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**HOSPICE SOCIETY OF GREATER HALIFAX**

FINANCIAL STATEMENTS  
MARCH 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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)

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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 27, 2023

*Levy Casey Carter Maclean*  
Chartered Professional Accountants

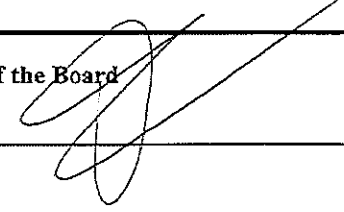
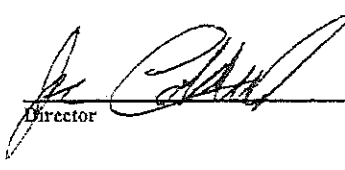
**HOSPICE SOCIETY OF GREATER HALIFAX**

STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2023

ASSETS				
	General Fund	Capital Fund	2023	2022
<b>Current</b>				
Cash and cash equivalents	\$ 890,780	\$ -	\$ 890,780	\$ 903,922
Receivables	33,609	-	33,609	6,227
HST recoverable	89,767	-	89,767	48,350
Investments	-	40,000	40,000	-
Interfund balance	108,437	(108,437)	-	-
Prepaid expenses	<u>21,810</u>	<u>-</u>	<u>21,810</u>	<u>5,036</u>
	1,144,403	(68,437)	1,075,966	963,535
<b>Capital assets (note 3)</b>	<u>-</u>	<u>6,724,593</u>	<u>6,724,593</u>	<u>6,994,764</u>
	<u>\$ 1,144,403</u>	<u>\$ 6,656,156</u>	<u>\$ 7,800,559</u>	<u>\$ 7,958,299</u>

LIABILITIES				
<b>Current</b>				
Payables and accruals, trade	\$ 151,693	\$ -	\$ 151,693	\$ 145,525
Deferred lease liability	<u>106,968</u>	<u>-</u>	<u>106,968</u>	<u>102,184</u>
	258,661	-	258,661	247,709
<b>Deferred contributions (note 4)</b>	106,475	7,291,618	7,398,093	7,482,962
<b>Canada emergency business account loan</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
	<u>365,136</u>	<u>7,291,618</u>	<u>7,656,754</u>	<u>7,770,671</u>
<b>Commitments (note 5)</b>				

NET ASSETS				
<b>Net assets</b>	<u>779,267</u>	<u>(635,462)</u>	<u>143,805</u>	<u>187,628</u>
	<u>\$ 1,144,403</u>	<u>\$ 6,656,156</u>	<u>\$ 7,800,559</u>	<u>\$ 7,958,299</u>

On Behalf of the Board  Director  Director

## HOSPICE SOCIETY OF GREATER HALIFAX

### STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2023

	General Fund	Capital Fund	Total 2023	Total 2022
<b>Revenues</b>				
Donations and bequests	\$ 784,999	\$ -	\$ 784,999	\$ 561,934
Fundraising events	563,582	-	563,582	280,924
Government funding	1,531,690	-	1,531,690	1,477,500
Grants	245,687	-	245,687	42,775
Other	23,218	(967)	22,251	22,759
Amortization of deferred capital contributions	<u>-</u>	<u>221,103</u>	<u>221,103</u>	<u>217,019</u>
	<u>3,149,176</u>	<u>220,136</u>	<u>3,369,312</u>	<u>2,602,911</u>
<b>Expenditures</b>				
Advertising and promotion	11,059	-	11,059	12,867
Amortization of capital assets	-	319,084	319,084	311,388
Clinical expenses	79,849	-	79,849	62,637
Dues and fees	224	-	224	1,454
Equipment	4,689	-	4,689	3,893
Food services	43,261	-	43,261	35,320
Fund development	28,104	-	28,104	20,582
Fundraising events and expenses	195,962	-	195,962	61,429
Insurance	31,566	-	31,566	26,177
Interest and bank charges	23,403	-	23,403	19,490
Interest on long term debt	-	-	-	23,301
Office and administrative	149,024	-	149,024	61,627
Professional fees	56,728	-	56,728	44,765
Rent	65,274	-	65,274	65,000
Repairs and maintenance	50,875	-	50,875	44,989
Salaries and benefits	2,284,457	-	2,284,457	2,244,736
Subcontractors	2,143	-	2,143	35,424
Telephone and internet	19,066	-	19,066	23,862
Travel and meetings	1,929	-	1,929	13,213
Utilities	<u>37,253</u>	<u>-</u>	<u>37,253</u>	<u>34,174</u>
	<u>3,084,866</u>	<u>319,084</u>	<u>3,403,950</u>	<u>3,146,328</u>
<b>Excess (deficiency) of revenues over expenditures before other items</b>	64,310	(98,948)	(34,638)	(543,417)
<b>Other income</b>				
Canada emergency wage subsidy	-	-	-	397,039
Canada emergency rent subsidy	-	-	-	66,224
Canada emergency business account grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<b>Excess (deficiency) of revenues over expenditures before Social enterprise</b>	64,310	(98,948)	(34,638)	(70,154)
<b>Social enterprise (page 10)</b>	<u>(9,185)</u>	<u>-</u>	<u>(9,185)</u>	<u>(114,346)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 55,125</u>	<u>\$ (98,948)</u>	<u>\$ (43,823)</u>	<u>\$ (184,500)</u>

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**HOSPICE SOCIETY OF GREATER HALIFAX**

STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED MARCH 31, 2023

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	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total 2023</u>	<u>Total 2022</u>
Net assets (debt), beginning of year	\$ 724,142	\$ (536,514)	\$ 187,628	\$ 372,128
Excess (deficiency) of revenues over expenditures	<u>55,125</u>	<u>(98,948)</u>	<u>(43,823)</u>	<u>(184,500)</u>
Net assets, end of year	<u>\$ 779,267</u>	<u>\$ (635,462)</u>	<u>\$ 143,805</u>	<u>\$ 187,628</u>

## HOSPICE SOCIETY OF GREATER HALIFAX

### STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Deficiency of revenues over expenditures	\$ (43,823)	\$ (184,500)
Amortization of capital assets	319,084	311,388
Amortization of deferred capital contributions	(221,103)	(217,019)
Canada emergency business account grant	-	(10,000)
Net change in non-cash working capital balances		
Receivables	(27,382)	85,232
HST recoverable	(41,417)	(30,632)
Prepaid expenses	(16,774)	(2,748)
Payables and accruals, trade	6,169	53,255
Deferred lease liability	4,784	4,786
Deferred contributions	<u>1,475</u>	<u>10,000</u>
	<u>(18,987)</u>	<u>19,762</u>
<b>Financing activities</b>		
Repayment of long term debt	(40,000)	(396,938)
Deferred capital contributions received	134,759	379,710
Proceeds from Canada emergency business account loan	<u>-</u>	<u>20,000</u>
	<u>94,759</u>	<u>2,772</u>
<b>Investing activities</b>		
Net change in investments	(40,000)	508,064
Purchase of		
Furniture and equipment	(30,602)	(8,642)
Website	<u>(18,312)</u>	<u>-</u>
	<u>(88,914)</u>	<u>499,422</u>
<b>Increase (decrease) in cash and cash equivalents, during year</b>	(13,142)	521,956
<b>Cash and cash equivalents, beginning of year</b>	<u>903,922</u>	<u>381,966</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 890,780</u>	<u>\$ 903,922</u>
<b>Represented by:</b>		
Cash - General Fund	\$ 890,780	\$ 810,939
Cash - Capital Fund	<u>-</u>	<u>92,983</u>
	<u>\$ 890,780</u>	<u>\$ 903,922</u>



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# HOSPICE SOCIETY OF GREATER HALIFAX

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2023

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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.

(e) Investments

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

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## HOSPICE SOCIETY OF GREATER HALIFAX

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

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#### 2. Significant accounting policies (continued)

(f) 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.

(g) 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.

(h) 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.

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#### 3. Capital assets

		2023			2022
	<u>Amortization Period</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	37 years	\$ 7,074,368	\$ 765,000	\$ 6,309,368	\$ 6,500,635
Leasehold improvements	10 years	422,773	145,739	277,034	320,907
Furniture and equipment	5 years	413,019	291,309	121,710	173,222
Website	5 years	<u>18,312</u>	<u>1,831</u>	<u>16,481</u>	<u>-</u>
		<u>\$ 7,928,472</u>	<u>\$ 1,203,879</u>	<u>\$ 6,724,593</u>	<u>\$ 6,994,764</u>

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# HOSPICE SOCIETY OF GREATER HALIFAX

## NOTES TO FINANCIAL STATEMENTS MARCH 31, 2023

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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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 105,000	\$ 95,000
Less: amount recognized as revenue in the year	(105,000)	(95,000)
Add: amount received related to the subsequent year	<u>106,475</u>	<u>105,000</u>
Balance, end of year	<u>\$ 106,475</u>	<u>\$ 105,000</u>

#### Capital Fund

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 7,377,962	\$ 7,215,271
Less: amount recognized as revenue in the year	(221,103)	(217,019)
Add: amount received related to future years	<u>134,759</u>	<u>379,710</u>
Balance, end of year	<u>\$ 7,291,618</u>	<u>\$ 7,377,962</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**  
STATEMENT OF OPERATIONS - SOCIAL ENTERPRISE  
YEAR ENDED MARCH 31, 2023

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	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Sales	\$ 283,127	\$ 215,302
Other	<u>-</u>	<u>1,000</u>
	<u>283,127</u>	<u>216,302</u>
<b>Expenditures</b>		
Advertising and promotion	2,853	916
Insurance	4,649	3,773
Interest and bank charges	4,722	4,479
Office and administrative	12,616	17,062
Rent	121,118	123,157
Repairs and maintenance	1,112	3,473
Salaries and benefits	136,136	167,012
Travel and meetings	-	946
Utilities	<u>9,106</u>	<u>9,830</u>
	<u>292,312</u>	<u>330,648</u>
<b>Deficiency of revenues over expenditures</b>	<u>\$ (9,185)</u>	<u>\$ (114,346)</u>