

CALGARY ALPHA HOUSE SOCIETY
Financial Statements
Year Ended March 31, 2021

CALGARY ALPHA HOUSE SOCIETY
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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Calgary Alpha House Society

Qualified Opinion

We have audited the financial statements of Calgary Alpha House Society (the Society), which comprise the statement of financial position as at March 31, 2021, 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 qualified 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, 2021, 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, 2021, current assets and net assets as at March 31, 2021. 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our qualified 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 qualified 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.

Calgary, Alberta
June 30, 2021

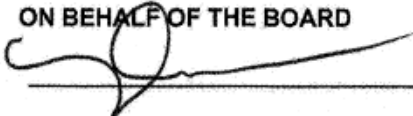


Mahmud Khalfan Professional Corporation
Chartered Professional Accountants

CALGARY ALPHA HOUSE SOCIETY
Statement of Financial Position
March 31, 2021

	Operating Fund 2021	Capital fund 2021	Reserve Fund 2021	Total 2021	Total 2020
ASSETS					
Current					
Cash	\$ 2,925,867	\$ -	\$ 75,355	\$ 3,001,222	\$ 2,354,659
Restricted cash	116,629	-	-	116,629	161,845
Restricted investments (Note 3)	543,551	-	-	543,551	1,530,680
Accounts receivable	13,940	-	-	13,940	124,968
Grants receivable (Note 5)	378,469	-	-	378,469	-
GST receivable	146,182	-	-	146,182	44,944
Employee advances	355	-	-	355	859
Prepaid expenses	415,972	-	-	415,972	236,957
	4,540,965	-	75,355	4,616,320	4,454,912
CAPITAL ASSETS (Net of accumulated amortization) (Note 4)	-	5,166,105	-	5,166,105	4,870,919
	\$ 4,540,965	\$ 5,166,105	\$ 75,355	\$ 9,782,425	\$ 9,325,831
LIABILITIES					
Current					
Accounts payable and accrued liabilities	\$ 604,998	\$ -	\$ -	\$ 604,998	\$ 354,371
Wages payable	900,187	-	-	900,187	863,774
Employee deductions payable	108,357	-	-	108,357	167,680
Credit cards payable	71,054	-	-	71,054	-
Callable debt due in one year (Note 6)	-	136,483	-	136,483	125,622
Deferred contributions (Note 5)	2,654,792	-	-	2,654,792	2,915,274
Current lease inducement (Note 7)	5,185	-	-	5,185	-
	4,344,573	136,483	-	4,481,056	4,426,721
Callable debt due thereafter (Note 6)	-	330,106	-	330,106	675,417
	4,344,573	466,589	-	4,811,162	5,102,138
LONG TERM LEASE INDUCEMENT (Note 7)	7,346	-	-	7,346	-
	4,351,919	466,589	-	4,818,508	5,102,138
NET ASSETS	189,046	4,699,516	75,355	4,963,917	4,223,693
	\$ 4,540,965	\$ 5,166,105	\$ 75,355	\$ 9,782,425	\$ 9,325,831

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, 2021

	Operating Fund 2021	Capital Fund 2021	Reserve Fund 2021	Total 2021	Total 2020
REVENUES					
Grants					
Alberta Community and Social Services (Note 5)	\$ 10,656,515	\$ 229,268	\$ -	\$ 10,885,783	\$ 3,217,798
Calgary Homeless Foundation (Note 5)	10,016,851	144,935	-	10,161,786	8,914,258
Alberta Health Services (Note 5)	1,723,793	17,509	-	1,741,302	1,743,606
City of Calgary (Note 5)	1,057,440	4,429	-	1,061,869	446,266
Wage premium (Note 5)	875,340	-	-	875,340	-
Other grants (Note 5)	393,878	65,973	-	459,851	67,887
Alberta Health (Note 5)	354,492	834	-	355,326	335,036
University of Calgary (Note 5)	-	-	-	-	142,359
Rental income	1,718,199	9,189	-	1,727,388	1,485,728
Donations and fundraising	434,139	39,428	-	473,567	172,489
Resolve campaign (Note 5)	-	182,470	-	182,470	501,110
Casino (Note 5)	186	58,901	-	59,087	41,711
Miscellaneous	31,563	-	-	31,563	21,569
Government assistance (Note 13)	25,000	-	-	25,000	-
Interest	13,229	-	282	13,511	36,906
Contracted funding	-	-	-	-	105,967
	27,300,625	752,936	282	28,053,843	17,232,690
EXPENSES (Schedule 1)	27,063,339	250,280	-	27,313,619	16,758,854
OTHER REVENUES (EXPENSES)					
Gain on disposal of capital assets	-	-	-	-	21,117
EXCESS OF REVENUES OVER EXPENSES	\$ 237,286	\$ 502,656	\$ 282	\$ 740,224	\$ 494,953

See notes to financial statements

CALGARY ALPHA HOUSE SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Operating Fund 2021	Capital fund 2021	Reserve Fund 2021	Total 2021	Total 2020
NET ASSETS - BEGINNING OF YEAR	\$ 113,988	\$ 4,069,880	\$ 39,825	\$ 4,223,693	\$ 3,728,740
Excess of revenues over expenses	237,286	502,656	282	740,224	494,953
Transfers <i>(Note 12)</i>	(162,228)	126,980	35,248	-	-
NET ASSETS - END OF YEAR	\$ 189,046	\$ 4,699,516	\$ 75,355	\$ 4,963,917	\$ 4,223,693

See notes to financial statements

CALGARY ALPHA HOUSE SOCIETY
Statement of Cash Flows
Year Ended March 31, 2021

	Operating Fund 2021	Capital fund 2021	Reserve Fund 2021	Total 2021	Total 2020
OPERATING ACTIVITIES					
Cash receipts from funders and clients	\$ 26,759,475	\$ 752,936	\$ -	\$ 27,512,411	\$ 16,616,797
Cash paid to suppliers and employees	(26,955,027)	-	-	(26,955,027)	(16,180,788)
Interest received	13,229	-	282	13,511	36,906
Bank charges, interest and payroll service fees paid	(67,189)	-	-	(67,189)	(56,800)
Interest paid on callable debt	(22,443)	-	-	(22,443)	(48,276)
Cash flow from (used by) operating activities	(271,955)	752,936	282	481,263	367,839
INVESTING ACTIVITIES					
Purchase of capital assets	-	(545,467)	-	(545,467)	(140,209)
Proceeds on disposal of capital assets	-	-	-	-	41,255
Investments redeemed (purchased)	1,000,000	-	-	1,000,000	(1,500,000)
Cash flow from (used by) investing activities	1,000,000	(545,467)	-	454,533	(1,598,954)
FINANCING ACTIVITY					
Repayment of callable debt	-	(334,449)	-	(334,449)	(602,259)
Cash flow from (used by) financing activity	-	(334,449)	-	(334,449)	(602,259)
OTHER CASH FLOW ITEMS					
Transfer of cash between funds	(162,228)	126,980	35,248	-	-
INCREASE (DECREASE) IN CASH FLOW	565,817	-	35,530	601,347	(1,833,374)
Cash - beginning of year	2,476,679	-	39,825	2,516,504	4,349,878
CASH - END OF YEAR	\$ 3,042,496	\$ -	\$ 75,355	\$ 3,117,851	\$ 2,516,504
CASH CONSISTS OF:					
Cash	\$ 2,925,867	\$ -	\$ 75,355	\$ 3,001,222	\$ 2,354,659
Restricted cash	116,629	-	-	116,629	161,845
	\$ 3,042,496	\$ -	\$ 75,355	\$ 3,117,851	\$ 2,516,504

See notes to financial statements

CALGARY ALPHA HOUSE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2021

1. PURPOSE OF THE SOCIETY

Calgary Alpha House Society ("the Society") is a non-profit, charitable agency operating in Calgary, Alberta and Lethbridge, Alberta to provide safe spaces for men and women whose lives have been impacted by alcohol and other drug dependencies. The Society was established in Calgary since 1981 and in Lethbridge since 2019.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Fund accounting

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

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

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

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

Cash

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

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CALGARY ALPHA HOUSE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

- a) Restricted contributions related to operations are recognized as revenue in the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in the appropriate fund.
- b) Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- c) Capital contributions are recognized as revenue in the year in which the funds are received.
- d) Rent is recognized in the Operating Fund when received unless received prior to being due then it is placed in deferred income until due.

Capital assets

The Society's accounting policy capitalizes assets with a cost greater than \$1,000. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Buildings	40 years	straight-line method
Furniture and fixtures	10 years	straight-line method
Automotive	7 years	straight-line method
Leasehold improvements	5 years	straight-line method
Computer equipment	4 years	straight-line method
Data infrastructure	4 years	straight-line method

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

Contributed materials and services

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. In particular, the Society uses estimates in determining the useful life of capital assets, valuation of accrued liabilities and determining the current portion of callable debt.

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CALGARY ALPHA HOUSE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

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

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

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

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

3. RESTRICTED INVESTMENTS

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

4. CAPITAL ASSETS

Capital assets consist of the following:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 730,000	\$ -	\$ 730,000	\$ 730,000
Buildings	3,971,442	396,096	3,575,346	3,665,329
Automotive	511,528	245,449	266,079	75,226
Computer equipment	220,279	152,086	68,193	54,593
Furniture and fixtures	1,008,547	505,767	502,780	310,284
Leasehold improvements	348,216	331,262	16,954	27,700
Data infrastructure	10,261	3,507	6,753	7,787
	\$ 6,800,273	\$ 1,634,167	\$ 5,166,105	\$ 4,870,919

CALGARY ALPHA HOUSE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2021

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent grants and donations received externally restricted for specific purposes. The deferred contributions consist of the following:

	<u>2021</u>	<u>2020</u>
<u>Alberta Community and Social Services</u>		
Opening balance	\$ 772,598	\$ 1,600,000
Grant funds received	10,437,291	2,390,396
Grant funds spent on operations	(10,656,515)	(3,201,022)
Grant funds spent on capital assets	(229,268)	(16,776)
Grant funds spent on wage premiums	(286,806)	-
Grants receivable	120,012	-
	<hr/>	<hr/>
Ending balance	157,312	772,598
 <u>Calgary Homeless Foundation</u>		
Opening balance	211,212	903
Grant funds received	11,317,486	9,147,895
Grant funds spent on operations	(10,016,851)	(8,862,488)
Grant funds spent on capital assets	(144,935)	(51,770)
Grant funds spent on wage premiums	(588,534)	-
Grant funds paid back	(55,306)	(23,328)
Grants receivable	177,247	-
	<hr/>	<hr/>
Ending balance	900,319	211,212
 <u>Alberta Health Services</u>		
Opening balance	2,360	2,359
Grant funds received	1,743,606	1,743,607
Grant funds spent on operations	(1,723,793)	(1,739,745)
Grant funds spent on capital assets	(17,509)	(3,861)
	<hr/>	<hr/>
Ending balance	4,664	2,360
 <u>City of Calgary</u>		
Opening balance	414,838	461,776
Grant funds received	726,561	399,328
Grant funds spent on operations	(1,057,440)	(439,113)
Grant funds spent on capital assets	(4,429)	(7,153)
Grants receivable	81,210	-
	<hr/>	<hr/>
Ending balance	160,740	414,838
 <u>Other grants</u>		
Herald Fund - opening balance	79,351	147,238
Grant funds spent on operations	(73,460)	(67,887)
Grant funds spent on capital assets	(5,891)	-
Herald fund - ending balance	<hr/>	<hr/>
	-	79,351
Calgary Foundation - opening balance	265,000	-
Grant funds received	-	265,000
Grant funds spent on operations	(204,918)	-

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CALGARY ALPHA HOUSE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2021

5. DEFERRED CONTRIBUTIONS *(continued)*

	<u>2021</u>	<u>2020</u>
<u>Other grants</u>		
Grant funds spent on capital assets	<u>(60,082)</u>	-
Calgary Foundation - ending balance	-	<u>265,000</u>
Rogers Foundation - opening balance	-	-
Grant funds received	100,000	-
Grant funds spent on operations	<u>(90,000)</u>	-
Rogers Foundation - ending balance	10,000	-
Community Fdn of Lethbridge & S. Alberta - opening balance	-	-
Grant funds received	25,500	-
Grant funds spent on operations	<u>(25,500)</u>	-
Community Fdn of Lethbridge & S. Alberta - ending balance	-	-
SORCe - opening balance	13,345	13,345
Grant funds received	-	-
Grant funds spent on operations	-	-
SORCe - ending balance	13,345	<u>13,345</u>
Ending balance	23,345	<u>357,696</u>
<u>Alberta Health</u>		
Opening balance	40,325	208,560
Grant funds received	584,796	166,801
Grant funds spent on operations	(354,492)	(332,520)
Grant funds spent on capital assets	(834)	(2,516)
Grant funds paid back	<u>(16,847)</u>	-
Ending balance	252,948	<u>40,325</u>
<u>University of Calgary</u>		
Opening balance	-	93,852
Grant funds received	65,000	185,576
Grant funds spent	-	(142,359)
Grant funds repaid	-	<u>(137,069)</u>
Ending balance	65,000	-
<u>Resolve</u>		
Opening balance	95,167	110,423
Restricted donations received	187,303	485,854
Restricted donations spent	<u>(182,470)</u>	(501,110)
Ending balance	100,000	<u>95,167</u>

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CALGARY ALPHA HOUSE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2021

5. DEFERRED CONTRIBUTIONS *(continued)*

Restricted fundraising and donations

Opening balance	956,117	689,599
Restricted donations received	213,903	266,518
Restricted donations spent	(196,254)	-
Ending balance	973,766	956,117
<u>Casino</u>		
Opening balance	64,961	97,878
Casino funds received	10,824	8,794
Casino funds spent on operations	(186)	(32,812)
Casino funds spent on capital assets	(58,901)	(8,899)
Ending balance	16,698	64,961
Grand total	\$ 2,654,792	\$ 2,915,274

6. CALLABLE DEBT

	<u>2021</u>	<u>2020</u>
Canadian Western Bank (CWB) demand loan bearing interest at CWB prime plus 0.75% per annum, repayable in monthly blended payments of \$12,452. The loan is renewing June 2022 and is secured by the land and the building reported in Note 4 (book value \$4,701,442, net book value \$4,305,346).	\$ 466,589	\$ 801,039
Principal due in one year	(136,483)	(125,622)
	\$ 330,106	\$ 675,417

Principal repayment terms are approximately:

2022	\$ 136,483
2023	140,915
2024	145,491
2025	43,700
	<u>\$ 466,589</u>

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

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, 2021

7. LEASE INDUCEMENT

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

	<u>2021</u>
Opening balance	\$ -
Additions	<u>12,531</u>
Closing balance	12,531
Current portion	<u>(5,185)</u>
Long term portion	<u>\$ 7,346</u>

8. LEASE COMMITMENTS

Downtown Calgary:

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

Auxiliary locations in Calgary:

The Society has 1 year leases on five buildings with the HomeSpace Society beginning April 01, 2021 and expiring March 31, 2022.

The Society has a 1 year lease on one building with the HomeSpace Society beginning November 01, 2020 and expiring June 30, 2021.

The Society has a 4 month agreement with the Minister of Infrastructure beginning January 18, 2021 and expiring May 16, 2021.

Lethbridge:

The Society has a 5 year lease on one building with the City of Lethbridge beginning September 01, 2020 and expiring August 31, 2025 at a rate of \$25 per year. The City of Lethbridge holds title to the building.

Office Space:

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

Lease commitment terms are approximately:

2022	\$ 1,317,987
2023	93,361
2024	38,916
2025	26
2026	26

CALGARY ALPHA HOUSE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2021

9. 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 \$198,247 (2020 - \$188,892) were deposited to the Plan and expensed as employee benefits.

10. 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 2021, the Society did not have any employees whose principal role was related to fundraising activities.

11. 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 \$72,153 (2020 - \$160,395) to funding agencies.

12. 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.

13. GOVERNMENT ASSISTANCE

The Society received \$25,000 as part of the Government of Canada's temporary wage subsidy program for organizations that qualified.

14. 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, 2021.

(continues)

CALGARY ALPHA HOUSE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2021

14. FINANCIAL INSTRUMENTS *(continued)*

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.

15. COMPARATIVE FIGURES

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

16. HEALTH PANDEMIC

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.

17. SUBSEQUENT EVENT

An insurance claim was filed against the Society on April 28, 2021 for a vehicle accident that occurred on May 10, 2019. The outcome of this claim cannot be reasonably determined at this time, however the Society has adequate insurance coverage and this claim will be handled by the insurance provider.

CALGARY ALPHA HOUSE SOCIETY

Expenses

(Schedule 1)

Year Ended March 31, 2021

	Operating Fund 2021	Capital Fund 2021	Reserve Fund 2021	Total 2021	Total 2020
<u>Program expenses</u>					
Wages and MERC	\$ 15,372,242	\$ -	\$ -	\$ 15,372,242	\$ 9,930,805
Rent subsidies and damage deposit	3,150,620	-	-	3,150,620	2,623,583
COVID response - hotels	1,546,256	-	-	1,546,256	25,384
Client costs - supplies	1,410,233	-	-	1,410,233	724,035
Food	1,092,220	-	-	1,092,220	306,695
Program expenses	771,503	-	-	771,503	384,022
Building repairs and maintenance	568,769	-	-	568,769	279,920
Supplementary staff benefits	516,005	-	-	516,005	447,234
Construction costs	435,773	-	-	435,773	-
Automotive and parking	394,227	-	-	394,227	278,766
Amortization	-	250,280	-	250,280	268,111
Staff development and recognition	60,530	-	-	60,530	107,899
Client costs - transportation	25,393	-	-	25,393	21,267
	<u>25,343,771</u>	<u>250,280</u>	<u>-</u>	<u>25,594,051</u>	<u>15,397,721</u>
<u>Administrative expenses</u>					
Administrative wages and benefits	987,625	-	-	987,625	844,263
Office expenses and sundry	283,465	-	-	283,465	164,550
Consultants and technical support	148,432	-	-	148,432	123,240
Professional fees	101,014	-	-	101,014	65,000
Bank charges, interest and payroll service fees	67,189	-	-	67,189	56,800
Office rent	49,806	-	-	49,806	-
Fundraising and promotion	31,739	-	-	31,739	34,186
Interest on callable debt	22,443	-	-	22,443	48,276
Telephone and internet	16,072	-	-	16,072	9,534
Board expenses	11,371	-	-	11,371	10,548
Travel and parking	412	-	-	412	4,736
	<u>1,719,568</u>	<u>-</u>	<u>-</u>	<u>1,719,568</u>	<u>1,361,133</u>
	<u>\$ 27,063,339</u>	<u>\$ 250,280</u>	<u>\$ -</u>	<u>\$ 27,313,619</u>	<u>\$ 16,758,854</u>

See notes to financial statements