

Calgary Alpha House Society
Financial Statements
Year Ended March 31, 2023

Calgary Alpha House Society
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Year Ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Calgary Alpha House Society

Qualified Opinion

We have audited the financial statements of Calgary Alpha House Society ("the Society"), which comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation of 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 report. We are independent of the Society in accordance with 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 audit 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 ASNPO, 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 Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)

*operating through Mahmud Khalfan Professional Corporation, Chartered Professional Accountants

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 organization'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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta
June 28, 2023



Mahmud Khalfan Professional Corporation
Chartered Professional Accountants

Calgary Alpha House Society
Statement of Financial Position
March 31, 2023

| | Operating Fund 2023 | Capital fund 2023 | Reserve Fund 2023 | Total 2023 | Total 2022 |
|--|------------------------|----------------------|----------------------|---------------|---------------|
| ASSETS | | | | | |
| CURRENT | | | | | |
| Cash (Note 3) | \$ 4,790,084 | \$ - | \$ 836,043 | \$ 5,626,127 | \$ 5,117,685 |
| Restricted investments (Note 4) | 569,704 | - | - | 569,704 | 549,117 |
| Accounts receivable (Note 5) | 158,412 | - | - | 158,412 | 1,145,846 |
| Prepaid expenses | 591,620 | - | - | 591,620 | 480,474 |
| | 6,109,820 | - | 836,043 | 6,945,863 | 7,293,122 |
| CAPITAL ASSETS (Net of accumulated amortization) (Note 6) | - | 5,143,309 | - | 5,143,309 | 5,192,537 |
| | \$ 6,109,820 | \$ 5,143,309 | \$ 836,043 | \$ 12,089,172 | \$ 12,485,659 |
| LIABILITIES | | | | | |
| CURRENT | | | | | |
| Accounts payable and accrued liabilities (Note 7) | \$ 1,439,767 | \$ - | \$ - | \$ 1,439,767 | \$ 1,435,586 |
| Callable debt due in one year (Note 8) | - | - | - | - | 73,887 |
| Current portion of obligations under capital lease | - | 108,890 | - | 108,890 | 88,831 |
| Deferred contributions (Note 9) | 4,744,945 | 105,000 | - | 4,849,945 | 5,328,001 |
| Current lease inducement (Note 10) | 2,161 | - | - | 2,161 | 5,185 |
| | 6,186,873 | 213,890 | - | 6,400,763 | 6,931,490 |
| LONG TERM LEASE INDUCEMENT (Note 10) | - | - | - | - | 2,161 |
| OBLIGATIONS UNDER CAPITAL LEASE (Note 12) | - | 32,098 | - | 32,098 | 116,442 |
| | 6,186,873 | 245,988 | - | 6,432,861 | 7,050,093 |
| NET ASSETS (DEBT) | (77,053) | 4,897,321 | 836,043 | 5,656,311 | 5,435,566 |
| | \$ 6,109,820 | \$ 5,143,309 | \$ 836,043 | \$ 12,089,172 | \$ 12,485,659 |

On behalf of the Board

Director

Director

See notes to financial statements

Calgary Alpha House Society
Statement of Revenues and Expenses
Year Ended March 31, 2023

| | Operating Fund 2023 | Capital Fund 2023 | Reserve Fund 2023 | Total 2023 | Total 2022 |
|--|------------------------|----------------------|----------------------|----------------------|-------------------|
| REVENUES -CONTINUED OPERATIONS <i>(Schedule 1)</i> | \$ 21,649,941 | \$ 389,870 | \$ 6,042 | \$ 22,045,853 | \$ 21,702,372 |
| EXPENSES -CONTINUED OPERATIONS <i>(Schedule 2)</i> | 21,516,859 | 312,640 | - | 21,829,499 | 21,230,724 |
| EXCESS OF REVENUES OVER EXPENSES - CONTINUED OPERATIONS | 133,082 | 77,230 | 6,042 | 216,354 | 471,648 |
| OTHER EXPENSES (INCOME) Gain on disposal of capital assets | - | (4,391) | - | (4,391) | - |
| EXCESS OF REVENUES OVER EXPENSES BEFORE DISCONTINUED OPERATIONS | 133,082 | 81,621 | 6,042 | 220,745 | 471,648 |
| DISCONTINUED OPERATIONS <i>(Note 13)</i> | | | | | |
| Revenues <i>(Schedule 3)</i> | 4,087,086 | - | - | 4,087,086 | 5,828,586 |
| Expenses <i>(Schedule 3)</i> | (4,087,086) | - | - | (4,087,086) | (5,828,586) |
| | - | - | - | - | - |
| EXCESS OF REVENUES OVER EXPENSES | \$ 133,082 | \$ 81,621 | \$ 6,042 | \$ 220,745 | \$ 471,648 |

See notes to financial statements

Calgary Alpha House Society
Statement of Changes in Net Assets
Year Ended March 31, 2023

| | Operating Fund 2023 | Capital fund 2023 | Reserve Fund 2023 | Total 2023 | Total 2022 |
|--|------------------------|----------------------|----------------------|-----------------------|---------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 369,796 | \$ 4,913,377 | \$ 152,393 | \$ 5,435,566 | \$ 4,963,918 |
| Excess of revenues over expenses -continued operations | 133,082 | 81,621 | 6,042 | 220,745 | 471,648 |
| Interfund Transfers <i>(Note 17)</i> | (579,931) | (97,677) | 677,608 | - | - |
| NET ASSETS - END OF YEAR | \$ (77,053) | \$ 4,897,321 | \$ 836,043 | \$ 5,656,311 | \$ 5,435,566 |

See notes to financial statements

Calgary Alpha House Society
Statement of Cash Flows
Year Ended March 31, 2023

| | Operating Fund 2023 | Capital fund 2023 | Reserve Fund 2023 | Total 2023 | Total 2022 |
|--|------------------------|----------------------|----------------------|---------------------|---------------------|
| OPERATING ACTIVITIES | | | | | |
| Cash receipts from funders and clients | \$ 26,588,852 | \$ 389,870 | \$ - | \$ 26,978,722 | \$ 29,596,714 |
| Cash paid to suppliers and employees | (26,066,421) | 105,000 | - | (25,961,421) | (26,962,983) |
| Interest received | 20,588 | - | 6,042 | 26,630 | 5,581 |
| Bank charges, Interest and payroll service fees paid | (137,763) | - | - | (137,763) | (106,351) |
| Interest paid on callable debt | (533) | - | - | (533) | (12,193) |
| Cash flow from operating activities | 404,723 | 494,870 | 6,042 | 905,635 | 2,520,768 |
| INVESTING ACTIVITIES | | | | | |
| Purchase of capital assets | - | (282,238) | - | (282,238) | (122,626) |
| Proceeds on sale of capital assets | - | 23,216 | - | 23,216 | - |
| Investments redeemed (purchased) | - | - | - | - | (5,606) |
| Cash flow from (used by) investing activities | - | (259,022) | - | (259,022) | (128,232) |
| FINANCING ACTIVITIES | | | | | |
| Repayment of callable debt | - | (73,887) | - | (73,887) | (392,702) |
| Repayment of obligations under capital lease | - | (64,284) | - | (64,284) | - |
| Cash flow from (used by) financing activities | - | (138,171) | - | (138,171) | (392,702) |
| OTHER CASH FLOW ITEMS | | | | | |
| Transfers of cash between funds | (579,931) | (97,677) | 677,608 | - | - |
| INCREASE (DECREASE) IN CASH FLOW | (175,208) | - | 683,650 | 508,442 | 1,999,834 |
| Cash - beginning of year | 4,965,292 | - | 152,393 | 5,117,685 | 3,117,851 |
| CASH - END OF YEAR | \$ 4,790,084 | \$ - | \$ 836,043 | \$ 5,626,127 | \$ 5,117,685 |
| CASH CONSISTS OF: | | | | | |
| Cash | \$ 4,572,176 | \$ - | \$ 836,043 | \$ 5,408,219 | \$ 4,832,661 |
| Restricted cash | 217,908 | - | - | 217,908 | 285,024 |
| | \$ 4,790,084 | \$ - | \$ 836,043 | \$ 5,626,127 | \$ 5,117,685 |

See notes to financial statements

Calgary Alpha House Society
Notes to Financial Statements
Year Ended March 31, 2023

1. PURPOSE OF THE ORGANIZATION

Calgary Alpha House Society ("the Society") is a non-profit, charitable agency operating in Calgary, Alberta to provide safe spaces for men and women whose lives have been impacted by alcohol and other drug dependencies. The Society was established in Calgary in 1981.

As the Society has been a part of the Calgary community for 40 years, the Society has been recognized as a leader in helping men and women who are struggling with addictions and mental health issues, which are often a result of early trauma in their lives. Following a continuum of care model, the Society helps individuals find the resources they need to live healthier lives and to find appropriate housing that is often the key to supporting long term well-being and improved health. The Society operates Emergency Shelter, Detox, Housing (Community and Permanent-Supportive Housing), and Outreach (Downtown Outreach Addiction Partnership (DOAP), Encampment, Needle Response) programs 24/7.

In response to the COVID-19 pandemic, the Society began operating additional programs and expanding existing services in both Calgary and Lethbridge. The purpose of these additional services was to meet physical distancing requirements, to accommodate surge capacity from the Society's existing programs and to increase supports for the rapid rehousing of eligible persons.

The Society is a registered charity under section 149(1) of the Income Tax Act. As such, it is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) on a going-concern basis that assumes that the Society will be able to realize its assets and discharge its liabilities in the normal course of operations.

Fund accounting

The Society follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for revenues and expenses related to program delivery and administrative activities.

The Capital Fund reports the assets, liabilities, revenues, and expenses related to the Society's capital assets.

The Reserve Fund reports amounts to be held for contingency purposes. These internally restricted amounts are not available for other purposes without prior approval from the Board of Directors.

Cash

Cash and cash equivalents include amounts on deposit with financial institutions and term deposits that mature within three months from the date of acquisition. The Society held no cash equivalents during the year.

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Calgary Alpha House Society
Notes to Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

- a) Restricted contributions related to operations are recognized as revenue in the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in the appropriate fund.
- b) 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.
- c) Capital contributions are recognized as revenue in the year in which the funds are received.
- d) Rent is recognized in the Operating Fund when received unless received prior to being due then it is placed in deferred income until due.

Capital assets

The Society's accounting policy capitalizes assets with a cost greater than \$5,000. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

| | | |
|-------------------------------|----------|----------------------|
| Buildings | 40 years | straight-line method |
| Furniture and fixtures | 10 years | straight-line method |
| Automotive | 7 years | straight-line method |
| Vehicles under capital leases | 7 years | straight-line method |
| Leasehold improvements | 5 years | straight-line method |
| Computer equipment | 4 years | straight-line method |
| Data Network | 4 years | straight-line method |

Long-lived assets are reviewed for impairment when events and circumstances indicate that the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The amount of the impairment loss, if any, is the excess of carrying value over its fair value. When assets are sold or disposed the original costs are removed from the accounts and the gain or loss is charged to the Capital Fund. Amortization expense is reported in the Capital Fund.

Contributed materials and services

The Society does not recognize the value of contributed materials and services as revenue but provides charitable tax receipts when the fair market value can be readily determined.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. 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. In particular, the Society uses estimates in determining the useful life of capital assets, valuation of accrued liabilities and determining the current portion of callable debt.

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Calgary Alpha House Society
Notes to Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and liabilities are measured initially at fair value. Subsequent measurement is at amortized cost.

Financial assets measured at amortized cost consist of cash, restricted cash, restricted investments, accounts receivable and grants receivable.

Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities, wages payable, credit cards payable, callable debt and obligations under capital lease.

The Society assesses impairment of all its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment loss is recognized in the statement of revenues and expenses.

3. CASH

| | 2023 | 2022 |
|-----------------|---------------------|---------------------|
| Cash | \$ 5,408,219 | \$ 4,832,661 |
| Restricted cash | 217,908 | 285,024 |
| | \$ 5,626,127 | \$ 5,117,685 |

4. RESTRICTED INVESTMENTS

The amounts are invested in a flex notice account earning interest at CWB Prime rate less 1.5%. The amounts can be withdrawn by giving a 93 days written notice to the bank. Restricted investments are held for contingency purposes and are not available for other purposes without prior approval of the Board of Directors.

5. ACCOUNTS RECEIVABLE

| | 2023 | 2022 |
|---------------------|-------------------|---------------------|
| GST receivable | \$ 92,940 | \$ 47,271 |
| Grants receivable | 41,666 | 1,081,433 |
| Accounts receivable | 23,641 | 15,393 |
| Employee advances | 165 | 1,749 |
| | \$ 158,412 | \$ 1,145,846 |

Calgary Alpha House Society
Notes to Financial Statements
Year Ended March 31, 2023

6. CAPITAL ASSETS

Capital assets consist of the following:

| | Cost | Accumulated amortization | 2023 Net book value | 2022 Net book value |
|-------------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 730,000 | \$ - | \$ 730,000 | \$ 730,000 |
| Buildings | 3,971,442 | 594,668 | 3,376,774 | 3,476,060 |
| Automotive | 759,879 | 360,355 | 399,524 | 273,587 |
| Vehicles under capital leases | 302,248 | 59,833 | 242,415 | 248,589 |
| Computer equipment | 220,279 | 200,215 | 20,064 | 40,073 |
| Furniture and fixtures | 1,040,015 | 669,171 | 370,844 | 417,627 |
| Leasehold improvements | 348,216 | 346,491 | 1,725 | 2,414 |
| Data infrastructure | 10,261 | 8,297 | 1,963 | 4,187 |
| | \$ 7,382,340 | \$ 2,239,030 | \$ 5,143,309 | \$ 5,192,537 |

7. ACCOUNTS PAYABLE

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Accounts payable and accrued liabilities | \$ 313,159 | \$ 425,097 |
| Wages payable | 758,212 | 947,046 |
| Employee deductions payable | 69,090 | 16,439 |
| Credit cards payable | 21,678 | 47,004 |
| Grant funds repayable | 277,628 | - |
| | \$ 1,439,767 | \$ 1,435,586 |

8. CALLABLE DEBT

| | 2023 | 2022 |
|---|-------------|-------------|
| Canadian Western Bank (CWB) demand loan bearing interest at CWB prime plus 0.75% per annum, repayable in monthly blended payments of \$12,452. The loan was fully paid off during the year. | \$ - | \$ 73,887 |
| Principal due in one year | - | (73,887) |
| | \$ - | \$ - |

The loan was secured against a Demand Collateral Mortgage in the principal amount to be determined, conveying a first fixed charge over property located at 1312 - 25th Street SE, Calgary, Alberta and legally described as Plan 7016GB, Lot 2; promissory note in an amount of \$2,500,000; Unconditional and Unlimited Environmental Agreement and Indemnity (Form 1164) executed by the Borrower; Acknowledged Assignment of Insurance coverage for full insurable values of all assets of the Borrower taken as security by the Bank with first loss payable to the Bank by way of standard mortgage clause.

Calgary Alpha House Society
Notes to Financial Statements
Year Ended March 31, 2023

9. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the unspent portion of restricted contributions reported in the operating and capital fund, including casino proceeds, restricted grants, restricted fundraising and restricted donations.

The casino funds are received from the Alberta Gaming, Liquor and Cannabis Commission "AGLC" and are restricted for specified purposes.

The grant funds are received from various funders and are restricted for specified operating purposes.

Donations are received from various private and corporate donors and may be restricted for specified programs.

The deferred contributions consist of the following:

| | Beginning | Received / Receivable | Spent / Repaid | Ending |
|------------------------------------|---------------------|--------------------------|------------------------|---------------------|
| 2023 | | | | |
| Alberta Community Social Services | \$ 452,857 | \$ 4,955,363 | \$ (5,320,203) | \$ 88,017 |
| Calgary Homeless Foundation | 2,283,761 | 10,248,145 | (11,314,981) | 1,216,925 |
| Alberta Health Services | 307,948 | 3,130,386 | (3,094,429) | 343,905 |
| Alberta Health | 474,556 | 1,687,768 | (1,894,759) | 267,565 |
| University of Calgary | 90,656 | 65,000 | (30,073) | 125,583 |
| City of Calgary | 371,119 | 3,891,395 | (3,331,397) | 931,117 |
| Resolve Campaign | 212,500 | 39,824 | (49,515) | 202,809 |
| Restricted Fundraising & Donations | 1,053,613 | 1,070,531 | (505,174) | 1,618,970 |
| Casino (AGLC) | 67,646 | 1,248 | (52,546) | 16,348 |
| Other Grants | 13,345 | 25,482 | (121) | 38,706 |
| | \$ 5,328,001 | \$ 25,115,142 | \$ (25,593,198) | \$ 4,849,945 |
| 2022 | | | | |
| Alberta Community Social Services | \$ 157,312 | \$ 8,189,093 | \$ (7,893,548) | \$ 452,857 |
| Calgary Homeless Foundation | 900,319 | 12,770,754 | (11,387,312) | 2,283,761 |
| Alberta Health Services | 4,664 | 2,290,679 | (1,987,394) | 307,948 |
| Alberta Health | 252,948 | 1,809,314 | (1,587,706) | 474,556 |
| University of Calgary | 65,000 | 65,000 | (39,344) | 90,656 |
| City of Calgary | 160,740 | 2,355,447 | (2,145,068) | 371,119 |
| Resolve Campaign | 100,000 | 367,972 | (255,472) | 212,500 |
| Restricted Fundraising & Donations | 973,766 | 130,832 | (50,985) | 1,053,613 |
| Casino (AGLC) | 16,698 | 58,203 | (7,255) | 67,646 |
| Other Grants | 23,345 | - | (10,000) | 13,345 |
| | \$ 2,654,792 | \$ 28,037,294 | \$ (25,364,084) | \$ 5,328,001 |

Calgary Alpha House Society
Notes to Financial Statements
Year Ended March 31, 2023

10. LEASE INDUCEMENT

The Society entered into a three-year lease of office space on July 14, 2020. The lease term began September 1, 2020 and will expire on August 31, 2023. As per the lease agreement, subject to certain conditions, the Society was relieved of its obligation to pay basic rent for 2 months at the start of the lease.

| | 2023 | 2022 |
|-------------------|----------|-----------|
| Opening balance | \$ 7,346 | \$ 12,531 |
| Amortization | (5,185) | (5,185) |
| Ending balance | 2,161 | 7,346 |
| Current portion | (2,161) | (5,185) |
| Long-term portion | \$ - | \$ 2,161 |

11. LEASE COMMITMENTS

Downtown Calgary:

Under the terms of a lease agreement with Alberta Infrastructure and Transportation, of which the lease was transferred to Alberta Health Services (AHS) in 2019, the Society has completed a 5 year renewal option on March 31, 2021. The Society is in the process of exercising the second 5 year renewal option for the April 01, 2021 through to March 31, 2026 period, of which AHS has advised that they would be prepared to look at a brand new lease instead of just a renewal. The Society's renewal option includes paying rent on its main operating facility, in the nominal amount of \$1 annually. Alberta Health Services holds title to the buildings.

Auxiliary locations in Calgary:

The Society has a 1 year lease on six buildings with the HomeSpace Society expiring March 31, 2023. These leases have been extended to March 31, 2024.

Office Space:

The Society has entered into a 3 year lease for office space beginning September 01, 2020 and expiring August 31, 2023.

Calgary Alpha House Society
Notes to Financial Statements
Year Ended March 31, 2023

12. OBLIGATIONS UNDER CAPITAL LEASE

Capital leases consists of the following:

| | 2023 | 2022 |
|---------------------------------|-----------|------------|
| 2020 Dodge Caravan - 10901 | \$ 14,705 | \$ 27,309 |
| 2020 Dodge Caravan - 10902 | 14,705 | 27,309 |
| 2020 Dodge Caravan - 10917 | 16,805 | 29,410 |
| 2020 Dodge Caravan - 10918 | 16,805 | 29,410 |
| 2020 Dodge Caravan - 10919 | 16,805 | 29,410 |
| 2020 Dodge Caravan - 10920 | 16,805 | 29,410 |
| 2020 Dodge Caravan - 10959 | 19,810 | 33,016 |
| 2020 Kia Soul - 11179 | 24,549 | - |
| | 140,989 | 205,274 |
| Amounts payable within one year | (108,891) | (88,832) |
| | \$ 32,098 | \$ 116,442 |

The annual interest rates for all the leased vehicles are 6.49% to 7.99%. The leases will all mature by December 2024.

Future minimum capital lease payments (principal plus interest) are approximately:

| | | |
|---------------------------------------|--|------------|
| 2024 | | \$ 114,647 |
| 2025 | | 42,208 |
| | | 156,855 |
| Total minimum payments | | 156,855 |
| Less interest amount at various rates | | (15,866) |
| Present value of minimum payments | | 140,989 |
| Less current portion | | (108,891) |
| | | \$ 32,098 |

13. DISCONTINUED OPERATIONS

The Society discontinued operations in Lethbridge, Alberta effective January 2, 2023 due to cancellation of its grant funding for this location. The closure of this location has been reported as discontinued operations in the current year. Financial information related to the discontinued operations for the period is set out in Schedule 3.

14. EMPLOYEE FUTURE BENEFITS

The Society contributes to a registered retirement savings plan ("the Plan") for the benefit of its employees. During the year, contributions of \$234,228 (2022 - \$221,379) were deposited to the plan and expensed as employee benefits.

Calgary Alpha House Society
Notes to Financial Statements
Year Ended March 31, 2023

15. STATUTORY DISCLOSURES

As required under Section 7(2) of the Charitable Fundraising Regulation of Alberta, the Society is required to disclose amounts paid as remuneration to employees whose principal duties involve fundraising and direct costs incurred for the purposes of soliciting contributions. During 2023, the Society did not have any employees whose principal role was related to fundraising activities.

16. PROGRAM BASED FUNDING

Under the terms of the contracts with various funding agencies, excess funds received over specific operating expenditures as budgeted in the Society's funding applications 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 the 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 carried out by the funding agencies subsequent to 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. The Society repaid \$849,544 (2022 - \$537,092) to various funding agencies during the year.

17. INTERFUND TRANSFERS

During the year, the Society transferred funds from the Operating Fund and Capital Fund to the Reserve Fund to increase the amount held for contingency purposes.

18. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from its clients. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of clients which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its clients and funders, callable debt, and accounts payable.

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. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

(continues)

Calgary Alpha House Society
Notes to Financial Statements
Year Ended March 31, 2023

18. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

19. HEALTH PANDEMIC

In early 2020, Covid-19 was identified as a world-wide pandemic. In response, the Government of Alberta declared a public health emergency, and during 2020 and 2021 varying restrictions on the activities of organizations and individuals in the province were enacted. The financial impact these measures had on the Society cannot be quantified with certainty nor separated from other cyclical factors and normal organizational changes.

20. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform with the current year's presentation.

Calgary Alpha House Society
Revenues - Continued Operations
(Schedule 1)
Year Ended March 31, 2023

| | Operating Fund 2023 | Capital Fund 2023 | Reserve Fund 2023 | Total 2023 | Total 2022 |
|---------------------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
| Grants | | | | | |
| Calgary Homeless Foundation | \$ 11,062,867 | \$ - | \$ - | \$ 11,062,867 | \$ 11,301,420 |
| Alberta Community and Social Services | 2,329,691 | - | - | 2,329,691 | 3,503,124 |
| City of Calgary | 3,047,278 | 98,822 | - | 3,146,100 | 859,383 |
| Alberta Health Services | 2,841,957 | 31,469 | - | 2,873,426 | 1,987,394 |
| Alberta Health | 293,540 | - | - | 293,540 | 291,219 |
| Other grants | 121 | 100,000 | - | 100,121 | - |
| University of Calgary | 30,073 | - | - | 30,073 | 39,344 |
| Calgary Police Service | - | - | - | - | 1,218,296 |
| Grants total | 19,605,527 | 230,291 | - | 19,835,818 | 19,200,180 |
| Other revenues | | | | | |
| Rental income | 1,734,313 | - | - | 1,734,313 | 1,787,572 |
| Donations and fundraising | 254,085 | - | - | 254,085 | 353,091 |
| Miscellaneous | 9,786 | 48,270 | - | 58,056 | 68,616 |
| Resolve campaign | - | 49,387 | - | 49,387 | 255,472 |
| Casino | - | 51,299 | - | 51,299 | 7,255 |
| Other | 34,176 | - | - | 34,176 | - |
| Interest | 9,965 | 10,623 | 6,042 | 26,630 | 5,770 |
| Events | 2,089 | - | - | 2,089 | 24,416 |
| Other revenues total | 2,044,414 | 159,579 | 6,042 | 2,210,035 | 2,502,192 |
| TOTAL REVENUES | \$ 21,649,941 | \$ 389,870 | \$ 6,042 | \$ 22,045,853 | \$ 21,702,372 |

See notes to financial statements

Calgary Alpha House Society
Expenses - Continued Operations
(Schedule 2)
Year Ended March 31, 2023

| | Operating Fund 2023 | Capital Fund 2023 | Reserve Fund 2023 | Total 2023 | Total 2022 |
|---|------------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Program expenses</u> | | | | | |
| Program wages and MERC | \$ 12,120,117 | \$ - | \$ - | \$ 12,120,117 | \$ 11,992,124 |
| Rent subsidies and damage deposit | 3,421,193 | - | - | 3,421,193 | 3,370,668 |
| Client costs - supplies | 825,584 | - | - | 825,584 | 683,931 |
| Program expenses | 538,351 | - | - | 538,351 | 989,111 |
| Supplementary staff benefits | 707,253 | - | - | 707,253 | 632,750 |
| Automotive and parking | 603,595 | - | - | 603,595 | 519,917 |
| Building repairs and maintenance | 441,978 | - | - | 441,978 | 471,774 |
| Food | 472,360 | - | - | 472,360 | 376,703 |
| Amortization | - | 312,640 | - | 312,640 | 301,467 |
| COVID response - hotels | - | - | - | - | 300 |
| Client costs - transportation | 40,570 | - | - | 40,570 | 36,236 |
| | <u>19,171,001</u> | <u>312,640</u> | <u>-</u> | <u>19,483,641</u> | <u>19,374,981</u> |
| <u>Administrative expenses</u> | | | | | |
| Administrative wages and benefits | 1,440,940 | - | - | 1,440,940 | 1,072,675 |
| Office expenses and sundry | 256,482 | - | - | 256,482 | 198,274 |
| Consultants and technical support | 164,841 | - | - | 164,841 | 242,937 |
| Professional fees | 147,530 | - | - | 147,530 | 109,795 |
| Bank charges, interest and payroll service fees | 116,720 | - | - | 116,720 | 85,721 |
| Office rent | 115,691 | - | - | 115,691 | 70,863 |
| Fundraising and promotion | 75,682 | - | - | 75,682 | 45,862 |
| Board expenses | 12,409 | - | - | 12,409 | 8,733 |
| Telephone and internet | 8,792 | - | - | 8,792 | 8,495 |
| Travel and parking | 6,238 | - | - | 6,238 | 164 |
| Interest on callable debt | 533 | - | - | 533 | 12,193 |
| Social media expenses | - | - | - | - | 31 |
| | <u>2,345,858</u> | <u>-</u> | <u>-</u> | <u>2,345,858</u> | <u>1,855,743</u> |
| TOTAL EXPENSES | \$ 21,516,859 | \$ 312,640 | \$ - | \$ 21,829,499 | \$ 21,230,724 |

See notes to financial statements

Calgary Alpha House Society
Statement of Operations - Discontinued Operations
(Schedule 3)

Year Ended March 31, 2023

| | 2023 <i>(9 months)</i> | 2022 |
|---|----------------------------------|--------------|
| REVENUES | | |
| Grants | \$ 3,636,867 | \$ 5,760,507 |
| Donations | 449,149 | 68,051 |
| Other Revenue | 1,070 | 28 |
| TOTAL REVENUES | 4,087,086 | 5,828,586 |
| EXPENSES | | |
| <u>Program Expenses</u> | | |
| Program wages and MERC | 2,765,329 | 3,966,978 |
| Program expenses | 360,645 | 551,152 |
| Building repairs and maintenance | 149,037 | 104,686 |
| COVID response - hotels | 131,674 | 237,633 |
| Food | 115,287 | 151,629 |
| Supplementary staff benefits | 105,636 | 118,780 |
| Client costs - supplies | 83,123 | 165,771 |
| Automotive and parking | 57,914 | 56,411 |
| Client costs - transportation | 195 | 68 |
| | 3,768,840 | 5,353,108 |
| <u>Administration Expenses</u> | | |
| Administrative wages and benefits | 186,849 | 256,229 |
| Office expenses and sundry | 30,843 | 53,959 |
| Professional fees | 27,627 | 39,820 |
| Consultants and technical support | 23,089 | 69,694 |
| Bank charges, interest and payroll service fees | 20,507 | 20,628 |
| Office rent | 16,809 | 19,995 |
| Fundraising and promotion | 7,290 | 6,339 |
| Board expenses | 2,119 | 3,510 |
| Telephone and internet | 2,064 | 5,091 |
| Travel and parking | 1,049 | 213 |
| | 318,246 | 475,478 |
| TOTAL EXPENSES | 4,087,086 | 5,828,586 |
| EXCESS OF REVENUES OVER EXPENSES | \$ - | \$ - |

See notes to financial statements