BRIDGING
Towards the Achievement of Functional Zero

Calgary Homeless FOUNDATION

2020 Report On Progress
Management’s Discussion & Analysis And Financial Statements
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal 2020

This Management’s Discussion and Analysis (MD&A) includes information about Calgary Homeless Foundation’s (the Foundation’s or CHF’s) expectations for the future. When strategy, plans and future operating performance, or other things that have not yet taken place are discussed, the Foundation is making statements considered to be forward-looking information. Forward-looking information involves risks, uncertainties and other factors that may cause actual results to differ materially from those stated in this MD&A. Forward-looking information is designed solely to help readers understand management’s current views and is not appropriate for other purposes. The Foundation disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Please note the period April 1, 2018 to March 31, 2019 is referred to as fiscal 2019, the period April 1, 2019 to March 31, 2020 is referred to as fiscal 2020 and the period April 1, 2020 to March 31, 2021 is referred to as fiscal 2021.

1. Environment

Homelessness in Alberta and in Calgary

Homelessness is a complex social issue that is attributable to 3 main factors:

- Economy (unemployment, rental vacancy rates, rental costs)
- Government policies (affordable housing, income supports, social supports)
- System response (health, justice, social services)

For individuals and families, homelessness can be experienced as a one-time event, an episodic infrequently recurring event, or as a long-term debilitating life-event that continues to impact their lives over months and years. Its presence is influenced by many variables.

From 1994 to 2008, Calgary had the fastest growing population of people experiencing homelessness in Canada. 2008 projections estimated that, in the absence of targeted interventions there would be more than 10,000 people experiencing homelessness in Calgary on any given night by the end of 2018.

Calgary led the country by ambitiously implementing Canada’s first 10 Year Plan to End Homelessness (Calgary’s Plan). In 2008, Calgary’s Plan started with a Housing First strategy and called on all orders of government to act. CHF was chosen to implement Calgary’s Plan and coordinate efforts among the homeless-serving community. Calgary’s Plan concluded in early 2018, and key achievements over this time period include:

- A 32% decrease in homelessness per capita and a 35% decrease in shelter use
- Creation of more than 2,100 new housing program spaces with 92% of clients achieving housing stability
- More than 9,700 people experiencing homelessness housed and more than 550 units of housing with supports built
- CHF peer-reviewed research has found that for every $1 spent on Housing First programs results in $1.17 to $2.84 of savings to public systems\(^1\). With $50 million spent annually on

\(^1\) Ali Jadidzadeh, Nick Falvo, Daniel Dutton, Cost Savings of Housing First in a Non-Experimental Setting, March 2020
Housing First programs, savings of up to $142 million annually are made in terms of nights in hospital, emergency room visits and justice services.

- A coordinated homeless-serving system of care, using a common information system, intake processes, and metrics to improve participant outcomes and community impact.
- Collaborations across Calgary’s Homeless-Serving System of Care (CHSSC) and with key leaders in system-level strategic roles and service providers with a goal to prevent and end homelessness.

Despite the extraordinary progress made, homelessness in Calgary has not ended. Recent trends and events impacting homelessness include:

**COVID-19 Pandemic and an Oil Price War**

- In early March 2020, Alberta had its first confirmed case of COVID-19. By the middle of March, Alberta declared a state of emergency, resulting in the shutdown of all but essential services in an effort to slow the spread of the COVID-19 virus so that hospitals did not become overwhelmed as they had in Italy, Spain and certain US jurisdictions. Those workers and employees who were able to, started working from home, with many of them juggling fulltime work and childcare due to the closure of schools and daycares.
- Compounding the negative economic impact of the pandemic lockdown was an oil price war which broke out at the same time. This resulted in substantial downward pressure on oil prices due to significantly reduced demand for oil. At one point in April, due to the glut of oil and lack of storage facilities, short term future prices for West Texas Intermediate oil traded at negative US $37 a barrel, an unprecedented price. This has resulted in an economic contraction significantly greater than the 2015 downturn in Calgary.

**High Calgary unemployment:**

- As a result of COVID-19 shutdowns, by the end of April 3 million Canadians lost their jobs and millions more had reduced hours. Calgary's unemployment rate increased sharply to 10.8% and Alberta's unemployment rate was 13.4% by the end of April².
- In general, workers in less secure, lower-quality jobs and temporary employees were most likely to see employment losses, with 20% of youth lost all or most of their hours. The largest job losses were in accommodation, food services, wholesale and retail trade industries where wages are lower.
- Just over one in five Canadians now live in households reporting difficulty meeting financial obligations.

**Physical and mental health impact:**

- As of May 4, 2020, there were over 5,800 confirmed cases and 100 deaths with 67% of cases occurring in the Calgary health zone.
- In addition to the physical health concerns, there has been an increase in mental health issues due to anxiety, isolation and economic uncertainty. Calgary's 211 and crisis contact volumes increased by 94% over the previous year, with 24% of the calls related to COVID-19 and a 21% increase in suicide-related calls from the same period in 2019.
- This results in downward pressures on housing stability for vulnerable people and an increased demand on already oversubscribed health supports and housing services.

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² Statistics Canada, Labour Force Survey, April 2020
• Fear of contracting COVID-19 has led some people experiencing homelessness to avoid the shelters and establish or sleep in encampments.

Continued lack of affordable housing units:

• Despite 1,464 newly completed apartment rental units in the previous 12 months, the apartment vacancy rate was unchanged at 3.9% in October 2019³.
• Average rent increased 1.7% to $1,181, which continues to remain unaffordable for at-risk and vulnerable Calgarians.
• In April 2020, six weeks into the COVID-19 pandemic lockdown, an informal survey revealed a vacancy rate of 4-6%, with many of the available units unaffordable for vulnerable Calgarians with landlords reluctant to show suites due to COVID-19 concerns.

Government, CHF and CHSSC response:

• Both the federal and provincial governments have responded to the COVID-19 pandemic with unprecedented levels of spending to respond to the public health crisis and the resulting economic downturn. Projections are for the federal deficit to increase by 400% to $250 billion in fiscal 2021 and the provincial deficit is expected to triple to $20 billion.
• In collaboration with government and community partners, CHF has provided leadership to effectively and efficiently implement and appropriately adapt public health measures to help prevent the spread of the COVID-19 virus into and within Calgary's homeless population and CHSSC and ultimately, protect all Albertans.
• Calgary's homeless population is considered as high risk due to a variety of vulnerabilities including the potential for pre-existing physical health, mental health, and addiction issues in combination with financial insecurity and the inability to self-quarantine and maintain physical distance. In response, CHF is coordinating multiple stakeholder groups to remove barriers to testing, bolster staffing and resources to CHSSC service providers, and implement diversion and housing placement strategies to alleviate the strain on Calgary's shelter system and house vulnerable Calgarians.

This crisis has highlighted to all Calgarians and to our public health system that people cannot be healthy and safe without a home. One of the early positive outcomes of the pandemic has been the coordinated response between CHF, the City of Calgary, the Ministry of Community and Social Services and frontline agencies working towards ending homelessness within CHSSC. Of note is a renewed appreciation by Alberta Health Services of the need for social supports and the health complexities for those experiencing homelessness in our city.

Following the pandemic, Alberta's recovery from COVID-19 will require sustained public health measures and innovative solutions that support the province's economic recovery. CHF will continue to prioritize long-term housing stability with the need for mental health and addiction supports to limit the public health impacts of COVID-19 and negate a rise in homelessness due to the pandemic and economic downturn. These initiatives focus on identifying safe and affordable housing options while providing the sustainable programmatic supports needed to ensure housing security.

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³ Canada Mortgage and Housing Corporation, Rental Market Report Calgary CMA 2020
2. Organization and Leadership

CHF is structured into two primary areas: Homeless-Serving System of Care and Operations. As at March 31, 2020, there were 36 employees. A list of the leadership team can be found on the CHF website at: http://calgaryhomeless.com/about/leadership/.

3. Strategy

The COVID-19 pandemic and resulting impact to our public systems and vulnerable populations has highlighted CHF’s strength as a system level leader. Through high impact partnerships with the Calgary Homeless-Serving System of Care (CHSSC) and all orders of government, CHF is able to respond to the local needs of Calgary’s most vulnerable in an intentional and strategic way with a continued focus on our four strategic areas of work: Public and Political Will, Research and Data, Community Mobilization, and Funder of Outcomes and Impact. This allows CHF to address gaps and identify best practices to take an agile approach in improving CHSSC and enhancing desired client outcomes. Through leadership in community and mobilization of collective impact, CHF is committed to moving forward in partnership with many homeless-serving agencies, the private sector, government partners, local communities, the faith community, other foundations, and all Calgarians to end homelessness in Calgary.

In 2015 CHF developed its first strategic blueprint, which ran from fiscal 2015 – 2020, and defined CHF’s vision, mission, core values and role as the system planner for the CHSSC. In addition, CHF's role was clarified as implementer of Calgary’s 10 Year Plan to End Homelessness, which sunset in 2018.
At the conclusion of Calgary’s 10 Year Plan, CHF led a comprehensive consultation process with the Ecosystem (CHSSC, representatives of the Primary Public Systems and broader stakeholder groups in the community) to identify Calgary’s collective accomplishments, which are summarized in the preceding Environment section of this report. At the same time, the community prioritized our future collective strategic directives necessary to end homelessness in Together to Zero: Charting Calgary’s Path to the End of Homelessness (Dec 2018) which sets the intention for future work and lays the foundation for the advancement of collective impact work in Calgary that is grounded in the community’s shared Public Value Statement:

Together, we will achieve Functional Zero homelessness in Calgary and in doing so, we will improve the quality of life for individuals, families and communities.

The COVID-19 pandemic has highlighted the importance of a sustained and coordinated Ecosystem effort and has clearly demonstrated that, with the necessary resources made available to meet the needs of vulnerable people, Functional Zero is a realistic and achievable goal for Calgary.

Functional Zero will be achieved when:

- the Ecosystem has the necessary resources in place to meet the needs of vulnerable people
- there are fewer people entering homelessness
- there are shorter, less frequent episodes of people experiencing homelessness
- people experiencing homelessness are treated with dignity and compassion, and
- more people are exiting homelessness and maintaining appropriate housing.

In fiscal 2020, CHF’s next 3-Year Strategic Blueprint for fiscal 2021-2023 (3YSB) was developed through a multi-stage engagement with our Board, our staff and community members. This 3YSB, along with our vision, mission, core values and annual business plans, will guide CHF’s work over the next three years.

Given the current environment and Ecosystem, CHF critically assessed its capacity to support the achievement of Functional Zero. This led to the identification of the strategic shifts necessary for the organization and the setting of an overall goal for the 3YSB: At the completion of 36 months, CHF’s capacity will support the Ecosystem’s achievement of Functional Zero.

To accomplish this overall goal, CHF questioned how it could add the greatest value. Four strategic themes emerged, summarized in the following strategic web:
The web analogy illustrates the interplay between the themes, how each theme affects the others to build a strong web, and how advancing too quickly on one theme can weaken the entire web. In each theme, CHF chose incremental change as the appropriate future path to pursue:

- **Funder** - CHF will focus on identifying additional or new sources of funding for research, innovation, pilots, scale ups and emerging best practices to advance CHSSC to be more effective and improve client outcomes.

- **Data & Technology** – CHF will advance technology infrastructure and data analytics to leverage CHSSC aggregated data to meaningfully inform agency programs, CHSSC and public systems investment.

- **System Level Leadership** – CHF will work collectively to coordinate access/delivery of primary and behavioural health care services matched to the scope and scale of client need within all CHF-funded CHSSC programs.

- **Indigenous** – CHF, working with Calgary’s Urban indigenous Community, will advance the closure of identified gaps between Indigenous services and CHSSC.

In fiscal 2021, the first year of CHF’s next 3YSB, CHF will take multiple actions to advance these themes including: implementing new technology infrastructure for data analytics; inspiring Ecosystem shared accountability and investment in achieving Functional Zero and responding to the COVID-19 pandemic; enhancing CHF’s organizational adaptive capacity; continuing to grow CHF’s knowledge and understanding of Indigenous world views; and, initiate the transformational shift in data culture with the CHSSC to better harness data and evidence.
4. Fiscal 2020 Priorities

Every year, the CHF sets strategic priorities and business plan goals to align with its current Strategic Blueprint. In fiscal 2020, the 5th year of CHF’s 5 Year Strategic Blueprint, CHF set five strategic directions. Key accomplishments in each of these areas include:

i) Complete CHF’s next 3-year strategic blueprint (3YSB), ready for implementation April 1, 2020 (to define CHF’s specific role in the community’s future work in ending homelessness).

- Multiple sessions were held engaging Board, staff and stakeholders in the development of the 3YSB; approved by the Board in December 2019
- Vetted high-level strategies with key community stakeholders, including government funders, funded agencies and the urban Indigenous community

ii) Implement CHF internal technology modernization phase 1 (to support our backbone obligations as the CHSSC Systems Planner)

- Selected and implemented data warehouse and business intelligence reporting tools, designed data model and automated data flow to the data warehouse
- Developed new data quality strategy and cycle focusing on more comprehensive and automated data quality checks resulting in reporting efficiencies due to a 75% reduction of data errors requiring manual corrections
- Implemented Microsoft Teams to enhance collaboration between internal teams and enable more efficient remote work processes
- Implemented Microsoft Office 365 and completed 70% of SharePoint/OneDrive implementation to streamline file sharing and collaboration
- Held tabletop exercise to develop formal Business Continuity and Disaster Recovery Plans
- Completed cybersecurity review, implemented key recommendations, conducted first staff clickthrough tests and delivered cybersecurity training
- Implemented new financial software system resulting in enhanced automation and detailed reporting tracking in the system of record and efficiencies in payments to funded agencies

iii) Update and expand the Calgary Homeless-Serving System of Care (CHSSC) logic model to include system KPIs and enhance program KPIs (to support evaluation of outcomes and continuously earn community trust)

- Developed an Evaluation Learning Framework to advance the development of a culture of data within the CHSSC and better understand system-level outcomes
- Initiated 12 program evaluation projects to assess effectiveness and scalability of CHSSC programs
- Developed research framework to advance applied research for the CHSSC
- Developed a decision-making framework to enable funding allocation decisions for more effective outcomes

iv) Clearly define and communicate CHF role as CHSSC System Level Leader (to best align internal resources to deliver outcomes)

- In response to the COVID-19 pandemic, partnering with the provincial Ministry of Community and Social Services, Alberta Health Services Calgary Region, the City of Calgary, frontline agencies and shelters, CHF operationalized and project managed the non-medical
components of Calgary’s first isolation center for up to 100 individuals experiencing homelessness (or who have no fixed address) who are symptomatic or have a confirmed case of COVID-19 and do not require hospitalization. This facility combines the expertise of health and supported housing professionals to best care for these individuals and prevent the spread of COVID-19 in Calgary’s homeless population.

- Engaged with the 7 Cities of Alberta to develop a strategic framework for the Ministry of Community and Social Services for ending homelessness; now working with a cross-ministerial team to develop a new plan for ending homelessness in Alberta.
- Peer-reviewed study completed identifying that for every $1 investing in a Housing First program, public system savings of $1.17 to $2.84 are achieved.
- Advanced research collaborations with the University of Calgary School of Public Policy to cross reference Calgary Police Services, Health and Children’s Services data to Housing First data and better identify other system-level insights.
- Convened a Connectivity Breakfast engaging key stakeholders to collaborate on Functional Zero objectives; develop a shared public value statement; and, provided follow up presentations to individual sector Boards and CEOs.
- Continued efforts to build relationships with key government stakeholders to advance efforts to close the gaps between public systems impacting homelessness.
- Collaborated with CHSSC agencies to survey public opinions and implement social media public awareness campaigns about homelessness in Calgary.

v) Create staff and board opportunities for exposure to Indigenous culture and truth (the Indigenous lens) to foster self-awareness (in readiness for organizational and systems change)

- Using Indigenous ownership, control, access and possession (OCAP) principles, completed 2nd year of research in understanding the flow between Treaty 7 First Nations and CHSSC. This knowledge will be shared with the community in fiscal 2021 to help inform enhancements to CHSSC, prevention efforts and responses to existing homelessness in Calgary.
- Established a strategic theme in the 3YSB to advance the closure of identified gaps between Indigenous services and the CHSSC.
- Four experiential sessions for staff and Board were held, resulting in increased Indigenous world view understanding and how this can be integrated into CHF’s work.
- Incorporated Talking Circles into staff Town Halls.
- Incorporated oral submissions in CHF’s Request for Proposal process.
5. Risk Management

CHF continues to proactively mitigate enterprise risk through an annual strategic review process; an annual budgeting and business planning process; templates for service agreements (projects and consulting); request for proposal (RFP) processes; and a tracking process for current contractual commitments.

Key areas of CHF risk are discussed below, which include the anticipated risk and mitigation strategies.

**Performance Risk**

Performance risk includes the risks related to strategy, program (agency) performance and the risk of a client incident within a CHF-funded program. There is a risk that Calgary's Plan and/or annual plans and investments are not effective in reducing homelessness. To address this risk, an annual review process is undertaken with the community that: evaluates progress; identifies gaps in systems; integrates new knowledge and results from system and program monitoring processes; integrates best practices; and, adjusts annual plans and investments accordingly. There is also a risk that agencies do not deliver their program commitments. CHF continues to conduct comprehensive program monitoring and quality assurance processes, including site visits and reviews. Lastly, there is a risk of disruption to plans and effectiveness due to a world event, such as the COVID-19 pandemic. To address this risk, CHF works with public health agencies, all levels of government and strategic partners to assess areas of highest need and identify appropriate responses.

**Financial Risk**

There is a risk that inadequate financial management could impact the CHF's strategy, reputation and/or liquidity. CHF mitigates this risk through implementation of rigorous internal controls, system access restrictions, the oversight of staff, and regular financial monitoring. The CHF has a Board-approved Financial Policy which is updated regularly.

There is a risk that government funding could be significantly cut. The CHF mitigates this risk by continued strengthening of government relationships with various levels of government staff, filing all funder reports on time and adjusting budgets and plans to align with current government funding levels.

**Political and Reputational Risk**

There is a risk significant controversy could erode trust or public support that could result in reduced funding. CHF frequently communicates with both government and the public to support continued positive media attention in the efforts to end homelessness. Throughout the COVID-19 pandemic, CHF is communicating regularly with government funders to brief them on the Calgary context and CHSSC responses and with the public to support public confidence in the government, health and CHSSC responses.
6. Governance

The Board ensures the Foundation meets all legal, financial and regulatory requirements, makes progress to achieve its goals, and that the goals of the Foundation are appropriately resourced and that stakeholders are on track to reach them. The Board endeavors and acts to remove barriers or impediments and enhances engagement among community leaders. A list of the Board of Directors can be found on the CHF website at: http://calgaryhomeless.com/about/leadership/.

7. Financial Results

Statement of Financial Position (as at March 31, 2020)

Cash decreased by $2.2 million to $15.9 million in fiscal 2020 primarily due the distribution of $4.3 million of restricted cash to participating agencies of the RESOLVE campaign, offset by a $1.8 million increase in operating funds and a $0.3 million increase in restricted funds for programs. Short-term investments decreased by $0.2 million to $3.4 million in fiscal 2020 due to the redemption of one investment.

Current liabilities decreased by $4.1 million to $7.7 million in fiscal 2020 primarily due to the funds held in trust for the RESOLVE campaign, which were largely distributed in fiscal 2020 as part of the windup of the campaign.

Statement of Operations

Donations and grants decreased from $61.5 million in fiscal 2019 to $60.7 million in fiscal 2020 due to a decrease of $4.5 million of pledges collected through the RESOLVE campaign partially offset by a $3.7 million increase in government funding late in fiscal 2020 in response to the COVID-19 pandemic. Special events revenue decreased from $135,000 to $Nil as the 3rd marquee Trailblazer fundraising event was shifted from March to May 2020 and subsequently deferred to fiscal 2022 as a result of the COVID-19 pandemic. Investment income was substantially the same as fiscal 2019.

Operating expenses were $52.1 million in fiscal 2020, all allocated to payments to agencies. This compares with operating expenses of $57.0 million in fiscal 2019, made up of $56.9 million in payments to agencies, $73,000 in special events and $41,000 in expenses contributed to RESOLVE. The decrease was due to decreased program expenditures of $0.4 million attributable to decreased government funding prior to the COVID-19 response; a reduction of $4.3 million in distributions of funds to RESOLVE campaign participating agencies as the collection of campaign pledges winds down; and $0.1 million in reduced marquee fundraising event expenses.

Administration expenses decreased from $5.9 million in fiscal 2019 to $5.0 million in fiscal 2020. Administration expenses in fiscal 2020 were comprised of $3.7 million in salaries and $1.3 million in office expenses. In comparison, fiscal 2019 administration expenses were comprised of $3.7 million in salaries and $2.2 million in office expenses. Office expenses declined $0.9 million due to the conclusion of operating bridge funding support to HomeSpace Society at the end of fiscal 2019.

Excess of revenue over expenses was $4.1 million as compared to a deficiency of revenue over expenses of $0.8 million in fiscal 2019, an increase that is primarily due to the increased one-time programming revenue of $3.7 million received late in the year for COVID-19 pandemic response and the reduction in office expenses discussed above. The pandemic response revenue was expended in the first two months of fiscal 2021.
Of the $0.3 million of funds raised for operating costs in fiscal 2020, the average gift amount was $325. Fundraising methods for operating costs include on-line gifts, proceeds from special events, grants from foundations, solicitations to individuals, companies and community investment programs, and unsolicited gifts. As part of the RESOLVE campaign which concluded on March 31, 2018, CHF received $2.9 million in fiscal 2020 which was disbursed to HomeSpace Society, CHF’s housing provider, and has outstanding pledges of $0.2 million at the end of fiscal 2020, which will flow to HomeSpace Society when collected.

**Liquidity and Capital Resources**

In fiscal 2020, operating activities used $2.3 million, due to an increase in net working capital of $6.4 million net of revenue in excess of expenses of $4.1 million. Operating activities generated $0.2 million in fiscal 2019, due to a reduction of net working capital of $1.0 million net of the cash operating loss of $0.8 million. In both years, the change in net working capital was primarily due to fluctuations in RESOLVE funds held in trust for the fundraising agencies.

Investing activities generated $0.2 million in fiscal 2020, due to the redemption of term deposits. Investing activities used $0.1 million in fiscal 2019, due to the purchase of financial software and reinvestment of interest earned.
Non-Consolidated Financial Statements of

CALGARY HOMELESS FOUNDATION

And Independent Auditors’ Report thereon

Year ended March 31, 2020
INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Calgary Homeless Foundation

Opinion

We have audited the financial statements of Calgary Homeless Foundation (the Entity), which comprise:

- the non-consolidated statement of financial position as at March 31, 2020
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in fund balances for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-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 non-consolidated financial position of the Entity as at March 31, 2020, and its non-consolidated results of operations and its non-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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, 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.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.
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 auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the 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.

Chartered Professional Accountants

Calgary, Canada

June 17, 2020
### CALGARY HOMELESS FOUNDATION

**Non-Consolidated Statement of Financial Position**

March 31, 2020, with comparative information for 2019

<table>
<thead>
<tr>
<th>Operating Programs</th>
<th>RESOLVE Campaign</th>
<th>March 31, 2020</th>
<th>March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td>$ 8,263,269</td>
<td>$ 10,875,739</td>
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<td><strong>Current assets:</strong></td>
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<td>$ 2,722,624</td>
<td>$ 21,861,632</td>
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<td>Cash</td>
<td>$ 4,679,382</td>
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<td>$ 13,220,474</td>
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<td>Restricted cash for RESOLVE Campaign (note 3)</td>
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<td>Short-term investments (note 5)</td>
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<td>Prepaid expenses</td>
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<td><strong>Property and equipment (note 6)</strong></td>
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<td>-</td>
<td>65,558</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$ 2,722,624</td>
<td>$ 21,861,632</td>
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<tr>
<td><strong>Liabilities and Funds Balances</strong></td>
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<td>$ 2,722,624</td>
<td>$ 21,861,632</td>
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<td><strong>Current liabilities:</strong></td>
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<td>Accounts payable and accrued liabilities (note 7)</td>
<td>$ 200,952</td>
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<td>Funds held in trust for RESOLVE Campaign (note 3)</td>
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<td>Deferred contributions</td>
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<td>Approved system programs disbursements (note 8)</td>
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<tr>
<td>Unrestricted</td>
<td>7,899,442</td>
<td>-</td>
<td>7,899,442</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,965,000</td>
<td>6,236,996</td>
<td>14,201,996</td>
</tr>
<tr>
<td><strong>Commitments and contingencies:</strong></td>
<td></td>
<td>$ 2,722,624</td>
<td>$ 21,861,632</td>
</tr>
<tr>
<td>(notes 4 and 9)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 2,722,624</td>
<td>$ 21,861,632</td>
<td>$ 21,861,632</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.

Approved by the Board of Directors

Chairman, Board of Directors

Chair, Audit Committee
<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2020</th>
<th>System Program Total</th>
<th>March 31, 2019</th>
<th>March 31, Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations and grants</td>
<td>$ 6,180,603</td>
<td>$54,480,336</td>
<td>$60,660,939</td>
<td>$61,467,854</td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>134,922</td>
</tr>
<tr>
<td>Investment income</td>
<td>167,829</td>
<td>249,897</td>
<td>417,726</td>
<td>373,473</td>
</tr>
<tr>
<td><strong>Total Revenue:</strong></td>
<td>$6,348,432</td>
<td>54,730,233</td>
<td>61,078,665</td>
<td>61,976,249</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System program disbursements</td>
<td>-</td>
<td>52,064,646</td>
<td>52,064,646</td>
<td>56,849,441</td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>73,296</td>
</tr>
<tr>
<td>RESOLVE Campaign (note 3)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40,970</td>
</tr>
<tr>
<td><strong>Total Operating expenses:</strong></td>
<td>4,725,820</td>
<td>52,298,593</td>
<td>57,024,413</td>
<td>62,824,475</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenue over expenses</strong></td>
<td>$ 1,622,612</td>
<td>$ 2,431,640</td>
<td>$ 4,054,252</td>
<td>$ (848,226)</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
## CALGARY HOMELESS FOUNDATION

Non-Consolidated Statement of Changes in Fund Balances

Year ended March 31, 2020, with comparative information for 2019

<table>
<thead>
<tr>
<th></th>
<th>Internally Restricted – net investment in property and equipment</th>
<th>Externally restricted</th>
<th>Unrestricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balances, March 31, 2018</td>
<td>$ 72,908</td>
<td>$ 5,273,580</td>
<td>$ 5,649,482</td>
<td>$10,995,970</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>65,432</td>
<td>-</td>
<td>(65,432)</td>
<td>-</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses</td>
<td>(40,484)</td>
<td>(1,468,224)</td>
<td>660,482</td>
<td>(848,226)</td>
</tr>
<tr>
<td>Fund balances, March 31, 2019</td>
<td>97,856</td>
<td>3,805,356</td>
<td>6,244,532</td>
<td>10,147,744</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>1,056</td>
<td>-</td>
<td>(1,056)</td>
<td>-</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses</td>
<td>(33,354)</td>
<td>2,431,640</td>
<td>1,655,966</td>
<td>4,054,252</td>
</tr>
<tr>
<td>Fund balances, March 31, 2020</td>
<td>$ 65,558</td>
<td>$ 6,236,996</td>
<td>$ 7,899,442</td>
<td>$14,201,996</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
## Non-Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses</td>
<td>$4,054,252</td>
<td>$(848,226)</td>
</tr>
<tr>
<td>Add (deduct) items not affecting cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>33,354</td>
<td>40,484</td>
</tr>
<tr>
<td><strong>Total Operations:</strong></td>
<td>4,087,606</td>
<td>(807,742)</td>
</tr>
<tr>
<td>Changes in non-cash working capital</td>
<td>(6,458,073)</td>
<td>1,001,111</td>
</tr>
<tr>
<td>Increase in approved system programs disbursements</td>
<td>44,460</td>
<td>14,178</td>
</tr>
<tr>
<td><strong>Net (Decrease) increase in cash</strong></td>
<td>(2,326,007)</td>
<td>207,547</td>
</tr>
<tr>
<td><strong>Cash, beginning of year</strong></td>
<td>18,111,363</td>
<td>18,047,191</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>$15,939,887</td>
<td>$18,111,363</td>
</tr>
</tbody>
</table>

**Cash is comprised of:**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$13,220,474</td>
<td>$11,068,013</td>
</tr>
<tr>
<td>Restricted cash for RESOLVE Campaign</td>
<td>2,719,413</td>
<td>7,043,350</td>
</tr>
<tr>
<td><strong>Total Cash</strong></td>
<td>$15,939,887</td>
<td>$18,111,363</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
1. **Nature of operations:**

   Calgary Homeless Foundation (the “Foundation”) was incorporated under the *Alberta Societies Act* on September 4, 1998. The Foundation is a not-for-profit organization and a registered charity and is exempt from income taxes under the *Income Tax Act*. The Foundation’s mission is to end homelessness in Calgary. The Foundation’s stated objectives are to serve as a community partner in identifying the causes of and solutions to homelessness; to develop plans, in conjunction with all aspects of the community, that will provide access to housing for the homeless in Calgary; to provide leadership and focus to address homelessness issues in Calgary and to raise such funds as may be necessary to achieve these objectives.

2. **Significant accounting policies:**

   The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) and include the following significant accounting policies:

   (a) **Fund accounting:**

   The Foundation follows the restricted fund method for accounting for contributions.

   The Operating Fund is an unrestricted fund that contains the assets, liabilities, revenue and expenses related to the Foundation’s operating activities and special events.

   The Foundation maintains the following restricted funds:

   (i) The System Programs Fund contains the assets, liabilities, revenue and expenses related to the Foundation’s homelessness initiatives, including the operation of community programs and, prior to September 30, 2016 (note 4), the acquisition of real estate property for affordable housing.

   (ii) The RESOLVE Fund contains the assets and liabilities related to the Foundation’s fiscal agent agreement with Calgary Collaborative Capital Campaign for Affordable Housing fund raising parties (note 3).

   (b) **Revenue recognition:**

   Restricted contributions related to a restricted fund are recognized as revenue of the appropriate restricted fund when received or when future receipt of cash is guaranteed by a funding agreement. Restricted contributions to the Operating Fund are deferred and recognized to revenue when the related expenditures are incurred. Unrestricted contributions and contributions in the System Programs Fund are recognized in the Operating Fund and System Programs Fund, respectively, as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Special events revenue, such as event ticket sales and sponsorships, is recognized when the event has occurred and the amount can be reasonably assured to be received.

Restricted investment income is recognized as revenue of the System Programs Fund when earned.

Unrestricted investment income is recognized as revenue of the Operating Fund when earned.

(c) Cash:

Cash includes cash on hand which is highly liquid.

(d) Short-term investments:

Short-term investments are investments other than cash and have an initial maturity of less than twelve months. Interest income on the investments is accrued over the term of the investment.

(e) Property and equipment:

Purchased property and equipment are recorded at cost and are amortized over the estimated useful life on a straight-line basis as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment</td>
<td>2 years</td>
</tr>
<tr>
<td>Software</td>
<td>3 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Remaining term of the lease including the first renewal option</td>
</tr>
</tbody>
</table>

In the year of acquisition, the assets are amortized at one-half of the normal rate.

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value. An impairment loss is recognized when the asset’s carrying amount is not recoverable and exceeds its fair value.

(f) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.
2. Significant accounting policies (continued):

(f) Measurement uncertainty (continued):

Amounts accrued as receivable pursuant to various funding contracts associated with the Foundation's programs are based on management's best estimates of the amounts to be received for the periods in question upon the actual finalization of the associated claims and/or contract processes.

The valuation of deferred contributions is based on management's estimate of the unspent contributions and the applicability of expenditures to meet the funding restrictions.

The valuation of approved system programs disbursements is based on management's best estimate of the disbursements to be made under existing funding agreements.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(g) Financial instruments:

(i) Measurement:

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, restricted cash for RESOLVE campaign, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, funds held in trust for RESOLVE campaign and approved system programs disbursements.

(ii) Impairment:

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess of revenue over expenditures.
2. Significant accounting policies (continued):

(g) Financial instruments (continued):

(iii) Transaction costs:

Financial instruments, that are subsequently measured at cost or amortized cost, are adjusted by the transaction costs and financing fees that are directly attributable to their origination, issuance or assumption.

(h) Contributed goods and services:

Donations of materials and services are recognized when the fair value can be reasonably estimated and the materials and services would otherwise be purchased and are used in the normal course of operations.

Volunteers have contributed a variety of services to assist the Foundation in carrying out its objectives. The fair value of such services is not recognized in these financial statements.

(i) Presentation and disclosure of controlled not-for-profit organization:

HomeSpace Society (the “Society”), which is controlled by the Foundation for accounting purposes, is not consolidated in the Foundation’s non-consolidated financial statements. The financial information of the controlled not-for-profit organization is disclosed in note 7.

3. RESOLVE (Calgary Collaborative Capital Campaign for Affordable Housing):

During the 2012 fiscal year, the Foundation entered into an agreement with two other homeless serving charities to form the Calgary Collaborative Capital Campaign for Affordable Housing. During the 2013 fiscal year, the Campaign was rebranded “RESOLVE” and six additional partners joined. The purpose of RESOLVE is to fundraise to support the acquisition (both past and future) of affordable housing to meet Calgary’s Plan goals. The Foundation acts as the fiscal agent for the campaign. The fundraising campaign concluded March 31, 2018 and pledges will be collected for up to three years after the campaign’s conclusion.

Administration expenses incurred were $99,815 (2019 - $420,473). The portion related to the Foundation’s share of these expenditures of the Campaign has been shown separately as an operating expenditure of the Foundation of $nil (2019 - $40,970). The Foundation also received $75,000 (2019 - $82,000) as a fiscal agent fee.

The Statement of Operations includes contributions of $6,162,493 (2019 - $10,674,488) made to the RESOLVE Campaign as system programs revenue and total expenditures and distributions related to the RESOLVE Campaign of $5,868,379 (2019 - $10,210,699) as system programs disbursements related to all partners’ interest in the Campaign.

The Statement of Operations includes revenue of $294,114 (2019 - $463,789) as operating revenue representing RESOLVE distributions to the Foundation during the year.
4. **Conveyance of affordable housing net assets:**

On September 30, 2016, the Foundation conveyed the property held for affordable housing and the associated cash, receivables, payables, mortgages, loans, deposits, tenant and grant agreements to HomeSpace Society, a separately registered charity with its own Board of Directors, management and office. Since the conveyance, the Society focuses on housing solutions for ending homelessness, while the Foundation continues its leadership role within Calgary’s homeless - serving system of care.

The Foundation is one of the nine participating agencies in the RESOLVE campaign to fundraise capital for affordable housing which concluded on March 31, 2018 (Note 3). On September 30, 2016, the Foundation and the Society entered into agreements assigning the funds raised for the Foundation through the RESOLVE campaign to the Society (the “benefits”). The agreements specify that the Society is the registered owner and trustee of the properties for which RESOLVE fundraised (the “RESOLVE assets”). In return for transferring the benefits and the RESOLVE assets, the Foundation is the beneficial owner of the RESOLVE assets with a net book value of $81.7 million (2019 - $60.4 million). The beneficial ownership of the RESOLVE assets will not transfer to the Society until the last pledge is received and the obligations of the RESOLVE campaign and the associated gift agreements have expired or terminated.

5. **Short-term investments:**


6. **Property and equipment:**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>$ 72,848</td>
<td>$ 72,848</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>20,302</td>
<td>10,151</td>
</tr>
<tr>
<td>Software</td>
<td>66,488</td>
<td>11,081</td>
</tr>
<tr>
<td></td>
<td>$ 159,638</td>
<td>$ 94,080</td>
</tr>
</tbody>
</table>
7. Related party transactions:

For accounting purposes, the Foundation controls HomeSpace Society, as the Foundation guarantees certain liabilities of the Society (note 9) and is the beneficial owner of certain assets of the Society (note 4).

The Society is a not-for-profit society incorporated June 19, 2003 under the Societies Act of Alberta. The Society is a designated charitable organization and is exempt from income taxes under the Income Tax Act. The Society receives and holds donations and purchases of land and buildings and funds to acquire land and buildings that will be dedicated in perpetuity for transitional and affordable housing in Calgary.

There are no significant differences in the accounting policies of the Foundation and the Society.

Accounts payable includes $66,777 (2019 - $nil) owing to the Society related to COVID-19 response activities.

The Foundation reports condensed financial information of this controlled not-for-profit organization as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$16,674,110</td>
<td>$23,117,868</td>
</tr>
<tr>
<td>Property held for affordable housing</td>
<td>97,247,559</td>
<td>74,851,347</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>10,558</td>
<td>7,761</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$113,932,227</td>
<td>$97,976,976</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>$9,317,622</td>
<td>$7,168,884</td>
</tr>
</tbody>
</table>

Fund balances:
- Internally restricted – net investment in property and equipment $10,558 $7,761
- Internally restricted – net investment in property held for affordable housing 97,789,269 84,093,666
- Internally restricted – capital reserve fund for building maintenance 3,056,718 3,257,235
- Unrestricted 3,758,060 3,449,430

Total 104,614,605 90,808,092

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>$113,932,227</td>
<td>$97,976,976</td>
</tr>
</tbody>
</table>
7. Related party transactions (continued):

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$19,672,268</td>
<td>$14,091,744</td>
</tr>
<tr>
<td>Expenses</td>
<td>(5,865,755)</td>
<td>(5,547,256)</td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>$13,806,513</td>
<td>$8,544,488</td>
</tr>
<tr>
<td>Cash provided from operating activities</td>
<td>$12,918,869</td>
<td>$9,556,518</td>
</tr>
<tr>
<td>Cash used in financial activities</td>
<td>(1,268,292)</td>
<td>$936,171</td>
</tr>
<tr>
<td>Cash outflow from investing activities</td>
<td>(9,100,558)</td>
<td>(15,978,580)</td>
</tr>
</tbody>
</table>

All related party transactions are recorded at the exchange amount, which is the amount agreed upon by the parties.

8. Approved system programs disbursements:

The Foundation has entered into contracts, with various service agencies towards ending homelessness in Calgary by delivering system programs funds, of $3,733,444 (2019 - $3,688,984) over the next fiscal year.

Terms of these agreements include a 30-day notification of cancellation of contracts. Only amounts representing the cancellation period have been accrued on the financial statements as at March 31, 2020.

9. Commitments and contingencies:

The Foundation has a lease for office space requiring the Foundation to pay monthly expenses of $22,806 (2019 - $20,706). The lease expires on June 29, 2023.

As a result of the Foundation’s beneficial ownership of the RESOLVE assets (Note 4):

(a) The Foundation guarantees the Society’s mortgages on the RESOLVE assets totaling $3.5 million, with maturity dates ranging from 2022 to 2023, a current portion of $172,266, interest rates ranging from 2.54% to 3.15% on the mortgages, and secured by assets with a net book value of $15.1 million.

(b) The Foundation guarantees the Society’s $5 million evergreen line of credit facility to finance land purchases, bearing interest at 3.48%, of which $nil has been drawn as of March 31, 2020.
10. Financial instruments:

The Foundation is exposed to the following significant financial risks:

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation does not have a concentration of credit exposure with any one party. The Foundation does not consider itself exposed to undue credit risk.

The Foundation is exposed to credit risk relating to cash and short-term investments. The risk is mitigated as cash and short-term investments are deposited with major Canadian financial institutions.

The Foundation is exposed to credit risk relating to accounts receivable, which is influenced by the individual characteristics of each debtor. The majority of the accounts receivable are from financial institutions and government agencies. The Foundation limits its exposure to credit risks by dealing with only credit worthy organizations. Management does not expect any debtor to fail in meeting their obligations.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation manages its liquidity risk through cash and debt management.

(c) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is subject to price risk in the value of donated shares on the date of sale compared to the date of donation. The Foundation mitigates this risk by selling all shares upon release to the Foundation in an effort to ensure that price on date of sale does not materially differ from the price on transfer.

There is no significant change in risk exposure from prior years.
11. Statutory disclosures:

As required under Section 7(2) of the Charitable Fundraising Regulation of Alberta, the Foundation discloses the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts paid as remuneration to employees whose principal duties involve fundraising</td>
<td>$ 237,248</td>
</tr>
</tbody>
</table>

12. Changes in accounting standards:

In March 2018, the Canadian Accounting Standards Board issued “Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations” resulting in the introduction of three new sections in the Canadian Accounting Standards for Not-for-Profit Organizations Part III of the Handbook as follows:

A. Section 4433, Tangible capital assets held by not-for-profit organizations, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at April 1, 2019.

B. Section 4434, Intangible assets held by not-for-profit organizations, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expense should the net carrying value be higher than the asset’s fair value or replacement cost.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at April 1, 2019.
12. Changes in accounting standards (continued):

   C. Section 4441, Collections held by not-for-profit organizations, which defines a collection and
directs organizations to record such assets on the statement of financial position at either cost
or nominal value. It is anticipated that all collections will be accounted for using the same
method, with the exception of organizations that opt to account for collections at cost, whereby
the cost for certain collections either held or contributed cannot be determined. Such items
are to be accounted for at a nominal value. In addition, collections are written down when
there is evidence that the net carrying amount exceeds fair value.

   Organizations are permitted to retrospectively capitalize collections at their cost or fair value at
the date of acquisition, or fair value or replacement cost as at April 1, 2019, based on the most
readily determinable value. In addition, an adjustment to opening net assets is permitted to
recognize any partial impairment of the value of collections that existed as at April 1, 2019.

   The implementation of these changes had no impact on the financial statements.

   The amendments are effective for financial statements for fiscal years beginning on or after
January 1, 2019.

13. COVID-19 Pandemic:

   On March 11, 2020, the World Health Organization declared the Novel Coronavirus (COVID-19)
outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and
Alberta governments, enacting emergency measures to combat the spread of the virus. These
measures, which include the implementation of travel bans, self-imposed quarantine periods,
closures of non-essential businesses, and physical distancing, have caused material disruption to
businesses in Calgary, resulting in an economic slowdown.

   The ultimate duration and magnitude of the impact on the economy and the financial effect on
Foundation’s future revenues, operating results and overall financial performance is not known at
this time; These impacts may include challenges on Foundation’s ability to obtain funding, and
disruptions to its operations, employee impacts from illness, school closures and other response
measures.

   As at the reporting date, the Foundation has determined that COVID-19 has had no impact on
its contracts or lease agreements, the assessment of provisions and contingent liabilities, or the
timing of revenue recognition. Management has assessed the financial impacts of the COVID-
19 pandemic and did not identify any negative impacts on its financial statements as at March

   The Foundation continues to manage liquidity risk by forecasting and assessing cash flow
requirements on an ongoing basis. As at March 31, 2020, the Foundation continues to meet its
contractual obligations within normal payment terms and the Foundation’s exposure to credit risk
remains largely unchanged.