

ACCESSIBLE HOUSING SOCIETY

Financial Statements

March 31, 2022

ACCESSIBLE HOUSING SOCIETY
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For the Year Ended March 31, 2022

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Tel: 403-266-5608
Fax: 403-233-7833
www.bdo.ca

BDO Canada LLP
903 - 8th Avenue SW, Suite 620
Calgary AB T2P 0P7 Canada

INDEPENDENT AUDITOR'S REPORT

To the Directors of Accessible Housing Society:

Opinion

We have audited the financial statements of Accessible Housing Society (the "Society"), which comprise the statement of financial position, as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those 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, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Directors of Accessible Housing Society *(continued)*

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants

Calgary, Alberta
June 24, 2022

ACCESSIBLE HOUSING SOCIETY
Statement of Financial Position
As at March 31

	2022	2021
Assets		
Current		
Cash	\$ 724,780	\$ 1,694,884
Restricted cash (Note 3)	268,923	994,196
Short term investments (Note 4)	1,240,973	365,973
Accounts receivable	2,613	24,898
Goods and services tax recoverable	8,456	5,614
Prepaid expenses	57,086	21,756
	2,302,831	3,107,321
Property and equipment (Note 5)	13,874,191	14,285,971
	\$ 16,177,022	\$ 17,393,292
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities (Notes 7, 10)	\$ 316,725	\$ 334,018
Security deposits payable (Note 3)	38,818	39,201
Current portion of long term debt (Note 6)	217,100	167,178
Deferred contributions - operations (Note 7)	164,272	345,809
	736,915	886,206
Long term debt (Note 6)	776,746	1,925,067
Deferred contributions - property and equipment (Note 8)	10,441,911	10,605,544
Deferred contributions - future property development (Note 9)	90,094	107,392
Lease inducement (Note 11)	117,824	135,066
	12,163,490	13,659,275
Net Assets		
Invested in property and equipment	2,438,653	2,031,994
Internally restricted (Note 12)	1,415,973	1,265,973
Unrestricted	158,906	436,050
	4,013,532	3,734,017
	\$ 16,177,022	\$ 17,393,292

On behalf of the Board

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ACCESSIBLE HOUSING SOCIETY
Statement of Operations
For the Year Ended March 31

	2022	2021
Revenue		
Alberta government funding	\$ 2,496,958	\$ 2,603,935
Calgary Homeless Foundation	1,031,399	1,077,607
Rental and service fees	691,869	721,909
Recognition of deferred contributions related to property and equipment (Note 8)	312,231	303,449
United Way	201,345	116,343
Donations	174,366	219,196
Other grants	76,172	80,860
Interest income	9,847	6,339
Fee for service	1,337	-
	<u>4,995,524</u>	<u>5,129,638</u>
Expenses		
Salaries and benefits	2,955,205	2,881,795
Amortization	453,259	579,909
Resident programs	363,130	383,950
Facility and maintenance	120,452	136,009
Food services	172,980	162,183
Telephone and utilities	184,795	199,508
Interest on long term debt	79,273	101,232
Office rental	93,913	96,909
Professional fees	73,450	68,251
Office and administrative	68,232	56,583
Insurance	59,202	53,398
Software and information technology	45,163	44,144
Staff training and travel	37,223	28,846
Fund development	10,621	1,075
	<u>4,716,898</u>	<u>4,793,792</u>
Excess of revenue over expenses from operations	<u>278,626</u>	<u>335,846</u>
Other income (expenses) related to COVID-19		
Grants and subsidies	112,492	325,547
Wages	(16,108)	(227,822)
Other costs	(95,495)	(112,034)
	<u>889</u>	<u>(14,309)</u>
Excess of revenue over expenses	<u>\$ 279,515</u>	<u>\$ 321,537</u>

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

ACCESSIBLE HOUSING SOCIETY
Statement of Changes in Net Assets
For the Year Ended March 31

	Invested in property and equipment	Internally restricted (Note 12)	Unrestricted	2022	2021
Net assets - beginning of year	\$ 2,031,994	\$ 1,265,973	\$ 436,050	\$ 3,734,017	\$ 3,412,480
Excess of revenue over expenses	(141,028)	-	420,543	279,515	321,537
Internally restricted additions (Note 12)	-	-	-	-	-
Interfund transfers	547,687	150,000	(697,687)	-	-
Net assets - end of year	\$ 2,438,653	\$ 1,415,973	\$ 158,906	\$ 4,013,532	\$ 3,734,017

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

ACCESSIBLE HOUSING SOCIETY
Statement of Cash Flows
For the Year Ended March 31

	2022	2021
Operating activities		
Excess of revenue over expenses	\$ 279,515	\$ 321,537
Items not affecting cash:		
Amortization of property and equipment	453,259	579,909
Revenue recognized from deferred contributions related to property and equipment (Note 8)	(312,231)	(303,449)
Amortization of deferred lease incentives (Note 11)	(17,242)	(17,242)
	<u>403,301</u>	<u>580,755</u>
Changes in non-cash working capital:		
Accounts receivable	22,285	(8,651)
Goods and services tax recoverable	(2,842)	1,158
Prepaid expenses	(35,330)	20,070
Accounts payable and accrued liabilities	(17,293)	(66,030)
Payroll remittance	-	(22,522)
Security deposits payable	(383)	75
Deferred contributions	(181,537)	7,937
	<u>(215,100)</u>	<u>(67,963)</u>
Cash flows from operating activities	<u>188,201</u>	<u>512,792</u>
Investing activities		
Purchase of property and equipment	(41,479)	(23,527)
Redemption of investments	365,973	2,049,749
Purchase of investments	(1,240,973)	(1,953,473)
Interest earned on restricted contributions (Note 9)	-	4,982
Decrease (increase) in restricted cash	725,273	(914,486)
	<u>(191,206)</u>	<u>(836,755)</u>
Cash flows used by investing activities	<u>(191,206)</u>	<u>(836,755)</u>
Financing activities		
Contribution received for property and equipment (Note 8)	-	5,462
Contribution received for future property and equipment (Note 9)	131,300	89,102
Repayment of debt	(1,098,399)	(497,810)
	<u>(967,099)</u>	<u>(403,246)</u>
Cash flows used by financing activities	<u>(967,099)</u>	<u>(403,246)</u>
Decrease in cash flows	(970,104)	(727,209)
Cash - beginning of year	<u>1,694,884</u>	<u>2,422,093</u>
Cash - end of year	\$ 724,780	\$ 1,694,884

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

ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

1. Purpose of organization

Accessible Housing Society (the "Society ") is a Calgary not-for-profit organization that opens doors for people to live in community with dignity through supportive living services. The Society's vision states that people with limited mobility are empowered to achieve their potential. The Society is incorporated under the Societies Act of Alberta as a not-for-profit organization. The Society is a registered charity, and thus is exempt from income tax under Section 149(1)(f) of the Income Tax Act.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies below:

Revenue recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized in the year in which the related expenses are incurred.

Amounts externally restricted for capital purposes are recorded as deferred contributions for property and equipment when received or receivable and recognized as revenue each year in proportion to the annual amortization of the related assets for which the capital contributions were expended. Amounts which have not been designated for a specific capital project or which relate to capital costs in a future period are deferred and recognized as revenue when the expenses are incurred.

Rental revenue is recognized as revenue on an accrual basis when it is earned.

Interest is recognized as revenue on an accrual basis when it is earned.

Restricted investment income is recognized as revenue in the year which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Cash

Cash consists of cash on hand and bank balances.

Restricted cash

The Society has received cash that is to be used for specific purposes and keeps this cash in separate bank accounts if there is a requirement from funders.

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ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

2. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment is recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Property and equipment is amortized over its estimated useful life at the following rates and methods:

Building	Remaining useful life years with original useful life of 40 years	straight-line
Digital equipment	3 years	straight-line
Equipment	5 years	straight-line
Leasehold improvement	10 years	straight-line
Major equipment	10 years	straight-line

Property under development is not amortized until placed into use.

The Society capitalizes interest on construction projects when the interest expense is directly attributed to the construction activity and the project is developed over a significant amount of time.

When property or equipment no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Financial instruments policy

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. Financial liabilities measured at amortized cost are tested for impairment at each reporting date.

Investments consist of guaranteed investment certificates (GICs). Investments are carried at cost. Investments with maturity within one year have been classified as short-term investments.

Contributed materials and services

Donated materials are recorded at the estimated fair value, if the donated materials would otherwise have been purchased if not donated. If fair value cannot be reasonably estimated, such donations are not recorded.

The operations of the Society include the contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and are not reflected in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these financial statements.

ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

3. Restricted cash

The restricted cash is comprised of the following:

	<u>2022</u>	<u>2021</u>
Casino funds	\$ 55,105	\$ 54,995
Security deposits	38,818	39,201
Internally restricted funds (Note 12)	<u>175,000</u>	<u>900,000</u>
	<u>\$ 268,923</u>	<u>\$ 994,196</u>

Casino funds are subject to Alberta Gaming, Liquor and Cannabis restrictions.

Security deposits are received on behalf of residential tenants and kept separately in an interest-bearing trust account in accordance to the requirement of the Residential Tenancies Act of Alberta.

4. Investments

	<u>2022</u>	<u>2021</u>
Fixed non-redeemable ninety day term GIC, bearing interest at 0.40% per annum, matured May 2021	\$ -	\$ 208,041
Fixed non-redeemable eighteen month GIC, bearing interest at 3.22% per annum, matured June 2021	-	157,932
Fixed non-redeemable eighteen month GIC, bearing interest at 0.20% per annum, maturing December 1, 2022	162,896	-
Fixed non-redeemable twelve month GIC, bearing interest at 1.85% per annum, maturing March 30, 2023	<u>1,078,077</u>	<u>-</u>
	<u>\$ 1,240,973</u>	<u>\$ 365,973</u>

The GICs are held in accordance to the internally restricted fund requirements to fund for specific purposes (Note 12).

ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

5. Property and equipment

	Cost	Accumulated amortization	2022 Net book value
Land	\$ 1,440,000	\$ -	\$ 1,440,000
Building	13,522,339	1,351,326	12,171,013
Digital equipment	457,332	454,210	3,122
Equipment	383,664	271,151	112,513
Leasehold improvements	126,989	38,097	88,892
Major equipment	97,752	39,101	58,651
	\$ 16,028,076	\$ 2,153,885	\$ 13,874,191

	Cost	Accumulated amortization	2021 Net book value
Land	\$ 1,440,000	\$ -	\$ 1,440,000
Building	13,510,196	1,013,571	12,496,625
Digital equipment	457,332	435,596	21,736
Equipment	360,877	203,284	157,593
Leasehold improvements	126,989	25,398	101,591
Major equipment	97,752	29,326	68,426
	\$ 15,993,146	\$ 1,707,175	\$ 14,285,971

ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

6. Long term debt

	<u>2022</u>	<u>2021</u>
Mortgage payable to First Calgary Financial, bearing interest at 4.06% per annum, payable in monthly instalments of \$20,863, due December 2023. Secured by land and building with a carrying value of \$13,611,013 (2021: \$13,936,625).	\$ 993,846	\$ 2,092,245
Current portion	<u>(217,100)</u>	<u>(167,178)</u>
	<u>\$ 776,746</u>	<u>\$ 1,925,067</u>

Principal repayment terms are approximately:

2023	\$ 217,100
2024	<u>776,746</u>
	<u>\$ 993,846</u>

7. Deferred contributions related to operations

Deferred contributions related to operations represent externally restricted amounts received that have not yet been spent.

	<u>2022</u>	<u>2021</u>
Balance - beginning of the year	\$ 345,809	\$ 337,872
Contributions received	3,858,922	3,961,482
Recognized as revenue	<u>(4,040,459)</u>	<u>(3,953,545)</u>
Balance - end of the year	<u>\$ 164,272</u>	<u>\$ 345,809</u>

Surpluses in total of \$119,461 (2021: \$85,145) from various programs that are required to be paid back to funders are included in accounts payable for the year end.

8. Deferred contributions related to property and equipment

	<u>2022</u>	<u>2021</u>
Balance - beginning of the year	\$ 10,605,544	\$ 10,541,194
Transfer from deferred contributions related to future development (Note 9)	148,598	362,337
Contributions received	-	5,462
Recognized as revenue	<u>(312,231)</u>	<u>(303,449)</u>
Balance - end of the year	<u>\$ 10,441,911</u>	<u>\$ 10,605,544</u>

ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

9. Deferred contributions related to future property development

Deferred contributions related to future development represent contributions from Resolve capital campaign to support the land and building.

	<u>2022</u>	<u>2021</u>
Balance - beginning of the year	\$ 107,392	\$ 375,645
Contributions received	131,300	89,102
Interest earned	-	4,982
Transfer to deferred contributions related to property and equipment (Note 8)	<u>(148,598)</u>	<u>(362,337)</u>
Balance - end of the year	<u>\$ 90,094</u>	<u>\$ 107,392</u>

10. Refundable surplus

a) The annual Emergency/Short-Term/Long-Term Supportive Housing Initiative Conditional Grant Funding Agreement with the Minister of Community and Social Services defines any excess of funds received over approved operating expenditures as the unused portion of the grant. In accordance with this agreement, the Society has requested, within thirty days of the termination of the agreement, to retain the unused portion of the grant in a total of \$nil (2021: \$31,936) as at March 31, 2022, reported under deferred contributions related to operations.

b) In accordance with the annual funding agreements with the Calgary Homeless Foundation, any unused surplus resulting from the excess of funds received over approved operating expenses is applied to the subsequent year. As at March 31, 2022, the refundable surplus from the Bridge to Home program of \$119,461 (2021: \$67,321) are reported as accounts payable and accrued liabilities.

Project Funding Agreements

	Bridge to Home	
	2022	2021
Funds received in the current year		
Program Funding	1,150,080	1,022,170
COVID-19 wage premium funding	-	44,676
	<u>1,150,080</u>	<u>1,066,846</u>
Expenses		
Start-up costs	-	8,985
Staff costs	622,597	559,515
Client costs	293,015	302,971
Admin	115,007	100,320
COVID-19 10% wage premium costs	-	27,734
	<u>1,030,619</u>	<u>999,525</u>
Refundable surplus	<u>119,461</u>	<u>67,321</u>

ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

11. Lease commitments

On April 23, 2018, the Society signed a 10 year office lease agreement to extend and expand its original lease to January 2029. The landlord offered 9 months free rent from December 2018 to August 2019, and funded leasehold improvements of \$99,015, which was recorded in financial statements as lease inducements at the time when received. The lease inducements in total of \$117,824 at March 31, 2022 (2021: \$135,066) are recognized as a reduction of rent expense at \$17,242 per annum (2021: \$17,242), over the lease term.

Under the terms of the above agreement, future minimum lease payments are as follows:

2023	\$	60,981
2024		64,124
2025		64,124
2026		64,124
2027		64,753
Thereafter		124,476

12. Internally restricted funds

Internally restricted funds represent funds that have been designated by the Board of Directors as restricted funds for specific purposes in subsequent periods as described below. Internally restricted funds cannot be spent without board approval.

During the year ended March 31, 2021, the Board of Directors approved the set up of a contingency fund in case there are unanticipated significant shortfalls in revenue. An amount of \$700,000 (2021: \$725,000) was approved to be kept in the contingency fund in the current year.

The Board of Directors allocated \$175,000 (2021: \$175,000) from the operating surplus to the building reserve to be used in major repairs and maintenance related to the building based on reserve fund study.

	<u>2022</u>	<u>2021</u>
Contingency fund	\$ 700,000	\$ 725,000
Building reserve	<u>715,973</u>	<u>540,973</u>
	<u>\$ 1,415,973</u>	<u>\$ 1,265,973</u>

These funds are held in a bank account and invested as GICs as disclosed in Note 3 and Note 4.

ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2022

13. Financial instruments

The Society's financial instruments consist of cash, restricted cash, investments, accounts receivable, accounts payable and accrued liabilities, security deposits payable, and long term debt, all of which are reported at amortized cost.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Credit risk exists in accounts receivable. The Society does not consider that it is exposed to undue credit risk. No allowance is provided for the receivables, as all amounts are considered collectible.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in mortgage payable and accounts payable.

The Society's ability to continue to service debt and meet other obligations as they come due is dependent on the continued ability to generate earnings and cash flows.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society is mainly exposed to interest risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society is exposed to interest rate risk primarily through its mortgage. The mortgage is paid based on fixed rate and contractual terms to its maturity date and management does not consider changes in fair value to be of a significant risk.

14. COVID-19 pandemic

In March 2020, in response to the COVID-19 pandemic, certain measures were implemented by the provincial and federal government that have and will continue to affect operations of the Society. As the effects of COVID-19 continue, there could be further impact on the Society, its funders and donors. Management continues to actively monitor the effect on financial condition, liquidity, operations, suppliers, and industry and the workforce. Management anticipates a continued decline in donation revenue, and increased expenses related to supplies and staffing. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Society is not able to fully estimate the continued effects of the outbreak on its results of operations, financial condition or liquidity at this time.

15. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. This reclassification has no effect on prior year excess of revenue over expenses from operations.
