The Audited Financial Statements of:

NAKILE HOUSING CORPORATION

Operating as Nakile Home for Special Care

Year ended March 31, 2021

Contents

Jennifer White, CPA,CA
Andrew Perkins, CPA,CA
Robbie Fuller, PBA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Nakile Housing Corporation:

Qualified Opinion

We have audited the accompanying financial statements of Nakile Housing Corporation, which are comprised of the statement of financial position as at March 31, 2021, the statements of operations, net assets, and cash flow for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Nakile Housing Corporation as at March 31, 2021 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

Nakile Housing Corporation accounts for principal debt repayments as expenditures to the Operating Fund. This superficially inflates the expenses of the Operating Fund. The Corporation also does not provide for depreciation on property and equipment and funding received to finance the cost of property and equipment additions is credited directly to income rather than deferred capital contributions. In these respects, the financial statements are not in accordance with Canadian generally accepted accounting principles for not-for-profit entities. Depreciation has never been provided for in the financial statements and a reasonable estimate of the useful life of the property and equipment assets has not been determined.

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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements, 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determines are 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' 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 auditors' 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 judgement 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 controls 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.

White Perkins Associates

Chartered Professional Accountants

Yarmouth, Nova Scotia

June 16, 2021

NAKILE HOUSING CORPORATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Operating	Resident Trust	Replacement Reserve	Memorial	Campaign Reserve	Capital Renewal reserve	2021	2020
ASSETS								
CURRENT								
Cash and cash equivalents	$162,807	$ -	$63,410	$8,145	$28,434	$160,013	$422,809	$368,449
Investment (note 4)	-	8,312	-	-	-	-	8,312	5,847
Accounts receivable (note 5)	43,899	-	-	-	-	-	43,899	57,270
HST receivable	24,380	-	-	-	-	-	24,380	22,459
Prepaid expenses	34,019	-	-	-	-	-	34,019	36,312
	265,105	8,312	63,410	8,145	28,434	160,013	533,419	490,337
PROPERTY, PLANT AND EQUIPMENT								
Land	25,000	-	-	-	-	-	25,000	25,000
Well	108,392	-	-	-	-	-	108,392	79,358
Building	9,163,771	-	-	-	-	-	9,163,771	9,057,214
Vehicles	122,485	-	-	-	-	-	122,485	122,485
Equipment	497,743	-	-	-	-	-	497,743	488,842
	9,917,391	-	-	-	-	-	9,917,391	9,772,899
	$10,182,496	$8,312	$63,410	$8,145	$28,434	$160,013	$10,450,810	$10,263,236
							2021	2020
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable and accrued liabilities (note 7)	$429,790	$ -	$ -	$ -	$ -	$ -	$429,790	$299,711
Deferred revenue	140,387	-	-	-	-	-	140,387	222,451
Current portion of long-term debt (note 8)	322,559	-	-	-	-	-	322,559	313,824
	892,736	-	-	-	-	-	892,736	835,986
LONG-TERM DEBT (note 8)	5,965,151	-	-	-	-	-	5,965,151	6,289,142
Total liabilities	6,857,887	-	-	-	-	-	6,857,887	7,125,128
NET ASSETS	3,324,609	8,312	63,410	8,145	28,434	160,013	3,592,923	3,138,108
	$10,182,496	$8,312	$63,410	$8,145	$28,434	$160,013	$10,450,810	$10,263,236

Commitment (note 12)

Approved by: Director: ______________________ Director: ______________________

NAKILE HOUSING CORPORATION
STATEMENT OF OPERATIONS
Year ended March 31, 2021

	Budget	Operating	Resident Trust	Replacement Reserve	Memorial	Campaign Reserve	Capital Reserve	2021	2020 (note 13)
REVENUE									
Nova Scotia Department of Health	$3,815,994	$4,183,442	$ -	$ -	$ -	$ -	-	$4,183,442	$3,724,117
Accommodation charges	814,226	833,369	-	-	-	-	-	833,369	881,890
Respite, donations and other income	7,000	10,448	2	12,408	364	4,250	28,050	55,522	29,531
Resident trust deposits	-	-	24,105	-	-	-	-	24,105	32,097
Grant revenue	-	45,112	-	-	-	-	-	45,112	-
	4,637,220	5,072,371	24,107	12,408	364	4,250	28,050	5,141,550	4,667,635
EXPENSES									
Salaries									
Administrative	142,748	149,952	-	-	-	-	-	149,952	143,317
Direct care	2,099,843	2,241,958	-	-	-	-	-	2,241,958	2,075,968
Program support	109,726	220,415	-	-	-	-	-	220,415	130,457
Dietary	305,895	347,362	-	-	-	-	-	347,362	315,900
Environmental	310,748	394,053	-	-	-	-	-	394,053	340,852
	2,968,960	3,353,740	-	-	-	-	-	3,353,740	3,006,494
Group benefits and ASO expenditures	525,374	604,577	-	-	-	24,633	-	629,210	595,692
Operations and maintenance									
Administration (see schedule)	101,335	152,703	-	-	-	-	-	152,703	124,085
Direct care (see schedule)	84,949	71,346	-	-	-	-	-	71,346	63,514
Program support (see schedule)	21,159	17,573	21,027	-	-	-	-	38,600	43,717
Dietary (see schedule)	172,265	174,531	-	-	-	-	-	174,531	169,000
Capital (see schedule) (note 10)	527,817	523,666	-	-	-	-	-	523,666	534,856
Environmental (see schedule)	28,743	26,003	-	-	-	-	-	26,003	25,312
Maintenance (see schedule)	206,618	191,117	-	-	-	3,500	-	194,617	184,441
	1,142,886	1,156,939	21,027	-	-	3,500	-	1,181,466	1,144,925
TOTAL EXPENSES	4,637,220	5,115,256	21,027	-	-	28,133	-	5,164,416	4,747,111
Excess (deficiency) before undernoted	-	(42,885)	3,080	12,408	364	(23,883)	28,050	(22,866)	(79,476)
OTHER INCOME									
Capital debt retired (note 10)	-	315,255	-	-	-	-	-	315,255	306,767
Capital funding received	-	162,426	-	-	-	-	-	162,426	31,691
	-	477,681	-	-	-	-	-	477,681	338,458
EXCESS (DEFICIENCY) OF REV[illegible]E O[illegible]R EX[illegible]SES	$[illegible]	[illegible]34,7[illegible]	$[illegible]	[illegible]12,4[illegible]	[illegible]	([illegible]83)	[illegible]8,05[illegible]	$45[illegible]5	[illegible]8,98[illegible]

NAKILE HOUSING CORPORATION
STATEMENT OF NET ASSETS
Year ended March 31, 2021

	Operating	Resident Trust	Replacement Reservce	Memorial	Campaign Reserve	Employee Benefit Reserve	Capital Renewal Reserve	2021	2020
Net assets at beginning of year	$2,896,781	$5,847	$41,002	$10,198	$534	$51,783	$131,963	$3,138,108	$2,879,126
Excess (deficiency) of revenues over expenses	434,796	3,080	12,408	364	(23,883)	-	28,050	454,815	258,982
Interfund transfers (note 11)	(6,968)	(615)	10,000	(2,417)	51,783	(51,783)	-	-	-
NET ASSETS AT END OF YEAR	$3,324,609	$8,312	$63,410	$8,145	$28,434	$ -	$160,013	$3,592,923	$3,138,108

NAKILE HOUSING CORPORATION
STATEMENT OF CASH FLOW
Year ended March 31, 2021

	2021	2020 (note 13)
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	$454,815	$258,982
Change in unrealized gain on investments	(2,465)	(2,104)
Changes in non-cash working capital		
Accounts receivable	13,371	(32,914)
HST receivable	(1,921)	(3,828)
Prepaid expenses	2,293	(8,669)
Accounts payable and accrued liabilties	130,079	44,684
Deferred revenue	(82,064)	190,151
	514,108	446,302
INVESTING ACTIVITIES		
Purchase of property and equipment	(144,492)	(63,228)
Proceeds from sale of investments	-	95,780
Purchase of investments	-	1
	(144,492)	32,553
FINANCING ACTIVITIES		
Principal repayment of long-term debt	(315,256)	(306,767)
Increase in cash flow	**54,360**	**172,088**
Cash position at beginning of year	368,449	196,361
CASH POSITION AT END OF YEAR	$422,809	$368,449

1. GENERAL AND ECONOMIC DEPENDENCE

The Nakile Housing Corporation operates a 47 bed (plus 1 respite) facility in Argyle, providing full time nursing care to the elderly. The Corporation receives annual funding from the Province of Nova Scotia Department of Health to cover operating expenses. The continued operation of the Corporation is dependent on the receipt of this annual funding.

The Corporation is a registered charity under the Income Tax Act of Canada, and as such is exempt from income tax and may issue tax receipts to donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial reporting framework
The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations with the exception of the following:

(i) Long-term debt
Principal payments relating to long-term debt are recorded as an expense when paid.

(ii) Property and equipment
Property and equipment assets are recorded at cost. Funds received through capital assistance programs are recorded as Department of Health revenue within the Operating Fund in the Statement of Operations. Nakile does not record depreciation on its property and equipment.

(iii) Government assistance
Government grants relating to the acquisition of property and equipment are recorded as revenue. Balances received are recorded as deferred revenue until such time as the related property and equipment assets are capitalized.

(b) Fund accounting
The Corporation follows the deferral method of accounting for contributions and uses the following funds to record its transactions:

(i) Operating Fund
The Operating Fund includes all revenues and expenses of the Corporation except for revenues and expenses that are designed for a specific use.

(ii) Resident Trust Fund
The Resident Trust Fund records resident trust monies received and spent on each resident during the year.

(iii) Replacement Reserve Fund
The Replacement Reserve Fund contains funding for emergency repairs, and receives $10,000 annually from the Operating Fund, provided there are available funds to do so, to build up reserves as cash flow permits.

(iv) Memorial Fund
The Memorial Fund tracks donations received in memoriam and interest earned on the bank account. It spends money each year on unfunded enhancements to the accommodations.

(v) Campaign Reserve Fund
The Campaign Reserve Fund accepts donations each year and expenditures are made on items that benefit the general population of residents at Nakile.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(vi) Employee Benefit Reserve Fund
The Employee Benefit Reserve Fund holds investments derived from revenues in excess of benefit payments. Effective January 2020 the Corporation terminated its participation in the ASO employee benefit fund and is transitioning to a traditional group insurance plan. Balances on hand at year-end will be used to finance future employee activity costs.

(vii) Capital Renewal Reserve Fund
The Capital Renewal Reserve Fund contains funding specially designated to be used to replace facility components in the new (2014) wing of the building.

(c) Cash and cash equivalents
Cash and cash equivalents include petty cash, cash floats, and balances with banks including operating lines of credit.

(d) Investments
Investments are recorded at their published fair market value. Any unrealized holding gains and losses, being the difference between the cost and the fair market value, are included in the statement of operations.

(e) Revenue recognition
The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recorded in the respective fund in which the cash and cash equivalent assets are held. The Corporation recognizes room, board, and special care revenue on a daily basis as earned.

(f) Deferred revenue
Other revenue, including contributions from Department of Health for capital assistance programs, are recognized as revenue in the same period that the respective property and equipment assets are acquired. Until such time, these contributions are recorded as deferred revenue.

3. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, investments, accounts receivable, HST receivable, accounts payable and accrued liabilities, and long-term debt. All financial instruments are initially recognized at fair value and are subsequently measured at amortized cost. Changes in fair value are recognized in the Statement of Operations in the period incurred.

When financial assets are determined to be impaired, the carrying amount is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. Such impairments can be reversed if the value subsequently improves.

These financial instruments expose the Corporation to certain financial risks and uncertainties, disclosed as follows:

Credit Risk
The Corporation is exposed to credit risk with respect to its accounts receivable. Credit risk on receivables from residents is limited given their receivables are predominately from the Provincial Government.

4. INVESTMENT

	Market 2021	Carrying Value 2021	Carrying Value 2020
Mutual fund	$8,312	$8,312	$5,847

The mutual fund carrying balance includes an unrealized gain of $4,645 which has been recorded through the Statement of Operations. The current year change in the unrealized gain was $2,541 which is recorded in Other Income.

5. ACCOUNTS RECEIVABLE

	2021	2020
Due from Nova Scotia Department of Health	$28,183	$41,147
Accomodation charges due from residents	15,716	16,123
	$43,899	$57,270

6. CREDIT FACILITIES

The Company has a bank revolving credit line with a limit of $125,000 available, bearing an interest rate of prime plus 0.3%, secured by a guarantee and postponement of claim in the amount of $80,000, signed by the Municipality of the District of Argyle, and Board of Director's meeting minutes. The balance as at March 31, 2021 is nil (2020 - nil). The line is secured by a guarantee and postponement of claim in the amount of $80,000 by the Municipality of Argyle.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade payables and accrued liabilities	$146,966	$59,992
Accrued mortgage interest	16,024	16,719
Payroll accrued liabilities	228,282	182,642
Government remittances payable	38,518	40,358
	$429,790	$299,711

8. LONG-TERM DEBT

	2021	2020
Housing Nova Scotia mortgage, payable $8,319 monthly including interest at 1.47% per annum, due December 1, 2024	$363,987	$457,731
Housing Nova Scotia mortgage, payable $21,976 monthly including interest at 3.27% per annum, due March 1, 2040	3,734,347	3,874,289
Housing Nova Scotia mortgage, payable $12,935 monthly including interest at 3.32% per annum, due March 1, 2040	2,189,377	2,270,946
	6,287,711	6,602,966
Less portion included under current liabilities	322,559	313,824
	$5,965,152	$6,289,142

8. LONG-TERM DEBT (continued) 2021 2020

Principal payments due in each of the next five years are approximately as follows:

2022	$322,559
2023	$331,560
2024	$340,835
2025	$325,400
2026	$259,370

The security for all mortgages above is the building which has a cost of $9,163,771 as at March 31, 2021.

9. DEFINED CONTRIBUTION PENSION PLAN

The Corporation contributes to a pension plan for its employees, matching the employees contributions which are defined based on a percentage of the employee's wage. Contributions to this plan for the year totalled $84,676 (2020 - $84,756).

10. PRESENTATION OF PRINCIPAL DEBT PAYMENTS

The users of the financial statements regard principal debt repayments as expenditures, which correspond to the budget received from the Nova Scotia Department of Health. As a result, the long-term debt principal payments are added back at the bottom of the Statement of Operations to exclude this amount from excess (deficiency) of revenues over expenses.

11. INTERFUND TRANSFERS

During fiscal 2021, Nakile transferred $10,000 (2020 - nil) from the Operating Fund to the Replacement Fund, $nil (2020 - $12,391) from the Replacement Fund to the Operating Fund regarding the purchase of property and equipment, $nil (2020 - $11,437) from the Campaign Reserve Fund to the Operating Fund regarding the purchase of a property and equipment, $nil (2020 - $7,709) from the Capital Renewal Fund to the Operating Fund regarding the purchase of a property and equipment, $2,417 (2020 - nil) from the Memorial Fund to the Operating Fund regarding the purchase of property and equipment, $51,783 (2020 - nil) from the Employee Benefit Reserve Fund to the Campaign Fund to fund staff-related expeditures, and $615 (2020 - $650) from the Resident Trust Fund to the Operating Fund to reimburse cash advances.

12. COMMITMENT

A capital expenditure with an estimated cost of $95,583 has been contracted for at the balance sheet date but has not yet been incurred. This expenditure relates to new windows and is expected to be completed in F2022. Funding for this project is included in the deferred revenue balance at year end.

13. COMPARATIVE BALANCE

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation adopted in the current year.

NAKILE HOUSING CORPORATION
SCHEDULE OF OPERATING FUND EXPENDITURES
Year ended March 31, 2021

	Budget	2021	2020
Administration			
Car and travel	$2,500	$2,484	$2,595
Staff education	2,000	202	926
Membership dues and fees	600	2,500	519
Professional fees	16,400	16,147	16,685
Office supplies and postage	18,300	23,887	19,764
Miscellaneous	5,000	23,536	5,545
Bank charges and interest	3,500	2,281	3,490
Board meetings	4,500	3,750	3,375
HST expense	-	19,867	17,332
Contract services	18,000	26,842	23,347
Hairdressing	1,000	578	780
Insurance	17,550	17,892	15,943
Promotion and advertising	500	355	1,172
Telephone and fax	7,800	8,724	7,788
Cable	3,685	3,290	3,685
Bad debt	-	368	1,139
	$ 101,335	$ 152,703	$ 124,085
Direct Care			
Incontinent	$ 29,424	$ 31,339	$ 26,214
Honorarium - Medical Director	4,500	4,500	4,500
Medical supplies	21,876	17,338	13,761
Non prescription and prescription drugs	11,015	6,310	6,779
Personal care	15,901	11,489	9,745
Travel and education	2,233	370	2,515
	$ 84,949	$ 71,346	$ 63,514
Program support			
Contract services - occupational therapy	$ -	$113	$376
Travel and education	1,500	792	1,178
Resident outings	19,659	16,668	11,593
	$ 21,159	$ 17,573	$ 13,147
Dietary			
Food	$152,836	$159,664	$155,147
Utensil and china replacement	7,114	5,385	2,004
Travel and education	2,000	104	608
Cleaning supplies	5,315	5,074	6,159
Paper products	5,000	4,304	5,082
	$ 172,265	$ 174,531	$ 169,000

NAKILE HOUSING CORPORATION
SCHEDULE OF OPERATING FUND EXPENDITURES
Year ended March 31, 2021

	Budget	2021	2020
Capital			
Small equipment and projects	$9,518	$5,605	$10,531
Capital debt charges			
Principal (note 10)	518,299	315,255	306,767
Interest	-	202,806	211,315
	$ 527,817	$ 523,666	$ 528,613
Environmental			
Supplies	$15,095	$15,514	$12,080
Bedding	3,100	3,172	3,313
Paper products	8,548	6,851	8,537
Travel and education	2,000	466	1,382
	$ 28,743	$ 26,003	$ 25,312
Maintenance			
Electricity and heat	$104,665	$107,726	$103,665
Repairs and maintenance	69,348	54,761	49,695
Civic taxes	32,605	28,630	31,081
	$ 206,618	$ 191,117	$ 184,441

NAKILE HOUSING CORPORATION
STATEMENT OF PROTECTED FUNDING REVENUES AND EXPENDITURES
Year ended March 31, 2021

HEALTH CARE COSTS	2021	2020
REVENUE		
Salaries	$837,210	$804,217
Operations (Program Support/Resident Care)	23,484	23,638
	860,694	827,855
EXPENSES		
Salaries		
Direct care	636,996	634,974
Program support	48,545	42,786
Group benefits	143,576	141,209
	829,117	818,969
Operations (Program Support/Resident Care)		
Incontinent products	7,835	5,776
Medical advisor/physician fees	1,125	1,125
Nursing and resident care supplies	5,060	5,574
OTC medications	1,578	1,695
Recreation and program support supplies	2,887	2,898
	847,602	836,037
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**$13,092**	**($8,182)**

RAW FOOD COSTS	2021	2020
Protected funding - raw food revenue	$32,484	$32,697
Raw food expenditure	39,916	38,498
DEFICIENCY OF REVENUE OVER EXPENSES	**$7,432**	**$5,801**