

INSPIREHEALTH SOCIETY

FINANCIAL STATEMENTS

MARCH 31, 2024



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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, 2024, 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, 2024, 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.

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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
July 15, 2024

INSPIREHEALTH SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024

	<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current assets			
Cash and cash equivalents		\$ 1,188,164	\$ 939,206
Short-term investment (Note 4)		—	400,000
Accounts receivable		2,375	9,450
GST receivable		9,761	9,478
Inventory of supplies		1,183	1,640
Prepaid expenditures		<u>34,450</u>	<u>37,236</u>
		1,235,933	1,397,010
Capital assets (Note 5)		<u>255,870</u>	<u>143,108</u>
		<u>\$ 1,491,803</u>	<u>\$ 1,540,118</u>

	<u>LIABILITIES</u>	
Current liabilities		
Accounts payable and accrued liabilities		\$ 109,638
Government remittances payable		23,605
Deferred contributions (Note 6)		56,248
Current portion of leasehold inducement (Note 7)		16,000
Canada Emergency Business Account loan (Note 8)		<u>—</u>
		205,491
Leasehold inducement (Note 7)		<u>52,000</u>
		<u>257,491</u>

	<u>NET ASSETS</u>	
Invested in capital assets		255,870
Unrestricted net assets		<u>978,442</u>
		<u>1,234,312</u>
		<u>\$ 1,491,803</u>
<i>Lease commitments (Note 10)</i>		<u>\$ 1,540,118</u>

Approved by the Board

Eduarda McWhirter, Director

FAVE WIGHTMAN, Director

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

INSPIREHEALTH SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue		
Grants - provincial government (Note 2)	\$ 1,762,441	\$ 1,798,966
- private	28,616	28,849
Donations	604,621	438,330
Fundraising events (Note 3(f))	730,586	847,452
Other	<u>73,826</u>	<u>29,656</u>
	<u>3,200,090</u>	<u>3,143,253</u>
Expenditures		
Amortization of capital assets	71,076	58,292
Cookbook and other	81	238
Fundraising and newsletters (Note 3(f))	351,507	350,519
Insurance	18,063	14,558
Office, supplies and other	116,409	88,719
Presentations and public relations	40,747	29,540
Professional and consultant fees	137,557	139,007
Program costs	20,380	16,131
Rent	252,623	315,629
Salaries, contractors, and benefits (Note 9(c))	2,030,810	1,999,267
Telephone	<u>11,466</u>	<u>10,657</u>
	<u>3,050,719</u>	<u>3,022,557</u>
Excess of revenue over expenditures before other item	<u>149,371</u>	<u>120,696</u>
Other item		
Loss on disposal of capital assets	<u>29,744</u>	<u>—</u>
Excess of revenue over expenditures for the year	<u>\$ 119,627</u>	<u>\$ 120,696</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, 2024

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>
Net assets, March 31, 2022	\$ 186,309	\$ 807,680	\$ 993,989
Excess (deficiency) of revenue over expenditures for the year ended March 31, 2023	(58,292)	178,988	120,696
Invested in capital assets	<u>15,091</u>	<u>(15,091)</u>	<u>---</u>
Net assets, March 31, 2023	143,108	971,577	1,114,685
Excess (deficiency) of revenue over expenditures for the year ended March 31, 2024	(100,820)	220,447	119,627
Invested in capital assets	<u>213,582</u>	<u>(213,582)</u>	<u>---</u>
Net assets, March 31, 2024	<u>\$ 255,870</u>	<u>\$ 978,442</u>	<u>\$ 1,234,312</u>

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

INSPIREHEALTH SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
Cash from (used in) operating activities		
Excess of revenue over expenditures for the year	\$ 119,627	\$ 120,696
Items not involving cash		
Amortization of capital assets	71,076	58,292
Amortization of leasehold inducement	(30,767)	(11,851)
Loss on disposal of capital assets	<u>29,744</u>	<u>—</u>
	189,680	167,137
Net change in non-cash working capital balances		
Accounts receivable	7,075	134,300
GST receivable	(283)	(464)
Inventory of supplies	457	(115)
Prepaid expenditures	2,786	(3,747)
Accounts payable and accrued liabilities	(5,911)	(53,231)
Government remittances payable	(6,086)	(8,281)
Deferred contributions	<u>(165,178)</u>	<u>44,647</u>
	<u>22,540</u>	<u>280,246</u>
Cash from (used in) investing activities		
Acquisition of capital assets	(213,582)	(15,091)
Purchase of short-term investment	—	(400,000)
Redemption of short-term investment	<u>400,000</u>	<u>—</u>
	<u>186,418</u>	<u>(415,091)</u>
Cash from (used in) financing activities		
Leasehold inducement received	80,000	—
Repayment of Canada Emergency Business Account loan	<u>(40,000)</u>	<u>—</u>
	<u>40,000</u>	<u>—</u>
Increase (decrease) in cash and cash equivalents during the year	248,958	(134,845)
Cash and cash equivalents, beginning of the year	<u>939,206</u>	<u>1,074,051</u>
Cash and cash equivalents, end of the year	<u>\$ 1,188,164</u>	<u>\$ 939,206</u>
Cash and cash equivalents consists of:		
Cash	\$ 988,164	\$ 739,206
Cashable guaranteed investment certificate	<u>200,000</u>	<u>200,000</u>
	<u>\$ 1,188,164</u>	<u>\$ 939,206</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, 2024

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, 2025.

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) Cash and cash equivalents

Cash and cash equivalents include cash on deposit and short-term investments that are readily liquidable or have maturities of less than three months from the date of acquisition.

c) Inventory of supplies

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

d) 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%

INSPIREHEALTH SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

3. Significant accounting policies - continued

c) Capital assets - continued

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.

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.

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 \$155,959 in contributed materials (2023 - \$155,219).

INSPIREHEALTH SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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, 2024

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.

4. Short-term investment

Short-term investment consisted of a non-redeemable guaranteed investment certificate with Royal Bank of Canada, bearing interest at 4.85% per annum, which matured on December 23, 2023.

5. Capital assets

	2024			2023
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 275,453	\$ 235,542	\$ 39,911	\$ 31,826
Computer software	172,836	172,836	—	—
Furniture and equipment	204,522	189,821	14,701	10,667
Leasehold improvements	180,684	27,103	153,581	29,744
Library	15,805	15,773	32	46
Website	170,928	123,283	47,645	70,825
	<u>\$ 1,020,228</u>	<u>\$ 764,358</u>	<u>\$ 255,870</u>	<u>\$ 143,108</u>

INSPIREHEALTH SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

6. Deferred contributions

	<u>Balance March 31, 2023</u>	<u>Current Year Contributions</u>	<u>Recognized as Revenue</u>	<u>Balance March 31, 2024</u>
Grants – provincial government \$	72,500	\$ ---	\$ 40,500	\$ 32,000
Donations	122,500	23,827	128,457	17,870
Other	<u>26,426</u>	<u>---</u>	<u>20,048</u>	<u>6,378</u>
	<u>\$ 221,426</u>	<u>\$ 23,827</u>	<u>\$ 189,005</u>	<u>\$ 56,248</u>

7. Leasehold inducement

	<u>2024</u>	<u>2023</u>
Leasehold inducement	\$ 68,000	\$ 18,767
Current portion	<u>(16,000)</u>	<u>(18,767)</u>
	<u>\$ 52,000</u>	<u>\$ ---</u>

During the year, the Society entered into a new lease agreement after moving from 1330 West 8th Avenue, Vancouver to 575 West 10th Avenue, Vancouver and received a cash inducement of \$80,000 under the terms of the lease agreement. The leasehold inducement includes the unamortized portion of \$80,000 (2023 - \$82,960).

8. Canada Emergency Business Account loan

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 January 18, 2024. \$20,000 was eligible for forgiveness, contingent on the Society repaying \$40,000 on or before January 18, 2024. If \$40,000 wasn't repaid on or before January 18, 2024, \$60,000 (including the forgivable amount) would 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. The Society repaid the CEBA loan before January 18, 2024. As at March 31, 2024, the principal balance owing on the loan, including the forgivable portion, was \$Nil (2023 - \$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.

INSPIREHEALTH SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

9. Other information

a) Financial instruments

Items that meet the definition of a financial instrument include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

Financial instrument transactions, such as 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, 2024 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 \$250,000 (2023 - \$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% (2023 – 1.8%). At March 31, 2024, the Society had not drawn on the facility.

c) Remuneration

During the year, the Society paid seven (2023 - six) employees and contractors remuneration of at least \$75,000 and their remuneration aggregated \$903,205 (2023 - \$894,488).

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,	2025	\$	205,336
	2026	\$	207,742
	2027	\$	204,041
	2028	\$	161,370
	2029	\$	33,353

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