

INSPIREHEALTH SOCIETY  
FINANCIAL STATEMENTS  
MARCH 31, 2022



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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of InspireHealth Society:

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of InspireHealth Society (the "Society"), which comprise the statement of financial position as at March 31, 2022, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2022, 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 *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 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 17, 2022

INSPIREHEALTH SOCIETY  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2022

	<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current assets			
Cash		\$ 1,074,051	\$ 822,563
Accounts receivable		143,750	140,432
Government assistance receivable (Note 8)		---	11,975
GST receivable		9,014	7,749
Inventory of supplies		1,525	1,786
Prepaid expenditures		<u>33,489</u>	<u>31,836</u>
		1,261,829	1,016,341
Capital assets (Note 4)		<u>186,309</u>	<u>126,514</u>
		<u>\$ 1,448,138</u>	<u>\$ 1,142,855</u>

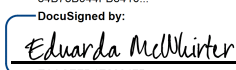
	<u>LIABILITIES</u>		
Current liabilities			
Accounts payable and accrued liabilities		\$ 168,780	\$ 133,591
Government remittances payable		37,972	13,980
Deferred contributions (Note 5)		176,779	112,616
Current portion of leasehold inducement (Note 6)		<u>11,851</u>	<u>11,851</u>
		395,382	272,038
Leasehold inducement (Note 6)		18,767	30,618
Canada Emergency Business Account loan (Note 7)		<u>40,000</u>	<u>40,000</u>
		<u>454,149</u>	<u>342,656</u>

	<u>NET ASSETS</u>		
Invested in capital assets		186,309	126,514
Unrestricted net assets		<u>807,680</u>	<u>673,685</u>
		<u>993,989</u>	<u>800,199</u>
		<u>\$ 1,448,138</u>	<u>\$ 1,142,855</u>

*Lease commitments (Note 10)*  
*Update on COVID-19 (Note 11)*

Approved by the Board

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

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

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

INSPIREHEALTH SOCIETY  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Revenue		
Grants - provincial government (Note 2)	\$ 1,803,500	\$ 1,783,500
- private	208,838	200,000
Donations	487,680	294,242
Fundraising events (Note 3(f))	471,146	179,376
Other government assistance (Note 7 and 8)	28,979	136,788
Cookbook and other	<u>16,542</u>	<u>15,309</u>
	<u>3,016,685</u>	<u>2,609,215</u>
Expenditures		
Amortization of capital assets	61,353	42,060
Cookbook and other	142	862
Fundraising and newsletters (Note 3(f))	201,535	59,085
Insurance	13,371	14,569
Office, supplies and other	66,401	51,890
Presentations and public relations	17,676	21,558
Professional and consultant fees	165,649	181,216
Program costs	19,230	17,367
Rent	296,706	311,237
Salaries, contractors, and benefits (Note 9(c))	1,964,600	1,733,815
Telephone	<u>16,232</u>	<u>14,339</u>
	<u>2,822,895</u>	<u>2,447,998</u>
Excess of revenue over expenditures for the year	<u>\$ 193,790</u>	<u>\$ 161,217</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, 2022

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</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	126,514	673,685	800,199
Excess (deficiency) of revenue over expenditures for the year ended March 31, 2022	(61,353)	255,143	193,790
Invested in capital assets	<u>121,148</u>	<u>(121,148)</u>	<u>---</u>
Net assets, March 31, 2022	<u>\$ 186,309</u>	<u>\$ 807,680</u>	<u>\$ 993,989</u>

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

INSPIREHEALTH SOCIETY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Cash from (used in) operating activities		
Excess of revenue over expenditures for the year	\$ 193,790	\$ 161,217
Items not involving cash		
Amortization of capital assets	61,353	42,060
Amortization of leasehold inducement	(11,851)	(11,851)
Forgivable government assistance	<u>---</u>	<u>(20,000)</u>
	243,292	171,426
Net change in non-cash working capital balances		
Accounts receivable	(3,318)	2,821
Government assistance receivable	11,975	(11,975)
GST receivable	(1,265)	5,114
Inventory of supplies	261	1,338
Prepaid expenditures	(1,653)	6,471
Accounts payable and accrued liabilities	35,189	52,977
Government remittances payable	23,992	(3,367)
Deferred contributions	<u>64,163</u>	<u>22,098</u>
	<u>372,636</u>	<u>246,903</u>
Cash used in investing activity		
Acquisition of capital assets	<u>(121,148)</u>	<u>(41,580)</u>
Cash from financing activity		
Proceeds from Canada Emergency Business Account loan	<u>---</u>	<u>60,000</u>
Increase in cash during the year	251,488	265,323
Cash, beginning of the year	<u>822,563</u>	<u>557,240</u>
Cash, end of the year	<u>\$ 1,074,051</u>	<u>\$ 822,563</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, 2022

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, 2023.

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 five years.

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022

3. Significant accounting policies - continued

c) Capital assets - continued

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value or replacement cost. 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 \$73,561 in contributed materials (2021 - \$27,048).

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022

3. Significant accounting policies - continued

g) Financial instruments

Arm's Length Transactions

*Measurement of financial instruments*

The Society measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions.

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost.

Related Party Transactions

*Measurement of related party financial instruments*

The Society measures all related party financial instruments recognized in these financial statements at either the cost of the related party financial instrument, or at the cost of the consideration exchanged for the related party financial instrument. Measurement is based on the nature of the financial instrument, and depends on whether the instrument has repayment terms. The Society has no related party financial instruments required to be measured at fair value.

When the instrument has repayment terms, the cost is determined using the undiscounted cash flows, excluding interest and dividend payments, and less any impairment losses previously recognized by the transferor.

When the related party financial instrument has no repayment terms, the cost of the instrument is determined using the consideration transferred or received.

Related party financial instruments initially measured at cost are subsequently measured using the cost method.

Transaction Costs

Transaction costs related to the acquisition or issuance of financial instruments subsequently measured at fair value and to instruments originated or exchanged in a related party transaction are recognized in excess of revenue over expenditures when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition or issuance of the instrument, and the adjustment is recognized in excess of revenue over expenditures over the life of the instrument using the straight-line method.

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022

3. Significant accounting policies – continued

g) Financial instruments - continued

Impairment

Financial assets measured at amortized cost and related party financial assets measured using the cost method are assessed for indications of impairment at the end of each reporting period. If impairment is identified, the amount of the write-down is recognized as an impairment loss in excess of revenue over expenditures. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditures.

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.

i) Change in accounting policy

The Society has adopted the amendments to *CPA Handbook* Section 3856, Financial Instruments. The amendments have been adopted effective April 1, 2020, the beginning of the earliest comparative period in these financial statements (the “transition date”). The amendments provide guidance on the accounting for financial instruments arising from transactions between both arm’s length and related parties, and require disclosure of enterprise-specific information related to significant risks arising from financial instruments.

The Society has applied the amendments retrospectively, in accordance with the transition provisions. The amendments provide transition relief for instruments without repayment terms to be measured at their pre-adoption carrying amount less impairment at the transition date. Transition relief is also provided for instruments extinguished or derecognized prior to the transition date, such that only instruments existing on the transition date need to be assessed.

The adoption of the amendments had no impact on the Society’s financial statements other than the enterprise-specific risk disclosures related to significant risks arising from the Society’s financial instruments (see Note 9 (a)).

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022

4. Capital assets

	<u>2022</u>			<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 241,595	\$ 204,798	\$ 36,797	\$ 40,897
Computer software	172,836	172,836	---	---
Furniture and equipment	196,812	183,479	13,333	16,666
Leasehold improvements	307,283	258,753	48,530	67,316
Library	15,805	15,739	66	95
Website	164,506	76,923	87,583	1,540
	<u>\$ 1,098,837</u>	<u>\$ 912,528</u>	<u>\$ 186,309</u>	<u>\$ 126,514</u>

5. Deferred contributions

	<u>Balance March 31, 2021</u>	<u>Current Year Contributions</u>	<u>Recognized as Revenue</u>	<u>Balance March 31, 2022</u>
Grants – provincial government	\$ 83,500	\$ 83,500	\$ 83,500	\$ 83,500
Donations	22,500	267,320	202,919	86,901
Other	6,616	---	238	6,378
	<u>\$ 112,616</u>	<u>\$ 350,820</u>	<u>\$ 286,657</u>	<u>\$ 176,779</u>

6. Leasehold inducement

	<u>2022</u>	<u>2021</u>
Leasehold inducement	\$ 30,618	\$ 42,469
Current portion	<u>(11,851)</u>	<u>(11,851)</u>
	<u>\$ 18,767</u>	<u>\$ 30,618</u>

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

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022

7. Canada Emergency Business Account loan

In the prior year, the Society received a \$60,000 loan under the Canada Emergency Business Account ("CEBA") program. On January 12, 2022, the Government of Canada amended the terms of the CEBA loan. The loan is guaranteed by the Canadian government, unsecured, and interest-free through December 31, 2023. \$20,000 is eligible for forgiveness, contingent on the Society repaying \$40,000 on or before December 31, 2023. During the year ended March 31, 2022, the Society recognized \$Nil (2021 - \$20,000) as other government assistance for the forgivable portion of the loan. If \$40,000 isn't repaid on or before December 31, 2023, \$60,000 (including the forgivable amount) will be converted to a two-year term loan maturing on December 31, 2025 and bearing interest at 5% per annum with monthly interest-only payments. As at March 31, 2022, the principal balance owing on the loan was \$60,000 (2021 - \$60,000).

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.

8. Government assistance

The Society is entitled to funds under the Canada Emergency Wage Subsidy (CEWS) program. At March 31, 2022, CEWS of \$21,209 (2021 - \$58,062) was recognized as other government assistance, of which \$Nil (2021 - \$8,326) is included in government assistance receivable as at March 31, 2022. The CEWS program ended on October 23, 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, 2022, TWS of \$Nil (2021 - \$16,949) was recognized as other government assistance.

The Society is also entitled to funds under the Canada Emergency Rent Subsidy (CERS) program. At March 31, 2022, CERS of \$7,770 (2021 - \$41,777) was recognized as other government assistance, of which \$Nil (2021 - \$3,649) is included in government assistance receivable as at March 31, 2021. The CERS program ended on October 23, 2021.

There are no unfulfilled conditions nor outstanding contingencies with respect to CEWS, TWS, and CERS.

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022

9. Other information

a) Financial instruments

Items that meet the definition of a financial instrument include cash, accounts receivable, accounts payable and accrued liabilities and Canada Emergency Business Account loan.

Financial instrument transactions, such as purchasing and selling foreign currency, collecting receivables, settling payables, and repaying debt obligations may result in exposure to significant financial risk and concentrations of risk.

The nature and extent of significant risks as at March 31, 2022 are described below. There have been no changes to significant risks from the prior year.

- i) Liquidity risk – Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. There is concentration of liquidity risk as the Society only has one lender.

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, 2022, the Society had not drawn on the facility.

c) Remuneration

During the year, the Society paid seven (2021 - seven) employees and contractors remuneration of at least \$75,000 and their remuneration aggregated \$1,105,154 (2021 - \$1,020,361).

10. Lease commitments

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

Year ending March 31, 2023	\$	182,261
2024	\$	175,954
2025	\$	83,932
2026	\$	1,435

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

INSPIREHEALTH SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022

11. Update on 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.