,028</u>	<u>-</u>	<u>430,028</u>	<u>349,852</u>
	<u>\$ 656,100</u>	<u>\$ 9,495,787</u>	<u>\$ 10,151,887</u>	<u>\$ 3,097,345</u>

On Behalf of the Board

Director

Director

## HOSPICE SOCIETY OF GREATER HALIFAX

### STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2019 (WITH COMPARATIVE FIGURES FOR THE THREE MONTHS ENDED MARCH 31, 2018)

	General Fund	Capital Fund	<u>2019</u>	<u>2018</u>
<b>Revenues</b>				
Donations and bequests	\$ 325,105	\$ -	\$ 325,105	\$ 12,097
Fundraising events	317,683	-	317,683	227,557
Government funding	297,546	-	297,546	-
Grants	87,500	-	87,500	7,500
Other	14,174	-	14,174	25,463
External fundraising	-	-	-	10,462
	<u>1,042,008</u>	<u>-</u>	<u>1,042,008</u>	<u>283,079</u>
<b>Expenditures</b>				
Advertising and promotion	58,696	-	58,696	1,318
Clinical expenses	11,406	-	11,406	-
Dues and fees	529	-	529	69
Food services	597	-	597	-
Fundraising events and expenses	199,243	-	199,243	104,874
Insurance	1,980	-	1,980	696
Interest and bank charges	9,910	-	9,910	2,862
Office and administrative	11,888	-	11,888	9,348
Professional fees	11,287	-	11,287	10,292
Property taxes	275	-	275	-
Rent	9,050	-	9,050	205
Repairs and maintenance	2,419	-	2,419	376
Salaries and benefits	619,654	-	619,654	80,241
Social enterprise	3,608	-	3,608	-
Telephone and internet	4,347	-	4,347	508
Travel and meetings	12,527	-	12,527	2,474
Utilities	4,416	-	4,416	-
	<u>961,832</u>	<u>-</u>	<u>961,832</u>	<u>213,263</u>
<b>Excess of revenues over expenditures</b>	<u>\$ 80,176</u>	<u>\$ -</u>	<u>\$ 80,176</u>	<u>\$ 69,816</u>

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**HOSPICE SOCIETY OF GREATER HALIFAX**

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2019

(WITH COMPARATIVE FIGURES FOR THE THREE MONTHS ENDED MARCH 31, 2018)

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	General <u>Fund</u>	Capital <u>Fund</u>	Total <u>2019</u>	Total <u>2018</u>
Net assets, beginning of period	\$ 349,852	\$ -	\$ 349,852	\$ 280,036
Excess of revenue over expenditures	<u>80,176</u>	<u>-</u>	<u>80,176</u>	<u>69,816</u>
Net assets, end of period	\$ <u>430,028</u>	\$ <u>-</u>	\$ <u>430,028</u>	\$ <u>349,852</u>

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## HOSPICE SOCIETY OF GREATER HALIFAX

### STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2019

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	<u>2019</u>	<u>2018</u>
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 80,176	\$ 69,816
Net change in non-cash working capital balances related to operations (note 8)	<u>3,592,727</u>	<u>36,718</u>
	<u>3,672,903</u>	<u>106,534</u>
<b>Financing activities</b>		
Proceeds from long term debt	3,385,321	783,180
Repayment of long term debt	<u>(4,480)</u>	<u>-</u>
	<u>3,380,841</u>	<u>783,180</u>
<b>Investing activities</b>		
Building construction	(4,766,229)	(805,280)
Net change in investments	(2,265,959)	(25,463)
Purchase of furniture	<u>(147,663)</u>	<u>(339)</u>
	<u>(7,179,851)</u>	<u>(831,082)</u>
<b>Increase (decrease) in cash and cash equivalents, during period</b>	(126,107)	58,632
<b>Cash and cash equivalents, beginning of period</b>	<u>619,654</u>	<u>561,022</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 493,547</u>	<u>\$ 619,654</u>
<b>Represented by:</b>		
Cash - General Fund	\$ 54,175	\$ 445,080
Cash - Capital Fund	<u>439,372</u>	<u>174,574</u>
	<u>\$ 493,547</u>	<u>\$ 619,654</u>

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# HOSPICE SOCIETY OF GREATER HALIFAX

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(WITH COMPARATIVE FIGURES FOR THE THREE MONTHS ENDED MARCH 31, 2018)

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### 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.

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### 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 uses the deferral method for revenue recognition. 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 Organization's capital campaign are restricted to be spent on repayments of the loan.

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# HOSPICE SOCIETY OF GREATER HALIFAX

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(WITH COMPARATIVE FIGURES FOR THE THREE MONTHS ENDED MARCH 31, 2018)

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### 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 expenditure 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) Income taxes

The Society accounts for income taxes using the taxes payable method under which the Society reports as an expense of the year only the cost of current income taxes for that year, determined in accordance with the rules established by taxation authorities.

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### 3. Investments

(a) General Fund

	<u>2019</u>	<u>2018</u>
Cash	\$ -	\$ 154,955

(b) Capital Fund

	<u>2019</u>	<u>2018</u>
Cash	\$ 50,108	\$ 418,740
Portfolio investments	-	32,175
1.5% BNS Cashable GIC, maturing August 17, 2019	1,013,993	-
2.15% MTCC Cashable GIC, maturing December 20, 2019	804,807	-
2.05% BNS Cashable GIC, maturing February 8, 2020	<u>1,002,921</u>	<u>-</u>
	<u>\$ 2,871,829</u>	<u>\$ 450,915</u>

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# HOSPICE SOCIETY OF GREATER HALIFAX

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(WITH COMPARATIVE FIGURES FOR THE THREE MONTHS ENDED MARCH 31, 2018)

### 4. Capital assets

	2019			2018
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building under construction	\$ 6,376,362	\$ -	\$ 6,376,362	\$ 1,610,133
Furniture	<u>148,001</u>	<u>-</u>	<u>148,001</u>	<u>339</u>
	<u>\$ 6,524,363</u>	<u>\$ -</u>	<u>\$ 6,524,363</u>	<u>\$ 1,610,472</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>2019</u>	<u>2018</u>
<b>Balance, beginning of year</b>	\$ 154,350	\$ 125,600
Less: amount recognized as revenue in the year	(133,350)	(38,750)
Add: amount received related to the subsequent year	<u>96,500</u>	<u>67,500</u>
<b>Balance, end of year</b>	<u>\$ 117,500</u>	<u>\$ 154,350</u>

#### (b) Capital Fund

	<u>2019</u>	<u>2018</u>
<b>Balance, beginning of year</b>	\$ 1,227,244	\$ 1,199,029
Add: amount received related to the subsequent year	3,059,756	28,215
Add: change in fair value of investments	<u>29,699</u>	<u>-</u>
<b>Balance, end of year</b>	<u>\$ 4,316,699</u>	<u>\$ 1,227,244</u>

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## HOSPICE SOCIETY OF GREATER HALIFAX

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(WITH COMPARATIVE FIGURES FOR THE THREE MONTHS ENDED MARCH 31, 2018)

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#### 6. Long term debt

	<u>2019</u>	<u>2018</u>
CMHC loan, non-interest bearing, repayable in full in June 2019.	\$ 10,000	\$ 10,000
Housing NS loan, bearing interest at 4.43%, repayable in monthly installments commencing April 1, 2019 and maturing March 1, 2029, secured by priority mortgage on related assets and all of the Society's other property.	<u>4,654,892</u>	<u>1,274,050</u>
	4,664,892	1,284,050
Principal portion repayable within one year	<u>416,496</u>	<u>-</u>
	<u>\$ 4,248,396</u>	<u>\$ 1,284,050</u>

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

2020	\$ 416,496
2021	423,632
2022	442,785
2023	462,803
2024	483,727
And thereafter	<u>2,435,449</u>
Total	<u>\$ 4,664,892</u>

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#### 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:

2020	\$ 57,300
2021	\$ 57,300
2022	\$ 57,300
2023	\$ 57,300
2024	\$ 57,300

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## HOSPICE SOCIETY OF GREATER HALIFAX

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(WITH COMPARATIVE FIGURES FOR THE THREE MONTHS ENDED MARCH 31, 2018)

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

	<u>2019</u>	<u>2018</u>
<b>Increase (decrease) in cash from changes in:</b>		
Receivables	\$ 11,640	\$ (29,600)
HST recoverable	(12,439)	3,458
Prepaid expenses	-	14,021
Payables and accruals, trade	533,219	(24,375)
Deferred lease liability	7,702	16,249
Deferred contributions	<u>3,052,605</u>	<u>56,965</u>
	<u>\$ 3,592,727</u>	<u>\$ 36,718</u>

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#### 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 \$4,664,892 (2018 - \$1,284,050) 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) 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. Securities held for trading are valued at market, and, as such, changes in market value affect earnings (losses) 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 market risk as a result of the investment portfolios held with Scotiabank and Assante Wealth Management. The fair value of this investment is based on quoted market prices of the underlying investments within the investment portfolio.

(c) 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 Housing NS loan. The Society's ability to meet its obligations depends on the receipt of funds whether in the form of revenue or advances.

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**HOSPICE SOCIETY OF GREATER HALIFAX**

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

(WITH COMPARATIVE FIGURES FOR THE THREE MONTHS ENDED MARCH 31, 2018)

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**10. Comparative figures**

In some cases, the comparative figures have been reclassified to conform with the current year's presentation.

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**11. Subsequent event**

Subsequent to year end, the Society officially opened their Hospice facility and are now accepting patients.