

INSPIREHEALTH SOCIETY  
FINANCIAL STATEMENTS  
MARCH 31, 2021



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## INDEPENDENT AUDITOR'S REPORT

To the Members of InspireHealth Society:

### Report on the Audit of the Financial Statements

#### *Qualified Opinion*

We have audited the financial statements of InspireHealth Society (the "Society"), which comprise the statement of financial position as at March 31, 2021, and the statement of operations, statement of changes in net assets, and statement of 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 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 Qualified Opinion*

In common with many charitable organizations, the Society derives some revenue from voluntary contributions and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue or fundraising events revenue, excess of revenue over expenditures, and cash flows from operating activities for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. 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 in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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.

### *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.

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

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
August 18, 2021

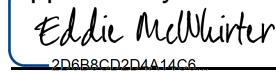
INSPIREHEALTH SOCIETY  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2021


	<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets			
Cash		\$ 822,563	\$ 557,240
Accounts receivable		140,432	143,253
Government assistance receivable (Note 8)		11,975	---
GST receivable		7,749	12,863
Inventory of supplies		1,786	3,124
Prepaid expenditures		<u>31,836</u>	<u>38,307</u>
		1,016,341	54,294
Capital assets (Note 4)		<u>126,514</u>	<u>126,994</u>
		<u>\$ 1,142,855</u>	<u>\$ 881,781</u>
 <u>LIABILITIES</u> 			
Current liabilities			
Accounts payable and accrued liabilities		\$ 133,591	\$ 80,614
Government remittances payable		13,980	17,347
Deferred contributions (Note 5)		112,616	90,518
Current portion of leasehold inducement (Note 6)		<u>11,851</u>	<u>11,851</u>
		272,038	200,330
Leasehold inducement (Note 6)		30,618	42,469
Canada Emergency Business Account loan (Note 7)		<u>40,000</u>	<u>---</u>
		<u>342,656</u>	<u>242,799</u>
 <u>NET ASSETS</u> 			
Invested in capital assets		126,514	126,994
Unrestricted net assets		<u>673,685</u>	<u>511,988</u>
		<u>800,199</u>	<u>638,982</u>
		<u>\$ 1,142,855</u>	<u>\$ 881,781</u>

*Lease commitments (Note 10)*

*Impact of COVID-19 (Note 11)*

Approved by the Board

  
 \_\_\_\_\_, Director

DocuSigned by:  
  
 \_\_\_\_\_, Director

The accompanying notes are an integral part of these financial statements.

INSPIREHEALTH SOCIETY  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue		
Grants - provincial government (Note 2)	\$ 1,783,500	\$ 1,783,500
- private	200,000	245,000
Donations	294,242	204,426
Fundraising events (Note 3(f))	179,376	354,332
Other government assistance (Note 7 and 8)	136,788	5,279
Cookbook and other	<u>15,309</u>	<u>32,188</u>
	<u>2,609,215</u>	<u>2,624,725</u>
Expenditures		
Amortization of capital assets	42,060	34,411
Cookbook and other	862	4,689
Fundraising and newsletters (Note 3(f))	59,085	125,574
Insurance	14,569	12,296
Office, supplies and other	51,890	71,101
Presentations and public relations	21,558	31,348
Professional and consultant fees	181,216	98,328
Program costs	17,367	29,628
Rent	311,237	316,709
Salaries, contractors, and benefits	1,733,815	1,853,570
Telephone	<u>14,339</u>	<u>12,577</u>
	<u>2,447,998</u>	<u>2,590,231</u>
Excess of revenue over expenditures for the year	<u>\$ 161,217</u>	<u>\$ 34,494</u>

The accompanying notes are an integral part of these financial statements.

INSPIREHEALTH SOCIETY  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2021

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>
Net assets, March 31, 2019	\$ 152,844	\$ 451,644	\$ 604,488
Excess (deficiency) of revenue over expenditures for the year ended March 31, 2020	(34,411)	68,905	34,494
Invested in capital assets	<u>8,561</u>	<u>(8,561)</u>	<u>---</u>
Net assets, March 31, 2020	126,994	511,988	638,982
Excess (deficiency) of revenue over expenditures for the year ended March 31, 2021	(42,060)	203,277	161,217
Invested in capital assets	<u>41,580</u>	<u>(41,580)</u>	<u>---</u>
Net assets, March 31, 2021	<u>\$ 126,514</u>	<u>\$ 673,685</u>	<u>\$ 800,199</u>

The accompanying notes are an integral part of these financial statements.

INSPIREHEALTH SOCIETY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Cash from (used in) operating activities		
Excess of revenue over expenditures for the year	\$ 161,217	\$ 34,494
Items not involving cash		
Amortization of capital assets	42,060	34,411
Amortization of leasehold inducement	(11,851)	(11,851)
Forgivable government assistance	<u>(20,000)</u>	<u>---</u>
	171,426	57,054
Net change in non-cash working capital balances		
Accounts receivable	2,821	7,660
Government assistance receivable	(11,975)	---
GST receivable	5,114	2,591
Inventory of supplies	1,338	3,798
Prepaid expenditures	6,471	(1,532)
Accounts payable and accrued liabilities	52,977	(22,781)
Government remittances payable	(3,367)	2,663
Deferred contributions	<u>22,098</u>	<u>(41,645)</u>
	<u>246,903</u>	<u>7,808</u>
Cash used in investing activity		
Acquisition of capital assets	<u>(41,580)</u>	<u>(8,561)</u>
Cash from financing activity		
Proceeds from Canada Emergency Business Account loan	<u>60,000</u>	<u>---</u>
Increase (decrease) in cash during the year	265,323	(753)
Cash, beginning of the year	<u>557,240</u>	<u>557,993</u>
Cash, end of the year	<u>\$ 822,563</u>	<u>\$ 557,240</u>

The accompanying notes are an integral part of these financial statements.



INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

1. General information

InspireHealth Society (the "Society") is a non-profit society formed for the purpose of providing integrated and complementary health care, including seminars, counselling and other assistance for patients with cancer. The Society is incorporated under the Societies Act and is a registered charitable organization under the Income Tax Act.

2. Economic dependence

The Society is dependent on receiving government and private grants and donations to sustain its operations. The Province of British Columbia Ministry of Health has confirmed its commitment to provide funding to the Society of up to \$1,700,000 for the year ending March 31, 2022.

3. Summary of significant accounting policies

The Society's accounting policies and its standards of financial disclosure are in accordance with Canadian accounting standards for not-for-profit organizations.

a) Fund accounting

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

The general fund accounts for the Society's operations. This fund reports unrestricted resources.

The capital asset fund reports only restricted resources that were used in the acquisition of capital assets used by the Society.

b) Inventory of supplies

The inventory of supplies are recorded at the lower of cost or fair market value.

c) Capital assets

Purchased capital assets are recorded at cost. The provision for amortization is calculated on the declining balance basis at the following annual rates:

Computer equipment	- 30%
Computer software	- 100%
Furniture and equipment	- 20%
Library	- 30%

Leasehold improvements are amortized over the term of the lease on the straight-line basis, and website costs are amortized on the straight-line basis over seven years.

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

3. Significant accounting policies - continued

c) Capital assets - continued

When a capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expenditure in the statement of operations. Write-downs are not reversed.

d) Leasehold inducement

The leasehold inducement is recognized as an adjustment to rent such that rent net of the inducement is recorded on a straight-line basis over the term of the lease.

e) Revenue recognition

The Society follows the deferral method of accounting for contributions to the general fund. Restricted contributions to the general fund are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions, including bequests, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions to the capital asset fund are recorded as revenue when received.

Government funding for operating expenses under the Government of Canada's COVID-19 response programs is recorded as other government assistance when the assistance is receivable.

Forgivable loans comprise government assistance that is forgiven on the condition that the Society continues to meet certain requirements specified at the time of entitlement. Forgivable loans are recognized as other government assistance. If conditions arise that would cause the forgivable loan to be repayable, the Society recognizes a liability to repay the assistance in the period the conditions occurred. Loans from governments and their agencies having normal commercial characteristics are not considered to be government assistance.

f) Contributed services and materials

A number of volunteers contribute a significant amount of their time and services to the Society each year. Because of the difficulty in determining fair value, these contributed services are not recognized in the financial statements. The Society records the fair value of contributed materials at the time of receipt, where such fair value is determinable and the materials would otherwise have been purchased. During the year, the Society received \$27,048 in contributed materials (2020 - \$23,967).

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

3. Significant accounting policies - continued

g) Financial instruments

All financial instruments are measured at fair value on initial recognition. After initial recognition, financial instruments are measured at cost or amortized cost using the effective interest method. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and the Canada Emergency Business Account loan. Financial assets measured at amortized cost are tested for impairment at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in the statement of operations. A reversal may be recorded provided the carrying value does not exceed original cost. The amount of the reversal, if any, is recognized in the statement of operations.

h) Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

4. Capital assets

	2021			2020
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 229,925	\$ 189,028	\$ 40,897	\$ 16,844
Computer software	172,836	172,836	---	---
Furniture and equipment	196,812	180,146	16,666	20,833
Leasehold improvements	307,283	239,967	67,316	86,101
Library	15,805	15,710	95	136
Website	55,028	53,488	1,540	3,080
	\$ 977,689	\$ 851,175	\$ 126,514	\$ 126,994

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

5. Deferred contributions

	<u>Balance March 31, 2020</u>	<u>Current Year Contributions</u>	<u>Recognized as Revenue</u>	<u>Balance March 31, 2021</u>
Grants – provincial government	\$ 83,500	\$ 83,500	\$ 83,500	\$ 83,500
Donations	---	30,000	7,500	22,500
Other	<u>7,018</u>	<u>---</u>	<u>402</u>	<u>6,616</u>
	<u>\$ 90,518</u>	<u>\$ 113,500</u>	<u>\$ 91,402</u>	<u>\$ 112,616</u>

6. Leasehold inducement

	<u>2021</u>	<u>2020</u>
Leasehold inducement	\$ 42,469	\$ 54,320
Current portion	<u>(11,851)</u>	<u>(11,851)</u>
	<u>\$ 30,618</u>	<u>\$ 42,469</u>

Leasehold inducement includes the unamortized portion of a cash inducement of \$82,960.

7. Canada Emergency Business Account loan

During the year, the Society received a \$60,000 loan under the Canada Emergency Business Account (“CEBA”) program. The loan is guaranteed by the Canadian government, unsecured, and interest-free through December 31, 2022. \$20,000 is eligible for forgiveness, contingent on the Society repaying \$40,000 on or before December 31, 2022. During the year ended March 31, 2021, the Society recognized \$20,000 (2020 - \$Nil) as other government assistance for the forgivable portion of the loan. If \$40,000 isn’t repaid on or before December 31, 2022, \$60,000 (including the forgivable amount) will be converted to a three-year term loan maturing on December 31, 2025 and bearing interest at 5% per annum with monthly interest-only payments. As at March 31, 2021, the principal balance owing on the loan was \$60,000 (2020 - \$Nil).

The funds from the CEBA program must only be used to pay non-deferrable operating expenses such as payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any costs such as prepayment or refinancing of existing indebtedness, payments of dividends and distributions, and/or increases in management compensation.

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

8. Government assistance

The Society is entitled to funds under the Canada Emergency Wage Subsidy (CEWS) program. At March 31, 2021, CEWS of \$58,062 (2020 - \$Nil) was recognized as other government assistance, of which \$8,326 (2020 - \$Nil) is included in government assistance receivable as at March 31, 2021.

The Society was also entitled to a reduction in its payroll remittances under the Temporary Wage Subsidy (TWS) program, which was a three-month program between March 2020 and June 2020. At March 31, 2021, TWS of \$16,949 (2020 - \$5,279) was recognized as other government assistance.

The Society is also entitled to funds under the Canada Emergency Rent Subsidy (CERS) program. At March 31, 2021, CERS of \$41,777 (2020 - \$Nil) was recognized as other government assistance, of which \$3,649 (2020 - \$Nil) is included in government assistance receivable as at March 31, 2021.

At August 18, 2021 there were no unfulfilled conditions nor outstanding contingencies with respect to CEWS, TWS, and CERS.

9. Other information

a) Financial instruments risks

The main risks the Society's financial instruments are exposed to are credit risk and liquidity risk, each of which is discussed below.

- i) Credit risk - The financial instruments that potentially subject the Society to a significant concentration of credit risk are cash and accounts receivable. The Society mitigates its exposure to credit loss by placing its cash with a major financial institution. The Society routinely assesses the financial strength of its debtors and as a consequence, believes that its accounts receivable credit risk exposure is limited.
- ii) Liquidity risk - Liquidity risk relates to the risk the Society will encounter difficulty in meeting its obligations associated with financial liabilities. Its financial liabilities consist of accounts payable and Canada Emergency Business Account loan. Management closely monitors cash flow requirements to ensure that it has sufficient cash available to meet operational and financial obligations.

b) Bank credit facility

The Society has a bank credit facility of up to \$85,000 which is secured by a general security agreement covering all personal property of the Society. Interest is payable at the bank's prime rate plus 1.8%. At March 31, 2021, the Society had not drawn on the facility.

c) Remuneration

During the year, the Society paid seven (2020 - five) employees and contractors remuneration of at least \$75,000 and their remuneration aggregated \$1,020,361 (2020 - \$799,630).

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021

10. Lease commitments

The Society is committed to premises and equipment leases. The leases provide for the following minimum payments over the next five years:

Year ending March 31, 2022	\$	151,486
2023	\$	131,176
2024	\$	123,336
2025	\$	61,738
2026	\$	1,435

In addition, the Society is responsible for its share of common operating costs.

11. Impact of COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Society's environment and in the global markets, possible disruption in supply chains and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Society's operations.

The Society cannot estimate the length and gravity of the COVID-19 pandemic. If the pandemic continues, it may have a material effect on the Society's future results. The Society is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

12. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.