Combined Consolidated Financial Statements of

THE MUSTARD SEED

And Independent Auditor’s Report thereon

Year ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Mustard Seed Society and the Mustard Seed Foundation (together herein referred to as "The Mustard Seed")

Opinion

We have audited the combined consolidated financial statements of The Mustard Seed (the "Entity"), which comprise:

- the combined consolidated statement of financial position as at March 31, 2023;
- the combined consolidated statement of operations for the year then ended;
- the combined consolidated statement of cash flows for the year then ended;
- and notes to the combined consolidated 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 combined consolidated financial position of the Entity as at March 31, 2023, and its combined consolidated results of operations and its combined consolidated 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.

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.

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We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG LLP

Chartered Professional Accountants

Calgary, Alberta

July 11, 2023

THE MUSTARD SEED

Combined Consolidated Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 14,666,027	$ 17,754,950
Accounts receivable (note 4)	728,027	3,692,740
Short-term loan receivable (note 5)	–	562,552
Prepaid expenses	266,561	283,494
	15,660,615	22,293,736
Non-current assets:		
Loan receivable (note 5)	2,398,822	–
Derivative asset (note 8(b))	281,096	228,051
Capital assets (note 6)	72,495,309	69,374,144
	75,175,227	69,602,195
	$ 90,835,842	$ 91,895,931
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,858,668	$ 6,274,941
Deferred contributions (note 7)	1,254,252	1,826,688
Loans and borrowings (note 8)	4,618,075	2,164,199
	9,730,995	10,265,828
Non-current liabilities:		
Loans and borrowings (note 8)	4,944,175	5,111,355
Deferred capital contributions (note 9)	51,713,302	50,375,812
	56,657,477	55,487,167
Total liabilities	66,388,472	65,752,995
Net assets	24,447,370	26,142,936
Commitments and contingencies (note 11)		
Subsequent events (notes 5 and 15)		
	$ 90,835,842	$ 91,895,931

See accompanying notes to combined consolidated financial statements.

Approved on behalf of the boards of directors:

DocuSigned by:
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(The Mustard Seed Society)

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(The Mustard Seed Foundation)

THE MUSTARD SEED

Combined Consolidated Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenues:		
Donations (note 12)	$ 21,748,240	$ 23,394,140
Grants and Government funding (note 10)	17,192,037	24,842,669
Rental and service revenue	2,731,830	2,822,412
Other income	1,031,868	620,517
	42,703,975	51,679,738
Expenses:		
Programs:		
Donation funded (note 13)	22,475,677	19,066,707
Government supported	14,613,231	20,827,814
	37,088,908	39,894,521
Other:		
Resource development, marketing and public education	6,898,245	5,962,739
Administration	649,345	492,927
Loss on investments	860	–
Rental properties	3,126,958	2,232,451
	10,675,408	8,688,117
	47,764,316	48,582,638
(Deficiency) excess of revenues over expenses	(5,060,341)	3,097,100
Proceeds from Insurance claim	179,606	261,596
Unrealized gain on derivative contract (note 8(b))	53,047	228,051
Gain on disposal of capital assets	3,132,122	–
(Deficiency) excess of revenue over expenses	(1,695,566)	3,586,747
Net assets, beginning of the year	26,142,936	22,556,189
Net assets, end of year	$ 24,447,370	$ 26,142,936

See accompanying notes to combined consolidated financial statements.

THE MUSTARD SEED

Combined Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	$ (1,695,566)	$ 3,586,747
Items not affecting cash flows:		
Depreciation	3,463,893	3,163,006
Amortization of deferred capital contribution (note 9)	(2,779,565)	(2,491,017)
Unrealized gain on derivative contract (note 8(b))	(53,045)	(228,051)
Gain on sale of capital assets	(3,132,122)	–
	(4,196,405)	4,030,685
Net change in non-cash working capital balances:		
Accounts receivable	2,964,713	(1,787,925)
Prepaid expenses	16,933	(117,311)
Accounts payable and accrued liabilities	(2,416,272)	3,759,085
Deferred contributions	(572,436)	869,275
	(4,203,467)	6,753,809
Financing activities:		
Repayment of loan	(213,303)	(198,223)
Proceeds from long term debt	2,500,000	1,194,575
Capital contribution received (note 9)	4,117,055	12,019,410
	6,403,752	13,015,762
Investing activities:		
Purchase of capital assets	(7,158,282)	(15,963,032)
Proceeds from sale of capital assets	3,705,344	–
Short- term loan advanced	(1,836,270)	(562,552)
	(5,289,208)	(16,525,584)
(Decrease) increase in cash and cash equivalent	(3,088,923)	3,243,987
Cash and cash equivalents, beginning of year	17,754,950	14,510,963
Cash and cash equivalents, end of year	$ 14,666,027	$ 17,754,950

See accompanying notes to combined consolidated financial statements.

1. Nature of organization:

These combined consolidated financial statements comprise the combined operations of The Mustard Seed Society (the "Society") and The Mustard Seed Foundation (the "Foundation") (together herein referred to as "TMS"). The Foundation is consolidated to include Seed Works Inc. ("Seed Works"), a for-profit corporation wholly-owned by the Foundation. With the exception of Seed Works, TMS is a Christian non-profit organization that has been caring for the needs of those experiencing poverty and homelessness since 1984. Through its ministry centers across Alberta and Kamloops, British Columbia, TMS delivers basic services, housing and employment programs to those in need and partners with the community to address the root causes of poverty.

Services provided by TMS include:

(a) Basic Services:

- Meals and food hampers;
- Clothing and personal hygiene items;
- Operate 525 regular emergency shelter beds, 395 regular housing units, and 60 winter emergency shelter beds in Alberta and BC;
- Spiritual support, Bible studies and worship services; and
- Health and wellness programs – dental, chiropractic, and medical.

(b) Employment:

- Job search assistance;
- Job preparation assistance – résumé help, interview preparation;
- One-on-one job coaching and mentoring; and
- Referrals for skills training and education.

(c) Housing:

- Permanent, supportive housing;
- Housing advocacy;
- Support through resident assistants and caseworkers; and
- Community building, recreation and leisure opportunities, and social activities.

TMS accomplishes its mission through:

- Mobilizing volunteers from the church and community to care for the needs of those experiencing homelessness and poverty;
- Educating the community on the issues of poverty and homelessness through speaking presentations, information booths, tours, inner-city missions opportunities for students, etc.;
- Fundraising activities that involve individual, corporate, government and other supporters; and
- Receiving and distributing gifts-in-kind of food, clothing, personal hygiene items, gift certificates and other needed items.

1. Nature of organization (continued):

TMS strives to support change in the lives of those in need, together with the celebrated efforts of volunteers, donors and the community.

The Society and the Foundation are incorporated under the provisions of the *Societies' Act* of the Province of Alberta. With the exception of Seed Works, the Society and the Foundation are also registered as charitable organizations authorized to issue donation receipts for income tax purposes under paragraph 149(1) of the *Income Tax Act,* and are exempt from Federal and Alberta income taxes, provided certain requirements of the *Income Tax Act* are met.

2. Basis of presentation:

These combined consolidated financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

3. Significant accounting policies:

The following is a summary of significant accounting policies followed in preparation of the combined consolidated financial statements:

(a) Basis of combination and consolidation:

The TMS combined consolidated financial statements include the combined operations of the Society and the Foundation, which is consolidated to include Seed Works. The Society and the Foundation are independent entities that exist for a common economic and community purpose. Inter-entity balances and transactions are eliminated in preparing the combined consolidated financial statements.

(b) Use of estimates and judgment:

The preparation of combined consolidated financial statements in accordance with ASNPO requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the recorded amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenditures. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing these combined consolidated financial statements, the significant judgments made by management in applying TMS's accounting policies and the key sources of estimation were the depreciation rates and useful lives of capital assets, allocation of expenditures and valuation of gift-in-kind donations.

3. Significant accounting policies (continued):

(c) Revenue recognition:

TMS follows the deferral method of accounting for contributions. Revenue containing conditions as to its use (restricted contributions) is deferred until the conditions are fulfilled. Contributions, including government funding not containing restrictions as to their use, are recognized upon receipt or when receivable if the amount can be reasonably estimated and collection is assured. Rental revenue is recognized in the period during which occupancy took place.

Investment income, which includes interest, dividends, realized and unrealized gains and losses on sale of investments, are recognized on an accrual basis.

Donations and government funding restricted for the acquisition of capital assets are recognized as revenue in amounts that match the amortization expense of the related capital assets purchased with the donations and government funding.

In-kind contributions of goods and services are recognized in the financial statements at fair value as at the date of contribution when fair value can be reasonably estimated and when the materials and services are used in the normal course of the organization's operations and would otherwise have been purchased.

(d) Cash and cash equivalents:

Cash and cash equivalents include deposits in banks, certificates of deposit and other short-term investments with original maturities of less than 90 days at year end.

(e) Capital assets:

Capital assets are measured at cost less accumulated amortization. Land is carried at cost and not amortized. Cost includes expenditures that are directly attributable to the acquisition of the asset. Assets under construction are not amortized until they are available for use.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Category	Term
Tangible capital assets:	
Land lease	25 years
Buildings	25 years
Furniture and equipment	5 years
Vehicles	3 1/3 years
Intangible assets:	
Computer software	5 years

3. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. TMS has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, TMS 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 TMS expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Impairment of long-lived assets:

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying amount exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over the asset’s fair value.

(h) Volunteer services:

The efforts of volunteer workers are not reflected in the accompanying financial statements, in as much as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to TMS.

4. Accounts receivable:

Accounts receivable comprises the following:

	2023	2022
Government taxes recoverable	$ 206,516	$ 514,939
Government funding receivable	410,806	2,457,640
Trade accounts receivable and other	110,705	720,161
	$ 728,027	$ 3,692,740

5. Short-term loan receivable:

On February 15, 2022, the Foundation entered into a loan agreement with the Ogden United Church ("OUC") to provide funding for the construction of the joint Ogden Family Building (the "Project") on a loan repayment plan with no interest-bearing. The loan repayment was due by February 28, 2023 and no payments have been received. On March 31, 2023, the loan balance was $2,398,822 (2022 – $562,552).

Subsequent to year end, TMS entered into negotiations with respect to the potential acquisition of OUC's interest in the Project. On June 29, 2023, a draft Settlement Agreement and Mutual Release (the "Agreement") was reached whereby TMS would acquire the remaining interest in the Project in exchange for settlement of this loan receivable and other consideration, including cash. Accordingly, the loan receivable balance at March 31, 2023 has been presented as a non-current asset. It is anticipated that the Agreement will be executed subject to final approval by both parties.

6. Capital assets:

The net carrying amount of capital assets is as follows:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	$ 10,756,829	$ –	$ 10,756,829	$ 11,066,063
Buildings	64,739,030	26,502,020	38,237,010	41,642,779
Furniture and equipment	2,773,057	2,303,557	469,500	335,401
Computer Software	916,298	703,258	213,040	369,989
Vehicles	282,972	245,590	37,382	57,772
Assets under construction	22,781,548	–	22,781,548	15,902,140
	$ 102,249,734	$ 29,754,425	$ 72,495,309	$ 69,374,144

7. Deferred contributions:

Deferred contributions relate to externally restricted operating funding received in the current year for subsequent years' expenses. These contributions must be used for specific purposes designated by the funders. As at March 31, 2023, the balance of deferred contributions was $1,254,252 (2022 – $1,826,688). During the year, $13,030,993 (2022 – $17,541,123) in deferred contributions were received and $13,603,429 (2022 – $16,671,848) were recognized as revenue upon the satisfaction of all externally imposed restrictions.

8. Loans and borrowings:

Loans and borrowings comprise the following:

	Notes	2023	2022
BMO loan (Open Door Manor, Edmonton):	(a)	$ 756,990	$ 807,332
Less current portion	(a)	756,990	807,332
Non-current portion		–	–
BMO loan (1010 Center, Calgary and Neighbour Center, Edmonton):	(b)	5,111,355	5,273,647
Less current portion	(b)	167,179	162,292
Non-current portion		4,944,176	5,111,355
BMO loan (Wellness Centre, Edmonton):	(c)	1,193,906	1,194,575
Less current portion	(c)	1,193,906	1,194,575
Non-current portion		–	–
BMO loan (Ogden Family Building, Calgary):	(d)	2,500,000	–
Less current portion	(d)	2,500,000	–
Non-current portion		–	–
Total current portion		4,618,075	2,164,199
Total non-current portion		$ 4,944,176	$ 5,111,355

(a) BMO loan (Open Door Manor, Edmonton):

The loan is repayable on demand and monthly interest is computed at prime rate plus 0.5% per annum. The loan facility is secured by a registered first-ranking mortgage in the amount of $990,000 on the financed property. Interest expense of $42,522 was paid during the year (2022 – $26,048).

8. Loans and borrowings (continued):

(b) BMO loan (1010 Center, Calgary and Neighbour Center, Edmonton):

This facility is repayable over 25 years in monthly instalments of $26,394, including interest, and matures on March 27, 2025. As at year ended March 31, 2023, $5,431,198 (2022 – $5,431,198) had been drawn. Interest expense of $154,427 was incurred during the year (2022 – $159,173).

The principal amount due in the next year is $167,179, which is the current portion of long-term loans and borrowings.

The facility is secured by a general security agreement providing BMO with a security interest over all present and after-acquired property of TMS, including the related buildings.

TMS entered into an interest rate swap on this loan, at 2.97% per annum. The interest rate swap matures on May 27, 2025. The fair market value as at March 31, 2023 is an asset of $281,096 (2022 – $228,051). TMS recognized an unrealized gain of $53,045 during the year (2022 – $228,051).

(c) BMO loan (Wellness Centre, Edmonton):

The loan is repayable in monthly blended instalments of $5,659, including variable interest at the bank's prime rate plus 0.5% per annum. The non-revolving loan is repayable on demand and is secured by a registered first-ranking mortgage in the amount of $1,200,000 on the financed property. Interest expense of $67,185 was incurred during the year (2022 – $5,893).

The principal amount due in the next year is $19,123. However, the entire balance outstanding is reflected as a current liability due to the demand nature of the loan.

(d) BMO loan (Ogden Family Building, Calgary):

This facility was entered into during the current year and interest on the loan is payable monthly, at prime rate plus 0.5% per annum. The non-revolving loan has a term of 5 years and is repayable on demand. At March 31, 2023, $2,500,000 had been drawn from the $5,000,000 loan facility. Interest expense of $102,166 was incurred during the year. The loan is secured by a registered first ranking mortgage in the amount of $12,100,000 on the mortgaged property and assignment of rents over the property.

(e) Available borrowing:

At March 31, 2023, TMS had $1 million (2022 – $1 million) available on a revolving demand loan facility for general operating purposes. The facility bears interest at the bank's prime rate plus 0.5%. At March 31, 2023, TMS had not drawn on this facility (2022 – $nil).

8. Loans and borrowings (continued):

(f) Scheduled repayments:

Absent any unanticipated demand for repayment, the annual scheduled repayment of loans and borrowings are as follows:

	Amount
2024	$ 264,424
2025	346,237
2026	352,797
2027	359,796
Thereafter	8,238,997
	$ 9,562,251

(g) Bank covenants:

At March 31, 2023, under the terms of lending agreements, TMS has no financial covenant requirements to be met.

9. Deferred capital contributions:

Deferred capital contributions represent restricted funds received and designated to be used for capital purposes. Changes during the year comprise the following:

	2023	2022
Balance, beginning of year	$ 50,375,812	$ 40,847,419
Contributions received	4,117,055	12,019,410
Contributions recognized as revenue	(2,779,565)	(2,491,017)
	$ 51,713,302	$ 50,375,812

Deferred capital contributions recognized as revenue are included in donations amounting to $1,365,733 (2022 – $1,182,096) and government funding revenue amounting to $1,413,832 (2022 – $1,308,921) on the statement of operations.

10. Government assistance:

The Government of Canada created a program called the Canada Emergency Wage Subsidy, ("CEWS") to provide wage assistance to companies who experienced a drop in revenues resulting from the COVID-19 outbreak. During the year, the Company received $nil (2022 – $748,145) and was recognized as revenue in the statement of operations.

11. Commitments and contingencies:

(a) Operating leases:

TMS leases buildings, vehicles and equipment under operating leases over terms that typically run for a period of 2 to 5 years, with options to renew the leases prior to the end of the term.

Non-cancellable annual operating lease commitments are payable as follows:

	Amount
2024	$ 514,210
2025	450,968
2026	349,190
2027	346,009
2028	324,126

(b) Contingencies:

TMS is engaged in certain claims and legal actions in the ordinary course of operations. Management believes that the ultimate outcome of these actions will not have a material adverse effect on the results of operations or financial position of TMS.

(c) Commitments:

The Mustard Seed Society has entered into a joint venture agreement with Ogden United Church to build 24 two and three-bedroom units for low-income Calgarians. The total commitment for TMS towards this project was initially up to $9 million and is subject to the outcome of negotiations as outlined in note 5.

12. Contributed goods and services:

TMS receives contributions of goods and services. Contributions of goods that have an independently determinable fair value, and would have otherwise been purchased, are recorded as revenue. Consumption or use of these goods is reflected as program expenses.

Amounts recognized in the statement of operations for the year are as follows:

	2023	2022
Donation revenue	$ 1,944,891	$ 1,675,968
Program expense	1,944,891	1,675,968

13. Financial risks and concentration of credit risk:

(a) Currency risk:

Currency risk is the risk associated with transacting in and holding balances that are denominated in foreign currencies. Occasionally, TMS receives donations denominated in foreign currencies. These are converted to Canadian currency as soon as practicable. Aside from these transactions, TMS is not exposed to currency risk. There has been no change to currency risk exposure during the year.

(b) Liquidity risk:

Liquidity risk is the risk that TMS will be unable to fulfill its obligations on a timely basis or at a reasonable cost. TMS manages its liquidity risk by monitoring its operating cash flow requirements, and by preparing budgets and cash flow forecasts to ensure it has sufficient funds to meet its obligations.

(c) Credit risk:

Credit risk is the risk that a counter-party will default on its contractual obligations resulting in a financial loss. TMS is exposed to credit risk on its accounts receivable, cash and short-term receivable. Management assesses on a continuous basis its accounts receivable and makes a provision for any amounts that are not collectible through an allowance for doubtful accounts.

There has been no change to credit risk exposure during the year. Cash is deposited at major commercial banks.

13. Financial risks and concentration of credit risk (continued):

(d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. TMS is exposed to interest rate risk on interest-bearing cash deposits and loans and borrowings, including certain loans and borrowings that bear interest at rates that fluctuate with market interest rates (note 8). There has been no change to interest rate risk exposure during the year, other than a new borrowing facility entered during the current year. TMS uses derivative instruments to reduce its exposure to interest rate risk (note 8(b)).

14. Financial information return for purposes of the charitable fund-raising act:

Under Section 7(2) of the *Charitable Fund-raising Act,* the following amounts are disclosed in addition to those disclosures reflected elsewhere in these financial statements, which together comprise the Financial Information Return of TMS:

	2023	2022
Gross contributions received, exclusive of government contributions	$ 21,748,240	$ 23,394,140
Total direct expenses incurred for soliciting contributions	3,710,940	3,016,935
Remuneration to employees whose principal duties involved fundraising	2,522,428	1,719,529

15. Subsequent event:

On July 6, 2023, TMS acquired the land and building located at 110 11th Ave SE in Calgary, AB, from a Calgary-based not-for-profit entity for total consideration of approximately $2 million.