

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

Financial Statements

Year Ended March 31, 2023

**Index to Financial Statements
Year Ended March 31, 2023**

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 14

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, 2023, 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, 2023, 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 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 fundraising and donation revenue, excess (deficiency) 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 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.

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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 15, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

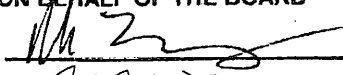
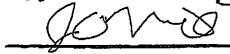
SAINT LEONARD'S SOCIETY OF NOVA SCOTIA (OPERATING AS SHELTER NOVA SCOTIA)

**Statement of Financial Position
March 31, 2023**

	2023	2022 <i>Restated</i>
ASSETS (Note 7)		
CURRENT		
Cash (Note 4)	\$ 1,196,456	\$ 970,348
Accounts receivable (Notes 5, 13)	281,192	243,137
Prepaid expenses	26,685	36,326
	1,504,333	1,249,811
CAPITAL ASSETS (Notes 6, 8)	5,609,018	5,652,708
ASSETS HELD IN TRUST	190,153	241,802
	\$ 7,303,504	\$ 7,144,321
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 167,686	\$ 221,959
Current portion of long term debt (Note 8)	34,013	32,524
Deferred revenue (Note 9)	1,135,794	645,924
	1,337,493	900,407
LONG TERM DEBT (Note 8)	275,075	309,126
DEFERRED CAPITAL CONTRIBUTIONS (Notes 10, 13)	3,693,273	3,794,628
AMOUNTS HELD IN TRUST	190,153	241,802
	5,495,994	5,245,963
NET ASSETS		
General fund	1,453,018	1,543,866
Internally restricted fund (Note 11)	354,492	354,492
	1,807,510	1,898,358
	\$ 7,303,504	\$ 7,144,321

COMMITMENTS (Note 12)

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

Statement of Revenues and Expenditures
Year Ended March 31, 2023

	2023	2022 <i>Restated</i>
REVENUE		
Department of Community Services	\$ 3,830,337	\$ 3,063,014
Correctional Services Canada	1,073,508	891,956
Affordable Housing Association Nova Scotia (AHANS)	847,444	673,270
Fundraising and donations	733,808	668,413
Rental	219,263	197,862
In-kind donations	50,896	8,250
Other	25,174	9,140
Other grant revenue	17,649	19,918
	6,798,079	5,531,823
EXPENDITURES		
Salaries and wages	5,082,190	4,203,135
Program costs	446,330	237,583
Repairs, maintenance, and security	212,873	222,557
Food	204,509	152,456
Utilities	155,130	132,407
Occupancy (<i>Note 11</i>)	131,564	91,104
Training	83,755	39,176
Telephone, fax, and internet	81,504	75,682
Office and miscellaneous	75,730	86,951
Sub-contracts	57,252	103,782
Household supplies	56,962	55,560
In-kind donations	50,896	8,250
Dues, fees, and publications	42,717	40,526
Equipment rental and maintenance	39,471	53,689
Insurance	27,220	26,026
Travel and meals	25,415	23,803
Municipal taxes	21,655	26,521
Legal and audit	19,595	16,282
Fundraising	19,434	19,575
Interest on long term debt	16,436	17,454
Interest and service charges	11,404	8,186
	6,862,042	5,640,705
DEFICIENCY OF REVENUE OVER EXPENDITURES FROM OPERATIONS	(63,963)	(108,882)
OTHER INCOME (EXPENDITURES)		
Amortization of capital assets	(151,782)	(141,892)
Amortization of deferred capital contributions (<i>Note 13</i>)	124,897	121,436
	(26,885)	(20,456)
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (90,848)	\$ (129,338)

Statement of Changes in Net Assets
Year Ended March 31, 2023

	General Fund	Internally Restricted Fund	2023	2022
NET ASSETS - BEGINNING OF YEAR				
As previously reported	\$ 1,543,052	\$ 354,492	\$ 1,897,544	\$ 2,027,696
Prior period adjustment (<i>Note 13</i>)	814	-	814	-
As restated	1,543,866	354,492	1,898,358	2,027,696
Deficiency of revenue over expenditures	(90,848)	-	(90,848)	(129,338)
NET ASSETS - END OF YEAR	\$ 1,453,018	\$ 354,492	\$ 1,807,510	\$ 1,898,358

SCOTIA)
Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022 <i>Restated</i>
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (90,848)	\$ (129,338)
Items not affecting cash:		
Amortization of capital assets	151,782	141,892
Amortization of deferred capital contributions	(124,897)	(121,436)
	<u>(63,963)</u>	<u>(108,882)</u>
Changes in non-cash working capital:		
Accounts receivable	(38,055)	4,363
Accounts payable and accrued liabilities	(54,275)	67,523
Deferred revenue	489,870	339,862
Prepaid expenses	9,641	(15,419)
	<u>407,181</u>	<u>396,329</u>
Cash flow from operating activities	<u>343,218</u>	<u>287,447</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(108,091)</u>	<u>(358,273)</u>
FINANCING ACTIVITIES		
Capital contributions received	23,543	268,164
Repayment of long term debt	(32,562)	(31,219)
Cash flow from (used by) financing activities	<u>(9,019)</u>	<u>236,945</u>
INCREASE IN CASH FLOW	226,108	166,119
Cash - beginning of year	<u>970,348</u>	<u>804,229</u>
CASH - END OF YEAR	\$ 1,196,456	\$ 970,348

Notes to Financial Statements
Year Ended March 31, 2023

1. 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 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
The Rebuilding, at 5506 Cunard Street, Halifax
The Hub, at 5506 Cunard Street, Halifax
Herring Cove Apartments, at 191 Herring Cove Road, Halifax

2. 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).

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.

Cash and cash equivalents

Cash includes cash on hand and cash held in Canadian financial institutions, net of outstanding cheques and deposits, as well as line of credit facilities in use as at year end.

Restricted cash

Restricted cash is to be used to pay for new office space for the years 2022-2024 as described in Note 11.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Table with 2 columns: Asset Type and Amortization Rate/Method. Rows include Buildings (2.5% declining balance method), Computer hardware (30% declining balance method), Location equipment (20% declining balance method), Office equipment (20% declining balance method), and Leasehold improvements (term of the lease straight-line method).

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SCOTIA)
Notes to Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets (continued)

Amortization is calculated 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.

Contributions for acquiring capital assets are 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.

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.

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.

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. During the year, \$50,896 of in-kind donations have been recognized in the financial statements (2022 - \$8,250).

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Notes to Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. 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 and amounts held in trust, accounts payable and long term debt. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2023.

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.

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, long-term debt and credit facilities.

SCOTIA)
Notes to Financial Statements
Year Ended March 31, 2023

4. CASH

	2023	2022
Cash	\$ 841,964	\$ 615,856
Cash - restricted	354,492	354,492
	\$ 1,196,456	\$ 970,348

Restricted cash relates to internally restricted funds as described in note 11.

5. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable	\$ 38,242	\$ 2,393
Federal government funding receivable	165,959	130,852
Provincial government funding receivable	660	65,782
Harmonized sales tax receivable	76,331	44,110
	\$ 281,192	\$ 243,137

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Buildings	\$ 6,438,454	\$ 1,586,676	\$ 4,851,778	\$ 4,959,573
Computer hardware	66,288	51,036	15,252	14,651
Land	584,462	-	584,462	584,462
Location equipment	293,439	202,312	91,127	43,298
Office equipment	86,662	70,638	16,024	12,550
Leasehold improvements	58,789	8,414	50,375	38,174
	\$ 7,528,094	\$ 1,919,076	\$ 5,609,018	\$ 5,652,708

7. CREDIT FACILITY

The demand operating loan with a credit limit of \$150,000, 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 \$150,000 providing Credit Union Atlantic a second charge over 2549 Brunswick Street and assignment of fire insurance.

**Notes to Financial Statements
Year Ended March 31, 2023**

8. LONG TERM DEBT

	2023	2022
Credit union loan bearing interest at 6.05% per annum, repayable in monthly blended payments of \$994. The loan matures on August 20, 2027 and is secured by first mortgage on the property located at 2549-55 Brunswick Street which has a carrying value of \$350,106.	\$ 85,776	\$ 92,546
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 carrying value of \$1,355,299.	223,312	249,104
Amounts payable within one year	309,088 (34,013)	341,650 (32,524)
	\$ 275,075	\$ 309,126

Principal repayment terms are approximately:

2024	\$ 34,013
2025	35,785
2026	37,650
2027	39,612
2028	88,280
Thereafter	73,748
	\$ 309,088

Notes to Financial Statements
Year Ended March 31, 2023

9. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Department of Community Services	\$ 631,467	\$ -
North Pine - Housing Hub	194,205	222,000
Wishlist	147,268	98,000
J & W Murphy Foundation - Staff	92,871	205,939
Flemming Charitable Foundation - Grief funds	20,195	7,742
Nova Scotia Liquor Corporation	10,000	-
April rent revenue	9,350	10,245
Stappells - Halifax Foundation	8,385	-
Margot Spafford - BH renovation	5,491	5,491
Stappells - MTP mattresses	3,325	3,325
AHANS - Rebuilding roof	2,442	2,442
Stappells - White Point	2,000	-
Stappells - Stapells Lodge Legacy Fund	2,000	-
Storik - Barry House	1,894	1,894
Telus - ID program	1,651	1,651
J & W Murphy Foundation - Occupancy	1,624	-
Brunswick Street Mission	916	-
Supplements	381	-
Milestone Homes - Website	171	171
Miscellaneous	158	-
AHANS - Diversion funds	-	67,024
Second Harvest	-	20,000
	<u>\$ 1,135,794</u>	<u>\$ 645,924</u>

Notes to Financial Statements
Year Ended March 31, 2023

10. 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 Rebuilding forgivable loan, which is amortized over 15 years.

	Beginning Balance	Receipts	Amortized as Revenue	Ending Balance
Barry House renovations	\$ 505,745	\$ -	\$ 12,644	\$ 493,101
Sir Sandford Fleming House renovations	157,678	-	3,923	153,755
Nehiley House renovations	166,936	-	4,173	162,763
Metro Turning Point renovations	320,087	23,543	10,356	333,274
The Rebuilding renovation	153,347	-	3,834	149,513
Central Office renovation	5,136	-	128	5,008
The Rebuilding	1,512,230	-	37,806	1,474,424
The Rebuilding forgivable loan	158,250	-	31,653	126,597
Herring Cove Road renovations	62,509	-	1,563	60,946
Herring Cove Road property	752,710	-	18,818	733,892
	<u>\$ 3,794,628</u>	<u>\$ 23,543</u>	<u>\$ 124,898</u>	<u>\$ 3,693,273</u>

11. INTERNALLY RESTRICTED FUND

During the 2021 fiscal 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.

During the year, donations of alternative funding were received so the reserve funds will be used in 2025-2026.

12. COMMITMENTS

The Society has a long term lease with respect to its office premises, medical and facility equipment. Future minimum lease payments as at March 31, 2023, are as follows:

2024	\$ 136,021
2025	128,215
2026	119,808
2027	30,912
	<u> </u>
	<u>\$ 414,956</u>

Notes to Financial Statements
Year Ended March 31, 2023

13. PRIOR PERIOD ADJUSTMENT

It was discovered in the current year that the Society was to receive grants for capital additions purchased in the prior year. An adjustment has been made in the prior year to increase accounts receivable by \$65,089, increase deferred capital contributions by \$64,275, and increase amortization of deferred capital contributions by \$814.