

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) includes information about the 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, 2015 to March 31, 2016 is referred to as fiscal 2016, the period April 1, 2016 to March 31, 2017 is referred to as fiscal 2017 and the period April 1, 2017 to March 31, 2018 is referred to as fiscal 2018.

A. Environment

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.

Homelessness in Alberta and in Calgary

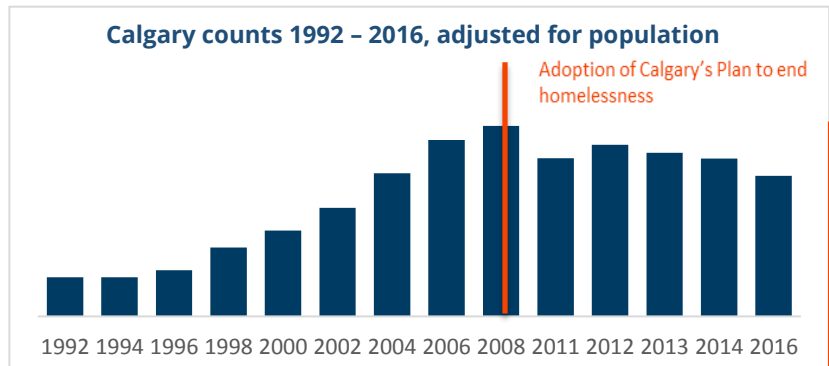
The Point in Time Count is a biennial activity that provides one lens from which to increase understanding of the state of homelessness. This count serves two important functions: it provides a current snapshot of our overall homeless population and enables us to examine how this population changes over time. The last province-wide count was in October of 2016.

At the time of the last count, homelessness in Alberta had decreased by 31% across the province since homeless-ending plans were implemented. Calgary remains the epicentre of homelessness in Alberta, recording 60% of all homeless people enumerated in Alberta, growing from 54% at the time of the last province-wide count in 2014.

Homelessness in Calgary was reduced to approximately 3,222 people. On the night of the count, 45% of these people were in shelters, 44% in transitional housing, 5% were in the justice system and 6% were unsheltered. This represents a 26% decrease in homelessness per 100,000 people in the city of Calgary and an absolute reduction of 11% since Calgary's Plan to End Homelessness was launched in 2008 (Calgary's Plan). Data from counts completed prior to 2008 shows that, had nothing been done, homelessness today could have reached over 10,000 people in our city alone.

3222

people were counted as experiencing homelessness in Calgary.



Trends impacting homelessness since the last count include:

- The 2014-2016 dramatic drop in oil prices had a significant economic impact on the province of Alberta and more specifically, in the city of Calgary. Unemployment in Calgary increased from 5.0% in October 2014 to 10.2% in October 2016, one of the highest rates of any major Canadian city. The long-term outlook for energy sector recovery is uncertain despite some signs of recovery shown in early 2017, such as a modest recovery in oil prices and a reduction of unemployment rates to 9.3%.
- Calgary's population growth slowed, but still increased by 40,000 people from October 2014 to October 2016.
- Calgary's rental vacancy rate increased significantly from 1.4% in 2014 to 7.0% in 2016. When taking inflation into account, the average rental costs decreased by about 5.8% for a one bedroom unit and 3.5% for a bachelor suite, not yet at a level to support affordability for the at-risk or vulnerable population.
- The School of Public Policy at the University of Calgary looked at rental units per 1,000 people across Montreal, Toronto, Vancouver and Calgary between 1990 and 2016. During that period, Calgary's population increased by 96 per cent while the number of affordable rental properties decreased by 24 per cent.
- The most recent provincial budget had a 3% (\$3 million) increase for Homeless Support Outreach Services to support Housing First programs for new housing units for which capital funding was already in place. A further \$7 million was announced for a Calgary-based program that provides transitional affordable housing for persons exiting substance abuse treatment. However, many people on social assistance continue to see the erosion of the value of their benefits, as benefits have not been increased for several years.

- As the 2019 sunset date for Alberta's provincial 10 Year Plan to End Homelessness approaches and the various Alberta 7 Cities local community plans reach their conclusion dates, the Government of Alberta is engaged in post-provincial plan transition planning. CHF is in active discussions with the government to ensure ongoing and additional obligations, commitments and investments in the Homeless-Serving System of Care are secure and congruent to meet the needs of those who are homeless.
- Federally, there is now an increased focus on affordable housing. There will be a release of a comprehensive national housing strategy, providing a funding framework to support elements of the strategy not yet detailed. Secondly, a proposal to preserve the baseline funding related to soon-to-expire long term social housing operating agreements has been made. In the recently released budget, major funding proposals related to homelessness included:
 - \$2.1 billion to expand the Homelessness Partnering Strategy program funding over the next 11 years, with funding increases scheduled to start in fiscal 2020
 - \$11.2 billion over 11 years for housing capital funding starting in fiscal 2019

While over 8,000 people have been housed since 2008, and Calgary is on track to house 10,000 people by the end of 2018, over 15,000 people are estimated to be in extreme need of housing. Calgary continues to need more affordable and purpose-built housing appropriate for vulnerable people and specialized populations; and, a continued focus on Housing First programs and integration of the Homeless-Serving System of Care with larger public systems such as the Health and Justice systems.

B. Organization and Leadership

The CHF is structured into two primary areas: Strategy and Operations. As at March 31, 2017, there were 38 employees. The leadership team can be found on the CHF website at:

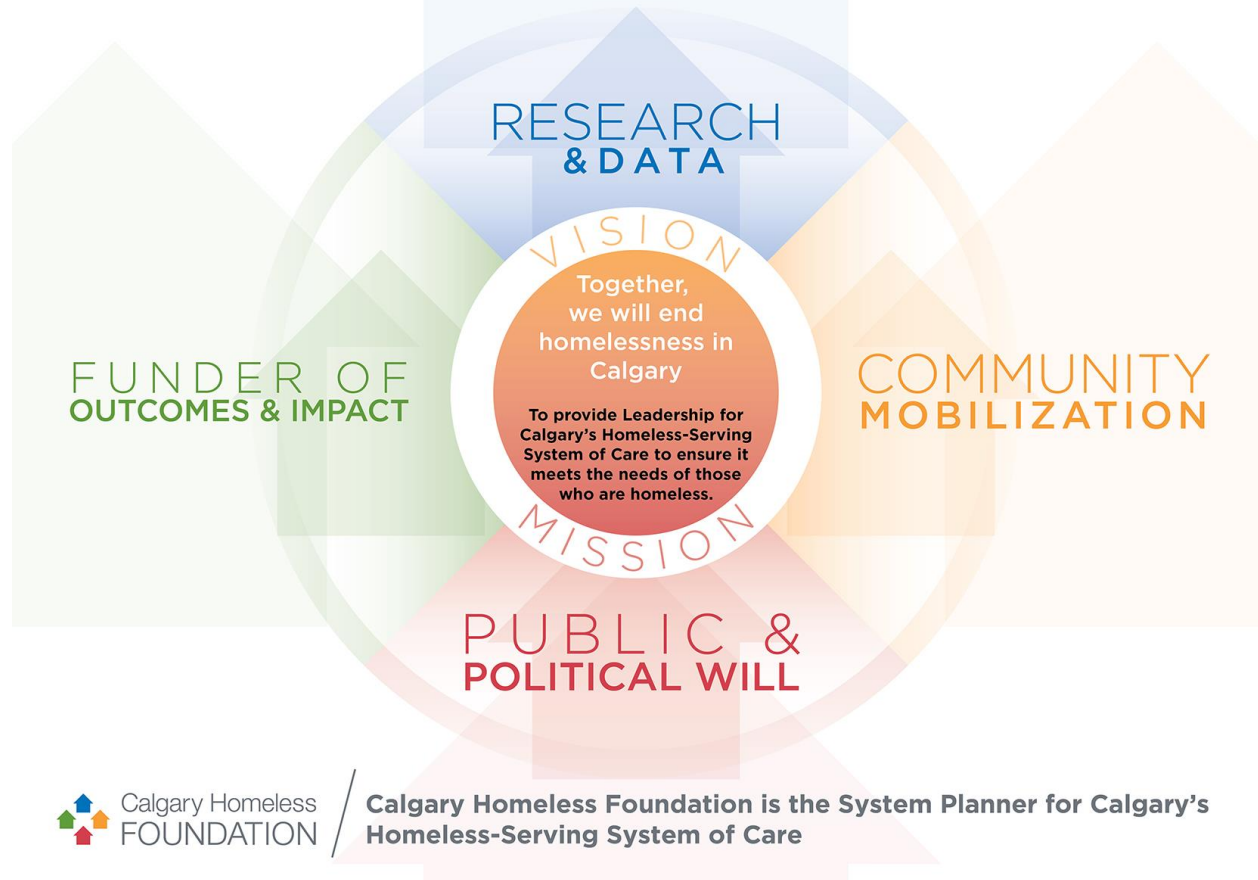
<http://calgaryhomeless.com/about/leadership/>

C. Strategy

In the 2016 fiscal year, the Calgary Homeless Foundation (CHF) undertook an extensive exploration of its 5 year focus, priorities, business goals and values, engaging the community and CHF's Board of Directors. The outcome of this process is the organization's 2015-2020 Five Year Strategic Blueprint (5YSBP), a living document that creates a shared understanding and common language around CHF's purpose, role in community, business priorities and organizational needs. CHF's 5YSBP is intended to be responsive to current and emerging trends and is updated as part of the annual Business Planning Process to reflect any changes in strategies or policies based on evidence.

The CHF 5YSBP provides enhanced clarity of CHF's role in community through the Strategic Circle of Impact. CHF, through its leadership role as the System Planner for Calgary's Homeless-Serving System of Care, strives to ensure that the needs of those who are homeless are met.

OUR STRATEGIC CIRCLE OF IMPACT



In fiscal 2016, CHF determined that repositioning its housing assets as independent of CHF would accelerate a community-based innovative and sustainable housing model to meet Calgary's urgent and increasing need for permanent supportive and affordable housing aligned with Calgary's Plan. In September, 2016 CHF launched HomeSpace Society (formerly the Calgary Community Land Trust Society), an existing charity originally operated by CHF, into the community to the advantage of all Calgarians. CHF transferred \$54 million of affordable housing property into the newly independent HomeSpace Society, leveraging its housing portfolio and expertise into an entity solely dedicated to housing that will be best positioned to accelerate and deliver immediate, long-term and integrated housing solutions for specialized populations. This housing entity is a sustainable solution to the housing crisis for vulnerable populations.

CHF continues to contribute key leadership to Calgary's Plan as the System Planner for Calgary's Homeless-Serving System of Care and in the provision of infrastructure services supporting the community's progress towards and achievement of key deliverables outlined in Calgary's Plan. By making evidence-informed decisions, gained from experience and analysis of data on program performance and outcomes, CHF drives process and program enhancements to support agency success, foster enhanced client outcomes and improve system effectiveness.

The current fiscal climate of restraint, milieu of uncertainty, and provincial government leadership espousing the need for innovative solutions within fiscal realities, provides the impetus and the opportunity for community to re-engage in collective impact work. Collective understanding, accountability and action on agreed-upon priorities and realistic targets to be achieved by the end of 2018 is critical to community success. In parallel, work continues on increasing investment in Calgary's Plan, enhancing the system of care for effectiveness and sustainability, collective accountability beyond service providers, and major movement toward large scale social change leading to improved and realigned investment, policy platforms and deeper partnerships between all orders of government, citizens, agencies, systems and business.

D. Performance of Fiscal 2017 Priorities

Every year, the CHF sets strategic priorities and business plan goals to align with its 5 Year Strategic Blueprint. In fiscal 2017, the 2nd year of the 5YSBP, CHF set four strategic directions. Key accomplishments in each of these four areas include:

- 1. Enhance CHF's internal operations and capacities to uphold the implementation of CHF's 5 Year Strategic Blueprint.**
 - Communications tools and processes enhanced for both CHF and the homeless-serving sector of care, including website improvements and videos
 - More clear articulation of CHF's role as the system planner
 - A Total Rewards Framework introduced, focused on culture, benefits, professional and career development, resulting in both significantly increased employee engagement and decreased employee turnover
 - Developed and implemented improved Request for Proposal practices to streamline work for both CHF and agencies
 - Policies and procedures reviewed, strengthened and training program launched

- 2. Fortify CHF's role and credibility to serve as system planner to garner action and investment on ending homelessness.**
 - Hosted a Canada-wide Research Colloquium, resulting in data sharing initiatives to support new and more impactful analysis to inform the allocation of resources and ending of homelessness
 - Hosted eight Communities of Learning to further education, knowledge and development in Calgary's Homeless-Serving System of Care, including health systems integration, family homelessness prevention and diversion, permanent supportive housing, harm reduction, family system planning and system integration
 - Developed an Indigenous protocol survey document to facilitate incorporating an Indigenous lens in all of CHF's work and hired an Indigenous Advisor
 - Launched an Indigenous Family Emergency Response program, providing one-time emergency funds to over 30 Indigenous families in need
 - Created a new practice/partnership with Alberta Health Services to co-fund a housing program, resulting in more complete client services and improved housing stability
 - Incorporated Managed Alcohol concepts into the programs for two of the new permanent supportive housing buildings opened during the year
 - Fostered on-going practice development for Homeless-Serving System of Care practitioners by holding over 26 training sessions with 670 individual attendees

- Developed new key performance indicators for both the Youth and Family Homeless sectors to better evaluate outcomes of programs
 - 30 spaces added to the Family Fee for Service program
 - Developed scenario planning tools to aid in program and capital funding advocacy for the community
 - Successfully obtained \$11 million in new capital funding for Calgary's Homeless-Serving System of Care
 - Successfully obtained several grants to advance community systems work, including a grant for Calgary's Recovery Task Force work and a grant to advance the design of an Indigenous permanent supportive housing building
 - Exploring a data sharing pilot with Alberta Health Services to examine four years of client system usage data to support an in-depth social return on investment study
 - Continuing to explore strategies and opportunities connected to Calgary's Domestic Violence Collective, Child and Family Services and the Calgary Housing Company to add more housing and program spaces and/or better align their practices within the Homeless-Serving System of Care
- 3. Reposition HomeSpace Society (formerly Calgary Community Land Trust Society) as independent of CHF, to further advance and deliver immediate, long term and integrated housing solutions.**
- Successfully launched HomeSpace Society, a nonprofit entity providing innovative housing options for Calgary's most vulnerable through expediting the build-out of new specialized and affordable housing, as independent of CHF
 - Conveyed CHF's affordable housing properties and the associated assets, liabilities, tenant and grant agreements to HomeSpace Society on September 30, 2016
 - 3 buildings comprising 70 permanent supportive housing units were opened in Fiscal 2017; another 2 buildings comprising 46 units will be opened by December 2017
- 4. Cultivate and intensify collective ownership and impact of Calgary's Plan and demonstrate CHF's progress on CHF-specific deliverables.**
- Led community engagement sessions to identify the community's 3 priorities to accomplish by the end of Calgary's Plan in December 2018; the 3 priorities are: House More People (10,000 people housed); Build More Futures (624 new dedicated permanent support housing units) and Save More Lives (a high performing system of care)
 - Held two Board Chair/CEO Connectivity Breakfasts with sector and system leaders to advance integration of services for homeless clients
 - Aligned the Community Dashboard to the 3 priorities identified by the community to allow for ongoing monitoring of progress
 - Engaged 92% of Calgary's homeless shelters to share their data, resulting in better analysis and understanding of movement of vulnerable Calgarians between systems, a deeper integration of shelters into the overall Homeless-Serving System of Care and an improved response to the housing needs of long term shelter stayers
 - Developed a non-market housing strategy that has been adopted by the Community Housing Affordability Collective as part of their priority work plan
 - Planned and led the 2016 Point-In-Time Count and analyzed and published the results
 - Advocated for and obtained the fast tracking of approvals of affordable housing development permits; exemptions for development fees; and, the release of land for affordable housing development from the municipal government

- Published several blogs illuminating CHF's research on topics such as the National Housing Strategy, poverty reduction initiatives, federal and provincial public policies impacting the homeless, federal and provincial budget analysis and advocacy for the homeless
- Continued to foster the Calgary Council on Homelessness, facilitating the identification of three focus areas of: information and data sharing; alignment of outcomes across the system of care; and, innovative housing practices
- Participated in the Collaborative Justice Services Planning Committee designed to create an alternate and integrated homeless support and justice response in Calgary

E. Risk Management

The 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.

1. 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 the Plan and/or annual plans and investments are not effective in reducing homelessness. To address this risk, an annual strategy 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. The CHF continues to conduct comprehensive program monitoring and quality assurance processes, including site visits and audits.

2. Financial Risk

There is a risk that inadequate financial management could impact the CHF's strategy, reputation and/or liquidity. The 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 and adjusts budgets and plans to align with current government funding levels.

3. Political and Reputational Risk

There is a risk significant controversy eroding trust or public support could result in reduced funding. The CHF believes the best protection is continued success in ending homelessness. The CHF frequently communicates with both government and the public to support continued positive media attention.

F. 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 (fiscal 2017) can be found on the CHF website at: <http://calgaryhomeless.com/about/leadership/>.

G. Financial Results

A detailed discussion and analysis of operations for the Foundation is below.

1. Statement of Financial Position (as at March 31, 2017)

The significant change to the financial position from March 31, 2016 to March 31, 2017 was due to the conveyance of affordable housing net assets 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, on September 30, 2016 ("the conveyance").

Cash of \$27.7 million at the end of fiscal 2016 decreased to \$16.1 million in fiscal 2017 primarily due to the conveyance. Accounts receivable and deposits in trust decreased from \$4.8 million in fiscal 2016 to \$0.5 million in fiscal 2017 and property held for affordable housing decreased from \$54.3 million in fiscal 2016 to \$NIL in fiscal 2017.

Mortgages on properties held for affordable housing and loans decreased from \$7.5 million (including internally held debt of \$505,650) at March 31, 2016 to \$NIL at March 31, 2017.

2. Statement of Operations

Donations and grants declined from \$68.3 million in fiscal 2016 to \$58.2 million in fiscal 2017. The \$10.1 million decrease was due to reduced capital grants and donations as a result of the conveyance. After the conveyance, all capital grants and donations flow to HomeSpace Society, including government grants and RESOLVE campaign donations for purchase of affordable housing and repayment of mortgages. Rental revenue of \$1.5 million was generated in fiscal 2017, compared with \$2.7 million in fiscal 2016, as the property held for affordable housing transferred to HomeSpace Society midway through fiscal 2017. In fiscal 2016, special events income was \$57,000, compared with \$49,000 in fiscal 2017, due to lower ticket sales and sponsorships. Investment income was \$0.1 million in fiscal 2017 compared with \$0.2 million in fiscal 2016 due to lower average bank balances after the conveyance.

Operating expenses were \$51.1 million in fiscal 2017, made up of \$49.4 million in payments to agencies, \$1.0 million in real property costs, \$44,000 in special events and \$645,000 in expenses contributed to RESOLVE. This compares with operating expenses of \$51.8 million in fiscal 2016, made up of \$49.1 million in payments to agencies, \$1.8 million in real property costs, \$46,000 in special events and \$857,000 in expenses contributed to RESOLVE. The decrease in operating expenses was primarily due to the conveyance of rental assets on September 30, 2016, which was halfway through the year.

Administration expenses were \$5.7 million in fiscal 2017 and fiscal 2016. Administration expenses in fiscal 2017 were comprised of \$3.7 million in salaries, \$1.5 million in office expenses and \$0.5 million in amortization. In comparison, fiscal 2016 administration expenses were comprised of \$3.7 million in salaries, \$1.1 million in office expenses and \$0.9 million in amortization.

Excess of revenue over expenses before the conveyance was \$3.1 million as compared to \$13.7 million in fiscal 2016, a decline that is due to the reduction in donations and grants and rental revenue after the conveyance.

Deficiency of revenue over expenses was \$61.7 million in fiscal 2017, primarily due to a one-time expense of \$64.8 million arising from the conveyance of affordable housing net assets consisting of \$13.0 million in cash and \$58.1 million in property held for affordable housing, partially offset by a working capital deficit of \$1.7 million and \$4.6 million of mortgages and loans.

Of the \$0.4 million of funds raised for operating costs in fiscal 2017, the average gift amount was \$442. Fundraising methods for operating costs include on-line gifts, proceeds from special events, grants from foundations, solicitations to individuals, companies and community investment programs, specifically-defined grants available to eligible non-profit organizations through the Government of Alberta and unsolicited gifts. As part of the RESOLVE campaign, the Calgary Homeless Foundation received \$1.1 million in fiscal 2017 and has outstanding pledges of \$10.0 million at the end of fiscal 2017, which will flow to HomeSpace Society when collected. Fundraising methods for these gifts are primarily cultivation of major gifts from individuals or companies in the community.

3. Liquidity and Capital Resources

Investing activities used \$3.4 million in fiscal 2017, primarily due to \$4.4 million spent to purchase affordable housing, partially offset by the sale of \$1.0 million of donated publicly traded shares. Investing activities used \$8.3 million in fiscal 2016, due to \$7.3 million spent to purchase affordable housing and \$1.0 million of donated publicly traded shares received at the end of fiscal 2016.

Financing activities used \$2.2 million in fiscal 2017, compared with \$2.5 million in fiscal 2016. This was due to net repayment of mortgages payable. In fiscal 2016, there was \$0.3 million of loan proceeds, offset by \$2.8 million of repayments of mortgages payable.

Calgary Homeless Foundation
Financial Statements
March 31, 2017

Independent Auditors' Report

To the Directors
Calgary Homeless Foundation

We have audited the accompanying financial statements of Calgary Homeless Foundation, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Homeless Foundation as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Collins Barrow Calgary LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
June 7, 2017

Calgary Homeless Foundation

(Incorporated under the laws of Alberta)

Statement of Financial Position

As at March 31, 2017

	Operating	System Programs	RESOLVE campaign	March 31, 2017 Total	March 31, 2016 Total
Assets					
Current assets					
Cash	\$ 4,415,273	\$ 8,757,103	\$ -	\$ 13,172,376	\$ 25,709,471
Restricted cash for RESOLVE campaign (note 3)	-	-	2,937,998	2,937,998	2,034,063
Short-term investments (note 5)	1,123,389	-	-	1,123,389	2,095,566
Accounts receivable (note 9(b))	136,465	59,868	329,284	525,617	4,744,224
Prepaid expenses	55,819	-	-	55,819	83,742
Deposits in trust for real estate acquisitions	-	-	-	-	70,000
	<u>5,730,946</u>	<u>8,816,971</u>	<u>3,267,282</u>	<u>17,815,199</u>	<u>34,737,066</u>
Property held for affordable housing (notes 4 and 6)	-	-	-	-	54,309,293
	<u>\$ 5,730,946</u>	<u>\$ 8,816,971</u>	<u>\$ 3,267,282</u>	<u>\$ 17,815,199</u>	<u>\$ 89,046,359</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities (notes 3 and 9 (b))	\$ 247,096	\$ 52,127	\$ 72,718	\$ 371,941	\$ 1,908,125
Funds held in trust for RESOLVE campaign (note 3)	-	-	3,168,718	3,168,718	4,033,051
Deferred contributions	194,899	-	25,846	220,745	487,558
Current portion of mortgages payable (notes 4 and 7)	-	-	-	-	5,681,220
Current portion of loan payable (notes 4 and 8)	-	-	-	-	195,000
Approved system programs disbursements (note 10)	-	3,650,733	-	3,650,733	3,370,148
	<u>441,995</u>	<u>3,702,860</u>	<u>3,267,282</u>	<u>7,412,137</u>	<u>15,675,102</u>
Tenant deposits (note 4)	-	-	-	-	207,751
Mortgages payable (notes 4 and 7)	-	-	-	-	786,325
Loan payable (notes 4 and 8)	-	-	-	-	301,023
	<u>441,995</u>	<u>3,702,860</u>	<u>3,267,282</u>	<u>7,412,137</u>	<u>16,970,201</u>
Funds Balances					
Internally restricted - net investment in property held for affordable housing	-	-	-	-	46,840,075
Internally restricted – mortgage	-	-	-	-	505,650
Externally restricted	-	5,114,111	-	5,114,111	15,173,493
Unrestricted	<u>5,288,951</u>	-	-	<u>5,288,951</u>	<u>9,556,940</u>
	<u>5,288,951</u>	<u>5,114,111</u>	<u>-</u>	<u>10,403,062</u>	<u>72,076,158</u>
	<u>\$ 5,730,946</u>	<u>\$ 8,816,971</u>	<u>\$ 3,267,282</u>	<u>\$ 17,815,199</u>	<u>\$ 89,046,359</u>

Commitments (notes 4 and 11)

Approved by the Board of Directors:

Cameron Bailey - Chairman, Board of Directors

Luana Comin-Sartor - Chair, Audit Committee

The accompanying notes are an integral part of these financial statements.

Calgary Homeless Foundation

Statement of Operations

	Year Ended March 31, 2017			Year Ended March 31, 2016
	Operating	System Programs	Total	Total
Revenue				
Donations and grants (note 9(a))	\$ 5,838,207	\$ 52,364,730	\$ 58,202,937	\$ 68,256,398
Rental revenue	1,518,463	-	1,518,463	2,691,834
Special events	48,970	-	48,970	57,243
Investment income	69,803	67,968	137,771	174,895
	<u>7,475,443</u>	<u>52,432,698</u>	<u>59,908,141</u>	<u>71,180,370</u>
Operating expenses				
System programs disbursements (note 10)	-	49,456,047	49,456,047	49,073,310
Real property costs	1,002,139	-	1,002,139	1,788,945
Special events	43,878	-	43,878	45,542
RESOLVE campaign (notes 3 and 13)	644,576	-	644,576	857,405
	<u>1,690,593</u>	<u>49,456,047</u>	<u>51,146,640</u>	<u>51,765,202</u>
Administrative expenses				
Salaries	3,682,645	-	3,682,645	3,764,703
Office (note 9(a))	1,306,146	194,830	1,500,976	1,065,820
Amortization	-	489,600	489,600	885,409
	<u>4,988,791</u>	<u>684,430</u>	<u>5,673,221</u>	<u>5,715,932</u>
Total expenses	<u>6,679,384</u>	<u>50,140,477</u>	<u>56,819,861</u>	<u>57,481,134</u>
Excess of revenue over expenses before conveyance	<u>796,059</u>	<u>2,292,221</u>	<u>3,088,280</u>	<u>13,699,236</u>
Conveyance of affordable housing net assets (note 4)	<u>5,064,048</u>	<u>59,697,328</u>	<u>64,761,376</u>	<u>-</u>
Excess (deficiency) of revenue over expenses	<u>\$ (4,267,989)</u>	<u>\$ (57,405,107)</u>	<u>\$ (61,673,096)</u>	<u>\$ 13,699,236</u>

The accompanying notes are an integral part of these financial statements.

Calgary Homeless Foundation
Statement of Changes in Fund Balances
Year Ended March 31, 2017

	Internally restricted - net investment in property and equipment	Internally restricted - net investment in property held for affordable housing	Internally restricted - mortgage	Externally restricted	Unrestricted	Total
Fund balances, March 31, 2015	\$ 16,940	\$ 37,871,885	\$ 505,650	\$ 11,884,476	\$ 8,097,971	\$ 58,376,922
Excess (deficiency) revenue over expenses	(16,940)	(868,469)	-	13,125,676	1,458,969	13,699,236
Purchase of property held for affordable housing	-	7,303,211	-	(7,303,211)	-	-
Proceeds from mortgages and loans payable, net	-	<u>2,533,448</u>	-	<u>(2,533,448)</u>	-	-
Fund balances, March 31, 2016	-	46,840,075	505,650	15,173,493	9,556,940	72,076,158
Excess (deficiency) of revenue over expenses before conveyance	-	(489,600)	-	2,781,821	796,059	3,088,280
Conveyance of affordable housing net assets	-	(52,997,514)	(505,650)	(6,194,164)	(5,064,048)	(64,761,376)
Purchase of assets	-	4,412,867	-	(4,412,867)	-	-
Proceeds from loans payable	-	(99,385)	-	99,385	-	-
Repayment of mortgages payable	-	<u>2,333,557</u>	-	<u>(2,333,557)</u>	-	-
Fund balances, March 31, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,114,111</u>	<u>\$ 5,288,951</u>	<u>\$ 10,403,062</u>

The accompanying notes are an integral part of these financial statements.

Calgary Homeless Foundation

Statement of Cash Flows

	<u>Year Ended March 31, 2017</u>	<u>Year Ended March 31, 2016</u>
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenses	\$ (61,673,096)	\$ 13,699,236
Add (deduct) items not affecting cash		
Amortization	489,600	885,409
Conveyance of affordable housing net assets	51,757,884	-
Forgiveness of loan payable (note 8)	<u>-</u>	<u>(34,091)</u>
	(9,425,612)	14,550,554
Changes in non-cash working capital	3,186,729	(2,227,516)
Increase in approved system programs disbursements	<u>280,585</u>	<u>270,148</u>
	<u>(5,958,298)</u>	<u>12,593,186</u>
Financing activities		
Repayments of mortgages payable	(2,333,557)	(2,799,357)
Proceeds from loans payable	<u>99,385</u>	<u>300,000</u>
	<u>(2,234,172)</u>	<u>(2,499,357)</u>
Investing activities		
Purchase of property for affordable housing	(4,412,867)	(7,303,211)
Net change in short-term investments	<u>972,177</u>	<u>(997,136)</u>
	<u>(3,440,690)</u>	<u>(8,300,347)</u>
Cash inflow (outflow)	(11,633,160)	1,793,482
Cash, beginning of year	<u>27,743,534</u>	<u>25,950,052</u>
Cash, end of year	<u>\$ 16,110,374</u>	<u>\$ 27,743,534</u>
Cash is comprised of:		
Cash	\$ 13,172,376	\$ 25,709,471
Restricted cash for RESOLVE campaign	<u>2,937,998</u>	<u>2,034,063</u>
	<u>\$ 16,110,374</u>	<u>\$ 27,743,534</u>

The accompanying notes are an integral part of these financial statements.

Calgary Homeless Foundation

Notes to Financial Statements

For the Year Ended March 31, 2017

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 is the system planner for Calgary's Updated Plan to End Homelessness. 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 generally accepted accounting standards for not-for-profit organizations 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, the operation of affordable housing 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 amortized to revenue when the related expenditures are incurred. Unrestricted contributions in the Operating Fund and contributions in the Systems and Programs Fund are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Calgary Homeless Foundation
Notes to Financial Statements
For the Year Ended March 31, 2017

Rental revenue related to the provision of affordable housing is recognized when received.

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) Short-Term Investments

Short-term investments are investments other than cash, and have an initial maturity in excess of three months and less than twelve months. Interest income on the investments is accrued over the term of the investment. Also included in short-term investments are publicly traded shares, which are sold as soon as reasonably practical.

(d) Property Held for Affordable Housing

Prior to September 30, 2016, when the Foundation conveyed the property held for affordable housing to an independent not for profit organization (HomeSpace Society or the "Society") (note 4), the Foundation acquired real estate properties that were used as affordable housing. These properties were held as ongoing investments in affordable housing and were stated at cost less accumulated amortization. Cost included all expenditures incurred in connection with the acquisition of real estate property including all direct costs. Major capital improvements and replacements were capitalized and amortized over the term appropriate to the expenditure.

The purchase price of assets held for affordable housing was allocated to land and building.

Buildings included in assets held for affordable housing were amortized over the estimated life of 40 years on a straight-line basis. In the year of acquisition, the assets were amortized at one-half the normal rate.

Assets held for affordable housing were evaluated for impairment when events or circumstances indicated its carrying value may not be recoverable. Any impairment was measured by comparing the carrying value of the assets to the fair value, based on the present value of future cash flows expected to be generated by the assets.

Calgary Homeless Foundation
Notes to Financial Statements
For the Year Ended March 31, 2017

(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:

Furniture and Equipment	4 years
Computer Equipment	2 years
Software	3 years
Leasehold Improvements	Remaining term of the lease including the first renewal option

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

Property and equipment is evaluated for impairment when events or circumstances indicate its carrying value may not be recoverable. Any impairment is measured by comparing the carrying value of the assets to the fair value, based on the present value of future cash flows expected to be generated from the assets.

(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.

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

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.

Calgary Homeless Foundation
Notes to Financial Statements
For the Year Ended March 31, 2017

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, accounts payable and funds held in trust for RESOLVE campaign and approved system programs disbursements.

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.

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. Long-term debt is also reduced by financing fees and any debt premiums or discounts. The Foundation uses the effective interest method to amortize these adjustments to long-term debt.

(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 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) Deposits in Trust for Real Estate Acquisitions

Prior to September 30, 2016 (note 4), deposits in trust for real estate acquisitions included all payments made for properties whose purchases had not yet been finalized. Deposits were held in trust by solicitors for the Foundation. The amount was applied to the purchase price upon closing or was refunded if the purchase did not close.

Calgary Homeless Foundation

Notes to Financial Statements

For the Year Ended March 31, 2017

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 the Community Plan goals. The Foundation acts as the fiscal agent for the campaign. The fundraising campaign concludes March 31, 2018 and pledges will be collected for up to three years after the campaign conclusion.

During the year, all partners of the RESOLVE campaign contributed \$1,728,703 (2016 - \$2,320,000) for administration of the campaign. These funds are recorded as restricted cash and funds held in trust until costs are incurred. Administration expenses incurred were \$1,987,335 (2016 - \$2,286,424). 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 \$644,576 (2016 - \$857,405). The Foundation also received \$100,000 (2016 - \$73,979) as a fiscal agent fee.

The Statement of Operations includes contributions of \$7,000,267 (2016 - \$7,142,664) made to the RESOLVE Campaign as system programs revenue and total expenditures and distributions related to the RESOLVE Campaign of \$7,644,843 (2016 - \$8,865,933) as system programs disbursements related to all partners' interest in the Campaign.

The Statement of Operations includes revenue of \$1,089,242 (2016 - \$8,725,124) as system programs 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 ((the "Society"), formerly the Calgary Community Land Trust 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 Plan to End Homelessness, serving as the system planner for Calgary's homeless-serving system of care. The gift to the Society resulted in an expense of \$64.8 million consisting of the following:

Cash	\$ 13,003,492
Net working capital	(1,745,280)
Property held for affordable housing	58,135,060
Mortgages and loans	<u>(4,631,896)</u>
	<u>\$ 64,761,376</u>

The Foundation remains one of the nine participating agencies in the RESOLVE campaign to fundraise capital for affordable housing. On September 30, 2016, the Foundation and the Society entered into agreements assigning the funds raised for the Foundation through the

Calgary Homeless Foundation

Notes to Financial Statements

For the Year Ended March 31, 2017

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 is fundraising (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 \$49.6 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

Short-term investments consists of a redeemable term deposit of \$1,123,389 (2016 - \$1,110,066) bearing interest at 1.2% (2016 – 1.2%) and maturing on December 1, 2017 and \$NIL (2016 - \$985,500) of publicly traded shares received on March 30, 2016 designated for a RESOLVE campaign partner.

6. Property Held for Affordable Housing (Note 4)

	Cost	Accumulated Amortization	March 31, 2017	March 31, 2016
Land	\$ -	\$ -	\$ -	\$ 15,094,273
Building	-	-	-	39,215,020
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,309,293</u>

7. Mortgages Payable (Note 4)

	March 31, 2017	March 31, 2016
Mortgage payable for the Bowness (Longbow) property bearing interest at a rate of 3.46% per annum, payable in monthly principal and interest instalments totalling \$4,754, maturing in fiscal 2018 and secured by the Bowness property having a carrying value of \$2,872,784.	\$ -	\$ 824,486
Mortgage payable for the Capitol Hill (Francis) property bearing interest at a rate of 3.62% per annum, payable in monthly principal and interest instalments totalling \$4,805, maturing in fiscal 2017 and secured by the Capitol Hill property having a carrying value of \$3,171,884.	-	824,070
Mortgage payable for the Kingsland (Claire) property bearing interest at a rate of 3% per annum, principal is payable at maturity, monthly interest instalments totalling \$2,500, maturing in fiscal 2017 and secured by the Kingsland property having a carrying value of \$5,636,257.	-	500,545

Calgary Homeless Foundation
Notes to Financial Statements
For the Year Ended March 31, 2017

	March 31, 2017	March 31, 2016
Mortgage payable for the Bankview property bearing interest at a rate of 2.68% per annum, payable in monthly principal and interest instalments totalling \$5,480, maturing in fiscal 2017 and secured by the Bankview property having a carrying value of \$3,786,854.	-	1,040,875
Mortgage payable for the Crescent Heights property bearing interest at a rate 3.22% per annum, payable in monthly principal and interest instalments totalling \$2,301, maturing in fiscal 2017 and secured by the Crescent Heights property having a carrying value of \$1,555,938.	-	413,548
Mortgage payable for the Lower Mount Royal (Croydon) property bearing interest at a rate of 3.45% per annum, payable in monthly principal and interest instalments totalling \$2,715, maturing in fiscal 2017 and secured by the Lower Mount Royal property having a carrying value of \$2,141,052.	-	486,129
Mortgage payable for the Thorncliffe property bearing interest at a rate of 2.68% per annum, payable in monthly principal and interest instalments totalling \$3,401, maturing in fiscal 2017 and secured by the Thorncliffe property having a carrying value of \$2,294,471.	-	646,092
Line of credit for Beltline (Stepping Stone), Crescent Place (Providence) and Hillhurst/Sunnyside (Aurora) bearing interest at bank prime paid annually, secured by properties and repayable on demand.	-	1,731,800
	-	6,467,545
Less: Portion Due Within One Year	-	5,681,220
	<u>\$ -</u>	<u>\$ 786,325</u>

Calgary Homeless Foundation
Notes to Financial Statements
For the Year Ended March 31, 2017

8. Loans Payable (Note 4)

The loans are payable to Canadian Mortgage and Housing Corporation (CMHC). The Sunalta loan is an unsecured, non-interest bearing loan granted for the purpose of developing affordable housing which was expended on the Sunalta Lodging House. This loan is forgivable over 11 years. Funds for the development of Hillhurst/Sunnyside, Beltline and Crescent Place properties were received in fiscal 2016 and up to 35% of those funds may be forgiven if rents meet affordability criteria as defined by the CMHC. The loans are unsecured, non-interest bearing and are to be repaid out of the project's capital financing and were transferred to the Society on September 30, 2016.

	March 31, 2017	March 31, 2016
Sunalta Lodging House	\$ -	\$ 196,023
Hillhurst/Sunnyside, Beltline and Crescent Place	<u>-</u>	<u>300,000</u>
	-	496,023
Less: Portion Due Within One Year	<u>-</u>	<u>195,000</u>
Balance, End of Year	<u>\$ -</u>	<u>\$ 301,023</u>

9. Related Party Transactions

(a) Board of Directors

The Foundation paid operating expenses amounting to \$75,977 (2016 - \$75,977) to a trust that employs a person who was a Director of the Foundation until September 28, 2016. The Foundation also recorded \$123,540 (2016 - \$123,540) of donations in kind from the trust.

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

(b) Controlled Entity

For accounting purposes, the Foundation controls HomeSpace Society (the "Society", formerly the Calgary Community Land Trust Society), as the Foundation guarantees certain liabilities of the Society (note 11) 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.

Calgary Homeless Foundation
Notes to Financial Statements
For the Year Ended March 31, 2017

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

Accounts payable includes \$58,711 (2016 - \$NIL) and accounts receivable includes \$NIL (2016 - \$12,074) from the Society related to amounts paid by the Foundation on the Society's behalf. The amount is non-interest bearing and payable on demand.

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

	2017	2016
Assets		
Current assets	\$ 16,120,885	\$ 702,362
Property held for affordable housing	64,808,342	3,881,643
Property and equipment	<u>5,304</u>	<u>-</u>
	<u>\$ 80,934,531</u>	<u>\$ 4,584,005</u>
Liabilities		
	<u>\$ 6,615,279</u>	<u>\$ 106,000</u>
Fund Balances		
Internally restricted - net investment in property and equipment	\$ 5,304	\$ 3,809,643
Internally restricted - net investment in property held for affordable housing	60,391,606	134,309
Externally restricted	8,826,193	324,131
Unrestricted	<u>5,096,149</u>	<u>209,922</u>
	<u>74,319,252</u>	<u>4,478,005</u>
	<u>\$ 80,934,531</u>	<u>\$ 4,584,005</u>
Revenue	\$ 7,195,135	\$ 169,169
Revenue - conveyance of affordable housing net assets	64,761,376	-
Expenses	<u>(2,115,264)</u>	<u>(117,062)</u>
Excess of revenue over expenses	<u>\$ 69,841,247</u>	<u>\$ 52,107</u>
Cash provided from operating activities	<u>\$ 18,328,145</u>	<u>\$ 85,440</u>
Cash used in financing activities	<u>\$ (137,402)</u>	<u>\$ -</u>
Cash outflow from investing activities	<u>\$ (3,460,375)</u>	<u>\$ -</u>

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

Calgary Homeless Foundation

Notes to Financial Statements

For the Year Ended March 31, 2017

10. 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 \$3,650,733 (2016 - \$3,370,148) 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, 2017.

11. Commitments and Contingencies

The Foundation has entered into a lease agreement for \$1 with the Government of Alberta for office space which expires on March 31, 2020.

The Foundation has a lease for office space requiring the Foundation to cover monthly operating expenses of \$6,331 (2016 - \$6,331). The monthly base rent payments of \$10,295 (2016 - \$10,295) are recorded by the Foundation as a donation along with the corresponding expense. The lease expires on July 31, 2018.

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 \$4.0 million, with maturity dates ranging from May 1, 2017 to June 1, 2022, a current portion of \$1.3 million, interest rates ranging from 2.54% to 3.45%, secured by assets with a net book value of \$15.5 million.
- (b) The Foundation guarantees the Society's \$5 million evergreen line of credit facility to finance land purchases, bearing interest at 2.06%, of which \$NIL has been drawn as of March 31, 2017.

12. 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.

Calgary Homeless Foundation
Notes to Financial Statements
For the Year Ended March 31, 2017

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 donors 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.

13. Statutory Disclosures

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

	Total CHF	Total CHF Share of RESOLVE
Amounts paid as remuneration to employees whose principal duties involve fundraising	\$ 265,645	\$ 467,613
Direct expenses incurred for the purposes of soliciting contributions	<u>37,324</u>	<u>176,963</u>
	<u>\$ 302,969</u>	<u>\$ 644,576</u>

14. Comparative Amounts

Certain amounts have been reclassified to conform to the current year's presentation.