

2019 REPORT ON PROGRESS

ending homelessness

a social imperative for all

Management's Discussion and Analysis

AND ANNUAL FINANCIAL STATEMENTS



Calgary Homeless
FOUNDATION

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, 2017 to March 31, 2018 is referred to as fiscal 2018, the period April 1, 2018 to March 31, 2019 is referred to as fiscal 2019 and the period April 1, 2019 to March 31, 2020 is referred to as fiscal 2020.

1. Environment

Homelessness in Alberta and in Calgary

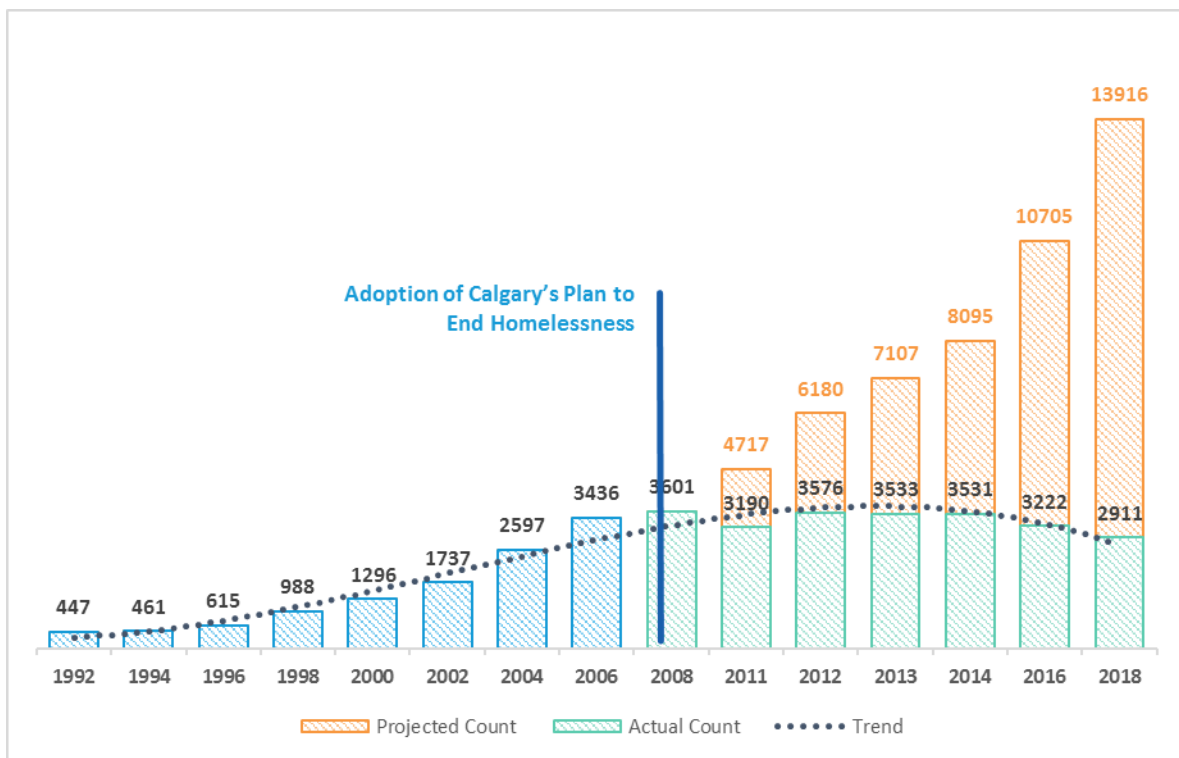
Homelessness is a complex social issue that is attributable to 3 main factors:

- 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.

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 the overall homeless population and enables us to examine how this population changes over time. The most recent count was in April 2018, coordinated provincially and occurring across Canada. In Calgary, the count was approximately 2,911 people experiencing homelessness:



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 2018 and details of the accomplishments can be found in the November 2018 publication, *Our Living Legacy Calgary's 10 Year Plan to End Homelessness: Collective Impact Report* found at <https://www.ihearthomeyc.com/together-to-zero/>.

Highlights of key achievements include:

More housing and supports with positive impact and cost savings:

Homelessness Decreased. Despite Calgary's population growing by more than 220,000 people from 2008 – 2018, there has been a remarkable 32% decrease in homelessness in Calgary (per capita) since January 2008 and a notable 35% decrease in emergency shelter use.

New Housing Spaces and Supports. CHF and partner agencies created more than 2,100 new housing program spaces operated by 57 programs thanks to government funding. Currently, 92% of clients have achieved housing stability. More than 9,700 people experiencing chronic and episodic homelessness were housed and supported and more than 550 units of permanent housing with supports were built.

A better use of public dollars. In a study of CHF-funded Housing First programs, researchers concluded that every \$1 spent on Housing First is associated with \$1.5 - \$2.86 of savings to the public system. Given the \$50 million spent annually on Housing First programs, this could result in savings of approximately \$168 million in terms of nights in hospital, emergency room visits and justice services.

A more coordinated support system for Calgarians at risk of or experiencing homelessness:

Coordinated Homeless-Serving System of Care. 23 agencies and 57 programs are now on a common information system regarded as one of the best of its kind internationally. Agencies use common intake processes and metrics to benchmark service impact and quality to improve participant outcomes and community impact.

Community Systems Integration Table (CSI). The intention of the CSI is to provide systems level leadership in preventing and ending homelessness. It includes leaders in system-level strategic roles from key public systems, government departments, and community funders who are collectively engaged with CHF on mission achievement including Alberta Health Services, Alberta Community & Social Services, the Calgary Police Service, The City of Calgary, and United Way of Calgary.

Leadership Connectivity Breakfasts. Integrating services across Calgary's Homeless-Serving System of Care (CHSSC) and within large public systems is critical to ending homelessness in Calgary, and to this end CHF regularly hosts Board Chair & CEO Connectivity breakfasts with community partners. At these forums which average well over 60 leaders from the sector, government, and other public systems, ways are collectively explored to collaborate, communicate and connect services, data, and programs to ensure resources and expertise are more effectively leveraged to the advantage of persons in need and the betterment of the community.

Coordinated Access and Assessment. Coordinated Access and Assessment (CAA) is a single place or process for people experiencing homelessness to access housing services. CAA is designed to meet the needs of the most vulnerable first through quickly identifying and addressing immediate needs through a standardized questionnaire, and then providing ongoing supports to address more complex needs.

Better quality of services, with more impact:

Client Action Committee. The lived experience voice is integral to CHF's work, and in 2012, the Client Action Committee (CAC) was created. Comprised of individuals with living or lived experience of homelessness, the CAC consults with the sector and provides experience and information that has been instrumental Calgary's shared success of collective impact. The CAC has also spearheaded several important initiatives such as the Homeless Charter of Rights and the Longest Night of the Year memorial service.

Key Performance Indicators. Using evidence-inspired best practices, Key Performance Indicators enable a high-performing system of care that stably houses individuals and families experiencing chronic and/or episodic homelessness and is reflective of and responsive to Calgary's unique needs.

Training. Each year, community consultations are held with service providers to identify sector learning needs and prioritize annual training deliverables. In many instances program specialists from frontline agencies provide the training to peers and other members of the community.

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

Lack of affordable housing units:

- A resurgence of migration, particularly from interprovincial sources, has increased the demand for rental units, resulting in significantly lower vacancy rates and rising rents in Calgary. The apartment vacancy rate significantly decreased for the second consecutive year to 3.9% in 2018 from 6.3% in 2017, reversing a trend of increasing vacancy rates that started in 2013¹.
- Average rent increased 1.7% to \$1,149¹, which continues to remain unaffordable for at-risk and vulnerable Calgarians. Although social assistance benefits were recently increased and are now indexed to inflation, at \$745 per month for rent and food the benefits do not provide households with sufficient monthly income.

High Calgary unemployment:

- Calgary's unemployment rate remains at 7.7% in March of 2019, significantly higher than the national average of 5.8% and elevated above Edmonton's rate of 6.4%².

Substance misuse crisis:

- Mental health issues, addictions and overdoses continue to rise in Calgary, resulting in downward pressures on housing stability for vulnerable people and an increased demand on already oversubscribed health supports and housing services.

New provincial government:

- The recently elected provincial government's plan for investment in ending homelessness is not yet known and Alberta's provincial 10 Year Plan to End Homelessness and the various Alberta 7 Cities local community plans are reaching their conclusion dates in 2019. CHF is in active discussions with the government to ensure ongoing and additional obligations, commitments and investments in CHSSC are secure and congruent to meet the needs of those who are experiencing homelessness.

Federal government promises:

- In 2017, the federal government released its National Housing Strategy (**NHS**), signaling an increased focus on housing issues and committed \$11.2 billion to be spent over 11 years for housing capital funding.
- The 2018 federal budget committed:
 - \$1.5 billion over the next several years for on-reserve, Inuit and Metis housing
 - An expansion of the Working Income Tax Benefit wage supplement for workers
 - A Canada Housing Benefit of \$2,500 per year beginning in 2020 expected to support 300,000 households
 - Establishing the National Housing Co-Investment Fund to create up to 60,000 new housing units and repair up to 240,000 units of existing housing over 10 years.
- Key developments in the 2019 federal budget include:
 - Replacing the existing Homelessness Partnering Strategy with Reaching Home, with an investment of \$2.2 billion over ten years with the goal of reducing chronic homelessness by 50%

¹ Canada Mortgage and Housing Corporation, *Rental Market Report Calgary CMA 2018*

² Statistics Canada, *Labour Force Survey*, March 2019

- The establishment of the National Housing Council to further the NHS
- Introduction of new legislation which will require the federal government to maintain a NHS that prioritizes the housing needs of the most vulnerable with regular reporting to Parliament on progress
- The National Housing Co-Investment Fund is encouraging partnerships between housing projects and support services to help those experiencing mental health or addiction challenges
- \$30.5 million over 5 years to enhance the federal response to the opioid crisis
- An addition of \$10 billion over nine years in financing to the Rental Construction Financing Initiative, increasing the total to 42,500 new rental units
- \$300 million to launch a new Housing Supply Challenge to invite municipalities and other stakeholder groups across Canada to propose new ways to break down barriers that limit the creation of new housing
- CMHC will invest \$4 million over two years to support the work of a newly created Expert Panel on the Future of Housing Supply and Affordability

These commitments, if delivered, are anticipated to have a positive impact on reducing homelessness, however, caution is warranted as funding is not scheduled to flow until fiscal 2020 and could be at risk pending the results of the 2019 federal election.

2. Organization and Leadership

CHF is structured into two primary areas: Homeless Serving System of Care and Operations. As at March 31, 2019, there were 39 employees. A list of the leadership team can be found on the CHF website at: <http://calgaryhomeless.com/about/leadership/>.

3. Strategy

CHF focuses on four areas of work: Public and Political Will, Research and Data, Community Mobilization, and Funder of Outcomes and Impact. In addition, CHF addresses gaps and identifies best practices to improve the CHSSC and enhance desired client outcomes. Through leadership in community and mobilization of collective impact, CHF is committed to moving forward in partnership with the many homeless-serving agencies, the private sector, government partners, local communities, the faith community, other foundations and all Calgarians to end homelessness in Calgary.

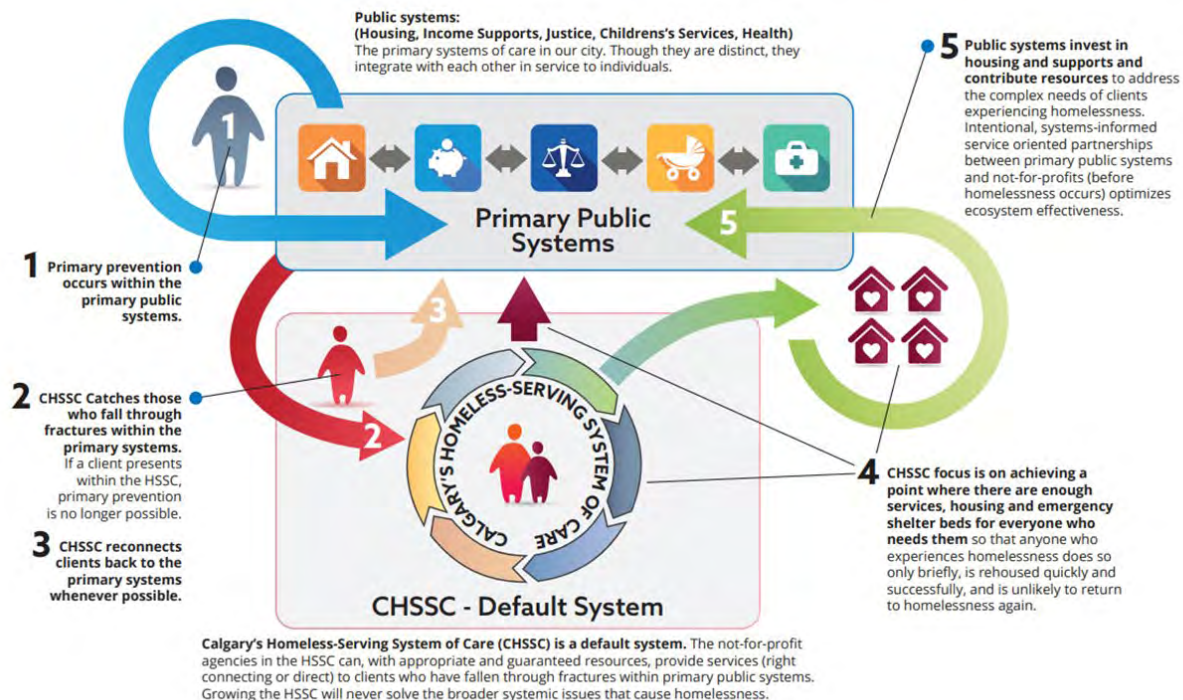
CHF continues to be guided by its robust 2015-2020 Five Year Strategic Blueprint (**5YSB**), a living document that creates a shared understanding and common language around CHF's purpose, role in community, business priorities and organizational needs. CHF's 5YSB is updated as part of annual business planning to reflect any changes in emerging trends, strategies or policies based on evidence.

OUR STRATEGIC CIRCLE OF IMPACT



Together to Zero

In fiscal 2019, based on the lessons and wisdom gleaned from over a decade of progress and collective impact work, CHF spearheaded the creation of a forward-looking community strategic directives report to guide priority areas for continued community collective action on ending homelessness. The objective of the community directives is to work collectively to achieve a Functional Zero state of homelessness in Calgary as progress towards achieving Absolute Zero homelessness. A Functional Zero end to homelessness means that public systems and CHSSC have a unified systematic response in place that ensures homelessness is prevented whenever possible or is otherwise a rare, brief, and non-recurring experience. The focus will be on reconnecting clients to the appropriate public systems and achieving a point where there are enough services, housing, and emergency shelter beds for everyone who needs them so that anyone who experiences homelessness does so only briefly, is rehoused quickly and successfully, and is unlikely to return to homelessness again. It also means that as a community, there is absolute zero tolerance for ignoring homelessness, normalizing it, doing nothing to prevent it, contributing to sustaining it (intentionally or unintentionally), or doing nothing to stop its devastating impact.



The complete report can be viewed here: <https://www.ihearthomeyyyc.com/together-to-zero/>. The six strategic directives supporting this objective are:

- 1. People First:** While we exist to serve those most vulnerable, we must also be mindful of all who are involved in our efforts to end homelessness in our city.
- 2. Home for Everyone:** Housing First is not housing only. Housing capacity and design must be in alignment with the diverse needs of the individuals served.
- 3. Data & Knowledge:** Measuring and monitoring success requires a real-time, system level lens and despite progress; a lack of data integration between the CHSSC and the primary public systems of care remains a barrier to success.
- 4. Agile Homeless-Serving System of Care Planning:** System planning is about more than setting targets and monitoring performance. Faster and more strategic cycles of development are needed throughout the CHSSC, working alongside public systems.
- 5. Ecosystem Integration:** One of the greatest challenges faced in the work on ending homelessness stems from the fact that homelessness cannot be solved by the CHSSC alone.
- 6. Strategic Investment and Empowering Calgarians:** Critical mass is required to affect sustainable change. Shared accountability must be acknowledged and acted upon.

In fiscal 2020, year 5 of CHF's 5YSB, CHF will complete the development of its next 3 Year Strategic Blueprint (2021 – 2023) to define CHF's specific role in the community's future work in ending homelessness. CHF will also engage the community to encourage and facilitate alignment to the overall goal of attaining the state of Functional Zero homelessness in Calgary through the community's six strategic directives.

4. Fiscal 2019 Priorities

Every year, the CHF sets strategic priorities and business plan goals to align with its 5 Year Strategic Blueprint. In fiscal 2019, the 4th year of the 5 Year Strategic Blueprint, CHF set five strategic directions. Key accomplishments in each of these areas include:

- i) **Generate and present Calgary's 10 Year Plan to End Homelessness: Summative Report to stakeholders by Dec 2018 and position Calgary for future work of Calgary's Homeless-Serving System of Care (CHSSC).**
 - Engaged community stakeholders through 19 comprehensive consultations with over 220 in-person and 40 online participants from the CHSSC, front-line staff, Indigenous communities, people with lived or living experience of homelessness and the broader Calgary community to develop the *Our Living Legacy Calgary's 10 Year Plan to End Homelessness: Collective Impact Report* documenting the achievements of Calgary's 10 Year Plan.
 - Held an event celebrating the accomplishments of Calgary's 10 Year Plan attended by key government, community, Indigenous, lived experience and sector stakeholders.
 - In conjunction with community stakeholders, developed a forward-looking strategic directive report of six key priority areas beyond 2018.
- ii) **Develop the next CHF 3 Year Strategic Blueprint ready for implementation in F2021.**
 - Informed by the Living Legacy community consultation process, internal business and strategic planning considerations, developed four strategic themes each with multiple options.
 - Board and senior leadership team engaged in evaluation and selection of options and identified further information needed to finalize the next CHF 3 Year Strategic Blueprint.
- iii) **Continue to listen, learn, build upon and honour Indigenous wisdom in all that we do.**
 - Commenced a multi-year research project to better understand the flow of people between Treaty 7 First Nations and the CHSSC.
 - Held a strategic planning session with participation from Elders, staff and the Board of Directors to help define CHF's future direction in context of the Truth and Reconciliation Commission Calls to Action and the United Nations Declaration on the Rights of Indigenous Peoples.
 - For CHF's next 3 Year Strategic Blueprint, identified strategic options for the role CHF can play in supporting self-determination of Indigenous peoples and the integration of an Indigenous word view in the CHSSC.
 - Living Legacy consultation sessions included sessions with Indigenous Elders and youth and this helped inform CHF and CHSSC priorities.
 - Built relationships with key Treaty 7 members and funded initiatives related to ending homelessness on two First Nations, including renovations to a shelter and an inaugural on-reserve homeless count.
- iv) **Continue internal capacity building including modernization and leveraging of technology infrastructure and professional development of people.**
 - Held discovery sessions to develop high-level IT strategy and identify the best tools for internal information management and commenced cloud migration strategy for key programs.
 - Obtained funding, selected and implemented a new financial software system on April 1, 2019.
 - Organization redesign implemented to align with future direction for Data & Research and the six future strategic directives identified by the community at the conclusion of Calgary's 10 Year Plan to End Homelessness.

- Strengthened leadership competency framework, evaluation and succession processes.
- Developed 4 half-day experiential sessions for staff for delivery in F2020 to enhance staff and Board understanding of Indigenous world views.

v) Secure and grow financial investment in CHSSC aligned to the need to optimize client outcomes

- Advocated for and received \$1.2 million to CHSSC base program funding for recently opened permanent supportive housing buildings.
- Secured a new 5-year federal program funding contract, commencing April 1, 2020, with 12% increased funding in the first two years and 28% increased funding in the final three years.
- Secured grant to train system partners on the Homeless Charter of Rights and developed Homeless Charter of Rights curriculum & online training tool.
- Created program for up to 200 clients needing less-intensive supports freeing up to 200 intensive case managed spots for people on the CHSSC wait list.
- Funded a major shelter to identify quick opportunities to connect people with the appropriate housing supports, resulting in over 150 chronically homeless people housed and over 300 clients diverted from shelters.
- In conjunction with HomeSpace Society, opened a new permanent supportive housing building program with 26 spaces and broke ground on two more buildings with 68 spaces to be opened in fiscal 2020.
- Created designs and business cases for permanent supportive housing buildings for Indigenous singles and families with Indigenous community leaders and a high support housing building.
- One-time grants awarded to 21 agencies in Calgary and two Treaty 7 First Nations to pilot new initiatives, build capacity and enhance current programs to help reduce homelessness.

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.

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.

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, 2019)

Cash was substantially the same, increasing by \$0.1 million to \$18.1 million in fiscal 2019 primarily due an increase of \$0.5 million in the restricted cash held for the RESOLVE campaign, offset by a \$0.4 million reduction in restricted funds for programs. Short-term investments increased by \$0.1 million to \$3.6 million in fiscal 2019 due to reinvestment of interest earned.

Current liabilities increased by \$0.8 million to \$11.8 million in fiscal 2019 primarily due to the funds held in trust for the RESOLVE campaign, which will be largely distributed in fiscal 2020 as the campaign has concluded.

Statement of Operations

Donations and grants decreased from \$62.3 million in fiscal 2018 to \$61.5 million in fiscal 2019 due to a decrease of \$2.0 million of funds raised through the RESOLVE campaign partially offset by a \$1.2 million increase in government funding. Special events revenue increased from \$90,000 to \$135,000 as the 2nd year of the marquee Trailblazer fundraising event resulting in increased funds raised. Investment income increased 66% to \$0.4 million in fiscal 2019 due to higher interest rates.

Operating expenses were \$56.5 million in fiscal 2018, made up of \$55.7 million in payments to agencies, \$54,000 in special events and \$725,000 in expenses contributed to RESOLVE. 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 increase in was due to increased program expenditures of \$1.2 million attributable to increased government funding for new programs; a one-time expenditure \$2.2 million to draw down accumulated program reserves; partially offset by a reduction of \$2.9 million in distributions of funds to RESOLVE campaign participating agencies as the collection of campaign pledges winds down.

Administration expenses increased from \$5.5 million in fiscal 2018 to \$5.9 million in fiscal 2019. Administration expenses in fiscal 2018 were comprised of \$3.4 million in salaries and \$2.1 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.

Deficiency of revenue over expenses was \$0.8 million as compared to an excess of revenue over expenses of \$0.6 million in fiscal 2018, a decline that is due to the increased one-time programming expenditures described above to draw down accumulated program reserves.

Of the \$0.4 million of funds raised for operating costs in fiscal 2019, the average gift amount was \$645. 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, 2019, the Calgary Homeless Foundation received \$4.9 million in fiscal 2019, which was disbursed to HomeSpace Society and has outstanding pledges of \$2.9 million at the end of fiscal 2019, which will flow to HomeSpace Society when collected.

Liquidity and Capital Resources

Operating activities generated \$0.2 million in fiscal 2019, due to a reduction of net working capital of \$1.0 million partially offset by the cash operating loss of \$0.8 million. In fiscal 2018, operating activities generated \$4.4 million, primarily due to a reduction of net working capital. In both years, the change in net working capital was primarily due to an increase in RESOLVE funds held in trust for the fundraising agencies.

Investing activities used \$0.1 million in fiscal 2019, due to the purchase of financial software and reinvestment of interest earned. Investing activities used \$2.5 million in fiscal 2018, due to the purchase of \$2.4 million of term deposits and \$0.1 million of property and equipment.

Non-Consolidated Financial Statements of
And Independent Auditors' Report thereon

CALGARY HOMELESS FOUNDATION

And Independent Auditors' Report thereon

Year ended March 31, 2019



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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, 2019
 - 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, 2019, 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 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.

Other Matter – Comparative Information

The financial statements for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 7, 2018.

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's 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
June 20, 2019

CALGARY HOMELESS FOUNDATION

Non-Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018



	Operating	System Programs	RESOLVE Campaign	March 31, 2019 Total	March 31, 2018 Total
Assets					
Current assets:					
Cash	\$ 2,881,176	\$ 8,186,837	\$ -	\$ 11,068,013	\$ 11,530,811
Restricted cash for RESOLVE Campaign (note 3)	-	-	7,043,350	7,043,350	6,516,380
Short-term investments (note 5)	3,556,438	-	-	3,556,438	3,478,495
Accounts receivable	88,415	2,148	13,311	103,874	375,857
Prepaid expenses	39,034	-	-	39,034	45,054
	6,565,063	8,188,985	7,056,661	21,810,709	21,946,597
Property and equipment (note 6)	97,856	-	-	97,856	72,908
	\$ 6,662,919	\$ 8,188,985	\$ 7,056,661	\$ 21,908,565	\$ 22,019,505

Liabilities and Funds Balances

Current liabilities:					
Accounts payable and accrued liabilities (notes 3 and 7)	\$ 320,531	\$ 102,644	\$ 39,081	\$ 462,256	\$ 587,599
Funds held in trust for RESOLVE Campaign (note 3)	-	-	6,683,196	6,683,196	5,512,750
Deferred contributions	-	592,001	334,384	926,385	1,248,380
Approved system programs disbursements (note 8)	-	3,688,984	-	3,688,984	3,674,806
	320,531	4,383,629	7,056,661	11,760,821	11,023,535
Funds balances:					
Internally restricted – net investment in property and equipment	97,856	-	-	97,856	72,908
Externally restricted	-	3,805,356	-	3,805,356	5,273,580
Unrestricted	6,244,532	-	-	6,244,532	5,649,482
	6,342,388	3,805,356	-	10,147,744	10,995,970
Commitments and contingencies (notes 4 and 9)					
	\$ 6,662,919	\$ 8,188,985	\$ 7,056,661	\$ 21,908,565	\$ 22,019,505

See accompanying notes to the financial statements.

Approved by the Board of Directors

Chairman, Board of Directors

Chair, Audit Committee

CALGARY HOMELESS FOUNDATION

Non-Consolidated Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	Year ended March 31, 2019			Year ended March 31, 2018
	Operating	System Programs	Total	Total
Revenue:				
Donations and grants	\$ 6,176,446	\$55,291,408	\$61,467,854	\$62,311,526
Special events	134,922	-	134,922	89,863
Investment income	198,413	175,060	373,473	225,004
	6,509,781	55,466,468	61,976,249	62,626,393
Operating expenses:				
System program disbursements (note 8)	-	56,849,441	56,849,441	55,678,418
Special events	73,296	-	73,296	53,557
RESOLVE Campaign (notes 3 and 11)	40,970	-	40,970	724,514
	114,266	56,849,441	56,963,707	56,456,489
Administrative expenses:				
Salaries	3,565,891	73,384	3,639,275	3,381,911
Office	2,169,142	11,867	2,181,009	2,114,975
Amortization	40,484	-	40,484	20,242
	5,775,517	85,251	5,860,768	5,517,128
Total expenses	5,889,783	56,934,692	62,824,475	61,973,617
Excess of revenue over expenses before conveyance	619,998	(1,468,224)	(848,226)	652,776
Conveyance of affordable housing net assets (note 4)	-	-	-	59,868
Excess (deficiency) of revenue over expenses	\$ 619,998	\$(1,468,224)	\$ (848,226)	\$ 592,908

See accompanying notes to the financial statements.

CALGARY HOMELESS FOUNDATION

Non-Consolidated Statement of Changes in Fund Balances

Year ended March 31, 2019, with comparative information for 2018

	Internally Restricted – net investment in property and equipment	Externally restricted	Unrestricted	Total
Fund balances, March 31, 2017	\$ -	\$ 5,114,111	\$ 5,288,951	\$10,403,062
Purchase of property and equipment	93,150	-	(93,150)	-
Excess (deficiency) revenue over expenses	(20,242)	159,469	453,681	592,908
Fund balances, March 31, 2018	72,908	5,273,580	5,649,482	10,995,970
Purchase of property and equipment	65,432	-	(65,432)	-
Excess (deficiency) revenue over expenses	(40,484)	(1,468,224)	660,482	(848,226)
Fund balances, March 31, 2019	\$ 97,856	\$ 3,805,356	\$ 6,244,532	\$10,147,744

See accompanying notes to the financial statements.

CALGARY HOMELESS FOUNDATION

Non-Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (848,226)	\$ 592,908
Add (deduct) items not affecting cash:		
Amortization	40,484	20,242
	(807,742)	613,150
Changes in non-cash working capital	1,001,111	3,747,850
Increase in approved system programs disbursements	14,178	24,073
	207,547	4,385,073
Investing:		
Purchase of property and equipment	(65,432)	(93,150)
Purchase of short-term investments	(77,943)	(2,355,106)
	(143,375)	(2,448,256)
Increase in cash	64,172	1,936,817
Cash, beginning of year	18,047,191	16,110,374
Cash, end of year	\$18,111,363	\$18,047,191
Cash is comprised of:		
Cash	\$11,068,013	\$ 11,530,811
Restricted cash for RESOLVE Campaign	7,043,350	6,516,380
	\$18,111,363	\$18,047,191

See accompanying notes to the financial statements.

CALGARY HOMELESS FOUNDATION

Notes to non-consolidated Financial Statements

Year ended March 31, 2019, with comparative information for 2018

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 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 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 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.

CALGARY HOMELESS FOUNDATION

Notes to non-consolidated Financial Statements, page 9

Year ended March 31, 2019, with comparative information for 2018

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:

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 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

CALGARY HOMELESS FOUNDATION

Notes to non-consolidated Financial Statements, page 10

Year ended March 31, 2019, with comparative information for 2018

2. Significant accounting policies (continued):

(f) Measurement uncertainty (continued):

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:

(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.

CALGARY HOMELESS FOUNDATION

Notes to non-consolidated Financial Statements, page 11

Year ended March 31, 2019, with comparative information for 2018

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 are 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.

During the year, all partners of the RESOLVE campaign contributed \$Nil (2018 - \$2,476,039) 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 \$420,473 (2018 - \$1,932,037). 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 \$40,970 (2018 - \$724,514). The Foundation also received \$82,000 (2018 - \$88,000) as a fiscal agent fee.

The Statement of Operations includes contributions of \$10,674,488 (2018 - \$12,877,431) made to the RESOLVE Campaign as system programs revenue and total expenditures and

CALGARY HOMELESS FOUNDATION

Notes to non-consolidated Financial Statements, page 12

Year ended March 31, 2019, with comparative information for 2018

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

distributions related to the RESOLVE Campaign of \$10,210,699 (2018 - \$12,877,431) as system programs disbursements related to all partners' interest in the Campaign.

The Statement of Operations includes revenue of \$463,789 (2018 - \$480,164) 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 gift to the Society resulted in an expense of \$64.8 million in 2017 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	(4,631,896)
	<hr/>
	\$64,761,376

The fiscal 2018 conveyance cost relates to residual GST amounts of \$59,868.

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 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 \$60.5 million (2018 - \$53.3 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.

CALGARY HOMELESS FOUNDATION

Notes to non-consolidated Financial Statements, page 13

Year ended March 31, 2019, with comparative information for 2018

5. Short-term investments:

Short-term investments consists of a redeemable term deposit of \$232,950 (2018 - \$228,495) bearing interest at 1.65% (2018 – 1.95%) and maturing on March 14, 2020 and a redeemable term deposit of \$3,323,488 (2018 - \$3,250,000) bearing interest at 2.45% (2018 – 1.95%) and maturing January 10, 2020.

6. Property and equipment:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 72,848	\$ 54,636	\$ 18,212	\$ 54,636
Leasehold improvements	20,302	6,090	14,212	18,272
Software	65,432	-	65,432	-
	\$ 158,582	\$ 60,726	\$ 97,856	\$ 72,908

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 \$nil (2018 - \$3,438) owing to the Society related to amounts received by the Foundation on the Society's behalf.

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

CALGARY HOMELESS FOUNDATION

Notes to non-consolidated Financial Statements, page 14

Year ended March 31, 2019, with comparative information for 2018

7. Related party transactions (continued):

	2019	2018
Assets		
Current assets	\$ 23,117,868	\$ 18,865,918
Property held for affordable housing	74,851,347	69,404,086
Property and equipment	7,761	4,681
	\$ 97,976,976	\$ 88,274,685
Liabilities	\$ 7,168,884	\$ 6,011,081
	2019	2018
Fund balances:		
Internally restricted – net investment in property and equipment	\$ 7,761	\$ 4,681
Internally restricted – net investment in property held for affordable housing	84,093,666	76,222,882
Internally restricted – capital reserve fund for building maintenance	3,257,235	3,701,569
Unrestricted	3,449,430	2,334,472
	90,808,092	82,263,604
	\$ 97,976,976	\$ 88,274,685
Revenue		
Revenue	\$ 14,091,744	\$ 13,174,650
Expenses	(5,547,256)	(5,230,298)
Excess of revenue over expenses	\$ 8,544,488	\$ 7,944,352
Cash provided from operating activities	\$ 9,556,518	\$ 9,261,213
Cash used in financial activities	\$ 936,171	\$ (333,229)
Cash outflow from investing activities	\$ (15,978,580)	\$ (5,873,939)

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

CALGARY HOMELESS FOUNDATION

Notes to non-consolidated Financial Statements, page 15

Year ended March 31, 2019, with comparative information for 2018

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 \$3,688,984 (2018 - \$3,674,806) 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, 2019.

9. 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 pay monthly expenses of \$20,706 (2018 - \$20,849). 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 \$3.7 million, with maturity dates ranging from 2023 to 2024, a current portion of \$168,292, interest rates ranging from 2.54% to 3.15% on the mortgages, and secured by assets with a net book value of \$15.2 million.
- (b) The Foundation guarantees the Society's \$5 million evergreen line of credit facility to finance land purchases, bearing interest at 3.5%, of which \$1.1 million has been drawn as of March 31, 2019.

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.

CALGARY HOMELESS FOUNDATION

Notes to non-consolidated Financial Statements, page 16

Year ended March 31, 2019, with comparative information for 2018

10. Financial instruments (continued):

(a) Credit risk (continued):

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:

	Total CHF	Total CHF Share of RESOLVE
Amounts paid as remuneration to employees whose principal duties involve fundraising	\$ 248,155	\$ 16,724
Direct expenses incurred for the purpose of soliciting contributions	107,698	24,246
	\$ 355,853	\$ 40,970