Financial Statements of

INN FROM THE COLD SOCIETY

And Independent Auditor’s Report thereon

Year ended March 31, 2023

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INDEPENDENT AUDITOR'S 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, 2023;
- 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 auditor's report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, 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, 2023 and 2022;
- the donation and fundraising revenues and (deficiency) excess of revenues over expenses reported in the statements of operations for the years ended March 31, 2023 and 2022;
- 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, 2023 and 2022; and
- the (deficiency) excess of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2023 and 2022.

Our opinion on the financial statements for the year ended March 31, 2022 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 "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's 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.

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 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 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 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 27, 2023

INN FROM THE COLD SOCIETY

Statement of Financial Position

As of March 31, 2023, with comparative information for 2022

	Operating fund	Capital fund	Thrive fund	2023	2022
Assets					
Current assets:					
Cash and cash equivalents	$ 1,220,395	$ 110,619	$ 132,163	$ 1,463,177	$ 1,292,199
Investments	122,084	-	-	122,084	-
Internally restricted cash and cash equivalents (note 3)	1,025,776	44,880	-	1,070,656	1,052,337
Internally restricted investments (note 3)	2,945,718	-	-	2,945,718	3,679,948
Externally restricted cash and cash equivalents (note 3)	-	12,481	5,000	17,481	1,205,646
Goods and services tax recoverable	18,246	10,458	529	29,233	14,776
Prepaid expenses and other current assets (note 16)	168,112	-	200,000	368,112	208,336
Asset held for sale (note 4)	-	2,000,000	-	2,000,000	3,600,000
	5,500,331	2,178,438	337,692	8,016,461	11,053,242
Capital assets (note 4) (note 17)	-	3,464,776	-	3,464,776	2,800,157
Other long-term assets (note 16)	-	-	1,000,000	1,000,000	-
	$ 5,500,331	$ 5,643,214	$ 1,337,692	$ 12,481,237	$ 13,853,399
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued liabilities (note 5)	$ 497,746	$ 116,572	$ 4,182	$ 618,500	$ 653,630
Accrued liabilities for repayment of funding (note 6)	19,014	-	-	19,014	25,807
Deferred revenue (note 7)	746,958	12,481	5,000	764,439	1,205,646
Mortgage payable (note 9)	-	291,437	-	291,437	516,853
	1,263,718	420,490	9,182	1,693,390	2,401,936
Deferred capital contributions (note 8)	-	2,230,331	-	2,230,331	2,578,187
	1,263,718	2,650,821	9,182	3,923,721	4,980,123
Net assets:					
Internally restricted	3,971,494	44,880	-	4,016,374	4,732,285
Invested in capital assets	-	2,943,008	-	2,943,008	3,305,117
Unrestricted	265,119	4,505	1,328,510	1,598,134	835,874
	4,236,613	2,992,393	1,328,510	8,557,516	8,873,276
Commitments (note 14)					
Subsequent event (note 4)					
	$ 5,500,331	$ 5,643,214	$ 1,337,692	$ 12,481,237	$ 13,853,399

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

__________ Director

__________ Director

INN FROM THE COLD SOCIETY

Statement of Operations

For the year ended March 31, 2023, with comparative information for 2022

	Operating fund	Capital fund	Thrive fund	2023	2022
Revenues:					
Donations (note 13 and 16)	$ 4,150,183	$ –	$ 2,785,272	$ 6,935,455	$ 3,371,263
Fundraising and grants (note 13)	756,211	–	–	756,211	827,140
Provincial Emergency Supporting Housing Grant (note 12)	1,669,734	–	–	1,669,734	1,520,027
Calgary Homeless Foundation funding (note 11)	690,516	–	–	690,516	941,240
Amortization of deferred capital contributions (note 8)	–	1,039,608	–	1,039,608	1,310,720
Federal wage subsidies (note 15)	8,989	–	–	8,989	281,719
Gifts in kind	56,432	–	–	56,432	50,434
Rental and other income	70,019	6,175	24	76,218	44,446
Interest	121,400	1,272	15,289	137,961	32,082
	7,523,484	1,047,055	2,800,585	11,371,124	8,379,071
Project Thrive donations (note 16)	–	–	(2,745,751)	(2,745,751)	–
	7,523,484	1,047,055	54,834	8,625,373	8,379,071
Program expenses:					
Salaries and wages	3,635,962	–	–	3,635,962	3,661,027
Other operating expenses (note 4)	841,410	330,000	–	1,171,410	617,643
Amortization (note 4)	–	1,521,422	–	1,521,422	1,423,931
Diversion efforts	424,860	–	–	424,860	609,741
Fundraising	300,559	–	15	300,574	128,972
Direct client support	69,187	–	–	69,187	98,330
Utilities	143,191	–	–	143,191	99,450
Travel	21,716	–	–	21,716	25,036
	5,436,885	1,851,422	15	7,288,322	6,664,130
Administrative expenses:					
Salaries and wages	980,884	–	–	980,884	938,973
Administrative	519,506	68,389	–	587,895	655,360
Advertising and promotion	46,194	–	–	46,194	25,451
Amortization	–	24,183	–	24,183	8,585
Utilities	13,655	–	–	13,655	8,313
	1,560,239	92,572	–	1,652,811	1,636,682
(Deficiency) excess of revenues over expenses before transfers	$ 526,360	$ (896,939)	$ 54,819	$ (315,760)	$ 78,259
Fund balances, beginning of year	$ 4,444,970	$ 3,360,865	$ 1,067,441	$ 8,873,276	$ 8,795,017
Interfund transfers	(734,717)	528,467	206,250	–	–
Fund balance, end of year	$ 4,236,613	$ 2,992,393	$ 1,328,510	$ 8,557,516	$ 8,873,276

See accompanying notes to financial statements.

INN FROM THE COLD SOCIETY

Statement of Changes in Net Assets

For the year ended March 31, 2023, with comparative information for 2022

	Invested in capital assets	Internally restricted	Unrestricted	2023	2022
Net assets, beginning of year	$ 3,305,117	$ 4,732,285	$ 835,874	$ 8,873,276	$ 8,795,017
Excess (deficiency) of revenues expenses	(835,997)	122,446	397,791	(315,760)	78,259
Acquisition of capital assets, net of disposals	940,224	–	(940,224)	–	–
Addition of deferred capital contributions	(691,752)	–	691,752	–	–
Repayment of mortgage payable	225,416	–	(225,416)	–	–
Interfund transfers (note 3)	–	(838,357)	838,357	–	–
	$ 2,943,008	$ 4,016,374	$ 1,598,134	$ 8,557,516	$ 8,873,276

See accompanying notes to financial statements.

INN FROM THE COLD SOCIETY

Statement of Cash Flows

For the year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in) the following activities:		
Operating:		
(Deficiency) excess of revenues over expenses	$ (315,760)	$ 78,259
Items not involving cash:		
Amortization expense	1,545,605	1,432,516
Amortization of deferred contributions	(1,039,608)	(1,310,720)
Gain on disposal of capital assets	(6,175)	(14,915)
Impairment loss on land	330,000	–
Changes in non-cash working capital:		
Goods and services tax recoverable	(14,457)	6,085
Prepaid expenses and other current assets	(1,159,776)	227,795
Accounts payable and accrued liabilities	(35,130)	123,658
Accrued liabilities for repayment of funding	(6,793)	(156,105)
Deferred revenue	(441,207)	887,747
	(1,143,301)	1,274,320
Financing:		
Repayment of mortgage payable	(225,416)	(218,763)
Investing:		
Purchase of capital assets	(940,224)	(81,330)
Proceeds on disposal of capital assets	6,175	14,915
Sale (purchase) of investments	(122,084)	5,796
Sale of internally restricted investments	11,556,510	16,338,456
Purchase of internally restricted investments	(10,822,280)	(17,357,261)
Deferred capital contributions received (note 8)	691,752	9,650
	369,849	(1,069,774)
Decrease in cash and cash equivalents	(998,868)	(14,217)
Cash and cash equivalents, beginning of year	3,550,182	3,564,399
Cash and cash equivalents, end of year	$ 2,551,314	$ 3,550,182
Cash and cash equivalents consist of:		
Cash and cash equivalents	$ 1,463,177	$ 1,292,199
Internally restricted cash and cash equivalents	1,070,656	1,052,337
Externally restricted cash and cash equivalents	17,481	1,205,646
	$ 2,551,314	$ 3,550,182

See accompanying notes to financial statements.

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.

The Society has three established funds as follows:

(i) Operating Fund:

The Operating Fund accounts for the Society’s program delivery and administrative activities related to its operations. The Board of Directors may transfer a portion of the accumulated Operating Fund balance to the Capital Fund and/or Thrive Fund.

(ii) Capital Fund:

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Society’s capital assets and projects under development.

(iii) Thrive Fund:

The Thrive Fund reports the assets, liabilities, revenues and expenses related to the Society’s activities to develop long-term sustainability for the facilities connected to the Family Hub Intentions Agreement outlined in note 16.

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.

2. Significant accounting policies (continued):

(a) Revenue recognition (continued):

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

The Society applies for financial assistance under available government incentive programs. Government assistance relating to expenses of the period is recorded as federal wage subsidies revenue in the statement of operations.

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.

(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. Assets under construction are not amortized until the asset is available for productive use.

Building	20 years
Building improvements	Remaining life of building
Tenant improvements	5 years
Vehicles	5 years
Furniture, fixtures, 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 are not amortized until they are available for 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.

2. Significant accounting policies (continued):

(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.

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.

(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.

2. Significant accounting policies (continued):

(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.

3. Restricted cash and cash equivalents and investments:

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

	2023	2022
Internally restricted for operations		
Cash and cash equivalents	$ 1,025,776	$ 1,008,086
Investments	2,945,718	3,679,948
	3,971,494	4,688,034
Internally restricted for capital projects		
Cash and cash equivalents	44,880	44,251
Restricted by external sources for operations		
Cash and cash equivalents	5,000	1,131,165
Restricted by external sources for capital projects		
Cash and cash equivalents	12,481	74,481
	$ 4,033,855	$ 5,937,931

The Society's Board of Directors internally restricts 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, including Project Thrive Capital Campaign contributions of $5,000 (2022 – $660,310) transferable to HomeSpace Society ("HomeSpace") to be used in the purchase and redevelopment of the Family Hub Building (note 16).

Interfund transfers consist of the sale of the internally restricted project thrive investments for $1,018,892 to pay to HomeSpace redevelopment cost, offset by a $180,535 transfer of unused funds in the AGLC account into the internally restricted reserve account.

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

The Society's investments are comprised of one Guaranteed Investment Certificates ("GIC") for $2,945,718 that is scheduled to mature on March 29, 2024 and earn interest at 4.70% per annum, (2022 – five GIC's totaling $3,679,948 that were scheduled to mature on January 23, 2023 earning interest at 1.05% per annum).

The Society's GIC investments have been internally restricted by the Society's Board of Directors.

4. Capital assets and asset held for sale:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	$ 3,000,000	$ –	$ 3,000,000	$ 3,330,000
Building	5,753,714	4,311,347	1,442,367	2,212,693
Building improvements	2,152,440	2,152,440	-	598,018
Tenant improvements	255,734	40,595	215,139	18,717
Vehicles	75,143	55,119	20,024	31,231
Furniture, fixtures and equipment	1,493,125	726,406	766,719	128,431
Computer equipment	393,717	373,190	20,527	27,660
Assets under construction	–	–	–	53,407
Less: Asset held for sale	8,068,543	6,068,543	2,000,000	3,600,000
	$ 5,055,330	1,590,554	$ 3,464,776	$ 2,800,157

During the year, capital assets were acquired at an aggregate cost of $940,224 (2022 – $81,330), acquired with cash.

During the year ended March 31, 2023, the Society received an offer to purchase the building properties and land at 110-11th Avenue SE and 113-10th Avenue SE which is reflected in asset held for sale. Effective March 27, 2023, the Society entered into a Purchase and Sale agreement with an arm's length party (the "Agreement").

The sale is subject to the satisfaction of certain closing conditions as outlined within the Agreement. The Society has received an initial deposit of $100,000 in June to be held in trust that is expected to be used as consideration paid for the sale. On June 17, 2023 all conditions of the Agreement were satisfied.

4. Capital assets and asset held for sale (continued):

Impairment of capital assets:

As a result, the Society tested the related capital assets for impairment and recognized a total impairment loss of $1.6 million based on the estimated fair value in the year. The impairment loss consists of: $671,983 for the building (2022 – $416,430), $598,017 for the building improvements (2022 – $370,593) and a write down on the land value at 110-11th Avenue SE was also made in the amount of $330,000 (2022- $nil). The write-down for the building and building improvements are included in amortization and the write-down of land is included in other operating expenses in the statement of operations.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $10,241 (2022 – $8,921), which include amounts payable related to payroll.

6. Accrued liabilities for repayment of funding:

The Society has accrued $19,014 (2022 – $25,807) payable to Calgary Homeless Foundation in relation to program surpluses.

7. Deferred revenue:

The Society's contributors restrict certain contributions for specific purposes. Recognition of these amounts is deferred to years in which the specified expenses are incurred. In 2023, the Society received $924,962 (2022 – $660,310) of funds, to which both amounts, totaling $1,580,272, were transferred during the year to HomeSpace for the redevelopment costs under the Family Hub Intention Agreement (note 16).

7. Deferred revenue (continued):

Changes in unspent deferred revenue are as follows:

	Operating	Capital	Thrive
Balance, March 31, 2021	$ 295,768	$ 22,131	$ –
Amounts received during the year	1,072,529	40,000	660,310
Amounts re-designated for use for capital	(22,000)	22,000	–
Amounts recognized as revenue during the year	(875,442)	–	–
Capital contribution invested in current year	–	(9,650)	–
Balance, March 31, 2022	$ 470,855	$ 74,481	$ 660,310
Amounts received during the year	918,212	629,752	924,962
Amounts re-designated for use for capital	–	–	–
Amounts recognized as revenue during the year	(642,108)	–	(1,580,272)
Capital contribution invested in current year	–	(691,752)	–
Balance, March 31, 2023	$ 746,959	$ 12,481	$ 5,000

8. Deferred capital 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.

	2023	2022
Balance, beginning of year	$ 2,578,187	$ 3,879,257
Amounts invested in capital assets during the year	691,752	9,650
Amounts recognized as revenue during the year	(1,039,608)	(1,310,720)
Balance, end of year	$ 2,230,331	$ 2,578,187

Deferred contributions of $798,980 (2022 – $787,023) related to the building write-down (note 4) have been taken into income.

9. Mortgage payable:

	2023	2022
$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 ending June 2024. The mortgage may be repaid at any time without penalty.	$ 291,437	$ 516,853

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

2024	232,273
2025	59,164
	$ 291,437

10. Financial instruments:

The Society's financial instruments consist of cash and cash equivalents, investments, 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 values of these instruments approximate 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, investments, 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 or foreign exchange risk. There has been no change to the risk exposures from 2022.

11. Calgary Homeless Foundation funding:

(a) Calgary Homeless Foundation – Housing with Recovery Supports:

	2023	2022	Budget (Unaudited)
Contributions	$ 709,530	$ 850,560	$ 709,730
Unspent funding to be repaid (note 6)	(19,014)	(21,468)	–
Revenues recognized	690,516	829,092	709,730
Expenses			
Staff costs	286,970	391,953	285,982
Client costs	333,546	352,121	353,564
Administration costs	70,000	85,018	69,984
	690,516	829,092	709,530
	$ –	$ –	$ –

(b) Calgary Homeless Foundation – Adaptive Case Management:

	2023	2022	Budget (Unaudited)
Contributions	$ –	$ 116,487	$ –
Unspent funding to be repaid (note 6)	–	(4,339)	–
Revenues recognized	–	112,148	
Expenses			
Client costs	–	63,135	–
Staff costs	–	37,364	–
Administration costs	–	11,649	–
	–	112,148	–
	$ –	$ –	$ –

Expenses are eligible under the Housing with Recovery Supports and Adaptive Case Management 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. Provincial Emergency Supportive Housing Grant:

	2023	2022	Budget (Unaudited)
Contributions- funding	$ 2,127,604	$ 1,520,027	$ 2,127,604
Contributions- internal	2,711,592	2,378,582	–
Revenues recognized	4,839,196	3,898,609	2,127,604
Expenses			
Taxes and land lease	234,106	87,007	–
Utilities	69,086	57,580	52,462
Facility operations	3,053,486	2,528,776	1,759,190
Administration	1,482,518	1,225,246	315,952
	4,839,196	3,898,609	2,127,604
	$ –	$ –	$ –

Expenses are eligible under the Emergency Supportive Housing program (the “provincial program”) if they were incurred in the funding period of the provincial program and are related directly to the operation of the program.

The expenses in this schedule are consistent with the approved budget for the provincial program and the signed agreement with the Ministry of Community and Social Services.

Of the $2,127,604 (2022 – $1,520,027) funding received from the ministry during the year ended March 31, 2023, recognition of $457,870 (2022 – $ nil) has been deferred as capital contributions and revenue is to be recognized over the life of the assets purchased (5 years).

13. 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, 2023, were $7,691,666 (2022 – $4,198,403). Of these contributions, $6,768,666 (2022 – $3,694,595) were used for program expenses and the remaining $923,000 (2022 – $503,808) were used for administrative expenses.

Expenses incurred for the purposes of soliciting contributions were $300,574 (2022 – $128,972). In addition to this amount, remuneration paid to employees during the year whose principal duties involve fundraising was $282,729 (2022 – $285,561).

14. Commitments:

At March 31, 2023, the Society has various commitments related to operating leases for certain office premises, software licensing and contractor agreements expiring on or before March 31, 2049.

Effective March 3, 2022, the Society entered into the Family Hub Lease Agreement with HomeSpace (note 16).

The Society is subject to lease commitments per the lease agreement, including the Workplace Lease and the 4th Floor Lease. The 4th Floor Lease shall include; at a minimum, a lease term of one year and equals the rents for the 10 units providing supportive housing (annual payment of $101,112). The Workplace Lease includes the following:

- A lease term for 40 years commencing on the date when the lease premises are ready for full occupancy;
- Basic rent shall be set out in the Workplace Lease and fixed for the first 27 years (annual payment of $208,972 for base rent and an estimated amount of $93,000 for recovery of operating costs), with the basic rent for the remaining 13 years to be negotiated based on the parameters set out in the Workplace Lease;
- Operating cost recovery for the Society's proportionate share of operating costs; and
- The Society shall have the right to surrender the Workplace Lease at any time on not less than 12-month notice to HomeSpace.

At March 31, 2023 the Society's other estimated minimum commitments for operating space, software licensing and contractor agreements are as follows:

2024	$ 652,486
2025	96,020
2026	10,855

15. COVID-19 and government assistance:

The Society recognized CEWS amounts of $281,719 in respect of its employees for the year ended March 31, 2022, with CEWS amount being fully collected at March 31, 2022. Such subsidy amounts have been presented as federal wage subsidies revenue on the statement of operations. While qualifications and subsidy amounts may be subject to audit by the CRA, the Society is confident with respect to its entitlement to the subsidies received.

In addition, the Society received wage subsidy grants through the Canada Summer Jobs Grant program in the amount of $8,989 (2022 $nil).

16. Family Hub Intentions Agreement:

Effective May 17, 2021, the Society entered into the Family Hub Intentions Agreement with HomeSpace in relation to the acquisition and development of the Multi-generational Family Hub Building at 706 7th Avenue SW (the “Redevelopment”). This agreement created the existence of a Project Thrive Capital Campaign Committee, a joint committee between HomeSpace and the Society, to co-ordinate the fundraising efforts and other matters related to the Redevelopment and the Family Hub. HomeSpace is the registered owner of the land and building and the Society leases the premises (note 14). Fundraising commitments made to HomeSpace, associated with the redevelopment costs, have been fulfilled and monies transferred over.

In 2023, the Society has recognized a contribution receivable and revenue of $1,200,000 (2022 – $nil) in other current and long-term assets, and donations, respectively.

The contribution receivable is comprised of $200,000 contained within Prepaid expenses and other current assets, and $1,000,000 in Other long-term assets.

17. Comparative information:

Certain comparative information has been reclassified to be consistent with the current year presentation. These reclassifications did not impact on the Society’s excess of revenue over expenses or net assets.