

**CALGARY ALPHA HOUSE SOCIETY**

**Financial Statements**

**Year Ended March 31, 2020**

**CALGARY ALPHA HOUSE SOCIETY**  
**Index to Financial Statements**  
**Year Ended March 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2020, 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 Society as at March 31, 2020, 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 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 year ended March 31, 2020, current assets and net assets as at March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 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.

### *Other Matter*

The financial statements for the year ended March 31, 2019 were audited by another professional accountant who expressed a qualified opinion on those financial statements on June 19, 2019 for the reasons described in the Basis for Qualified Opinion section.

### *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

(continues)

Independent Auditor's Report to the Members of Calgary Alpha House Society (*continued*)

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.

*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 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 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 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.

*Mahmud Khalfan Prof Corp*

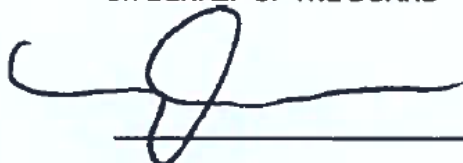
Calgary, Alberta  
June 30, 2020

Mahmud Khalfan Professional Corporation  
Chartered Professional Accountants

**CALGARY ALPHA HOUSE SOCIETY**  
**Statement of Financial Position**  
**March 31, 2020**

|   | Operating Fund<br>2020 | Capital fund<br>2020 | Reserve Fund<br>2020 | Total<br>2020 | Total<br>2019 |
|---|------------------------|----------------------|----------------------|---------------|---------------|
| <b>ASSETS</b>   |                        |                      |                      |               |               |
| Current   |                        |                      |                      |               |               |
| Cash  | \$ 2,314,834           | \$ -                 | \$ 39,825            | \$ 2,354,659  | \$ 923,945    |
| Restricted cash   | 161,845                | -                    | -                    | 161,845       | 3,425,933     |
| Restricted investments (Note 3)                           | 1,530,680              | -                    | -                    | 1,530,680     | -             |
| Accounts receivable                                       | 124,968                | -                    | -                    | 124,968       | 87,320        |
| GST receivable  | 44,944                 | -                    | -                    | 44,944        | 41,649        |
| Employee advances   | 859                    | -                    | -                    | 859           | 4,568         |
| Prepaid expenses  | 236,957                | -                    | -                    | 236,957       | 261,267       |
|   | 4,415,087              | -                    | 39,825               | 4,454,912     | 4,744,682     |
| CAPITAL ASSETS (Net of accumulated amortization) (Note 4) | -                      | 4,870,919            | -                    | 4,870,919     | 5,018,956     |
|   | \$ 4,415,087           | \$ 4,870,919         | \$ 39,825            | \$ 9,325,831  | \$ 9,763,638  |
| <b>LIABILITIES</b>  |                        |                      |                      |               |               |
| Current   |                        |                      |                      |               |               |
| Accounts payable and accrued liabilities                  | \$ 354,371             | \$ -                 | \$ -                 | \$ 354,371    | \$ 349,057    |
| Wages payable   | 863,774                | -                    | -                    | 863,774       | 732,514       |
| Employee deductions payable                               | 167,680                | -                    | -                    | 167,680       | 124,098       |
| Callable debt due in one year (Note 6)                    | -                      | 125,622              | -                    | 125,622       | 85,923        |
| Deferred contributions (Note 5)                           | 2,915,274              | -                    | -                    | 2,915,274     | 3,425,933     |
|   | 4,301,099              | 125,622              | -                    | 4,426,721     | 4,717,525     |
| Callable debt due thereafter                              | -                      | 675,417              | -                    | 675,417       | 1,317,373     |
|   | 4,301,099              | 801,039              | -                    | 5,102,138     | 6,034,898     |
| <b>NET ASSETS</b>   | 113,988                | 4,069,880            | 39,825               | 4,223,693     | 3,728,740     |
|   | \$ 4,415,087           | \$ 4,870,919         | \$ 39,825            | \$ 9,325,831  | \$ 9,763,638  |

**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, 2020**

|   | Operating Fund<br>2020 | Capital Fund<br>2020 | Reserve Fund<br>2020 | <b>Total<br/>2020</b> | Total<br>2019     |
|---|------------------------|----------------------|----------------------|-----------------------|-------------------|
| <b>REVENUES</b>                         |                        |                      |                      |                       |                   |
| Calgary Homeless Foundation             | \$ 8,862,487           | \$ 51,771            | \$ -                 | <b>\$ 8,914,258</b>   | \$ 8,581,798      |
| Alberta Community and Social Services   | 3,201,022              | 16,776               | -                    | <b>3,217,798</b>      | 2,592,582         |
| Alberta Health Services                 | 2,072,265              | 6,377                | -                    | <b>2,078,642</b>      | 1,839,472         |
| Rental income                           | 1,485,728              | -                    | -                    | <b>1,485,728</b>      | 1,436,215         |
| Resolve campaign                        | -                      | 501,110              | -                    | <b>501,110</b>        | 1,101,057         |
| City of Calgary                         | 439,113                | 7,153                | -                    | <b>446,266</b>        | 448,254           |
| Donations and fundraising               | 162,961                | 9,528                | -                    | <b>172,489</b>        | 26,175            |
| University of Calgary                   | 142,359                | -                    | -                    | <b>142,359</b>        | 331,029           |
| Contracted funding                      | 105,967                | -                    | -                    | <b>105,967</b>        | -                 |
| Calgary Herald Fund                     | 67,887                 | -                    | -                    | <b>67,887</b>         | 12,579            |
| Interest                                | 45,726                 | -                    | 362                  | <b>46,088</b>         | 12,250            |
| Casino                                  | 32,812                 | 8,899                | -                    | <b>41,711</b>         | 35,097            |
| Miscellaneous                           | 12,388                 | -                    | -                    | <b>12,388</b>         | 19,343            |
|   | 16,630,715             | 601,614              | 362                  | <b>17,232,691</b>     | 16,435,851        |
| <b>EXPENSES (Schedule 1)</b>            | <b>16,490,744</b>      | <b>268,111</b>       | <b>-</b>             | <b>16,758,855</b>     | 15,462,159        |
| <b>OTHER REVENUES (EXPENSES)</b>        |                        |                      |                      |                       |                   |
| Gain on disposal of capital assets      | -                      | 21,117               | -                    | <b>21,117</b>         | -                 |
| <b>EXCESS OF REVENUES OVER EXPENSES</b> | <b>\$ 139,971</b>      | <b>\$ 354,620</b>    | <b>\$ 362</b>        | <b>\$ 494,953</b>     | <b>\$ 973,692</b> |

See notes to financial statements

**CALGARY ALPHA HOUSE SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2020**

|  | Operating Fund<br>2020 | Capital fund<br>2020 | Reserve Fund<br>2020 | <b>Total<br/>2020</b> | Total<br>2019       |
|--|------------------------|----------------------|----------------------|-----------------------|---------------------|
| <b>NET ASSETS (DEBT) - BEGINNING OF YEAR</b> | \$ 81,642              | \$ 3,615,659         | \$ 31,439            | <b>\$ 3,728,740</b>   | \$ 2,755,048        |
| Excess of revenues over expenses             | 139,971                | 354,620              | 362                  | <b>494,953</b>        | 973,692             |
| Transfers <i>(Note 11)</i>                   | (107,625)              | 99,601               | 8,024                | -                     | -                   |
| <b>NET ASSETS (DEBT) - END OF YEAR</b>       | <b>\$ 113,988</b>      | <b>\$ 4,069,880</b>  | <b>\$ 39,825</b>     | <b>\$ 4,223,693</b>   | <b>\$ 3,728,740</b> |

See notes to financial statements

**CALGARY ALPHA HOUSE SOCIETY**  
**Statement of Cash Flows**  
**Year Ended March 31, 2020**

|  | Operating Fund<br>2020 | Capital fund<br>2020 | Reserve Fund<br>2020 | Total<br>2020       | Total<br>2019       |
|--|------------------------|----------------------|----------------------|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                          |                        |                      |                      |                     |                     |
| Cash receipts from funders and clients               | \$ 16,036,682          | \$ 601,612           | \$ -                 | \$ 16,638,295       | \$ 17,837,250       |
| Cash paid to suppliers and employees                 | (16,180,789)           | -                    | -                    | (16,180,789)        | (14,897,122)        |
| Interest received                                    | 15,047                 | -                    | 362                  | 15,409              | 12,250              |
| Bank charges, interest and payroll service fees paid | (56,800)               | -                    | -                    | (56,800)            | (58,077)            |
| Interest paid on callable debt                       | (48,276)               | -                    | -                    | (48,276)            | (77,248)            |
| Cash flow from (used by) operating activities        | (234,136)              | 601,612              | 362                  | 367,839             | 2,817,053           |
| <b>INVESTING ACTIVITIES</b>                          |                        |                      |                      |                     |                     |
| Purchase of capital assets                           | -                      | (140,209)            | -                    | (140,209)           | (138,373)           |
| Proceeds on disposal of capital assets               | -                      | 41,255               | -                    | 41,255              | -                   |
| Investments purchased                                | (1,500,000)            | -                    | -                    | (1,500,000)         | -                   |
| Cash flow from (used by) investing activities        | (1,500,000)            | (98,954)             | -                    | (1,598,954)         | (138,373)           |
| <b>FINANCING ACTIVITY</b>                            |                        |                      |                      |                     |                     |
| Repayment of callable debt                           | -                      | (602,259)            | -                    | (602,259)           | (1,053,109)         |
| Cash flow from (used by) financing activity          | -                      | (602,259)            | -                    | (602,259)           | (1,053,109)         |
| <b>OTHER CASH FLOW ITEMS</b>                         |                        |                      |                      |                     |                     |
| Transfer of cash between funds                       | (107,625)              | 99,601               | 8,024                | -                   | -                   |
| <b>INCREASE (DECREASE) IN CASH FLOW</b>              | (1,841,761)            | -                    | 8,386                | (1,833,374)         | 1,625,571           |
| Cash - beginning of year                             | 4,318,440              | -                    | 31,439               | 4,349,878           | 2,724,307           |
| <b>CASH - END OF YEAR</b>                            | <b>\$ 2,476,679</b>    | <b>\$ -</b>          | <b>\$ 39,825</b>     | <b>\$ 2,516,504</b> | <b>\$ 4,349,878</b> |
| <b>CASH CONSISTS OF:</b>                             |                        |                      |                      |                     |                     |
| Cash   | \$ 2,314,834           | \$ -                 | \$ 39,825            | \$ 2,354,659        | \$ 923,945          |
| Restricted cash                                      | 161,845                | -                    | -                    | 161,845             | 3,425,933           |
|  | <b>\$ 2,476,679</b>    | <b>\$ -</b>          | <b>\$ 39,825</b>     | <b>\$ 2,516,504</b> | <b>\$ 4,349,878</b> |

See notes to financial statements



# CALGARY ALPHA HOUSE SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2020

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### 1. PURPOSE OF THE SOCIETY

Calgary Alpha House Society (the Society) is a non-profit, charitable agency that provides safe and caring environments for individuals whose lives are affected by alcohol and other drug dependencies.

The Society was established in 1981 as a place of safety for men and women struggling with addictions, as well as mental and physical health issues. The Society operates a Shelter and Detox/Transitional facility, Outreach Programs, including the DOAP Team, Encampment Team, and the Needle Response Team, and Housing Programs with intensive case management support.

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.

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### 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 approval of 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, 2020**

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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) Donations of goods or services in kind are recognized as revenue and receipted when the fair market value can be readily determined.
- c) 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.
- d) Capital contributions are recognized as revenue the year in which the funds are received.
- e) 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 \$500. 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 |
| Leasehold improvements | 5 years  | straight-line method |
| Computer equipment     | 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.

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# CALGARY ALPHA HOUSE SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2020

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### 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, short term investments and accounts receivable.

Financial liabilities measured at amortized cost consist of callable debt, accounts payable and accrued liabilities and wages payable.

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.

#### 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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### 3. 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 approval of the board of directors.

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**CALGARY ALPHA HOUSE SOCIETY**

**Notes to Financial Statements**

**Year Ended March 31, 2020**

4. CAPITAL ASSETS

Capital assets consist of the following:

|                        | Cost                | Accumulated<br>amortization | 2020<br>Net book<br>value | 2019<br>Net book<br>value |
|------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Land                   | \$ 730,000          | \$ -                        | \$ 730,000                | \$ 730,000                |
| Buildings              | 3,962,253           | 296,924                     | 3,665,329                 | 3,764,385                 |
| Automotive             | 311,113             | 235,886                     | 75,227                    | 77,417                    |
| Computer equipment     | 188,937             | 126,558                     | 62,379                    | 36,708                    |
| Furniture and fixtures | 740,605             | 430,321                     | 310,284                   | 318,793                   |
| Leasehold improvements | 344,767             | 317,067                     | 27,700                    | 91,653                    |
|                        | <b>\$ 6,277,675</b> | <b>\$ 1,406,756</b>         | <b>\$ 4,870,919</b>       | <b>\$ 5,018,956</b>       |

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent grants externally restricted for specific purposes. The deferred contributions are:

|  | 2020           | 2019        |
|--|----------------|-------------|
| <u>Calgary Homeless Foundation</u>           |                |             |
| Opening balance                              | \$ 903         | \$ 107,457  |
| Grant funds received                         | 9,147,896      | 8,432,944   |
| Grant funds spent                            | (8,914,259)    | (8,539,498) |
| Grant funds paid back                        | (23,328)       | -           |
| Ending balance                               | <b>211,212</b> | 903         |
| <br>   |                |             |
| <u>Alberta Health Services</u>               |                |             |
| Opening balance                              | 210,919        | 155,254     |
| Grant funds received                         | 1,910,408      | 1,895,137   |
| Grant funds spent                            | (2,078,642)    | (1,839,472) |
| Ending balance                               | <b>42,685</b>  | 210,919     |
| <br>   |                |             |
| <u>Alberta Community and Social Services</u> |                |             |
| Opening balance                              | 1,600,000      | 1,866,036   |
| Grant funds received                         | 2,390,396      | 2,326,546   |
| Grant funds spent                            | (3,217,798)    | (2,592,582) |
| Ending balance                               | <b>772,598</b> | 1,600,000   |

*(continues)*

**CALGARY ALPHA HOUSE SOCIETY**

**Notes to Financial Statements**

**Year Ended March 31, 2020**

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5. DEFERRED CONTRIBUTIONS *(continued)*

City of Calgary

|                      |                  |           |
|----------------------|------------------|-----------|
| Opening balance      | <b>461,776</b>   | 76,912    |
| Grant funds received | <b>399,324</b>   | 647,222   |
| Grant funds spent    | <b>(446,262)</b> | (262,358) |
| Ending balance       | <b>414,838</b>   | 461,776   |

Resolve

|                               |                  |             |
|-------------------------------|------------------|-------------|
| Opening balance               | <b>110,423</b>   | 723,056     |
| Restricted donations received | <b>485,855</b>   | 488,432     |
| Restricted donations spent    | <b>(501,111)</b> | (1,101,065) |
| Ending balance                | <b>95,167</b>    | 110,423     |

Calgary Herald

|                      |                 |          |
|----------------------|-----------------|----------|
| Opening balance      | <b>147,238</b>  | 159,817  |
| Grant funds received | -               | -        |
| Grant funds spent    | <b>(67,887)</b> | (12,579) |
| Ending balance       | <b>79,351</b>   | 147,238  |

Calgary Foundation

|                      |                |   |
|----------------------|----------------|---|
| Opening balance      | -              | - |
| Grant funds received | <b>265,000</b> | - |
| Grant funds spent    | -              | - |
| Ending balance       | <b>265,000</b> | - |

University of Calgary

|                      |                  |           |
|----------------------|------------------|-----------|
| Opening balance      | <b>93,852</b>    | 71,446    |
| Grant funds received | <b>178,777</b>   | 353,435   |
| Grant funds spent    | <b>(135,560)</b> | (331,029) |
| Grant funds repaid   | <b>(137,069)</b> | -         |
| Ending balance       | -                | 93,852    |

*(continues)*

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**CALGARY ALPHA HOUSE SOCIETY**

**Notes to Financial Statements**

**Year Ended March 31, 2020**

5. DEFERRED CONTRIBUTIONS *(continued)*

Restricted fundraising and donations

|                               |                |          |
|-------------------------------|----------------|----------|
| Opening balance               | <b>702,944</b> | 577,310  |
| Restricted donations received | <b>266,518</b> | 149,651  |
| Restricted donations spent    | <b>-</b>       | (24,017) |
| Ending balance                | <b>969,462</b> | 702,944  |

Casino

|                          |                 |          |
|--------------------------|-----------------|----------|
| Opening balance          | <b>97,878</b>   | 65,663   |
| Casino proceeds received | <b>8,794</b>    | 67,315   |
| Casino funds spent       | <b>(41,711)</b> | (35,100) |
| Ending balance           | <b>64,961</b>   | 97,878   |

Grand total **\$ 2,915,274**    \$ 3,425,933

6. CALLABLE DEBT

|   | <u>2020</u>       | <u>2019</u>  |
|---|-------------------|--------------|
| Canadian Western Bank demand loan with monthly payments of \$12,452 including interest at an annual rate of CWB prime plus 0.75% per annum renewing June 2022. The loan is secured by the land and building reported in Note 4. | <b>\$ 801,039</b> | \$ 1,403,296 |
| Principal due in one year   | <b>(125,622)</b>  | (85,923)     |
|   | <b>\$ 675,417</b> | \$ 1,317,373 |

Principal repayment terms are approximately:

|            |                   |
|------------|-------------------|
| 2021       | \$ 125,622        |
| 2022       | 129,701           |
| 2023       | 133,913           |
| 2024       | 138,262           |
| 2025       | 142,752           |
| Thereafter | 130,789           |
|            | <b>\$ 801,039</b> |

The loan is secured against 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.

The loan is subject to certain financial and reporting covenants. The Society expects to be in compliance with these covenants.

# CALGARY ALPHA HOUSE SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2020

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### 7. COMMITMENTS, AGREEMENTS AND CONTINGENT LIABILITIES

#### Rental Agreements

Under the terms of a lease agreement with Alberta Health Services effective April 1, 2019, the Society pays rent on its main operating facility, in the nominal amount of \$1 annually. The fair market value of the rent, operating costs and maintenance is not easily determinable. The fair market value of the rent, operating costs and maintenance, donated by Alberta Infrastructure, is neither recorded as donation income nor expensed in the Society's books and records. Alberta Infrastructure holds title to the building.

The Society entered into a 1 year lease of five buildings with the Homespace Society to begin April 1, 2020 and expiring March 31, 2021.

During 2018, the Society entered into a 3 year lease of office space to begin October 2018 requiring monthly payments of \$3,000 for the first year, \$3,063 the second year and \$3,125 for the third.

#### Contingent Liability

The Alberta Gaming & Liquor Commission "AGLC" requires the distribution of gaming profits to be made within 24 months of receipt of the funds. If the Society fails to comply with the rules they will be subject to AGLC Board-directed sanctions, such as suspension of gaming licenses, revocation of gaming licenses, and/or directives to donate all gaming funds to other eligible charitable organizations. The Society received casino proceeds of \$67,315 in November 2018 of which \$67,127 is still required to be spent. Management is confident the Society will comply with the spending requirement.

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### 8. 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 \$188,892 (2019 - \$168,290) were deposited to the Plan and expensed as employee benefits.

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### 9. 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 2019, the Society did not have any employees whose principal role was related to fundraising activities.

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### 10. 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 \$160,395 (2019 -\$Nil) to funding agencies.

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# CALGARY ALPHA HOUSE SOCIETY

## Notes to Financial Statements

Year Ended March 31, 2020

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### 11. FUND TRANSFERS

During the year, the Society transferred funds from the Operating Fund to the Capital Fund for the purchase of capital assets.

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

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### 12. FINANCIAL INSTRUMENTS

The Society 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 Society's risk exposure and concentration as of March 31, 2020.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society 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 Society 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 Society 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 Society is mainly exposed to interest rate risk.

#### 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 Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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### 13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Figures for year end March 31, 2019 were audited by another professional accountant.

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### 14. SUBSEQUENT EVENTS

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the Covid-19 pandemic. The ongoing global pandemic has disrupted economic activities and supply chains. Although the effect of the Covid-19 pandemic is expected to be temporary, given the dynamic nature of the circumstances, it may have an impact on some of the revenue streams and expenses of the Society. The overall financial impact cannot be reasonably estimated at this time.

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**CALGARY ALPHA HOUSE SOCIETY**

**Expenses**

**(Schedule 1)**

**Year Ended March 31, 2020**

|   | Operating Fund<br>2020 | Capital Fund<br>2020 | Reserve Fund<br>2020 | Total<br>2020        | Total<br>2019        |
|---|------------------------|----------------------|----------------------|----------------------|----------------------|
| <b><u>Program expenses</u></b>                  |                        |                      |                      |                      |                      |
| Wages and MERC                                  | \$ 9,930,805           | \$ -                 | \$ -                 | \$ 9,930,805         | \$ 9,212,565         |
| Rent subsidies and damage deposit               | 2,623,583              | -                    | -                    | 2,623,583            | 2,456,091            |
| Client costs - supplies                         | 724,035                | -                    | -                    | 724,035              | 493,715              |
| Program expenses                                | 392,963                | -                    | -                    | 392,963              | 325,499              |
| Supplementary staff benefits                    | 405,457                | -                    | -                    | 405,457              | 410,411              |
| Food  | 306,695                | -                    | -                    | 306,695              | 292,124              |
| Automotive and parking                          | 278,766                | -                    | -                    | 278,766              | 293,053              |
| Amortization                                    | -                      | 268,111              | -                    | 268,111              | 267,639              |
| Building repairs and maintenance                | 270,979                | -                    | -                    | 270,979              | 286,629              |
| Staff development and recognition               | 149,677                | -                    | -                    | 149,677              | 106,288              |
| Hotel accommodations                            | 25,384                 | -                    | -                    | 25,384               | -                    |
| Client costs - transportation                   | 21,267                 | -                    | -                    | 21,267               | 26,366               |
|   | <b>15,129,611</b>      | <b>268,111</b>       | <b>-</b>             | <b>15,397,722</b>    | <b>14,170,380</b>    |
| <b><u>Administrative expenses</u></b>           |                        |                      |                      |                      |                      |
| Administrative wages and benefits               | 844,263                | -                    | -                    | 844,263              | 733,321              |
| Office expenses and sundry                      | 164,550                | -                    | -                    | 164,550              | 105,026              |
| Consultants and technical support               | 123,240                | -                    | -                    | 123,240              | 177,626              |
| Professional fees                               | 65,000                 | -                    | -                    | 65,000               | 56,324               |
| Bank charges, interest and payroll service fees | 56,800                 | -                    | -                    | 56,800               | 58,077               |
| Interest on callable debt                       | 48,276                 | -                    | -                    | 48,276               | 77,248               |
| Fundraising and promotion                       | 34,186                 | -                    | -                    | 34,186               | 58,843               |
| Board expenses                                  | 10,548                 | -                    | -                    | 10,548               | 8,937                |
| Telephone and internet                          | 9,534                  | -                    | -                    | 9,534                | 8,909                |
| Travel and parking                              | 4,736                  | -                    | -                    | 4,736                | 7,468                |
|   | <b>1,361,133</b>       | <b>-</b>             | <b>-</b>             | <b>1,361,133</b>     | <b>1,291,779</b>     |
|   | <b>\$ 16,490,744</b>   | <b>\$ 268,111</b>    | <b>\$ -</b>          | <b>\$ 16,758,855</b> | <b>\$ 15,462,159</b> |

See notes to financial statements