

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

**Financial Statements
Year Ended March 31, 2021**

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

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Year Ended March 31, 2021

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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, 2021, 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, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 to 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 expenditures, and cash flows from operations for the years ended March 31, 2020 and 2021, and current assets and net assets as at March 31, 2020 and 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 was 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 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 the financial statements in accordance with ASNPO, 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.

(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 2, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

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

Statement of Financial Position

March 31, 2021


	2021	2020 <i>(Restated)</i>
ASSETS		
CURRENT		
Cash (Note 3)	\$ 804,229	\$ 439,791
Marketable securities	-	78,581
Accounts receivable (Note 4)	247,500	249,459
Prepaid expenses	20,907	212
	1,072,636	768,043
CAPITAL ASSETS (Notes 5, 6)	5,436,327	4,991,585
ASSETS HELD IN TRUST	221,533	171,659
	\$ 6,730,496	\$ 5,931,287
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 154,436	\$ 271,612
Current portion of long term debt (Note 6)	31,230	31,186
Deferred revenue (Notes 7, 11)	306,062	259,141
	491,728	561,939
LONG TERM DEBT (Note 6)	341,639	372,832
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	3,647,900	3,229,065
AMOUNTS HELD IN TRUST	221,533	171,659
	4,702,800	4,335,495
NET ASSETS		
General fund	1,597,696	1,595,792
Internally restricted fund (Note 9)	430,000	-
	2,027,696	1,595,792
	\$ 6,730,496	\$ 5,931,287

COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD



Director



Director

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

Statement of Revenues and Expenditures

Year Ended March 31, 2021

	2021	2020 <i>(Restated)</i>
REVENUE		
Province of Nova Scotia (Housing Nova Scotia)	\$ 2,827,688	\$ 2,592,012
Correctional Services Canada	910,179	1,092,130
Affordable Housing Association Nova Scotia (AHANS)	579,137	586,011
Fundraising and donations	801,422	282,659
Rental <i>(Note 11)</i>	201,120	183,617
Other grant revenue	88,567	33,375
Other	45,774	2,011
In-kind donations <i>(Note 11)</i>	31,141	17,614
	<u>5,485,028</u>	<u>4,789,429</u>
EXPENDITURES		
Salaries and wages	3,880,293	3,679,407
Repairs, maintenance, and security	191,310	253,308
Program costs	158,532	85,034
Food	130,164	146,850
Utilities	105,252	125,654
Household supplies	98,594	55,392
Office and miscellaneous	78,822	64,795
Telephone, fax, and internet	76,159	58,642
Equipment rental and maintenance	64,961	73,126
Fundraising	51,188	31,044
Dues, fees, and publications	33,731	10,343
In-kind donations <i>(Note 11)</i>	31,141	17,614
Training	29,425	29,587
Municipal taxes	28,534	23,512
Insurance	24,803	24,133
Legal and audit	24,108	21,335
Interest on long term debt	18,979	20,881
Travel and meals	14,358	11,440
Parking	10,824	8,649
Interest and service charges	2,737	1,545
Sub-contracts (recovery)	(350)	20,454
	<u>5,053,565</u>	<u>4,762,745</u>
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	<u>431,463</u>	<u>26,684</u>
OTHER INCOME (EXPENDITURES)		
Amortization of capital assets	(124,344)	(117,533)
Amortization of deferred capital contributions <i>(Note 8)</i>	113,508	107,964
Gain on sale of marketable securities	11,277	-
Unrealized loss on marketable securities	-	(13,169)
	<u>441</u>	<u>(22,738)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 431,904</u>	<u>\$ 3,946</u>

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

Statement of Changes in Net Assets

Year Ended March 31, 2021

	General Fund	Internally Restricted Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR				
As previously reported	\$ 1,603,817	\$ -	\$ 1,603,817	\$ 1,591,846
Prior period adjustment <i>(Note 11)</i>	(8,025)	-	(8,025)	-
As restated	1,595,792	-	1,595,792	1,591,846
Excess of revenue over expenditures	431,904	-	431,904	3,946
Fund transfers <i>(Note 9)</i>	(430,000)	430,000	-	-
NET ASSETS - END OF YEAR	\$ 1,597,696	\$ 430,000	\$ 2,027,696	\$ 1,595,792

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

**Statement of Cash Flows
Year Ended March 31, 2021**

	2021	2020 <i>(Restated)</i>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 431,904	\$ 3,946
Items not affecting cash:		
Amortization of capital assets	124,344	117,533
Amortization of deferred capital contributions	(113,508)	(107,964)
Gain on disposal of marketable securities	(11,277)	-
Unrealized loss on marketable securities	-	13,169
	431,463	26,684
Changes in non-cash working capital:		
Accounts receivable	1,959	31,588
Prepaid expenses	(20,695)	2,559
Accounts payable and accrued liabilities	(117,176)	29,117
Deferred revenue	46,921	(222,038)
	(88,991)	(158,774)
Cash flow from (used by) operating activities	342,472	(132,090)
INVESTING ACTIVITIES		
Purchase of capital assets	(569,086)	(92,705)
Purchase of marketable securities	(37,361)	(91,750)
Proceeds from sale of marketable securities	127,219	-
Cash flow used by investing activities	(479,228)	(184,455)
FINANCING ACTIVITIES		
Capital contributions received	532,343	92,705
Repayment of long term debt	(31,149)	(45,263)
Cash flow from financing activities	501,194	47,442
INCREASE (DECREASE) IN CASH FLOW	364,438	(269,103)
Cash - beginning of year	439,791	708,894
CASH - END OF YEAR	\$ 804,229	\$ 439,791

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

Notes to Financial Statements

Year Ended March 31, 2021

PURPOSE OF THE SOCIETY

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 not-for-profit organization and registered charity.

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

Sir Sandford 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 Turning Point (MTP), at 2170 Barrington Street, Halifax

Cunard Street Apartments, at 5506 Cunard Street, Halifax

Herring Cove Apartments, at 191 Herring Cove Road, Halifax

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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 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 of revenue over expenditures.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for transactions with related parties 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.

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

Notes to Financial Statements

Year Ended March 31, 2021

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

Capital assets

Capital assets are stated at 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 twelve months are recorded as deferred revenue and recognized in the period the revenue is intended to be used.

Revenue recognition

Saint Leonard's Society of Nova Scotia (operating as Shelter Nova Scotia) follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection 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 a receipt is provided assuring the value. When a receipt cannot be provided, 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, 2021

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.

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 expenditures 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, 2021.

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 and tenants. 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.

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.

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

**Notes to Financial Statements
Year Ended March 31, 2021**

3. CASH

	2021	2020
Cash	\$ 374,229	\$ 439,791
Cash - restricted	430,000	-
	\$ 804,229	\$ 439,791

Restricted cash relates to internally restricted funds.

4. ACCOUNTS RECEIVABLE

	2021	2020
Accounts receivable	\$ 6,957	\$ 63,711
Government funding receivable	133,524	154,354
HST receivable	107,019	31,394
	\$ 247,500	\$ 249,459

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 584,462	\$ -	\$ 584,462	\$ 584,462
Buildings	6,154,933	1,338,738	4,816,195	4,382,827
Computer hardware	57,530	40,097	17,433	1,499
Office equipment	69,292	65,983	3,309	4,136
Location equipment	195,512	180,584	14,928	18,661
	\$ 7,061,729	\$ 1,625,402	\$ 5,436,327	\$ 4,991,585

6. LONG TERM DEBT

	2021	2020
Credit union loan bearing interest at 4.1% per annum, repayable in monthly blended payments of \$1,456. The loan matured on April 26, 2020 and was secured by first mortgage on Romans Avenue property which had a carrying value of \$238,322.	\$ -	\$ 1,449
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 first mortgage on the property located at 2549-55 Brunswick Street which has a net book value of \$366,815.	99,174	105,442

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

Notes to Financial Statements

Year Ended March 31, 2021

6. LONG TERM DEBT (continued)

	2021	2020
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 first mortgage on the property located at 2170 Barrington Street which has a net book value of \$1,385,347.	273,695	297,127
	372,869	404,018
Amounts payable within one year	(31,230)	(31,186)
	\$ 341,639	\$ 372,832

Principal repayment terms are approximately:

2022	\$ 31,230
2023	118,345
2024	27,086
2025	28,427
2026	29,834
Thereafter	137,947
	\$ 372,869

7. DEFERRED REVENUE

	2021	2020
J & W Murphy Foundation- staff	\$ 176,772	\$ 100,000
Wishlist	66,378	-
Spafford - Nehiley House Snugs	15,958	62,798
April rent revenue	9,630	8,467
UPS - Community Program Gift Cards	7,132	-
Stappells - MTP Mattresses	6,299	4,099
Milestone Homes - Website	6,000	6,000
Storik - Barry House	4,698	4,698
Correctional Services Canada - SSFH Snugs	4,485	-
AHANS - ReBuilding Roof	2,442	8,080
Unifor	2,367	2,778
Flemming Charitable Foundation - Website	2,000	2,000
Telus - ID Program	1,901	2,676
United Way wage premium	-	2,679
Harding Real Estate	-	2,530
NS Health Authority	-	904
AHANS - MTP-ICM	-	839
Halifax Foundation - ReBuilding	-	593
J & W Murphy Foundation - HVAC	-	50,000
	\$ 306,062	\$ 259,141

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

**Notes to Financial Statements
Year Ended March 31, 2021**

8. 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	\$ 296,256	\$ 151,870	\$ 9,304	\$ 438,822
Sir Sandford Fleming House renovations	70,612	94,028	2,941	161,699
Nehiley House renovations	29,204	46,840	1,315	74,729
Metro Turning Point renovations	228,844	75,000	6,659	297,185
Cunard Street renovation	-	159,270	1,991	157,279
Home Office renovation	-	5,335	67	5,268
Cunard Street apartments	1,590,774	-	39,769	1,551,005
Cunard Street forgivable loan	221,570	-	31,667	189,903
Herring Cove Road property	791,805	-	19,795	772,010
	\$ 3,229,065	\$ 532,343	\$ 113,508	\$ 3,647,900

9. INTERNALLY RESTRICTED FUND

During the year, the Society carried a motion to create a reserve fund of \$430,000 to be included in the operating budget with restrictions being placed on the funds for the following purposes:

- The funds should be used to pay for a new office space for the years 2022-2024, with alternatively sourced funding for 2025-2026.
- If donations of alternate funding are received towards the first three years of rental, the reserve funds would then be used to pay for the office space in years 2025-2026. Any remaining funds would be used to fund capital projects.

10. COMMITMENTS

The Society has a long term lease with respect to its office, medical and facility equipment. Future minimum lease payments as at March 31, 2021, are as follows:

2022	\$ 103,754
2023	128,221
2024	134,533
2025	126,727
2026	118,320
Thereafter	<u>29,796</u>
	<u>\$ 641,351</u>

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

Notes to Financial Statements

Year Ended March 31, 2021

11. PRIOR PERIOD ADJUSTMENT

During the year a prior period adjustment was required as rent revenues were recorded when received rather than when the revenue was earned. As a result, prior period rental income was overstated by \$8,025, and deferred revenue was understated by \$8,025.

In the prior year, in kind donations included both receipted and unreceipted donation revenues and expenditures in the amount of \$300,981. The Society changed the policy to only report receipted in kind donations in the current year. The comparative figures have been restated to reflect this change, and unreceipted in kind donations of \$283,367 have been removed.

12. ECONOMIC DEPENDENCE

The Society's ability to continue operations is dependent on government funding. Should this funding change, management is of the opinion that continued viable operations would be doubtful.

13. COVID-19

Beginning in March 2020 the Governments of Canada and Nova Scotia, as well as foreign governments instituted emergency measures as a result of the COVID-19 virus (the "virus"). 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. As these are on-going events, these financial statements do not reflect any potential future impact. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Society as at the report date.