

Financial Statements of

INN FROM THE COLD SOCIETY

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Inn from the Cold Society

Qualified Opinion

We have audited the financial statements of Inn from the Cold Society (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, except for the possible effects of the matter described in the “***Basis for Qualified Opinion***” section of our auditors’ report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, 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 not-for-profit organizations, the Entity derives revenue from donations, 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 Entity.



Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2020 and 2019
- the donation revenues and deficiency of revenues over expenses reported in the statements of operations for the years ended March 31, 2020 and 2019
- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended March 31, 2020 and 2019
- the deficiency of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2020 and 2019.

Our opinion on the financial statements for the year ended March 31, 2019 was qualified 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 “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Entity 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 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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

June 16, 2020

INN FROM THE COLD SOCIETY

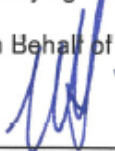
Statement of Financial Position

As of March 31, 2020, with comparative information for 2019

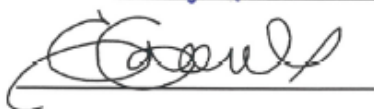
	Operating fund	Capital fund	2020	2019
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,038,406	\$ -	\$ 1,038,406	\$ 764,751
Internally restricted cash and cash equivalents (note 3)	3,296,115	43,810	3,339,925	3,352,817
Internally restricted investments (note 3)	640,230	-	640,230	208,756
Externally restricted cash and cash equivalents (note 3)	590,675	38,010	628,685	1,060,389
Goods and services tax recoverable	28,488	9,499	37,987	21,557
Prepaid expenses and other current assets	222,228	-	222,228	143,236
	5,816,142	91,319	5,907,461	5,551,506
Capital assets (note 4)	-	8,407,106	8,407,106	8,754,295
Internally restricted investments (note 3)	-	-	-	434,151
	\$ 5,816,142	\$ 8,498,425	\$ 14,314,567	\$ 14,739,952
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 5)	\$ 366,496	\$ 7,241	\$ 373,737	\$ 478,350
Accrued liabilities for repayment of funding (note 6)	48,540	-	48,540	449,933
Deferred revenue (note 7)	590,675	38,010	628,685	644,989
Mortgage payable (note 9)	-	947,921	947,921	1,153,959
	1,005,711	993,172	1,998,883	2,727,231
Deferred capital contributions (note 8)	-	4,382,663	4,382,663	4,616,963
	1,005,711	5,375,835	6,381,546	7,344,194
Net assets:				
Internally restricted (note 3)	3,936,345	43,810	3,980,155	3,995,724
Invested in capital assets	-	3,076,522	3,076,522	2,983,373
Unrestricted	874,086	2,258	876,344	416,661
	4,810,431	3,122,590	7,933,021	7,395,758
Commitments (note 13)				
	\$ 5,816,142	\$ 8,498,425	\$ 14,314,567	\$ 14,739,952

See accompanying notes to financial statements

Approved on Behalf of the Board



Director



Director

INN FROM THE COLD SOCIETY

Statement of Operations

For the year ended March 31, 2020, with comparative information for 2019

	Operating fund	Capital fund	2020	2019
Revenues:				
Donations, fundraising & grants (note 12)	\$ 4,470,326	\$ -	\$ 4,470,326	\$ 4,440,762
Provincial Emergency Supporting Housing Grant	1,532,999	-	1,532,999	1,719,027
Calgary Homeless Foundation funding (note 11)	948,640	-	948,640	946,847
Amortization of deferred contributions related to capital assets (note 8)	-	548,257	548,257	455,467
Gifts in kind	140,567	-	140,567	165,319
Rental and other income	135,611	8,644	144,255	116,893
Interest	85,120	7,420	92,540	64,146
	7,313,263	564,321	7,877,584	7,908,461
Program expenses:				
Salaries and wages	3,783,733	-	3,783,733	4,898,895
Other operating expenses	570,812	60,572	631,384	826,194
Amortization	-	656,660	656,660	569,621
Fundraising	222,673	-	222,673	344,841
Diversion efforts	425,953	-	425,953	361,363
Direct client support	153,724	-	153,724	234,478
Utilities	88,427	-	88,427	94,208
Travel	16,246	-	16,246	31,131
	5,261,568	717,232	5,978,800	7,360,731
Administrative expenses:				
Salaries and wages	757,384	-	757,384	723,229
Administrative	540,605	-	540,605	456,952
Advertising and promotion	45,893	-	45,893	55,576
Amortization	-	9,316	9,316	13,533
Utilities	8,323	-	8,323	9,212
	1,352,205	9,316	1,361,521	1,258,502
Excess (deficiency) of revenues over expenses before transfers				
	\$ 699,490	\$ (162,227)	\$ 537,263	\$ (710,772)
Fund balances, beginning of year	4,112,043	3,283,715	7,395,758	8,106,530
Interfund transfers	(1,102)	1,102	-	-
Fund balance, end of year	4,810,431	3,122,590	7,933,021	7,395,758

See accompanying notes to financial statements

INN FROM THE COLD SOCIETY

Statement of Changes in Net Assets

For the year ended March 31, 2020, with comparative information for 2019

	Invested in capital assets	Internally restricted	Unrestricted	2020	2019
Net assets, beginning of year	\$ 2,983,373	\$ 3,995,724	\$ 416,661	\$ 7,395,758	\$ 8,106,530
Excess (deficiency) of revenues over expenses	(118,575)	74,668	581,170	537,263	(710,772)
Acquisition of capital assets	319,643	—	(319,643)	—	—
Addition of deferred contributions related to capital assets	(313,957)	—	313,957	—	—
Repayment of mortgage payable	206,038	—	(206,038)	—	—
Interfund transfers	—	(90,237)	90,237	—	—
	\$ 3,076,522	\$ 3,980,155	\$ 876,344	\$ 7,933,021	\$ 7,395,758

See accompanying notes to financial statements

INN FROM THE COLD SOCIETY

Statement of Cash Flows

For the year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in) the following activities:		
Operating:		
Excess (deficiency) of revenues over expenses	\$ 537,263	\$ (710,772)
Items not involving cash		
Amortization	665,976	583,154
Amortization of deferred contributions	(548,257)	(455,467)
(Gain) loss on disposal of capital assets	(8,644)	52,270
Changes in non-cash working capital:		
Goods and services tax recoverable	(16,430)	16,164
Prepaid expenses and other current assets	(78,992)	(50,364)
Accounts payable and accrued liabilities	(104,613)	16,562
Accrued liabilities for repayment of funding	(401,393)	409,487
Deferred revenue	(16,304)	(427,542)
	28,606	(566,508)
Financing:		
Repayment of mortgage payable	(206,038)	(199,957)
Investing:		
Purchase of capital assets	(319,643)	(538,580)
Proceeds on disposal of capital assets	9,500	—
Proceeds on sale (purchase) of internally restricted investments	2,677	(17,511)
Deferred contributions received relating to capital assets	313,957	444,109
	6,491	(111,982)
Decrease in cash and cash equivalents	(170,941)	(878,447)
Cash and cash equivalents, beginning of year	5,177,957	6,056,404
Cash and cash equivalents, end of year	\$ 5,007,016	\$ 5,177,957
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 1,038,406	\$ 764,751
Internally restricted cash and cash equivalents	3,339,925	3,352,817
Externally restricted cash and cash equivalents	628,685	1,060,389
	\$ 5,007,016	\$ 5,177,957

See accompanying notes to financial statements

INN FROM THE COLD SOCIETY

Notes to Financial Statements

For the year ended March 31, 2020, with comparative information for 2019

1. Nature of the organization:

Inn from the Cold Society (the "Society") is incorporated under The Societies Act of Alberta. The Society offers emergency shelter, essential needs, supported housing, and a comprehensive continuum of collateral services to families experiencing homelessness. The Society's mission is to provide shelter, sanctuary, and healing to assist homeless children and their families achieve independence.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Handbook and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations in kind are recorded at fair value when fair value can be reasonably determined and the donated items would have otherwise been purchased.

Deferred revenues represent designated donations received in the current year which are used to subsidize families and fund operations in a subsequent year. Recognition of these amounts as revenue is deferred to subsequent years when the related expenses are incurred.

Donations restricted for the purchase of capital assets are recorded as deferred contributions related to capital assets and amortized into revenue in order to match the amortization recorded on the capital assets, which were purchased with restricted funds.

Revenue from all other sources is included in the year in which it is received or receivable if the amount to be received can be reasonably estimated and collections are reasonable assured.

(b) Cash and cash equivalents:

Cash consists of cash on hand and balances with banks. Cash equivalents consist of gift cards.

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Notes to Financial Statements, page 2

For the year ended March 31, 2020, with comparative information for 2019

2. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost. The cost from contributed capital assets is considered to be fair value at the date of contribution. These contributions are deferred and amortized over the useful life of the asset at the same method and rate as the expense.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. Building improvements are amortized using the straight-line method over the remaining estimated useful life of the building.

Building	20 years
Building improvements	Remaining life of building
Vehicles	5 years
Tenant improvements	5 years
Furniture and equipment	3 - 5 years
Computer equipment	3 years

The Society regularly reviews its capital assets to eliminate obsolete items. Capital assets acquired during the year but not placed into use are not amortized until they are placed into use. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value.

(d) Contributed services:

Volunteers contribute a significant number of hours per year to assist the Society in carrying out its program activities. Due to the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

INN FROM THE COLD SOCIETY

Notes to Financial Statements, page 3

For the year ended March 31, 2020, with comparative information for 2019

2. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(f) Measurement uncertainty:

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The COVID-19 pandemic has caused disruption in how the Society delivers on its mission and realizes on its funding opportunities. Economic uncertainties have arisen which could have negative impact on the Society's funding streams. Management, with the support of the Board of Directors, has assessed the financial impacts of the COVID-19 pandemic and did not identify any significant impact on the Society's financial statements as at March 31, 2020. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. The COVID-19 outbreak presents uncertainty over future cash flows, may cause significant changes to the Society's assets or liabilities and may have a significant impact on its future operations. Any related financial impact and duration on future periods cannot be reasonably estimated at this time.

(g) Goods and Services Tax:

Goods and Services Tax is recoverable at 50% as a rebate of amounts paid. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

(h) Income taxes:

The Society is registered as a charitable society under the Income Tax Act of Canada (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Society must meet the certain requirements within the Act. In the opinion of management, these requirements have been met.

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Notes to Financial Statements, page 4

For the year ended March 31, 2020, with comparative information for 2019

2. Significant accounting policies (continued):

(i) Changes in accounting policies:

In March 2018, the Canadian Accounting Standards Board issued “Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations” resulting in the introduction of three new sections in the Canadian Accounting Standards for Not-for-Profit Organizations Part III of the Handbook as follows:

- (i) *Section 4433, Tangible capital assets held by not-for-profit organizations*, which directs organizations to apply the accounting guidance of *Section 3061, Property Plant and Equipment* in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at April 1, 2019.

The implementation of these changes had no impact on these financial statements.

- (ii) *Section 4434, Intangible assets held by not-for-profit organizations*, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expense should the net carrying value be higher than the asset’s fair value or replacement cost.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at April 1, 2019.

The implementation of these changes had no impact on these financial statements.

- (iii) *Section 4441, Collections held by not-for-profit organizations*, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

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Notes to Financial Statements, page 5

For the year ended March 31, 2020, with comparative information for 2019

2. Significant accounting policies (continued):

(i) Changes in accounting policies (continued):

(iii) Section 4441, Collections held by not-for-profit organizations (continued):

Organizations are permitted to retrospectively capitalize collections at their cost or fair value at the date of acquisition, or fair value or replacement cost as at April 1, 2019, based on the most readily determinable value. In addition, an adjustment to opening net assets is permitted to recognize any partial impairment of the value of collections that existed as at April 1, 2019.

The implementation of these changes had no impact on the financial statements.

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019.

3. Restricted cash and cash equivalents and investments:

Restricted cash and cash equivalents and investments consist of the following restricted amounts

	2020	2019
Internally restricted for operations		
Cash and cash equivalents	\$ 3,296,115	\$ 3,224,307
Investments	640,230	642,907
	<u>3,936,345</u>	<u>3,867,214</u>
Internally restricted for capital projects		
Cash and cash equivalents	43,810	128,510
Restricted by external sources for operations		
Cash and cash equivalents	590,675	796,147
Restricted by external sources for capital projects		
Cash and cash equivalents	38,010	264,242
	<u>\$ 4,608,840</u>	<u>\$ 5,056,113</u>

The Society's Board of Directors internally restricted funds with the objective of having a reserve for operations to cover approximately six months of estimated future operating costs, and to ensure access to funds for required capital projects.

Restrictions by external sources consist of third-party contributions designated for specific purposes.

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Notes to Financial Statements, page 6

For the year ended March 31, 2020, with comparative information for 2019

3. Restricted cash and cash equivalents and investments (continued):

The Society's investments are comprised of two Guaranteed Investment Certificates ("GICs") totaling \$240,230 and \$400,000 that are scheduled to mature on May 26, 2020 and May 27, 2020 and earn interest at 1.40% and 1.80% per annum, respectively (2019 – two GIC's totaling \$208,756 and \$434,151 that were scheduled to mature on May 28, 2019 and May 26, 2020 and earn interest at 1.40% and 1.65% per annum, respectively). The Society's GICs are cashable on demand, and these investments have been internally restricted by the Society's Board of Directors.

4. Capital assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 3,330,000	\$ –	\$ 3,330,000	\$ 3,330,000
Building	5,753,714	2,549,326	3,204,388	3,492,021
Building improvements	2,128,104	856,061	1,272,043	1,434,709
Tenant improvements	34,031	1,702	32,329	–
Vehicles	191,646	138,001	53,645	5,642
Furniture and equipment	768,286	432,963	335,323	185,265
Computer equipment	344,435	165,057	179,378	265,933
	<u>\$ 12,550,216</u>	<u>\$ 4,143,110</u>	<u>\$ 8,407,106</u>	<u>\$ 8,754,295</u>

During the year, capital assets were acquired at an aggregate cost of \$319,643 (2019 – \$543,880), \$319,643 (2019 – \$538,580) of which were acquired with cash and \$nil (2019 – \$5,300) of which were gifts in kind.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$22,937 (2019 – \$27,123), which include amounts payable for payroll related taxes.

6. Accrued liabilities for repayment of funding:

The Society has accrued \$48,540 (2019 – \$34,533) payable to Calgary Homeless Foundation in relation to program surpluses, and \$nil (2019 – \$415,400) to the Government of Alberta in relation to unused funding.

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Notes to Financial Statements, page 7

For the year ended March 31, 2020, with comparative information for 2019

7. Deferred revenue:

The Society's contributors restrict contributions for specific purposes. Recognition of these amounts is deferred to years in which the specified expenses are incurred. Changes in unspent deferred revenue are as follows

	Operating	Capital
Balance, March 31, 2018	\$ 1,058,246	\$ 14,285
Amounts received during the year	2,378,279	399,670
Amounts re-designated for use for capital	(299,696)	299,696
Amounts recognized as revenue during the year	(2,340,682)	—
Capital contributions invested in current year	—	(449,409)
Unused funding designated for repayment	(415,400)	—
Balance, March 31, 2019	\$ 380,747	\$ 264,242
Amounts received during the year	2,313,272	82,601
Amounts re-designated for use for capital	(5,124)	5,124
Amounts recognized as revenue during the year	(2,098,220)	—
Capital contributions invested in current year	—	(313,957)
Balance, March 31, 2020	\$ 590,675	\$ 38,010

8. Deferred contributions:

The Society's contributors have provided the following amounts for acquisition of capital assets. Recognition of these amounts is deferred and amortized into revenues on the same basis as the amortization expense recognized on the capital assets the contributions were used to purchase.

	2020	2019
Balance, beginning of year	\$ 4,616,963	\$ 4,623,021
Amounts invested in capital assets during the year	313,957	449,409
Amounts recognized as revenue during the year	(548,257)	(455,467)
Balance, end of year	\$ 4,382,663	\$ 4,616,963

INN FROM THE COLD SOCIETY

Notes to Financial Statements, page 8

For the year ended March 31, 2020, with comparative information for 2019

9. Mortgage payable:

	2020	2019
\$1,500,000 demand mortgage payable bearing interest at 3% per annum, secured by the underlying asset. Unless the lender demands early repayment, monthly blended installments of \$19,820 are due starting July 2017 and the mortgage matures on June 2024. Mortgage may be repaid at any time without penalty.	\$ 947,921	\$ 1,153,959

Notwithstanding the demand feature, the mortgage is payable over the next five years as follows

2021	\$ 212,305
2022	218,763
2023	225,417
2024	232,273
2025	59,163
	<u>\$ 947,921</u>

10. Financial instruments:

The Society's financial instruments consist of cash and cash equivalents, internally and externally restricted cash and cash equivalents, internally restricted investments, mortgage payable, accounts payable and accrued liabilities, and accrued liabilities for repayment of funding. The fair value of these instruments approximates their carrying value unless otherwise noted due to their short-term nature. The Society is exposed to credit risk with respect to its cash and cash equivalents and internally restricted investments, which are deposited with Canadian commercial banks. Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Society's internally restricted investments earn interest at fixed rates and the Society's mortgage payable bears interest at a fixed rate; accordingly, the Society is not exposed to significant interest-rate risk. There has been no change to the risk exposures from 2019, except as disclosed in note 2(f).

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Notes to Financial Statements, page 9

For the year ended March 31, 2020, with comparative information for 2019

11. Calgary Homeless Foundation funding:

(a) Calgary Homeless Foundation – Journey House 1:

	Actual	Budget (Unaudited)
Contributions	\$ 255,820	\$ 255,820
Unspent funding to be repaid (note 6)	(45,287)	–
Revenues recognized	210,533	255,820
Expenses		
Staff costs	121,407	118,859
Client costs	63,494	111,389
Administration costs	25,632	25,572
	210,533	255,820
	\$ –	\$ –

(b) Calgary Homeless Foundation – Housing with Intensive Supports:

	Actual	Budget (Unaudited)
Contributions	\$ 441,090	\$ 441,090
Unspent funding to be repaid (note 6)	(3,253)	–
Revenues recognized	437,837	441,090
Expenses		
Staff costs	199,920	183,790
Client costs	195,389	214,772
Administration costs	42,528	42,528
	437,837	441,090
	\$ –	\$ –

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For the year ended March 31, 2020, with comparative information for 2019

11. Calgary Homeless Foundation funding (continued):

(c) Calgary Homeless Foundation – Journey House 2:

	Actual	Budget (Unaudited)
Contributions	\$ 300,270	\$ 300,270
Expenses		
Client costs	164,083	142,396
Staff costs	126,546	127,849
Administration costs	30,160	30,025
	320,789	300,270
	\$ (20,519)	\$ –

Expenses are eligible under the Journey House, Journey House 2 and Housing with Intensive Supports programs (collectively, the “Programs”) if they were incurred in the period of the particular program and are related directly to the operation of the program. The expenses in these schedules are consistent with the approved budget for the Programs and signed agreements with the Calgary Homeless Foundation.

12. Fundraising activities:

In accordance with the requirements of the Charitable Fund-raising Act and Regulation, the Society is required to disclose the following information.

Gross contributions received during the year ended March 31, 2020 were \$4,470,326 (2019 – \$4,440,762). \$3,933,887 (2019 – \$3,907,871) of these contributions were used for program expenses, and the remaining \$536,439 (2019 – \$532,891) were used for administrative expenses.

Expenses incurred for the purposes of soliciting contributions were \$222,673 (2019 – \$344,841). In addition to this amount, remuneration paid to employees during the year whose principal duties involve fundraising was \$181,944 (2019 – \$216,276).

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For the year ended March 31, 2020, with comparative information for 2019

13. Commitments:

The Society has various operating leases for premises expiring on or before March 31, 2025. These leases commit the Society to the following estimated minimum payments, as follows:

2021	\$	183,239
2022		95,609
2023		86,438
2024		80,776
2025		60,036

14. Comparative information:

Certain comparative information has been reclassified to be consistent with current year presentation.