

Financial Statements of

**NORTH OKANAGAN  
HOSPICE SOCIETY**

Year ended March 31, 2021  
(Audited)



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of North Okanagan Hospice Society

### **Opinion**

We have audited the financial statements of North Okanagan Hospice Society, which comprise:

- the statement of financial position as at March 31, 2021,
- the statements of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of North Okanagan Hospice Society as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of North Okanagan Hospice 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 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 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.

### ***Auditors' 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 auditors' 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 the 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.



Page 2

- 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 auditors' 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 auditors' 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.
- 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.

### ***Report on Other Legal and Regulatory Requirements***

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by North Okanagan Hospice Society in preparing and presenting financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

*KPMG LLP*

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Chartered Professional Accountants

June 22, 2021

Vernon, Canada

# NORTH OKANAGAN HOSPICE SOCIETY

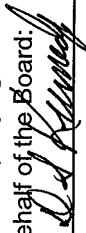
Statement of Financial Position

March 31, 2021, with comparative information for 2020

	Operating Fund	Capital Asset Fund	Capital Reserve Fund	2021 Total	2020 Total
<b>Assets</b>					
Current assets:					
Cash	\$ 805,895	\$ -	\$ -	\$ 805,895	\$ 530,623
Gaming funds	-	-	-	-	7,336
Short-term investments (note 2)	1,733,138	-	-	1,733,138	1,005,327
Accounts receivable	89,079	-	-	89,079	29,540
Prepaid expenses	2,658	-	-	2,658	-
	2,630,770	-	-	2,630,770	1,572,826
Investments (note 2)	341,103	-	601,973	943,076	1,508,841
Capital assets (note 4)	-	2,051,112	-	2,051,112	2,145,563
	\$ 2,971,873	\$ 2,051,112	\$ 601,973	\$ 5,624,958	\$ 5,227,230
<b>Liabilities and Fund Balances</b>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 46,814	\$ -	\$ -	\$ 46,814	\$ 32,203
Payroll liabilities (note 5)	323,133	-	-	323,133	171,810
Deferred revenue	2,000	-	-	2,000	-
	371,947	-	-	371,947	204,013
Fund balances:					
Invested in capital assets	-	2,051,112	-	2,051,112	2,145,563
Internally restricted funds (note 6)	1,925,000	-	540,000	2,465,000	2,465,000
Externally restricted funds (note 7)	-	-	61,973	61,973	117,787
Unrestricted	674,926	-	-	674,926	294,867
	2,599,926	2,051,112	601,973	5,253,011	5,023,217
Endowments (note 3)					
Commitments and contingencies (note 8)					
	\$ 2,971,873	\$ 2,051,112	\$ 601,973	\$ 5,624,958	\$ 5,227,230

See accompanying notes to audited financial statements.

On behalf of the Board:



Director



Director

# NORTH OKANAGAN HOSPICE SOCIETY

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2021, with comparative figures for 2020

	Operating Fund	Capital Asset Fund	Capital Reserve Fund	2021 Total	2020 Total
<b>Revenue:</b>					
Interior Health operating grant and contract fund	\$ 1,405,932	\$ -	\$ -	\$ 1,405,932	\$ 1,274,355
Residential and program fees	131,368	-	-	131,368	145,987
Other income	48,314	-	-	48,314	460
	1,585,614	-	-	1,585,614	1,420,802
<b>Expenses:</b>					
Advertising	2,539	-	-	2,539	1,939
Amortization	-	147,852	-	147,852	145,824
Bad debts	111	-	-	111	31
Bank charges	6,553	-	-	6,553	8,556
Insurance	20,085	-	-	20,085	16,530
Maintenance	45,532	-	-	45,532	44,726
Office expenses	13,773	-	-	13,773	12,776
Organization development	94,173	-	-	94,173	51,404
Property taxes	5,684	-	-	5,684	5,236
Residential program expenses	175,759	-	-	175,759	107,961
Utilities	49,704	-	-	49,704	46,931
Wage costs	2,042,366	-	-	2,042,366	1,763,572
	2,456,279	147,852	-	2,604,131	2,205,486
	(870,665)	(147,852)	-	(1,018,517)	(784,684)
<b>Deficiency of revenues over expenses from operations</b>					
Fundraising and other income (expense):					
Fundraising activities (Schedule 1)	398,992	-	-	398,992	613,345
Investment income (loss)	214,556	-	-	214,556	(2,533)
Endowment income	37,501	-	-	37,501	29,089
Loss on disposal of assets	-	(15,020)	-	(15,020)	-
Government assistance (note 9)	612,282	-	-	612,282	-
	1,263,331	(15,020)	-	1,248,311	639,901
<b>Excess (deficiency) of revenues over expenses</b>	392,666	(162,872)	-	229,794	(144,783)
Fund balances, beginning of year	2,219,867	2,145,563	657,787	5,023,217	5,168,000
Interfund transfers:					
Capital asset additions	(12,607)	68,421	(55,814)	-	-
<b>Fund balances, end of year</b>	\$ 2,599,926	\$ 2,051,112	\$ 601,973	\$ 5,253,011	\$ 5,023,217

See accompanying notes to audited financial statements.

# NORTH OKANAGAN HOSPICE SOCIETY

## Statement of Cash Flows

Year ended March 31, 2021, with comparative figures for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Operating Fund	\$ 392,666	\$ 1,041
Capital Asset Fund	(162,872)	(145,824)
	<u>229,794</u>	<u>(144,783)</u>
Items not involving cash:		
Amortization	147,852	145,824
Loss on disposal of assets	15,020	-
Fair value re-measurement of investments	(149,859)	78,572
	<u>242,807</u>	<u>79,613</u>
Change in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(59,539)	11,493
Increase to prepaid expenses	(2,658)	-
Decrease in gaming funds	7,336	33,664
Increase (decrease) in accounts payable and accrued liabilities	14,610	(11,093)
Increase in payroll liabilities	151,323	22,651
Increase (decrease) in deferred revenue	2,000	(41,000)
	<u>355,879</u>	<u>95,328</u>
Investing:		
Purchase of capital assets	(69,272)	(67,736)
Proceeds on disposal of capital assets	850	-
Purchase of investments	(12,185)	(482,665)
	<u>(80,607)</u>	<u>(550,401)</u>
Increase (decrease) in cash	275,272	(455,073)
Cash, beginning of year	530,623	985,696
Cash, end of year	<u>\$ 805,895</u>	<u>\$ 530,623</u>

See accompanying notes to audited financial statements.

# NORTH OKANAGAN HOSPICE SOCIETY

Notes to Financial Statements

Year ended March 31, 2021

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North Okanagan Hospice Society (the "Society") is incorporated under the Society Act (British Columbia) and is a charitable organization under the Income Tax Act. The Society's principal activities are to provide respite care and grief and bereavement support, in the delivery of comprehensive palliative care services to residents of the North Okanagan.

## 1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Handbook ("ASNPO"). The following is a summary of the significant accounting policies.

### (a) Fund accounting:

The Society follows the restricted fund method of accounting for contributions.

The Society receives support from various donors and allows for restrictions on the use of the donations. The transactions of the Society are recorded in the following funds:

#### i) Operating fund:

The operating fund is unrestricted and includes general operating revenue and expenses of the Society.

#### ii) Capital asset fund:

The capital fund reports the assets, liabilities, revenue and expenses related to the Society's capital and intangible assets.

#### iii) Capital reserve fund:

The capital reserve fund reports the assets, liabilities, revenue and expenses and internally and externally restricted funds for future capital projects. Interest earned on investments is available for use in general operations.



# NORTH OKANAGAN HOSPICE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

Donations are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted revenues include amounts received for which there are no restrictions attached by the donor and unrestricted earnings on Society investments. Restricted operating donations are deferred and recognized as revenue in the same period in which the related expenses are incurred.

Restricted contributions are recorded as revenue in the appropriate fund.

### (c) Financial instruments:

The Society's financial instruments consist of cash (including gaming funds), investments, accounts receivable and accounts payable and accrued liabilities. Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

In the case of financial instruments that originate as a result of related party transactions, initial measurement will be at the exchange amount or carrying value in accordance with Section 3840, Related Party Transactions, rather than fair value. If the sole relationship is in the capacity of management, the parties involved are deemed to be unrelated for purposes of Section 3856, Financial Instruments and as such, transactions will be initially measured at fair value.

# NORTH OKANAGAN HOSPICE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (d) Investments:

Investments are managed by a third party investment manager. The investments consist of a mix of publicly traded short and long-term fixed income investments, guaranteed investment certificates and publicly traded equities. Investments are made in accordance with the Society's investment policy. The principal of the investment policy is to preserve capital and obtain a conservative return on investments. Highly liquid investments, such as mutual funds and investments without set terms and fixed income investments maturing within one year from the statement of financial position date are reflected as short-term investments.

### (e) Medical supplies:

Medical supplies are expensed as purchased.

### (f) Capital assets:

Capital assets are recorded at cost, less accumulated amortization. Amortization is reported in the Capital Asset Fund, and is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

Asset	Years
Building	25
House furniture and equipment	10
Landscaping	10
Office equipment	10
Medical equipment	10
Software	10

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Art works and other capital assets with an expected unlimited life or residual value in excess of cost are not subject to amortization. Capital assets are reviewed for impairment annually. When a capital asset is impaired, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations and changes in fund balances. Write-downs are not reversed.

### (g) Use of estimates:

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

# NORTH OKANAGAN HOSPICE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 1. Significant accounting policies (continued):

### (h) Contributed services:

Volunteers contributed approximately 4,150 hours in fiscal 2021 (2020 - 10,642 hours) assisting the Society in carrying out its activities. Contributed services are not recognized in these financial statements because of the difficulty of determining their fair value.

### (i) Gifts in kind:

Gifts in kind which would otherwise be paid for by the Society are recorded at the estimated fair market value on date of receipt.

### (j) Government assistance:

Government assistance related to current expenses and revenue is included in the determination of net income for the period. Government assistance related to capital expenditures is recorded as reduction of the cost of the related item of capital assets.

## 2. Investments:

	2021	2020
RBC Dominion Securities	\$ 1,733,138	\$ 1,720,951
Vancouver Foundation	943,076	793,217
	2,676,214	2,514,168
Less: short-term portion	(1,733,138)	(1,005,327)
	\$ 943,076	\$ 1,508,841

The short-term portion includes highly liquid investments and fixed-term investments maturing within 12 months.

# NORTH OKANAGAN HOSPICE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2021

### 3. Endowments:

The Society has contributed funds to the Community Foundation of the North Okanagan ("CFNO") as endowments for the benefit of the Society. These funds are permanently restricted and consequently not included as assets of the Society in these financial statements. These funds comprise, as follows:

	2021	2020
North Okanagan Hospice Society Endowment Fund ("NOHSEF")	\$ 541,407	\$ 457,724
North Okanagan Hospice Garden Fund ("NOHGF")	17,917	15,148
	<u>\$ 559,324</u>	<u>\$ 472,872</u>

The Society receives an annual distribution based on the percentage of the original contribution and any cumulative gains since the inception of the endowment fund. During the year the Society received \$22,263 (2020 - \$18,365) from the NOHSEF and \$737 (2020 - \$608) from the NOHGF.

In addition, the Society receives annual distributions from the following private funds:

- Muriel Mildenerger Endowment Fund (managed by CFNO)
- Mary Richardson Endowment Fund (managed by CFNO)
- Mike & Jean Haug Endowment Fund (managed by CFNO)
- Raymond and Grace Wolfenden Fund (managed by Mackenzie Financial Corporation)
- Kurt and Jutta Knuever Legacy Foundation (managed by the Canadian National Christian Foundation)

# NORTH OKANAGAN HOSPICE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 4. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 502,435	\$ -	\$ 502,435	\$ 502,435
Building	2,614,148	1,279,144	1,335,004	1,439,570
House furniture and equipment	266,363	184,360	82,003	70,023
Landscaping	88,459	71,787	16,672	17,553
Office equipment	68,226	49,343	18,883	17,344
Medical equipment	170,667	79,010	91,657	89,723
Software	44,564	40,106	4,458	8,915
	<u>\$ 3,754,862</u>	<u>\$ 1,703,750</u>	<u>\$ 2,051,112</u>	<u>\$ 2,145,563</u>

## 5. Payroll liabilities:

Included in payroll liabilities are government remittances payable of \$16,614 (2020 - \$6,298) for payroll related taxes.

# NORTH OKANAGAN HOSPICE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 6. Internally restricted funds:

The Society has internally restricted funds for the following purposes:

	<u>Operating fund</u>	<u>Capital reserve fund</u>	
	Program reserve	Capital assets	Total
Balance, end of year	\$ 1,925,000	\$ 540,000	\$ 2,465,000

Internally restricted funds are authorized for use by the Board of Directors. Internally restricted funds are designated for three purposes:

- Capital reserve fund: Hospice House is a 12 bed residential facility which provides end-of-life services on a 24/7/365 basis. Funds must be available to address significant maintenance issues and to replace equipment such as beds and call bell systems as they are needed to ensure the comfort of our clients. The funds set aside have been based on an estimate of the Society's ten-year capital maintenance, improvement and replacement budget.
- Operating fund: The Society has established two program reserves to meet certain expected commitments. For financial statement purposes, these funds have been grouped together. A description of the funds are:
  - Seed fund: Existing and planned new programs are often ineligible for grant funding because they have not been fully developed. In these instances, it is imperative that NOHS has seed funding available to develop and implement new programs.
  - Stabilization fund: The purpose of this fund is to ensure that the Society has sufficient operating funds in order to provide for its ongoing operational requirements over a period of many years. The Society supports its annual operational requirements over and above the funding it receives from donations, grants, and other sources through income it generates from its investments.

# NORTH OKANAGAN HOSPICE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 7. Externally restricted funds:

Externally restricted funds are included in the Capital Reserve Fund and consist of unused funds which have been designated for future capital projects.

	2021	2020
Balance, beginning of year	\$ 117,787	\$ 134,512
Transferred to capital asset fund	(55,814)	(16,725)
Balance, end of year	\$ 61,973	\$ 117,787

## 8. Commitments and contingencies:

The Society's regular employees are provided with sick leave at a rate of 5% of regular time earnings. The unused sick leave is carried forward to the subsequent year to a maximum of 12% (2020 - 12%) of earnings. Total sick time at March 31, 2021 is \$57,026 (2020 - 48,020), of which \$49,783 (2020 - \$47,347) has been accrued based on expected usage. These benefits are not paid out upon termination and any unpaid amounts revert to the Society.

## 9. Government assistance:

Government assistance consists of the Canada Emergency Wage Subsidy ("CEWS"), which was part of the initiatives launched by the Canadian Government to assist employers to maintain workers on payroll during the COVID-19 pandemic. The total amount received during the year of \$612,282 relates to current wage expenses incurred.

## 10. Financial risks and concentration of risk:

The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Society is not known at this time. These impacts could include impairment of assets and decreases in revenue. While future conditions are uncertain, the impacts realized as at the financial statement reporting date include decreases in fundraising revenue, the cancellation of fundraising events, inability to utilize volunteer hours, and the receipt of CEWS.

# NORTH OKANAGAN HOSPICE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 11. Economic dependence:

In 2020, the Society received 61% (2020 - 57%) of its operational funding from the Interior Health Authority ("IHA"). The Society's contract with IHA expires on September 30, 2021 and is expected to be renewed before that time.

## 12. Remuneration:

For the fiscal year ending March 31, 2021, the Society paid total remuneration of \$352,108 (2020 - \$207,349) to 4 employees and contractors for services, each of whom received total remuneration of \$75,000 or greater.

The Society paid \$nil (2020 - \$nil) remuneration to its Directors in the fiscal period ended March 31, 2021.



# NORTH OKANAGAN HOSPICE SOCIETY

## Schedule 1 - Fundraising Activities

Year ended March 31, 2021, with comparative figures for 2020

	2021	2020
Revenue:		
Special events	\$ 128,749	\$ 248,209
Donations	296,112	208,990
Bequests	27,587	192,427
Gaming	-	41,000
Events sponsorship	-	33,291
Community organization	4,280	27,776
BC Gaming-Community Groups	9,131	16,011
Other grants	25,684	14,071
	<u>491,543</u>	<u>781,775</u>
Expenses:		
Event expenditures	14,000	84,778
Salaries and benefits	78,551	83,652
	<u>92,551</u>	<u>168,430</u>
	<u>\$ 398,992</u>	<u>\$ 613,345</u>