

**The Children's Cottage Society of Calgary,  
An Alberta Society**

Financial Statements

March 31, 2023

## Independent Auditors' Report

To: The Members of **The Children's Cottage Society of Calgary, an Alberta Society**

### Qualified Opinion

We have audited the financial statements of The Children's Cottage Society of Calgary, an Alberta Society (the "Society"), which comprise the statement of financial position as at March 31, 2023 and the statements of operations and 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 Society 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 Society derives revenue from fundraising activities 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. 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 in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society 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.

### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditors' report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do 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 or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditors' 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 this auditors' 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 these 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.

Independent Auditors' Report (continued)

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 Society 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Society 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.



June 13, 2023  
Calgary, Alberta

Chartered Professional Accountants

**The Children's Cottage Society of Calgary,  
An Alberta Society**  
Statement of Financial Position

As at March 31,

			<b>2023</b>	<b>2022</b>
	Operating fund	Child & Family Centre fund	Total	Total
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents (note 5)	\$ 341,260	\$ 1,992,938	\$ 2,334,198	\$ 4,571,301
Marketable investments (note 7)	587,857	-	587,857	1,147,101
Accounts receivable	20,407	41,268	61,675	18,352
GST receivable	24,757	249,906	274,663	28,453
Contribution receivable	79,593	-	79,593	-
Prepaid expenses and deposits	109,117	398,529	507,646	140,266
	<u>1,162,991</u>	<u>2,682,641</u>	<u>3,845,632</u>	<u>5,905,473</u>
<b>Restricted term deposit (note 6)</b>	250,000	-	250,000	-
<b>Restricted marketable investments (note 7)</b>	1,207,435	-	1,207,435	1,135,281
<b>Deferred development costs (note 8)</b>	-	10,934,370	10,934,370	796,725
<b>Capital assets (note 9)</b>	63,101	2,616,633	2,679,734	2,718,936
	<u>\$ 2,683,527</u>	<u>\$ 16,233,644</u>	<u>\$ 18,917,171</u>	<u>\$ 10,556,415</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 497,141	\$ 1,324,736	\$ 1,821,877	\$ 451,966
<b>Deferred contributions (note 10)</b>	207,435	-	207,435	135,281
	<u>704,576</u>	<u>1,324,736</u>	<u>2,029,312</u>	<u>587,247</u>
<b>Commitments (note 13)</b>				
<b>Net Assets</b>				
Unrestricted	665,850	-	665,850	1,822,803
Externally restricted	250,000	1,357,905	1,607,905	3,630,704
Internally restricted (note 7)	1,000,000	-	1,000,000	1,000,000
Invested in capital assets	63,101	13,551,003	13,614,104	3,515,661
	<u>1,978,951</u>	<u>14,908,908</u>	<u>16,887,859</u>	<u>9,969,168</u>
	<u>\$ 2,683,527</u>	<u>\$ 16,233,644</u>	<u>\$ 18,917,171</u>	<u>\$ 10,556,415</u>

Approved by the Board



Director



Director

See accompanying notes to the financial statements

# The Children's Cottage Society of Calgary,

## An Alberta Society

### Statement of Operations

For the year ended March 31,

			2023	2022
	Operating fund	Child & Family Centre fund	Total	Total
<b>Revenue</b>				
<i>Grants</i>				
Alberta Government	\$ 2,697,490	\$ -	\$ 2,697,490	\$ 2,628,597
The Brenda Strafford Foundation Ltd.	1,024,563	-	1,024,563	897,546
Alberta Government - Child & Family Centre	-	1,000,000	1,000,000	-
Calgary Homeless Foundation	715,857	-	715,857	1,312,220
The City of Calgary - Child & Family Centre	-	-	-	148,599
The City of Calgary - Family and Community Support Services	123,854	-	123,854	123,855
Other grants	-	80,000	80,000	-
United Way of Calgary and Area	64,000	-	64,000	64,000
	4,625,764	1,080,000	5,705,764	5,174,817
<i>Donations</i>				
Donations and other contributions	1,553,843	6,904,199	8,458,042	3,513,823
Casino	99,471	-	99,471	259,515
	1,653,314	6,904,199	8,557,513	3,773,338
Total revenue	6,279,078	7,984,199	14,263,277	8,948,155
<b>Expenses</b>				
<i>Program delivery costs</i>				
Salaries and benefits - program staffing	4,322,571	-	4,322,571	4,372,142
Direct program costs	801,763	-	801,763	1,037,757
Salaries and benefits - administration	320,051	-	320,051	351,070
Facility expenses	203,823	-	203,823	210,958
Administration expenses	32,342	-	32,342	34,941
	5,680,550	-	5,680,550	6,006,868
<i>Administration</i>				
Administration expenses	628,803	-	628,803	182,663
Salaries and benefits - administration	400,087	-	400,087	262,439
Facility expenses	121,626	-	121,626	111,195
	1,150,516	-	1,150,516	556,297
<i>Fund development</i>				
Salaries and benefits - fund development	189,307	-	189,307	165,954
Direct fundraising costs	90,830	-	90,830	86,565
	280,137	-	280,137	252,519
<i>Child and Family Centre capital campaign (note 4)</i>				
Administration expenses	-	119,155	119,155	44,422
Salaries and benefits - capital campaign	-	103,115	103,115	95,716
	-	222,270	222,270	140,138
Total expenses	7,111,203	222,270	7,333,473	6,955,822
<b>Excess (deficiency) of revenues over expenses before investment income</b>				
	(832,125)	7,761,929	6,929,804	1,992,333
Investment income (loss)	(125,309)	114,196	(11,113)	61,801
<b>Excess (deficiency) of revenue over expenses</b>	\$ (957,434)	\$ 7,876,125	\$ 6,918,691	\$ 2,054,134

See accompanying notes to the financial statements

**The Children's Cottage Society of Calgary,  
An Alberta Society**

Statement of Changes in Net Assets

For the year ended March 31,

	<b>2023</b>				
	Unrestricted	Externally restricted	Internally restricted	Invested in capital assets	Total
<b>Balance, beginning of year</b>	\$ 1,822,803	\$ 3,630,704	\$ 1,000,000	\$ 3,515,661	\$ 9,969,168
Excess (deficiency) of					
revenues over expenses	(957,434)	7,876,125	-	-	6,918,691
Amortization of capital assets	50,481	-	-	(50,481)	-
Purchase of capital assets	-	(11,279)	-	11,279	-
Investment in deferred development	-	(10,137,645)	-	10,137,645	-
Purchase of restricted term deposit	(250,000)	250,000	-	-	-
<b>Balance, end of year</b>	<b>\$ 665,850</b>	<b>\$ 1,607,905</b>	<b>\$ 1,000,000</b>	<b>\$ 13,614,104</b>	<b>\$ 16,887,859</b>

  

	<b>2022</b>				
	Unrestricted	Externally restricted	Internally restricted	Invested in capital assets	Total
<b>Balance, beginning of year</b>	\$ 1,772,798	\$ 1,918,073	\$ 1,000,000	\$ 3,224,163	\$ 7,915,034
Excess (deficiency) of					
revenues over expenses	(476)	2,054,610	-	-	2,054,134
Amortization of capital assets	50,481	-	-	(50,481)	-
Purchase of capital assets	-	(121,870)	-	121,870	-
Investment in deferred development	-	(220,109)	-	220,109	-
<b>Balance, end of year</b>	<b>\$ 1,822,803</b>	<b>\$ 3,630,704</b>	<b>\$ 1,000,000</b>	<b>\$ 3,515,661</b>	<b>\$ 9,969,168</b>

See accompanying notes to the financial statements

**The Children's Cottage Society of Calgary,**  
**An Alberta Society**  
Statement of Cash Flows

For the year ended March 31,

**2023**

**2022**

**Operating activities**

Excess (deficiency) of revenue over expenses	\$ 6,918,691	\$ 2,054,134
Items not affecting cash:		
Reinvested dividend income	(36,179)	(83,743)
Deferred contributions recognized in revenue (note 10)	(175,387)	(202,566)
Unrealized losses on marketable investments	173,269	39,476
Amortization	50,481	50,481
	<u>6,930,875</u>	<u>1,857,782</u>
Contributions received (note 10)	247,541	146,829
Changes in non-cash working capital items:		
Accounts receivable	(43,323)	42,940
GST receivable	(246,210)	(5,830)
Contribution receivable	(79,593)	-
Prepaid expenses and deposits	(367,380)	(20,471)
Accounts payable and accrued liabilities	45,175	(32,096)
	<u>6,487,085</u>	<u>1,989,154</u>

**Investing activities**

Purchase of capital assets	(11,279)	(121,870)
Deferred development costs (note 8)	(8,812,909)	(220,109)
Purchase of restricted term deposit	(250,000)	-
Proceeds from sale of marketable investments	350,000	-
	<u>(8,724,188)</u>	<u>(341,979)</u>

**Increase (decrease) in cash and cash equivalents**

	(2,237,103)	1,647,175
Cash and cash equivalents, beginning of year	4,571,301	2,924,126
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,334,198</u>	<u>\$ 4,571,301</u>

**Cash and cash equivalents consists of:**

Cash - unrestricted	\$ 341,260	\$ 1,003,615
Cash - restricted	492,938	67,686
Guaranteed investment certificates - restricted (note 5)	1,500,000	3,500,000
	<u>\$ 2,334,198</u>	<u>\$ 4,571,301</u>

See accompanying notes to the financial statements

# The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2023

---

## 1. Nature of operations

The Children's Cottage Society of Calgary, an Alberta Society (the "Society") was incorporated on October 11, 1989 under the Societies Act of the Province of Alberta as a charitable organization. As a registered charitable organization, the Society is exempt from corporate income taxes provided certain disbursement requirements are maintained.

The Society aims to prevent harm and neglect to all children and to build strong families through support services, respite programs and a crisis nursery in and around Calgary. The programs offered by the Society are the Crisis Nursery, the In Home Infant and Volunteer Day Care Respite Programs, the Early Years, Family Support Program, the Calgary West Family Resource Network and Calgary West, Okotoks and Cochrane Home Visitation Programs, Brenda's House and the Home Links program.

### Crisis Nursery

Isolated families who require support in caring for their children during times of stress may come to the Society's Crisis Nursery for help. The Crisis Nursery provides 24 hour / 365 day emergency care for newborns to children eight years of age for stays of up to 72 hours. Children are provided shelter, food, toys and clothing in a safe and welcoming environment, while parents receive non-judgmental support, and referral to other community resources.

The Crisis Nursery also provides temporary care for children, age 8 years and younger, who have been apprehended by Alberta Government Child Intervention Services. Placement at the Crisis Nursery occurs when foster homes or other alternatives are not available. The length of stay is short term but flexible and based on when suitable foster or kinship placement arrangements can be made.

The Crisis Nursery offers a family coaching service to those who access this program. Family Coaches work with families on a voluntary basis from the time of admission to when goals are achieved in order to help strengthen parenting and build life skills to cope with adversity.

### In Home Infant Respite Program

The In-Home Infant Respite Program provides respite care in the family home on a weekly basis and connections to community resource for parents of children, newborn to six months old, who have no other means of assistance.

### Volunteer Day Care Respite Program

Day Cares provide temporary space in their facilities subject to their availability and the intake staff at the Crisis Nursery connect struggling families who meet eligibility criteria with day time respite at community Day Cares at no cost.



# The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2023

---

## 1. Nature of operations (continued)

### Early Years, Family Support Program

The Early Years, Family Support Program, is a program that provides home visitation support related to parenting education, child development information and connecting parents to needed community resources. Families are referred by the Calgary Children's Services program, Alberta Vulnerable Infant Response Team (AVIRT).

### Calgary West Family Resource Network and Calgary West, Okotoks and Cochrane Home Visitation Programs

The Society operates a Family Resource Network (FRN) that serves communities in the west quadrant of Calgary as well as Home Visitation programs connected to Calgary West, Okotoks, and Cochrane FRN's. Each FRN consists of a collaboration of organizations that offer prevention and early intervention services and support to families with children from birth to age 17 and expectant parents.

### Brenda's House

Brenda's House is a shelter for families with children who are currently experiencing homelessness. Fourteen rooms are available to support homeless families along with a daily childcare program to support families to achieve their goals. The program operates in a facility owned by The Brenda Strafford Foundation Ltd. Families are provided with resources to meet their goals for health, well-being, housing, and development in order to leave the shelter into independent housing and strengthen their resilience in the face of future adversity.

### HomeLinks Program

The HomeLinks Program provides homeless families support to find and maintain housing. Families receive assistance in finding and securing affordable market housing, and in obtaining furnishings and assistance to set up their housing. After being rehoused, families are supported to address issues that have contributed to their homelessness and help them achieve goals and make changes that will prevent their return to homelessness and maintain their housing stability going forward.

## 2. Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations ("ASNFPO").

# The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2023

---

## 3. Significant accounting policies

### a) Fund accounting

The Society accounts for its activities using the following funds:

#### ***Operating fund***

This operating fund reports assets, liabilities, revenues and expenses related to the Society's program delivery and operations.

#### ***Child & Family Centre fund***

This restricted fund reports the assets, liabilities, revenues and expenses related to the Child & Family Centre.

### b) Allocation of expenses

The Society incurs a number of general support expenses that are common to the administration of the organization and each of its programs. Expenditures are recorded on an accrual basis and are charged to the Crisis Nursery, In Home Infant Respite Program, Early Years, Family Support Program, Calgary West Family Resource Network and Calgary West, Okotoks and Cochrane Home Visitation Programs, Brenda's House and Home Links Program according to the activity that they benefit.

The Society allocates its general support expenses by identifying the appropriate basis of allocation for each component expense and applying that basis consistently each year. General support expenses include administrative salaries, information technology, insurance and office supplies which have been allocated proportionately based on the number of full-time staff in each program. This basis of allocation is reviewed periodically and may be revised according to circumstances prevailing from time to time.

### c) Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable investments and restricted marketable investments, which are measured at fair value. Changes in fair value are recognized in the statements of operations.

Financial assets measured at amortized cost include cash and cash equivalents, restricted term deposit, accounts receivable, contribution receivable and restricted cash and cash equivalents. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

# The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2023

---

### 3. Significant accounting policies (continued)

c) Measurement of financial instruments (continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statements of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount 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 the statement of operations.

d) Cash and cash equivalents

The Society considered all investments with maturities of three months or less, cashable guaranteed investments certificates and demand loans that are utilized periodically for day-to-day operations to be cash equivalents.

e) Capital assets

Capital assets are recorded at cost. Cost includes acquisition costs, other direct costs, property taxes and legal costs. The Society provides for amortization using the estimated useful life as follows:

Assets	Method	Rate
Building	straight-line	10 years
Leasehold Improvements	straight-line	4 years
Furniture and fixtures	straight-line	3 years

One-half of a full year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

The Society records a write-down when the property no longer contributes to the Society's ability to provide goods and services or when the value of future economic benefits or service potential associated with it is less than its net carrying amount. The excess net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Previous write-downs are not reversed.

# The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2023

---

### 3. Significant accounting policies (continued)

f) Deferred development costs

The Society capitalizes all direct costs relating to design, development, project management and construction of the Child and Family Centre. Indirect administrative costs are expensed in the year incurred. Capitalized deferred development costs will not be amortized until the Child and Family Centre has been put into use.

g) Revenue recognition

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

Restricted contributions received related to general operations or for which no restricted fund exists are recognized in the Operating fund in the year in which related expenses are incurred. Restricted contributions received related to the Child & Family Centre are recognized as revenue in the Child & Family Centre fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

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

Restricted contributions received for capital assets in the Operating fund are initially deferred and recognized as revenue over the useful life of the asset. Restricted contributions received for assets in the Operating fund that will not be amortized are recognized directly to net assets.

Investment income is recognized in the month it accrues in the appropriate fund.

Endowment contributions are recognized as direct increases in net assets.

h) Contributed materials and services

The Society records the value of donated materials and services when the fair value can be reasonably estimated and when the material and services are used in the normal course of the Society's operations and would otherwise have been purchased.

# The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2023

---

## 4. The Child and Family Centre

The Society is developing a Child and Family Centre ("Centre") in the Montgomery area of Calgary, Alberta. Land has been acquired, the site has been cleared, development and building permits have been issued by the City of Calgary and construction began in May 2022 with completion expected towards the end of 2023.

The new Centre will be 35,000 square feet and incorporate all the Society's current outreach programs, as well as new services that align with leading-edge research.

The estimated total cost to develop this Centre is \$25,300,000 where just over \$2,600,000 has been invested in the land for the new Centre, over \$9,800,000 has been spent on the construction, \$1,100,000 has been incurred as deferred development costs and \$1,300,000 has been incurred as campaign expenses over the past 8 years.

In April 2022, the Society entered into a capital commitment totaling \$16,700,000 with respect to the project where construction commenced in May 2022. The remaining commitment at March 31, 2023 is \$6,900,000. To partially finance the construction, the Society has obtained a \$10,000,000 non-revolving term facility, which carries an interest rate at the bank's prime, maturing December 2023. No funds were drawn on this facility at March 31, 2023. The Society intends to refinance the facility with a long-term mortgage to the extent that funds have not been raised through the public campaign.

The Society continues to run a public campaign with a view to securing adequate funds for construction of the Centre. Funds available for the construction at year end amounted to \$1,357,905. Subsequent to year end, the Society entered into an agreement with a family foundation to receive another \$1,000,000 and expects to receive the second \$1,000,000 instalment from the 2022 contract entered into with the Government of Alberta.

## 5. Cash and cash equivalents

Included in cash and cash equivalents is a (2022 – four) guaranteed investment certificate of \$1,500,000 (2022 - \$3,500,000) redeemable on demand at the discretion of the Society with an interest rate of 4.7% per annum (2022 – 0.9%).

A credit facility has been authorized to a maximum of \$100,000. No amount is outstanding on the credit facility as at the year end. The maximum was temporarily increased subsequent to year end to \$200,000.

## 6. Restricted term deposit

Included in restricted term deposit is a non-redeemable guaranteed investment certificate of \$250,000 with an interest rate of 4.6%, maturing in March 2024, which is pledged as security to cover interest payable on the \$10,000,000 non-revolving term facility described in note 4.

# The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2023

---

## 7. Marketable investments

The Society has an investment portfolio, managed in accordance with the Society's investment policy, with a fair market value of \$1,795,292 at March 31, 2023 (2022 - \$2,282,382).

	<u>2023</u>	<u>2022</u>
Marketable investments – allocated to meet external restrictions	\$ 207,435	\$ 135,281
Marketable investments – internally restricted by the Board	1,000,000	1,000,000
	<u>1,207,435</u>	<u>1,135,281</u>
Marketable investments - unrestricted	587,857	1,147,101
	<u>\$ 1,795,292</u>	<u>\$ 2,282,382</u>

62% (2022 – 69%) of the investment portfolio is invested in equities which are listed on an actively traded market.

The Board may, from time to time, approve a transfer of these funds for operating and capital expenditures but will maintain a minimum market value balance of \$1,000,000.

## 8. Deferred development costs

Deferred development costs include architecture, construction and project management costs for the building of a new facility, named the Child and Family Centre. During the year \$10,137,645 (2022 - \$220,109) of Child and Family Centre costs were capitalized of which \$1,324,736 was included in accounts payable and accrued liabilities at year end.

**The Children's Cottage Society of Calgary,  
An Alberta Society**

Notes to Financial Statements

March 31, 2023

**9. Capital assets**

	<b>2023</b>		
	Cost	Accumulated Amortization	Net Book Value
Land held for Child and Family Centre	\$ 2,616,633	\$ -	\$ 2,616,633
Building	78,677	78,677	-
Leasehold Improvements	201,923	138,822	63,101
Furniture and fixtures	6,353	6,353	-
	<u>\$ 2,903,586</u>	<u>\$ 223,852</u>	<u>\$ 2,679,734</u>

  

	<b>2022</b>		
	Cost	Accumulated Amortization	Net Book Value
Land held for Child and Family Centre	\$ 2,605,354	\$ -	\$ 2,605,354
Building	78,677	78,677	-
Leasehold Improvements	201,923	88,341	113,582
Furniture and fixtures	6,353	6,353	-
	<u>\$ 2,892,307</u>	<u>\$ 173,371</u>	<u>\$ 2,718,936</u>

**10. Deferred contributions**

Deferred contributions represent unspent donations, grants and fundraising that have been designated by the donor for a specific purpose.

	<b>2023</b>		<b>2022</b>	
Beginning balance	\$	135,281	\$	191,018
Contributions received in the year		247,541		146,829
Contributions recognized as revenue in the year		(175,387)		(202,566)
Ending balance	<u>\$</u>	<u>207,435</u>	<u>\$</u>	<u>135,281</u>

**11. Endowment funds held by The Calgary Foundation**

The Calgary Foundation has received cumulative contributions, planned gifts and grants of \$35,666 (2022 - \$36,948) designated by the donors to be retained permanently by the Calgary Foundation for the benefit of the Society. The Society receives income from the Calgary Foundation annually, set at 3% of the market value of the fund, calculated monthly. The Society received in the year \$1,723 (2022 - \$1,401) of revenues from this fund.

# The Children's Cottage Society of Calgary, An Alberta Society

Notes to Financial Statements

March 31, 2023

---

## 12. Related party transactions

### Brenda's House

The Society exercises significant influence over the Brenda's House program by virtue of its involvement in decision-making regarding this program's financial and operating matters.

Under an agreement with The Brenda Strafford Foundation Ltd. (the "Foundation") who owns the facility and provides its use at no cost to support homeless families, the Society is responsible for the operation of Brenda's House. The Foundation acts as a charitable agent receiving the funds from the Alberta Government Community and Social Services Ministry, Housing and Homelessness Branch and distributes these funds to the Society. These funds support the operating expenses of Brenda's House. The amount of the grant received for the current year is \$1,024,563 (2022 - \$897,546).

## 13. Commitments

The Society has 2 leases for office premises, which expire November 2023 and June 2024, respectively. Future minimum annual commitments, including an estimate of the proportionate share of operating expenses for the office premises and for equipment under operating leases, are as follows:

Fiscal years ending March 31,	
2024	\$ 135,329
2025	21,750
	<u>\$ 157,079</u>

Refer to note 4 for a capital commitment entered into for the Centre expansion.

## 14. Financial Instruments

The Society's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations and investing activities. Operations are located in Calgary. The Society is not exposed to significant credit risk.

### *Market Risk*

The Company is exposed to the risk that the fair value of its investments in securities will fluctuate because of public market price changes.

### *Financial assets*

The carrying amounts of financial assets recognized in the financial statements consist of those:

	<u>2023</u>		<u>2022</u>
Measured at amortized cost	\$ 2,708,443	\$	4,611,213
Measured at fair value	1,795,292		2,282,382
	<u>\$ 4,503,735</u>	<u>\$</u>	<u>6,893,595</u>