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**HOSPICE SOCIETY OF GREATER HALIFAX**

FINANCIAL STATEMENTS  
MARCH 31, 2022

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## INDEX

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	<u>Page</u>
<b>Independent Auditor's Report</b>	<b>1</b>
<b>Statement of Financial Position</b>	<b>3</b>
<b>Statement of Operations</b>	<b>4</b>
<b>Statement of Changes in Net Assets</b>	<b>5</b>
<b>Statement of Cash Flows</b>	<b>6</b>
<b>Notes to Financial Statements</b>	<b>7</b>
<b>Statement of Operations - Social Enterprise</b>	<b>11</b>

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## INDEPENDENT AUDITOR'S REPORT

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**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, 2022, and the statements of operations, 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, 2022, 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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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.

**Levy  
Casey  
Carter  
MacLean**

Chartered Professional  
Accountants

211 Horseshoe Lake Drive  
Suite 310  
Halifax, NS B3S 0B9  
Canada  
Phone: (902) 445-4446  
Fax: (902) 443-4846  
www.lccm.ca

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

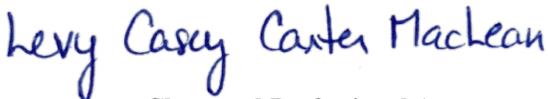
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 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 28, 2022

  
Chartered Professional Accountants

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# HOSPICE SOCIETY OF GREATER HALIFAX

## STATEMENT OF FINANCIAL POSITION MARCH 31, 2022

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### ASSETS

	General Fund	Capital Fund	<u>2022</u>	<u>2021</u>
<b>Current</b>				
Cash and cash equivalents	\$ 810,938	\$ 92,984	\$ <b>903,922</b>	\$ 381,966
Receivables	6,227	-	<b>6,227</b>	91,459
HST recoverable	48,350	-	<b>48,350</b>	17,718
Investments	-	-	-	508,064
Interfund balance	246,300	(246,300)	-	-
Prepaid expenses	<u>5,036</u>	<u>-</u>	<b><u>5,036</u></b>	<u>2,288</u>
	1,116,851	(153,316)	<b>963,535</b>	1,001,495
<b>Capital assets (note 3)</b>	<u>-</u>	<u>6,994,764</u>	<b><u>6,994,764</u></b>	<u>7,297,510</u>
	<u>\$ 1,116,851</u>	<u>\$ 6,841,448</u>	<b><u>\$ 7,958,299</u></b>	<u>\$ 8,299,005</u>

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### LIABILITIES

<b>Current</b>				
Payables and accruals, trade	\$ 145,525	\$ -	\$ <b>145,525</b>	\$ 92,269
Deferred lease liability	<u>102,184</u>	<u>-</u>	<b><u>102,184</u></b>	<u>97,399</u>
	247,709	-	<b>247,709</b>	189,668
<b>Deferred contributions (note 4)</b>	105,000	7,377,962	<b>7,482,962</b>	7,310,271
<b>Long term debt</b>	-	-	-	396,938
<b>Canada emergency business account loan (note 7)</b>	<u>40,000</u>	<u>-</u>	<b><u>40,000</u></b>	<u>30,000</u>
	<u>392,709</u>	<u>7,377,962</u>	<b><u>7,770,671</u></b>	<u>7,926,877</u>
<b>Commitments (note 5)</b>				

### NET ASSETS

<b>Net assets</b>	<u>724,142</u>	<u>(536,514)</u>	<b><u>187,628</u></b>	<u>372,128</u>
	<u>\$ 1,116,851</u>	<u>\$ 6,841,448</u>	<b><u>\$ 7,958,299</u></b>	<u>\$ 8,299,005</u>

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On Behalf of the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# HOSPICE SOCIETY OF GREATER HALIFAX

## STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2022

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total 2022</u>	<u>Total 2021</u>
<b>Revenues</b>				
Donations and bequests	\$ 561,934	\$ -	\$ 561,934	\$ 427,456
Fundraising events	280,924	-	280,924	189,544
Government funding	1,477,500	-	1,477,500	1,441,464
Grants	42,775	-	42,775	89,745
Other	22,068	691	22,759	19,372
Amortization of deferred capital contributions	<u>-</u>	<u>217,019</u>	<u>217,019</u>	<u>206,170</u>
	<u>2,385,201</u>	<u>217,710</u>	<u>2,602,911</u>	<u>2,373,751</u>
<b>Expenditures</b>				
Advertising and promotion	12,867	-	12,867	29,479
Amortization of capital assets	-	311,388	311,388	309,659
Bad debts	-	-	-	23,400
Clinical expenses	62,637	-	62,637	66,109
Dues and fees	1,454	-	1,454	2,574
Equipment	3,893	-	3,893	13,078
Food services	35,320	-	35,320	34,045
Fund development	20,582	-	20,582	-
Fundraising events and expenses	61,429	-	61,429	28,504
Insurance	26,177	-	26,177	22,894
Interest and bank charges	19,490	-	19,490	16,064
Interest on long term debt	-	23,301	23,301	76,323
Office and administrative	61,627	-	61,627	24,223
Professional fees	44,765	-	44,765	36,242
Rent	65,000	-	65,000	65,000
Repairs and maintenance	44,989	-	44,989	44,186
Salaries and benefits	2,244,736	-	2,244,736	1,946,537
Subcontractors	35,424	-	35,424	5,411
Telephone and internet	23,862	-	23,862	21,415
Travel and meetings	13,213	-	13,213	2,942
Utilities	<u>34,174</u>	<u>-</u>	<u>34,174</u>	<u>31,502</u>
	<u>2,811,639</u>	<u>334,689</u>	<u>3,146,328</u>	<u>2,799,587</u>
<b>Deficiency of revenues over expenditures before other items</b>	(426,438)	(116,979)	(543,417)	(425,836)
<b>Other income</b>				
Canada emergency wage subsidy	397,039	-	397,039	897,987
Canada emergency rent subsidy	66,224	-	66,224	49,796
Canada emergency business account grant	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
<b>Excess (deficiency) of revenues over expenditures before Social enterprise</b>	46,825	(116,979)	(70,154)	531,947
<b>Social enterprise (page 11)</b>	<u>(114,346)</u>	<u>-</u>	<u>(114,346)</u>	<u>(113,132)</u>
<b>Deficiency of revenues over expenditures</b>	<u>\$ (67,521)</u>	<u>\$ (116,979)</u>	<u>\$ (184,500)</u>	<u>\$ 418,815</u>

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## HOSPICE SOCIETY OF GREATER HALIFAX

### STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED MARCH 31, 2022

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	General <u>Fund</u>	Capital <u>Fund</u>	<b>Total</b> <b><u>2022</u></b>	Total <u>2021</u>
Net assets (debt), beginning of year	\$ 791,663	\$ (419,535)	\$ <b>372,128</b>	\$ (46,687)
Excess (deficiency) of revenues over expenditures	<u>(67,521)</u>	<u>(116,979)</u>	<u><b>(184,500)</b></u>	<u>418,815</u>
Net assets, end of year	\$ <u>724,142</u>	\$ <u>(536,514)</u>	\$ <u><b>187,628</b></u>	\$ <u>372,128</u>

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## HOSPICE SOCIETY OF GREATER HALIFAX

### STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2022

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	<u>2022</u>	<u>2021</u>
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ (184,500)	\$ 418,815
Amortization of capital assets	311,388	309,659
Amortization of deferred capital contributions	(217,019)	(206,170)
Canada emergency business account grant	(10,000)	(10,000)
Net change in non-cash working capital balances related to operations (note 6)	<u>119,893</u>	<u>59,865</u>
	<u>19,762</u>	<u>572,169</u>
<b>Financing activities</b>		
Repayment of long term debt	(396,938)	(1,453,025)
Deferred capital contributions received	379,710	816,627
Proceeds from Canada emergency business account loan	<u>20,000</u>	<u>40,000</u>
	<u>2,772</u>	<u>(596,398)</u>
<b>Investing activities</b>		
Net change in investments	508,064	(508,050)
Building construction and improvements	-	(5,266)
Leasehold improvements	-	(6,378)
Furniture and equipment	<u>(8,642)</u>	<u>(5,927)</u>
	<u>499,422</u>	<u>(525,621)</u>
<b>Increase (decrease) in cash and cash equivalents, during year</b>	<b>521,956</b>	<b>(549,850)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>381,966</u>	<u>931,816</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 903,922</u>	<u>\$ 381,966</u>
<b>Represented by:</b>		
Cash - General Fund	\$ 810,938	\$ 357,551
Cash - Capital Fund	<u>92,984</u>	<u>24,415</u>
	<u>\$ 903,922</u>	<u>\$ 381,966</u>

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# HOSPICE SOCIETY OF GREATER HALIFAX

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2022

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### 1. Nature of operations

The Hospice Society of Greater Halifax (the "Society") 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.

The Society also operates a social enterprise, the Compassionate Closet second-hand clothing store, with all revenues supporting the Society's operations.

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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 reported in 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.

Fundraising event revenue is recognized as the events are held. Revenue from sales related to social enterprise operations is recognized when received.

(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.

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# HOSPICE SOCIETY OF GREATER HALIFAX

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2022

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### 2. Significant accounting policies (continued)

(e) 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 3.

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.

(f) 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.

(g) 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.

(h) 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.

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### 3. Capital assets

		<u>2022</u>			<u>2021</u>
		<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	37 years	\$ 7,074,368	\$ 573,733	\$ 6,500,635	\$ 6,691,830
Leasehold improvements	10 years	422,773	101,866	320,907	364,780
Furniture and equipment	5 years	<u>382,417</u>	<u>209,195</u>	<u>173,222</u>	<u>240,900</u>
		<u>\$ 7,879,558</u>	<u>\$ 884,794</u>	<u>\$ 6,994,764</u>	<u>\$ 7,297,510</u>

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# HOSPICE SOCIETY OF GREATER HALIFAX

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2022

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### 4. 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. Deferred capital contributions are amortized into income over the estimated life of the building. Changes in the deferred contributions balance are as follows:

#### General Fund

	<u>2022</u>	<u>2021</u>
<b>Balance, beginning of year</b>	\$ 95,000	\$ 95,000
Less: amount recognized as revenue in the year	(95,000)	(95,000)
Add: amount received related to the subsequent year	<u>105,000</u>	<u>95,000</u>
<b>Balance, end of year</b>	<u>\$ 105,000</u>	<u>\$ 95,000</u>

#### Capital Fund

	<u>2022</u>	<u>2021</u>
<b>Balance, beginning of year</b>	\$ 7,215,271	\$ 6,604,814
Less: amount recognized as revenue in the year	(217,019)	(206,170)
Add: amount received related to the subsequent year	<u>379,710</u>	<u>816,627</u>
<b>Balance, end of year</b>	<u>\$ 7,377,962</u>	<u>\$ 7,215,271</u>

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### 5. 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

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## HOSPICE SOCIETY OF GREATER HALIFAX

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2022

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

	<u>2022</u>	<u>2021</u>
<b>Increase (decrease) in cash from changes in:</b>		
Receivables	\$ 85,232	\$ (44,965)
HST recoverable	(30,632)	77,202
Prepaid expenses	(2,748)	(212)
Payables and accruals, trade	53,256	23,055
Deferred lease liability	4,785	4,785
Deferred contributions	<u>10,000</u>	<u>-</u>
	<u>\$ 119,893</u>	<u>\$ 59,865</u>

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#### 7. 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 \$397,039 (2021 - \$897,987) from the Canada emergency wage subsidy program and \$66,224 (2021 - \$49,796) from the Canada emergency rent subsidy program. The Canada emergency business account (CEBA) provided a loan of \$60,000 to the Society to assist with the financial impact of COVID-19. If the loan is repaid on or before December 31, 2023, the loan is interest-free and 33% (\$20,000) of the loan will be forgiven. The balance of the non-forgivable CEBA loan as at March 31, 2022 was \$40,000 (2021 - \$30,000), net of the \$20,000 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.

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#### 8. Comparative figures

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

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**HOSPICE SOCIETY OF GREATER HALIFAX**  
SOCIAL ENTERPRISE  
STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2022

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	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Sales	\$ 215,302	\$ 165,307
Other	<u>1,000</u>	<u>19,205</u>
	<u>216,302</u>	<u>184,512</u>
<b>Expenditures</b>		
Advertising and promotion	916	22,230
Insurance	3,773	3,712
Interest and bank charges	4,479	3,200
Office and administrative	17,062	15,491
Rent	123,157	111,123
Repairs and maintenance	3,473	416
Salaries and benefits	167,012	132,309
Travel and meetings	946	170
Utilities	<u>9,830</u>	<u>8,993</u>
	<u>330,648</u>	<u>297,644</u>
<b>Deficiency of revenues over expenditures</b>	<u>\$ (114,346)</u>	<u>\$ (113,132)</u>