



Alexandra Community Health Centre

Financial Statements

**and Independent Auditor's Report thereon
For the year ended March 31, 2025**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Alexandra Community Health Centre

Opinion

We have audited the financial statements of Alexandra Community Health Centre (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and changes in fund balances 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our 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 opinion.

Other Information

Management is responsible for the other information. Other information comprises:



- the information, other than the financial statements and the auditor's report thereon, included in "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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's 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Calgary, Canada

June 23, 2025

Alexandra Community Health Centre

Statement of Financial Position

As at March 31, 2025, with comparative information for 2024

	Operating Fund \$	Sustainability Fund \$	Capital Fund \$	Endowment Fund \$	2025 Total \$	2024 Total \$
Assets						
Current						
Cash	3,682,746	-	37,987	-	3,720,733	886,579
Investments (note 3)	6,994,276	-	-	-	6,994,276	4,639,650
Accounts receivable (note 12)	1,905,070	-	6,785	-	1,911,855	1,915,490
Prepaid expenses	265,557	-	27,675	-	293,232	180,778
	<u>12,847,649</u>	<u>-</u>	<u>72,447</u>	<u>-</u>	<u>12,920,096</u>	<u>7,622,497</u>
Deposits	18,169	-	-	-	18,169	68,865
Investments (note 3)	2,967,773	1,939,044	-	656,099	5,562,916	4,946,634
Capital assets (note 4)	-	-	11,617,498	-	11,617,498	1,320,874
	<u>15,833,591</u>	<u>1,939,044</u>	<u>11,689,945</u>	<u>656,099</u>	<u>30,118,679</u>	<u>13,958,870</u>
Liabilities						
Current						
Accounts payable and accrued liabilities (note 12)	2,717,442	-	-	-	2,717,442	2,518,857
Deferred revenue (note 5)	10,148,376	-	-	-	10,148,376	4,762,396
Long-term debt (note 6)	-	-	8,250,539	-	8,250,539	-
	<u>12,865,818</u>	<u>-</u>	<u>8,250,539</u>	<u>-</u>	<u>21,116,357</u>	<u>7,281,253</u>
Deferred revenue (note 5)	2,967,773	808,560	-	-	3,776,333	918,560
Deferred contributions relating to capital assets (note 7)	-	-	1,922,885	-	1,922,885	2,153,935
Restricted contribution (note 8)	-	585,000	-	-	585,000	585,000
	<u>15,833,591</u>	<u>1,393,560</u>	<u>10,173,424</u>	<u>-</u>	<u>27,400,575</u>	<u>10,938,748</u>
Fund balances						
Invested in capital assets	-	-	1,444,074	-	1,444,074	266,939
Endowment (note 11)	-	-	-	656,099	656,099	-
Building reserve (note 10)	-	50,000	-	-	50,000	-
Internally restricted (note 9)	-	495,484	72,447	-	567,931	2,753,183
	<u>-</u>	<u>545,484</u>	<u>1,516,521</u>	<u>656,099</u>	<u>2,718,104</u>	<u>3,020,122</u>
	<u>15,833,591</u>	<u>1,939,044</u>	<u>11,689,945</u>	<u>656,099</u>	<u>30,118,679</u>	<u>13,958,870</u>

Commitments (note 13)

See accompanying notes to the financial statements.

On behalf of the Board of Directors



Chair, Board of Directors



Chair, Finance and Audit Committee

Alexandra Community Health Centre
Statement of Operations and Changes in Fund Balances
For the year ended March 31, 2025, with comparative information for 2024

	Operating Fund \$	Sustainability Fund \$	Capital Fund \$	Endowment Fund \$	2025 Total \$	2024 Total \$
Revenue						
Government						
Provincial	12,007,446	-	-	-	12,007,446	11,091,546
Federal	149,429	-	-	-	149,429	479,290
Municipal	1,453,239	-	-	-	1,453,239	2,836,407
Community support						
Calgary Homeless Foundation	10,280,359	-	-	-	10,280,359	10,052,603
United Way of Calgary	502,129	-	-	-	502,129	486,040
Other fundraising	4,569,209	-	-	-	4,569,209	4,374,700
Cost recoveries (note 12)	641,620	-	-	-	641,620	729,362
Interest and other	1,054,092	148,031	62,416	6,099	1,270,638	948,117
Amortization of deferred contributions relating to capital assets (note 7)	-	-	220,611	-	220,611	398,431
	30,657,523	148,031	283,027	6,099	31,094,680	31,396,496
Expenses						
Program salaries and benefits	13,900,291	-	-	-	13,900,291	13,733,000
Physicians	6,493,124	-	-	-	6,493,124	6,750,349
Programs	3,708,602	-	73,075	-	3,781,677	3,937,956
Contribution to Homeless Housing Society of Calgary (note 12)	1,209,600	-	-	-	1,209,600	1,223,710
Facilities	2,114,236	-	-	-	2,114,236	1,960,527
Administration	3,950,591	-	8,486	-	3,959,077	3,444,727
Amortization	-	-	303,970	-	303,970	655,072
Interest on long-term debt (note 6)	-	-	105,439	-	105,439	-
Loss on disposal of capital assets	-	-	179,284	-	179,284	-
	31,376,444	-	670,254	-	32,046,698	31,705,341
(Deficiency) excess of revenue over expenses	(718,921)	148,031	(387,227)	6,099	(952,018)	(308,845)
Fund balances, beginning of year	-	2,285,184	734,938	-	3,020,122	3,328,967
Interfund transfer	718,921	(1,887,731)	1,168,810	-	-	-
Endowment contribution (note 11)	-	-	-	650,000	650,000	-
Fund balances, end of year	-	545,484	1,516,521	656,099	2,718,104	3,020,122

See accompanying notes to the financial statements.

Alexandra Community Health Centre

Statement of Cash Flows

For the year ended March 31, 2025, with comparative information for 2024

	2025 \$	2024 \$
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses	(952,018)	(308,845)
Items not affecting cash		
Amortization	303,970	655,072
Amortization of deferred contributions relating to capital assets	(220,611)	(398,431)
Loss on disposal of capital assets	179,284	-
	<u>(689,375)</u>	<u>(52,204)</u>
Change in non-cash working capital items		
Accounts receivable	3,635	(565,229)
Prepaid expenses	(112,454)	(32,992)
Deposits	50,696	-
Accounts payable and accrued liabilities	198,585	(561,969)
Deferred revenue	8,243,753	(1,029,184)
	<u>7,694,840</u>	<u>(2,241,578)</u>
Financing activities		
Deferred contributions received relating to capital assets	11,781	211,941
Endowment contribution received	650,000	-
Payments of long-term debt	(69,461)	-
Proceeds from long-term debt	8,320,000	-
	<u>8,912,320</u>	<u>211,941</u>
Investing activities		
Purchase of capital assets	(10,802,098)	(278,297)
Proceeds on sale of investments	7,002,708	3,692,752
Purchase of investments	(9,973,616)	(1,557,891)
	<u>(13,773,006)</u>	<u>1,856,564</u>
Change in cash	2,834,154	(173,073)
Cash – beginning of year	886,579	1,059,652
Cash – end of year	<u>3,720,733</u>	<u>886,579</u>
Cash is comprised of	\$	\$
Cash	3,646,933	845,352
Restricted cash	73,800	41,227
	<u>3,720,733</u>	<u>886,579</u>

See accompanying notes to the financial statements.

1. Nature of operations

Alexandra Community Health Centre ("The Alex") is incorporated under the *Alberta Societies Act*. It is a not-for-profit and registered charity exempt from income taxes under section 149(1) of the Income Tax Act. The Alex is a health and social services organization that has provided integrated and accessible supports and thoughtful, comprehensive care to Calgarians for over 50 years. With a full complement of health, housing, and community programs, The Alex is a hub of supports and outreach services for people who are experiencing poverty, homelessness, trauma, social isolation, or health challenges, including addiction.

2. Significant accounting policies

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund Accounting

Activities of The Alex are segregated in the following funds:

(i) Operating fund

The Operating Fund accounts for The Alex's program delivery and administrative activities. This fund reports unrestricted resources, restricted operating grants, and other internally restricted amounts required for ongoing operations.

(ii) Sustainability fund

The Sustainability Fund accounts for resources intended to ensure the continued operating activities of The Alex. This fund includes externally restricted funds for specific programs as well as unrestricted operating surpluses that may be utilized to support operating deficits and future projects.

(iii) Capital fund

The Capital Fund accounts for the assets, liabilities, revenues, and expenses related to The Alex's capital assets. This fund reports both internally and externally restricted funds.

(iv) Endowment fund

The Endowment Fund accounts for the assets, liabilities, revenues and expenses related to the Gerald A. Cooper-Key Foundation endowment that is externally restricted to be maintained in perpetuity.

2. Significant accounting policies (continued)

(b) Revenue recognition

The Alex follows the deferral method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Restricted contributions relating to capital assets are recognised as revenue of the Capital Fund as the related capital assets are amortized. Restricted contributions related to sustainability are recognized as revenue of the Sustainability Fund in the year in which the related expenses are incurred.

Endowment contributions are recognized as direct increases in net assets in the year received.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government and community support revenues are recognized when the related service is provided. Cost recoveries are recognized when received as part of program delivery. Interest and other income are recognized as revenue of the appropriate fund when earned.

(c) Cash

Cash is comprised of restricted and non-restricted cash on hand and amounts held at Canadian financial institutions, which are highly liquid.

Restricted cash consists of the balance in a separate bank account as required by Alberta Gaming Liquor and Cannabis related to gaming proceeds. These funds are restricted to specific uses within a specified timeframe.

(d) Investments

Investments are comprised of restricted and non-restricted investments, other than cash, and have an initial maturity of less than twelve months. Investments that are not held for meeting current cash commitments are classified as long-term.

(e) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments, including rent free periods and inducements are expensed on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

(f) Capital assets

Capital assets are recorded at cost and are amortized over the estimated useful life on a straight-line basis as follows:

Buildings	40 years
Clinical equipment	5 years
Computer hardware and software	3 years
Furniture and equipment	5 years
Leasehold improvements	length of lease
Mobile health units	10 years
Vehicles	5 years

Capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and its carrying amount may not be fully recoverable. When a capital asset no longer contributes to The Alex's ability to provide services, its carrying amount is written down to its fair value or replacement cost. Impairment losses are not reversed if the asset's fair value increases subsequently.

(g) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Items subject to significant management estimates include the collectability of accounts receivable and the useful life and recoverable value of capital assets.

Under the terms of the contracts with various funding agencies, unspent funds may be repayable in the current or following year. Management estimates the amount that is likely to be repaid to the funding agencies and records this in accounts payable and accrued liabilities and as a reduction to program-based funding. The funding agencies may approve the retention of these funds for its specified purpose or may request the amount be repaid. The actual amount repaid or required to be repaid to funding agencies may differ from management's estimate as the calculation of excess funds is determined by the funding agencies after year end.

Any differences in the amounts recovered or paid from the amounts accrued are recorded in the year recovered as program-based funding or as a reduction of program-based funding. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of these changes in estimates, for future periods, could be significant.

2. Significant accounting policies (continued)

(h) Pension plan

The Alex maintains a voluntary group registered retirement savings plan for its employees. The Alex matches employee contributions up to 5% of their annual salary. Pension contributions are expensed in the period the employee worked and are included in salaries and benefits.

(i) Financial instruments

(i) Measurement

The Alex recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. The Alex initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount. The Alex subsequently measures all its financial assets and financial liabilities at amortized cost, except as otherwise stated. Financial assets measured at amortized cost include cash, accounts receivable, investments, and deposits. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long-term debt.

(ii) Impairment

Financial assets measured at cost or amortized cost 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 Alex 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 Alex expects to realize by exercising its right to any collateral. The amount of the write-down, if any, is recognized in the statement of operations and changes in fund balances. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses.

(iii) Transaction costs

Financial instruments that are subsequently measured at cost or amortized cost are adjusted by the transaction costs and financing fees, which are directly attributable to their origination, issuance, or assumption. These costs are amortized using the straight-line method.

2. Significant accounting policies (continued)

(j) Donated services and materials

A substantial number of volunteers contribute a significant amount of time each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Gifts in kind are recognized as revenue and an expense, when the value can be reasonably determined, and The Alex would have to otherwise purchase these items for use in the normal course of operations.

(k) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

3. Investments

As of March 31, 2025, investments are held in two notice demand savings accounts with interest rates of 3.05% (prime less 1.90%) and 3.15% (prime less 1.80%), (2024 – interest rates of 5.30% and 5.40%, respectively) per annum and a minimum withdrawal notice period of 31 to 90 days, respectively. Although balances are held in short-term investment accounts, the investments held in the operating and sustainability funds are classified as non-current as it is management's intention not to use these investments in the short-term period.

4. Capital assets

	Cost \$	Accumulated Amortization \$	2025 Net Book Value \$	2024 Net Book Value \$
Land	3,344,998	-	3,344,998	-
Building	7,445,319	43,261	7,402,058	-
Clinical equipment	235,930	211,922	24,008	29,030
Computer hardware and software	633,313	522,719	110,594	188,004
Furniture and equipment	464,493	392,094	72,399	101,849
Leasehold improvements	1,151,775	1,151,775	-	223,834
Mobile health units	1,005,318	418,879	586,439	675,164
Vehicles	242,254	165,252	77,002	102,993
	14,523,400	2,905,902	11,617,498	1,320,874

5. Deferred revenue

Deferred revenue represents resources for operations received in one period that will be utilized in a subsequent period, as well as externally restricted contributions that were not spent as at March 31, 2025.

Changes in the deferred revenue balance are as follows:

	2025 \$	2024 \$
Balance – beginning of year	5,680,956	7,863,536
Contributions received	39,049,307	29,688,798
Transfer to deferred contribution related to capital assets (note 7)	-	(1,153,396)
Recognized as revenue	<u>(30,805,554)</u>	<u>(30,717,982)</u>
Balance – end of year	<u>13,924,709</u>	<u>5,680,956</u>
Current	10,148,376	4,762,396
Long-term	3,776,333	918,560
Balance – end of year	<u>13,924,709</u>	<u>5,680,956</u>

	2025 \$	2024 \$
Deferred revenue – operating	13,116,149	4,762,396
Deferred revenue – sustainability	808,560	918,560

Deferred revenue - sustainability includes funds that have been externally restricted to ensure the long-term sustainability for the Community Food Centre of \$418,560 (2024 - \$418,560) and externally restricted funds for the Oral Health Program of \$390,000 (2024 - \$500,000).

6. Long-term debt

During the year, The Alex entered into a \$8,320,000 credit facility with a financial institution to finance the purchase of land and building (note 4).

As at March 31, 2025, there are two separate facilities:

- Non-revolving Term Credit Facility of \$4,320,000 - payable in full on demand by lender. The facility bears an interest rate at the lender's Prime rate + 0.35% per annum (5.3%) and is repayable in monthly blended payments of principal and interest of \$30,500. At March 31, 2025 there is \$3,967,550 outstanding. During the year, \$54,489 (2024 - \$nil) of interest expense was included in interest on long-term debt in the Capital Fund on the statement of operations and changes in fund balances. The Alex has pledged the Franklin property as collateral which has a carrying value of \$10,747,056 (2024 - \$nil). The facility is scheduled to renew on August 31, 2025.

6. Long-term debt (continued)

- Non-revolving Term Credit Facility of \$4,000,000 - payable in full on demand by lender. The facility bears a fixed interest rate of 5.62% per annum and is repayable in monthly blended payments of principal and interest of \$27,800. At March 31, 2025 there is \$4,282,989 outstanding. During the year, \$50,950 (2024 – \$nil) of interest expense was included in interest on long-term debt in the Capital Fund on the statement of operations and changes in fund balances. The Alex has pledged the Franklin property as collateral which has a carrying value of \$10,747,056 (2024 – \$nil). The facility is scheduled to renew on October 31, 2027.

As defined in the credit facility agreement, The Alex is required to maintain a debt service coverage ratio of not less than 1.00:1 annually. As at March 31, 2025, The Alex was not in compliance with the ratio.

Under the terms of the agreement, The Alex is also required to provide to the lender compilation engagement financial statements within 120 days of year end. As at March 31, 2025, The Alex was in compliance with the required non-financial covenant.

Notwithstanding the demand feature, the minimum amounts of principal which will be repaid on the credit facilities, assuming renewals under similar terms, are as follows:

	\$
2026	255,899
2027	270,178
2028	284,409
2029	301,976
2030	317,977
Thereafter	6,820,100

7. Deferred contributions related to capital assets

Changes in the deferred contributions relating to capital assets balance are as follows:

	2025 \$	2024 \$
Balance – beginning of year	2,153,935	1,187,029
Contributions	11,781	211,941
Transfer from deferred revenue (note 5)	-	1,153,396
Disposals	(22,220)	-
Amortization	(220,611)	(398,431)
Balance – end of year	<u>1,922,885</u>	<u>2,153,935</u>

8. Restricted contribution

In the fiscal year 2013, The Alex received a contribution of \$585,000 from the City of Calgary. The original principal of the grant is required to remain intact while any interest income is to be used to fund the ongoing lifecycle costs and expenses for The Alex's Children's Dental Health Program.

The grant had a ten-year term which ended on July 29, 2022, but was extended for another 10 years to July 29, 2032, unless The Alex defaults on its obligations; the agreement is terminated by either party; or the City of Calgary demands repayment with six months notice. Consistent with prior years, The Alex is not in default of its obligations and all income generated from the grant has been used to fund the Children's Dental Health Program.

9. Internally restricted funds

Internally restricted funds include funds which are restricted to use by the Board of Directors.

Sustainability fund

	2025 \$	2024 \$
Internally restricted	<u>495,484</u>	<u>2,285,184</u>

These funds were restricted by the Board of Directors to ensure adequate cash flow and sustainability of programming and future projects.

Capital fund

	2025 \$	2024 \$
Internally restricted	<u>72,447</u>	<u>467,999</u>

The internally restricted funds were restricted by the Board of Directors for the funding of capital assets.

10. Building reserve account

One of the long-term debt conditions (note 6) is that The Alex establish a building reserve account of \$200,000 annually for the 5 years following the loan disbursement in January 2025.

11. Endowment fund

During the year, The Alex received an endowment of \$650,000 from the Gerald A. Cooper-Key Foundation. The endowment is to be held in perpetuity and invested consistent with the investment policies of The Alex. The net investment income earned by the endowment that is available for disbursement ("disbursement income") shall be determined each year in accordance with the disbursement policy of The Alex. The disbursement income shall be used by The Alex to further its general charitable purposes including expenses related to building operation and maintenance and reasonable administrative expenses of the endowment. Disbursement income will be calculated annually and will be available for distribution in the month following the end of The Alex's fiscal year.

The total investment income for the year was interest of \$6,099 which was recognized in the endowment fund.

12. Related party transactions

Homeless Housing Society of Calgary (the "Society") was incorporated under the *Alberta Societies Act* as a not-for-profit organization. The Society is under common management which includes the Board of Directors. It pays rent and other client expenses on behalf of clients of The Alex and is therefore considered controlled by The Alex for accounting purposes.

The Society is not consolidated in these financial statements. The Alex reports condensed financial information of this controlled not-for-profit organization as follows:

	2025 \$	2024 \$
Statement of Financial Position		
Total assets	325,426	369,366
Total liabilities	<u>(178,295)</u>	<u>(213,740)</u>
Net assets	<u>147,131</u>	<u>155,626</u>
Statement of Operations		
Contributed by The Alex	1,209,600	1,223,710
Other revenue	<u>740,968</u>	<u>741,933</u>
Total Revenue	<u>1,950,568</u>	<u>1,965,643</u>
Expenses	<u>1,959,063</u>	<u>2,065,765</u>
Deficiency of revenue over expenses	<u>(8,495)</u>	<u>(100,122)</u>
Cash provided by (used in)		
Operating activities	37,499	(171,600)
Investing activities	721	(417)

12. Related party transactions (continued)

Accounts receivable includes \$124,987 (2024 - \$103,906) receivable from the Society and accounts payable and accrued liabilities includes \$nil (2024 - \$23,375) payable to the Society. Cost recoveries include a management fee from the society of \$163,836 (2024 - \$358,159). All related party transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount agreed upon by the parties.

13. Commitments

The Alex has operating lease commitments in the normal course of its operations on property over the next four years as follows:

	\$
2026	507,055
2027	117,270
2028	117,270
2029	72,435
2030	11,500

14. Financial instruments

The Alex is exposed to the following significant financial risks:

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Alex is exposed to credit risk relating to cash and investments which is mitigated by depositing funds with major Canadian financial institutions. The Alex is exposed to credit risk relating to accounts receivable, which is influenced by the individual characteristics of each debtor. The Alex has no significant concentration of credit risk with any one party and limits its exposure to credit risks by dealing with only credit worthy organizations. Management does not expect any debtor to fail in meeting their obligations.

(b) Liquidity risk

Liquidity risk is the risk that The Alex will encounter difficulty in meeting obligations associated with financial liabilities. The Alex is not exposed to significant liquidity risk as The Alex's practice is to retain sufficient cash to fund its current obligations.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Market risk is comprised of currency risk, interest rate risk, and other price risk.

14. Financial instruments (continued)

(d) Market risk (continued)

Interest rate risk is the only market risk considered potentially significant to The Alex. The Alex is exposed to interest rate risk through interest earned on its investments in Notice Demand Savings Accounts and on part of its long-term debt which bears interest at a variable rate.

There is no significant change in the risk exposure from the prior year, other than risk related to debt.

15. Housing programs

Abbeydale Place and The Prelude are place-based supportive housing programs offering 24-hour care and services. Participants are supported with psychiatric and medical recovery care.

Pathways to Housing and HomeBase are scattered-site programs supporting the chronically homeless, by providing intensive case management while housing people within the community.

Pathways Assertive Outreach ("PAO") is a non-housing support service that is an evidenced-based Assertive Community Treatment team.

The following table summarizes the financial results of The Alex's housing programs:

	Pathways to Housing 2025 \$	HomeBase 2025 \$	The Prelude 2025 \$	Abbeydale Place 2025 \$	PAO 2025 \$
Contribution					
Calgary Homeless Foundation	4,506,225	2,404,679	1,249,460	1,164,025	919,843
Expenses					
Program staff costs	2,351,872	1,196,293	889,687	914,898	748,962
Participant costs	1,706,347	967,736	232,628	132,400	78,202
Administration costs	444,978	240,468	124,946	116,400	91,984
	<u>4,503,197</u>	<u>2,404,497</u>	<u>1,247,261</u>	<u>1,163,698</u>	<u>919,148</u>
Excess of revenue over expenses	<u>3,028</u>	<u>182</u>	<u>2,199</u>	<u>327</u>	<u>695</u>

15. Housing programs (continued)

	Pathways to Housing 2024 \$	HomeBase 2024 \$	The Prelude 2024 \$	Abbeydale Place 2024 \$	PAO 2024 \$
Contribution					
Calgary Homeless Foundation	4,430,930	2,703,720	1,097,630	1,004,330	848,410
Expenses					
Start-up costs	-	-	49,940	514	-
Staff costs	2,213,927	1,351,358	739,889	793,358	638,190
Client costs	1,744,427	1,081,787	172,387	78,648	75,352
Administration costs	443,090	270,372	98,769	94,433	84,841
	<u>4,401,444</u>	<u>2,703,517</u>	<u>1,060,985</u>	<u>966,953</u>	<u>798,383</u>
Excess of revenue over expenses	<u>29,486</u>	<u>203</u>	<u>36,645</u>	<u>37,377</u>	<u>50,027</u>

16. Fundraising expenses

The Alex paid \$320,286 (2024 - \$278,149) as remuneration to employees whose principal duties involve fundraising and \$44,407 (2024 - \$41,140) of expenses incurred for the purpose of soliciting donations.