

**SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA
SCOTIA)**

Financial Statements

Year Ended March 31, 2020

**SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA
SCOTIA)**

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LYLE TILLEY DAVIDSON
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Saint Leonard's Society of Nova Scotia (operating as Shelter Nova Scotia)

Qualified Opinion

We have audited the financial statements of Saint Leonard's Society of Nova Scotia (operating as Shelter Nova Scotia) (the "Society"), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures, 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 the Society as at March 31, 2020, 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 charitable organizations, the Society derives revenue from fundraising and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements the for years ended March 31, 2019 and 2020 were modified accordingly because of the possible effects of this limitation of 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 those 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 the 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 relating 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.

(continues)

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

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 judgment 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 5, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA SCOTIA)

Statement of Financial Position

March 31, 2020

	2020	2019
ASSETS (Note 6)		
CURRENT		
Cash	\$ 439,791	\$ 708,894
Accounts receivable (Note 3)	249,459	281,047
Marketable securities (Note 4)	78,581	-
Prepaid expenses	212	2,771
	<u>768,043</u>	<u>992,712</u>
CAPITAL ASSETS (Notes 5, 6, 7)	4,991,585	5,016,413
ASSETS HELD IN TRUST	<u>171,659</u>	<u>149,987</u>
	<u>\$ 5,931,287</u>	<u>\$ 6,159,112</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 271,612	\$ 242,495
Current portion of long term debt (Note 7)	31,186	46,724
Deferred revenue (Note 8)	251,116	481,179
	<u>553,914</u>	<u>770,398</u>
LONG TERM DEBT (Note 7)	372,832	402,557
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	3,229,065	3,244,324
AMOUNTS HELD IN TRUST	<u>171,659</u>	<u>149,987</u>
	<u>4,327,470</u>	<u>4,567,266</u>
NET ASSETS	<u>1,603,817</u>	<u>1,591,846</u>
	<u>\$ 5,931,287</u>	<u>\$ 6,159,112</u>

COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD

Chelsea King Director

Myron Haj Director

SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA SCOTIA)

Statement of Revenues and Expenditures

Year Ended March 31, 2020

	2020	2019
REVENUE		
Province of Nova Scotia (Housing Nova Scotia)	\$ 2,592,012	\$ 2,552,219
Correctional Services Canada	1,092,130	996,312
Affordable Housing Association Nova Scotia (AHANS)	586,011	554,868
In kind donations	300,981	239,487
Fundraising and donations	282,659	225,839
Rental	191,642	186,006
Other grant revenue	33,375	33,670
Other	2,011	20,011
	5,080,821	4,808,412
EXPENDITURES		
Salaries and wages	3,679,407	3,349,938
In-kind donations	300,981	239,487
Repairs, maintenance, and security	253,308	213,749
Food	146,850	125,071
Utilities	125,654	127,651
Program costs	85,034	81,776
Equipment rental and maintenance	73,126	73,028
Office and miscellaneous	64,795	66,325
Telephone, fax, and internet	58,642	61,307
Household supplies	55,392	53,937
Fundraising	31,044	24,600
Training	29,587	56,313
Insurance	24,133	20,476
Municipal taxes	23,512	29,353
Interest on long term debt	20,881	22,813
Sub-contracts	20,454	19,859
Legal and audit	21,335	10,487
Travel and meals	11,440	6,673
Dues, fees, and publications	10,343	18,624
Parking	8,649	8,244
Interest and service charges	1,545	3,688
	5,046,112	4,613,399
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	34,709	195,013
OTHER INCOME (EXPENDITURES)		
Amortization of capital assets	(117,533)	(118,531)
Amortization of deferred capital contributions (Note 9)	107,964	108,348
Unrealized loss on marketable securities	(13,169)	-
	(22,738)	(10,183)
EXCESS OF REVENUE OVER EXPENDITURES	\$ 11,971	\$ 184,830

**SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA
SCOTIA)**

**Statement of Changes in Net Assets
Year Ended March 31, 2020**

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 1,591,846	\$ 1,407,016
Excess of revenue over expenditures	<u>11,971</u>	<u>184,830</u>
NET ASSETS - END OF YEAR	\$ 1,603,817	\$ 1,591,846

**SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA
SCOTIA)**

**Statement of Cash Flows
Year Ended March 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 11,971	\$ 184,830
Items not affecting cash:		
Amortization of capital assets	117,533	118,531
Amortization of deferred capital contributions	(107,964)	(108,348)
Unrealized loss on marketable securities	13,169	-
	<u>34,709</u>	<u>195,013</u>
Changes in non-cash working capital:		
Accounts receivable	31,588	(388)
Prepaid expenses	2,559	(433)
Accounts payable and accrued liabilities	29,117	(12,545)
Deferred revenue	(230,063)	383,125
	<u>(166,799)</u>	<u>369,759</u>
Cash flow from (used by) operating activities	<u>(132,090)</u>	<u>564,772</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(92,705)	(183,151)
Marketable securities	(91,750)	-
	<u>(184,455)</u>	<u>(183,151)</u>
Cash flow used by investing activities	<u>(184,455)</u>	<u>(183,151)</u>
FINANCING ACTIVITIES		
Capital contributions received	92,705	929,197
Repayment of long term debt	(45,263)	(42,573)
	<u>47,442</u>	<u>886,624</u>
Cash flow from financing activities	<u>47,442</u>	<u>886,624</u>
(DECREASE) INCREASE IN CASH FLOW	(269,103)	1,268,245
CASH (DEFICIENCY) - BEGINNING OF YEAR	708,894	(559,351)
CASH - END OF YEAR	\$ 439,791	\$ 708,894

SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA SCOTIA)

Notes to Financial Statements

Year Ended March 31, 2020

NATURE OF OPERATIONS

Saint Leonard's Society of Nova Scotia (operating as Shelter Nova Scotia) (the "Society") was incorporated under the Societies Act of Nova Scotia on May 2, 1968. The Society provides support service, overnight shelter and housing for half-way transition to community placement for those who need it. It is exempt under the Income Tax Act as a non-profit organization and registered charity.

The Society conducts programs and services and operates from the following locations:

Sir Sanford Fleming House (SSFH), at 2549-55 Brunswick Street, Halifax

Nehiley House, at 3170 Romans Avenue, Halifax

Barry House, at 2704/2706 Gottingen Street, Halifax

Metro Turing Point (MTP), at 2170 Barrington Street, Halifax

Cunard Street Apartments, at 5506 Cunard Street, Halifax

Herring Cove Apartments, 191 Herring Cove Rd, Halifax

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ANSPO).

Cash and cash equivalents

Cash and cash equivalents consists of amounts held with Canadian financial institutions net of outstanding cheques and deposits as well as line of credit facilities in use as at year end.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of excess (deficiency) of revenue over expenditures. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of excess (deficiency) of revenue over expenditures.

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**SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA
SCOTIA)**

Notes to Financial Statements

Year Ended March 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Buildings	2.5%
Computer hardware	30%
Location equipment	20%
Office equipment	20%

Capital assets are amortized at one half of the normal annual rate in the year of acquisition, no amortization is recorded in the year of disposal.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of long lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Deferred revenue

Current contributions to operations received for use over the next 12 months are recorded as deferred revenue and recognized in the period the revenue is intended to be used.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Contributions are recognized when the expenditures for which the contributions were received are incurred and when the collection of the contributions is reasonably assured.

Rental income is recognized as revenue in the period it becomes receivable per the related lease.

Fundraising and donations are recognized as revenue when received.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Donated goods

The fair value of donated goods, if any, are recorded when the amount can be reasonably estimated. When the amounts cannot be estimated, the nature of significant donated goods are disclosed.

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SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA SCOTIA)

Notes to Financial Statements

Year Ended March 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Government assistance

The forgivable loan, recorded in deferred capital contributions, from the Department of Community Services is amortized over 15 years. Other government assistance for acquiring capital assets is deferred and amortized on the same basis and according to the same rates as the related capital assets or to income as eligible expenditures are incurred.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued except for related party transactions which are recorded at the exchange amount. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The most significant estimates in these financial statements include the allowance for doubtful accounts, accrued liabilities and the estimated useful lives of the capital assets.

2. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Society's financial instruments consist of cash, accounts receivable, assets held in trust, accounts payable and accrued liabilities and long term debt. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from contributors. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. Due to the nature of contributions, the Society does not have significant issues collecting receivables, resulting in a minimal exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its contributors and other related sources, long-term debt, and accounts payable and accrued liabilities.

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SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA SCOTIA)

Notes to Financial Statements

Year Ended March 31, 2020

2. FINANCIAL INSTRUMENTS (continued)

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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

3. ACCOUNTS RECEIVABLE

	2020	2019
Accounts receivable	\$ 63,711	\$ 47,492
Government funding receivable	154,354	165,806
HST receivable	31,394	67,749
	\$ 249,459	\$ 281,047

4. MARKETABLE SECURITIES

	2020	2019
Cash margin account	\$ 1,750	\$ -
Equity securities and equity funds	76,831	-
	\$ 78,581	\$ -

During the year, the Society received an in-kind donation of marketable securities. The funds from this donations are earmarked for capital investments.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 584,462	\$ -	\$ 584,462	\$ 584,462
Buildings	5,605,121	1,222,294	4,382,827	4,401,314
Computer hardware	38,255	36,756	1,499	2,141
Office equipment	69,292	65,156	4,136	5,170
Location equipment	195,512	176,851	18,661	23,326
	\$ 6,492,642	\$ 1,501,057	\$ 4,991,585	\$ 5,016,413

SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA SCOTIA)

Notes to Financial Statements

Year Ended March 31, 2020

6. SHORT TERM DEBT

The demand operating loan with a credit limit of \$120,000, of which \$nil was outstanding at year end, bears interest at the Credit Union's prime rate plus 1.25%.

The bank indebtedness is secured by a general security agreement over all assets of the Society, and a collateral mortgage in the amount of \$120,000 providing Credit Union Atlantic a second charge over 2549 Brunswick Street and assignment of fire insurance.

7. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
Credit union loan bearing interest at 4.1% per annum, repayable in monthly blended payments of \$1,456. The loan matures on April 26, 2020 and is secured by a first mortgage on the Romans Avenue property with a net book value of \$196,116.	\$ 1,449	\$ 18,479
Credit Union loan bearing interest at 5% per annum, repayable in monthly blended payments of \$947. The loan matures on August 20, 2022 and is secured by a first mortgage on the Brunswick Street property with a net book value of \$280,259.	105,442	111,355
NSHDC loan bearing interest at 4.89% per annum, repayable in monthly blended payments of \$3,108. The loan matures on April 1, 2030 and is secured by a first mortgage on the Barrington Street property with a net book value of \$1,338,805.	<u>297,127</u>	<u>319,447</u>
	404,018	449,281
Amounts payable within one year	<u>(31,186)</u>	<u>(46,724)</u>
	<u>\$ 372,832</u>	<u>\$ 402,557</u>

Principal repayment terms are approximately:

2021	\$ 31,186
2022	31,225
2023	118,313
2024	27,086
2025	28,427
Thereafter	<u>167,781</u>
	<u>\$ 404,018</u>

**SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA
SCOTIA)**

Notes to Financial Statements

Year Ended March 31, 2020

8. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
J & W Murphy Foundation - staff	\$ 100,000	\$ -
Spafford investment	62,798	-
J & W Murphy Foundation - HVAC	50,000	-
AHANS - roof	8,080	8,080
Millstone Homes - Website	6,000	-
Skorik - Barry House	4,698	13,466
Stappells	4,099	4,000
Unifor	2,778	1,225
United Way wage premium	2,679	-
Telus - ID program	2,676	5,211
Harding Real Estate	2,530	-
Flemming Charitable Foundation - Website	2,000	-
NS Health Authority	904	3,000
AHANS - MTP-ICM	839	17,887
Halifax Foundation - ReBuilding	593	-
April rental revenue	442	-
Feed Nova Scotia	-	929
Communities Culture and Heritage	-	5,000
Co-op Student	-	1,050
Department of Community Services	-	418,000
30 Chairs in 30 days	-	1,353
Golf Tournament	-	978
Canadian Institute of Quantity Surveyors	-	1,000
	<u>\$ 251,116</u>	<u>\$ 481,179</u>

SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA SCOTIA)

Notes to Financial Statements

Year Ended March 31, 2020

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions are grants received as contributions toward the cost of specific assets. They are deferred as revenue and recognized over time on the same basis that the related capital asset is amortized, with the exception of the Cunard Street forgivable loan, which is amortized over 15 years.

	Beginning Balance	Receipts	Amortized as Revenue	Ending Balance
Barry House renovations	\$ 303,852	\$ -	\$ 7,596	\$ 296,256
Sir Sanford Fleming House renovations	8,866	62,752	1,006	70,612
Nehiley House renovation	-	29,953	749	29,204
Metro Turning Point renovations	234,712	-	5,868	228,844
Cunard Street apartments	1,631,563	-	40,789	1,590,774
Cunard Street forgivable loan	253,223	-	31,653	221,570
Herring Cove Road property	812,108	-	20,303	791,805
	<u>\$ 3,244,324</u>	<u>\$ 92,705</u>	<u>\$ 107,964</u>	<u>\$ 3,229,065</u>

10. COMMITMENTS

The Society has various long term leases with respect to office, medical and facility equipment. Future minimum lease payments as at March 31, 2020, are as follows:

2021	\$ 22,070
2022	22,070
2023	19,813
2024	18,688
2025	8,455
Thereafter	<u>581</u>
	<u>\$ 91,677</u>

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

12. SUBSEQUENT EVENTS

The Governments of Canada and Nova Scotia, as well as foreign governments instituted emergency measures as a result of the COVID-19 virus during March 2020. Subsequent to year end, the virus has had a major impact on Canadian and international securities and currency markets and consumer activity which may impact the Society's financial position, its results of operations and its cash flows significantly. As these are subsequent events, these financial statements do not reflect such impact. As at the date of our report, it is also not possible to accurately quantify or estimate the impact.